

**COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE SECRETARY OF THE COMMONWEALTH  
SECURITIES DIVISION  
ONE ASHBURTON PLACE, ROOM 1701  
BOSTON, MASSACHUSETTS 02108**

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IN THE MATTER OF:	)	
	)	
GLENN C. MUELLER,	)	
NORTHRIDGE HOLDINGS, LTD.,	)	
EASTRIDGE HOLDINGS, LTD.,	)	
SOUTHRIDGE HOLDINGS, LTD.,	)	
UNITY INVESTMENT GROUP I, LTD.,	)	
CORNERSTONE II LIMITED PARTNERSHIP,	)	
561 DEERE PARK LIMITED PARTNERSHIP,	)	Docket No. E-2019-0058
1200 KINGS CIRCLE LIMITED	)	
PARTNERSHIP, &	)	
106 SURREY LIMITED PARTNERSHIP	)	
	)	
RESPONDENTS.	)	

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**ADMINISTRATIVE COMPLAINT**

**I. PRELIMINARY STATEMENT**

The Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (the "Enforcement Section" and the "Division," respectively) files this administrative complaint (the "Complaint") to commence an adjudicatory proceeding against Glenn C. Mueller; Northridge Holdings, Ltd.; Eastridge Holdings, Ltd.; Southridge Holdings, Ltd.; Unity Investment Group I, Ltd.; Cornerstone II, Limited Partnership; 561 Deere Park Circle Limited Partnership; 1200 Kings Circle Limited Partnership; and 106 Surrey Limited Partnership (collectively "Respondents") for violations of MASS. GEN. LAWS ch. 110A, the Massachusetts Uniform Securities Act (the "Act"), and 950 MASS. CODE REGS. 10.00 - 14.413 (the "Regulations"). The Enforcement Section

alleges that Respondents engaged in acts and practices in violation of Sections 201 and 301 of the Act and Regulations.

The Enforcement Section seeks an order: 1) finding as fact the allegations set forth below; 2) finding that all of the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors; 3) requiring Respondents to permanently cease and desist from further conduct in violation of the Act and Regulations; 4) censuring Respondents; 5) requiring Respondents to offer rescission to all investors from whom they have received funds; 6) requiring Respondents to provide a verified accounting of all proceeds which were received as a result of the alleged wrongdoing; 7) permanently barring Respondents from associating with or registering in the Commonwealth as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, or as a partner, officer, director, or control person of a broker-dealer or investment adviser; 8) permanently barring Respondents from registering in the Commonwealth as, or conducting business in the Commonwealth as, a federally covered adviser notice-filed in the Commonwealth, an entity relying on an exclusion from the definition of an investment adviser, a broker-dealer, an issuer of securities, or successor, partner, or affiliate of any of the above; 9) permanently prohibiting Respondents from offering or selling securities to any Massachusetts resident; 10) permanently prohibiting Respondents from being a manager, director, officer, partner, and/or control person of any entity offering or selling securities to any Massachusetts resident; 11) permanently prohibiting Respondents from being a manager, director, officer, partner, and/or control person of any entity offering or selling securities incorporated or otherwise organized in Massachusetts; 12) permanently prohibiting

Respondents from offering or selling securities from or within the Commonwealth; 13) requiring Respondents to pay restitution to fairly compensate investors for all losses attributable to the alleged wrongdoing; 14) requiring Respondents to disgorge all profits and direct or indirect compensation and remuneration received by Respondents in connection with the alleged wrongdoing; 15) imposing an administrative fine on Respondents in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and 16) taking any such further actions which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

## **II. SUMMARY**

For over forty years, Glenn C. Mueller (“Mueller”) and Northridge Holdings, Ltd. (“Northridge”) have been purchasing and selling multifamily real estate complexes in Illinois. Over the past few decades, Mueller and Northridge have built up a monumental and byzantine investment empire consisting of at least 32 interwoven companies and partnerships, including, Eastridge Holdings, Ltd. (“Eastridge”), Southridge Holdings, Ltd. (Southridge), Unity Investment Group I, Ltd. (“Unity”), Cornerstone II Limited Partnership (“Cornerstone”), 561 Deere Park Limited Partnership (“Deere Park”), 1200 Kings Circle Limited Partnership (“Kings Circle”), and 106 Surrey Limited Partnership (“Surrey”). Along the way, Mueller and Northridge induced residents from Massachusetts, Illinois, New Hampshire, New Jersey, and other states to invest in their real estate ventures. To date, Northridge has taken in at least \$47 million of investor funds through unregistered promissory notes nationwide and additional funds through unregistered limited partnerships. To accomplish this, Northridge uses a team of finders to seek out new investors in exchange for commissions.

In addition, Northridge and Mueller became so involved with the offers and sales of these offerings that they act as de facto broker-dealers. Northridge and Mueller offer to help investors set up self-directed IRA accounts and facilitate the purchase, sale, and transfer of Northridge related securities. The Enforcement Section of the Division brings this action as a result of the offer and sale of unregistered securities in the Commonwealth by Northridge and Mueller.

Northridge is a property management company formed in 1984 by Mueller that primarily operates in the state of Illinois. However, the website for Northridge shows that Northridge and Mueller's main concern is finding and servicing investors. Northridge and Mueller have a unique method for accepting investments, which they refer to as "CD Alternatives." Northridge accepts investor funds and sets up a "CD account" which investors can access through the Northridge website. In order to simulate the interest rate of actual CDs, Mueller issues promissory notes on behalf of at least three limited companies: Eastridge, Southridge, and Unity. These limited companies are wholly owned by Mueller, and the only apparent connection to Northridge is Mueller himself. Despite this, new investors receive these notes in a large packet containing cover letters, accreditation questionnaires, and promotional materials all on Northridge letterhead.

