

# **STATE OF NEW HAMPSHIRE**

## **DEPARTMENT OF STATE**

### **BUREAU OF SECURITIES REGULATION**

**IN THE MATTER OF:**

Northridge Holdings, Ltd.	)	ORDER TO CEASE AND DESIST
Eastridge holdings, Ltd.	)	
Unity Investment Group I, Ltd. &	)	I-2019000006
Glenn Mueller	)	
 Respondent s	)	
	)	

#### **NOTICE OF ORDER**

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:6-613.

#### **LEGAL AUTHORITY AND JURISDICTION**

Pursuant to RSA 421-B:6-604(a), the Secretary of State has the authority to issue and cause to be served an order requiring any person appearing to him to be engaged or about to be engaged in any act or practice constituting a violation of RSA 421-B or any rule or order thereunder, to cease and desist from violations of RSA 421-B.

Pursuant to RSA 421-B:5-508, any person who willfully violates a cease and desist order issued pursuant to RSA 421-B:6-603 or RSA 421-B:604, or who violates RSA 421-B:5-505 knowing that the statement was false or misleading in any material respect, shall be guilty of a class B felony.

Pursuant to RSA 421-B:6-604(d), the Secretary of State has the authority to impose administrative penalties of up to \$2,500 for a single violation.

Pursuant to RSA 421-B:6-604(e) the Secretary of State may order rescission, restitution or disgorgement for violations of this chapter.

Pursuant to RSA 421-B:6-604(g), the Secretary of State may charge the actual cost of an investigation or proceeding for a violation of this chapter or an order issued under this chapter.

### **NOTICE OF RIGHT TO REQUEST A HEARING**

Under the provisions of RSA 421-B:6-604, the above named Respondents have the right to request a hearing on this order to cease and desist.

Any such request for a hearing shall be in writing, shall be signed by the Respondents, or by the duly authorized agent of the above named Respondents, and shall be delivered either by hand or certified mail, return receipt requested, to the Bureau of Securities Regulation, Department of State, 25 Capitol Street, Concord, New Hampshire 03301.

Under the provisions of RSA 421-B: 6-604(b), within 15 days after receipt of a request in a record from the Respondents, the matter will be scheduled for a hearing. If a Respondent subject to the order does not request a hearing and none is ordered by the secretary of state within 30 days after the date of service of the order, the order becomes final as to that Respondent. If a hearing is requested or ordered, the secretary of state, after notice of and opportunity for hearing to each respondent subject to the order, may modify or vacate the order or extend it until final determination. If the Respondents to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, such Respondents shall be deemed in default, and the proceeding may be determined against him or her upon consideration of the cease and desist order, the allegations of which may be deemed to be true.

## **STATEMENT OF ALLEGATIONS**

The allegations contained in the Staff Petition for Relief dated June 10, 2019 (a copy of which is attached hereto) are incorporated by reference hereto.

## **ORDER**

**WHEREAS**, finding it necessary and appropriate and in the public interest, and for the protection of investors and consistent with the intent and purposes of the New Hampshire securities laws, and

**WHEREAS**, finding that the allegations contained in the Staff Petition, if proved true and correct, form the legal basis of the relief requested, therefore:

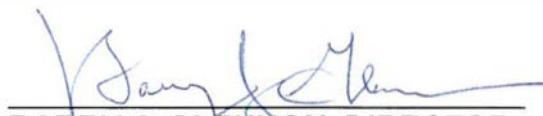
It is hereby **ORDERED**, that:

1. Respondents are hereby ordered to immediately cease and desist from the above indicated acts and from in any other way violating RSA 421-B.
2. Respondent Eastridge shall pay an administrative fine of \$12,500 for five violations of RSA 421-B:3-301(a).
3. Respondent Unity shall pay an administrative fine of \$5,000 for two violations of RSA 421-B:3-301(a).
4. Respondent Northridge shall pay an administrative fine of \$52,500 for seven violations of 421-B:4-401(a), seven violations of 421-B:4-402(d) , and seven violations of 421-B-B:3-301(a).
5. Respondent Mueller, as a control person for Northridge, shall pay an administrative fine of \$17,500 for seven violations of 421-B:3-301(a).

