

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 Freedom Ridge Partners, LLC at:
a/k/a Freedom Ridge Development, LLC
16208 Missouri Highway 13, Suite 100
Branson West, Missouri 65737

Serve Darin A. Hustead at:
697 Freedom Ridge
Branson West, Missouri 65737

**ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE WHY CIVIL
PENALTIES, COSTS, AND RESTITUTION SHOULD NOT BE IMPOSED**

On December 13, 2010, the Enforcement Section of the Securities Division of the Office of Secretary of State (the "Enforcement Section"), through the Securities Division's Assistant Commissioner, Mary Hosmer, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties, Costs and Restitution Should Not Be Imposed. After reviewing the petition, the Commissioner issues the following findings of fact, conclusions of law and order:

I. FINDINGS OF FACT

1. Freedom Ridge Partners, LLC, *a/k/a* Freedom Ridge Development, LLC ("Freedom Ridge"), is a Missouri limited liability company with a last known address of 697 Freedom Ridge, Branson West, Missouri 65737. Freedom Ridge was organized on March 14, 2007, to, among other things, develop real estate.
2. Oak Creek Parkway, LLC ("Oak Creek"), is a Missouri limited liability company with a last known address of 16208 Missouri Highway 13, Branson West, Missouri 65737. Oak Creek was organized on November 15, 1999, to, among other things, develop and market real and personal property.
3. Spectrum Development, LLC ("Spectrum"), is a Missouri limited liability company with a last known mailing address of 16208 State Highway 13, Suite 100, Branson West, Missouri 65737. Spectrum was organized on May 23, 2005, to, among other things, develop real estate.
4. Darin A. Hustead ("Hustead") is an organizer and managing member of Freedom Ridge and is the organizer and registered agent of Oak Creek. Hustead purports to be an agent of Spectrum. Hustead has an address of 1105 LedgeStone Lane, Branson West, Missouri 65737.
5. Matthew Brown ("Brown") is a member and registered agent of Freedom Ridge and has an address of 66 Celebration Drive, Reeds Spring, Missouri 65737.
6. As used herein, the term "Respondents" refers to Freedom Ridge and Hustead.
7. In 2006, Hustead offered and sold investments to at least two elderly Kansas City, Missouri residents. Hustead told these Missouri residents that their investment of two hundred thousand dollars (\$200,000) in Freedom Ridge would be used to subdivide a large plot of land for development.
8. On or about May 26, 2006, Hustead and Brown met with Brown's grandparents, an eighty-two (82) year-old Kansas City, Missouri resident ("MR1") and MR1's seventy-seven (77) year-old spouse ("MR2"),¹ about investing in Freedom Ridge.
9. During that May 26, 2006 meeting, Hustead told MR1 and MR2, among other things, that invested funds would be used to:
 - a. make a down payment on real property to obtain a bank loan;
 - b. excavate this property;
 - c. build a road; and
 - d. build an entrance gate for a subdivision on the subject property.

10. During that May 2006 meeting, Husted told MR1 and MR2, among other things, that this was a safe investment because:

[1] MR2 is now deceased.

- a. California purchasers were already lined up to purchase lots upon completion of this subdivision; and
- b. if MR1 and MR2 invested their principal, it would be paid back by the end of the summer of 2006.

11. During that May 2006 meeting, Husted told MR1 and MR2, among other things, that if MR1 and MR2 invested they would receive:

- a. ninety percent (90%) of the selling price of each lot sold until their principal was paid back;
- b. thirty-five percent (35%) ownership of Freedom Ridge; and
- c. thirty-five percent (35%) of the profits of the development.

12. On May 26, 2006, MR1 and MR2 were presented with an eight (8) page document dated May 26, 2006, and titled, *Operating Agreement for Freedom Ridge* (“Operating Agreement”).

13. The Operating Agreement purported that Husted, Brown, Brown’s wife, MR1, MR2 and certain others² (the certain other members will be referred to as the “Husted Parties”) were forming Freedom Ridge as a limited liability company.