Once the funds are received by Northridge and entered into a Northridge "CD Account," Northridge encourages investors to use their funds to purchase interests in the myriad of Northridge limited partnerships and "CD IRA" accounts. Investments in the "CD IRA" accounts are evidenced by promissory notes, which are issued to Mueller's preferred self-directed IRA accounts on behalf of the investor.

To date, at least six Massachusetts investors have set up accounts with Northridge, and have invested a combined total of \$926,000. Investors received new investor packets detailing the various securities Northridge offers, as well as tailored letters recommending additional Northridge securities to include in their self-directed IRA accounts. These investors have received numerous Northridge newsletters beginning with “Dear Investor,” which give unsubstantiated opinions about the market, and plug Northridge products as solid retirement investments. These newsletters are available to all Massachusetts investors as they are prominently featured on the Northridge website. Of the six Massachusetts investors holding Northridge promissory notes, two have purchased Northridge limited partnership interests in at least one of the following entities: Cornerstone, Deere Park, Kings Circle, and Surry. One of these investors was led to believe that she had purchased a real estate investment trust, and stated that she has yet to receive a single distribution from the \$50,000 worth of investments made in 2005.

Northridge and Mueller have never been registered as broker-dealers or agents in any state or with the Securities and Exchange Commission (“SEC”) or the Financial Industry Regulatory Authority (“FINRA”). No promissory note offering has been registered as an issuance of securities. No limited partnership interest offering has been registered as an issuance of securities. No exemptions had been notice filed with any state or the SEC. With this action, the Enforcement Section of the Division seeks to stop Respondents from engaging in conduct that violates Massachusetts securities laws and seeks the return of Massachusetts residents’ investments.

### **III. JURISDICTION AND AUTHORITY**

1. As provided for by the Act, the Division has jurisdiction over matters relating to

securities pursuant to chapter 110A of Massachusetts General Laws.

2. The Enforcement Section brings this action pursuant to the authority conferred upon the Division by Section 407A of the Act, wherein the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and the Regulations.

3. This proceeding is brought in accordance with Sections 201 and 301 of the Act and its Regulations.

4. The Enforcement Section reserves the right to amend this Complaint and bring additional administrative complaints to reflect information developed during the current and ongoing investigation.

#### **IV. RELEVANT TIME PERIOD**

5. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of January 1, 2003 to the present date (the "Relevant Time Period").

#### **V. RESPONDENTS**

6. Glenn C. Mueller ("Mueller") is an Illinois resident. Mueller is president of Northridge Holdings, Ltd. Mueller has never been registered in the securities industry in any capacity.

7. Northridge Holdings, Ltd. ("Northridge") is a corporation formed under the laws of North Dakota on March 11, 1987, with corporate headquarters located at 1020 West Fullerton Avenue, Suite G, Addison, Illinois 60101. Northridge is the general partner for all limited partnerships owned and/or operated by Mueller and/or his affiliates and subsidiaries. Mueller owns 100% of the capital stock of Northridge. Northridge has never

been registered in the securities industry in any capacity. Northridge securities were not registered or exempt from registration.

8. Eastridge Holdings, Ltd. (“Eastridge”) is a corporation formed under the laws of Illinois on January 17, 2008, with corporate headquarters located at 1020 West Fullerton Avenue, Suite G, Addison, Illinois 60101. Mueller owns 100% of the capital stock of Eastridge. Eastridge securities were not registered or exempt from registration.

9. Southridge Holdings, Ltd. (“Southridge”) is a corporation formed under the laws of Illinois on October 1, 2009, with corporate headquarters located at 1020 West Fullerton Avenue, Suite G, Addison, Illinois 60101. Mueller owns 100% of the capital stock of Southridge. Southridge securities were not registered or exempt from registration.

10. Unity Investment Group I, Ltd. (“Unity”) is a corporation formed under the laws of Illinois on November 8, 2007, with corporate headquarters located at 1020 West Fullerton Avenue, Suite G, Addison, Illinois 60101. Mueller owns 100% of the capital stock of Unity. Unity securities were not registered or exempt from registration.

11. Cornerstone II Limited Partnership (“Cornerstone”) is a limited partnership formed under the laws of Illinois on November 15, 2005 with corporate located at 1020 West Fullerton Avenue, Suite G, Addison, Illinois, 60101. Northridge is the general partner of Cornerstone. Northridge and Mueller have a limited partnership interest in Cornerstone. Cornerstone securities were not registered or exempt from registration.

12. 561 Deere Park Circle Limited Partnership (“Deere Park”) is a limited partnership formed under the laws of Illinois on January 26, 2006, with headquarters located at 1020 West Fullerton Avenue, Suite G, Addison, Illinois 60101. Northridge is the general

partner of Deere Park. Northridge and Mueller have a limited partnership interest in Deere Park. Deere Park securities were not registered or exempt from registration.

13. 1200 Kings Circle Limited Partnership (“Kings Circle”) is a limited partnership formed under the laws of Illinois on July 17, 2007, with headquarters located at 1020 West Fullerton Avenue, Suite G, Addison, Illinois 60101. Northridge is the general partner of Kings Circle. Northridge and Mueller have a limited partnership interest in Kings Circle. Kings Circle securities were not registered or exempt from registration.

14. 106 Surrey Limited Partnership (“Surrey”) is a limited partnership formed under the laws of Illinois on November 3, 2005 with headquarters located at 1020 West Fullerton Avenue, Suite G, Addison, Illinois, 60101. Northridge is the general partner of Surrey. Northridge and Mueller have a limited partnership interest in Surrey. Surrey securities were not registered or exempt from registration.

