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UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

In the Matter of KAREN BRUTON and  
HOPE ADVISORS, LLC,  
  
Respondents.

ADMINISTRATIVE PROCEEDING  
FILE NO. 3-18789

**RESPONDENTS' ANSWER TO ORDER INSTITUTING PROCEEDINGS**

Pursuant to Rule 220 of the Securities and Exchange Commission's Rules of Practice, Respondents Karen Bruton and Hope Advisors, LLC ("Hope," and together with Ms. Bruton, the "Respondents"), by and through their undersigned counsel, hereby respond to the allegations in the September 19, 2018 Order Instituting Public Administrative Proceedings (the "OIP") as follows:

**Section I**

Respondents deny that Section I contains allegations of fact that require a response. To the extent a response is required, Respondents deny the allegations in Section I and deny that the OIP is appropriate or in the public interest.

**Section II**

**A. Respondents.**

1. Respondents deny the allegations in Paragraph 1 of the OIP, except that Respondents admit that Hope is a Tennessee limited liability company that was formed in or around March 2011 (Respondents note that Hope is in the process of being dissolved), Hope is wholly owned by Ms. Bruton, Hope was formerly registered with the Securities and Exchange Commission ("SEC") as an investment adviser, Hope is registered with the U.S. Commodity Futures Trading Commission ("CFTC") as a commodity pool operator (Hope's withdrawal as a commodity pool operator is pending), Hope became a member of the National Futures Association

("NFA") in or around January 2013 (Hope's withdrawal as a member of the NFA is pending), and that on or around April 15, 2015, pursuant to a settlement between the CFTC and Respondents, in which Respondents neither admitted nor denied the CFTC's allegations against them, the CFTC entered an Order Instituting Proceedings captioned *In the Matter of Hope Advisors, LLC*, CFTC Docket No. 15-19, the content of which speaks for itself, and Respondents deny any allegation in Paragraph 1 of the OIP that is inconsistent therewith.

2. Respondents deny the allegations in Paragraph 2 of the OIP, except that Respondents admit that Karen Bruton is 69 years old, is the owner of Hope, resides in Brentwood, Tennessee, is registered with the CFTC as an associated person of Hope, is registered with the NFA as an associated person and principal of Hope, is an associate member of the NFA, and that her Certified Public Accountant ("CPA") license has been inactive since on or around June 30, 2008.<sup>1</sup>

**B. Civil Injunction.**

3. Respondents admit that on or around September 13, 2018, pursuant to a settlement between the SEC and Respondents, in which Respondents neither admitted nor denied the SEC's allegations against them, the United States District Court for the Northern District of Georgia entered a Final Judgment in *SEC v. Hope Advisors, LLC, et al.*, No. 16-cv-1752-LMM (N.D. Ga.)

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<sup>1</sup> For this reason, it is inappropriate and incorrect for Ms. Bruton to be listed as "Karen Bruton, CPA" in the caption. Ms. Bruton does not hold herself out as a CPA, and she is prohibited from doing so by the rules of the North Carolina State Board of CPA Examiners, which issued her CPA license (Ms. Bruton's CPA license is not "from Tennessee," as the SEC incorrectly alleges). See 21 NCAC08A.0301(b)(20) ("Inactive," . . . describes one who has requested inactive status and been approved by the Board and who does not use the title 'certified public accountant' nor does he or she allow anyone to refer to him or her as a 'certified public accountant'"). Accordingly, Ms. Bruton respectfully requests that "CPA" be stricken from the caption.

(the "District Court Action"), the content of which speaks for itself, and Respondents deny any allegations in Paragraph 3 of the OIP that are inconsistent therewith.<sup>2</sup>

4. Respondents admit that on August 30, 2017, the SEC filed a Second Amended Complaint in the District Court Action, the content of which speaks for itself, and Respondents deny any allegations in Paragraph 4 of the OIP that are inconsistent therewith.

### **Section III**

Respondents deny that Section III contains allegations of fact that require a response. To the extent a response is required, Respondents deny the allegations in Section III, deny that the OIP is necessary, appropriate or in the public interest, and deny that any remedial action against Respondents is appropriate or in the public interest.

### **Section IV**

Respondents deny that Section IV contains allegations of fact that require a response. To the extent a response is required, Respondents deny the allegations in Section IV.

\* \* \*

Respondents deny all allegations in the OIP that are not specifically admitted above.

### **Defenses**

Respondents assert the following defenses to the allegations in the OIP, without assuming any burden of proof or persuasion that would otherwise remain with the SEC.

#### **First Defense**

The Commission's Administrative Law Judges lack authority under the U.S. Constitution to conduct the proceedings herein.

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<sup>2</sup> The last paragraph of Section II.A and the first paragraph of Section II.B are both labeled paragraph 2 in the OIP. Respondents' Answer to the OIP refers to the first paragraph of Section II.B as Paragraph 3 of the OIP and the second paragraph of Section II.B as Paragraph 4 of the OIP.

### **Second Defense**

The relief sought by the Commission is barred by the doctrines of estoppel, laches, waiver, ratification, acquiescence and/or the applicable statute of limitations.

### **Third Defense**

The allegations of the OIP fail to state a claim upon which the Commission can take remedial action.

### **Fourth Defense**

Section 203 of the Investment Advisers Act of 1940, 15 U.S.C. § 80b-3, does not authorize the Commission to take any remedial action against Hope, which is not registered with the SEC, does not fit within the statutory definition of an "investment advisor," see 15 U.S.C. § 80b-2(11), and which is in the process of being dissolved.

### **Fifth Defense**

It is not in the public interest for any relief to be issued or remedial action taken against Respondents.

### **Sixth Defense**

The relief and remedial actions sought by the Commission are not lawful, appropriate or in the public interest because they are excessive, punitive and oppressive penalties.

\* \* \*

Respondents reserve the right to amend these defenses in light of future factual and legal developments, or as justice so requires.

Respectfully submitted this 8th day of October, 2018.

**ALSTON & BIRD**



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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on this 8th day of October, 2018, a true and correct copy of the foregoing **RESPONDENTS' ANSWER TO ORDER INSTITUTING PROCEEDINGS** was delivered to the following via facsimile and by depositing a true and correct copy in the U.S. mail, first class postage prepaid:

Office of the Secretary  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, D.C. 20549  
Mailstop 1090  
Attn: Secretary of the Commission, Brent J. Fields  
Fax: (703) 813-9793

A true and correct copy of the foregoing **RESPONDENTS' ANSWER TO ORDER INSTITUTING PROCEEDINGS** was delivered to the following via email and by depositing a true and correct copy in the U.S. mail, first class postage prepaid:

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