14. This Operating Agreement was signed and notarized by the Husted Parties on May 26, 2006.

15. This Operating Agreement stated, among other things, that:

- a. Husted was the managing member of Freedom Ridge;
- b. each member had made initial capital contributions to Freedom Ridge;
- c. the members were to make additional contributions to the capital of Freedom Ridge as all members agreed; and
- d. checks were to be drawn from the Freedom Ridge account for company purposes only.

16. On June 1, 2006, based on Husted’s information, MR1 and MR2 purchased a cashier’s check in the amount of two hundred thousand dollars (\$200,000). MR1’s and MR2’s June 1, 2006, cashier’s check was made payable to a title company. MR1 and MR2 gave this check to Husted to be invested in Freedom Ridge.

[2] The names of the Husted Parties on the Operating Agreement also included Husted’s spouse, Husted’s mother, Husted’s father, and another individual.

17. Shortly after the investment, MR1 and MR2 received a one page promissory note dated June 1, 2006.

18. This June 1, 2006 promissory note stated, in part, as follows:

For Value received, FREEDOM RIDGE PARTNERS, LLC (“Maker”) . . . promises to pay to the order of [MR1 and MR2], H/W, the sum of \$200,000.00, plus 0% interest, as follows: principal will be repaid from the proceeds of lot sales in Freedom Ridge Subdivision. Release payments per lot will be calculated at 90% of net sale proceeds . . . **On June 1, 2006, the title company issued a check in the amount of one hundred ninety-seven thousand, nine hundred seventy-one dollars and twenty-four cents (\$197,971.24)**³ (the “Check”) to Oak Creek. (Emphasis added.)

19. This June 1, 2006, promissory note was signed by Husted as managing member of Freedom Ridge and Brown as the alternate manager for Freedom Ridge.

20. On June 2, 2006, Husted deposited MR1 and MR2’s funds in an account for Oak Creek at Great Southern Bank in Springfield, Missouri (“Oak Creek Account”).⁴

21. The Enforcement Section’s investigation revealed:

- a. that Freedom Ridge was not created until March 14, 2007, approximately nine (9) months after MR1 and MR2 were solicited to invest;
- b. that no lots in Freedom Ridge were ever sold; and
- c. Husted did not use MR1 and MR2’s funds to perform excavation, road construction, or for the development of Freedom Ridge Estates.

22. On May 17, 2010, the Enforcement Section obtained 11 checks made from the Oak Creek Account

22. On May 17, 2010, the Enforcement Section obtained bank records from the Oak Creek Account.

23. These Oak Creek Account records revealed, among other things, that:

- a. Hustead was the authorized signatory for the Oak Creek Account;
- b. On June 2, 2006, prior to the deposit of MR1 and MR2's funds, the balance of the Oak Creek Account was six hundred ninety-three dollars and eighteen cents (\$693.18); and
- c. On June 2, 2006, Hustead deposited MR1 and MR2's funds into the Oak Creek Account.

[3] The funds invested by MR1 and MR2 went to Hogan Land and Title who deducted two thousand twenty-eight dollars and seventy-six cents (\$2,028.76). Hustead received the remaining balance of one hundred ninety-seven thousand nine hundred seventy-one dollars and twenty-four cents (\$197,971.24).

[4] It is unclear why these funds were made payable to the Oak Creek Account.

24. From June 2, 2006 to June 30, 2006, Hustead wrote at least fourteen (14) checks from this account totaling seventy-three thousand six hundred eighty-six dollars and eighty-seven cents (\$73,686.87).

25. In June 2006, upon information and belief, Hustead wrote checks to, among other things:

- a. make loans to Hustead and members of Hustead's family in the amount of thirty-six thousand one hundred sixty dollars (\$36,160);⁵
- b. repay debts previously incurred by Hustead in the amount of thirty-one thousand three hundred forty-four dollars and eleven cents (\$31,344.11);⁶
- c. pay Spectrum, another entity Hustead controlled, in the amount of sixty-five thousand dollars (\$65,000);⁷
- d. pay Hustead's personal expenses in the amount of six thousand one hundred eighty-two dollars and seventy-six cents (\$6,182.76);⁸ and
- e. pay cash to Hustead of over two thousand dollars (\$2,000).⁹

[5] These loans included checks dated:

- a. June 2, 2006, in the amount of four thousand dollars (\$4,000) made payable to "Darin Hustead." The memo line of the check stated "Loan to Darin;"
- b. June 2, 2006, in the amount of ten thousand dollars (\$10,000) made payable to "Darin Hustead." The memo line of the check stated "Loan to Darin;"
- c. June 5, 2006, in the amount of ten thousand dollars (\$10,000) made payable to [Hustead's father]. The memo line of this check stated "Loan to [Hustead's father]."
- d. June 5, 2006, in the amount of twelve thousand one hundred sixty dollars (\$12,160) and made payable to "[P.B. (Hustead's sister)]." The memo line of this check stated, "Loan Repayment."

[6] These debts included checks dated:

- a. June 7, 2006, in the amount of six thousand one hundred fifty dollars and forty-nine cents (\$6,150.49) was made payable to [an individual with the initials W.U.], for repayment of a loan.
- b. June 22, 2006, in the amount of six thousand dollars (\$6,000) was made payable to [an individual with the initials D.B.]. The memo line of this check stated "Loan Repayment;"
- c. On June 27, 2006, a check in the amount of six thousand dollars (\$6,000) was made payable to [a realtor with the initials J.S.]. The memo line of the check stated "Loan Payment;"
- d. Six (6) checks made payable to "Great Southern Bank" between June 5, 2006 and June 19, 2006 that totaled thirteen thousand one hundred ninety-three dollars and sixty-two cents (\$13,193.62). The memo line of these checks stated "Loan" and referenced different loan numbers.

[7] On June 6, 2006, sixty-five thousand dollars (\$65,000) was transferred from the Oak Creek Account to Spectrum.

[8] These personal expenses included a check dated, June 6, 2006, in the amount of six thousand one hundred eighty-two dollars and seventy-six cents (\$6,182.76) made payable to "Internal Revenue Service." The memo line of this check stated "Darin Hustead [Hustead's Social Security Number]/1040-2002."

[9] On June 30, 2006, Hustead withdrew cash in the amount of two thousand five hundred twenty-five dollars (\$2,525).

26. Records obtained by the Enforcement Section indicate that a Spectrum account was opened at Great Southern Bank on August 18, 2005 ("Spectrum Account"). Hustead was the authorized signatory for the Spectrum Account.

27. On May 17, 2010, the Enforcement Section received records from the Spectrum Account.
28. A review of the Spectrum Account records revealed, on June 1, 2006, the balance of the Spectrum Account, prior to deposit of investor funds, was twenty-eight dollars and forty-nine cents (\$28.49).
29. On June 7, 2006, Husted wrote a check from the Spectrum Account in the amount of forty-five thousand dollars (\$45,000) made payable to Husted's father.
30. On October 22, 2010, an investigator for the Enforcement Section telephoned Husted.
31. During this October 22, 2010 call, Husted told the investigator, among other things, the following:
 - a. Husted had purchased the Freedom Ridge property from a bank;
 - b. this Freedom Ridge property contained five (5) acres of land;
 - c. Husted was interested in developing this land to build homes;
 - d. MR1 and MR2's investment of two hundred thousand dollars (\$200,000) was to secure a seven hundred thousand dollar (\$700,000) loan from a bank;
 - e. a real estate agent from California never produced any pre-sales of the Freedom Ridge lots;
 - f. the bank did not release the seven hundred thousand dollar (\$700,000) loan; and
 - g. MR1 and MR2's money was deposited into the Oak Creek Account.
32. During this October 22, 2010 call, Husted told the investigator, among other things, the following regarding the payments from the Oak Creek Account:
 - a. a check to Husted's sister "did not have anything to do with Freedom Ridge;"
 - b. checks made payable to Great Southern Bank were payments for Husted's outstanding loans at the bank; and
 - c. Husted had approximately eleven (11) loans with Great Southern Bank at that time.
33. During this October 22, 2010 call, Husted told the investigator, among other things, that Spectrum was one of Husted's businesses.
34. A check of the records maintained by the Missouri Commissioner of Securities confirmed that:
 - a. there was no registration or notice filing indicating status as a "federal covered security" for the promissory note offered by Respondents; and
 - b. neither Husted nor Brown were registered securities agents in Missouri.
35. In connection with the offer and/or sell of these securities in Missouri, Husted omitted to disclose:
 - a. that the securities offered were not registered or exempt;
 - b. that neither Husted nor Brown were registered to offer or sell securities in or from Missouri;
 - c. that invested funds would be used to pay, among other things, the following:
 - i. loans to Husted and his father;
 - ii. debts of Husted;
 - iii. other entities Husted controlled; and
 - iv. Husted's personal expenses.
 - d. possible risks of the investments;
 - e. the financial condition of Freedom Ridge;
 - f. background information for Freedom Ridge directors, officers or other persons having similar status or performing similar functions, including but not limited to, their:
 - i. principal occupations for the previous five (5) years;

