

FILED

2009 NOV 12 PM 2:48

CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

BY _____

1 JOHN M. McCOY III, Cal. Bar No. 166244
E-mail: mccoyj@sec.gov
2 MARC J. BLAU, Cal. Bar No. 198162
E-mail: blaum@sec.gov
3 RONNIE B. LASKY, Cal. Bar No. 204364
E-mail: laskyr@sec.gov

4 Attorneys for Plaintiff
5 Securities and Exchange Commission
Rosalind R. Tyson, Regional Director
6 Michele Wein Layne, Associate Regional Director
5670 Wilshire Boulevard, 11th Floor
7 Los Angeles, California 90036-3648
Telephone: (323) 965-3998
8 Facsimile: (323) 965-3908

9
10 UNITED STATES DISTRICT COURT
11 CENTRAL DISTRICT OF CALIFORNIA

12
13 SECURITIES AND EXCHANGE
COMMISSION,

14 Plaintiff,

15 vs.

16 HOMESTEAD PROPERTIES, L.P.;
17 HOMESTEAD LIMITED, L.L.C.;
CALIFORNIA WEALTH
18 MANAGEMENT GROUP, d.b.a. IFC
ADVISORY; HEATH M.
19 BIDDLECOME; and WILLIAM C. TAK

20 Defendants,

21 HOMESTEAD NORTHLAND MHC,
LLC and JACKSON MHC, L.L.C.

22 Relief Defendants
23
24
25
26
27
28

Case No. SACV09-01331 CJC MLGx

COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS

1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as
2 follows:

3 **JURISDICTION AND VENUE**

4 1. This Court has jurisdiction over this action pursuant to Sections 20(b),
5 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C.
6 §§ 77t(b), 77t(d)(1) & 77v(a), Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of the
7 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
8 78u(d)(3)(A), 78u(e) & 78aa, and Sections 209(d), 209(e)(1) and 214 of the
9 Investment Advisers Act of 1940 (“Advisers Act”), 15 U.S.C. §§ 80b-9(d), 80b-
10 9(e)(1) and 80b-14. Defendants have, directly or indirectly, made use of the means
11 or instrumentalities of interstate commerce, of the mails, or of the facilities of a
12 national securities exchange in connection with the transactions, acts, practices and
13 courses of business alleged in this Complaint.

14 2. Venue is proper in this district pursuant to Section 22(a) of the
15 Securities Act, 15 U.S.C. § 77v(a), Section 27 of the Exchange Act, 15 U.S.C. §
16 78aa, and Section 214 of the Advisers Act, 15 U.S.C. § 80b-14, because certain of
17 the transactions, acts, practices and courses of conduct constituting violations of
18 the federal securities laws occurred within this district, and all of the defendants
19 reside and/or are located in this district.

20 **SUMMARY**

21 3. This matter involves an investment adviser fraud perpetrated by
22 defendant Heath M. Biddlecome and the defendant entities he controls. Between
23 June 2007 and at least November 2009, Biddlecome operated defendant
24 Homestead Properties, L.P., (the “Homestead Fund” or the “Fund”), an investment
25 fund that holds itself out as specializing in investing in mobile home park
26 communities. The Fund is managed by Biddlecome and its general partner,
27 Homestead Limited, L.L.C., and advised by defendant California Wealth
28 Management Group, dba IFC Advisory (“IFC”), an investment adviser registered

1 with the Commission and owned and operated by Biddlecome.

2 4. Biddlecome and the Homestead Fund raised \$9.8 million from 36
3 investors, at least 33 of whom were between 60 and 97 years old. At least 29 of
4 these investors were referred by defendant William C. Tak, a senior vice president
5 of IFC.

6 5. In October 2008, without ever informing investors, Biddlecome
7 transferred \$4.5 million of investor funds into a brokerage account held in the
8 Homestead Fund's name. Biddlecome immediately began day trading in this
9 account, including making numerous short sales, trading options, and trading on
10 margin. Not surprisingly, the account has performed erratically, alternating
11 between six figure trading losses and profits in various months. In September and
12 October 2009, the account's value declined \$1.9 million, and its current value is
13 now \$5 million. The Homestead Fund's investors have never received any
14 information about this brokerage account, or Biddlecome's trading strategy.