## **VI. RELATED ENTITIES**

15. Amberwood Holdings Limited Partnership (“Amberwood”) is a limited partnership formed under the laws of Illinois on February 21, 1990, with headquarters located at 1020 West Fullerton Avenue, Suite G, Addison, Illinois 60101. Northridge is the general partner of Amberwood. Mueller owns a direct interest in Amberwood. Amberwood securities were not registered or exempt from registration. Amberwood has limited partnership interests in Ridgewood Group Limited Partnership, Paragon Group Limited Partnership, 5097 Elston Limited Partnership, 149 Mason Limited Partnership, 139 Austin Limited Partnership, Azlan Group Limited Partnership, Timberlake Shared Appreciation Illinois Limited Partnership, Timberlake Shared Appreciation Illinois Limited Partnership, Timberlake Shared Appreciation Illinois Limited Partnership, The



Samaritan Film Limited Partnership, Surrey, Deere Park, 610 Lincoln Limited Partnership, 5528 Hyde Park Limited Partnership, Arbor Limited Partnership, Kings Circle, and Hawthorne Limited Partnership.

16. Northridge and Mueller hold general partnership interests in 610 Lincoln Limited Partnership, 5097 Elston Limited Partnership, 5528 Hyde Park Limited Partnership, 106 Surrey Limited Partnership, 561 Deere Park Circle Limited Partnership, 149 Mason Limited Partnership, Arbor Limited Partnership, Kings Circle Limited Partnership, Hawthorne Limited Partnership, 139 Austin Limited Partnership, Paragon Group Limited Partnership, Ridgeview Group I Limited Partnership, G&C Mueller Family Limited Partnership, Timberlake Shared Appreciation Limited Partnership, Timberlake Shared Appreciation Illinois Limited Partnership, Cornerstone II Limited Partnership, The Samaritan Film Limited Partnership, and Wellness Center USA, Inc. None of these limited partnership offerings were registered or exempt from registration.

17. Mueller is associated with at least 32 other limited partnerships and businesses outside of Northridge including 5830 Lawrence Limited Partnership, 2636 Talman Limited Partnership, 300 Menard Limited Partnership, Beechwood Group I Limited Partnership, Town Square Management I, Ltd., Azlan Energy Solutions, LLC, 1973 18th Avenue Limited Partnership, Briar Court Limited Partnership, 1702 Rose Street Limited Partnership, 9632 Ivanhoe Limited Partnership, 120 Waller Limited Partnership, The Azlan Group, LLC, 1053 Austin Limited Partnership, 6468 Northwest Highway Limited Partnership, Cedar Ridge Group III Limited Partnership, 300 Oak Park Limited Partnership, 437 Kenilworth Limited Partnership, 237 Washington Limited Partnership, Guardian Investment Group, Ltd., Brookstone Investment Group, Ltd., 5000 Wolcott

Limited Partnership, Azlan Homes LLC, 3820 25th Avenue Limited Partnership, Mueller Painting & Decorating L.P., Timberwood Recreational Center, Inc., Vitri Miami, #220 LLC, River Road Limited Partnership, Miriam Industries, Inc., and Beacon Foundation.

## **VII. RELATED INDIVIDUALS**

18. Finder One is a resident of Illinois. Finder One received compensation for offering and selling Northridge related securities to Massachusetts residents.

19. Finder Two is a resident of New Hampshire. Finder Two received compensation for offering and selling Northridge related securities to Massachusetts residents.

20. Finder Three is a resident of Illinois. Finder Three received compensation for offering and selling Northridge related securities to Massachusetts residents. Finder Three is registered in the securities industry in Illinois.

21. Finder Four is a resident of New Jersey. Finder Four received compensation for offering and selling Northridge related securities to Massachusetts residents. Finder Four is registered in the securities industry in New Jersey.

22. Finder Five is a resident of Massachusetts. Finder Five received compensation for offering and selling Northridge related securities to Massachusetts residents.