- ii. remuneration received during the previous twelve months and estimated to be received during the next twelve months; or
- g. material contracts or relationships with third parties.

II. STATUTORY PROVISIONS

36. Section 409.6-601(a), RSMo. (Cum. Supp. 2009), provides that the Missouri Securities Act of 2003 “shall be administered by the commissioner of securities”
37. Section 409.1-102(1), RSMo. (Cum. Supp. 2009), defines “Agent” as “an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in effecting or attempting to effect purchases or sales of the issuer’s securities. But a partner, officer, or director of a broker-dealer or issuer, or an individual having a similar status or performing similar functions is an agent only if the individual otherwise comes within the term. The term does not include an individual excluded by rule adopted or order issued under this act.”
38. Section 409.1-102(26), RSMo. (Cum. Supp. 2009), defines “Sale” to include: “every contract of sale, contract to sell, or disposition of, a security or interest in a security for value.” That same section defines “offer to sell” as “every attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value.”
39. Section 409.1-102(28), RSMo. (Cum. Supp. 2009), defines “Security” as “a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest of participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or in general, an interest or instrument commonly known as a “security”; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.
40. Section 409.3-301, RSMo. (Cum. Supp. 2009), provides:
- It is unlawful for a person to offer or sell a security in this state unless:
- (1) The security is a federal covered security;
 - (2) The security, transaction, or offer is exempted from registration under sections 409.2-201 to 409.2-203; or
 - (3) The security is registered under this act.
41. Section 409.4-402(a), RSMo. (Cum. Supp. 2009), provides:
- It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent under subsection (b).
42. Section 409.4-402(d), RSMo. (Cum. Supp. 2009), provides:
- It is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this state, to employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered under subsection (a) or exempt from registration under subsection (b).
43. Section 409.5-501, RSMo. (Cum. Supp. 2009), provides:
- It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:
- (1) To employ a device, scheme, or artifice to defraud;
 - (2) To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or
 - (3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.
44. Section 409.6-604, RSMo. (Cum. Supp. 2009), states:
- (a)

If the commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or that a person has materially aided

. . . an act, practice or course of business constituting a violation of this act . . . the commissioner may:

(1)

Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act

(b)

An order under subsection (a) is effective on the date of issuance. Upon issuance of the order, the commissioner shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered. The order must include a statement whether the commissioner will seek a civil penalty or costs of the investigation, a statement of the reasons for the order, and notice that, within fifteen days after receipt of a request in a record from the person, the matter will be scheduled for a hearing. If a person subject to the order does not request a hearing and none is ordered by the commissioner within thirty days after the date of service of the order, the order becomes final as to that person by operation of law. If a hearing is requested or ordered, the commissioner, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.

(c)

If a hearing is requested or ordered pursuant to subsection (b), a hearing before the commissioner must be provided. A final order may not be issued unless the commissioner makes findings of fact and conclusions of law in a record in accordance with the provisions of chapter 536, RSMo, and procedural rules promulgated by the commissioner. The final order may make final, vacate, or modify the order issued under subsection (a).

(d)

In a final order under subsection (c), the commissioner may:

(1)

Impose a civil penalty up to one thousand dollars for a single violation or up to ten thousand dollars for more than one violation;

(2)

Order a person subject to the order to pay restitution for any loss, including the amount of any actual damages that may have been caused by the conduct and interest at the rate of eight percent per year from the date of the violation causing the loss or disgorge any profits arising from the violation

. . . .

