

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of
PROGRESSIVE HOME SERVICES, INC.,
doing business as IPM REALTY and,
INVESTMENT PROPERTIES OF MINNESOTA,
JAMES W. ABBOTT, and
JOSEPH A. COLE,

PETITION FOR ORDER

Respondents.

File No. S-06180(EX)

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities (hereinafter "the Division"), has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. Progressive Home Services, Inc., is a Minnesota corporation with a last known business address of 14160 Coral Sea Street NE, Anoka, Minnesota 55304, and at all times material hereto operated under the assumed names of Investment Properties of Minnesota and IPM Realty;
2. James W. Abbott ("Abbott") is an individual whose month and year of birth is August 1966, and who at all times material hereto has been an owner, officer and/or controlling person of Progressive Home Services, Inc., with a last known business address at that of Progressive Home Services, Inc., and home address of 4023 136th Lane, Ham Lake, Minnesota 55304-7322;
3. Joseph A. Cole ("Cole") is an individual whose date of birth is July 2, 1964, and who at all times material hereto has been an owner, officer and/or controlling person of Progressive Home Services, Inc., with a last known business address at that of Progressive Home Services, Inc. and mailing address of 14160 Coral Sea Street NE, Ham Lake, Minnesota 55304-7233;
4. During the period of at least 2004 through 2006, at least six persons in Wisconsin invested in the "Private Loan Program" of Progressive Home Services, Inc. by loaning money to Progressive Home Services, Inc., and received promissory notes as evidence of the loans which promised to repay the principal and a certain rate of interest by a certain due date;
5. According to a lawsuit filed in September 2006 by the Minnesota Attorney General, on behalf of 69 residents of the State of Minnesota, against Progressive Home Services, Inc., et al., Fourth Judicial District Court, Court File No. 27-CV-0615410, County of Hennepin, State of Minnesota, the Respondents were to use the money of the investors in the Private Loan Program "... to make real estate related investments with which they had experience and knowledge, such as purchasing underdeveloped land, senior housing, waterfront property, vacation rental, or affordable new construction, indicating that they had 'dozens' of projects underway at the same time. ..."
6. According to the above-referenced lawsuit filed by the Minnesota Attorney General, the Respondents borrowed money from investors and "... executed promissory notes agreeing to pay monthly installments of interest computed at the rate of 25-35% per year, and to repay the entire principal within a relatively short period of time – typically one year. Many of the promissory notes represent that Defendants (Respondents) have purchased an insurance policy

with a limit of \$25 million to guarantee repayment of principal. ... Investors have been unable to obtain a copy of any insurance policy protecting their investments. ...”

7. The promissory notes of Progressive Home Services, Inc. have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

8. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities to persons in Wisconsin;

9. According to the above-referenced lawsuit filed by the Minnesota Attorney General, “... Defendants represented that they would invest money borrowed from consumers in real property with which they have experience such as waterfront, senior housing, and vacation properties, when in fact Defendants did not make such investments; ...”

10. According to the above-referenced lawsuit filed by the Minnesota Attorney General, “... Defendants represented that they already had ‘dozens’ of projects underway in which they intended to invest money borrowed from consumers, when in fact they did not invest PLP money in such projects. ...”;

11. According to the above-referenced lawsuit filed by the Minnesota Attorney General, “... they (Respondents) represented that they had secured a \$25 million insurance policy to guarantee repayment of the consumers’ principal investment, when in fact they did not secure any such policy to protect the investors’ principal ...”;

12. According to the above-referenced lawsuit filed by the Minnesota Attorney General, “... they (Respondents) represented that would repay consumers with proceeds from real property investments, when in fact they repaid consumers by using money from successor investors or sources other than returns generated from investments made by PLP (Private Loan Program) funds. ...”;

13. According to the above-referenced lawsuit filed by the Minnesota Attorney General, “... that Defendants (Respondents) represented that they would return the investors’ principal, plus interest, when in fact they knew or should have reasonably known that they would not return investors’ principal. ...”

14. In connection with the offer and sale of the securities described above, the Respondents have violated sec. 551.41(2), Wis. Stats., by making untrue statements of a material fact in connection with the offer and sale of securities to persons in Wisconsin; and

15. Staff of the Division wrote to the Respondents requesting information and documents about their transactions with persons in Wisconsin, and gave a due date for a response, but received no such information and documents despite the due date having passed.

Therefore, the staff of the Division petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

 3-26-07
Mark E. Dorman Date
Examiner

 4/10/17
David A. Cohen Date
Supervising Attorney