## **VIII. STATEMENT OF FACTS**

### **A. Background**

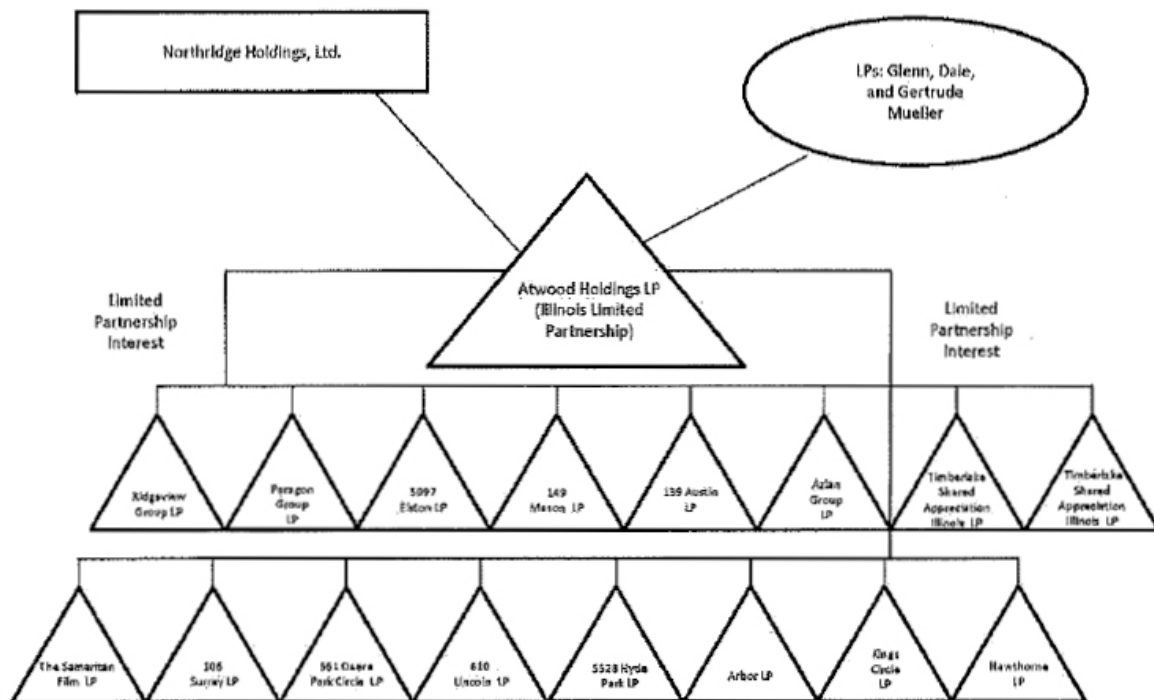
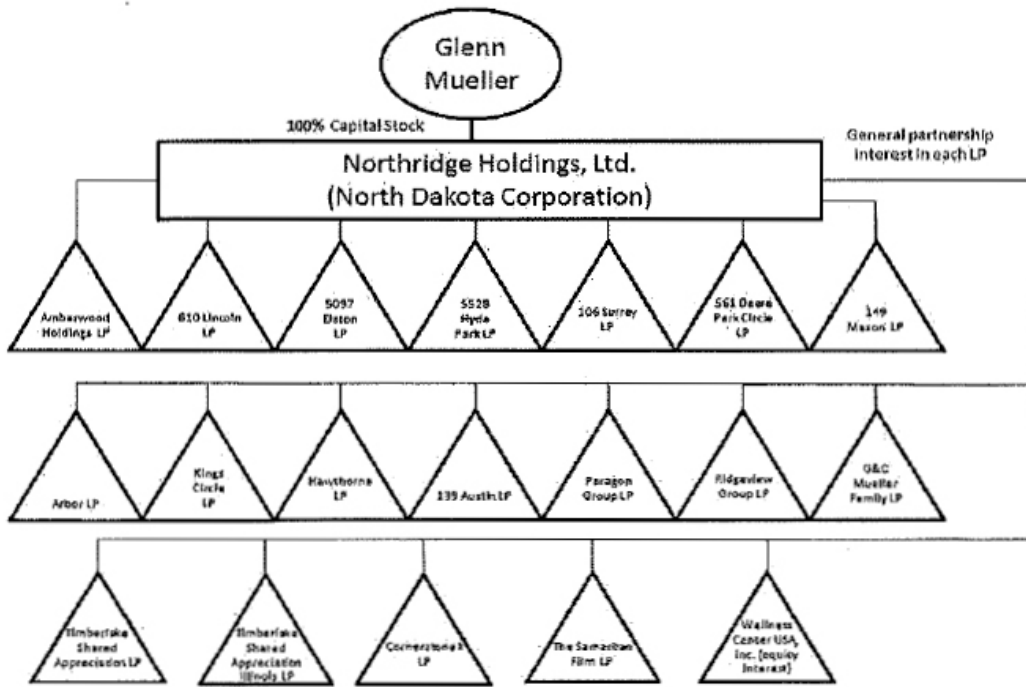
23. Mueller is the president and owner of multiple real estate development corporations and limited partnerships.

24. Mueller is the president of Northridge and owns 100% of its capital stock.

25. Northridge was founded and incorporated in Bismarck, North Dakota in 1987. It is currently based in Addison, Illinois.

26. Cornerstone is an Illinois limited partnership organized on November 11, 2005. It is currently based in Addison, Illinois. Northridge is a general partner of Cornerstone.
27. Deere Park is an Illinois limited partnership organized on January 26, 2006. It is currently based in Addison, Illinois. Northridge is a general partner of Deere Park.
28. Kings Circle is an Illinois limited partnership organized on July 17, 2007. It is currently based in Addison, Illinois. Northridge is a general partner of Kings Circle.
29. Surrey is an Illinois limited partnership organized on November 3, 2005. It is currently based in Addison, Illinois. Northridge is a general partner of Surrey.
30. Mueller is also the founder and owner of several limited companies where Northridge is not the general partner.
31. Eastridge was founded and incorporated in Illinois in 2008. Mueller is the president and 100% stock owner of Eastridge. Northridge is not a general or limited partner of Eastridge.
32. Southridge was founded and incorporated in Illinois in 2005. Mueller is the president and 100% stock owner of Southridge. Northridge is not a general or limited partner of Southridge.
33. Unity was founded and incorporated in Illinois in 2007. Mueller is the president and 100% stock owner of Unity. Northridge is not a general or limited partner of Unity.
34. The following two charts illustrate the relationships between Northridge, Mueller, and the limited partnerships.<sup>1</sup>

<sup>1</sup> Eastridge, Southridge, and Unity do not appear on either chart since they are wholly owned by Mueller as an individual and are not owned by Northridge.



**B. Offers and Sales of Securities**

35. Northridge, through Mueller and other individuals and entities, offered and sold promissory notes and limited partnership interests to investors in Massachusetts and investors in other states.

*a. The Promissory Note Offerings*

*i. Terms of the notes.*

36. Since at least 2005, Mueller has obtained funding for Northridge properties through the sale of promissory notes associated with Northridge, Eastridge, Southridge, and Unity.

37. Northridge sold at least one promissory note to a Massachusetts investor in 2005.

38. The terms of one Unity promissory note state that the note will be held per year “until maturity or until such time as the loan is placed into a Limited Partnership with NORTHRIDGE HOLDINGS, LTD. as General Partner.”

39. The terms of the other promissory notes do not reference Northridge directly.

40. At least six Massachusetts investors made at least nine investments in Northridge, Eastridge, Southridge, and Unity, collectively investing approximately \$925,690.

<b>Investment Promissory Notes</b>	<b>Amount invested by Massachusetts Residents</b>
Northridge	\$50,000
Eastridge	\$430,000
Southridge	\$36,000
Unity	\$409,151
<b>Total</b>	<b>\$925,690</b>

41. All of the promissory notes issued to Massachusetts investors have terms of three years or greater.

42. At least six Massachusetts residents were directed to the Northridge promissory notes through individuals who were paid a commission by Northridge.

