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CONTACT: Jeffrey D. Spill
N.H. Bureau of Securities
(603) 271-1467

N.H. Bureau of Securities Regulation Takes Action Against Nickolas Skaltsis for Dover Ponzi Scheme

CONCORD, NH (January 24, 2013) – Today, the N.H. Bureau of Securities Regulation announced an enforcement action filed yesterday against Nickolas Skaltsis, of Dover, NH, and two firms associated with Skaltsis, Liberty Realty Trust and Phoenix Asset Group, Inc.

The action comes after an investigation that commenced in August of 2012, when the Bureau received a number of complaints against Skaltsis regarding the issuance of unsecured promissory notes.

The Bureau alleges that, since February 2011, Skaltsis issued at least twenty-one unsecured promissory notes to thirteen investors, ultimately raising at least $327,500 of which $304,000 is still owed, plus the promised interest. The Bureau further alleges that Skaltsis solicited an additional $32,500 from investors in 2010. The Bureau contends that Skaltsis obtained these funds from investors on the false promise that the monies would be used by Skaltsis to purchase, rehabilitate, and resell distressed homes in Strafford County. Most of the unsecured promissory notes issued by Skaltsis offered rates of return between 12% and 14%.

The Bureau alleges that, after a review of Skaltsis' banking records, conducted by the Bureau's Senior Auditor William Masuck, the Bureau determined that Skaltsis' operation amounted to a Ponzi scheme due to that fact that he used new money to pay old debts, comingled investor funds in a personal account, and converted investor funds to cash for personal use. The Bureau has not been able to locate any properties purchased or rehabilitated with investor funds.

Jeff Spill, Deputy Director of Enforcement at the Bureau, and Eric Forcier, Bureau Staff Attorney, who are handling the case, emphasized the danger schemes like Skaltsis' pose to

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investors and what investors should look out for. "When someone offers investors an opportunity for financial returns that sounds too good to be true, it probably is," Forcier said. Spill added that, "when investors are seeking better returns in a down economy, it is often easy to miss the warning signs of a Ponzi scheme, such as high guaranteed returns when average returns are much lower than those being promised."

The Bureau alleges that Skaltsis engaged in unlicensed activity, sold unregistered securities, and committed securities fraud. The Bureau's administrative action filed today includes a request that Skaltsis, Liberty Realty Trust, and Phoenix Asset Group, Inc. pay restitution to investors, pay the costs of the Bureau's investigation, pay an administrative fine, and be permanently barred from conducting securities-related business in New Hampshire.

In addition to the Bureau's administrative action, the Bureau has obtained an order from Strafford County Superior Court Justice Brian Tucker freezing the assets of Skaltsis, Liberty Realty Trust, Phoenix Asset Group, Inc. and other parties restraining them from converting, sequestering, transferring, selling or suffering the loss of any assets under their control.

Skaltsis was taken into custody today by authorities and the New Hampshire Attorney General's Office has charged Skaltsis with fifteen felony counts of theft by deception and four felony counts of theft by misapplication.

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