

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI

SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
v.)	NO. 4:12-CV-80-CEJ
)	
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
DEFENDANTS ACARTHA GROUP, LLC; MIC VII, LLC; ACARTHA
TECHNOLOGY PARTNERS, LP; AND GRYPHON INVESTMENTS III, LLC**

The Securities and Exchange Commission having filed a complaint, and the Court-Appointed Receiver Claire M. Schenk, Esq., acting on behalf of Defendants Acartha Group, LLC; MIC VII, LLC; Acartha Technology Partners, LP (“ATP”); and Gryphon Investments III, LLC having: entered a general appearance; consented to the Court’s jurisdiction over Acartha Group, MIC VII, ATP, and Gryphon Investments 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 Acartha Group, MIC VII, ATP, and Gryphon Investments admit); waived findings of fact and conclusions of law; and waived any right to appeal from this Judgment:

I.

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

IT IS ORDERED AND ADJUDGED that Acartha Group, MIC VII, ATP, and Gryphon Investments and their 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 Acartha Group, MIC VII, ATP, and Gryphon Investments and their 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 Acartha Group and Gryphon Investments and their 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 Acartha Group and Gryphon Investments, their 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.

DISGORGEMENT AND CIVIL PENALTY

IT IS FURTHER ORDERED AND ADJUDGED that Acartha Group, MIC VII, ATP, and Gryphon Investments shall pay disgorgement of ill-gotten gains, prejudgment interest thereon, 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) Acartha Group, MIC VII, ATP, and Gryphon Investments will be precluded from arguing that they did not violate the federal securities laws as alleged in the complaint; (b) Acartha Group, MIC VII, ATP, and Gryphon Investments 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.

VI.


INCORPORATION OF CONSENT

IT IS FURTHER ORDERED AND ADJUDGED that the Consent filed herewith is incorporated herein with the same force and effect as if fully set forth herein, and that Acartha Group, MIC VII, ATP, and Gryphon Investments shall comply with all of the undertakings and agreements set forth therein.

VII.

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.



CAROL E. JACKSON
UNITED STATES DISTRICT JUDGE

Dated this 22nd day of March, 2012.