

**UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

SOUTHRIDGE CAPITAL MANAGEMENT  
LLC, SOUTHRIDGE ADVISORS LLC and  
STEPHEN M. HICKS,

Defendants.

Civil Action No. 3:10-cv-01685-RNC

**AMENDED FINAL JUDGMENT**

Upon the Joint Motion of the Plaintiff United States Securities and Exchange Commission (“SEC” or the “Commission”), Defendants Southridge Capital Management LLC, Southridge Advisors LLC, and Stephen M. Hicks (“Hicks”), and non-party Movant, Mary C. Hicks (“Mrs. Hicks”), the Court finds that good cause exists for modification of the terms of the Final Judgment (Dkt. No. 149) entered in this case on February 12, 2018 (which incorporated fully the Partial Final Judgment (Dkts. 143, 147-1, 147-2 and 148) against Hicks, Southridge Capital Management LLC, and Southridge Advisors LLC (collectively “Defendants”)). Accordingly, the Joint Motion for Entry of an Amended Final Judgment (Dkt. ) is **GRANTED**.

**I.**

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that Defendants are jointly and severally liable for the sum of nine million dollars (\$9,000,000) which shall be broken down as follows:

1. Defendants are liable for disgorgement of \$5,843,017, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$2,021,047.04, for a total of \$7,864,064.04.
2. Defendant Hicks is individually liable for a penalty \$1,135,935.96. Because Defendant Hicks has paid \$640,000 towards his penalty obligation in this matter pursuant to the terms of the Modified Order Freezing Assets (Dkt. 177), those funds shall be credited toward the penalty ordered to be paid. Therefore, Defendant Hicks now owes a civil penalty in the amount of \$495,935.96 to the Commission pursuant to Advisor's Act Section 209 [15 U.S.C. § 80b-9].

Defendants will satisfy these obligations by paying the SEC the amounts ordered in this Amended Final Judgment pursuant to the terms of the payment plan set forth in section II below.

Defendants may transmit payments electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payments may also be made directly from a bank account via Pay.gov through the SEC website at

<http://www.sec.gov/about/offices/ofm.htm>. Defendants may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court and specifying that payment is made pursuant to this Amended Final Judgment.

Defendants shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel, Carol E. Schultze, in this action. By making these payments, Defendants relinquish all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned.

The Commission shall hold the funds (collectively, the "Fund") until further order of this Court. The SEC may propose a plan to distribute the Fund subject to the Court's approval, and the Court shall retain jurisdiction over the administration of any distribution of the Fund.

## II.

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that the monies now due pursuant to this Amended Final Judgment of \$8,360,000 (which reflects the credit of the previously paid \$640,000), shall be paid as follows:

1. Within five (5) days of entry of this Amended Final Judgment, Defendants shall pay the sum of two million dollars (\$2,000,000) currently held in escrow by counsel for Defendant Hicks.
2. Defendants will then commence paying the balance due of \$6,360,000 in 15 equal quarterly payments of \$424,000 due on the 15<sup>th</sup> of each month (March, June, September, December) until the obligation is paid in full. The first quarterly payment due March 15, 2022 is currently held in escrow by counsel for Defendant Hicks. That payment shall be transmitted to the SEC within five (5) days of entry of this Amended Final Judgment.

3. Provided that Defendants make timely quarterly payments as set forth herein, no interest shall accrue on the amounts owed in this action. If Defendants fail to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Amended Final Judgment, including post-judgment interest from the date of the entry of this Order, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Court. Payments shall be deemed made on the date received by the Commission.

### **III.**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that to secure the quarterly payments described in Section II above, Defendant Hicks, individually and in his capacity as partial owner of Southridge Holdings LLC, and Mrs. Hicks, individually, and in her representative capacities as trustee of the Mary C. Hicks Revocable Trust, and partial owner of Southridge Holdings LLC, have taken the following steps:

1. Mrs. Hicks individually as owner of 17210 Germano Court, Naples, FL 34110 (the “Naples Residence”) has executed and delivered a mortgage to the SEC in a form acceptable to the Commission on the Naples Residence in the amount of \$6,360,000 in favor of the SEC (“Naples Mortgage”). Further, Mrs. Hicks has represented to the SEC that the Naples Mortgage in favor of the SEC is the only encumbrance on the Naples Residence and she has provided the Commission with a legal opinion of clean title on the Naples Residence.
2. Mrs. Hicks as trustee of the Mary C. Hicks Revocable Trust which owns 31 Country Club Road, Ridgefield, CT 06877 (“Ridgefield Residence”), has executed and

delivered to the SEC a mortgage in a form acceptable to the Commission in the amount of \$6,360,000 in favor of the SEC (“Ridgefield Mortgage”). Further, Mrs. Hicks has represented to the SEC that a Notice of Lis Pendens filed on May 1, 2018 by Idea Capital Partners, LLC at Book 1060, Pages 1218 to 1222 with Doc. ID. 002895810005 in the land records of the Town of Ridgefield, Fairfield County, Connecticut is the only encumbrance on the Ridgefield Residence. Mrs. Hicks has provided the Commission with a legal opinion confirming this sole encumbrance on the Ridgefield Residence.

