

State of Missouri  
Office of Secretary of State

Case No. AP-10-40

IN THE MATTER OF:

FREEDOM RIDGE PARTNERS, LLC;  
AND DARIN HUSTEAD,

Respondents.

Serve Both Respondents at:

Sullivan Law Office, P.C.  
J. Patrick Sullivan, #31370  
P. O. Box 2175  
Branson West, Missouri 65737

**FINAL ORDER TO CEASE AND DESIST AND ORDER AWARDING RESTITUTION  
AND COSTS AND IMPOSING CIVIL PENALTIES**

On September 21, 2012, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (the "Enforcement Section"), through Assistant Commissioner Mary S. Hosmer, submitted a Petition for Final Order to Cease and Desist and Payment of Restitution, Civil Penalties, and Costs as to All Respondents (the "Petition"). After reviewing the Petition, the Commissioner issues the following findings of facts, conclusion of law and order:

**PROCEDURAL BACKGROUND**

1. On December 13, 2010, Mary S. Hosmer, Assistant Commissioner for the Missouri Securities Division and on behalf of the Enforcement Section, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed (the "C&D Petition") in the above-styled matter.
2. On December 21, 2010, the Commissioner issued an Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed (the "C&D Order") against Respondents.
3. On January 18, 2011, J. Patrick Sullivan, counsel for Respondent Darin Hustead (the "Hustead"), submitted a Request for Hearing.
4. No other Respondent in this matter requested a hearing within the time allowed by Section 409.6-604, RSMo. (Cum. Supp. 2011).
5. On January 27, 2011, the Commissioner set a hearing on the Order for April 22, 2011, and set a prehearing conference for February 24, 2011.
6. On February 16, 2011, Mr. Sullivan submitted a Request to Reschedule Pre-Hearing Conference on behalf of Respondent Hustead.
7. The Commissioner continued the pre-hearing conference to March 10, 2011.
8. On March 8, 2011, Mr. Sullivan submitted a Motion for Continuance on behalf of Respondent Hustead.
9. During the rescheduled pre-hearing conference, the participating parties again requested a continuance.
10. On March 11, 2011, the Commissioner continued the hearing in this matter to June 15, 2011.
11. On June 9, 2011, Ms. Hosmer, on behalf of the Enforcement Section, and with the consent of Mr. Sullivan, submitted a Motion for Continuance.
12. On June 10, 2011, the Commissioner continued the hearing in this matter to August 17, 2011.
13. On August 10, 2011, Ms. Hosmer and Mr. Sullivan submitted a Joint Motion for Continuance.
14. On August 16, 2011, the Commissioner continued the hearing in this matter to November 4, 2011.
15. On August 29, 2011, Mr. Sullivan submitted a Motion for Continuance on behalf of Respondent Hustead, seeking a continuance of approximately 60 days.
16. On November 1, 2011, the Commissioner continued the hearing in this matter to January 3, 2012.

17. On December 27, 2011, Mr. Sullivan submitted a Motion for Continuance on behalf of Respondent Husted, seeking a continuance of approximately 60 days. On January 3, 2012, Mr. Sullivan filed a Motion for Continuance by Interlineation seeking a similar continuance.
18. On January 3, 2012, the Commissioner continued the hearing in this matter to March 9, 2012.
19. On March 7, 2012, Mr. Sullivan submitted a Joint Motion for Continuance, seeking a continuance of approximately 60 days.
20. On March 12, 2012, the Commissioner continued the hearing in this matter to June 4, 2012.
21. On June 1, 2012, Mr. Sullivan submitted a Withdrawal of Request for Substantive Hearing By Respondent Darin Husted. In that filing, Respondent Husted withdrew his request for a substantive hearing on the allegations in this matter.
22. In the June 1, 2012 filing, Respondent Husted "reserved" his right to hearing with respect to restitution, penalties, and costs, and requested that the hearing "be set at a later date."
23. On June 25, 2012, the Commissioner set a hearing on Penalties, Costs, and Restitution in this matter for August 2, 2012.
24. On July 30, 2012, Mr. Sullivan submitted a Withdrawal of Request for Hearing on Fines, Costs, and Restitution on behalf of Respondent Husted. In that filing, Respondent Husted withdrew his request for a hearing on the issues of any Fines, Costs, and Restitution arising from the allegations in the underlying action.
25. In the Petition, the Enforcement Section requested a final order to cease and desist.
26. In the Petition, the Enforcement Section requested that the Commissioner issue an order requiring Respondent Freedom Ridge Partners, LLC ("Freedom Ridge") and Respondent Husted to pay restitution in the amount of two hundred ninety-five thousand nine hundred ninety nine dollars and four cents (\$295,999.04).
27. In the Petition, the Enforcement Section requested that the Commissioner issue an order imposing a civil penalty in the amount of one thousand dollars (\$1,000) against each of Respondent Freedom Ridge and Respondent Husted for multiple violations of Section 409.3-301, RSMo. (Cum. Supp. 2011).
28. In the Petition, the Enforcement Section requested that the Commissioner issue an order imposing a civil penalty in the amount of one thousand dollars (\$1,000) against Respondent Husted for multiple violations of Section 409.4-402(a), RSMo. (Cum. Supp. 2011).
29. In the Petition, the Enforcement Section requested that the Commissioner issue an order imposing a civil penalty in the amount of one thousand dollars (\$1,000), against Respondent Freedom Ridge for multiple violations of Section 409.4-402(d), RSMo. (Cum. Supp. 2011).
30. In the Petition, the Enforcement Section requested that the Commissioner issue an order imposing a civil penalty in the amount of one thousand dollars (\$1,000) against each of Respondent Freedom Ridge and Respondent Husted for violations of Section 409.5-501, RSMo. (Cum. Supp. 2011).
31. In the Petition, the Enforcement Section requested that the Commissioner issue an order requiring each of Respondent Freedom Ridge and Respondent Husted, jointly and severally, to pay the costs of the investigation in this matter in the amount of three thousand five hundred dollars (\$3,500).

