

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	
)	
HOME SOLUTIONS REAL ESTATE)	CEASE AND DESIST ORDER
INVESTMENT, INC.,)	
MIKE LARPENTER, and)	
PATRICIA LARPENTER)	
)	DIVISION FILE NO.: 1000013
)	

Now comes the Iowa Insurance Division, pursuant to the provisions of the Iowa Uniform Securities Act - Chapter 502 and finds as follows:

I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Therese M. Vaughan, pursuant to Iowa Code section 502.601 (2003), administers the Iowa Uniform Securities Act.
2. Home Solutions Real Estate Investments, Inc. ("HSREI") is an entity with a last known mailing address of 3233 East Clinton Avenue, Des Moines, Iowa 50317.
3. Mike Larpenter ("Larpenter") is an individual with a last known home mailing address of 3233 East Clinton Avenue, Des Moines, Iowa 50317.
4. Patricia Larpenter ("P. Larpenter") is an individual with a last known home mailing address of 3233 East Clinton Avenue, Des Moines, Iowa 50317.
5. HSREI has never been licensed as a broker-dealer in the State of Iowa.
6. HSREI has never been licensed as an investment adviser in the State of Iowa.
7. Larpenter has never been licensed as a securities agent in the State of Iowa.
8. Larpenter has never been licensed as an investment advisor representative in the State of Iowa.
9. P. Larpenter has never been licensed as a securities agent in the State of Iowa.

10. P. Larpenner has never been licensed as an investment advisor representative in the State of Iowa.

11. HSREI, Larpenner, and P. Larpenner have engaged in an act(s) or practice(s) within the State of Iowa constituting a violation of Iowa Code chapters 502 or any rule or order adopted or issued pursuant to Iowa Code chapters 502. The Commissioner of Insurance is authorized to issue this summary order directed to any person requiring the person to cease and desist from engaging in such act(s) or practice(s) or take other affirmative action as in her judgment is necessary to comply with the requirements of Iowa Code chapter 502 pursuant to Iowa Code section 502.604 (2003).

II. FACTUAL BACKGROUND

1. Paragraphs 1 - 11 of Division I are incorporated herein by reference.

2. In December 2003, the Division became aware of Home Solutions from a flyer. The flyer contained several statements including, "Home Solutions – Real Estate Investments."

3. A telephone call to Home Solutions was answered by "Mike." He indicated that Home Solutions had used investor funds to purchase a property. He further said the investor received a note paying 15% interest and a first mortgage. He further said the 15% interest was paid from rental payments, and the note itself would be retired when the property was sold.

4. A vehicle with "We Buy Houses" on the side was observed in April 2004. It was registered to Mike Larpenner.

5. On June 21, 2004, a subpoena was issued to Michael Larpenner/Home Solutions.

6. On July 6, 2004, a response was faxed to the Division including a brochure entitled "Home Solutions Real Estate Investments, Inc. -- Private Investing for High Profits."

7. The HSREI brochure contained the following statements:

- “No one has ever lost a penny investing with HSREI”
- “HSREI has been in business since 2001.”
- HSREI does a “wide range of investments”
- HSREI does “private investing for high profits.”
- “Loans are based on approximately 50-65% loan to value or less on local real estate.”

8. On information and belief, HSREI has had a total of one investor in its existence. Mike Larpenr purchased one property in December 2003 in Des Moines, Iowa. That property has an assessed value of \$30,940. The promissory note issued to an investor was in the amount of \$40,500. Both Mike and Patricia Larpenr signed the promissory note.

9. HSREI and or both Larpenrs made misrepresentations and omitted material facts in dealing with investor(s) including, but not limited to, the following:

- misrepresented the company’s length of operation and success
- misrepresented the number and success of investments made by HSREI
- misrepresented the financial condition of HSREI
- omitted the risks of investing in HSREI
- omitted the background and experience of both Larpenrs.

10. On August 15, 2004, the Division sent a Letter of Caution to the Larpenrs. The letter identified the Division’s concerns. Further, the letter requested the Larpenrs indicate whether they intended to halt soliciting and selling notes to investors and whether they had halted the use of the existing flyer and brochure. A response was requested by August 31, 2004. No response has been received as of this date.

III. UNREGISTERED SECURITY

1. Paragraphs 1-11 of Division I are incorporated herein by reference.
2. Paragraphs 2-10 of Division II are incorporated herein by reference.
3. The promissory note issued by HSRE and the Larpenters is a security as defined in Iowa Code Section 502.102(19) (2003).
4. The security was not registered with the Iowa Securities Bureau pursuant to Iowa Code Sections 502.206 (2003) or 502.207 (2003), nor do any of the exemptions in Iowa Code Sections 502.202 (2003) or 502.203 (2003) appear to apply.
5. HSREI and both Larpenters have violated Iowa Code Section 502.201 (2003).
6. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Iowa Code Chapter 502.

IV. UNREGISTERED AGENT OF ISSUER

1. Paragraphs 1-11 of Division I are incorporated herein by reference.
2. Paragraphs 2-10 of Division II are incorporated herein by reference.
3. Paragraphs 3-6 of Division III are incorporated herein by reference.
4. No individuals associated with HSREI, including both Larpenters, are or have been registered as securities agents with the Iowa Securities Bureau.
5. Both Larpenters acted as unregistered securities agents in violation of Iowa Code Section 502.301(1) (2003).
6. Those representatives of HSREI, specifically including both Larpenters, who offered or sold these securities in Iowa, violated Iowa Code Section 502.301(1) (2003).
7. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Iowa Code Chapter 502.

