

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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IN RE: GREG G. PANALIGAN )  
\_\_\_\_\_) )

Case No. 1400382

**TEMPORARY ORDER OF PROHIBITION**

**TO THE RESPONDENT: GREG G PANALIGAN  
4953 Oakton Street  
Skokie, IL 6077**

**FACTUAL ALLEGATIONS**

1. Respondent Greg G. Panaligan ("Panaligan") is a resident of Illinois with a last known address of 4953 Oakton Street, Unit 703, in Skokie, Illinois.
2. PKGT, LLC. ("PKGT") was an Illinois corporate entity established in July of 2004 and involuntarily dissolved in January of 2011.
3. Panaligan is listed as the sole Member of PKGT, however, on information and belief Panaligan had at least two other individuals that acted either as members of the company, or were investors into his company's business.
4. PMW, LLC., ("PMW") was an Illinois corporate entity established in April of 2006 and involuntarily dissolved in October of 2010.
5. Panaligan, along with Peter McLewin of Virginia and Robert Walz of Illinois, was a member of PMW.
6. PKGT and PMW did their business from 4953 Oakton Street, unit 703, in Skokie, Illinois.
7. Panaligan, PKGT, nor PMW are registered to offer or sell securities in the State of Illinois.

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8. Customers are two senior residents of Illinois that, at the time of the transactions described below, were retired, living off their savings, and were not accredited investors.
9. Customers attend the same church as Panaligan, where Panaligan was the Chairman of the church's Elder Board.
10. It was at their mutual place of worship that Panaligan and Customers had met, and, during early to mid-2007 Panaligan assisted Customers in refinancing their mortgage.
11. Customers inquired about Panaligan's real estate business, and informed him that they had recently received an inheritance but the money as invested was not providing appreciable returns.
12. Panaligan, through his and his partners' company, PKGT, LLC., owned real estate located at 5634-5638 West Diversey in Chicago and Panaligan offered Customers the opportunity to invest their money in it.
13. Panaligan directed his attorney to prepare a trust agreement to memorialize Customers' investment and to secure their interests in the "earnings, avails and proceeds" generated by the property.
14. Panaligan did not record the Trust Agreement with the recorder of deeds.
15. In November of 2007 Panaligan took \$150,000.00 from Customers in exchange for their acquiring an interest in the "earnings, avails and proceeds" of the 5634 Diversey property.
16. However, at the time of, or prior to, the sale of the interest in the 5634 Diversey property to Customers, Panaligan's partners in PKGT, LLC., were allowed to cash-out their interests in the property.
17. Panaligan did not disclose to Customers that his PKGT, LLC., partners had, or were, taking capital from the property and cashing-out their interests.
18. Approximately one year after Panaligan sold Customers and interest in the 5634 Diversey property, he had another purported investment opportunity for Customers.
19. Panaligan's PMW owned the property located at 4453-4459 West Diversey in Chicago, Illinois.
20. Panaligan offered Customers an opportunity to invest into that property.
21. Customers did not have any liquid assets to invest with, but none the less, Panaligan urged Customers to take a home equity loan against their personal residence to fund the purported investment into 4453 West Diversey.

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22. Customers took a home equity loan of \$140,000.00 and, in September of 2008, gave to money to Panaligan for an interest in the 4453 Diversey property.
23. Customers' mortgage payment on their residential home was to be paid by income generated from the 4453 Diversey property.
24. However, one month prior to taking Customers' \$140,000.00, Panaligan had secured a \$1,700,000.00 mortgage and promissory note against the property from The First Commercial Bank.
25. Panaligan, on August 1, 2008, the same date he entered into the mortgage and note, also effected an Assignment of Leases and Rents to The First Commercial Bank.
26. The 4453 Diversey Property, under the management of Panaligan, was unable to generate income to cover the payments on the Promissory Note, the property's own costs for maintenance and operations, as well as paying Customers' mortgage payments.
27. Within eight months of taking Customers' \$140,000.00 for the purported investment into 4453 Diversey, Panaligan was in default on payment of the mortgage and note.
28. On June 17, 2009, The Commercial Bank began its action in Chancery to foreclose on the mortgage and collect on the note.
29. Customers, now fearing that they would lose their investment to a foreclosure action, on June 3, paid \$20,000.00 to People's gas for the property's gas bill, and loaned Panaligan an additional \$40,000.00 to pay for the mortgage in arrears.
30. In June of 2009 The Commercial Bank began its action in Chancery to foreclose on the mortgage and collect on the note.
31. Panaligan, although named in the Chancery suit, along with his company, PWM, and although both having been served the summons and complaint, failed to appear and contest the foreclosure.
32. Despite Panaligan having taken the \$1,700,000.00 mortgage on the 4453 Diversey property and despite his taking of Customers' \$140,000.00 as well as additional loans from them, Panaligan failed to pay the mortgage and allowed the property to go into foreclosure.
33. In June of 2009 another foreclosure action was initiated against Panaligan, as well as PKGT, relating to the 5634 Diversey property, which resulted in a Sheriff's sale.
34. On information and belief Panaligan used Customers' money, for both the 5634 and the 4453 Diversey properties to cash-out his partners in PKGT and PWM, rather than paying the respective mortgages and investing the remaining money into the properties.

