

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 98916 / November 13, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21602

In the Matter of	:	
	:	
Prime Group Holdings, LLC,	:	EXTENSION ORDER
	:	
Respondent.	:	
	:	

The Division of Enforcement (“Division”) has requested an extension of time until September 30, 2024, to submit a Proposed Plan of Distribution under Rule 1101(a) of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1101(a).

On September 5, 2023, the Commission issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Sections 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order (the “Order”)¹ against Prime Group Holdings, LLC (the “Respondent”). In the Order, the Commission found that Respondent, a private equity real estate firm focused on alternative real estate asset classes, made inadequate disclosures and materially misleading statements in offering of Prime Storage Fund II, LP (“Fund II”), relating to millions of dollars of earned real estate brokerage fees paid between 2017 and 2021 to an affiliated real estate brokerage firm (“Affiliate”), which is wholly owned by Respondent’s CEO. The Respondent managed and oversaw the operations of numerous self storage real estate properties,

¹ Securities Act Rel. No. 11228 (Sept. 5, 2023).

some of which are fully owned by Fund II, with others managed on behalf of other investors including Respondent's CEO. Respondent retained employees and independent contractors to source real estate acquisition transactions ("Deal Teams"). The brokerage fees paid to Affiliate in connection with property acquisition were used, in part to compensate the Deal Teams that sourced transactions on behalf of Fund II, as well as to pay for operational expenses of Respondent's operations. Fund II's offering materials, including its limited partnership agreement, private placement memorandum, and due diligence questionnaires, included statements regarding certain contemplated fees to be paid by Fund II for services, including brokerage fees. These offering materials, however, did not adequately disclose that certain brokerage fees would be paid to an affiliate or that such payment could create a conflict of interest, or that fees received by Affiliate paid for, in part, operation expenses of Respondent. These failures to disclose material information rendered statements made by Respondent to investors in Fund II misleading.

The Commission ordered the Respondent to pay \$11,510,625.00 in disgorgement, \$2,561,197.00 in prejudgment interest, and a \$6,500,000.00 civil money penalty, for a total of \$20,571,822.00, to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty paid, along with the disgorgement and interest paid, can be distributed to harmed investors (the "Fair Fund").

The Fair Fund consists of the \$20,571,822.00 paid by the Respondent. The Fair Fund has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any accrued interest will be added to the Fair Fund.

In its request for an extension of time, the Division states that additional time is needed to locate and verify contact information for investors, complete the fund administrator solicitation

and appointment process, develop the distribution methodology, and prepare the proposed plan of distribution.

Accordingly, for good cause shown, IT IS HEREBY ORDERED that the Division's request for an extension of time until September 30, 2024, to submit a Proposed Plan of Distribution is granted.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.²

Vanessa A. Countryman
Secretary

² 17 C.F.R. § 200.30-4(a)(21)(i).