43. Northridge paid the finders fees ranging from \$2,192-\$26,500 per transaction as demonstrated by the chart below.

<b>Finder</b>	<b>Introduction Fees Earned for Introducing Massachusetts Residents to Mueller</b>
Finder One	More than \$5,000
Finder Two	\$26,560
Finder Three	\$27,265
Finder Four	\$2,192
Finder Five	\$6,000
<b>Total</b>	<b>\$67,017</b>

*ii. Information provided and/or available to promissory note investors.*

44. In connection with promissory note offerings, Northridge sends investors a packet of information (“Promissory Note Investment Packet”).

45. The Promissory Note Investment Packet appears on Northridge letterhead.

46. The Promissory Note Investment Packet contains a cover page which states, “Funds placed in a real estate promissory note will receive 3% per annum for years or until such time as they are invested in a real estate limited partnership.”

47. The same page then lists, under the title “CD Loan Promissory Note,” a list of different rates of return based on the term of the promissory note.

48. The second page of the Promissory Note Investment Packet simply lists the phrase “New Investor Forms” under the Northridge logo.
49. The third page of the Promissory Note Investment Packet is a cover letter which refers to the recipient as an “investor” and asks the “investor” to fill out forms such as the “Investor Contact Information Sheet,” the “Accreditation Form,” and a “Form W-9.”
50. The homepage for the Northridge website at [www.northridgeltd.com](http://www.northridgeltd.com) states:  
  
Intelligent Investments. Shared Success.  
  
Welcome to Northridge Holdings. For nearly 50 years, we’ve been connecting investors with strategic real estate opportunities. Over that span, our track record has been remarkable, with returns well above industry averages in a relatively low-risk venue.
51. The Northridge website contains additional sections titled “The Northridge Way,” “For Tenants,” and “For Investors.”
52. The Northridge website is freely open and accessible to the public.
53. Under the “For Investors” section of the website, there are open links to several Northridge newsletters.
54. In a winter 2009 newsletter beginning with “Dear Investors,” Northridge states:  
  
We are offering to pay 5% for a 6 month promissory note. After the 6 months you can receive your money back with interest or choose to put it into one of our 1-5 year promissory notes paying 3%-6% interest or allocate it into a real estate investment promissory note...
55. Northridge’s summer 2012 Newsletter beginning with “Dear Investor” offers “CD accounts paying 3-6% for a term varying from 1-8 years.”
56. Northridge and Mueller uses the phrases “CD accounts,” “CD alternatives,” and “CD loans” when describing the promissory notes they offer.

57. At least one Massachusetts investor believed that the Northridge investment was collateralized by real property.

58. None of the Northridge promissory notes issued to Massachusetts investors are secured by a mortgage, a lien, assignment of accounts receivable, or by any other underlying asset.

***b. The Limited Partnership Offerings***

59. Mueller obtained funding for Northridge properties through the sale of limited partnership interests associated with Northridge and Amberwood.

<b>Investment Limited Partnerships</b>	<b>General Partner</b>	<b>Management Fee</b>	<b>Amount invested by Massachusetts Residents</b>
Deere Park	Northridge	5%	\$15,000
Kings Circle	Northridge	5%	\$15,000 \$13,300
Cornerstone	Northridge	5%	\$5,0000
Surrey	Northridge	5%	\$18,000
Total:			\$66,300

60. Northridge maintains a website. Under the tab “For Investors,” it states:

Every investor is looking for a safe investment with the highest potential for success. At Northridge Holdings, we’ve consistently delivered just such a mix for over 47 years, despite market swings and economic downturns.

How do we do it? What makes Northridge different? Real estate is our vehicle: we offer investors limited partnerships in multi-unit properties.

61. In a February 2003 letter to an investor (“February 2003 Letter”), Mueller, signing as President of Northridge, states, “[w]e have been taking in investors and forming limited partnerships for the purchase and sale of properties for over 18 years.”

The February 2003 Letter further states:

Our typical annual returns have ranged from twenty (20) to fifty (50) per cent, and some over 100% (typically in the 25% to 35% range) plus the



tax benefits. We have bought and sold or are currently managing over 48 properties without incurring any losses.

...

Each property is held in a separate limited partnership registered with the state of Illinois. This type of partnership provides a high degree of asset protection. It also can be used in estate planning to reduce inheritance taxes up to 50%.

62. Northridge sold at least one Massachusetts investor a \$15,000 limited partnership interest in Deere Park. Northridge is the general partner of Deere Park and Mueller is the President of the general partner.

63. Northridge, as the general partner of Deere Park, receives a 5% management fee.

64. Northridge sold at least two Massachusetts investors limited partnership interest in Kings Circle worth \$15,000 and \$13,300 respectively. Northridge is the general partner of Kings Circle and Mueller is the President of the general partner.

65. Northridge, as the general partner of Kings Circle, receives a 5% management fee.

66. One Massachusetts investor made an initial capital contribution of \$5,000 in Cornerstone. Northridge is the general partner of Cornerstone and Mueller is the President of the general partner.

67. Northridge, as the general partner of Cornerstone, receives a 5% management fee.

68. Northridge sold at least one Massachusetts investor an \$18,000 limited partnership interest in Surrey. Northridge is the general partner of Surrey and Mueller is the president of the general partner.

69. Northridge, as the general partner of Surrey, receives a 5% management fee.

70. Northridge and Mueller are responsible for the day-to-day operations of the businesses and properties associated with Northridge and Mueller. No Massachusetts investor can exercise control over the management, maintenance, or disposition of the properties owned by the limited partnerships issued by Northridge.

71. Specifically, offering documents for Kings Circle state:

Northridge Holdings LTD is the General Partner of the Limited Partnership. Its sole business is the management as General Partner of the Limited Partnerships... The General Partner's duties shall consist generally of all acts necessary and appropriate to the efficient and businesslike management and operation of the Partnership business...

72. Additionally, the subscription agreement for Kings Circle states:

THE SUBSCRIBER FURTHER EXPRESSLY ACKNOWLEDGES THAT AS A LIMITED PARTNER THE SUBSCRIBER SHALL GENERALLY HAVE NO CONTROL OR AUTHORITY CONCERNING THE OPERATION AND AFFAIRS OF THE PARTNERSHIP, WITH ALL SUCH DECISIONS SOLELY VESTED IN THE DISCRETION OF THE GENERAL PARTNER.