(e)

In a final order, the commissioner may charge the actual cost of an investigation or proceeding for a violation of this act or a rule adopted or order issued under this act. These funds may be paid into the investor education and protection fund.

III. CONCLUSIONS OF LAW

Offering and Selling Unregistered, Non-Exempt Securities

45. Paragraphs 1 through 44 are incorporated by reference as though fully set forth herein.
46. Respondents offered and sold a security as those terms are defined in Sections 409.1-102(26) and (28), RSMo. (Cum. Supp. 2009).
47. At all times relevant, records maintained by the Commissioner of Securities contained no registration, granted exemption, or notice filing indicating status as a "federal covered security" for the investments offered and sold by Respondents.
48. Respondents violated Section 409.3-301, RSMo. (Cum. Supp. 2009), when they offered and sold securities in Missouri without these securities being (1) a federal covered security, (2) exempt from registration under Sections 409.2-201 or 409.2-202, RSMo. (Cum. Supp. 2009), or (3) registered under the Missouri Securities Act of 2003.
49. Respondents' actions in offering or selling securities that were not registered, exempt or a federal covered security constitute an illegal act, practice, or course of business and thus such actions are subject to the commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2009).

Transacting Business as an Unregistered Agent

50. Paragraphs 1 through 44 are incorporated by reference as though fully set forth herein.
51. At all times relevant, records maintained by the Missouri Commissioner of Securities contained no registration or granted exemption for Husted to transact business as an agent in the State of Missouri.
52. Respondent Husted violated Section 409.4-402(a), RSMo. (Cum. Supp. 2009), when Husted transacted business in this State without being registered or exempt from registration as an agent.
53. Respondent Husted's actions in transacting business as an unregistered agent constitute an illegal act, practice, or course of business and thus such actions are subject to the commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2009).

Employing an Unregistered Agent

54. Paragraphs 1 through 44 are incorporated by reference as though fully set forth herein.
55. Freedom Ridge employed Husted who transacted business on behalf of Freedom Ridge.
56. Freedom Ridge has not registered any agents in the State of Missouri.
57. Freedom Ridge violated Section 409.4-402(d), RSMo. (Cum. Supp. 2009), when they employed an agent who transacted business in the State of Missouri without being registered or exempt from registration as an agent.
58. Respondent Freedom Ridge's action of employing an unregistered agent who transacted business in this state constitutes an illegal act, practice, or course of business, and thus such action is subject to the commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2009).

Multiple Violations of Omitting to State Material Facts in Connection with the Offer or Sale of a Security

59. Paragraphs 1 through 44 are incorporated by reference as though fully set forth herein.
60. In connection with the offer, sale or purchase of a security, Respondents omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, the following:
 - a. that the securities offered were not registered or exempt;
 - b. that neither Husted nor Brown were registered to offer or sell securities in or from Missouri;
 - c. that invested funds would be used to pay, among other things, the following:
 - i. loans to Husted and his father;
 - ii. debts of Husted;
 - iii. other entities Husted controlled; and
 - iv. Husted's personal expenses;
 - d. possible risks of the investments;
 - e. the financial condition of Freedom Ridge;
 - f. background information for Freedom Ridge directors, officers or other persons having similar status or performing similar functions, including but not limited to, their:
 - i. principal occupations for the previous five (5) years;
 - ii. remuneration received during the previous twelve months and estimated to be received during the next twelve months; or
 - g. material contracts or relationships with third parties.
61. Respondent Husted violated Section 409.5-501, RSMo. (Cum. Supp. 2009), when, in connection with the offer, sale or purchase of a security, he omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading.
62. Respondent Husted actions in omitting to state material facts constitute illegal acts, practices, or courses of business and thus

such actions are subject to the commissioner's authority under Section 409.6-604, RSMo. (Cum. Supp. 2009).

63. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. See Section 409.6-605(b), RSMo. (Cum. Supp. 2009).