15 6. The Homestead Fund offering materials contain several
16 misrepresentations concerning (1) its intention to conduct yearly audits (as of late
17 August 2009, no Homestead Fund audit had ever been performed); (2) payment of
18 commissions to a registered broker-dealer (the Homestead Fund paid nearly
19 \$400,000 in commissions directly to Tak, who was operating as an unregistered
20 broker-dealer for purposes of the Homestead Fund offering); and (3) quarterly
21 distributions of the Homestead Fund's net profits (although the Homestead Fund's
22 unaudited balance sheets show a \$380,000 loss since inception, the fund distributed
23 a total of \$562,177 of investor capital back to some investors). Additionally,
24 Biddlecome diverted some of the investor funds to pay at least \$11,441 in personal
25 credit card expenses.

26 7. The Defendants, by engaging in the conduct described in this
27 Complaint, have violated, and unless enjoined will continue to violate, the
28 antifraud provisions of the federal securities laws. By this complaint, the

1 Commission seeks emergency relief against the Defendants, including a temporary
2 restraining order, an asset freeze, an order expediting discovery, and an order
3 prohibiting the destruction of documents, as well as preliminary and permanent
4 injunctions, disgorgement with prejudgment interest, and civil penalties.

5 **DEFENDANTS**

6 8. **Homestead Properties, L.P.** is a Delaware limited partnership
7 formed by Biddlecome in 2007 as an investment fund. It is based in Culver City,
8 California, and its general partner is Homestead Limited, L.L.C. The Homestead
9 Fund is not registered with the Commission in any capacity.

10 9. **Homestead Limited, L.L.C.** is a Delaware limited liability company
11 formed by Biddlecome in 2007. Biddlecome is the sole managing member of
12 Homestead Limited, and, as such, he makes all of the investing decisions for the
13 Homestead Fund. Homestead Limited is not registered with the Commission in
14 any capacity.

15 10. **California Wealth Management Group, d.b.a. IFC Advisory** is a
16 California corporation formed in June 2004 and based in Culver City, California.
17 IFC is wholly owned by Biddlecome, who serves as its president, lead portfolio
18 manager, and chief compliance officer. In January 2005, IFC registered with the
19 Commission as an investment adviser under the Advisers Act. As of September
20 2008, IFC managed over 400 discretionary accounts with approximately \$78
21 million under management. According to a Form ADV, Part II that IFC filed with
22 the Commission in January 2008, the firm provides investment advice to the
23 Homestead Fund.

24 11. **Heath M. Biddlecome**, age 41, is a resident of Carpentaria,
25 California. Biddlecome has been the principal of IFC since July 2004, and was
26 formerly a registered representative of Purshe Kaplan Sterling Investments
27 (“PKS”), a broker dealer registered with the Commission. In March 2009,
28 Biddlecome voluntarily resigned from PKS following questions the firm raised

1 concerning the Homestead Fund.

2 12. **William C. Tak**, age 43, is a resident of Newport Beach, California.
3 Tak is currently a senior vice president of IFC, and works in IFC's Culver City
4 office. Tak was formerly a registered representative of PKS until July 2009, when
5 the firm terminated his association.

6 **RELIEF DEFENDANTS**

7 13. **Homestead Northland MHC, LLC** is a California limited liability
8 company formed in October 2007. It is solely owned by the Homestead Fund, and
9 Biddlecome is its sole member. Homestead Northland MHC is listed as the
10 borrower of a property located in Ada, Ohio that the Homestead Fund purchased in
11 March 2008.

12 14. **Jackson MHC, L.L.C.** is a Delaware limited liability company
13 formed in March 2009 and based in Culver City, California. The sole member of
14 Jackson MHC is the Homestead Fund, and it was formed for the purpose of
15 holding title to certain property purchased by the Homestead Fund in January
16 2009. Biddlecome is the manager of Jackson MHC.