73. The limited partnership agreements for Cornerstone, Deere Park, and Surrey state:

In accordance with the requirements of the Uniform Limited Partnership Act, the Limited Partners shall not take part in the management of the Partnership business and shall not transact any business for the Partnership and shall have no power to sign or bind the partnership.

*c. Northridge and Northridge-Related Securities Offerings were not Registered or Exempt from Registration*

74. Neither Northridge nor Mueller have registered any Northridge or Northridge-related limited partnership interest or promissory note under state or federal securities laws.

75. Neither Northridge nor Mueller have made a filing with Massachusetts in connection with any Northridge or Northridge related limited partnership interest or promissory note.

76. The Kings Circle limited partnership agreement states:

The [limited partnership] Interests are being offered without registration under the Act *pursuant to the exemptions under the [Securities] Act [of 1933], including those provided by Section 4(2) [sic] thereof and Regulation D* promulgated thereunder or those provided by Section 3(a)(11) and the provisions of Rule 147 promulgated thereunder.

(Emphasis added.)

77. An exemption from registration under Regulation D requires, among other things, the filing of the Form D with the SEC and a copy of the Form D or a statement signed by the issuer designating compliance with all sections of the claimed exemption to be provided to the Division.

78. A review of publicly available SEC records does not reveal a Form D filing from Northridge or Kings Circle.

79. A review of Division records does not reveal a notice filing from Northridge or Kings Circle.

80. The Kings Circle limited partnership agreement also states:

**THE INTERESTS ARE BEING OFFERED AND SOLD PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SECTION 4G OF THE ILLINOIS SECURITIES LAW OF 1953, AS AMENDED, AND CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION THAT IS EXEMPT UNDER THE ILLINOIS SECURITIES LAW OR PURSUANT TO AN EFFECTIVE REGISTRATION THEREUNDER OR OTHERWISE IN COMPLIANCE WITH SUCH LAW.**

81. This exemption requires the filing of a copy of the Illinois Form 4G or copy of the Form D with the Illinois Secretary of State, or a statement signed by the issuer designating compliance with all sections of the claimed exemption.

82. A review of publicly available Illinois records does not reveal a filing from Northridge or Kings Circle.

83. Northridge investments were widely solicited by finders and through information available on the Northridge website.

84. Northridge investments were available to both accredited and non-accredited investors.

85. Advertisements for Northridge investments were routinely sent to Massachusetts residents holding Northridge promissory notes.

**C. Unregistered Broker-Dealer Activity**

86. Northridge creates accounts for new investors which can be accessed through their website.

87. Northridge produces account statements (“Northridge Account Statements”) to its investors which detail the money held in Northridge accounts and limited partnerships.

88. In order to simulate the sort of returns an individual would receive from a bank account, Mueller issues promissory notes through Unity, Eastridge, and Southridge on behalf of the Investor funds in the Northridge accounts.

89. The Promissory Note Investment Packet describes the promissory notes as either “real estate” loans or “CD Loans.”

90. The Promissory Note Investment Packet lays out a return schedule for CD Loans that states “1 year-3%, 2 year-4%, 3 year-5%, 4 year-5%, 5 year-6%, 8 year-6%.”

91. In a June 12, 2017 letter to Massachusetts investors (“June 12, 2017 Investor Letter”), Mueller wrote:

We also take in funds that are used to upgrade the apartments. This allows for higher rents and increases the property value. This *CD alternative* is for a 1-5 year term and yields 3%-6% interest paid monthly, quarterly, annually or the interest can compound annually and be taken out at any time with no penalty. The loan is backed by the equity and cash flow of the properties.

(Emphasis added.)

We are able to offer each of these opportunities for both cash and IRA funds. Please contact [name of contact] in our Investor Relations Dept, at [telephone number], [email address] for more information on depositing funds with us. We can also assist with setting up an IRA account with our preferred self-directed IRA custodian.

92. In addition, a June 2012 newsletter to investors (“June 2012 Newsletter”) states:

We are currently excepting [sic] funds for future real estate projects that will bear interest until invested in real estate. As an alternative, we offer *CD accounts* paying 3-6% for a term varying from 1-8 years. Both opportunities are available for cash, traditional and Roth IRAs.

(Emphasis added.)

93. In a May 22, 2017 letter to a Massachusetts investor, Mueller states:

If you elect to sell this position, you will be selling all of your capital account. This includes depreciation, income and expenses through December 31, 2016. Your profit from this sale, which is approximate [sic] market value, will be reduced in order to give the buyer a discounted purchase price.

The following sales are *recommended*:

Kings Circle L.P. Total sale: Total Sale \$24,900.00 Capital Amount \$15,000.00 Profit Amount \$9,900.00

(Emphasis added.)

94. Northridge is not a state or federally chartered depository institution.

95. Products from Northridge, Northridge related entities, or Mueller related entities are not insured by the Federal Deposit Insurance Corporation.
96. Northridge is not registered in the securities industry in any capacity, including as a broker-dealer.
97. Mueller is not registered in the securities industry in any capacity, including as a broker-dealer, agent, or issuer-agent.
98. Northridge and Mueller effected transactions in promissory notes between Unity, Southridge, Eastridge, and Massachusetts investors.
99. Mueller signs each promissory note as “Maker.”
100. Northridge through Mueller and other registered individuals and entities offered and sold limited partnership securities and promissory note securities to investors in Massachusetts and investors in other states.
101. At least one Massachusetts investor has received an investor packet from Northridge with a cover letter from Mueller, signing as President of Northridge. This letter offers to “structure the investment to your personal needs and objectives.”
102. At least one Massachusetts investor has received a letter directly from Mueller, signing as President of Northridge, regarding promissory notes that were being offered to “current and new investors.” This letter also offers Northridge’s services to “assist with setting up an IRA account with our preferred self-directed IRA custodian.”
103. Northridge facilitates secondary sales of limited partnership interests.

