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CENTRAL DISTRICT OF CALIF.  
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12 UNITED STATES DISTRICT COURT  
13 CENTRAL DISTRICT OF CALIFORNIA  
14 SOUTHERN DIVISION

15 SECURITIES AND EXCHANGE  
16 COMMISSION,

17 Plaintiff,

18 vs.

19 HOMESTEAD PROPERTIES, L.P.;  
20 HOMESTEAD LIMITED, L.L.C.;  
21 CALIFORNIA WEALTH  
22 MANAGEMENT GROUP, d.b.a. IFC  
23 ADVISORY; HEATH M.  
24 BIDDLECOME; and WILLIAM C. TAK

25 Defendants,

26 HOMESTEAD NORTHLAND MHC,  
27 LLC and JACKSON MHC, L.L.C.

28 Relief Defendants.

Case No. SACV 09-01331 CJC (MLGx)

**FIRST AMENDED COMPLAINT  
FOR VIOLATIONS OF THE  
FEDERAL SECURITIES LAWS**

ORIGINAL

1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as  
2 follows:

3 **SUMMARY**

4 1. This matter concerns a fraud perpetrated by defendant Heath M.  
5 Biddlecome, Homestead Limited, L.L.C., a defendant entity Biddlecome controls,  
6 and defendant William C. Tak, a senior vice president of defendant California  
7 Wealth Management Group, dba IFC Advisory (“IFC”), against numerous elderly  
8 investors who trusted them to give them sound investment advice. From June  
9 2007 to at least November 2009, defendant Homestead Properties, L.P.,  
10 (“Homestead”), an investment fund that holds itself out as specializing in investing  
11 in mobile home park communities, raised over \$9.8 million from 36 investors. At  
12 least 33 of the investors were between 60 and 97 years old at the time they  
13 invested. Homestead is managed by Biddlecome and its general partner, defendant  
14 Homestead Limited, and advised by defendant IFC, an investment adviser  
15 registered with the Commission and owned and operated by Biddlecome. Tak sold  
16 the Homestead offering to about 29 of the 36 investors. Biddlecome sold the  
17 Homestead offering to about six of the investors. Defendants Homestead and  
18 Homestead Limited, and relief defendants Homestead Northland MHC, LLC  
19 (“Northland”) and Jackson MHC, L.L.C. (“Jackson”) have been placed into  
20 Receivership by the Court.

21 2. Homestead’s private placement memorandum (“PPM”) and  
22 partnership agreement (“Partnership Agreement”) state that Homestead would use  
23 investors’ money for real property investments, specifically mobile home park  
24 communities. However, in October 2008, Biddlecome transferred \$4.5 million of  
25 investor funds, constituting almost 50% of the investors’ capital, into a brokerage  
26 account held in Homestead’s name. Immediately thereafter, Biddlecome began to  
27 engage in risky day-trading with the Homestead funds.

28 3. Homestead Limited and Biddlecome failed to inform investors that

1 Biddlecome had shifted investor funds into a brokerage account and engaged in a  
2 risky day-trading strategy, and Homestead's offering materials do not give it the  
3 right to invest in anything other than real estate.

4 4. Homestead Limited and Biddlecome also misrepresented that  
5 Homestead investors would enjoy the protections of an auditor's third party  
6 oversight to Homestead's activities, and that investors' moneys would be used for  
7 real estate investments only.

8 5. Homestead Limited, Biddlecome, and Tak also misrepresented that  
9 the offering would be supervised by a registered broker-dealer, and that the source  
10 of investor distributions would originate or relate in some way to Homestead's  
11 accrued net profits. Instead, Homestead paid investor distributions with money  
12 from investors' capital contributions.

13 6. The Defendants, by engaging in the conduct described in this First  
14 Amended Complaint, have violated, and unless enjoined will continue to violate,  
15 the antifraud provisions of the federal securities laws. By this First Amended  
16 Complaint, the Commission seeks permanent injunctions, disgorgement with  
17 prejudgment interest, and civil penalties.

