UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

In the Matter of **Karen Bruton and Hope Advisors, LLC,** **Respondents.**	**Administrative Proceeding** **Files No. 3-18790 and 3-18789**

DIVISION OF ENFORCEMENT'S CONSOLIDATED MOTION FOR SUMMARY DISPOSITION

Respectfully submitted,

DIVISION OF ENFORCEMENT
By its Attorney:

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Dated: April 19, 2019

I. INTRODUCTION

The Division of Enforcement ("Division") respectfully moves for summary disposition of this action pursuant to Rule 250 of the Securities and Exchange Commission's ("Commission") Rules of Practice and the agreement of the parties. The Division asserts that, under Rule 102(e)(3)(iv), sanctions are appropriate in the public interest for the protection of investors, and should be imposed against Karen Bruton. The Division further asserts that, pursuant to Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act"), sanctions are appropriate in the public interest for the protection of investors, and should be imposed against Bruton and Hope Advisors, LLC ("Hope"). Bruton and Hope were enjoined against future violations of the antifraud provisions of the federal securities laws on September 13, 2018 by the United States District Court for the Northern District of Georgia in *SEC v. Hope Advisors*, 1:16-cv-1752-LMM (N.D. GA)("Injunctive Action"). Bruton and Hope had the opportunity to fully litigate the material facts forming the basis of the injunction and this disciplinary proceeding in the Injunctive Action, but instead consented to the entry of the injunction in a final judgment against them. As a consequence, they are precluded from litigating in this case the facts alleged in the complaint in the Injunctive Action. Based on their egregious misconduct, it is in the public interest for Bruton to be prohibited from practicing accountancy before the Commission and barred from the securities industry, and for Hope to be censured by the Commission.

II. STATEMENT OF FACTS

A. The Commission Filed a Civil Injunctive Action Against Hope and Bruton for Securities Fraud in May 2016.

On May 31, 2016, the Commission filed the Injunctive Action against Hope, Bruton and two co-defendants alleging that they engaged in a scheme to collect unearned fees from several funds under Hope's management, and the Commission filed an Amended Complaint on January 11, 2017. (Amended Complaint ("Compl.") ¶¶ 1-7.) A true and correct copy of the Commission's Amended Complaint in the Injunctive Action is attached at Tab I of the accompanying Appendix.[1] At the time of the misconduct alleged in the Complaint, Hope was a registered investment adviser, and Bruton was associated with Hope as its principle. During the pendency of the Injunctive Action, Hope voluntarily deregistered with the Commission. The facts alleged in the Complaint, which must be accepted as true for purposes of this proceeding, are summarized below.

Karen Bruton, formerly a CPA, organized two funds, Hope Investments, LLC ("HI Fund") and HDB Investments, LLC ("HDB Fund") (collectively, the "Funds"), as investment vehicles to trade options for herself, her family and her friends. Bruton's and Hope's

trading in the two Funds was very similar and primarily consisted of trading in (1) options, (2) options on futures, and (3) futures, tied to broad-based market indices such as the S&P 500, Russell 2000 and NASDAQ 100. The general trading strategy for both Funds was to sell options with the goal of having them expire "out of the money," allowing the Funds to profit from the proceeds it received from selling the options.

For the HI Fund, which was formed in 2011, Respondents told investors that their compensation (the "Incentive Allocation") would be 20% of the fund's monthly realized profits, such that unrealized losses attributable to positions still open (i.e. not expired) at month end would not impact their compensation. (Compl. ¶ 36.) Defendants also told investors in both funds that, pursuant to the high water mark protections, "any loss by the Fund in any month is made up dollar for dollar to the investors before the Incentive Allocation is paid again on New Trading Profits made on the Fund's trades." (Compl. ¶ 37.)

The Complaint alleges that, starting in at least November 2014, Defendants engaged in a continuous pattern of fraudulent trading in both Funds to circumvent the impact of the high water mark provisions, thereby allowing the Defendants to continue to receive Incentive Allocations.

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[1] The Division submits in support of this motion for summary disposition an Appendix containing the Commission's Complaint initiating the Injunctive Action; the Consent of Defendants Bruton and Hope filed in the Injunctive Action; and the Final Judgment entered against them in the Injunctive Action. All of these filings, and their contents, are appropriate subjects of official notice pursuant to Commission Rule 323. *See*, *In re Joseph P. Galluzzi*, Initial Decisions Release No. 187, 1001 SEC Lexis 1582, *8-9 (Aug. 7, 2001)(ALJ Kelly)(pursuant to Commission Rule 323, ALJ took official notice of the following filings and statements therein: Commission complaint; Indictment; Judgment of Conviction; Third Circuit Court of Appeal judgment affirming conviction, etc.); *see also*, *In re Brownson*, Initial Decisions Release No. 182, 2001 SEC Lexis 537, *7-8 (Mar 23, 2001)(ALJ Foelak)(same); and *In re Brad Haddy*, Initial Decisions Release No. 164, 2002 SEC Lexis 907, *7-8 (Jun 21, 2000)(ALJ Foelak)(same).

Specifically, Defendants maintained a spread sheet that tracked each Fund's month-to-date realized losses. (Compl. at ¶ 64.) Near the end of each month, Bruton had her staff identify the month-to-date realized losses, and would then either enter "Scheme Trades" or approve "Scheme Trades" that her staff proposed for each fund. (Id. at ¶ 65-66.) These Scheme Trades frequently involved (1) selling call or put options on futures that would expire at the end of the current month ("first leg option") and simultaneously (2) buying call or put options on futures for the same quantity at the same "strike price" that would expire early the next month ("second leg option"). (Id. at ¶ 67.) These options would typically be deep "in the money," meaning they were very likely to be exercised. (Id. at ¶ 68.)

The sale of the first leg options would result in significant proceeds (referred to as "premium") being paid to the respective Fund, which was realized as a gain for the current month when the first leg option expired at the end of the month. (Id. at ¶ 69.) Defendants were thus able to—and regularly did—"pick" the amount of monthly realized profits they wanted to report to investors by sizing the first leg option in an amount that exceeded the month-to-date realized loss by a particular amount. (Id. at ¶ 70.)

The expiration of the first leg options also resulted in the assignment of futures in the Fund's account, which would carry a large "unrealized" loss equal to the current market price. (Id. at ¶ 71.) The expiration of the second leg options, typically at the end of the first week of the subsequent month, covered the open futures position (i.e. the assigned futures from the first leg option), but also required the Funds to realize a large loss equal to the purchase price of the second leg options. (Id. at ¶ 72.)

In addition to allowing the Defendants to avoid a net realized loss in any particular

month, these Scheme Trades allowed the Funds to consistently report a realized gain, such that the Defendants could continue collecting their Incentive Allocation. (Id. at ¶¶ 3, 70, 88.) Defendants sized the scheme trades with a view towards hitting a targeted monthly realized gain of approximately 1%. (Id. at ¶ 63.) Between November 2014 and March 2016, Hope collected over $6 million in incentive fees from the HI Fund, most of which would not have been paid absent the Scheme Trades. (Id. at ¶ 89-90.)

B. Bruton and Hope Consented to the Entry of an Injunction.

More than 2 years after the Commission filed the Injunctive Action, while represented by counsel, Bruton signed a "Consent of Defendants Hope Advisors, LLC and Karen Bruton" ("Consent"). A true and correct copy of the Consent is attached as Tab II to the Appendix. On September 13, 2018, the Consent was filed with the District Court. In the Consent, Bruton and Hope waived service of the Final Judgment and agreed that their entry by the District Court would constitute notice to them of its terms and conditions. (Consent ¶¶ 1, 10.)

Also in the Consent, they expressly stated that they understood that "in any disciplinary proceeding before the Commission based on the entry of the injunction" – such as the instant administrative proceedings – they would "not be permitted to contest the factual allegations of the complaint . . ." (Consent ¶ 11.). They further acknowledged that the Consent "resolve[d] only the claims asserted" in the Injunctive Action and that "the Court's entry of a permanent injunction may have collateral consequences under federal or state law." (Consent ¶ 11.)