V. MISREPRESENTATIONS

1. Paragraphs 1 - 11 of Division I are incorporated herein by reference.
2. Paragraphs 2 - 10 of Division II are incorporated herein by reference.
3. Paragraphs 3 – 6 of Division III are incorporated herein by reference.
4. Paragraphs 4 – 7 of Division IV are incorporated herein by reference.
5. Both Larpenters have made untrue statements of material fact in the sale of securities.
6. Therefore, both Larpenters has violated Iowa Code section 502.401 (2003) by making untrue statements of material facts and should be ordered to cease and desist.
7. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Iowa Code Chapter 502 (The Iowa Uniform Securities Act).

VI. OMISSIONS

1. Paragraphs 1 - 11 of Division I are incorporated herein by reference.
2. Paragraphs 2 - 10 of Division II are incorporated herein by reference.
3. Paragraphs 3 – 6 of Division III are incorporated herein by reference.
4. Paragraphs 4 – 7 of Division IV are incorporated herein by reference.
5. Paragraphs 5 -7 of Division V are incorporated herein by reference.
6. Both Larpenters have made omissions of material facts in the sale of securities.
7. The omission of these material facts, in light of the circumstances surrounding the sale of securities, is misleading.
8. Therefore, both Larpenter's have violated Iowa Code section 502.401 (2003) by failing to state material facts, and should be ordered to cease and desist.

9. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Iowa Code chapter 502 (The Iowa Uniform Securities Act).

VIII. ORDERS

WHEREFORE, IT IS HEREBY ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code section 502.604 (2003) as follows:

- A. HSREI, Mike Larpenter, and Patricia Larpenter shall Cease and Desist the offer and sale of unregistered, nonexempt securities in violation of Iowa Code section 502.201 (2003).
- B. Mike Larpenter, and Patricia Larpenter shall Cease and Desist acting as agents while not registered with the Iowa Securities Bureau in violation of Iowa Code section 502.301(1).
- C. HSREI, Mike Larpenter, and Patricia Larpenter shall Cease and Desist making untrue statements of material facts in the offer or sale of securities in violation of Iowa Code section 502.401 (2003).
- D. HSREI, Mike Larpenter, and Patricia Larpenter shall Cease and Desist omitting material facts which, in light of the circumstances surrounding the sale of securities, are misleading in violation of Iowa Code section 502.401 (2003).

NOTICE REGARDING FAILURE TO REQUEST A HEARING

If you fail to request a hearing within thirty (30) days of the date of this Cease and Desist Order, the Order shall be a final Order of the Commissioner of Insurance and shall be enforceable by the Commissioner of Insurance in an administrative or court proceeding.

NOTICE REGARDING EXHAUSTION OF ADMINISTRATIVE REMEDIES AND RIGHT TO SEEK JUDICIAL REVIEW

The failure to request a hearing can constitute a failure to exhaust your administrative remedies and limit the issues subject to judicial review. You may seek judicial review of this Order

pursuant to Iowa Code chapter 17A after the Order becomes final. The Order becomes final thirty (30) days after it is issued if you do not timely request a contested case hearing, or following hearing if you do timely request a contested case hearing.

NOTICE OF PENALTIES FOR WILLFUL VIOLATION OF THIS ORDER

YOU ARE NOTIFIED that any person who willfully violates this order shall be deemed in contempt of the order pursuant to Iowa Code section 502.604. The administrator may petition the district court to hold a hearing to enforce the order as certified by the administrator. The district court may assess a civil penalty against the person in an amount not less than three thousand dollars but not greater than ten thousand dollars per violation and may issue further orders as it deems appropriate.

YOU ARE ALSO NOTIFIED that a person who willfully violates any provision of this chapter, or any rule or order under this chapter, is guilty of a class "D" felony pursuant to Iowa Code section 502.605(1)(a). A person who willfully violates section 502.401, 502.402, 502.403, or section 502.408, subsection (1) or (2), resulting in a loss of more than ten thousand dollars is guilty of a class "C" felony pursuant to Iowa Code section 502.605(1)(b).

NOTICE REGARDING IMPACT OF ORDER ON EXISTING LICENSES

A final Cease and Desist Order may adversely affect existing business or professional licenses and result in license revocation or disciplinary action. For example, a final Cease and Desist Order issued to a licensed insurance agent may subject the insurance agent to insurance license revocation or other disciplinary action. Further notice is given that the Iowa Insurance Division may review this Cease and Desist Order for a potential license revocation or disciplinary action.

NOTICE OF RIGHT TO REQUEST HEARING

NOTICE IS HEREBY GIVEN that Michael Larpenr, Patricia Larpenr, or any individual representing any Respondent, may request a hearing in this matter. This request must be in writing and must be filed within thirty (30) calendar days of the date of this Order with Robert Koppin, Enforcement Attorney, Iowa Insurance Division, 330 Maple Street, Des Moines, Iowa 50319. A notice of the hearing shall be prepared and shall be given at least fifteen (15) days before the date of the hearing unless the parties agree to an earlier date. The hearing shall be held within forty-five (45) days after the date of the notice of the hearing unless extended by the presiding officer for good cause with at least fifteen days notice to the parties. The resulting hearing will be held in accordance with Iowa Code Chapter 17A (2003).

Dated this 17th day of September, 2004.

Iowa Insurance Division

Rosanne Mead
By ROSANNE MEAD
Assistant Commissioner of Insurance

COPY SENT BY CERTIFIED AND FIRST CLASS MAIL TO:

Mike & Patricia Larpenr
3233 East Clinton Avenue
Des Moines, Iowa 50317

Home Solutions Real Estate Investments, Inc.
3233 East Clinton Avenue
Des Moines, Iowa 50317