104. Northridge facilitates sales of limited partnership interests from investors already holding Northridge promissory notes. In at least one investor packet, Northridge states that a charge of “1% of value or \$50.00 minimum per sale” will be charged for the “Sale of L.P. to another party.”

105. Northridge pays commissions for the offer and sale of limited partnership securities and promissory note securities to registered and non-registered finders.

106. In addition, the May 22, 2017 letter from Northridge and Mueller to a Massachusetts investor recommends additional Northridge related securities if they liquidate their current Northridge related securities.

**D. Massachusetts Investors**

**a. Investor One**

107. Investor One is a Massachusetts resident.

108. Investor One is trustee for a trust under an agreement dated November 22, 1994.

109. Finder One received commissions from Northridge for introducing Investor One to Northridge products.

110. Investor One invested \$50,000 in Northridge under a promissory note dated May 16, 2005 (“Investor One Note”).

111. Investor One’s account statements and other documents from Northridge refer to the \$50,000 loan evidenced by the Investor One Note as “Cash – Real Estate @3%.”

112. The money from the Investor One Note was then used to purchase limited partnership interests.

113. Northridge sold Investor One a limited partnership interest in Cornerstone on July 1, 2005 for \$5,000.

114. Northridge sold Investor One a limited partnership interest in Surrey on October 5, 2005 for \$18,000.
115. Northridge sold Investor One a limited partnership interest in Deere Park on January 25, 2006 for \$15,000.
116. Northridge sold Investor One a limited partnership interest in Kings Circle on July 19, 2007 for \$13,300.
117. Investor One received an investor packet from Northridge prior to each of their investments in the limited partnerships.
118. The investor packet contained the terms of the partnership interest offered.
119. Investor One is a "Class A Limited Partner" of each limited partnership they invested in.
120. The investor packets for each limited partnership in which Investor One invested state that the general partner (Northridge) will receive a management fee of 5% of all cash revenue and proceeds of the partnership.
121. The investor packets for each limited partnership in which Investor One invested state that each "Class A Limited Partner will receive a share of the annual cash flow from operations or net cash receipts from sale or refinancing according to the formula:" dividing the Capital Contribution by a Class A Limited Partner by the aggregate Capital Contribution by all Partners multiplied by 60%.
122. To date, Investor One has not realized any return on any investment nor has Investor One received any principal back from the investments.



**b. Investor Two**

123. Investor Two was a Massachusetts resident at the time Investor Two invested with Northridge.

124. Finder Two received commissions from Northridge for introducing Investor Two to Northridge products.

125. Investor Two completed and signed an “Accreditation Application” which appeared on Northridge letterhead on April 24, 2013.

126. Investor Two invested \$111,000 in Eastridge under a promissory note dated April 25, 2013 at a rate of 6% per year until maturity due April 24, 2021 which automatically renewed with the same conditions (“Investor Two Note One”).

127. Investor Two invested \$59,500 in Unity under a promissory note dated February 20, 2014 at a rate of 6% per year until maturity due February 19, 2022 (“Investor Two Note Two”).

128. Investor Two Note Two records a promise by Unity to pay a self-directed IRA company on behalf of Investor Two.

129. Investor Two has a self-directed IRA account which includes Investor Two Note Two.

130. Northridge Account Statements describe the funds invested through Investor Two Note One as “Cash – CD Loan @ 6%.”

131. Northridge Account Statements describe the funds invested through Investor Two Note Two as “IRA – CD Loan @ 6%.”

**c. Investor Three**

132. Investor Three is a Massachusetts resident.

133. Finder Three received commissions from Northridge for introducing Investor Three to Northridge products.

134. Investor Three invested \$36,539.29 in Southridge under a promissory note dated May 5, 2016 at a rate of 5% per year until maturity due May 4, 2019 which automatically renewed with the same conditions (“Investor Three Note”).

135. Investor Three completed and signed an “Accreditation Application” which appeared on Northridge letterhead on April 14, 2016.

136. Northridge Account Statements describe the funds invested in the Investor Three Note as “Cash – CD Loan @ 5%.”

**d. Investor Four**

137. Investor Four is a Massachusetts resident.

138. Finder Four received commissions from Northridge for introducing Investor Four to Northridge products.

139. Investor Four invested \$332,000 in Unity under a promissory note dated September 9, 2015 at a rate of 6% per year until maturity due September 2, 2020 (“Investor Four Note”).

140. Investor Four Note records a promise by Unity to pay a self-directed IRA company for the benefit of Investor Four.

141. Investor Four had a self-directed IRA account which includes Investor Four Note.

142. Investor Four completed and signed an “Accreditation Application” which appeared on Northridge letterhead on August 26, 2015.

143. Northridge Account Statements describe the funds invested through the Investor Four Note as “IRA – CD Loan @ 6%.”

**e. Investor Five**

144. Investor Five is a Massachusetts resident.
145. Finder One received commissions from Northridge for introducing Investor Five to Northridge products.
146. Investor Five invested \$17,651.32 in Unity under a promissory note dated December 31, 2012 at a rate of 3% per year until maturity due November 16, 2018 which automatically renewed with the same conditions (“Investor Five Note”).
147. Investor Five Note records a promise by Unity to pay a self-directed IRA company for the benefit of Investor Four.
148. Investor Five completed and signed an “Accreditation Application” which appeared on Northridge letterhead on March 7, 2017.
149. Northridge Account Statements describe the funds invested through the Investor Five Note as “Unity Investment Group I Ltd. IRA - Traditional”
150. Investor Five was sold a limited partnership interest in Kings Circle around September 10, 2010.
151. Investor Five received a limited partnership investor packet prior to their investments in the limited partnerships.
152. The investor packet contained the terms of the partnership interest they were purchasing.
153. Investor Five is a “Class A Limited Partner” of Kings Circle.
154. The investor packets for Kings Circle state that the general partner (Northridge) will receive a management fee of 5% of all cash revenue and proceeds of the partnership.
155. The investor packets for Kings Circle state that each Class A Limited Partner will

receive a share of the annual cash flow from operations or net cash receipts from sale or refinancing according to the formula: dividing the Capital Contribution by a Class A Limited Partner by the aggregate Capital Contribution by all Partners multiplied by 60%.