17 **FACTUAL BACKGROUND**

18 **A. The Homestead Fund Offering**

19 15. Biddlecome formed the Homestead Fund in June 2007, and began
20 selling security interests to investors soon thereafter. As represented to investors,
21 the primary purpose of the Homestead Fund is to invest in mobile home park
22 communities.

23 16. The Homestead Fund is not registered with the Commission in any
24 capacity and has not registered any offering of its securities under the Securities
25 Act or a class of securities under the Exchange Act.

26 17. Between June 2007 and November 2009, the Homestead Fund raised
27 over \$9.8 million from 36 investors nationwide. Many of the Fund's investors
28 were also IFC advisory clients. Most of these investors were 60 years old or older,

1 with at least two investors in their 90s at the time they invested. Tak solicited at
2 least 29 of these investors, and Biddlecome solicited at least one investor in
3 February 2008.

4 18. The Homestead Fund's private placement memorandum ("PPM")
5 dated June 1, 2007 provides that the Homestead Fund would "engage in the
6 business of acquiring or managing a diverse portfolio of real estate assets
7 composed primarily of income producing properties, with an emphasis on the
8 manufactured home community [sic] located throughout the United States."

9 19. The PPM states that Biddlecome, the sole managing member of
10 Homestead Limited, the Homestead Fund's general partner, would "make all the
11 investing decisions for the [Homestead] Fund."

12 20. Per the PPM, Homestead Limited was entitled to a 1% management
13 fee (presumably of the amount invested in the Homestead Fund), as well as .5%
14 fee for administrative expenses, 50% of each investor's profits in excess of a 7%
15 hurdle rate, and 40% of each investor's profits in excess of a 5% selling price
16 hurdle rate for liquidating events and the sale of property owned by the Homestead
17 Fund.

18 21. Since inception, the Homestead Fund has made only three real estate
19 investments. First, in February 2008, the Homestead Fund purchased an
20 assignment of an interest in a second mortgage in Auburn Hills, Michigan for
21 \$2.75 million.

22 22. The second investment, in March 2008, was \$1.2 million for the
23 purchase of a property in Ada, Ohio. Relief defendant Homestead Northland
24 MHC, LLC is listed as the borrower for this property.

25 23. The third investment was made on January 20, 2009, when the
26 Homestead Fund paid \$850,000 to purchase a mobile home park in Jackson,
27 Michigan. This property was initially titled in Biddlecome's name, but on March
28 31, 2009, it was assigned to relief defendant Jackson MHC, LLC, backdated to

1 January 20, 2009.

2 **B. Biddlecome Transfers \$4.5 Million To A Brokerage Account**

3 24. In October 2008, Biddlecome transferred \$4.5 million of investor
4 funds into a newly opened brokerage account. He did so without disclosing to
5 investors a change in the Homestead Fund's investment strategy. The account is
6 titled in the name of the Homestead Fund, and carries the IFC logo, which is
7 identified as the account's "independent investment adviser."

8 25. Shortly after transferring the investor funds, Biddlecome began
9 engaging in highly speculative and risky trading activity, buying and selling
10 options, and exchange traded funds, short selling, and trading on margin. Not
11 surprisingly, investment returns in the account have been erratic. In two months,
12 Biddlecome earned over \$900,000, but in two other months, he lost in excess of \$1
13 million.

14 26. In September and October 2009, the Homestead Fund cumulatively
15 lost over \$1.9 million as a result of Biddlecome's trading activity.

16 27. As of October 31, 2009, the brokerage account's balance was
17 \$5,066,829.

18 28. IFC failed to provide any documentation concerning the Homestead
19 Fund's brokerage account to the Commission's examination staff during the staff's
20 December 2008 routine examination of IFC, despite their written request to
21 produce all custodial account statements up to, and including, November 30, 2008.
22 Biddlecome was IFC's point of contact with the Commission's staff during their
23 examination of the firm.

