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2 FINDINGS OF FACT

3 1. Hegemony Partners, LP (“Hegemony”) is a Delaware limited partnership with its
4 principal place of business located at 200 West River Street, 3rd Floor, Ketchum, Idaho 83340.

5 2. Interfund Capital Corp. (“ICC”) is a Delaware corporation with its principal place
6 of business located at 200 West River Street, 3rd Floor, Ketchum, Idaho 83340. ICC is the
7 general partner of Hegemony. Jamie B. Schwartz is the president and sole owner of ICC.

8 3. David Hepworth (“Hepworth”) is a co-founder of ICC and is and was at all
9 relevant times a principal and control person of ICC. Hepworth formerly resided at 106 Camas
10 Loop, Ketchum, Idaho 83340.

11 4. Hegemony was initially established in 2003 to offer pooled investments to
12 accredited investors in reliance upon the safe harbor from registration under federal Rule 506 of
13 Regulation D of the Securities Act of 1933 (15 USC § 77a et seq.) (“Rule 506”). The initial
14 Hegemony private placement offering was terminated in 2008.

15 5. On or about May 1, 2009 ICC (as general partner) and Hepworth (as initial
16 limited partner) entered into Hegemony’s amended and restated limited partnership agreement.
17 Hegemony was organized to operate as a pooled investment vehicle through which investors’
18 money would be used to invest in securities and other financial instruments.

19 6. Hepworth directed outside counsel to prepare the necessary documentation in
20 order to comply with federal law and offer investments in Term Asset-Backed Securities Loan
21 Facility of the Federal Reserve Bank of New York (“TALF”) to accredited investors pursuant to
22 Rule 506.

23 7. On or about May 5, 2009, Respondents began selling limited partnership interests
24 in Hegemony (“Interests”) to raise investment capital to invest primarily in TALF securities.
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1 8. By June 2009, a total of five investors had purchased approximately \$3,000,000
2 of Interests.

3 9. On May 21, 2009, Respondents issued a press release regarding the launch of
4 their proprietary TALF fund. The press release starts with the statement “David Hepworth of
5 Interfund Capital announced today the launch of their proprietary Term Asset Backed Securities
6 Loan Facility (TALF) Fund.”

7 10. Hepworth is quoted in the press release as stating, “Market dislocations of 2008
8 and government intervention has created this opportunity; most opportunities are evanescent in
9 our experience. That’s why we moved quickly to get involved.” In the same paragraph in the
10 release with Hepworth’s quote the following invitation appears. “Accredited investors interested
11 in participating in future actions via Hegemony should email: info@interfundcapital.com.”

12 11. The press release was published on several internet news and press release
13 websites including Businesswire.com, CNBC.com, Earthtimes.org, and PR-inside.com.

14 12. The release was issued through Respondents’ agent, Kaufman Rossin Fund
15 Services (“KRFS”), a full-service hedge fund administrator.

16 13. On June 18, 2009, Respondents filed a Form D with the Department to notify the
17 Department of their intent to rely on the Rule 506 exemption.

18 14. On June 26, 2009 the Department sent Respondents a comment letter requesting
19 information about the offering and press release.

20 15. Respondents aver that none of the investors purchased Interests as a result of the
21 press release.

22 16. Respondents stopped soliciting for new investors after notification by the
23 Department of the possible inability to rely on Rule 506.

24 17. Respondents also aver that shortly after receiving notice from the Department, the
25 TALF assets held by Hegemony were liquidated and returned to investors and that only three of

1 the investors received less than their initial investment due to fees charged by unaffiliated third
2 party custodians and brokers. Respondents aver that they did not receive any fees or other
3 income from the investors and waived fees due under Hegemony's partnership agreement.

4 18. Rule 506 is a federal "safe harbor" provision for securities transactions that are
5 exempt from registration at the state level. Rule 506 prohibits any form of general solicitation or
6 advertising.

7 19. Because the Interests are securities as defined in Section 30-14-102 of the Act and
8 were publically offered in contravention to Rule 506, Respondents were required to register the
9 offering with the Department pursuant to Section 30-14-301 of the Act or qualify for an
10 exemption from registration.

11 20. Respondents aver that Hegemony and ICC are no longer operating or conducting
12 business in Idaho or any other jurisdiction.

13 II

14 CONCLUSIONS OF LAW

15 1. The Director has jurisdiction over this matter pursuant to the Act.