C. The District Court Enjoined Hope and Bruton.

On September 13, 2018, after the filing of the Consent, the District Court in the Injunctive Action entered a Final Judgment as to Defendants Hope and Bruton ("Judgment"). A

true and correct copy of the Judgment is attached at Tab III of the accompanying Appendix. The Judgment permanently enjoins Bruton and Hope from violations of Advisers Act Sections 206(1), (2) and (3), and Rule 206(4)-8 thereunder. (Judgment ¶ I.)

D. The Commission Issued an Order Temporarily Suspending Bruton and Instituting the Instant 102(e) Proceeding Against Her.

On September 19, 2018, the Commission issued an Order Instituting Public Administrative Proceedings and Imposing Temporary Suspension Pursuant to Rule 102(e)(3) of the Commission's Rules of Practice ("102 (e) OIP") against Bruton initiating these proceedings. The 102(e) OIP was duly served on Bruton by the Commission.

The 102(e) OIP summarized some of the core allegations of the Commission's Complaint in the Injunctive Action. (102(e) OIP at ¶ IIB.(3).) The 102(e) OIP also alleged that, on September 14, 2018, an injunction against future violations of Sections 206(1), (2) and (4) of the Advisers Act and Rule 206(4)-8 thereunder was entered against Bruton. (102(e) OIP at ¶ IIB.(2).) The 102(e) OIP temporarily suspended Bruton from practicing before the Commission as an accountant pursuant to Rule 102(e)(3)(i)(A). (OIP at ¶ III.)

Bruton petitioned to lift the temporary suspension, and on November 19, 2018, the Commission entered an order denying the petition and directing a hearing in this matter. *In re Bruton*, Exchange Act Rel. No. 84627.

E. The Commission Issued an Order Instituting Administrative Proceedings Against Bruton and Hope.

On September 19, 2018, the Commission issued an Order Instituting Public Administrative Proceedings Pursuant to Section 203(e) and (f) of the Investment Advisers Act of

1940 and Notice of Hearing (the "AP OIP") against Bruton and Hope. The AP OIP was duly served on Bruton and Hope by the Commission.

Like the 102(e) OIP, the AP OIP summarized the core allegations of the Commission's Complaint in the Injunctive Action. (AP OIP at ¶ II.B.3.) The AP OIP also alleged that an injunction against future violations of Sections 206(1), (2) and (4) of the Advisers Act and Rule 206(4)-8 thereunder was entered against Bruton and Hope. (AP OIP at ¶ II.B.2.)

F. The Parties Agreed that the 102(e) Against Bruton and the AP Against Bruton and Hope Should Be Consolidated for Purposes of Dispositive Motions and that an Evidentiary Hearing Is Unnecessary.

The Division conferred with counsel for Bruton and Hope as directed in the order setting a hearing in the 102(e) proceeding and the AP OIP. The parties agreed that the two matters should be consolidated for purposes of dispositive motions and any hearing on the matter. The parties also agreed that the matter could be decided by an ALJ in the first instance. The Commission agreed. (Order Regarding Further Proceedings, April 11, 2019).

III. ARGUMENT

A. The Standard for Deciding this Motion.

Rule 250 of the Commission's Rules of Practice provides that the Division or the Respondent may make a Motion for Summary Disposition subject to leave of Court prior to presentation of the Division's case in chief. Although the Rule provides that the Administrative Law Judge ("ALJ") may grant the motion if there is "no genuine issue with regard to any material fact and the party making the motion is entitled to summary disposition as a matter of law," the parties have agreed to modify that standard for purposes of these proceedings. Specifically, the parties agreed that no evidentiary hearing is necessary and that disposition by

motion is appropriate irrespective of whether there are conflicts in the evidence that they submit. The parties have further agreed that any factual disputes may be resolved by the ALJ, and ultimately the Commission, on the basis of the motion papers and supporting documentary evidence.

B. Bruton Should Be Barred from Practicing Accountancy Before the Commission.

In the professional discipline context, the mere existence of the injunction warrants the suspension of a professional under Rule 102(e)(3)(iv). Once the staff has established that a professional has been cnjoincd by a court of compctcnt jurisdiction, "thc burdcn shall bc upon the petitioner to show cause why he or she should not be censured or temporarily or permanently disqualified from appearing and practicing before the Commission." SEC Rule of Practice 102(e)(3)(iv). When making that showing, a petitioner who consented to the entry of the injunction "shall be presumed for all purposes . . . to have been enjoined by reason of the misconduct alleged in the complaint." *Id.*

The appropriateness of any remedial sanction is guided by the public interest factors set forth in *Steadman v. SEC*, namely: (1) the egregiousness of the respondent's actions; (2) the isolated or recurrent nature of the infraction; (3) the degree of scienter involved; (4) the sincerity of the respondent's assurances against future violations; (5) the respondent's recognition of the wrongful nature of his conduct; and (6) the likelihood of future violations. 603 F.2d 1126, 1140 (5th Cir. 1979); *see In re Kornman*, Advisers Act Rel. No. 2840 (Feb. 13, 2009), 95 SEC Docket 14246, 14255.

Bruton was undisputedly a CPA in the past. In May 2016, the Commission sued Bruton for securities fraud based on her orchestration of a scheme that allowed her to charge unearned fees to funds under her management. Appendix Tab I. In September 2018, that lawsuit ended with the District Court's Final Judgment. The terms of the Final Judgment, which include permanent injunctions against future violations of multiple antifraud provisions of the federal securities laws, speak for themselves. Appendix Tab III.

Based on the record before it, this Court should conclude as a matter of law that Bruton has been enjoined within the meaning of Rule 102(e)(3), and that remedial sanctions are appropriate for the protection of investors. The burden is thus on Bruton to show why she should not be permanently barred from practicing accountancy before the Commission.

C. Bruton Should Be Barred from the Securities Industry.

Section 203(f) of the Advisers Act authorizes the Commission to sanction someone if (1) at the time of the alleged misconduct, he was associated with an investment adviser; (2) he has been enjoined from any action specified in Section 203(e)(5) of the Advisers Act; and (3) the sanction is in the public interes. 15 U.S.C. § 80v-3(f). "[T]he mere existence of an injunction may support . . . a bar from participation in the securities industry where the nature of the acts enjoined and the circumstances indicate that it is in the public interest." *In re Melton*, 2003 SEC LEXIS 1767, 8, 56 S.E.C. 695, 700 (July 25, 2003), *citing Cortlandt Investing Corp.*, 44 S.E.C. 45, 53 (1969). A consent injunction, "no less than one issued after trial upon a determination of the allegations, may furnish the sole basis for remedial action . . .." *Id.* As with a professional discipline matter, the appropriate remedial measures in a proceeding under Section 203(f) of the Advisers Act are evaluated under the *Steadman* factors.

In this case, Bruton should be barred from the securities industry, as all of the *Steadman* factors weigh in favor of a bar. Bruton's misconduct was egregious and extended over a period of years. Bruton repeatedly engaged in fraudulent scheme trades that could not have benefitted her investors so that she could charge fees that she had not earned. Her misconduct involved a high degree of scienter; Bruton bragged about her performance and took fees for profits at a time when she knew that she had lost tens of millions of dollars for the funds under her management. In short, Bruton's behavior is precisely the sort that warrants an industry bar.

D. Hope Should Be Censured.

Section 203(e) of the Advisers Act permits the Commission, among other things, to censure an investment adviser that has been enjoined from violating the securities laws. In this case, for the same reasons that Bruton should be barred from the industry, Hope should be censured. Although Hope is no longer registered as an investment adviser with the Commission, a censure will provide notice to state regulators of Hope's misconduct. Moreover, should Hope seek to register with the Commission in the future, the censure will alert Commission staff (and potential clients of Hope) of Hope's prior misconduct.

IV. CONCLUSION

Accordingly, for the foregoing reasons, the Division respectfully requests that its motion for summary disposition of this action be granted, and that an order be issued barring Bruton from practicing before the Commission, barring Bruton from the securities industry, and censuring Hope.