#### **FINDINGS OF FACT**

32. The Commissioner adopts and incorporates the Findings of Fact, paragraphs 1 " 35, in the C&D Order.

#### **CONCLUSION OF LAW**

33. The Commissioner adopts and incorporates the Conclusions of Law, paragraphs 45 " 62, in the C&D Order.
34. This Order is in the public interest and consistent with the purposes intended by the Missouri Securities Act of 2003.

#### **ORDER**

**NOW, THEREFORE**, it is hereby **ORDERED** that:

- A. The Cease and Desist Order entered in Case Number AP-10-40 on December 21, 2010, is **FINAL**.
- B. Pursuant to Section 409.4-604(d), RSMo. (Cum. Supp. 2011), Respondent Freedom Ridge and Respondent Husted shall pay restitution in the amount of two hundred ninety-five thousand nine hundred ninety nine dollars and four cents (\$295,999.04), arising from violations of Sections 409.3-301, 409.4-402(a), 409.4-402(d), and 409.5-501, RSMo. (Cum. Supp. 2011). Respondent Freedom Ridge and Respondent Husted shall be jointly and severally liable for this amount. This amount shall be made payable to the Missouri Secretary of State's Investor Restitution Fund and the Commissioner will take reasonable and necessary actions to distribute such funds to those persons referenced in Exhibit A of the Petition and injured

by the acts and violations. This amount shall be paid by the Respondents within thirty (30) days of the date of this Order. The Respondents shall deliver this payment to the Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

- C. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2011), Respondent Freedom Ridge and Respondent Husted, shall each pay a separate civil penalty in the amount of one thousand dollars (\$1,000), to the State of Missouri for multiple violations of Section 409.3-301, RSMo. (Cum. Supp. 2011). This amount shall be made payable to the State of Missouri and paid within thirty (30) days of the date of this Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent Freedom Ridge and Respondent Husted shall deliver these payments to the Securities Division, at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- D. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2011), Respondent Husted shall pay a civil penalty in the amount of one thousand dollars (\$1,000), to the State of Missouri for multiple violations of Section 409.4-402(a), RSMo. (Cum. Supp. 2011). This amount shall be made payable to the State of Missouri and paid within thirty (30) days of the date of this Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent Husted shall deliver this payment to the Securities Division, at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- E. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2011), Respondent Freedom Ridge shall pay a civil penalty in the amount of one thousand dollars (\$1,000), to the State of Missouri for multiple violations of Section 409.4-402(d), RSMo. (Cum. Supp. 2011). This amount shall be made payable to the State of Missouri and paid within thirty (30) days of the date of this Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent Freedom Ridge shall deliver this payment to the Securities Division, at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- F. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2011), Respondent Freedom Ridge and Respondent Husted shall each pay a civil penalty in the amount of seven thousand five hundred dollars (\$7,500), to the State of Missouri for violations of Section 409.5-501, RSMo. (Cum. Supp. 2011). The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. Respondent Freedom Ridge and Respondent Husted shall deliver these payments to the Securities Division, at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- G. Pursuant to Section 409.6-604(e), RSMo. (Cum. Supp. 2011), Respondent Freedom Ridge and Respondent Husted shall pay the additional sum of three thousand five hundred dollars (\$3,500) as reimbursement for the costs of the investigation and administration of this matter. Respondent Freedom Ridge and Respondent Husted shall be jointly and severally liable for this amount. This amount shall be made payable to the Missouri Secretary of State's Investor Education and Protection Fund and paid within thirty (30) days of the date of this Order. Respondent Freedom Ridge and Respondent Husted shall deliver this payment to the Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.
- H. Pursuant to Section 409.6-604(f), RSMo. (Cum. Supp. 2011), this matter shall be referred to the Missouri Attorney General's Office to collect the restitution, penalties and costs described in the Order, as necessary. In the event of such referral, priority in collection shall be given to recovery of monies for the restitution and interest ordered under paragraph B, above. Once such collection efforts result in the full satisfaction of paragraph B, priority shall be given to recovery of monies for the civil penalties ordered under paragraphs C, D, E, and F, above.
- I. Respondent Freedom Ridge and Respondent Husted shall pay their own costs and attorney's fees with respect to this matter.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 10<sup>TH</sup> DAY OF OCTOBER, 2012.

ROBIN CARNAHAN  
SECRETARY OF STATE

(Signed/Sealed)  
MATTHEW D. KITZI  
COMMISSIONER OF SECURITIES

I hereby certify that on this 10<sup>th</sup> day of October, 2012, a copy of the foregoing Final Order to Cease and Desist and Order Awarding Restitution and Costs and Imposing Civil Penalties as to all Respondents in the above styled case was **mailed by U.S. mail to:**

Sullivan Law Office, P.C.  
J. Patrick Sullivan, #31370  
P.O. Box 2175  
Branson West, Missouri 65737  
**ATTORNEY FOR RESPONDENT  
DARIN HUSTEAD**

**and by certified mail, return receipt requested to:**

Freedom Ridge Partners, LLC  
16208 Missouri Highway 13, Suite 100  
Branson West, Missouri 65737

and

Freedom Ridge Partners, LLC  
66 Celebration Drive  
Reeds Spring, Missouri 65737

**And by hand-delivery to:**

Mary S. Hosmer  
Assistant Commissioner  
Missouri Securities Division

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John Hale, Specialist