

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF: *

PAUL E. BARNES *

and *

PAUL E. BARNES dba JLR GROUP * Securities Division No. 2007-0456

and *

INTEGRATED REAL ESTATE *
INVESTMENT SOLUTIONS, LLC also known
as IREIS, LLC *

and *

HORIZONS BEYOND INVESTMENTS, LLC *

RESPONDENTS. *

* * * * *

FINAL ORDER

WHEREAS, the Securities Division of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted by section 11-701 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2007 Repl. Vol.) (the “Securities Act”), undertook an investigation into the securities-related activities of Paul E. Barnes, Paul E. Barnes dba JLR Group, Integrated Real Estate Investment Solutions, LLC aka IREIS, LLC, and Horizons Beyond Investments, LLC, (collectively the “Respondents”); and

WHEREAS, on the basis of that investigation the Maryland Securities Commissioner (the “Commissioner”) issued a Summary Order to Cease and Desist and Order to Show Cause (and an

Amended Summary Order to Cease and Desist and Order to Show Cause) (collectively, the “Orders”), which are incorporated by reference, ordering each Respondent to cease and desist from soliciting investment in, or offering or selling securities in or from Maryland, from acting as broker-dealers or agents in Maryland, and from employing unregistered agents for the offer or sale of securities in Maryland; and requiring each Respondent to show cause why that Respondent should not be barred permanently from engaging in the securities business in Maryland; and why a statutory penalty of up to \$5,000 per violation should not be entered against each Respondent; and

WHEREAS, the Orders provided that the failure to file an answer or a request for a hearing within fifteen (15) days of service of the Orders would result in the entry of a Final Order imposing on each Respondent a monetary penalty of up to \$5,000 per violation of the Securities Act, and permanently barring each Respondent from engaging in the securities business in Maryland; and

WHEREAS, the Order further provided that the failure to request a hearing in writing would be deemed a waiver by that Respondent of the right to a hearing; and

WHEREAS, Respondents filed an untimely answer to the initial Summary Order to Cease and Desist and Order to Show Cause but failed to make a request for a hearing; and

WHEREAS, Respondents failed to file an answer to the Amended Summary Order to Cease and Desist and Order to Show Cause (“Amended Order”) and failed to request a hearing; and

WHEREAS, in a letter to Respondent Barnes dated July 3, 2008, Respondents were granted additional time to file a written request for a hearing and an answer to the Amended Order and were notified that the failure to file a written request for a hearing by July 30, 2008 would result in the issuance of a Final Order; and

WHEREAS, as of the date of this Order, Respondents have not filed a request for a

hearing; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Final Order;

NOW, THEREFORE, IT IS HEREBY ORDERED:

I. JURISDICTION

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 of the Securities Act.

II. RESPONDENTS

2. Paul E. Barnes (“Barnes”), at all times relevant to this action was the sole owner and principal of Integrated Real Estate Investment Solutions, LLC, aka IREIS, LLC and Horizons Beyond Investments, LLC. At all times relevant to this action, Mr. Barnes has maintained an address in Prince George’s County, Maryland.

3. Paul E. Barnes dba JLR Group (“JLR Group”) has maintained an address in Prince George’s County, Maryland. JLR Group, at all relevant times, has been engaged in soliciting investors in a real estate investment program.

4. Integrated Real Estate Investment Solutions, LLC aka IREIS, LLC (“IREIS”), now a dissolved Maryland limited liability company, has maintained an address in Prince George’s County, Maryland. IREIS, at all relevant times, has been engaged in soliciting investors in a real estate investment program.

5. Horizons Beyond Investments, LLC (“Horizons”), now a dissolved Maryland limited liability company, has maintained an address in Prince George’s County, Maryland. Horizons, at all relevant times, has been engaged in soliciting investors in a real estate

investment program.

III. FINDINGS OF FACT

6. Beginning in or about 2003 and continuing to the present, Respondents began offering an investment program to secure the acquisition and rehabilitation of real estate investment properties for resale.

7. Respondents solicit investors by word of mouth or through the placement of advertisements in local newspapers such as the Washington Post Express.

8. Respondents tell investors that their investment funds will be used to purchase homes at 40% to 50% below market value. The homes will then be rehabilitated with investor funds, if rehabilitation is necessary, and resold just below market value for a profit to be shared with investors. In some instances, Barnes tells investors that he has a buyer ready to purchase the property on or before the investment's maturity date.