Respectfully submitted,

DIVISION OF ENFORCEMENT

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Dated: April 19, 2019.

CERTIFICATE OF SERVICE

On April 19, 2019, I sent via UPS overnight service and electronic mail the original and three copies of the foregoing to:

Vanessa Countryman, Acting Secretary
U.S. Securities & Exchange Commission
100 F. Street, NE
Washington, DC 20549

On April 19, 2019, I sent via UPS overnight service and electronic mail a copy of the foregoing to:

Hon. Carol Fox Foelak
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On April 19, 2019, I sent via UPS a copy of the foregoing to:

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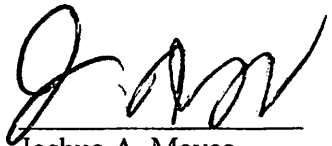

Joshua A. Mayes

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

In the Matter of **Karen Bruton and Hope Advisors, LLC,** **Respondents.**	**Administrative Proceeding** **Files No. 3-18790 and 3-18789**

APPENDIX IN SUPPORT OF DIVISION OF ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION AGAINST THOMAS D. MELVIN, CPA

- TAB I—Complaint in *SEC v. Hope Advisors*, 1:16-cv-1752-LMM (N.D. GA)
- TAB II—Consent of Karen Bruton and Hope Advisors
- TAB III—Final Judgment in *SEC v. Hope Advisors*, 1:16-cv-1752-LMM (N.D. GA)

TAB I.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **v.** **HOPE ADVISORS, LLC, and KAREN BRUTON,** **Defendants,** **and** **JUST HOPE FOUNDATION,** **Relief Defendant.**	**Civil Action File No. 1:16-cv-1752-LMM**

FIRST AMENDED COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission") alleges as follows:

SUMMARY

1. This enforcement action arises out of a fraudulent scheme to generate fees by Hope Advisors, LLC ("Hope"), a registered investment adviser, its

principal, Karen Bruton, (collectively, "Defendants"). Hope managed the account of two private investment funds, Hope Investments, LLC (the "HI Fund") and HDB Investments, LLC ("HDB") (collectively, the "Funds"). Hope's only compensation for managing the funds came in the form of an incentive fee, calculated as a share (10% for the HI Fund and 20% for HDB) of the profits earned in the Funds' accounts.

2. The HI Fund and HDB employed a "high-water-mark" fee structure pursuant to which Hope was entitled to no fees unless the Funds made profits that exceeded past losses. In other words, all prior losses needed to be made up before Hope would be paid. Since at least November 2014, Hope and Bruton have engaged in a continuous pattern of fraudulent trading to circumvent the impact of the high-water-mark fee structure. The fraudulent trading exploited the HI Fund's obligation to calculate the incentive fee exclusively on the basis of monthly "realized" gains and losses—"unrealized" gains and losses (i.e., those attributable to open trading positions at a month's end) were not included in the fee

calculation.[1]

3. Each month, Hope caused the Funds to make certain "Scheme Trades" that had the purpose and effect of realizing a large gain in the current month while effectively guaranteeing a large loss would be realized early the following month. In essence, these trades continuously converted any realized losses into realized gains in the current month, and losses which would be realized in subsequent months, except that they would be continually deferred by the Defendants engaging in additional Scheme Trades. The Defendants did not simply delay realization of trading losses, however, they also intentionally sized the Scheme Trades such that the Funds realized a profit every month. Hope employees maintained a spread sheet that tracked, month to date, the realized losses of the Funds. As the end of each month approached, Bruton picked the amount of profit she wished the Funds to show (and de facto, the fees she wished to generate), and her traders would size the Scheme Trades accordingly.

4. Without the fraudulent Scheme Trades, Hope would have received almost no incentive fees from at least October 2014 through the present. Instead,

[1] As alleged below, HDB's operative documents actually called for the incentive fee to be calculated in a different manner. Nevertheless, in practice, Hope calculated the fee for HDB in (continued...)

Hope extracted millions of dollars in incentive fees. In recent months, Hope has been using the Scheme Trades to avoid realization of more than $50 million in losses, while still earning large monthly incentive fees.

5. In addition to the incentive fee paid to Hope by the HI Fund, the fund paid a 10% incentive fee to the Just Hope Foundation (the "Hope Foundation"), which in turn funded Just Hope International (the "Hope Charity"), a charity founded and run by Bruton. The Hope Foundation and its employees (aside from Bruton) were not involved in the fraudulent trading scheme, however, it did not provide any goods or services to the HI Fund in exchange for the incentive fees the Hope Foundation was paid. Accordingly, the Hope Foundation was unjustly enriched and is a Relief Defendant in this action.

DEFENDANTS

6. **Hope Advisors, LLC ("Hope")** is a Tennessee limited liability company formed on March 23, 2011, and serves as a commodity pool operator and trading manager. Hope is wholly owned by Karen Bruton, and is the investment adviser to the HI and HDB Funds. Hope has been a Commission-

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(...continued)
the same way it calculated the fee for the HI Fund.

registered investment advisor since July 2013. Hope is registered with the CFTC as a commodity pool operator and became a member of the National Futures Association in such capacity in January 2013. On April 15, 2015 the CFTC entered an order against Hope finding violations of Section 4m(1) of the Commodity Exchange Act (requiring commodity pool operators to register) and Regulation 4.22(d) thereunder (requiring commodity pool operators to disclose pool participants of both realized and unrealized gains and losses).

7. **Karen Bruton** is the owner of Hope Advisors, LLC. Bruton is 66 years of age and is a self-taught options trader. Formerly, she worked as a corporate executive. She has an inactive CPA license. While Hope employs three traders in addition to Bruton, Bruton approves all trades, including the trades that are at issue in this matter.

RELIEF DEFENDANT

8. **Just Hope Foundation (the "Hope Foundation")** is a tax-exempt Section 501(c)(3) private foundation formed in Tennessee in 2011. Bruton is its President. Hope Foundation is a private grantmaking entity that supports the Hope Charity, a charity founded by Bruton. Hope Foundation receives 50% of the incentive fees earned by Hope from the HI Fund. As of year-end 2014, the

Hope Foundation had assets of almost $10 million, most of which is invested in the HI Fund.

OTHER RELEVANT ENTITIES

9. **Hope Investments, LLC (the "HI Fund")** is a privately offered, single manager fund offered by Hope to accredited investors as that term is defined under Section 4(a)(2) of the Securities Act of 1933 ("Securities Act") and Rule 506 of Regulation D promulgated thereunder. The HI Fund is a Tennessee limited liability company that was formed on February 16, 2011. The HI Fund is not registered as an investment company under the Investment Company Act of 1940 in reliance on Section 3(c)(1) thereunder, since it will not admit more than 100 beneficial owners. As of February 29, 2016, the net asset value ("NAV") of the HI Fund was $136 million.

10. **HDB Investments, LLC (the "HDB FUND")** is a Tennessee limited liability formed in April 2008. Since approximately 2013 the Fund was a single investor investment vehicle. In approximately March 2016, the HDB Fund's sole investor placed the HDB Fund's entire net asset value, approximately $65 million, into the HI Fund. The HDB Fund is no longer operating.

JURISDICTION AND VENUE

11. The Commission brings this action pursuant to the authority conferred upon it by Sections 20(b) and 20(d) of the Securities Act, [15 U.S.C. §§ 77t(b) and 77t(d)], Section 21(d) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78u(d)], and Sections 209(d) and 209(e) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §§ 80b-9(b) and 80b-9(d)].

12. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. §77v(a)], Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14(a)].

13. In connection with the transactions, acts, practices, and courses of business described in this Complaint, the Defendant, directly and indirectly, has made use of the means or instrumentalities of interstate commerce, of the mails, and/or of the means and instruments of transportation or communication in interstate commerce.