IV. ORDER

NOW, THEREFORE, it is hereby ordered that Respondents, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order be prohibited from:

- A. violating or materially aiding in any violation of Section 409.3-301, RSMo. (Cum. Supp. 2009), by offering or selling any securities as defined by Section 409.1-102(28), RSMo. (Cum. Supp. 2009), in the State of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-301;
- B. violating or materially aiding in any violation of Section 409.4-402(a), RSMo. (Cum. Supp. 2009), by transacting business as an unregistered agent;
- C. violating or materially aiding in any violation of Section 409.4-402(d), RSMo. (Cum. Supp. 2009), by employing an unregistered agent; and
- D. violating or materially aiding in any violation of Section 409.5-501, RSMo. (Cum. Supp. 2009), by, in connection with the offer or sale of securities, omitting to state a material fact necessary in order to make statements made, in light of the circumstances under which they were made, not misleading.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of a civil penalty of up to one thousand dollars (\$1,000) against each Respondent for violation of Section 409.3-301, RSMo. (Cum. Supp. 2009), in a final order, unless Respondents request a hearing and show cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of a civil penalty of up to one thousand dollars (\$1,000) against Respondent Husted for violation of Section 409.4-402(a), RSMo. (Cum. Supp. 2009), in a final order, unless Respondent Husted requests a hearing and shows cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of a civil penalty of up to one thousand dollars (\$1,000) against Respondent Freedom Ridge for violation of Section 409.4-402(d), RSMo. (Cum. Supp. 2009), in a final order, unless Respondent Freedom Ridge requests a hearing and shows cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), the Commissioner will determine whether to grant the Enforcement Section's petition for an imposition of civil penalties of up to ten thousand dollars (\$10,000) against each Respondent for multiple violations of Section 409.5-501(2), RSMo. (Cum. Supp. 2009), in a final order, unless Respondents request a hearing and show cause why the penalty should not be imposed.

IT IS FURTHER ORDERED that, as the Enforcement Section has petitioned for an order of restitution, the Commissioner will determine whether to order Respondent Freedom Ridge and/or Respondent Husted to pay restitution for any loss, including the amount of any actual damages that may have been caused by the conduct of Respondent Freedom Ridge and/or Respondent Husted, and interest at the rate of eight percent per year from the date of the violation causing the loss, or disgorge any profits arising from the violation of Sections 409.3-301, 409.4-402 and 409.5-501, RSMo. (Cum. Supp. 2009), after review of evidence submitted by the Enforcement Section, in a final order, pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2009), unless Respondents request a hearing and show cause why this restitution or disgorgement should not be imposed.

IT IS FURTHER ORDERED that, as the Enforcement Section has petitioned for an award for the costs of the investigation against Respondents in this proceeding, the Commissioner will issue a final order, pursuant to Section 409.6-604(e), RSMo. (Cum. Supp. 2009), awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondents request a hearing and show cause why such award should not be made.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 21ST DAY OF DECEMBER, 2010.

ROBIN CARNAHAN
SECRETARY OF STATE

(Signed/Sealed)

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 Freedom Ridge Partners, LLC at:
a/k/a Freedom Ridge Development, LLC
16208 Missouri Highway 13, Suite 100
Branson West, Missouri 65737

Serve Darin A. Hustead at:
697 Freedom Ridge
Branson West, Missouri 65737

NOTICE

TO: Respondents and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), RSMo. (Cum. Supp. 2009), and 15 CSR 30-55.020.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this order, the Commissioner will schedule this matter for a hearing.

A request for a hearing must be mailed or delivered, in writing, to:

**Matthew D. Kitzi, Commissioner of Securities
Office of the Secretary of State, Missouri
600 West Main Street, Room 229
Jefferson City, Missouri, 65102.**

CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of December, 2010, a copy of the foregoing Order and Notice in the above styled case was **mailed by Certified U.S. mail to:**

Freedom Ridge Partners, LLC
a/k/a Freedom Ridge Development, LLC
16208 Missouri Highway 13, Suite 100
Branson West, Missouri 65737

Darin A. Hustead
697 Freedom Ridge
Branson West, Missouri 65737

And hand delivered to:

Mary Hosmer
Assistant Commissioner
Securities Division

John Hale, Specialist

