

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 11063 / May 19, 2022

SECURITIES EXCHANGE ACT OF 1934
Release No. 94945 / May 19, 2022

INVESTMENT ADVISERS ACT OF 1940
Release No. 6029 / May 19, 2022

INVESTMENT COMPANY ACT OF 1940
Release No. 34589 / May 19, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-20454

In the Matter of

**Kimberly D. Butler, Prosperity
Economics Partners, LLC, and
Partners for Prosperity, LLC,**

Respondents.

**ORDER MAKING FINDINGS AND
IMPOSING DISGORGEMENT AND
PREJUDGMENT INTEREST PURSUANT TO
SECTION 8A OF THE SECURITIES ACT OF
1933, SECTIONS 15(b) AND 21C OF THE
SECURITIES EXCHANGE ACT OF 1934,
SECTIONS 203(e), 203(f), AND 203(k) OF THE
INVESTMENT ADVISERS ACT OF 1940,
AND SECTION 9(b) OF THE INVESTMENT
COMPANY ACT OF 1940 AS TO KIMBERLY
D. BUTLER, PROSPERITY ECONOMICS
PARTNERS, LLC AND PARTNERS FOR
PROSPERITY, LLC**

I.

On August 6, 2021, the Securities and Exchange Commission (“Commission”) issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21C of the Securities Exchange Act of 1934, Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order against Respondents

Kimberly D. Butler, Prosperity Economics Partners, LLC and Partners for Prosperity, LLC (the “OIP”).

II.

In connection with these proceedings, Respondents Kimberly D. Butler, Prosperity Economics Partners, LLC, and Partners for Prosperity, LLC (“Respondents”) have submitted an Offer of Settlement (“Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, the Respondents consent to the entry of this *Order Making Findings and Imposing Disgorgement and Prejudgment Interest Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21C of the Securities Exchange Act of 1934, Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940 as to Respondents Kimberly D. Butler, Prosperity Economics Partners, LLC and Partners for Prosperity, LLC* (“Order”), as set forth below.¹

III.

On the basis of this order, the OIP, and Respondents’ Offer, the Commission finds² that:

A. SETTLING RESPONDENTS

1. Prosperity Economics Partners, LLC (“Prosperity”) is a Texas limited-liability company formed in June 2014 and based in Mount Enterprise, Texas. In February 2021, Prosperity withdrew its registration as an investment adviser with the Commission and registered as an investment adviser in Illinois. In June 2021, it withdrew its registration from Illinois and is no longer registered as an adviser with the Commission or any state. From December 2008 to August 2019, Butler owned more than 50% of Prosperity, controlled it as one of its two principals (holding titles of President and Chief Compliance Officer), and made investment recommendations to its clients. In August 2019, Butler resigned her positions at Prosperity and relinquished her ownership in it.

¹ The Securities Act of 1933 is referred to herein as the “Securities Act,” the Securities Exchange Act of 1934 is referred to as the “Exchange Act,” the Investment Advisers Act of 1940 is referred to as the “Advisers Act,” and the Investment Company Act of 1940 is referred to as the “Investment Company Act.”

² The findings herein are made pursuant to Respondents’ Offers of Settlement. These findings are solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party. The findings herein are not binding on any other person or entity in this or any other proceeding.

2. Partners for Prosperity, LLC (“Partners”), a Texas limited-liability company based in Mount Enterprise, Texas, was formed by Butler in 2018. Butler has owned and controlled Partners since its inception. She supervised Partners’ staff, which consisted of three administrative employees. In 2021, Butler terminated Partners registration as a corporate entity with the Texas Secretary of State.

3. Kimberly D. Butler, 55 years old, is a resident of Mount Enterprise, Texas.

B. OTHER RELEVANT ENTITIES

4. Woodbridge is a Delaware limited liability company based in Sherman Oaks, California. In December 2017, the Commission filed a civil action in federal court against Woodbridge and its affiliates, alleging that they defrauded thousands of investors in a \$1.2 billion Ponzi scheme.³ Based on evidence the Commission filed in the case, the court issued an order in December 2017 freezing the assets of Woodbridge and its affiliates. In August 2019, Woodbridge’s owner, Robert H. Shapiro, pleaded guilty to fraud charges in federal court in a parallel criminal case and was sentenced to 25 years in prison.

5. Companies A, B, C, and D are separate, unaffiliated private entities formed in Texas, Nevada, and Arizona.

C. PREVIOUS FINDINGS⁴ OF THE COMMISSION

6. From May 2015 through December 2020, Butler solicited investors to purchase securities issued by Woodbridge and four other private companies, identified herein as Company A, Company B, Company C, and Company D. Butler solicited investors through two entities she controlled, Prosperity and Partners. The five issuers paid Butler compensation including commissions based on a percentage of the purchase price that investors she solicited paid to acquire the securities. Butler’s combined compensation from these issuers totaled at least \$2,872,643.40. Throughout the solicitation period, Prosperity was an investment adviser registered with the Commission. Butler and her two entities acted as unregistered brokers in these transactions.

7. Butler made untrue and misleading statements when offering the investments. She failed to disclose that the investments she offered were limited to companies that had agreed to compensate her based on a percentage of the price the investors paid to purchase the securities. Failing to disclose this compensation made Butler’s statements about the investments misleading because a reasonable investor would consider her compensation as bearing on her objectivity and motivation for offering the securities. As to investors who were Prosperity clients, the compensation Butler stood to receive constituted a conflict of interest, which she did not disclose to them. While recommending investments in feeder funds that invested exclusively in

³ Butler is not a party to the December 2017 civil action, and the Commission has not alleged that she participated in the Ponzi scheme.