14. The Defendants have consented to venue in the Atlanta Division of the Northern District of Georgia.

FACTS

A. Background

15. Karen Bruton, a CPA, spent more than 25 years as a vice president and corporate controller, most recently with a Nashville, Tennessee-based private corporation that produced limestone. Sometime prior to her retirement in 2007, Bruton began to take online and other training courses in options trading.

16. In 2008, Bruton organized the HDB Fund as an investment vehicle to trade options for herself and approximately five other investors.

17. The largest and primary investor in HDB Fund was a wealthy individual ("Investor A"). Ultimately, Investor A became the sole investor in HDB Fund.

18. In 2011, Bruton organized the HI Fund to expand her ability to invest the funds of family and friends.

19. Bruton also founded Hope to provide advisory services to the HI Fund and HDB Fund.

20. Bruton's and Hope's trading in the two funds was very similar and primarily consisted of trading in (1) options, (2) options on futures, and (3)

futures, tied to broad-based market indices such as the S&P 500, Russell 2000 and NASDAQ 100.

21. The general trading strategy for both Funds was to sell options with the goal of having them expire "out of the money," allowing the Funds to profit from the proceeds it received from selling the options. The HI Fund's offering documents state that it trades 50-60 days out and within two standard deviations of the market that the options are based upon.

22. The HI Fund had an NAV of approximately $136 million as of February 29, 2016.

23. As of the same date, the HI Fund had unrealized losses of approximately $57 million.

24. The HI Fund had unrealized losses at the end of every month for at least two years, with the amount fluctuating between $3 million and $62 million.

25. The minimum investment in the HI Fund is $250,000. The investment is termed the investor's "capital account."

26. According to the HI Fund documents, including its private placement memorandum, only realized gains and losses affect the capital

account and only realized gains and losses affect the amount of any investor's redemption from the HI Fund.

27. Until approximately August 2013, Hope only reported this realized capital position to investors. At that time, Hope was notified of certain investor reporting and other deficiencies resulting from an audit by the National Futures Association. Hope then began to also provide each investor a statement of his or her share of the Funds' net asset value (which includes unrealized gains and losses).

28. Unlike the fee structure used by many investment advisers, Hope does not charge the Funds a management fee based on a percentage of assets under management.

29. Instead, Hope shared in any net realized gains earned in either Fund in a given month by deducting an incentive fee equal to 20% of net realized gains during the month.

30. Half of the incentive fee for the HI Fund (i.e., 10% of net realized gains) went to the Hope Foundation.

31. The operative documents of the Funds provided that if the Funds suffered losses, Hope would receive no fee and would receive no fees in

subsequent months until the losses has been offset by gains (the so-called "high water mark" restriction).

32. Hope excluded unrealized gains and losses for purposes of calculating the incentive fee.

33. Hope charged the HI Fund incentive fees in every month throughout 2014 and 2015.

34. In the summer of 2015, Hope caused the HDB Fund to realize its losses. This resulted in more than a $30 million decrease in the "capital account" of Investor A. Hope ceased collecting an incentive fee at that time, and in the spring of 2016, Investor A redeemed his interest in the HDB Fund and used that money to buy an additional interest in the HI Fund.

B. The HI Fund's Private Placement Memorandum

35. Potential investors in the HI Fund are provided a private placement memorandum ("PPM").

36. The PPM discloses that the fund will pay an Incentive Fee based on 20% of *realized* profits (with 10% going to Hope and the other 10% going to the Hope Foundation).

37. The PPM also notes the high-water-mark structure of the fee

agreement, stating, in part, as follows:

> For the avoidance of doubt, any loss by the Fund in any month is made up "dollar for dollar" to the investors before the Incentive Allocation is paid again on New Trading Profits made on the Fund's trades.

38. The PPM discloses that the fee structure gives Hope an incentive to defer realization of losses, however it immediately minimizes the risk that losses could be deferred for any substantial period of time.

39. Specifically, the PPM states as follows:

> **Incentive allocations may be paid by the Fund Even Though the Fund Is Experiencing Unrealized Trading Losses.** . . . [I]t is possible that the Fund will pay an Incentive Allocation on New Trading Profits even though there are unrealized losses on open positions. Thus, there is an incentive for the Investment Adviser to realize gains and defer realization of losses; however due to the type of trading in which the Investment Advisor engages, it is unlikely that the Investment Advisor will be able to defer realization of losses on positions for any extended period of time since most trades into which the Investment Advisor enters will only be open for 30 to 90 days at maximum.

40. When an investor withdraws from the fund, unrealized gains or losses are excluded. This is disclosed in the PPM, which provides as follows:

> A Withdrawing Member receives only his or her pro rata portion of Net Realized Profits or Losses at the Withdrawal Date and will not Participate in Unrealized Gains or Losses.
> . . .

> Following such a withdrawal by a member, all other Members remaining in the fund after the withdrawal date will receive the benefit of any gains realized subsequent to the Withdrawal date; however the Members remaining in the Fund will also participate in any losses subsequently realized on positions that were outstanding as of that Withdrawal Date and closed after the Withdrawal Date.

41. At the end of each month, Hope sends account statements to each investor in the HI fund.

42. The first page of that account statement shows realized gains for the month and year to date, the monthly and year to date incentive fee paid on those realized gains, and the change in the realized gains and loss, both for the month and year to date. Since 2013, a small box on the second page also shows the NAV of the investor's account and his or her share of the unrealized losses.

43. In June 2015, Bruton sent investors an email stating that the unrealized losses "are carried at the fund level."

C. The HDB Operative Documents

44. The terms of Investor A's investment in HDB are governed by an operating agreement.

45. The HDB operating agreement specifies that Hope shall be entitled

to 20% of the "Net Capital Appreciation" of the fund.

46. Net Capital Appreciation is defined as being an increase in the NAV of the fund over the course of an accounting period (typically one year).

47. The NAV of a fund includes both realized and unrealized losses and gains.

48. In other words, according to the operative document, unlike with the HI fund, Hope was never entitled to calculate its fee based on the "realized" profits in the HDB Fund.

49. Nevertheless, that is the way that Hope charged fees.

50. The operating agreement contains a provision similar in effect to the high water mark provision in the HI PPM.

51. According to that provision, each investor is given a "Loss Recovery Account" and any decreases in NAV during an accounting period are added to the account. Subsequent increases in NAV are deducted from the account, and no incentive fee may be paid until the Loss Recovery Account has a zero balance.

52. Investor A understood that Hope was taking a 20% share of monthly profits, but he did not understand the mechanics of how it was

calculated.

53. Investor A believed that the HDB Fund was charged a fee in accordance with the operating agreement, and he signed a letter to that effect in September of 2015 in response to concerns raised during the Commission's examination of Hope.

D. Background of the Funds' Trading

54. By 2014, the Funds were trading heavily in options on S&P 500 Index Futures. Those futures are referred to as E-Minis.

55. A put is the option to sell the underlying future at a particular price (referred to as the "strike price") and a call is the option to purchase the underlying future at a particular price.

56. For most of the options on the E-Minis that Hope traded, the options could not be exercised prior to maturity of the option and no additional consideration was required to exercise the option. Instead, the options were exercised automatically if the option was "in the money" at maturity. As a result, the option would "assign" and the account of the person who bought or sold the option would be treated as being long or short in the underlying future.

57. If the Funds bought or sold an option that matured "out of the

money," the option would simply expire and there would be no assignment of the underlying future.

E. The Fraudulent Trading Scheme

58. In October and December 2014, the Funds experienced significant trading losses due to volatility in the financial markets.

59. In response to these enormous losses, beginning in November 2014 and continuing almost every month to the present, Defendants entered a series of trades ("Scheme Trades") in the accounts of the HI Fund and the HDB Fund that had the purpose and effect of avoiding realization of the losses.

60. Hope had used similar Scheme Trades in the prior months.

61. Before February 2015, the Defendants used a variety of forms of Scheme Trades, but they all had the same purpose and effect, *i.e.*, to avoid having realized losses at any month's end.

62. In most months after February 2015, the Scheme Trades took the form of large matching "paired" trades that essentially canceled each other and cumulatively had little to no prospect of gain or loss, except for transaction costs.