16 2. The Interests are securities as defined by Section 30-14-102 of the Act and are
17 required to be registered with the Department or exempt from registration.

18 3. The Interests were not registered with the Department.

19 4. The issuance of the press release by KRFS constitutes a general solicitation or
20 general advertising and therefore precludes Respondents from relying on the registration
21 exemption under Rule 506.

22 5. The sale of Interests by Respondents is a sale of unregistered securities in
23 violation of Section 30-14-301 of the Act.

1 **III**

2 **REMEDIES**

3 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and
4 Respondent's agreement to the entry of this Agreement and Order, the Director finds that the
5 following remedies are appropriate and in the public interest:

6 1. Respondent Hepworth agrees to pay a civil penalty in the amount of \$5,000.
7 Payment shall be made payable to the order of the "Idaho Department of Finance."

8 2. Respondent ICC agrees to pay a civil penalty in the amount of \$2,000. Payment
9 shall be made payable to the order of the "Idaho Department of Finance." Jamie B. Schwartz, as
10 President and sole owner of ICC, by affixing her signature on behalf of ICC to this Agreement
11 and Order, agrees that failure by ICC to pay its civil penalty will result in the Director initiating
12 further legal proceedings against her and/or ICC.

13 3. Respondents agree not to conduct any securities or advisory business in the state
14 of Idaho in the future without first obtaining the consent of the Department and any necessary
15 registration or licenses.

16 4. Respondents agree not to offer or sell securities in Idaho without prior written
17 notification to the Department.

18 5. Respondents agree that failure to comply with this Agreement and Order will
19 result in the Director bringing further legal proceedings.

20 6. Respondents attest and avow that all information provided to the Department
21 directly or through their legal representatives is true, accurate and complete.

22 7. Respondents waive notice and opportunity for a hearing under I.C. § 30-14-
23 604(b) and (c), and under the contested case provisions of the Idaho Administrative Procedures
24 Act, I.C. § 67-5240 et. seq.
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HEGEMONY PARTNERS LP

By: INTERFUND CAPITAL CORP.
Title: General Partner

Jamie B. Schwartz

By: JAMIE B. SCHWARTZ
Title: President and Owner, Interfund Capital Corp.

INTERFUND CAPITAL CORP.

Jamie B. Schwartz

By: JAMIE B. SCHWARTZ
Title: President and Owner, Interfund Capital Corp.

State of MASSACHUSETTS

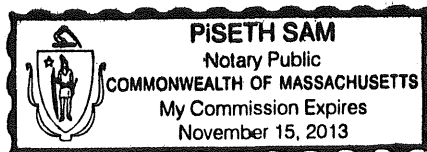
County of ESSEX

SUBSCRIBED AND SWORN to before me this 20th day of NOVEMBER 2009

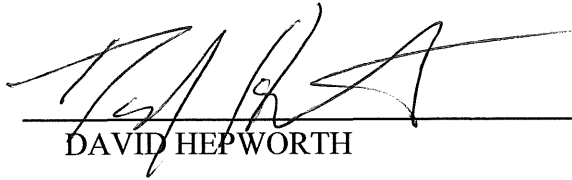
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NOTARY PUBLIC

My Commissions Exp:



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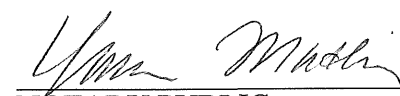


DAVID HEPWORTH

State of Massachusetts

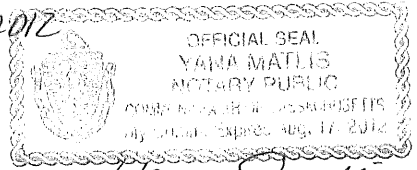
County of Essex

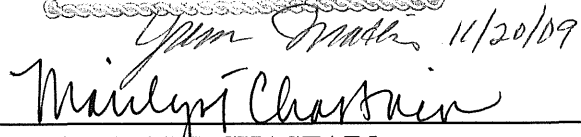
SUBSCRIBED AND SWORN to before me this 20th day of November, 2009



NOTARY PUBLIC

My Commissions Exp: 08/17/2012






MARILYN T. CHASTAIN
Bureau Chief, Securities Bureau
Department of Finance
State of Idaho

IT IS SO ORDERED

DATED this 3RD Day of DECEMBER, 2009.

STATE OF IDAHO
DEPARTMENT OF FINANCE



GAVIN M. GEE, Director