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35. Customers were not told that their money would be used to pay Panaligan's business partners instead of it being used for the properties' maintenance and needs.
36. With the loss of the properties Customers were subject to intense financial duress: having lost their retirement money and now in greater debt due to the mortgage Panaligan recommended they take out against their home to invest into the 4453 Diversey property.
37. Customers complained to Panaligan, who then requested their Church to mediate the matter between them.
38. Customers assented to the Church's attempt to mediate the matter, and for two years, until early summer of 2013, cooperated in the mediation.
39. The Church's mediation attempt did not result in any resolution for Customers.
40. The investments into Panaligan's properties, as described above, constitute securities pursuant to Section 2.1 of the Illinois Securities Law of 1953 (the "Act").
41. Panaligan, by offering and selling the securities to Customers, acted as a salesperson as defined by Section 2.9 of the Act.
42. Section 12.A of the Act states that it shall be a violation of the provisions of the Act to offer or sell any security except in accordance with the provisions of this Act.
43. Section 5 of the Act requires all securities, except those that are specifically exempt or involved in an exempt transaction, to be registered with the State of Illinois.
44. Panaligan did not register his real estate investments that he offered and sold to Customers.
45. Section 8 of the Act requires salespersons to be registered with the Illinois Secretary of State.
46. Section 130.285 (a) of the Rules and Regulations Under the Illinois Securities Law of 1953 (the "Rules") states that the failure of a salesperson to register as such constitutes an inequitable practice in the sale of securities and a fraudulent business practice.
47. Panaligan was not registered to offer or sell securities.
48. Section 130.850 of the Rules prohibit a salesperson from effecting transactions for customers that are excessive in size or frequency or unsuitable in view of the financial resources of the customer.

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49. Customers, at the time of the above-described transactions, were retired seniors with little investing experience, and limited means, for which Panaligan's investments were excessive in size as well as unsuitable due to the risk involved.
50. Section 12.F of The Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (The "Act") states that it shall be a violation of the provisions of this Act for any person to, "engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof." 815 ILCS 5/12.F.
51. Section 12.G of the Act states that it shall be a violation of the provisions of this Act for any person to; "obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading." 815 ILCS 5/12.G.
52. Panaligan, by not disclosing to Customers that their money was not being used for the maintenance and upkeep of the respective properties, but rather, to pay his business partners in PWM and PKGT, violated Sections 12.F and G of the Act.
53. Section 11.F(2) of the Act states that the Secretary of State may temporarily prohibit or suspend, by an order effective immediately, the offer or sale of securities, suspend or revoke the registration of a salesperson, or the registration of an investment advisor representative if the Secretary of State shall in his or her opinion, based on credible evidence, deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent **GREG G. PANALIGAN** is **PROHIBITED** from offering or selling securities in or from this State until further Order of the Secretary of State.

NOTICE is hereby given that Respondent may request a hearing on this matter by transmitting such request in writing to the Director, Illinois Securities Department, 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry the Temporary Order of Prohibition. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order and will extend the effectiveness of this Temporary Order for sixty days from the date the hearing request is received by the Department.

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FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 23<sup>rd</sup> day of December, 2014.

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JESSE WHITE  
Secretary of State  
State of Illinois