63. These Scheme Trades, however, effectively "rolled over"

realization of losses to subsequent months, which allowed Defendants to (1) report a targeted monthly realized gain of approximately 1% in the Funds every month and (2) receive an incentive fee every month and avoid the high water mark restriction.

64. Hope employees maintained a spreadsheet that tracked, month to date, the realized losses of the Funds.

65. As the end of a particular month approached, Bruton would ask Hope employees for the amount of the Funds' net realized losses month to date.

66. Bruton would then either enter a Scheme Trade herself or approve Scheme Trades that the other traders proposed and entered.

67. These Scheme Trades often involved (1) selling call or put options on futures that would expire at the end of the current month ("first leg option") and simultaneously (2) buying call or put options on futures for the same quantity at the same "strike price" that would expire early the next month ("second leg option").

68. These options would typically be deep "in the money," meaning they were very likely to be exercised or assigned.

69. The sale of the first leg options would result in significant proceeds

(referred to as "premium") being paid to the respective Fund, which was realized as a gain for the current month when the first leg option expired.

70. Bruton picked the size of the first leg option sale so that the premium collected would be sufficient to offset the losses realized for the month and enable the fund to report a net realized gain for the current month.

71. The expiration of the first leg options also resulted in the assignment of futures in the Fund's account, which would carry a large "unrealized" loss at the current market price.

72. The expiration of the second leg option, typically at the end of the first week of the subsequent month, covered this open futures position, but also required the Fund to realize a large loss (the purchase price of the second leg option).

73. The net effect of the Scheme Trades was to allow Hope to defer indefinitely the Funds' realization of trading losses while consistently reporting a realized gain in the Funds and collecting an incentive fee.

74. To illustrate with a specific example, the HI Fund began the month of February 2015 with a net unrealized loss of $44 million. Much of this loss became realized early in the month.

75. On February 24, 2015, Hope caused the HI Fund to *sell* 7,000 call options (i.e., first leg options) on S&P 500 E-mini futures with a strike price of $2,000, for a sales price of $39,228,812.50. These first leg options expired on Friday, February 27 (*i.e.*, 3 days later).

76. That same day, Hope caused the HI Fund to *buy* 7,000 call options (i.e., second leg options) on S&P 500 E-mini futures with the same strike price as the first leg options. The total purchase price was $39,556,075. These second-leg options expired on Friday, March 6 (*i.e.*, 10 days later).

77. On February 24, 2015, the closing market price for the underlying futures was $2,113.75, meaning that the first and second leg options were deep in the money.

78. Because the first and second leg options were deep in the money on February 24, and because the options expired in such a short period of time, the HI Fund had almost no exposure to market movements in the futures underlying the options. In other words, the HI Fund stood almost no chance of making or losing money on this paired Scheme Trade regardless of which direction the futures market moved.

79. On February 27, the first leg options that Hope had sold expired,

and Hope realized a gain from the sale of those options in the amount of $39,228,812.50 (*i.e.* the sales price of those options).

80. Because those options expired in the money, the underlying futures were assigned, such that the HI Fund's account was treated as being "short" 7,000 S&P 500 E-mini futures as of that day. Hope did not record any realized loss from that assignment, however, even though, as a result of the assignment, Hope had essentially sold short the futures at a price below the current market price and would eventually need to cover the position in some manner. Instead, the open futures position was treated as an *un*realized loss.

81. In account statements sent to investors at the end of February, 2015, Hope reported that the HI Fund had net realized gains of $1,729,670 for the month.

82. Hope charged the HI Fund a fee of $345,934 (*i.e.*, 20% of the reported realized gain), half of which was sent to the Hope Foundation.

83. On March 6th, the second leg options expired in the money, the options were exercised, and the Fund was "delivered" 7,000 futures.

84. The futures delivered as a result of the expiration of the second leg options covered the HI Fund's short futures position that had resulted from the

expiration of the first leg options. Because the positions in the underlying futures cancelled each other out, the HI Fund did not realize any gain or loss on those futures.

85. At that point, consistent with the fund's accounting policies, the HI Fund realized a loss of $39,556,075, *i.e.*, the purchase price of the second leg options.

86. Hope then entered into similar Scheme Trades in March to avoid having realized losses at the end of that month, and so on.

87. The Scheme Trades were not in the best interest of the Funds.

88. The HI Fund has not had a month with a net realized loss since August 2011, just after it was opened.

89. Between November 2014 and March 2016, Hope collected over $6 million in incentive fees from the HI Fund.

90. Most of the incentive fees would not have been paid in the absence of the Scheme Trades.

91. Of the 10% incentive fee paid to Hope by the HI Fund, Bruton divided the fee nearly equally among herself and two other Hope employees, after paying salaries of other employees and expenses for Hope.

92. During this period, Hope also charged fees to HDB to which it was not entitled under the terms of the HDB operating agreement.

93. At all times from as least October 2014 until June of 2015, HDB carried significant unrealized losses, which should have been factored into Hope's fee calculation.

94. If those unrealized losses had been factored in, as required by the operating agreement, Hope would have been entitled to no fees.

95. Instead, Hope collected over $1 million worth of fees during that period.

96. Bruton paid herself a significant portion of the fee income.

97. For example, in October of 2014, Hope experienced massive trading losses as a result of volatility in the market. The HI Fund and the HDB Fund collectively ended the month with unrealized losses of approximately $100 million, most of which resulted from the October trading losses. Nevertheless, Hope reported to investors that the Funds had millions of dollars' worth of "realized" gains in October and collected incentive fees of more than $600,000.

98. Despite the massive trading losses in both Funds that month,

Bruton caused Hope to pay her over $220,000 in early November 2014 for her October "performance."

99. The Defendants never told the Funds' investors about the Scheme Trades.

100. The Defendants never told the Funds' investors that Hope was causing the Funds to make trades for the primary purpose of avoiding realization of losses.

101. The Defendants never told the Funds' investors that Hope was able to (and in fact did) pick the amount of its "realized" gain every month through Scheme Trades.

102. Although the PPM described the high-water-mark structure, which appeared to protect investors from the cost of fees until losses in the Funds were made up, the Defendants never told the Funds' investors that Hope neutralized the protections of the high-water-mark fee structure by repeatedly engaging in the Scheme Trades.

103. The Defendants never told the Funds' investors that Hope was able to avoid realizing losses indefinitely through the Scheme Trades.

104. The Defendants never told the HI Fund's investors that the HI

Fund is likely to carry unrealized losses for the foreseeable future as a result of the Scheme Trades.

105. At least three new investors purchased interests in the HI fund in 2015 after the Defendants had begun making the Scheme Trades.

106. Those three new investors invested more than $900,000 in the HI Fund in 2015.

107. At least five existing investors increased the size of their investment in the HI Fund in 2015 after the Defendants had begun making the Scheme Trades.

108. Those five existing investors made more than $1,600,000 in capital contributions to the HI Fund in 2015.

F. Hope's Redemption Practices

109. Hope redeems investors exiting the HI Fund without reducing the value of their investments by the HI Fund's large net unrealized losses.

110. Consequently, redeeming investors get a windfall, while the pro rata share of the unrealized losses to the remaining investors increases.

111. While the Fund states that investors will redeem exclusive of unrealized losses, the Fund does not inform new investors that the value of their

investments are subject to immediate reduction as a result of their being saddled with a pro rata share of large unrealized losses.

112. The manner by which the HI Fund pays redemptions (excluding unrealized losses) creates a risk that, if the unrealized losses continue or there is a significant exodus, the last investors to redeem will not get any money. That risk is not expressly disclosed to investors.

COUNT I
(Hope and Bruton)
Violations of Section 17(a)(1) of the Securities Act
[15 U.S.C. § 77q(a)]

113. The Commission realleges paragraphs 1 through 112 above.

114. Defendants Hope and Bruton, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, employed devices, schemes and artifices to defraud purchasers of such securities, all as more particularly described above.