3. Hicks and Mrs. Hicks as owners of Maple Leaf Capital Management LLC which owns Southridge Holdings LLC, the owner of a series of 13 commercial condominiums located at 90 Grove Street, Ridgefield, CT 06877 (the “90 Grove Condos”), have executed and delivered to the SEC a mortgage in a form acceptable to the Commission in the amount of \$6,360,000 in favor of the SEC (“90 Grove Mortgage”). Both Hicks and Mrs. Hicks have represented to the Commission that there is only one mortgage encumbering the 90 Grove Condos and it is held by Fairfield County Bank.

#### IV.

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that if the payments due herein as set forth in section II are not paid timely, Hicks, individually and in his capacity as partial owner of Maple Leaf Capital Management LLC which owns Southridge Holdings LLC, and Mrs. Hicks individually, and in her capacities as trustee of the Mary C. Hicks Revocable Trust, and partial owner of Maple Leaf Capital Management LLC which owns Southridge Holdings, LLC, shall consent to all Commission efforts to exercise the SEC’s rights

under the Naples Mortgage, the Ridgefield Mortgage, and the 90 Grove Mortgage, including, but not limited to, the use of one or more liquidation agents proposed by the Commission and appointed by the Court to sell one or more of the mortgaged properties for fair market value until the balance due under this Amended Final Judgment has been satisfied. The Commission agrees that upon any default on the quarterly payments, it will seek the sale of the mortgaged properties herein in the following order: (1) the 90 Grove Condos; (2) the Naples Residence; and (3) the Ridgefield Residence. In the event the balance due under the Amended Final Judgment exceeds the equity in the 90 Grove Condos as determined by the liquidation agent appointed to sell the 90 Grove Condos, the Commission may seek the concurrent appointment of a liquidation agent to sell the Naples Residence.

**V.**

**IT IS HERBY FURTHER ORDERED, ADJUDGED, AND DECREED** that all undertakings and injunctive relief Ordered in the Partial Final Judgment (Dkt. Nos. 143, 147 and 148) and Final Judgment (Dkt. No. 149) in this matter remain in effect. Specifically:

1. Defendants are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.P.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

(c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

As provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of either the Partial Final Judgment (Dkt. Nos. 143, 147 and 148), the Final Judgment (Dkt. No. 149) or this Amended Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

2. Defendants are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:
  - (a) to employ any device, scheme, or artifice to defraud;
  - (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;  
or
  - (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

As provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of either the Partial Final Judgment (Dkt. Nos. 143, 147 and 148), the Final Judgment (Dkt. No. 149) or this Amended

Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

3. Defendants are permanently restrained and enjoined from violating, directly or indirectly, Section 206 of the Investment Advisers Act of 1940 ("Advisers Act") [ 5 U.S.C. § 80b-6] by, directly or indirectly, using the mails or any means or instrumentality of interstate commerce to: (a) employ any device, scheme, or artifice to defraud any client or prospective client; or (b) engaging in any transaction, practice, course of business which operates as a fraud or deceit upon any client or prospective client. Defendants are also permanently restrained and enjoined from violating Section 206(4) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. § 80b-6] and Rule 206(4)-8 thereunder [17 C.F.R. §275.206(4)-8] by, directly or indirectly, using the mails or any means or instrumentality of interstate commerce to make any untrue statement of material fact or to omit to state any material fact necessary to make the statements made not misleading, or to engage in any other act, practice, or course of business which is fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in a pooled investment vehicle. As provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of either the Partial Final Judgment (Dkt. Nos. 143, 147 and 148), the Final Judgment (Dkt. No. 149) or this Amended Final Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

**VI.**

**IT IS HERBY FURTHER ORDERED, ADJUDGED, AND DECREED** that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendants under this Amended Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt arising from the Defendants' violation of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

**VII.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Amended Final Judgment.

Dated: April , 2022

**SO ORDERED:**

Robert N

Chatigny

Robert N. Chatigny

United States District Judge

Digitally signed by Robert  
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