#### 18 **JURISDICTION AND VENUE**

19 7. This Court has jurisdiction over this action pursuant to Sections 20(b),  
20 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C.  
21 §§ 77t(b), 77t(d)(1) & 77v(a), Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of the  
22 Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d)(1),  
23 78u(d)(3)(A), 78u(e) & 78aa, and Sections 209(d), 209(e)(1) and 214 of the  
24 Investment Advisers Act of 1940 ("Advisers Act"), 15 U.S.C. §§ 80b-9(d), 80b-  
25 9(e)(1) and 80b-14. Defendants have, directly or indirectly, made use of the means  
26 or instrumentalities of interstate commerce, of the mails, or of the facilities of a  
27 national securities exchange in connection with the transactions, acts, practices and  
28 courses of business alleged in this First Amended Complaint.

1 8. Venue is proper in this district pursuant to Section 22(a) of the  
2 Securities Act, 15 U.S.C. § 77v(a), Section 27 of the Exchange Act, 15 U.S.C.  
3 § 78aa, and Section 214 of the Advisers Act, 15 U.S.C. § 80b-14, because certain of  
4 the transactions, acts, practices and courses of conduct constituting violations of  
5 the federal securities laws occurred within this district, and all of the defendants  
6 reside and/or are located in this district.

7 **DEFENDANTS**

8 9. **Homestead Properties, L.P.** is a Delaware limited partnership  
9 formed by Biddlecome in March 2007 as an investment fund. It is based in Culver  
10 City, California, its general partner is Homestead Limited, and it is currently in  
11 Court ordered Receivership. Homestead is not registered with the Commission in  
12 any capacity.

13 10. **Homestead Limited, L.L.C.**, a Delaware limited liability company  
14 formed by Biddlecome in August 2007, is currently in Court ordered Receivership.  
15 Biddlecome was the sole managing member of Homestead Limited, and, as such,  
16 he made all of the investing decisions for Homestead. Homestead Limited is not  
17 registered with the Commission in any capacity.

18 11. **California Wealth Management Group, d.b.a. IFC Advisory** is a  
19 California corporation formed in June 2004 and based in Culver City, California.  
20 IFC is wholly owned by Biddlecome, who serves as its president, lead portfolio  
21 manager, and chief compliance officer. In January 2005, IFC registered with the  
22 Commission as an investment adviser under the Advisers Act. As of September  
23 2008, IFC managed over 400 discretionary accounts with about \$78 million under  
24 management. According to a Form ADV, Part II that IFC filed with the  
25 Commission in January 2008, the firm provides investment advice to Homestead.

26 12. **Heath M. Biddlecome**, age 41, is a resident of Carpentaria,  
27 California. Biddlecome has been the principal of IFC since July 2004, and was  
28 formerly a registered representative of Purshe Kaplan Sterling Investments

1 (“PKS”), a broker-dealer registered with the Commission. In March 2009,  
2 Biddlecome voluntarily resigned from PKS following questions the firm raised  
3 concerning Homestead.

4 13. **William C. Tak**, age 43, is a resident of Newport Beach, California.  
5 Tak has been a securities professional since 1988. Tak joined IFC in September  
6 2006 as a senior vice president, a title which he currently maintains at the firm.  
7 Tak works in IFC’s Culver City office. Tak is also a registered representative of  
8 Multiple Financial Services, Inc. Tak was formerly a registered representative of  
9 PKS until July 2009, when the firm terminated his association.

10 **RELIEF DEFENDANTS**

11 14. **Homestead Northland MHC, LLC** is a California limited liability  
12 company formed in October 2007. It is solely owned by Homestead, and  
13 Biddlecome is its sole member. Northland is listed as the borrower of a property  
14 located in Ada, Ohio that Homestead purchased in March 2008. Northland is  
15 currently in Court ordered Receivership

16 15. **Jackson MHC, L.L.C.** is a Delaware limited liability company  
17 formed in March 2009. The sole member of Jackson is Homestead, and it was  
18 formed for the purpose of holding title to certain property purchased by Homestead  
19 in January 2009. Biddlecome is the manager of Jackson. Jackson is currently in  
20 Court ordered Receivership

21 **FACTUAL BACKGROUND**

22 **A. The Homestead Offering**

23 16. Biddlecome formed Homestead in June 2007. Homestead is not  
24 registered with the Commission in any capacity and has not registered any offering  
25 of its securities under the Securities Act or a class of securities under the Exchange  
26 Act.