6. Respondents Northridge, Eastridge, and Unity are permanently barred from securities licensure in the State of New Hampshire.
7. Respondent Mueller is permanently barred from securities licensure in the State of New Hampshire.
8. Respondents are ordered to make full rescission offers to Investors #1-6 plus interest at the legal rate. The allocation of such amounts between the Respondents shall be determined by the hearing officer.
9. Respondents shall pay the Bureau's investigation and enforcement costs of \$20,000.
10. Failure to request a hearing within 30 days of the date of receipt of this Order shall result in a default judgment being rendered and administrative penalties and other relief described herein being imposed upon the defaulting Respondents.

SIGNED,  
**WILLIAM M. GARDNER**  
**SECRETARY OF STATE**  
BY HIS DESIGNEE:

Dated: 6-10-19



**BARRY J. GLENNON, DIRECTOR,**  
**BUREAU OF SECURITIES REGULATION**

STATE OF NEW HAMPSHIRE  
DEPARTMENT OF STATE  
BUREAU OF SECURITIES REGULATION  
25 CAPITOL STREET  
CONCORD, NH 03301

**STAFF PETITION FOR RELIEF**  
**IN THE MATTER OF:**

Northridge Holdings, Ltd.

Eastridge Holdings, Ltd.

Unity Investment Group I, Ltd.

and

Glenn Mueller

I-2019000006

- I. The State of New Hampshire, Department of State, Bureau of Securities Regulation (hereinafter referred to as “the Bureau”), hereby petitions the Director, and makes the following statement of facts:

**STATEMENT OF FACTS**

1. Eastridge Holdings, Ltd. (“Eastridge”) and Unity Investment Group I, Ltd. (“Unity”) are both Illinois for-profit corporations. Northridge Holdings, Ltd. (“Northridge”) is a North Dakota for-profit corporation. According to its public website, Northridge is a privately held real estate investment company specializing in owning and managing multi-family apartment complexes. Northridge, Eastridge, and Unity are wholly owned, separate corporations controlled by one Glenn Mueller who holds 100% capital stock in each corporation.
2. Glenn Mueller (“Mueller”) is a resident of Illinois and is and was, at all times relevant to the allegations outlined herein, president of Northridge.
3. As part of an investigation unrelated to Northridge, Eastridge, Unity, and Mueller, the Bureau obtained bank records evidencing securities-related activity by Northridge, Eastridge, and Unity

within the State of New Hampshire. Based on this information, the Bureau initiated a formal investigation of Northridge, Eastridge, Unity, and Mueller.

4. During the course of its investigation, the Bureau discovered that Northridge, through its agents, brokered the sales of more than \$47 million in unregistered securities in at least thirty states since 2012. Of the \$47 million, Eastridge and Unity, the two issuers of the unsecured promissory notes offered and sold to New Hampshire residents, raised over \$20 million. As to New Hampshire, a total of \$707,000 was raised by the sale of unsecured promissory notes to at least six New Hampshire residents.
  - a. Investor #1 is a seventy-year-old retiree residing in Nashua, New Hampshire. On April 23, 2013, Investor #1 purchased an unsecured promissory note from Unity in the amount of \$172,500.00, with a maturity date of April 22, 2021, and bearing interest of 6% per annum until maturity. According to Northridge, the unsecured promissory note is characterized as a “CD Loan @ 6%” with an estimated balance of \$234,369.18 as of March 31, 2019.
  - b. Investor #2 is a sixty-one-year-old resident of Merrimack, New Hampshire. On May 22, 2013, Investor #2 purchased an unsecured promissory note from Unity in the amount of \$224,500.00, with a maturity date of May, 21, 2021, and bearing interest of 6% per annum until maturity. According to Northridge, the unsecured promissory note is characterized as a “CD Loan @ 6%” with an estimated balance of \$316,136.60 as of March 31, 2019.
  - c. Investor #3 is a sixty-six-year-old retiree residing in Bedford, New Hampshire. On August 22, 2013, Investor #3 purchased an unsecured promissory note from Eastridge in the amount of \$60,000.00, with a maturity date of August 21, 2021, and bearing interest of 6% per annum until maturity. On May 8, 2017, Investor #3 executed a document titled “Promissory Note Modification Acceptance” in order to facilitate an early withdrawal of \$25,000.00 of her original principal, which retroactively reduced her interest rate from 6% to 5% per annum and reduced the interest rate moving forward to 3%. According to Northridge, the unsecured promissory note is characterized as “Checking @ 3%” with an estimated balance of \$23,004.88 as of March 31, 2019.
  - d. Investor #4 was a resident of Epsom, New Hampshire who passed away on May 22, 2018 at

the age of 82. On November 5, 2013, Investor #4 purchased an unsecured promissory note from Eastridge in the amount of \$100,000.00, with a maturity date of November 4, 2021, and bearing interest of 6% per annum until maturity. According to Northridge, the unsecured promissory note is characterized as a “CD Loan @ 6%” with an estimated balance of \$105,017.68 as of March 31, 2019.

