

STATE OF COLORADO



Division of Securities

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PRESS RELEASE

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MINNESOTA LAND INVESTMENT COMPANIES SANCTIONED BY SECURITIES COMMISSIONER

Denver, Colorado --- Colorado Securities Commissioner Fred J. Joseph announced today that he has entered a final cease and desist order against two Minnesota land investment companies for allegedly violating the securities registration and anti-fraud provisions of the Colorado Securities Act ("Act") in connection with the offer of securities in and from Colorado.

Named in the Order are **Loring Freshwater Fund LP USA** and **Loring Blue Water Views**, and their principal officer, director and control person, **Patrick J. O'Neil**, all of Minneapolis, Minnesota. Loring and O'Neil promoted in Colorado so-called waterfront land investments located in Costa Rica.

Also named in a corresponding order are **Robert W. Priest**, and his companies, **Bob Priest Financial, Inc.**, and **Real IRA, Inc.**, all of Silverthorne, Colorado. Priest acted as a sales agent in Colorado for Loring and O'Neil.

The Staff of the Division of Securities (the "Staff"), which is a division of the Colorado Department of Regulatory Agencies ("DORA"), alleged that Priest advertised on his

website investments in the waterfront land in Costa Rica marketed by O'Neil. The website claimed that investors could purchase a 50% interest in a specific lot in Costa Rica and become a co-owner with O'Neil or his companies. The real property interest purchased by investors is supposed to be part of a larger real estate development project allegedly owned, marketed, and developed by O'Neil, or one of his companies. Investors were required to execute two documents: 1) a "Real Property TIC (Tenant in Common) Purchase Agreement" and 2) a "Management Agreement." Under the Management Agreement, management of the property is vested solely in one of O'Neil's companies. Upon sale of the property, the investor will purportedly receive a pro-rata share of the proceeds of any sale.

The Staff alleged that the Respondents failed to register its security offering and engaged in a scheme to defraud potential investors by failing to disclose to investors the numerous risks inherent in investing in real estate developments, especially in projects in a foreign country. The Staff also alleged that Respondents also failed to disclose to investors that nothing in the agreements signed by investors "guaranteed the protection of principal" as promised by the Respondents. They also failed to disclose that the so-called "Emergency Out" can only be exercised prior to the closing of the transaction.

The cease and desist order, which all Respondents agreed to, orders them to immediately and permanently cease and desist offering or selling any "security" in or from the State of Colorado in violation of the anti-fraud, registration and licensing provisions of the Act or otherwise engaging in conduct in violation of any provision of the Act.

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.

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