24 **C. Misrepresentations Contained Within The Homestead Fund's PPM**

25 29. The PPM states that a Beverly Hills accounting firm would "be
26 responsible for auditing the Homestead Fund's books on a yearly basis." The PPM
27 further states that the audit would be provided to the Homestead Fund's investors
28 "within a reasonable time after the close of the year."

1 30. As of August 29, 2009, no such audit of the Homestead Fund had ever
2 been completed.

3 31. The PPM states that Homestead Limited would pay sales
4 commissions to third parties, who were registered representatives of a broker-
5 dealer.

6 32. Despite this representation, the Homestead Fund paid commissions of
7 nearly \$400,000 directly from its bank account to Tak, rather than Homestead
8 Limited paying Tak through a registered broker-dealer.

9 33. Neither Biddlecome nor Tak were associated with a registered broker-
10 dealer that approved their solicitations for the Homestead Fund offering at the time
11 they solicited investors and sold the interests.

12 34. The PPM stated that the Homestead Fund would make quarterly
13 distributions of its accrued net profits to investors, defined as the quarterly gross
14 income less payments of the Homestead Fund's operating expenses and the general
15 partner's compensation.

16 35. According to unaudited financial information prepared by
17 Biddlecome, the Homestead Fund lost \$53,272 in 2007, lost \$328,269 in 2008, and
18 made \$2,100 between January and March 2009.

19 36. Despite these losses, the Homestead Fund distributed a total of
20 \$560,000 to certain investors in 2007 and 2008. Biddlecome made these
21 distributions from investors' original capital contribution to the Homestead Fund.

22 37. Unknown to investors, and in contravention of the Fund's PPM,
23 Biddlecome misappropriated at least \$11,441 to pay his personal credit card bills in
24 January and March of 2009.

25 ///

26 ///

27 ///

28 ///

1 **FIRST CLAIM FOR RELIEF**

2 **UNREGISTERED OFFER AND SALE OF SECURITIES**

3 **Violations of Sections 5(a) and 5(c) of the Securities Act**

4 **(Against Biddlecome, Tak, Homestead Limited, and Homestead Fund)**

5 38. The Commission realleges and incorporates by reference paragraphs 1
6 through 37 above.

7 39. Defendants Biddlecome, Tak, Homestead Limited, and the Homestead
8 Fund, and each of them, by engaging in the conduct described above, directly or
9 indirectly, made use of means or instruments of transportation or communication
10 in interstate commerce or of the mails, to offer to sell or to sell securities, or to
11 carry or cause such securities to be carried through the mails or in interstate
12 commerce for the purpose of sale or for delivery after sale.

13 40. No registration statement has been filed with the Commission or has
14 been in effect with respect to the offering alleged herein.

15 41. By engaging in the conduct described above, Defendants Biddlecome,
16 Tak, and the Homestead Fund, and each of them, violated, and unless restrained
17 and enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act,
18 15 U.S.C. §§ 77e(a) and 77e(c).

19 **SECOND CLAIM FOR RELIEF**

20 **FRAUD IN THE OFFER OR SALE OF SECURITIES**

21 **Violations of Section 17(a) of the Securities Act**

22 **(Against Biddlecome and Homestead Limited)**

23 42. The Commission realleges and incorporates by reference paragraphs 1
24 through 37 above.

25 43. Defendants Biddlecome and Homestead Limited, and each of them,
26 by engaging in the conduct described above, in the offer or sale of securities by the
27 use of means or instruments of transportation or communication in interstate
28 commerce or by use of the mails directly or indirectly:

- 1 a. with scienter, employed devices, schemes, or artifices to
- 2 defraud;
- 3 b. obtained money or property by means of untrue statements of a
- 4 material fact or by omitting to state a material fact necessary in
- 5 order to make the statements made, in light of the
- 6 circumstances under which they were made, not misleading; or
- 7 c. engaged in transactions, practices, or courses of business which
- 8 operated or would operate as a fraud or deceit upon the
- 9 purchaser.