27 17. Between June 2007 and November 2009, Homestead raised over \$9.8  
28 million from 36 investors nationwide. Many of Homestead’s investors were also

1 IFC advisory clients or PKS brokerage clients. At the time they invested, over  
2 90% of Homestead's investors were 60 to 90 years old, with at least 10 investors in  
3 their 80s, and four investors in their 90s.

4 18. Tak sold interests in Homestead to about 29 investors, and  
5 Biddlecome sold interests in Homestead to about six investors.

6 19. Biddlecome and Tak marketed and sold Homestead to investors as an  
7 investment in mobile home park communities. Homestead's PPM and its  
8 Partnership Agreement, both dated June 1, 2007, provide that Homestead would  
9 "engage in the business of acquiring or managing a diverse portfolio of real estate  
10 assets composed primarily of income producing properties, with an emphasis on  
11 the manufactured home community [sic] located throughout the United States."  
12 The PPM describes in detail the risks and rewards associated with investing in real  
13 estate. Biddlecome and Tak both read the PPM and Partnership Agreement, and  
14 typically disseminated it when soliciting investors (although at least one investor  
15 did not receive the offering documents before or after the investment, and some  
16 investors received it only after they had already invested). Biddlecome and Tak  
17 also made verbal representations to investors that Homestead's investment purpose  
18 was to invest in mobile home park communities.

19 20. The PPM states that Biddlecome, the sole managing member of  
20 Homestead Limited, Homestead's general partner, would "make all the investing  
21 decisions for the [Homestead] Fund."

22 21. Per the PPM, Homestead Limited charges Homestead a 1%  
23 management fee (presumably of the amount invested in Homestead), as well as  
24 .5% fee for administrative expenses, 50% of each investor's profits in excess of a  
25 7% hurdle rate, and 40% of each investor's profits in excess of a 5% selling price  
26 hurdle rate for liquidating events and the sale of property owned by Homestead.  
27 From 2007 through September 30, 2009, Homestead Limited has recorded on its  
28 books total management fees of \$134,821. Homestead did not transfer actual cash

1 to Homestead Limited for these management fees. Instead, Homestead Limited  
2 invested its fees in Homestead, and recorded the fees on its books as Homestead  
3 Limited's capital contribution.

4 22. Since inception, Homestead has made three primary real estate related  
5 investments. First, in February 2008, Homestead purchased an assignment of an  
6 interest in a second mortgage of a property located in Oakland, Michigan for \$2.75  
7 million. The second mortgage is subject to a first priority mortgage of \$30 million  
8 to an institutional lender.

9 23. The second investment, in March 2008, was \$1.27 million for the  
10 purchase of the property of Northland Mobile Park, which included 11 mobile  
11 homes located in Ada, Ohio. Relief defendant Northland is listed as the borrower  
12 for this property.

13 24. The third investment was made on January 20, 2009, when  
14 Homestead paid \$850,000 to purchase Jackson Mobile Home Park in Jackson,  
15 Michigan. This property was initially titled in Biddlecome's name, but on March  
16 31, 2009, Biddlecome assigned his interest to relief defendant Jackson and  
17 backdated the assignment to January 20, 2009.

18 **B. Biddlecome Transfers \$4.5 Million To A Brokerage Account**

19 25. Rather than investing all of the investors' moneys in real estate as  
20 represented, in October 2008, Biddlecome, without ever informing investors,  
21 transferred \$4.5 million of investor funds into a newly opened brokerage account  
22 in Homestead's name. The Homestead brokerage account carries the IFC logo,  
23 which is identified as the account's "independent investment adviser."

24 26. Shortly after he transferred the investor funds, Biddlecome began  
25 engaging in highly speculative and risky day-trading activities, including trading  
26 options and exchange traded funds, short selling, and trading on margin.

27 27. Not surprisingly, investment returns in the Homestead brokerage  
28 account were erratic. In two months, Homestead's brokerage account earned over

1 \$900,000, but in two other months, September and October 2009, Homestead's  
2 brokerage account lost almost \$2 million, nearly 28% of its value as of the  
3 beginning of September 2009. As of November 27, 2009, the date the Court  
4 appointed Receiver fully liquidated the securities in Homestead's brokerage  
5 account, the account balance was \$5.9 million.

