

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

---

In the Matter of  
INVESTORS PREFERRED OPPORTUNITIES, INC.,  
A.L. BROWN,  
KAYATANA H. HARRISON DANIELS,  
JULES B. FLEDER, and  
ROGER SHERMAN,

PETITION FOR ORDER

Respondents.

File No. S-06131(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. Investors Preferred Opportunities, Inc. ("IPO") is a Nevada corporation with a last known business addresses of 1925 Century Park East, Suite 750, Los Angeles, California 90067 and 5442 Dungaree Street, Las Vegas, Nevada 89118-2088;
2. A.L. Brown ("Brown") is an individual who at all times material hereto has been and owner, officer and/or controlling person of IPO, with a last known business address at that of IPO;
3. Kayatana H. Harrison Daniels ("Harrison") is an individual whose date of birth is July 7, 1957, who at all times material hereto has been an owner, officer and/or controlling person of IPO, with a last known business addresses of 2316 Hardin Ridge Drive, Henderson, Nevada 89052 and at that of IPO, and a last known home address of 1925 Century Park East, Suite 750, Los Angeles, California 90067;
4. Jules B. Fleder ("Fleder") is an individual whose date of birth is July 2, 1940, and who at all times material hereto has been an owner, officer and/or controlling person of Kennington Holding Corporation, with a last known business address at that of 1925 Century Park East, Suite 750, Los Angeles, California 90067;
5. Roger Sherman ("Sherman") is an individual who at all times material hereto has been an owner, officer and/or controlling person of IPO, with a last known business address at that of 1925 Century Park East, Suite 750, Los Angeles, California 90067;
6. During the period of September 2004, Fleder offered and sold to a person in Wisconsin a convertible subordinated debenture of IPO in the amount of \$50,000;
7. According to the evidence of indebtedness received by the person in Wisconsin, IPO promises to pay the person in Wisconsin the principal of \$50,000 with interest at the rate of 20% per annum, that the convertible subordinated debenture is subordinate to the senior indebtedness owed to various entities including the Kennington Holding Corporation, and that the person in Wisconsin has the right to convert the evidence of indebtedness in IPO to stock in IPO;
8. The evidence of indebtedness offered and sold by the respondents are securities as defined by sec. 551.02(13), Wis. Stats.;

9. The evidence of indebtedness has never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

10. According to the complaint of the US Securities & Exchange Commission (“SEC”), filed in the US District Court, Texas-Eastern, on December 8, 2004, Case No. 6:04CV537, SEC v. Jules B. Fleder, Kennsington Holding Corporation, and others, in October 2002, Fleder and his then business entity of Sunshine Real Estate consented to the entry of an order by the Commissioner for the Texas State Securities Board to cease and desist from offering and selling unregistered securities in the State of Texas, acting as unlicensed dealers and agents and/or using unlicensed agents to sell securities in Texas, and offer securities to Texas residents through the use of fraud or materially misleading statements;

11. According to the Motion for Supplemental Authority SEC, filed in the US District Court, Texas-Eastern, in Case No. 6:04CV537, referred to in Paragraph 10 above, the SEC requested that the Receiver in the case also have the authority over IPO, due to its receiving the assets of another entity related to Fleder named Preferred Assets, Inc., which motion was ordered and declared by the district judge;

12. According to the marketing materials distributed to potential investors, Sherman stated that “... IPO has purchased about \$2.3 Million of this secured debt from BB&T Bank and is planning on foreclosing on all of the assets of Princeton Homes (Preferred Homes). Once the foreclosure is completed **Preferred Assets** (emphasis included) will still own all of the stock of Princeton Homes; however, Princeton Homes will have no assets and approximately 1.5 million dollars of unsecured debt. IPO, on the other hand, will own all of the assets formerly owned by Princeton Homes and will virtually **no debt**. Once the foreclosure is completed, **IPO** will merge with Preferred Financial Resources. **Preferred Financial Resources** will then own all of the assets and will have virtually **no debt**. ...”

13. In connection with the offer and sale of the securities described in Paragraph 6 above, the Respondents omitted to disclose the issuance of the order referred to in Paragraph 10 above;

14. All Respondents have violated sec. 551.41(2), Wis. Stats., by omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer and sale of securities to persons in Wisconsin;

15. According to the complaint of the SEC, referred to in Paragraph 10 above, “... Kennsington is a Nevada Corporation with its principal place of business located at 2316 Hardin Ridge Drive, Henderson, Nevada. Fleder is President ...” and

16. According to the marketing materials of IPO, referred to in Paragraph 12 above, Sherman is the Secretary of IPO, and IPO’s address is 1925 Century Park East, #750, Los Angeles, CAA 90067;

17. According to the Second Amended and Restated Junior Participation Agreement between the Branch Banking and Trust Company of America, and IPO, dated November 30, 2001, IPO is a Nevada corporation; and

18. Staff of the Division wrote to IPO at its last known business addresses requesting information and documents concerning the investment-related activities of IPO with persons in Wisconsin but to date has gotten no response.

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

Mark E. Dorman 9-25-06  
Mark E. Dorman Date  
Examiner

David A. Cohen 9/26/06  
David A. Cohen Date  
Supervising Attorney