

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MISSOURI**

**CASE NO. 12-CV-80-CEJ**

**SECURITIES AND EXCHANGE COMMISSION,** )  
)  
**Plaintiff,** )  
**v.** )  
)  
**BURTON DOUGLAS MORRISS,** )  
**ACARTHA GROUP, LLC,** )  
**MIC VII, LLC,** )  
**ACARTHA TECHNOLOGY PARTNERS, LP, and** )  
**GRYPHON INVESTMENTS III, LLC,** )  
)  
**Defendants, and** )  
)  
**MORRISS HOLDINGS, LLC,** )  
)  
**Relief Defendant.** )  
\_\_\_\_\_ )

**PLAINTIFF’S NOTICE OF FILING CONSENT OF DEFENDANT BURTON  
DOUGLAS MORRISS TO JUDGMENT OF PERMANENT INJUNCTION AND OTHER  
RELIEF AND REQUEST FOR ENTRY OF JUDGMENT**

Plaintiff Securities and Exchange Commission files the Consent to Permanent Injunction and Other Relief of Defendant Burton Douglas Morriss and the proposed Judgment to which Morriss has consented. If the Court enters the attached Judgment, then all issues of liability in this case would be resolved. The remaining issues would be the amounts of disgorgement and prejudgment interest, if any, against all Defendants and the Relief Defendant, and the amounts of civil penalties, if any, against the Defendants. The Commission will address these issues in a subsequent motion.

The Commission asks the Court to enter the attached proposed Judgment against Morriss.

August 13, 2013

Respectfully submitted,

By: s/ Robert K. Levenson  
Robert K. Levenson  
Regional Trial Counsel  
Florida Bar No. 0089771  
Direct Dial: (305) 982-6341  
E-mail: levensonr@sec.gov

Attorneys for Plaintiff  
**SECURITIES AND EXCHANGE  
COMMISSION**  
801 Brickell Avenue, Suite 1800  
Miami, Florida 33131  
Telephone: (305) 982-6300  
Facsimile: (305) 536-4154

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that on August 13, 2013, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record or *pro se* parties identified on the attached Service List in the manner specified, either via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties who are not authorized to received electronically Notices of Electronic Filing.

s/Robert K. Levenson  
Robert K. Levenson

**SERVICE LIST**

Stephen B. Higgins, Esq.  
Kevin Carnie, Esq.  
Brian A. Lamping, Esq.  
Thompson Coburn LLP

One US Bank Plaza  
St. Louis, Missouri 63101  
Telephone: 314.552.6047  
Facsimile: 314.552.7047  
*Counsel for Receiver*

Catherine Hanaway, Esq.  
The Ashcroft Law Firm LLC  
1100 Main Street, Suite 2710  
Kansas City, Missouri 64105  
Telephone: 314.863.7001  
Facsimile: 314.863.7008  
*Counsel for Defendant Burton D. Morriss*



Investment Advisers Act of 1940 (“Advisers Act”), 15 U.S.C. §§ 80b-6(1), 80b-6(2), and 80b-6(4); and Advisers Act Rule 206(4)-8(a)(2), 17 C.F.R. § 275.206-4(8)(a)(2);

(b) bars Morris from acting as an officer or director of a publicly traded company; and

(c) provides for the imposition of disgorgement, prejudgment interest, and a civil penalty.

3. Morriss agrees the Court shall order disgorgement of ill-gotten gains, prejudgment interest, and a civil penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), and Section 209(e) of the Advisers Act, 15 U.S.C. § 80b-9(e). Morriss further agrees the amount of the disgorgement and civil penalty shall be determined by the Court upon motion of the Commission, and that prejudgment interest shall be calculated from September 30, 2011, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). Morriss further agrees that in connection with the Commission’s motion for disgorgement and a civil penalty, and at any hearing held on such a motion: (a) Morriss will be precluded from arguing he did not violate the federal securities laws as alleged in the complaint; (b) Morriss may not challenge the validity of this Consent or the Judgment; (c) solely for the purposes of such motion, the allegations of the complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission’s motion for disgorgement and a civil penalty, the parties may take discovery, including discovery from appropriate non-parties.

4. Morriss waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

5. Morriss waives the right, if any, to a jury trial and to appeal from the entry of the Judgment.

6. Morriss enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to him or anyone acting on his behalf to induce him to enter into this Consent.

7. Morriss agrees that this Consent shall be incorporated into the Judgment with the same force and effect as if fully set forth therein.

8. Morriss will not oppose the enforcement of the Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

9. Morriss waives service of the Judgment and agrees that entry of the Judgment by the Court and filing with the Clerk of the Court will constitute notice to him of its terms and conditions.