115. Defendants Hope and Bruton knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud.

116. While engaging in the course of conduct described above, Defendants Hope and Bruton acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

117. By reason of the foregoing, Defendants Hope and Bruton indirectly, have violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT II
(Hope and Bruton)
Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act
[15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]

118. Paragraphs 1 through 112 are hereby realleged and are incorporated by reference.

119. Defendants Hope and Bruton, in the offer and sale of the securities described herein, by use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly:

a. obtained money and property by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not

misleading; and

b. engaged in transactions, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

120. By reason of the foregoing, Defendants Hope and Bruton, directly and indirectly, have violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

COUNT III
(Hope and Bruton)
Violations of Section 10(b) and Rule 10b-5 of the Exchange Act
[15 U.S.C. § 78j(b) & 17 C.F.R. § 240.10b-5]

121. The Commission realleges paragraphs 1 through 112 above.

122. Defendants Hope and Bruton, in connection with the purchase and sale of securities described herein, by the use of the means and instrumentalities of interstate commerce and by use of the mails, directly and indirectly:

a. employed devices, schemes, and artifices to defraud;

b. made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

c. engaged in acts, practices, and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

123. Defendants Hope and Bruton knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, the defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

124. By reason of the foregoing, Defendants Hope and Bruton, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

COUNT IV
(Hope and Bruton)
Violations of Sections 206(1) of the Advisers Act
[15 U.S.C. §§ 80b-6(1)]

125. The Commission realleges paragraphs 1 through 112 above.

126. From at least 20011 through the present, Defendants Hope and

Bruton, acting as investment advisers, using the mails and the means and instrumentalities of interstate commerce, directly and indirectly, employed devices, schemes and artifices to defraud one or more advisory clients and/or prospective clients.

127. Defendants Hope and Bruton knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud. In engaging in such conduct, Defendants acted with scienter, that is, with intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

128. By reason of the foregoing, Defendants Hope and Bruton, directly and indirectly, have violated, and, unless enjoined, Defendants will continue to violate Section 206(1) of the Advisers Act [15 U.S.C. § 80b-6(1)].

COUNT V
(Hope and Bruton)
Violations of Section 206(2) of the Advisers Act
[15 U.S.C. § 80b-6(2)]

129. Paragraphs 1 through 112 are hereby realleged and are incorporated herein by reference.

130. From at least 2011 through the present, Defendants Hope and

Bruton, acting as investment advisers, by the use of the mails and the means and instrumentalities of interstate commerce, directly and indirectly, engaged in transactions, practices, and courses of business which would and did operate as a fraud and deceit on one or more advisory clients and/or prospective clients.

131. By reason of the foregoing, Defendants Hope and Bruton, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 206(2) of the Advisers Act [15 U.S.C. § 80b-6(2)].

COUNT VI
(Hope and Bruton)
Violations of Section 206(4) and Rule 206(4)-8 of the Advisers Act
[15 U.S.C. § 80b-6(4) & 17 C.F.R. §206(4)-8]

132. The Commission realleges paragraphs 1 through 112 above.

133. From at least 2011 through the present, Defendants Hope and Bruton, in connection with the purchase and sale of pooled investment vehicles described herein:

a. made untrue statements of material facts and/or omitted to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, and

b. engaged in acts, practices, and courses of business that were

fraudulent, deceptive, and/or manipulative, all as more particularly described above.

134. Defendants Hope and Bruton knowingly, intentionally, and/or recklessly made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, Defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severely reckless disregard for the truth.

135. By reason of the foregoing, Defendants Hope and Bruton, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

COUNT VII
(Bruton)
Aiding and Abetting

136. The Commission realleges paragraphs 1 through 112 above.

137. Bruton substantially assisted the violations set forth in Counts I through VI above, by, among other things, planning, facilitating and/or directing the Scheme Trades.

138. Bruton knew the true purpose of the Scheme Trades and knew that the Scheme Trades had not been disclosed to investors.

139. Bruton personally benefitted from the fees generated by the Scheme Trades.

140. As a result of the conduct described above, Bruton aided and abetted the violations set forth in Counts I through VI above.

COUNT VIII
(Hope Foundation)

141. The Commission realleges paragraphs 1 through 112 above.

142. As a result of the conduct described above, the Hope Foundation received proceeds of the Defendants' fraudulent scheme.

143. The Hope Foundation had no legitimate claim to the funds it received as a result of the scheme and was unjustly enriched by the receipt of such proceeds.

PRAYER FOR RELIEF

The Commission respectfully requests that this Court:

1. Find that Defendants committed the violations alleged;

2. Enter injunctions, in a form consistent with Rule 65(d) of the

Federal Rules of Civil Procedure, preliminarily and permanently restraining and enjoining Defendant from violating, directly or indirectly, or aiding and abetting violations of the law and rules alleged in this complaint;

3. Order Defendants and the Relief Defendant to disgorge all ill-gotten gains in the form of any benefits of any kind derived from the illegal conduct alleged in this Complaint, plus prejudgment interest;

4. Order Defendants to pay civil penalties, 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)] in an amount to be determined by the Court; and

5. Order such other relief as is necessary and appropriate.

JURY TRIAL DEMAND

The Commission hereby demands a jury trial as to all issues so triable.

This 11th day of January, 2017.

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United States Securities & Exchange Commission
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404-842-7600

CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing with the Clerk of this Court using the CM/ECF system which will send notice of such filing to counsel of record.

This 11th day of January 2017.

/s/ Joshua A. Mayes
Joshua A. Mayes

TAB II.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **v.** **HOPE ADVISORS, LLC, KAREN BRUTON, TODD WORTMAN, and DAWN ROBERTS,** **Defendants,** **and** **JUST HOPE FOUNDATION,** **Relief Defendant.**	**Civil Action File No. 1:16-cv-1752-LMM**

CONSENT OF DEFENDANTS HOPE ADVISORS, LLC AND KAREN BRUTON

1. Defendants Hope Advisors, LLC ("Hope") and Karen Bruton acknowledge having been served with the Amended Complaint in this action, enter a general appearance, and admit the Court's jurisdiction over Hope and Ms. Bruton and over the subject matter of this action.

2. Without admitting or denying the allegations of the Amended Complaint (except as provided herein in paragraph 12 and except as to personal and subject matter jurisdiction, which Hope and Ms. Bruton admit), Hope and Ms. Bruton have reached an agreement with the Commission to settle this action, which, among other things, as reflected in the Final Judgment attached hereto (the "Final Judgment"):

(a) permanently restrains and enjoins Hope and Ms. Bruton from violation of Sections 206(1), (2), and (4) of the Investment Advisers Act of 1940 (the "Advisers Act") [15 U.S.C. §§ 80b-6(1), (2), (4)] and Rule 206(4)-8 promulgated thereunder [17 C.F.R. §206(4)-8];

(b) reflects Hope's and Ms. Bruton's agreement to pay and be liable for, jointly and severally, disgorgement in the amount of $1,237,235; and

(c) reflects Hope's and Ms. Bruton's agreement to pay and be liable for, jointly and severally, $250,000 in civil penalties.

3. Hope and Ms. Bruton acknowledge that the civil penalties paid pursuant to the Final Judgment may be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any

such Fair Fund distribution is made, the civil penalties shall be treated as a penalty paid to the government for all purposes, including all tax purposes. Hope and Ms. Bruton agree that they shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Hope's and Ms. Bruton's payment of disgorgement in this action, argue that they are entitled to, nor shall they further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Hope's and Ms. Bruton's payment of a civil penalty in this action ("Payment Offset"). If the court in any Related Investor Action grants such a Payment Offset, Hope and Ms. Bruton agree that they shall, within 30 days after entry of a final order granting the Payment Offset, notify the Commission's counsel in this action and pay the amount of the Payment Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this action. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Ms. Bruton or Hope by or on behalf of one or more investors based on substantially the same facts as those alleged in the Amended Complaint in this action.