- e. Investor #5 is an eighty-six-year-old retiree residing in Manchester, New Hampshire. On January 20, 2015, Investor #5 purchased an unsecured promissory note from Eastridge in the amount of \$70,000.00, with a maturity date of January 19, 2023, and bearing interest of 6% per annum until maturity. According to Northridge, the unsecured promissory note is characterized as a “CD Loan @ 6%” with an estimated balance of \$75,315.99 as of March 31, 2019.
  - f. Investor #6 is a seventy-year-old retiree residing in Amherst, New Hampshire. On May 12, 2016, Investor #6 purchased an unsecured promissory note from Eastridge in the amount of \$40,000.00, with a maturity date of May 11, 2021, and bearing interest of 6% per annum until maturity. On September 26, 2016, Investor #6 assigned the note to his trust and a new unsecured promissory note was issued by Eastridge, made payable to the trust, and with all terms of the original unsecured promissory note remaining. On November 14, 2016, Investor #6’s trust purchased an unsecured promissory note from Eastridge in the amount of \$40,000.00, with a maturity date of November 13, 2021, and bearing interest of 6% per annum until maturity. According to Northridge, the unsecured promissory notes are characterized as “CD Loan @ 6%” with an estimated balance owed of \$93,317.09 as of March 31, 2019.
5. During the course of its investigation, the Bureau discovered that neither Eastridge nor Unity were licensed to conduct securities business in the State of New Hampshire, in any capacity, at the time their securities were sold to Investor #1, Investor #2, Investor #3, Investor #4, Investor #5, and Investor #6. Additionally, the Bureau discovered that no securities offering of Eastridge or Unity, including the unsecured promissory notes issued to Investors #1–6, has ever been registered with the State of New Hampshire or the United States Securities and Exchange Commission (“SEC”). Further, the Bureau determined that none of the securities offered or sold to Investors #1–6 were exempt from registration with the State of New Hampshire or the SEC.

6. During the course of its investigation, the Bureau also determined that the unsecured promissory notes issued to New Hampshire residents by Eastridge and Unity, through Northridge, were transacted by two agents, who were paid a commission of up to 8% for brokering Eastridge and Unity securities to New Hampshire residents. The Bureau determined that at all times relevant to the securities issued by Eastridge and Unity and brokered by Northridge, as described herein, each of these agents was neither properly licensed to transact securities business in the State of New Hampshire nor exempt from licensure requirements.
7. Additionally, the Bureau determined that Northridge, by transacting securities business in the State of New Hampshire on behalf of Eastridge and Unity, was not properly licensed to transact such business. Northridge was also not exempt from licensure requirements because, among other reasons, the unsecured promissory notes issued by Eastridge and Unity, through Northridge, were offered by general solicitation via the Northridge website, the Northridge newsletter, and, as mentioned above, unregistered agents.

### **STATEMENTS OF LAW**

II. The Bureau hereby petitions the Director and makes the following statements of law under the New Hampshire Revised Statutes Annotated, N.H. RSA 421-B:

1. Northridge, Eastridge, and Unity were each, at all times relevant to the allegations herein, a “person” within the meaning of N.H. RSA 421-B:2, XVI (currently N.H. RSA 421-B:I-102(39)).
2. Mueller, at all times relevant to the allegations herein, was a “person” within the meaning of N.H. RSA 421-B:2, XVI (currently N.H. RSA 421-B:I-102(39)).
3. Northridge, at all times relevant to the allegations herein, was a “broker-dealer” within the meaning of N.H. RSA 421-B:2, III (currently N.H. RSA 421-B:I-102(6)).
4. The individuals who brokered the sales of Eastridge and Unity promissory notes to New Hampshire residents, as outlined herein, were “agents” within the meaning of N.H. RSA 421-B:2, II (currently N.H. RSA 421-B:I-102(3)).
5. Each of the offers and sales made by Eastridge and Unity, through Northridge, as described herein, constitute a “sale” or “offer to sell” within the meaning of N.H. RSA 421-B:2, XIX (currently N.H.