10 44. By engaging in the conduct described above, Defendants Biddlecome
11 and Homestead Limited violated, and unless restrained and enjoined will continue
12 to violate, Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

13 **THIRD CLAIM FOR RELIEF**

14 **FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF**
15 **SECURITIES**

16 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**
17 **(Against Biddlecome and Homestead Limited)**

18 45. The Commission realleges and incorporates by reference paragraphs 1
19 through 37 above.

20 46. Defendants Biddlecome and Homestead Limited, and each of them,
21 by engaging in the conduct described above, directly or indirectly, in connection
22 with the purchase or sale of a security, by the use of means or instrumentalities of
23 interstate commerce, of the mails, or of the facilities of a national securities
24 exchange, with scienter:

- 25 a. employed devices, schemes, or artifices to defraud;
- 26 b. made untrue statements of a material fact or omitted to state a
- 27 material fact necessary in order to make the statements made, in
- 28 the light of the circumstances under which they were made, not

1 misleading; or

2 c. engaged in acts, practices, or courses of business which
3 operated or would operate as a fraud or deceit upon other
4 persons.

5 47. By engaging in the conduct described above, Defendants Biddlecome
6 and Homestead Limited violated, and unless restrained and enjoined will continue
7 to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5
8 thereunder, 17 C.F.R. § 240.10b-5.

9 **FOURTH CLAIM FOR RELIEF**

10 **FRAUD BY AN INVESTMENT ADVISER**

11 **Violations Of Sections 206 (1) and (2) of the Advisers Act**

12 **(Against Biddlecome and IFC)**

13 48. The Commission realleges and incorporates by reference paragraphs 1
14 through 37 above.

15 49. Defendants Biddlecome and IFC, by engaging in the conduct
16 described above, directly or indirectly, by the use of the mails or means and
17 instrumentalities of interstate commerce:

18 a. with scienter, employed and are employing devices, schemes
19 and artifices to defraud clients or prospective clients; or

20 b. engaged in and are engaged in transactions, practices, and
21 courses of business which operated as a fraud or deceit upon
22 clients or prospective clients.

23 50. By reason of the activities described herein, Defendants Biddlecome
24 and IFC violated and unless restrained and enjoined will continue to violate
25 Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) and (2).

26 ///

27 ///

28 ///

FIFTH CLAIM FOR RELIEF

FRAUD BY AN INVESTMENT ADVISER

Violations of 206(4) of the Advisers Act and Rule 206(4)-8 Thereunder

(Against Biddlecome and IFC)

51. The Commission realleges and incorporates by reference paragraphs 1 through 36 above.

52. At all times alleged in the Complaint, Biddlecome and IFC each were investment advisers as defined under the Advisers Act. Specifically, IFC was registered with the Commission as an investment-adviser, and Biddlecome exercised exclusive control over IFC. Biddlecome and IFC managed the investments of the Fund in exchange for compensation in the form of a management fee.

53. Biddlecome and IFC, by engaging in the conduct described above, directly or indirectly, by use of the mails or means and instrumentalities of interstate commerce:

- a. engaged in transactions, practices, or courses of business which operate as a fraud or deceit upon investors in the Premium Return Funds;
- b. made untrue statements of a material fact or omitted to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, to investors or prospective investors in a pooled investment vehicle; or
- c. otherwise engaged in acts, practices, or courses of business that were fraudulent, deceptive, or manipulative with respect to investors or prospective investors in a pooled investment vehicle.

///

1 54. By reason of the activities described herein, Biddlecome and IFC have
2 violated and unless restrained and enjoined will continue to violate Sections 206(4)
3 of the Advisers Act, 15 U.S.C. § 80b-6(4), and Rule 206(4)-8, 17 C.F.R.
4 § 275.206(4)-8, thereunder.