4. Hope and Ms. Bruton agree that they shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty that Hope and Ms. Bruton pay pursuant to the Final Judgment, regardless of whether such amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Hope and Ms. Bruton further agree that they shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any amounts that Hope and Ms. Bruton pay pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

5. Hope and Ms. Bruton waive the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

6. Hope and Ms. Bruton waive the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

7. Hope and Ms. Bruton enter into this Consent voluntarily and represent that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Hope and Ms. Bruton to enter into this Consent.

8. Hope and Ms. Bruton agree that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

9. Hope and Ms. Bruton will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waive any objection based thereon.

10. Hope and Ms. Bruton waive service of the Final Judgment and agree that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Hope and Ms. Bruton of its terms and conditions. Hope and Ms. Bruton further agree to provide counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Hope and Ms. Bruton have received and read a copy of the Final Judgment.

11. Consistent with 17 C.F.R. § 202.5(f), this Consent resolves only the claims asserted against Hope and Ms. Bruton in this civil proceeding. Hope and Ms. Bruton acknowledge that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Hope and Ms. Bruton waive any claim of Double Jeopardy based upon the

settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Hope and Ms. Bruton further acknowledge that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Hope and Ms. Bruton understand that they shall not be permitted to contest the factual allegations of the Amended Complaint in this action.

12. Hope and Ms. Bruton understand and agree to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Hope's and Ms. Bruton's agreement to comply with the terms of Section

202.5(e), Hope and Ms. Bruton: (i) will not take any action or make or authorize any other person to make any public statement denying, directly or indirectly, any allegation in the Amended Complaint or creating the impression that the Amended Complaint is without factual basis; (ii) will not make or authorize any other person to make any public statement to the effect that Hope and Ms. Bruton do not admit the allegations of the Amended Complaint, or that this Consent contains no admission of the allegations, without also stating that Hope and Ms. Bruton do not deny the allegations; (iii) upon the filing of this Consent, Hope and Ms. Bruton hereby withdraw any papers filed in this action to the extent that they deny any allegation in the Amended Complaint; and (iv) stipulate solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the Amended Complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Ms. Bruton under the Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Ms. Bruton of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If Hope and Ms. Bruton breach this agreement, the Commission may petition the Court to vacate the Final Judgment

and restore this action to its active docket. Nothing in this paragraph affects Hope's and Ms. Bruton's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

13. Hope and Ms. Bruton hereby waive any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Hope and Ms. Bruton to defend against this action. For these purposes, Hope and Ms. Bruton agree that neither they nor the Commission are the prevailing party in this action since the parties have reached a good faith settlement.

14. Hope and Ms. Bruton agree that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

15. Hope and Ms. Bruton agree that the Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

FOR KAREN BRUTON:

Dated: June 5, 2018

Karen Bruton

Karen Bruton

On June 5th, 2018, Karen Bruton, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.

Notary Public

Commission expires: 9/7/20

NOTARY PUBLIC STATE OF TENNESSEE DAVIDSON COUNTY

My Commission Expires 9/7/20

FOR HOPE ADVISORS, LLC:

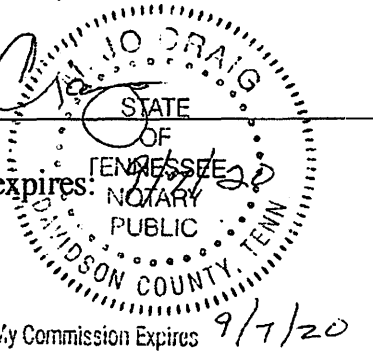
Hope Advisors, LLC

By: Karen Bruton

Karen Bruton
Sole Member and Manager

On June 5th, 2018, Karen Bruton, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent with full authority to do so on behalf of Hope Advisors, LLC as its sole member and manager.

Notary Public
Commission expires: 7/24/20



APPROVED AS TO FORM:

Mary Gill
Alston & Bird
One Atlantic Center
1201 West Peachtree St.
Suite 4900
Atlanta, GA 30309-3424

Attorney for Hope Advisors, LLC and Karen Bruton

TAB III.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

HOPE ADVISORS, LLC, KAREN BRUTON, TODD WORTMAN, and DAWN ROBERTS,

Defendants,

and

JUST HOPE FOUNDATION,

Relief Defendant.

Civil Action File No.
1:16-cv-1752-LMM

FINAL JUDGMENT AS TO DEFENDANTS KAREN BRUTON AND HOPE ADVISORS, LLC

The Securities and Exchange Commission having filed a Complaint and Defendants Hope Advisors, LLC ("Hope") and Karen Bruton having entered a general appearance; consented to the Court's jurisdiction over Hope and Ms.

Bruton and the subject matter of this action; reached an agreement with the Commission to settle this action without admitting or denying the allegations of the Amended Complaint (except as to jurisdiction and except as otherwise provided herein in paragraph VII); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment, it is **ORDERED** as follows:

I.

IT IS HEREBY ORDERED that, although they are not admitting or denying the allegations of the Amended Complaint, Hope and Ms. Bruton are permanently restrained and enjoined from violating, directly or indirectly, Sections 206(1), (2), and (4) of the Investment Advisers Act of 1940 (the "Advisers Act") [15 U.S.C. §§ 80b-6(1), (2), (4)] and Rule 206(4)-8 promulgated thereunder [17 C.F.R. §206(4)-8], which prohibit using any means or instrumentality of interstate commerce, or the mails, directly or indirectly,

(a) to employ any device, scheme, or artifice to defraud any client or prospective client;

(b) to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client; or

(c) to engage in any act, practice, or course of business which is fraudulent, deceptive, or manipulative, including, while acting as an investment adviser to a pooled investment vehicle by:

(1) making any untrue statement of a material fact or omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, to any investor or prospective investor in the pooled investment vehicle; or

(2) otherwise engaging in any act, practice, or course of business that is fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in the pooled investment vehicle.

This injunction specifically prohibits (i) the creation of a false appearance or otherwise deceiving any client, prospective client, or investor or prospective investor in a pooled investment vehicle; and

(ii) the dissemination of false or misleading documents, materials, or information or the making, either orally or in writing, any false or misleading statement in any communication with any client, prospective client or investor or prospective investor in a pooled investment vehicle, about any investment

strategy, investment returns or investment in securities, or compensation to any person.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Hope's and Ms. Bruton's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation Hope and Ms. Bruton or with anyone described in (a).

II.

IT IS HEREBY FURTHER ORDERED that Hope and Ms. Bruton are hereby liable, jointly and severally, for disgorgement of $1,237,235. Hope and Ms. Bruton shall pay this amount within 10 days after the entry of this judgment. Payments shall be deemed made on the date they are received by the Commission and shall be applied first to post judgment interest, which accrues pursuant to 28 U.S.C. § 1961 on any unpaid amounts due after 10 days of the entry of Final Judgment.

Hope and Ms. Bruton may transmit payment electronically to the Commission, which will provide detailed ACH transfer and Fedwire instructions

upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm. Hope and Ms. Bruton may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

Enterprise Services Center
Accounts Receivable Branch
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court; Hope's and Ms. Bruton's names as defendants in this action; and specifying that payment is made pursuant to this Final Judgment.

Hope and Ms. Bruton shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action. By making the payments, Hope and Ms. Bruton relinquish all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Hope and Ms. Bruton.

The Commission may enforce the Court's judgment for amounts due pursuant to paragraph II herein by moving for civil contempt (and/or through other

collection procedures authorized by law) at any time after a failure of Hope and Ms. Bruton to make payments as required by this Final Judgment. Hope and Ms. Bruton shall pay post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

III.

IT IS HEREBY FURTHER ORDERED that Hope and Ms. Bruton are hereby liable, jointly and severally, to pay a civil monetary penalty of $250,000. Hope and Ms. Bruton shall pay this amount within 10 days of entry of this Final Judgment.

Hope and Ms. Bruton may transmit payment electronically to the Commission, which will provide detailed ACH transfer and Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm. Hope and Ms. Bruton may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

Enterprise Services Center
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Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court; Hope and Ms. Bruton as a defendant in this action; and specifying that payment is made pursuant to this Final Judgment.