10. Consistent with 17 C.F.R. §202.5(f), this Consent resolves only the claims asserted against Morriss in this civil proceeding. Morriss acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Morriss waives any claim of Double Jeopardy based on the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Morriss further acknowledges the

Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Morriss understands he shall not be permitted to contest the factual allegations of the complaint in this action.

11. Morriss understands and agrees to comply with the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegation in the complaint or order for proceedings." 17 C.F.R. §202.5. In compliance with this policy, Morriss agrees: (i) not to take any action or to make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; and (ii) that upon the filing of this Consent, Morriss hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint. If Morriss breaches this agreement, the Commission may petition the Court to vacate the Judgment and restore this action to its active docket. Nothing in this paragraph affects Morriss': (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

12. Morriss hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses,

or costs expended by Morriss to defend against this action. For these purposes, Morriss agrees he is not the prevailing party in this action since the parties have reached a good faith settlement.

13. Morriss agrees the Commission may present the Judgment to the Court for signature and entry without further notice.

14. Morriss agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Judgment.

Dated: Aug 9, 2013

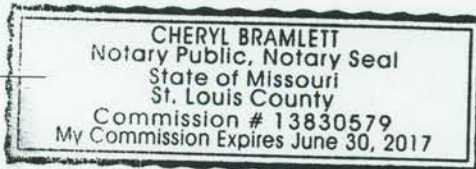
Burton Douglas Morriss  
Burton Douglas Morriss

STATE OF MISSOURI )  
                                  )     ss:  
COUNTY OF St. Louis )

On this 9th day of Aug, 2013, before me personally appeared Burton Douglas Morriss, who \_\_\_ is personally known to me or X who produced a Missouri driver's license bearing his name and photograph as identification, and who executed this Consent, and he acknowledged to me that she executed the same.

[Signature]  
Notary Public

Commission Expires: \_\_\_\_\_



Approved as to form:

Catherine L. Hanaway  
Catherine L. Hanaway  
The Ashcroft Law Firm LLC  
222 S. Central Avenue, Suite 110  
St. Louis, Missouri 63105  
Telephone: (314) 863-7001  
E-mail [chanaway@ashcroftlawfirm.com](mailto:chanaway@ashcroftlawfirm.com)  
Attorney for Defendant Burton Douglas Morriss

Initials: BD



UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MISSOURI

CASE NO. 4:12-CV-80-CEJ

SECURITIES AND EXCHANGE COMMISSION,	)
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Plaintiff,	)
v.	)
	)
BURTON DOUGLAS MORRISS,	)
ACARTHA GROUP, LLC,	)
MIC VII, LLC,	)
ACARTHA TECHNOLOGY PARTNERS, LP, and	)
GRYPHON INVESTMENTS III, LLC,	)
	)
Defendants, and	)
	)
MORRISS HOLDINGS, LLC,	)
	)
Relief Defendant.	)
_____	)

**JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF  
AS TO DEFENDANT BURTON DOUGLAS MORRISS**

The Securities and Exchange Commission having filed a complaint, and Defendant Burton Douglas Morriss having: entered a general appearance; consented to the Court’s jurisdiction over him and the subject matter of this action; consented to entry of this Judgment without admitting or denying the allegations of the complaint (except as to personal and subject matter jurisdiction, which Morriss admits); waived findings of fact and conclusions of law; and waived any right to appeal from this Judgment:

**I.**

**SECTION 17(a) OF THE SECURITIES ACT OF 1933**

**IT IS ORDERED AND ADJUDGED** that Morriss and his agents, servants, employees, attorneys, representatives, and all persons in active concert or participation with them who

receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77q(a), in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;  
or
- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

**II.**

**SECTION 10(b) OF THE SECURITIES  
EXCHANGE ACT OF 1934 AND EXCHANGE ACT RULE 10b-5**

**IT IS FURTHER ORDERED AND ADJUDGED** that Morris and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and exchange act Rule 10b-5, 17 C.F.R. § 240.10b-5, by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;

- (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

**III.**

**SECTIONS 206(1) AND 206(2) OF THE INVESTMENT ADVISERS ACT of 1940**

**IT IS FURTHER ORDERED AND ADJUDGED** that Morriss and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”), 15 U.S.C. §§ 80b-6(1) and (2), by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud clients or prospective clients;
- (b) to engage in transactions, practices and courses of business that operates as a fraud or deceit upon clients or prospective clients; or
- (c) to engage in acts, practices, and courses of business which are fraudulent, deceptive, or manipulative.