5 **SIXTH CLAIM FOR RELIEF**

6 **FAILURE TO REGISTER AS A BROKER-DEALER**

7 **Violation of Section 15(a) of the Exchange Act**

8 **(Against Biddlecome and Tak)**

9 55. The Commission realleges and incorporates by reference paragraphs 1
10 through 37 above.

11 56. Defendants Biddlecome and Tak, by engaging in the conduct
12 described above, directly or indirectly, made use of the mails or means or
13 instrumentalities of interstate commerce to effect transactions in, or to induce or
14 attempt to induce, the purchase or sale of securities, without being registered as a
15 broker or dealer in accordance with Section 15(a) of the Exchange Act, 15 U.S.C.
16 § 78o(a).

17 57. By engaging in the conduct described above, Defendants Biddlecome
18 and Tak each violated, and unless restrained and enjoined will continue to violate,
19 Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

20 **SEVENTH CLAIM FOR RELIEF**

21 **FAILURE TO PRODUCE RECORDS TO THE COMMISSION'S**

22 **EXAMINATION STAFF**

23 **Violations of Section 204 of the Advisers Act**

24 **(Against IFC)**

25 58. The Commission realleges and incorporates by reference paragraphs 1
26 through 37 above.

27 59. Defendant IFC, by engaging in the conduct described above, directly
28 or indirectly, failed to make available copies of certain records, including custodial

1 account statements of one of its advisory clients, to representatives of the
2 Commission's examination staff upon their request.

3 60. By engaging in the conduct described above, IFC violated, and unless
4 restrained and enjoined will continue to violate, Section 204 of the Advisers Act,
5 15 U.S.C. § 80b-4.

6 **EIGHTH CLAIM FOR RELIEF**

7 **AIDING AND ABETTING FAILURE TO MAINTAIN RECORDS BY A**
8 **REGISTERED INVESTMENT ADVISER**

9 **Aiding and Abetting Violations of Section 204 of the Advisers Act**
10 **(Against Biddlecome)**

11 61. The Commission realleges and incorporates by reference paragraphs 1
12 through 36 above.

13 62. Defendant Biddlecome knowingly provided substantial assistance to
14 IFC's violation of Section 204 of the Advisers Act.

15 63. By engaging in the conduct described above, defendant Biddlecome
16 aided and abetted IFC's violations, and unless restrained and enjoined will
17 continue to aid and abet violations of Section 204 of the Advisers Act, 15 U.S.C.
18 § 80b-4.

19 **PRAYER FOR RELIEF**

20 WHEREFORE, the Commission respectfully requests that the Court:

21 **I.**

22 Issue findings of fact and conclusions of law that the defendants committed
23 the alleged violations.

24 **II.**

25 Issue judgments, in forms consistent with Fed. R. Civ. P. 65(d), temporarily,
26 preliminarily and permanently enjoining (1) defendant Biddlecome, and his
27 officers, agents, servants, employees, and attorneys, and those persons in active
28 concert or participation with any of them, who receive actual notice of the

1 judgment by personal service or otherwise, and each of them, from violating
2 Sections 5 (a), 5(c) and 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c) and
3 77q(a), Sections 10(b) and 15(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and
4 78o(a), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, and Sections 206(1),
5 206(2), and 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) and 80b-6(2), and
6 Rule 206(4)-8 thereunder, 17 C.F.R. § 275.206(4)-8, and aiding and abetting
7 violations of Section 204 of the Advisers Act, 15 U.S.C. § 80b-4; (2) defendant
8 Tak, and his officers, agents, servants, employees, and attorneys, and those persons
9 in active concert or participation with any of them, who receive actual notice of the
10 judgment by personal service or otherwise, and each of them, from violating
11 Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c), and
12 Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a); (3) defendant Homestead
13 Properties, L.P., and its officers, agents, servants, employees, and attorneys, and
14 those persons in active concert or participation with any of them, who receive
15 actual notice of the judgment by personal service or otherwise, and each of them,
16 from violating Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a)
17 and 77e(c); (4) defendant Homestead Limited, L.L.C., and its officers, agents,
18 servants, employees, and attorneys, and those persons in active concert or
19 participation with any of them, who receive actual notice of the judgment by
20 personal service or otherwise, and each of them, from violating Sections 5(a), 5(c),
21 and 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c) and 77q(a), and
22 Section 10(b) of the Exchange Act, 15 U.S.C. §§ 78j(b), and Rule 10b-5
23 thereunder, 17 C.F.R. § 240.10b-5; and (5) defendant IFC, and its officers, agents,
24 servants, employees, and attorneys, and those persons in active concert or
25 participation with any of them, who receive actual notice of the judgment by
26 personal service or otherwise, and each of them, from violating Sections 204,
27 206(1), 206(2), and 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-4, 80b-6(1) and
28 80b-6(2), and Rule 206(4)-8 thereunder, 17 C.F.R. § 275.206(4)-8.

