

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: James David Ritter, Managing Director
Maxim Asset Management, LLC, General Partner
Maxim Capital, LP
Maxim Partners, LLC
Centuria Growth Fund, LP
245 Park Avenue
New York, New York 10167

and

Florida Department of Corrections
Madison Correctional Institution
DC Number W28647
382 Southwest MCI Way
Madison, Florida 32340

DESIST AND REFRAIN ORDER
(For violations of section 25110, 25210, 25230, and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, James David Ritter, also known as David Ritter (hereinafter “Ritter”), was Managing Director of Maxim Asset Management, LLC (hereinafter “Maxim Asset”), and principal of Maxim Capital, LP (hereinafter “Maxim Capital”), and Maxim Partners, LLC (hereinafter “Maxim Partners”) and Centuria Growth Fund, LP (hereinafter “Centuria”), formerly located at 245 Park Avenue, New York, New York 10167. Ritter is currently serving a 10-year sentence in a Florida state prison after being found guilty on November 10, 2005 for one count of Grand Theft of \$20,000 or more.

1 2. Ritter claims to have created and run a number of hedge funds, including Maxim Capital, and
2 Centuria. Maxim Asset is a General Partner that manages hedge funds including Maxim Capital.
3 Maxim Capital is purported to be a multi-strategy fund with a core investment focus in growth equity
4 markets concentrating in the technology industry.

5
6 3. Beginning in or about April, 2004, Maxim Asset, Maxim Capital, Maxim Partners, Centuria,
7 and Ritter offered or sold securities in the form of membership interests, investment contracts, or
8 limited liability interests of Maxim Asset, a limited liability company. Investors were not given
9 documentation regarding their investment, and were not asked to provide any information regarding
10 their net worth or investment capabilities for investing in a hedge fund.

11
12 4. Through introductions by friends and other third parties, Maxim Asset, Maxim Capital,
13 Maxim Partners, Centuria, and Ritter offered or sold membership interests, investment contracts, and
14 limited liability interests in Maxim Asset at varying prices ranging from \$50,000 to \$125,000 an
15 interest.

16
17 5. The purported purpose of the offering was to raise funds for a limited liability company called
18 Maxim Asset to serve as the management company of a hedge fund called Maxim Capital, LP, and
19 which also participates as an investor in the hedge fund. Investors were promised by Ritter that, as
20 new investors in Maxim Asset, they will receive a special one-time credit to their accounts that will
21 exceed 50% of the value of their initial contribution. Investors were told that they will earn a
22 management fee of 1% per annum from the management of the new fund and that all or almost all of
23 the capital resources of the management company will be invested in the new fund as a limited
24 partner or investor and to serve as an equity investor of the new fund. Additionally, Maxim Asset
25 was to reinvest all earnings derived from managing Maxim Capital back into Maxim Capital as an
26 investor or limited partner. Maxim Asset would then have a proportionate share of Maxim Capital's
27 net asset value and will be subject to the same distributions of gains and losses as all other investors.
28 Therefore, each investor, as a member of Maxim Asset, was entitled to a proportionate share of all

1 earnings derived from the management of Maxim Capital, as well as a proportionate share of all gains
2 and losses of Maxim Capital. Ritter told investors that such profits would be produced within a
3 certain time period based on a particular investor's needs. Investors were not given any profits as
4 they were promised and when investors tried to liquidate their investment, Ritter wrote them bad
5 checks with insufficient funds.

6
7 6. These securities were offered or sold in this state in issuer transactions. The Department of
8 Corporations has not issued a permit or other form of qualification authorizing any person to offer
9 and sell these securities in this state.

10
11 7. Maxim Asset, Maxim Capital, Maxim Partners, Centuria and Ritter solicited potential
12 investors through personal introductions and the use of brochures to purchase the securities of other
13 companies to raise capital to then invest in Maxim Asset. Neither Maxim Asset, Maxim Capital,
14 Maxim Partners, Centuria, nor Ritter were registered with the Department of Corporations or the
15 NASD (National Association of Securities Dealers) as broker-dealers.

16
17 8. Maxim Asset, Maxim Capital, Maxim Partners, Centuria and Ritter provide investment advice
18 for a fee to investors of the hedge funds by purportedly using Ritter's personal skills to effectuate a
19 return that is "commensurate to risk and objectives". Ritter claims to practice a variety of specific
20 trading strategies and techniques including "volatility trading", opportunity, arbitrage, event driven
21 trading, and primarily "GARP" investing strategy (growth at a reasonable price") to trade profitably
22 in any market condition. He has a "buy list" which he continuously revises and which assists him in
23 executing purchases at "the most compelling opportunity". Ritter claims to manage a long-term
24 growth portfolio and his combination of growth investing and trading is how Maxim Capital attempts
25 to outperform the market. Ritter tells investors that Maxim Capital is bench-marked against the
26 NASDAQ 100 and that the objective of Maxim Capital is to outperform the index consistently over
27 the next seven to eight years with two years of significant gains in the growth portfolio.

28 ///

1 9. Maxim Asset, Maxim Capital, Maxim Partners, Centuria, and Ritter advised others as to the
2 value of securities or as to the advisability of investing in, purchasing or selling securities in Maxim
3 Asset. Neither Ritter nor any of these entities are licensed by the Department of Corporations to act
4 as an investment adviser within this state.