⁴ Respondents consented to the entry of the August 6, 2021 OIP by the Commission containing these findings.

Company A private funds, Butler disseminated private-placement memoranda describing her experience selling life-settlement investments but failing to disclose that she was subject to a 2016 Washington cease-and-desist order alleging fraud in life-settlement sales in the state.

8. As a result of the conduct identified above and in the OIP, Butler, Prosperity, and Partners violated Sections 5 and 17(a) of the Securities Act and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder. Further, Butler and Prosperity violated Sections 206(1) and 206(2) of the Advisers Act.

D. PREVIOUS ORDER IN THIS PROCEEDING

9. In the August 6, 2021 OIP, the Commission, pursuant to Section 8A of the Securities Act, Sections 15(b)(6) and 21C of the Exchange Act, Sections 203(e), 203(f), and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, ordered that:

- a. Respondents Butler, Prosperity, and Partners shall cease and desist from committing or causing any violations and any future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act, Sections 10(b) and 15(a) of the Exchange Act, and Rule 10b-5, thereunder.
- b. Respondents Butler and Prosperity shall cease and desist from committing or causing any violations and any future violations of Sections 206(1) and 206(2) of the Advisers Act.
- c. Respondent Butler is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.
- d. Any reapplication for association by the Respondent Butler will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered

against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

- e. Respondent Prosperity is censured.
- f. Respondents shall comply with agreed undertakings related to informing investors and prospective investors about these proceedings and the OIP.
- g. Respondents shall, within 30 days of the entry of this Order, pay, jointly and severally, a civil money penalty in the amount of \$275,000⁵ to the Securities and Exchange Commission.
- h. Additional proceedings would take place to determine what, if any, disgorgement and prejudgment interest are appropriate under Section 8A of the Securities Act, Sections 21B and 21C of the Exchange Act, and Section 203 of the Advisers Act.

E. RESPONDENTS' TRANSACTION-BASED COMPENSATION

10. Between May 2015 and December 2020, Respondents received \$2,872,643.40 in transaction-based compensation related to the conduct described in the OIP. Of that amount, \$1,627,747 constituted expenses appropriately deducted from disgorgement under the standard set by the Supreme Court in *Liu v. SEC*, 140 S. Ct. 1936 (2020), such as the costs of goods and services and appropriate proportions of payroll and overhead, leaving \$1,244,896.40 in net compensation to Respondents related to the conduct described in the OIP.

11. Additionally, in litigation with Woodbridge investors, Respondents have paid \$251,655 to resolve claims related to the conduct alleged in the OIP.

12. Net of the Woodbridge-related offset, and after deducting *Liu* expenses, Respondents are liable for \$993,241.40 in disgorgement, plus prejudgment interest of \$31,243, for a total of \$1,024,484.40.

⁵ Respondents have remitted this amount.

IV.

In view of the foregoing, the OIP, and Respondents' Offer, the Commission deems it appropriate and in the public interest to impose an order requiring disgorgement and prejudgment interest pursuant to Section 8A of the Securities Act, Section 21B(e) of the Exchange Act, Sections 203(j) and 203(k) of the Advisers Act, and Sections 9(e) and 9(f) of the Investment Company Act as agreed to in Respondents' Offer, and it is hereby ORDERED that:

- A. Respondents Butler, Prosperity, and Partners shall pay, jointly and severally, in accordance with the payment schedule set forth in section IV.B, disgorgement in the amount of \$1,244,896.40, less \$251,655 for payments made to investors in related litigation, plus prejudgment interest of \$31,243, for a total of \$1,024,484.40 to the Securities and Exchange Commission.
- B. Respondents shall pay \$1,024,484.40 in disgorgement and prejudgment interest according to the following schedule:
 - a. \$256,121.10 due within 90 days of the entry of this Order;
 - b. \$256,121.10 due within 180 days of the entry of this Order;
 - c. \$256,121.10 due within 270 days of the entry of this Order; and
 - d. \$256,121.10 due within 360 days of the entry of this Order.

Payments shall be applied first to post-order interest, which accrues pursuant to SEC Rule of Practice 600. Prior to making the final payment set forth herein, Respondents shall contact the staff of the Commission for the amount due. If Respondents fail to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

- C. Payment must be made in one of the following ways:
 - (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
 - (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
 - (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Matthew Gulde, Securities and Exchange Commission, 801 Cherry Street, Suite 1900, Unit 18, Fort Worth, Texas, 76102.

The disgorgement and prejudgment interest ordered in this Section is consistent with equitable principles and does not exceed Respondents' net profits from their violations, and will be distributed to harmed investors to the extent feasible. The Commission will hold funds paid pursuant to this Section and the OIP in an account at the United States Treasury pending distribution. Upon approval of the distribution and final accounting by the Commission, any amounts remaining that are infeasible to return to investors, and any amounts returned to the Commission in the future that are infeasible to return to investors, may be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

V.

It is further Ordered that, for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent Butler, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Butler under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Butler 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).

By the Commission.

Vanessa A. Countryman
Secretary