BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE

OF THE STATE OF IDAHO

In the Matter of: STATE OF IDAHO, Department of Finance, Securities Bureau, Complainant, vs. Hegemony Partners, LP, Interfund Capital Corp., (CRD No. 131092) and David D. Hepworth (CRD No. 1132850)	)	Docket No.: 2009-7-21 **AGREEMENT AND ORDER**

The Director of the Department of Finance ("Director") has instituted an investigation into the conduct of HEGEMONY PARTNERS, LP, INTERFUND CAPITAL CORP., and DAVID D. HEPWORTH (collectively "Respondents"). Pursuant to the investigation it appears to the Director that violations of the Idaho Uniform Securities Act (2004), Idaho Code 30-14-101 *et seq.* (the "Act") have occurred. The Director and Respondents Hegemony Partners, LP, Interfund Capital Corp., and David Hepworth have agreed to resolve this matter without a public hearing or other adjudication. Therefore, the Director deems it appropriate and in the public interest that this Agreement and Order be entered. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law and consent to the entry of this Agreement and Order.

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I

FINDINGS OF FACT

1. Hegemony Partners, LP ("Hegemony") is a Delaware limited partnership with its principal place of business located at 200 West River Street, 3rd Floor, Ketchum, Idaho 83340.

2. Interfund Capital Corp. ("ICC") is a Delaware corporation with its principal place of business located at 200 West River Street, 3rd Floor, Ketchum, Idaho 83340. ICC is the general partner of Hegemony. Jamie B. Schwartz is the president and sole owner of ICC.

3. David Hepworth ("Hepworth") is a co-founder of ICC and is and was at all relevant times a principal and control person of ICC. Hepworth formerly resided at 106 Camas Loop, Ketchum, Idaho 83340.

4. Hegemony was initially established in 2003 to offer pooled investments to accredited investors in reliance upon the safe harbor from registration under federal Rule 506 of Regulation D of the Securities Act of 1933 (15 USC § 77a et seq.) ("Rule 506"). The initial Hegemony private placement offering was terminated in 2008.

5. On or about May 1, 2009 ICC (as general partner) and Hepworth (as initial limited partner) entered into Hegemony's amended and restated limited partnership agreement. Hegemony was organized to operate as a pooled investment vehicle through which investors' money would be used to invest in securities and other financial instruments.

6. Hepworth directed outside counsel to prepare the necessary documentation in order to comply with federal law and offer investments in Term Asset-Backed Securities Loan Facility of the Federal Reserve Bank of New York ("TALF") to accredited investors pursuant to Rule 506.

7. On or about May 5, 2009, Respondents began selling limited partnership interests in Hegemony ("Interests") to raise investment capital to invest primarily in TALF securities.

8. By June 2009, a total of five investors had purchased approximately $3,000,000 of Interests.

9. On May 21, 2009, Respondents issued a press release regarding the launch of their proprietary TALF fund. The press release starts with the statement "David Hepworth of Interfund Capital announced today the launch of their proprietary Term Asset Backed Securities Loan Facility (TALF) Fund."

10. Hepworth is quoted in the press release as stating, "Market dislocations of 2008 and government intervention has created this opportunity; most opportunities are evanescent in our experience. That's why we moved quickly to get involved." In the same paragraph in the release with Hepworth's quote the following invitation appears. "Accredited investors interested in participating in future actions via Hegemony should email: info@interfundcapital.com."

11. The press release was published on several internet news and press release websites including Businesswire.com, CNBC.com, Earthtimes.org, and PR-inside.com.

12. The release was issued through Respondents' agent, Kaufman Rossin Fund Services ("KRFS"), a full-service hedge fund administrator.

13. On June 18, 2009, Respondents filed a Form D with the Department to notify the Department of their intent to rely on the Rule 506 exemption.

14. On June 26, 2009 the Department sent Respondents a comment letter requesting information about the offering and press release.

15. Respondents aver that none of the investors purchased Interests as a result of the press release.

16. Respondents stopped soliciting for new investors after notification by the Department of the possible inability to rely on Rule 506.

