



Contact:

Marilyn Chastain
Bureau Chief
Securities Bureau
(208) 332-8000

NEWS RELEASE

For Immediate Release

September 10, 2007

STATE FINANCE DEPARTMENT OBTAINS PERMANENT INJUNCTION IN REAL ESTATE RELATED SECURITIES CASE

Boise, Idaho . . . Gavin Gee, director of the Idaho Department of Finance, announced today that 3rd District Judge Gordon W. Petrie has entered a stipulated judgment and permanent injunction against Robert Fischer of Middleton and The Babco Group, LLC.

A Department of Finance complaint alleged that the defendants offered and sold securities in the form of investment contracts represented as paying a 15-percent return. According to the complaint, the defendants represented to investors that their investment proceeds would be used to purchase residential real estate and that the investors would be repaid when the property was sold. In part, the complaint alleged that Fischer violated the antifraud provisions of Idaho's securities laws by:

- falsely representing to investors that their investment funds would be used to buy a home that Fischer would improve and sell for a profit,
- falsely representing to investors that they would receive a return of their principal investment plus a 15 percent profit when the properties were sold,
- failing to disclose to the investors that a portion of their investment proceeds would be used to play Internet poker.

In the judgment, the court found that the defendants violated the Idaho Uniform Securities Act by misrepresenting and omitting material facts in connection with the offer or sale of securities. The court permanently enjoined Fischer and The Babco Group LLC from engaging in future violations of the Idaho Uniform Securities Act, and ordered the defendants to pay investors \$17,877 in restitution.

The department warns that some real estate investments are securities subject to full regulation under state and federal securities laws, including registration requirements and antifraud rules. Remember: Just because an investment involves real estate – or pay phones or worm farms – it still may be a security, so check with the Idaho Department of Finance before you invest.



Department of Finance Press Releases and a copy of the complaint can be found on the Internet via the worldwide web at finance.idaho.gov and may be obtained by contacting the department at (208) 332-8004 or Idaho toll-free at 1-888-346-3378.

DIRECTOR'S OFFICE

Director – Gavin M. Gee

800 Park Boulevard, Suite 200, Boise, ID 83712

Mail To: P.O. Box 83720, Boise ID 83720-0031

Phone: (208) 332-8010 Fax: (208) 332-8097

<http://finance.idaho.gov>