Hope and Ms. Bruton shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action. By making the payment, Hope and Ms. Bruton relinquish all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Hope and Ms. Bruton.

The Commission may enforce the Court's judgment for amounts due pursuant to paragraph III herein through any collection procedures authorized by law at any time after a failure of Hope and Ms. Bruton to make payment as set forth above. Hope and Ms. Bruton shall pay post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

IV.

The Commission shall hold any funds collected pursuant to this Final Judgment (collectively, the "Fund") and will propose a plan to distribute the Fund to investors in Hope Investments, LLC, subject to the Court's approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund

provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. The Court shall retain jurisdiction over the administration of any distribution of the Fund. If the Commission staff or the Court determines that the Fund, or any part thereof, will not be distributed to investors, the Commission shall send such funds to the United States Treasury.

Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Final Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. Hope and Ms. Bruton shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Hope's and Ms. Bruton's payments of disgorgement in this action, argue that they are entitled to, nor shall they further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Hope's or Ms. Bruton's payments of a civil penalty in this action ("Payment Offset"). If the court in any Related Investor Action grants such a Payment Offset, Hope and Ms. Bruton shall, within 30 days after entry of a final order granting the Payment Offset, notify the Commission's counsel in this action and pay the amount of the Payment Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a

payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Ms. Bruton or Hope by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

V.

IT IS FURTHER ORDERED that the Consent Order entered in this action on May 31, 2016 [Dkt. 4] shall be of no further force or effect.

VI.

IT IS FURTHER ORDERED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Hope and Ms. Bruton shall comply with all of the undertakings and agreements set forth therein.

VII.

IT IS FURTHER ORDERED that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the allegations in the complaint are true and admitted by Ms. Bruton, and further, any debt for disgorgement, civil penalty or other amounts due by Ms. Bruton under this Final Judgment or any other judgment, order, consent order, decree or

settlement agreement entered in connection with this proceeding, is a debt for the violation by Ms. Bruton of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

VIII.

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

IX.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is **ORDERED** to enter this Final Judgment forthwith and without further notice.

Dated: November 13, 2018

UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. HOPE ADVISORS, LLC, KAREN BRUTON, TODD WORTMAN, and DAWN ROBERTS, Defendants, and JUST HOPE FOUNDATION, Relief Defendant.	Civil Action File No. 1:16-cv-1752-LMM

CONSENT OF DEFENDANTS
HOPE ADVISORS, LLC AND KAREN BRUTON

1. Defendants Hope Advisors, LLC ("Hope") and Karen Bruton acknowledge having been served with the Amended Complaint in this action, enter a general appearance, and admit the Court's jurisdiction over Hope and Ms. Bruton and over the subject matter of this action.

2. Without admitting or denying the allegations of the Amended Complaint (except as provided herein in paragraph 12 and except as to personal and subject matter jurisdiction, which Hope and Ms. Bruton admit), Hope and Ms. Bruton have reached an agreement with the Commission to settle this action, which, among other things, as reflected in the Final Judgment attached hereto (the "Final Judgment"):

(a) permanently restrains and enjoins Hope and Ms. Bruton from violation of Sections 206(1), (2), and (4) of the Investment Advisers Act of 1940 (the "Advisers Act") [15 U.S.C. §§ 80b-6(1), (2), (4)] and Rule 206(4)-8 promulgated thereunder [17 C.F.R. §206(4)-8];

(b) reflects Hope's and Ms. Bruton's agreement to pay and be liable for, jointly and severally, disgorgement in the amount of $1,237,235; and

(c) reflects Hope's and Ms. Bruton's agreement to pay and be liable for, jointly and severally, $250,000 in civil penalties.

3. Hope and Ms. Bruton acknowledge that the civil penalties paid pursuant to the Final Judgment may be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any

such Fair Fund distribution is made, the civil penalties shall be treated as a penalty paid to the government for all purposes, including all tax purposes. Hope and Ms. Bruton agree that they shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Hope's and Ms. Bruton's payment of disgorgement in this action, argue that they are entitled to, nor shall they further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Hope's and Ms. Bruton's payment of a civil penalty in this action ("Payment Offset"). If the court in any Related Investor Action grants such a Payment Offset, Hope and Ms. Bruton agree that they shall, within 30 days after entry of a final order granting the Payment Offset, notify the Commission's counsel in this action and pay the amount of the Payment Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this action. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Ms. Bruton or Hope by or on behalf of one or more investors based on substantially the same facts as those alleged in the Amended Complaint in this action.

4. Hope and Ms. Bruton agree that they shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty that Hope and Ms. Bruton pay pursuant to the Final Judgment, regardless of whether such amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Hope and Ms. Bruton further agree that they shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any amounts that Hope and Ms. Bruton pay pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

5. Hope and Ms. Bruton waive the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

6. Hope and Ms. Bruton waive the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

7. Hope and Ms. Bruton enter into this Consent voluntarily and represent that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Hope and Ms. Bruton to enter into this Consent.

8. Hope and Ms. Bruton agree that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

9. Hope and Ms. Bruton will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waive any objection based thereon.

10. Hope and Ms. Bruton waive service of the Final Judgment and agree that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Hope and Ms. Bruton of its terms and conditions. Hope and Ms. Bruton further agree to provide counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Hope and Ms. Bruton have received and read a copy of the Final Judgment.

11. Consistent with 17 C.F.R. § 202.5(f), this Consent resolves only the claims asserted against Hope and Ms. Bruton in this civil proceeding. Hope and Ms. Bruton acknowledge that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Hope and Ms. Bruton waive any claim of Double Jeopardy based upon the

settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Hope and Ms. Bruton further acknowledge that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Hope and Ms. Bruton understand that they shall not be permitted to contest the factual allegations of the Amended Complaint in this action.

12. Hope and Ms. Bruton understand and agree to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Hope's and Ms. Bruton's agreement to comply with the terms of Section

202.5(e), Hope and Ms. Bruton: (i) will not take any action or make or authorize any other person to make any public statement denying, directly or indirectly, any allegation in the Amended Complaint or creating the impression that the Amended Complaint is without factual basis; (ii) will not make or authorize any other person to make any public statement to the effect that Hope and Ms. Bruton do not admit the allegations of the Amended Complaint, or that this Consent contains no admission of the allegations, without also stating that Hope and Ms. Bruton do not deny the allegations; (iii) upon the filing of this Consent, Hope and Ms. Bruton hereby withdraw any papers filed in this action to the extent that they deny any allegation in the Amended Complaint; and (iv) stipulate solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the Amended Complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Ms. Bruton under the Final Judgment or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Ms. Bruton of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If Hope and Ms. Bruton breach this agreement, the Commission may petition the Court to vacate the Final Judgment

and restore this action to its active docket. Nothing in this paragraph affects Hope's and Ms. Bruton's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

13. Hope and Ms. Bruton hereby waive any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Hope and Ms. Bruton to defend against this action. For these purposes, Hope and Ms. Bruton agree that neither they nor the Commission are the prevailing party in this action since the parties have reached a good faith settlement.

14. Hope and Ms. Bruton agree that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

15. Hope and Ms. Bruton agree that the Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

FOR KAREN BRUTON:

Dated: June 5, 2018

Karen Bruton

Karen Bruton

On June 5th, 2018, Karen Bruton, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.

M Jo Clare

Notary Public

Commission expires: 9/7/20

TENNESSEE NOTARY PUBLIC

9/7/20

FOR HOPE ADVISORS, LLC:

Hope Advisors, LLC

By: Karen Bruton

Karen Bruton
Sole Member and Manager

On June 5th, 2018, Karen Bruton, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent with full authority to do so on behalf of Hope Advisors, LLC as its sole member and manager.

Notary Public
Commission expires: 9/7/20

JO CRAIG
STATE OF TENNESSEE
NOTARY PUBLIC
HICKSON COUNTY, TENN.
My Commission Expires 9/7/20

APPROVED AS TO FORM:

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Attorney for Hope Advisors, LLC and Karen Bruton