6 28. As part of the Commission's examination staff's routine examination  
7 of IFC in December 2008, the staff requested numerous documents from IFC  
8 concerning Homestead. The written requests included a request for all of  
9 Homestead's custodial account statements up to, and including, November 30,  
10 2008. Despite these requests, IFC failed to provide to the Commission's  
11 examination staff Homestead's October and November 2008 brokerage account  
12 statements, or other documents that might have informed the staff that Biddlecome  
13 had opened a brokerage account in Homestead's name and transferred investors'  
14 moneys into it. Biddlecome was IFC's point of contact with the Commission's  
15 staff during their examination of the firm.

16 **C. Misrepresentations Regarding Third-Party Oversight**

17 29. IFC and Homestead Limited, both controlled by Biddlecome, made  
18 other misleading statements in the Fund's PPM that purported to provide the  
19 protections of third party oversight, including an auditor and registered broker-  
20 dealer, to the Fund's activities.

21 30. The PPM states that Homestead had engaged an accounting firm that  
22 would "be responsible for auditing Homestead's books on a yearly basis." The  
23 PPM further states that the audit would be provided to Homestead's investors  
24 "within a reasonable time after the close of the year."

25 31. No such audit of Homestead has ever been completed.

26 32. The PPM also states that Homestead Limited would use a registered  
27 broker-dealer to sell interests in Homestead to investors.

28 33. Neither Biddlecome nor Tak were associated with a registered broker-

1 dealer that approved their solicitations for the Homestead offering at the time they  
2 solicited investors and sold the interests. Although Biddlecome and Tak were  
3 registered representatives of PKS at the time they offered and sold partnership  
4 interests in Homestead, they sold the offering without PKS's approval and  
5 supervision.

6 34. Biddlecome and Tak read the PPM and distributed it to investors. By  
7 doing so, Biddlecome and Tak misrepresented that a broker-dealer supervised their  
8 sales of the Homestead offering, as was stated in the PPM.

9 35. Homestead paid commissions of nearly \$400,000 directly from its  
10 bank account to Tak. Biddlecome received payment directly from Homestead in  
11 the form of payments made to his personal credit card bills for purported business  
12 expenses.

13 **D. Misrepresentations Regarding Distributions**

14 36. The PPM states that Homestead would make quarterly cash  
15 distributions of its accrued net profits to investors, defined as the quarterly gross  
16 income less payments of Homestead's operating expenses and the general partner's  
17 compensation.

18 37. According to its accounting records, Homestead recorded a net loss of  
19 about \$434,000 from its inception through September 30, 2009.

20 38. Despite its net losses, Homestead distributed about \$565,678 to some  
21 of its investors as of September 30, 2009. The distributions, which were made  
22 from the fourth quarter of 2007 through the second quarter of 2009, were  
23 calculated at 7% per annum of the investor's capital account balance at the time  
24 Homestead made the distributions.

25 39. Homestead did not make these distributions from profits of its  
26 operations, as represented in its PPM. Instead, Homestead made these  
27 distributions from investors' original capital contribution to Homestead. Investor  
28 capital contributions were deposited into Homestead's bank account, and

1 Homestead paid out the investors' distributions from this same bank account.

2 40. Both Biddlecome and Tak were aware that Homestead paid investors'  
3 distributions out of investors' original capital contribution, yet they misrepresented  
4 to investors that Homestead paid distributions from its profits.

5 41. Tak sent portfolio updates to certain Homestead investors. In these  
6 updates, Tak represented that the value of the Homestead investment continued to  
7 be the same as the amount deposited – or no decrease in principal. Tak also told at  
8 least one investor that a tax-related document showing a decrease in principal did  
9 not reflect a reduction in the investor's capital contribution.

10 **FIRST CLAIM FOR RELIEF**

11 **UNREGISTERED OFFER AND SALE OF SECURITIES**

12 **Violations of Sections 5(a) and 5(c) of the Securities Act**

13 **(Against Biddlecome, Tak, Homestead Limited, and Homestead)**

14 42. The Commission realleges and incorporates by reference paragraphs 1  
15 through 41 above, specifically paragraphs 7-13 and 16-19.