9. Respondents are responsible for all of the activities associated with purchasing, rehabilitating, and reselling the homes. Investors are required only to put up the funds necessary to fund the purchase or rehabilitation activities.

10. Respondents solicit investments ranging from \$5,000 to \$50,000 or more. Respondents require investors to execute an agreement usually in the form of a promissory note or profit sharing agreement. Investors are promised returns, in the form of interest or profit sharing, ranging from 60% within three months to as much as 25% in two weeks. For example, one investor that invested \$10,000 was promised a return of principal plus \$6,000 in interest within a 90 day period, while another investor that invested \$40,000 was promised a return of principal plus \$10,000 in interest within a two week period.

11. Investors are told that their monetary investment is secured by the real property listed in their promissory note or profit sharing agreement. However, no deed of trust is given to investors. And, in many instances, Respondents have no ownership interest whatsoever in the property listed as collateral.

12. Recently, the Division has received a number of complaints from investors in Respondents' investment program. Investors have complained that Respondents have failed to repay their principal investment and interest promised by the due date in their agreements. Many investors are unable to reach Mr. Barnes. Others have received numerous promises of repayment but have not been repaid.

13. Respondents are the subject of a number of private lawsuits initiated by investors seeking the repayment of funds. At least two of those lawsuits have resulted in large judgments against Respondents.

14. Barnes told one investor that he could not repay her investment because he was using her funds to pay another investor who had instituted court proceedings against him.

15. In or about July 2007, Barnes filed paperwork dissolving Horizons and IREIS. Barnes, however, continued to solicit investment funds from new investors under the name of JLR Group.

16. From 2003 to the present, Respondents have solicited in excess of \$500,000 from more than 25 investors.

17. The real estate investment programs offered and sold by the Respondents are investment contracts, evidences of indebtedness, and/or participatory interests in a profit-sharing agreement, all of which constitute "securities" within the meaning of section 11-101 of the

Securities Act.

18. The Securities Division has no record of securities registration for an offering by or in the name of IREIS, Horizon Beyond or JLR Group, nor has any claim of exemption or status as a federal-covered security been made with the Division with respect to any such offerings.

19. None of the Respondents is registered in Maryland as a securities broker-dealer or as an agent, or as an investment adviser or investment adviser representative.

IV. CONCLUSIONS OF LAW

The Commissioner concludes that:

20. Respondents offered and sold unregistered securities in violation of the registration requirements of section 11-501 of the Securities Act.

21. Respondents transacted business as an unregistered broker-dealer in violation of section 11-401 of the Securities Act.

22. Respondent Barnes acted as an unregistered agent of IREIS, Horizon, and JLR Group in violation of section 11-401 of the Securities Act.

23. Respondents IREIS, Horizon, and JLR Group employed Barnes as an unregistered agent in violation of section 11-402 of the Securities Act.

24. Respondents, in connection with the offer and sale of securities, omitted to state, and misrepresented, material facts including, but not limited to, the risks associated with the investment programs, in violation of section 11-301 of the Securities Act.

V. SANCTIONS

25. NOW, THEREFORE, IT IS HEREBY ORDERED that:

a. Each Respondent shall permanently cease and desist from engaging in activities in violation of Sections 11-301, 11-401, 11-402, and 11-501 of the Securities Act.

b. Each Respondent is permanently barred from engaging in the securities business in Maryland.

c. Respondents, jointly and severally, are assessed a civil monetary penalty pursuant to section 11-702 of the Act in the amount of \$625,000 for the violations set forth in this Order. Said penalty shall be paid within ninety days of the date of this Order. Payment shall be by certified check payable to the Office of the Attorney General. However, this penalty shall be reduced by the amount of restitution made by Respondents to investors within thirty (30) days of the date of this Order. Payment of restitution shall be by certified check payable to the Office of the Attorney General and then distributed by the Office of the Attorney General in a manner within its discretion. The civil penalty imposed herein shall be waived completely if investors are repaid in full within thirty (30) days of the date of this Order.

VI. JURISDICTION RETAINED

26. Jurisdiction shall be retained by the Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Order.

SO ORDERED:

(Commissioner's Signature is on File w/

Date: September 5, 2008 _____
Original Document)
Melanie Senter Lubin
Securities Commissioner