**IV.**

**VIOLATION OF ADVISERS ACT SECTION 206(4) AND RULE 206(4)-8**

**IT IS FURTHER ORDERED AND ADJUDGED** that Morriss and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive

actual notice of this Final Judgment by personal service or otherwise, are permanently restrained and enjoined from violating, directly or indirectly, Section 206(4) of the Advisers Act and Rule 206(4)-8(a)(2), by using the mails or any means or instrumentality of interstate commerce to engage in any act, practice, or course of business which is fraudulent, deceptive or manipulative, with respect to any investor or prospective investor in a pooled investment vehicle.

**V.**

**OFFICER AND DIRECTOR BAR**

**IT IS FURTHER ORDERED AND ADJUDGED** that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)], Morriss is prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

**VI.**

**DISGORGEMENT AND CIVIL PENALTY**

**IT IS FURTHER ORDERED AND ADJUDGED** that Morriss shall pay disgorgement of ill-gotten gains, prejudgment interest, and a civil penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), and Section 209(e) of the Advisers Act, 15 U.S.C. § 80b-9(e). The Court shall determine the amounts of the disgorgement and civil penalty upon motion of the Commission. Prejudgment interest shall be calculated from September 30, 2011, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with the Commission's motion for disgorgement and/or a civil penalty, and at any hearing held on such a motion: (a) Morriss will be precluded from arguing he

did not violate the federal securities laws as alleged in the complaint; (b) Morriss may not challenge the validity of the Consent or this Judgment; (c) solely for the purposes of such motion, the allegations of the complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion for disgorgement and/or a civil penalty, the parties may take discovery, including discovery from appropriate non-parties.

**VII.**

**INCORPORATION OF CONSENT**

**IT IS FURTHER ORDERED AND ADJUDGED** that the Consent filed herewith is incorporated with the same force and effect as if fully set forth herein, and that Morriss shall comply with all of the undertakings and agreements set forth therein.

**VIII.**

**RETENTION OF JURISDICTION**

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

**DONE AND ORDERED** in Chambers in St. Louis, Missouri, this \_\_\_\_ day of \_\_\_\_\_, 2013.

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**CAROL E. JACKSON**  
**UNITED STATES DISTRICT JUDGE**

Copy to  
All counsel of Record

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MISSOURI

CASE NO. 4:12-CV-80-CEJ

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Defendants, and	)
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The Securities and Exchange Commission having filed a complaint, and Defendant Burton Douglas Morriss having: entered a general appearance; consented to the Court’s jurisdiction over him and the subject matter of this action; consented to entry of this Judgment without admitting or denying the allegations of the complaint (except as to personal and subject matter jurisdiction, which Morriss admits); waived findings of fact and conclusions of law; and waived any right to appeal from this Judgment:

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receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77q(a), in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

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

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

**SECTIONS 206(1) AND 206(2) OF THE INVESTMENT ADVISERS ACT of 1940**

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- (a) to employ any device, scheme, or artifice to defraud clients or prospective clients;
- (b) to engage in transactions, practices and courses of business that operates as a fraud or deceit upon clients or prospective clients; or
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**IV.**

**VIOLATION OF ADVISERS ACT SECTION 206(4) AND RULE 206(4)-8**

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actual notice of this Final Judgment by personal service or otherwise, are permanently restrained and enjoined from violating, directly or indirectly, Section 206(4) of the Advisers Act and Rule 206(4)-8(a)(2), by using the mails or any means or instrumentality of interstate commerce to engage in any act, practice, or course of business which is fraudulent, deceptive or manipulative, with respect to any investor or prospective investor in a pooled investment vehicle.

**V.**

**OFFICER AND DIRECTOR BAR**

**IT IS FURTHER ORDERED AND ADJUDGED** that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)], Morriss is prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

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did not violate the federal securities laws as alleged in the complaint; (b) Morriss may not challenge the validity of the Consent or this Judgment; (c) solely for the purposes of such motion, the allegations of the complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion for disgorgement and/or a civil penalty, the parties may take discovery, including discovery from appropriate non-parties.

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**IT IS FURTHER ORDERED AND ADJUDGED** that the Consent filed herewith is incorporated with the same force and effect as if fully set forth herein, and that Morriss shall comply with all of the undertakings and agreements set forth therein.

**VIII.**

**RETENTION OF JURISDICTION**

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

**DONE AND ORDERED** in Chambers in St. Louis, Missouri, this \_\_\_\_ day of \_\_\_\_\_, 2013.

---

**CAROL E. JACKSON**  
**UNITED STATES DISTRICT JUDGE**

Copy to  
All counsel of Record