RSA 421-B:1-102(49)) and the unsecured promissory notes offered and sold by Eastridge and Unity, through Northridge, as outlined herein were securities as defined by N.H. RSA 421-B:2, XX (currently N.H. RSA 421-B:1-102(53)(A)).

6. Pursuant to N.H. RSA 421-B:11, I (currently N.H. RSA 421-B:3-301(a)), it is unlawful for any person to offer or sell any security in this state unless the security is registered under N.H. RSA 421-B, the security or transaction is exempt from registration under N.H. RSA 421-B, or it is a federal covered security for which the fee has been paid and documents have been filed as required under N.H. RSA 421-B. Northridge, Eastridge, and Unity are subject to and violated this provision by offering and selling securities to New Hampshire residents that were not federal covered securities, were not properly registered with the State of New Hampshire, and were not exempt from state or federal securities registration requirements.
7. Pursuant to N.H. RSA 421-B:6, I (currently N.H. RSA 421-B:4-401(a)), it is unlawful for any person to transact business in this state as a broker-dealer, issuer-dealer, investment adviser, or agent unless such person is licensed under this chapter. Northridge is subject to and violated this provision by transacting business as a broker-dealer within the State of New Hampshire while neither properly licensed nor exempt from licensure requirements.
8. Pursuant to N.H. RSA 421-B:6, II (currently N.H. RSA 421-B:4-402(d)), it is unlawful for a broker-dealer to employ or associate with an agent who transacts business in this state on behalf of broker-dealers or issuers unless the agent is registered or exempt from registration requirements. Northridge, Eastridge, and Unity are subject to and violated this provision by employing or associating with the two unlicensed agents that offered and sold Eastridge and Unity notes, through Northridge, within the State of New Hampshire, as described herein.
9. Pursuant to N.H. RSA 421-B:11, I-b(c) and N.H. RSA 421-B:17, V (currently N.H. RSA 5-503(a)), in a civil action or administrative proceeding under this chapter, a person claiming an exemption, exception, preemption, or exclusion has the burden to prove the applicability of the claim. Northridge, Eastridge, and Unity are subject to this provision but have not demonstrated any state or federal exemption from applicable broker-dealer licensure requirements, broker-dealer agent registration requirements, or securities registration requirements.

10. Pursuant to N.H. RSA 421-B:26, III-a (currently N.H. RSA 421-B:4-412(h)), every person who directly or indirectly controls a person liable under N.H. RSA 421-B:26, I, II, or III, including every principal executive officer, may, upon hearing, and in addition to any other penalty provided for by law, be subject to such suspension, revocation, or denial of any registration or license, including the forfeiture of any application fee, or an administrative fine not to exceed \$2,500, or both. Mueller, as the principal executive officer of Northridge, is subject to this provision and, as the control person of Northridge, is separately liable for each violation attributable to Northridge as outlined herein.
11. Pursuant to N.H. RSA 421-B:23, I(a) (currently N.H. RSA 421-B:6-604(a)), whenever it appears to the secretary of state that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or order issued under this chapter, he shall have the power to issue and cause to be served upon such person an order requiring the person to cease and desist from violations of this chapter. Northridge, Eastridge, Unity, and Mueller are subject to this provision.
12. Pursuant to N.H. RSA 421-B:26, III (currently N.H. RSA 421-B:6-604(d)), in a final order, the secretary of state may impose a civil penalty up to a maximum of \$2,500 for a single violation of N.H. RSA 421-B. Northridge, Eastridge, Unity, and Mueller should be fined for each of the violations of N.H. RSA 421-B as described above.
13. Pursuant to N.H. RSA 421-B:10, I (currently N.H. RSA 421-B:6-604(d)), in a final order, every such person who is subject to such civil penalty, upon hearing, and in addition to any other penalty provided for by law, may be subject to such suspension, revocation, or denial of any registration or license, or be barred from registration or licensure, including the forfeiture of any application fee. Northridge, Eastridge, Unity, and Mueller should be barred permanently from future licensure for the violations as described above.
14. Pursuant to N.H. RSA 421-B:26, V (currently N.H. RSA 421-B:6-604(e)), after notice and hearing, the secretary of state may enter an order of rescission, restitution, or disgorgement directed to a person who has violated certain provisions of N.H. RSA 421-B. Northridge, Eastridge, Unity, and Mueller are subject to this provision and should be ordered to offer full rescission to Investors #1-6 based on the violations outlined herein.