1 **III.**

2 Issue, in a form consistent with Fed. R. Civ. P. 65, a temporary restraining
3 order and a preliminary injunction freezing the assets of each of the defendants,
4 prohibiting each of the defendants from destroying documents, and granting
5 expedited discovery.

6 **IV.**

7 Order each defendant and relief defendant to disgorge all ill-gotten gains
8 from the defendants' illegal conduct, together with prejudgment interest thereon.

9 **V.**

10 Order each defendant to pay civil penalties under Section 20(d) of the
11 Securities Act, 15 U.S.C. § 77t(d), Section 21(d)(3) of the Exchange Act, 15
12 U.S.C. § 78u(d)(3), and Section 209(e) of the Advisers Act, 15 U.S.C. §80B-9(e).


13 **VI.**

14 Retain jurisdiction of this action in accordance with the principles of equity
15 and the Federal Rules of Civil Procedure in order to implement and carry out the
16 terms of all orders and decrees that may be entered, or to entertain any suitable
17 application or motion for additional relief within the jurisdiction of this Court.

18 **VII.**

19 Grant such other and further relief as this Court may determine to be just and
20 necessary.

21
22 DATED: November 11, 2009

23 
24 _____
25 Marc J. Blau
26 Attorney for Plaintiff
27 Securities and Exchange Commission
28

John M. McCoy III, Cal. Bar No. 166244
Marc J. Blau, Cal. Bar No. 198162
Ronnie B. Lasky, Cal. Bar No. 204364
Securities and Exchange Commission
5670 Wilshire Boulevard, 11th Floor
Los Angeles, California 90036

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

SECURITIES AND EXCHANGE COMMISSION

CASE NUMBER

PLAINTIFF(S)

SACV09-01331 CJC MLGx

v.

HOMESTEAD PROPERTIES, L.P.; HOMESTEAD LIMITED, L.L.C.; CALIFORNIA WEALTH MANAGEMENT GROUP, d.b.a. IFC ADVISORY; HEATH M. BIDDLECOME; and WILLIAM C. TAK
DEFENDANT(S).

SUMMONS

HOMESTEAD NORTHLAND MHC, LLC and JACKSON MHC, L.L.C., Relief Defendants

TO: DEFENDANT(S): _____

A lawsuit has been filed against you.

Within 20 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached complaint _____ amended complaint counterclaim cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, John M. McCoy III/Marc J. Blau, whose address is SEC/LARO, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, CA 90036. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

Dated: NOV 12 2009

By: CHRISTOPHER POWERS
Deputy Clerk **SEAL**
(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

I (a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/>) SECURITIES AND EXCHANGE COMMISSION	DEFENDANTS HOMESTEAD PROPERTIES, LP.; HOMESTEAD LIMITED, L.L.C.; CALIFORNIA WEALTH MANAGEMENT GROUP, d.b.a. JFC ADVISORY; HEATH M. BIDDLECOME; and WILLIAM C. YAK, defendants. HOMESTEAD NORTHLAND MHC, LLC and JACKSON MHC, L.L.C., relief defendants Los Angeles County
--	---