5
6 10. In connection with these offers and sales, Maxim Asset, Maxim Capital, Maxim Partners,
7 Centuria, and Ritter misrepresented and failed to disclose to investors that:

8 a. Ritter would assume personal responsibility for the safekeeping of investors' monies
9 and that should Maxim Asset cease operations, investors would be given all of their principle
10 investment back.

11 b. they could liquidate and get back their investment monies at any time they requested;

12 c. they would earn profits, including the special one-time credit to new investors, profits
13 that were to stem from the management fees collected by Maxim Asset in its management of Maxim
14 Capital, as well as profits from Maxim Asset's participation in the Maxim Capital hedge fund;

15 d. investors would earn profits based on their particular time constraints;

16 e. they would be given official documentation regarding their investment and the
17 management and operations of Maxim Asset and Maxim Capital;

18 f. even though they had not received the profits they were promised, Ritter would again
19 ask investors for more money despite the fact that Ritter initially told them that he would not ask
20 them to increase their investment before seeing profits.

21 g. Ritter had prior judgments against him and his companies including: 1) a judgment on
22 February 5, 2004 against Ritter and Maxim Growth Fund, LP for \$25,000; 2) a judgment on April 2,
23 2003 against Ritter and Maxim Capital, LLC; and 3) an arbitration entered July 25, 2004 against
24 Ritter for unpaid debit balances in Ritter's brokerage accounts in the amount of \$197,020.97 plus
25 interest and \$22,097.89 in attorney's fees.

26 h. Ritter was no longer employed as a registered representative with a registered broker-
27 dealer to effectuate trades on behalf of investors.

28 ///

1 Based upon the foregoing findings, the California Corporations Commissioner is of the
2 opinion that the membership interests, investment contracts, and limited liability interests of Maxim
3 Asset Management, LLC are securities subject to qualification under the California Corporate
4 Securities Law of 1968 and are being or have been offered or sold without being qualified in
5 violation of Corporations Code section 25110. Pursuant to section 25532 of the Corporate Securities
6 Law of 1968, Maxim Asset Management, LLC, Maxim Capital, LP, Maxim Partners, LLC, Centuria
7 Growth Fund, LP, and James David Ritter are hereby ordered to desist and refrain from the further
8 offer or sale in the State of California of securities in the form of membership interests, investment
9 contracts, or limited liability interests, unless and until qualification has been made under the law, or
10 unless exempt.

11
12 In addition, based upon the foregoing, the California Corporations Commissioner is of the
13 opinion that Maxim Asset Management, LLC Maxim Capital, LC, Maxim Partners, LLC, Centuria
14 Growth Fund, LP, and James David Ritter have effected transactions in securities as broker-dealers
15 without having first applied for and secured from the Commissioner a certificate, authorizing these
16 persons to act in that capacity, in violation of section 25210 of the Corporate Securities Law of 1968.
17 Pursuant to section 25532 of the Corporate Securities Law of 1968, Maxim Asset Management, LLC,
18 Maxim Capital, LP, Maxim Partners, LLC, Centuria Growth Fund, LP, and James David Ritter are
19 hereby ordered to desist and refrain from effecting any transaction in, or inducing or attempting to
20 induce the purchase or sale of, any security in this state, unless and until they have applied for and
21 secured from the Commissioner a certificate, then in effect, authorizing these persons to act in that
22 capacity, or unless exempt.

23
24 In addition, based upon the foregoing, the California Corporations Commissioner is of the
25 opinion that Maxim Asset Management, LLC, Maxim Capital, LP, Maxim Partners, LLC, Centuria
26 Growth Fund, LP, and James David Ritter engaged in unlicensed investment adviser activity without
27 having first applied for and secured from the Commissioner a certificate, then in effect, authorizing
28 each to do so in violation of section 25230 of the Corporate Securities Law of 1968. Pursuant to

1 section 25532 of the Corporate Securities Law of 1968, Maxim Asset Management, LLC, Maxim
2 Capital, LP, Maxim Partners, LLC, Centuria Growth Fund, LP, and James David Ritter are hereby
3 ordered to desist and refrain from advising others, either directly or through writings, as to the value
4 of securities or as to the advisability of investing in, purchasing or selling securities for compensation
5 unless and until they have applied for and secured from the Commissioner a certificate, then in effect,
6 authorizing these persons to act in that capacity, or unless exempt.

7
8 Further, based upon the foregoing, the California Corporations Commissioner is of the
9 opinion that the securities of Maxim Asset Management, LLC were offered or sold in this state by
10 means of written or oral communications which included an untrue statement of a material fact or
11 omitted to state a material fact necessary in order to make the statements made, in the light of the
12 circumstances under which they were made, not misleading, in violation of section 25401 of the
13 Corporate Securities Law of 1968. Pursuant to section 25532 of the Corporate Securities Law of
14 1968, Maxim Asset Management, LLC, Maxim Capital, LP, Maxim Partners, LLC, Centuria Growth
15 Fund, LP, and James David Ritter are hereby ordered to desist and refrain from offering or selling or
16 buying or offering to buy any security in the State of California, including but not limited to
17 membership interests, investment contracts, and limited liability interests in Maxim Asset
18 Management, LLC, by means of any written or oral communication which includes an untrue
19 statement of a material fact or omits to state a material fact necessary in order to make the statements
20 made, in the light of the circumstances under which they were made, not misleading.

21 ///
22 ///
23 ///
24 ///
25 ///
26 ///
27 ///
28 ///