15. Pursuant to N.H. RSA 421-B:22, IV (currently N.H. RSA 421-B:6-604(g)), in any investigation to determine whether any person has violated or is about to violate this title or any rule or order under this title, upon the secretary of state's prevailing at hearing, or the person charged with the violation being found in default, or pursuant to a consent order issued by the secretary of state, the secretary of state shall be entitled to recover the costs of the investigation, and any related proceedings, including reasonable attorney's fees, in addition to any other penalty provided for under this chapter. Northridge, Eastridge, Unity, and Mueller are subject to this provision.

### **RELIEF REQUESTED**

III. The Bureau makes the following requests for relief in the above-referenced matter as permitted under N.H. RSA 421-B:

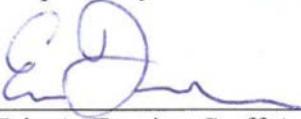
1. Find as fact the statements contained in Section I, the Statement of Facts.
2. Make conclusions of law relative to the statements contained in Section II, the Statements of Law.
3. Pursuant to N.H. RSA 421-B:23, I(a) (currently N.H. RSA 421-B:6-604(a)), order Northridge, Eastridge, Unity, and Mueller to immediately cease and desist from selling unregistered securities and from further violations of N.H. RSA 421-B.
4. Pursuant to N.H. RSA 421-B:26, III (currently N.H. RSA 421-B:6-604(d)), fine Eastridge \$12,500 for five violations of N.H. RSA 421-B:11, I (currently N.H. RSA 421-B:3-301(a)).
5. Pursuant to N.H. RSA 421-B:26, III (currently N.H. RSA 421-B:6-604(d)), fine Unity \$5,000 for two violations of N.H. RSA 421-B:11, I (currently N.H. RSA 421-B:3-301(a)).
6. Pursuant to N.H. RSA 421-B:26, III (currently N.H. RSA 421-B:6-604(d)), fine Northridge \$52,500 for seven violations of N.H. RSA 421-B:6, I (currently N.H. RSA 421-B:4-401(a)), seven violations of N.H. RSA 421-B:6, II (currently N.H. RSA 421-B:4-402(d)), and seven violations of N.H. RSA 421-B:11, I (currently N.H. RSA 421-B:3-301(a)).
7. Pursuant to N.H. RSA 421-B:26, III-a (currently N.H. RSA 421-B:4-412(h)), fine Mueller, as a control person of Northridge, \$17,500 for seven violations of N.H. RSA 421-B:11, I (currently N.H. RSA 421-B:3-301(a)).

8. Pursuant to N.H. RSA 421-B:26, III (currently N.H. RSA 421-B:6-604(d)), permanently bar Northridge, Eastridge, and Unity from securities licensure in the State of New Hampshire.
9. Pursuant to N.H. RSA 421-B:26, III-a (currently N.H. RSA 421-B:4-412(h)), permanently bar Mueller from securities licensure in the State of New Hampshire.
10. Pursuant to N.H. RSA 421-B:26, V (currently N.H. RSA 421-B:6-604(e)), order Northridge, Eastridge, Unity, and Mueller to make full offers of rescission to Investors #1–6 in the amounts outlined herein, plus interest at the legal rate. The allocation of such amounts between Northridge, Eastridge, Unity, and Mueller shall be determined by a hearing officer.
11. Pursuant to N.H. RSA 421-B:22, IV (currently N.H. RSA 421-B:6-604(g)), order Northridge, Eastridge, Unity, and Mueller pay the Bureau's costs of investigation and enforcement in the amount of \$20,000.

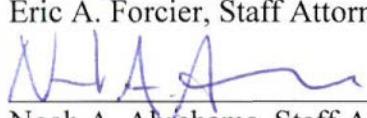
**RIGHT TO AMEND**

The Bureau staff reserves the right to amend this Staff Petition for Relief and request the Director of the Bureau take additional administrative action. Nothing herein shall preclude the Staff from bringing additional enforcement action under this N.H. RSA 421-B or the regulations thereunder.

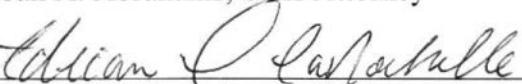
Respectfully submitted by:

  
\_\_\_\_\_  
Eric A. Forcier, Staff Attorney

6/10/19  
Date

  
\_\_\_\_\_  
Noah A. Abrahams, Staff Attorney

6/10/19  
Date

  
\_\_\_\_\_  
Adrian S. LaRochelle, Staff Attorney

6/10/19  
Date