(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) John M. McCoy III and/or Marc J. Blau (323) 965-3998 Securities and Exchange Commission 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036	Attorneys (If Known) Sylvia M. Scott (310) 255-6100 Freeman Freeman & Smiley LLP 3415 S. Sepulveda Boulevard, Suite 1200 PH Los Angeles, California 90034
---	---

II. BASIS OF JURISDICTION (Place an X in one box only.) <input checked="" type="checkbox"/> 1 U.S. Government Plaintiff <input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>PTF</th> <th>DEF</th> <th></th> <th>PTF</th> <th>DEF</th> </tr> </thead> <tbody> <tr> <td>Citizen of This State</td> <td><input type="checkbox"/> 1</td> <td><input type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business in this State</td> <td><input type="checkbox"/> 4</td> <td><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td><input type="checkbox"/> 2</td> <td><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td><input type="checkbox"/> 5</td> <td><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td><input type="checkbox"/> 3</td> <td><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td><input type="checkbox"/> 6</td> <td><input type="checkbox"/> 6</td> </tr> </tbody> </table>		PTF	DEF		PTF	DEF	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
	PTF	DEF		PTF	DEF																				
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4																				
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5																				
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				

IV. ORIGIN (Place an X in one box only.)

<input checked="" type="checkbox"/> 1 Original Proceeding	<input type="checkbox"/> 2 Removed from State Court	<input type="checkbox"/> 3 Remanded from Appellate Court	<input type="checkbox"/> 4 Reinstated or Reopened	<input type="checkbox"/> 5 Transferred from another district (specify):	<input type="checkbox"/> 6 Multi-District Litigation	<input type="checkbox"/> 7 Appeal to District Judge from Magistrate Judge
---	---	--	---	---	--	---

V. REQUESTED IN COMPLAINT: JURY DEMAND: Yes No (Check 'Yes' only if demanded in complaint.)

CLASS ACTION under F.R.C.P. 23: Yes No **MONEY DEMANDED IN COMPLAINT:** \$ _____

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)

See attachment.

VII. NATURE OF SUIT (Place an X in one box only.)

<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 1571 <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <input type="checkbox"/> 861 JIA (1395(f)) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(e)) <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609
---	---	--	--	---	--

FOR OFFICE USE ONLY: Case Number: SACV09-01331

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? No Yes
If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? No Yes
If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) A. Arise from the same or closely related transactions, happenings, or events; or
 B. Call for determination of the same or substantially related or similar questions of law and fact; or
 C. For other reasons would entail substantial duplication of labor if heard by different judges; or
 D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

(a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named plaintiff resides.
 Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country

(b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named defendant resides.
 Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

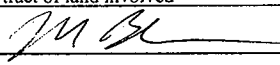
County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Homestead Properties, L.P. - Los Angeles County; Homestead Limited, L.L.C. - Los Angeles County; California Wealth Management Group, d.b.a. IFC Advisory - Los Angeles County; Heath M. Biddlecome - Santa Barbara County; William C. Tak - Orange County; Homestead Northland MHC, LLC - Los Angeles County; Jackson MHC, LLC - Los Angeles County	

(c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** claim arose.
Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles County	

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR PRO PER):  Date 11/11/09

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))

SEC v. Homestead Properties, L.P., et al.
United States District Court – Central District of California

Attachment to Civil Cover Sheet

VI CAUSE OF ACTION

The Complaint alleges violations of the federal securities laws. 15 U.S.C. §§ 77e(a), 77e(c) & 77q(a); 15 U.S.C. § 78j(b) & 17 C.F.R. § 240.10b-5; 15 U.S.C. §§ 80b-6(1) & 80b-6(2); 15 U.S.C. § 60b-6(4) & 17 C.F.R. § 275.206(4)-8; 15 U.S.C. § 78o(a); and 15 U.S.C. § 80b-4.

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge Cormac J. Carney and the assigned discovery Magistrate Judge is Marc Goldman.

The case number on all documents filed with the Court should read as follows:

SACV09- 1331 CJC (MLGx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

=====
NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

Western Division
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

Southern Division
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

Eastern Division
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.