16 43. Defendants Biddlecome, Tak, Homestead Limited, and Homestead,  
17 and each of them, by engaging in the conduct described above, directly or  
18 indirectly, made use of means or instruments of transportation or communication  
19 in interstate commerce or of the mails, to offer to sell or to sell securities, or to  
20 carry or cause such securities to be carried through the mails or in interstate  
21 commerce for the purpose of sale or for delivery after sale.

22 44. No registration statement has been filed with the Commission or has  
23 been in effect with respect to the offering alleged herein.

24 45. By engaging in the conduct described above, Defendants Biddlecome,  
25 Tak, and Homestead, and each of them, violated, and unless restrained and  
26 enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act,  
27 15 U.S.C. §§ 77e(a) and 77e(c).

28 ///



1 through 41 above.

2 50. Defendants Biddlecome, Tak, and Homestead Limited, and each of  
3 them, by engaging in the conduct described above, directly or indirectly, in  
4 connection with the purchase or sale of a security, by the use of means or  
5 instrumentalities of interstate commerce, of the mails, or of the facilities of a  
6 national securities exchange, with scienter:

- 7 a. employed devices, schemes, or artifices to defraud;
- 8 b. made untrue statements of a material fact or omitted to state a  
9 material fact necessary in order to make the statements made, in  
10 the light of the circumstances under which they were made, not  
11 misleading; or
- 12 c. engaged in acts, practices, or courses of business which  
13 operated or would operate as a fraud or deceit upon other  
14 persons.

15 51. By engaging in the conduct described above, Defendants Biddlecome,  
16 Tak, and Homestead Limited violated, and unless restrained and enjoined will  
17 continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and  
18 Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

19 **FOURTH CLAIM FOR RELIEF**

20 **FRAUD BY AN INVESTMENT ADVISER**

21 **Violations of Sections 206(1) and (2) of the Advisers Act**

22 **(Against Biddlecome and IFC)**

23 52. The Commission realleges and incorporates by reference paragraphs 1  
24 through 41 above.

25 53. Defendants Biddlecome and IFC, by engaging in the conduct  
26 described above, directly or indirectly, by the use of the mails or means and  
27 instrumentalities of interstate commerce:

- 28 a. with scienter, employed and are employing devices, schemes

- 1 and artifices to defraud clients or prospective clients; or  
2 b. engaged in and are engaged in transactions, practices, and  
3 courses of business which operated as a fraud or deceit upon  
4 clients or prospective clients.

5 54. By reason of the activities described herein, Defendants Biddlecome  
6 and IFC violated and unless restrained and enjoined will continue to violate  
7 Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) and (2).

8 **FIFTH CLAIM FOR RELIEF**

9 **FRAUD BY AN INVESTMENT ADVISER**

10 **Violations of 206(4) of the Advisers Act and Rule 206(4)-8 Thereunder**  
11 **(Against Biddlecome and IFC)**

12 55. The Commission realleges and incorporates by reference paragraphs 1  
13 through 41 above.

14 56. At all times alleged in the First Amended Complaint, Biddlecome and  
15 IFC each were investment advisers as defined under the Advisers Act.  
16 Specifically, IFC was registered with the Commission as an investment-adviser,  
17 and Biddlecome exercised exclusive control over IFC. Biddlecome and IFC  
18 managed the investments of Homestead in exchange for compensation in the form  
19 of a management fee.

20 57. Biddlecome and IFC, by engaging in the conduct described above,  
21 directly or indirectly, by use of the mails or means and instrumentalities of  
22 interstate commerce:

- 23 a. engaged in transactions, practices, or courses of business which  
24 operate as a fraud or deceit upon investors in the Premium  
25 Return Funds;  
26 b. made untrue statements of a material fact or omitted to state a  
27 material fact necessary to make the statements made, in the  
28 light of the circumstances under which they were made, not

1 misleading, to investors or prospective investors in a pooled  
2 investment vehicle; or

3 c. otherwise engaged in acts, practices, or courses of business that  
4 were fraudulent, deceptive, or manipulative with respect to  
5 investors or prospective investors in a pooled investment  
6 vehicle.