**f. Investor Six**

156. Investor Six is a Massachusetts resident.

157. Finder Five received commissions from Northridge for introducing Investor Six to Northridge products.

158. Investor Six invested \$100,000 in Eastridge under a promissory note dated August 10, 2019 at a rate of 5% per year until maturity date of November 16, 2018, which automatically renewed with the same conditions. (“Investor Six Note”).

159. Northridge Account Statements describe the funds invested through the Investor Six Note as “Cash - CD Loan @5%.”

**E. Conclusion**

160. Northridge, Eastridge, Southridge, Unity, and Mueller issued, offered, and sold unregistered securities to Massachusetts investors without being registered to do so.

**IX. VIOLATIONS OF LAW**

**Count I – Violations of MASS. GEN. LAWS ch. 110A, § 201(a)**

161. Section 201(a) of the Act provides:

(a) It is unlawful for any person to transact business in this commonwealth as a broker-dealer or agent unless he is registered under this chapter.

MASS. GEN. LAWS ch. 110A, § 201(a).

162. Section 401(c) of the Act defines the term broker-dealer:

(c) 'Broker-dealer' means any person engaged in the business of effecting transactions in securities for the account of others or for his own account.

MASS. GEN. LAWS ch. 110A, § 401(c).

163. Section 401(b) of the Act provides:

(b) 'Agent' means any individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities.

...

A partner, officer, or director of a broker-dealer or issuer, or a person occupying a similar status or performing similar functions, is an agent only if he otherwise comes within this definition.

MASS. GEN. LAWS ch. 110A, § 401(b).

164. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VIII above.

165. The conduct of Respondents Mueller and Northridge, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201.

**Count II –Violations of MASS. GEN. LAWS. ch. 110A, § 201(b)**

166. Section 201(b) of the act states:

(b) It is unlawful for any broker-dealer or issuer to employ an agent unless the agent is registered. The registration of an agent is not effective during any period when he is not associated with a particular broker-dealer registered under this chapter or a particular issuer. When an agent begins or terminates a connection with a broker-dealer or issuer, or begins or terminates those activities which make him an agent, the agent as well as the broker-dealer or issuer shall promptly notify the secretary.

MASS. GEN. LAWS. ch. 101A, § 201(b).

167. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VIII above.

168. The conduct of Respondents Mueller and Northridge, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201(b).

**Count III – Violations of Mass. Gen. Laws ch. 110A, § 301**

169. Section 301 of the Act provides:

It is unlawful for any person to offer or sell any security in the commonwealth unless

- (1) the security is registered under this chapter;
- (2) the security or transaction is exempted under section 402; or
- (3) the security is a federal covered security.

MASS. GEN. LAWS ch. 110A, § 301.

170. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VIII above.

171. The conduct of Respondents, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 301.

**X. STATUTORY BASIS FOR RELIEF**

Section 407A of the Act provides, in pertinent part:

(a) If the secretary determines, after notice and opportunity for hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take such affirmative action, including the imposition of an administrative fine, the issuance of an order for an accounting, disgorgement or rescission or any other such relief as in his judgment may be necessary to carry out the purposes of [the Act].

MASS. GEN. LAWS ch. 110A, § 407A.

**XI. PUBLIC INTEREST**

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors for the Director to enter an order finding that such “action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of this chapter [MASS. GEN. LAWS ch. 110A].”

## **XII. RELIEF REQUESTED**

The Enforcement Section of the Division requests that an order be entered:

- A) Finding as fact all allegations set forth in Section VIII, inclusive of the Complaint;
- B) Finding that all the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors;
- C) Requiring Respondents to permanently cease and desist from further conduct in violation of the Act and Regulations;
- D) Censuring Respondents;
- E) Requiring Respondents to offer rescission to all investors from whom they have received funds;
- F) Requiring Respondents to provide a verified accounting of all proceeds which were received as a result of the alleged wrongdoing;
- G) Permanently barring Respondents from associating with or registering in the Commonwealth as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, or as a partner, officer, director, or control person of a broker-dealer or investment adviser;
- H) Permanently barring Respondents from registering in the Commonwealth as, or conducting business in the Commonwealth as, a federally covered adviser notice-filed in the Commonwealth, an entity relying on an exclusion from the definition of an investment adviser, a broker-dealer, an issuer of securities, or successor, partner, or affiliate of any of the above;
- I) Permanently prohibiting Respondents from offering or selling securities to any Massachusetts resident;

- J) Permanently prohibiting Respondents from being a manager, director, officer, partner, and/or control person of any entity offering or selling securities to any Massachusetts resident;
- K) Permanently prohibiting Respondents from being a manager, director, officer, partner, and/or control person of any entity offering or selling securities incorporated or otherwise organized in Massachusetts;
- L) Permanently prohibiting Respondents from offering or selling securities from or within the Commonwealth;
- M) Requiring Respondents to pay restitution to fairly compensate investors for all losses attributable to the alleged wrongdoing;
- N) Requiring Respondents to disgorge all profits and direct or indirect compensation and remuneration received by Respondents in connection with the alleged wrongdoing;
- O) Imposing an administrative fine on Respondent in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and
- P) Taking any such further actions which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

**MASSACHUSETTS SECURITIES DIVISION  
ENFORCEMENT SECTION**

By and through its attorneys,

  
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Dated: June 10, 2019