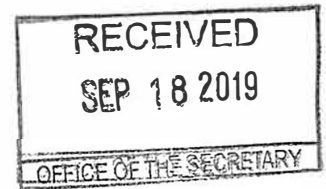


UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION



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

Respondents.

ADMINISTRATIVE PROCEEDING  
FILE NO. 3-18789 and 3-18790

**RESPONDENTS' RESPONSE TO THE DIVISION OF ENFORCEMENT'S  
NOTICE OF SUPPLEMENTAL AUTHORITY**

Respondents Karen Bruton and Hope Advisors, LLC (“Hope”) submit this response to the Division of Enforcement’s (the “Division”) Notice of Supplemental Authority regarding *In the Matter of Saad*, Admin. Proc. File No. 3-13678r, 2019 SEC LEXIS 2216 (Aug. 23, 2019). Ms. Bruton and Hope do not agree with *Saad*’s narrow application of the U.S. Supreme Court’s decision in *Kokesh v. SEC*, 137 S. Ct. 1635 (2017), and submit that *Saad* was wrongly decided. Accordingly, they reserve all rights, arguments and defenses asserted in their prior submissions. Moreover, regardless of the *Saad* decision, the Division’s Motion for Summary Disposition should still be denied.

In *Kokesh*, the U.S. Supreme Court held that disgorgement is a penalty. The rationale of *Kokesh* was that a “civil sanction,” such as disgorgement, is a punishment if it “cannot fairly be said *solely* to serve a remedial purpose, but rather can only be explained as also serving retributive or deterrent purposes.” 137 S. Ct. at 1645 (quotations and citation omitted) (emphasis in original). The jurisdiction of this Court allows for the imposition of “sanctions for a remedial purpose, but not for punishment,” *McCurdy v. SEC*, 396 F.3d 1258, 1264 (D.C. Cir. 2005). Therefore, because the sanctions requested by the Division do not satisfy *Kokesh*’s “solely remedial” test, they are outside this Court’s jurisdiction. (Opp., at 10-14; Surreply, at 2-6.)

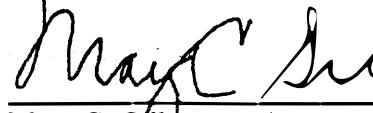
The Commission's *Saad* decision concerned an industry bar imposed by FINRA, which the Commission first sustained in 2015. Following *Kokesh*, the D.C. Circuit Court remanded the case back to the Commission to consider whether FINRA's bar was punitive under *Kokesh*. See *Saad v. SEC*, 873 F.3d 297 (D.C. Cir. 2017). After the remand, the Commission held that (i) *Kokesh*'s "solely remedial" test does not apply to determining whether a FINRA bar is punitive and (ii) even if *Kokesh* applied, the FINRA bar in *Saad* was not punitive. See *Saad*, 2019 SEC LEXIS 2216, at \*38. For the reasons explained in their Opposition and Surreply, Ms. Bruton and Hope believe that *Kokesh*'s "solely remedial" test applies in this case and that the sanctions requested by the Division do not meet that test. Accordingly, Ms. Bruton and Hope believe that *Saad* was wrongly decided, and they reserve all their rights, arguments and defenses based on *Kokesh*.

Moreover, *Saad* relates to only one of the arguments raised by Ms. Bruton and Hope—that the sanctions requested by the Division are unlawful punishments under *Kokesh*—and *Saad* is by no means dispositive here. The Division's Motion for Summary Disposition should still be denied, for any one of the other four reasons set forth in Ms. Bruton and Hope's Opposition and Surreply. *First*, the sanctions sought by the Division will not serve the public interest. (Opp., at 18-24; Surreply, at 10-11.) *Second*, this Court lacks statutory authority to censure Hope. (Opp., at 15-16; Surreply, at 6.) *Third*, the Commission's "Gag Rule" violates Ms. Bruton's and Hope's rights under the First and Fifth Amendments. (Opp., at 16-18; Surreply, at 7-9.) *Fourth*, the Division has failed to articulate any remedial purpose served by the sanctions it seeks, and those sanctions are not remedial—that is, they are not "directed toward correcting or undoing the effects of" the alleged misconduct. *Johnson v. SEC*, 87 F.3d 484, 491 (D.C. Cir. 1996); accord *Saad*, 2019 SEC LEXIS 2216, at \*19; (Opp., at 14-15.)

For these reasons, which are more fully explained in Ms. Bruton's and Hope's Opposition and Surreply, the Division's Motion for Summary Disposition should be denied and this proceeding should be dismissed, with prejudice.

Respectfully submitted this 13th day of September, 2019.

**ALSTON & BIRD**

  
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Signed with  
express permission  
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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on this 13th day of September, 2019, a true and correct copy of the foregoing **RESPONDENTS' RESPONSE TO THE DIVISION OF ENFORCEMENT'S NOTICE OF SUPPLEMENTAL AUTHORITY** was delivered to the following via facsimile and by depositing the foregoing and three true and correct copies of the same in the U.S. mail, first class postage prepaid:

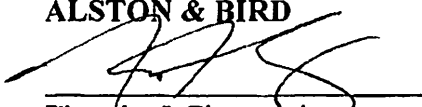
Office of the Secretary  
U.S. Securities and Exchange Commission  
100 F Street NE, Mailstop 1090  
Washington, D.C. 20549  
Mailstop 1090  
Attn: Secretary of the Commission, Vanessa Countryman  
Fax: (703) 813-9793

A true and correct copy of the foregoing **RESPONDENTS' RESPONSE TO THE DIVISION OF ENFORCEMENT'S NOTICE OF SUPPLEMENTAL AUTHORITY** 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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