7 58. By reason of the activities described herein, Biddlecome and IFC have  
8 violated and unless restrained and enjoined will continue to violate Sections 206(4)  
9 of the Advisers Act, 15 U.S.C. § 80b-6(4), and Rule 206(4)-8, 17 C.F.R.  
10 § 275.206(4)-8, thereunder.

11 **SIXTH CLAIM FOR RELIEF**

12 **FAILURE TO REGISTER AS A BROKER-DEALER**

13 **Violation of Section 15(a) of the Exchange Act**

14 **(Against Biddlecome and Tak)**

15 59. The Commission realleges and incorporates by reference paragraphs 1  
16 through 41 above, specifically paragraphs 1, 7-13, 16-19, and 32-34.

17 60. Defendants Biddlecome and Tak, by engaging in the conduct  
18 described above, directly or indirectly, made use of the mails or means or  
19 instrumentalities of interstate commerce to effect transactions in, or to induce or  
20 attempt to induce, the purchase or sale of securities, without being registered as a  
21 broker or dealer in accordance with Section 15(a) of the Exchange Act, 15 U.S.C.  
22 § 78o(a).

23 61. By engaging in the conduct described above, Defendants Biddlecome  
24 and Tak each violated, and unless restrained and enjoined will continue to violate,  
25 Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

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**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that the Court:

**I.**

Issue findings of fact and conclusions of law that the defendants committed the alleged violations.

**II.**

Issue judgments, in forms consistent with Fed. R. Civ. P. 65(d), temporarily, preliminarily, and permanently enjoining (1) defendant Biddlecome, and his officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Sections 5 (a), 5(c) and 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c) and 77q(a), Sections 10(b) and 15(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78o(a), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, and Sections 206(1), 206(2), and 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) and 80b-6(2), and Rule 206(4)-8 thereunder, 17 C.F.R. § 275.206(4)-8, and aiding and abetting violations of Section 204 of the Advisers Act, 15 U.S.C. § 80b-4; (2) defendant Tak, and his officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Sections 5 (a), 5(c) and 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c) and 77q(a), Sections 10(b) and 15(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78o(a), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5; (3) defendant Homestead Properties, L.P., and its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c); (4) defendant Homestead Limited, L.L.C., and its officers,

1 agents, servants, employees, and attorneys, and those persons in active concert or  
2 participation with any of them, who receive actual notice of the judgment by  
3 personal service or otherwise, and each of them, from violating Sections 5(a), 5(c),  
4 and 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c) and 77q(a), and  
5 Section 10(b) of the Exchange Act, 15 U.S.C. §§ 78j(b), and Rule 10b-5  
6 thereunder, 17 C.F.R. § 240.10b-5; and (5) defendant IFC, and its officers, agents,  
7 servants, employees, and attorneys, and those persons in active concert or  
8 participation with any of them, who receive actual notice of the judgment by  
9 personal service or otherwise, and each of them, from violating Sections 204,  
10 206(1), 206(2), and 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-4, 80b-6(1) and  
11 80b-6(2), and Rule 206(4)-8 thereunder, 17 C.F.R. § 275.206(4)-8.

12 IV.

13 Order each defendant and relief defendant to disgorge all ill-gotten gains  
14 from the defendants' illegal conduct, together with prejudgment interest thereon.

15 V.

16 Order each defendant to pay civil penalties under Section 20(d) of the  
17 Securities Act, 15 U.S.C. § 77t(d), Section 21(d)(3) of the Exchange Act, 15  
18 U.S.C. § 78u(d)(3), and Section 209(e) of the Advisers Act, 15 U.S.C. §80B-9(e).

19 VI.

20 Retain jurisdiction of this action in accordance with the principles of equity  
21 and the Federal Rules of Civil Procedure in order to implement and carry out the  
22 terms of all orders and decrees that may be entered, or to entertain any suitable  
23 application or motion for additional relief within the jurisdiction of this Court.

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VII.

Grant such other and further relief as this Court may determine to be just and necessary.

DATED: January 15, 2010



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Ronnie B. Lasky  
John M. McCoy, III  
Marc J. Blau  
Attorneys for Plaintiff  
Securities and Exchange Commission

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