17. Respondents also aver that shortly after receiving notice from the Department, the TALF assets held by Hegemony were liquidated and returned to investors and that only three of

the investors received less than their initial investment due to fees charged by unaffiliated third party custodians and brokers. Respondents aver that they did not receive any fees or other income from the investors and waived fees due under Hegemony's partnership agreement.

18. Rule 506 is a federal "safe harbor" provision for securities transactions that are exempt from registration at the state level. Rule 506 prohibits any form of general solicitation or advertising.

19. Because the Interests are securities as defined in Section 30-14-102 of the Act and were publically offered in contravention to Rule 506, Respondents were required to register the offering with the Department pursuant to Section 30-14-301 of the Act or qualify for an exemption from registration.

20. Respondents aver that Hegemony and ICC are no longer operating or conducting business in Idaho or any other jurisdiction.

II

CONCLUSIONS OF LAW

1. The Director has jurisdiction over this matter pursuant to the Act.

2. The Interests are securities as defined by Section 30-14-102 of the Act and are required to be registered with the Department or exempt from registration.

3. The Interests were not registered with the Department.

4. The issuance of the press release by KRFS constitutes a general solicitation or general advertising and therefore precludes Respondents from relying on the registration exemption under Rule 506.

5. The sale of Interests by Respondents is a sale of unregistered securities in violation of Section 30-14-301 of the Act.

III

REMEDIES

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondent's agreement to the entry of this Agreement and Order, the Director finds that the following remedies are appropriate and in the public interest:

1. Respondent Hepworth agrees to pay a civil penalty in the amount of $5,000. Payment shall be made payable to the order of the "Idaho Department of Finance."

2. Respondent ICC agrees to pay a civil penalty in the amount of $2,000. Payment shall be made payable to the order of the "Idaho Department of Finance." Jamie B. Schwartz, as President and sole owner of ICC, by affixing her signature on behalf of ICC to this Agreement and Order, agrees that failure by ICC to pay its civil penalty will result in the Director initiating further legal proceedings against her and/or ICC.

3. Respondents agree not to conduct any securities or advisory business in the state of Idaho in the future without first obtaining the consent of the Department and any necessary registration or licenses.

4. Respondents agree not to offer or sell securities in Idaho without prior written notification to the Department.

5. Respondents agree that failure to comply with this Agreement and Order will result in the Director bringing further legal proceedings.

6. Respondents attest and avow that all information provided to the Department directly or through their legal representatives is true, accurate and complete.

7. Respondents waive notice and opportunity for a hearing under I.C. § 30-14-604(b) and (c), and under the contested case provisions of the Idaho Administrative Procedures Act, I.C. § 67-5240 et. seq.

HEGEMONY PARTNERS LP

By: INTERFUND CAPITAL CORP.
Title: General Partner

By: JAMIE B. SCHWARTZ
Title: President and Owner, Interfund Capital Corp.

INTERFUND CAPITAL CORP.

By: JAMIE B. SCHWARTZ
Title: President and Owner, Interfund Capital Corp.

State of MASSACHUSETTS

County of ESSEX

SUBSCRIBED AND SWORN to before me this 20th day of NOVEMBER, 2009

NOTARY PUBLIC

My Commissions Exp:

PISETH SAM
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
November 15, 2013

DAVID HEPWORTH

State of Massachusetts

County of Essex

SUBSCRIBED AND SWORN to before me this 20th day of November, 2009

NOTARY PUBLIC

My Commissions Exp: 08/17/2012

OFFICIAL SEAL
YANA MATLIS
NOTARY PUBLIC
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires Aug. 17, 2012

11/20/09

MARILYN T. CHASTAIN
Bureau Chief, Securities Bureau
Department of Finance
State of Idaho

IT IS SO ORDERED

DATED this 3RD Day of DECEMBER, 2009.

STATE OF IDAHO
DEPARTMENT OF FINANCE

GAVIN M. GEE, Director