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Mail: P.O. BOX 13167  
AUSTIN, TEXAS 78711-3167

## *Texas State Securities Board*

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EJIKE E OKPA II  
MEMBER

Phone: (512) 305-8300  
Facsimile: (512) 305-8310

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssb.texas.gov

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IN THE MATTER OF	§	
PRESTIGE EQUITY AKA PRESTIGE	§	
EQUITY LLC; ROBERT CLEMMONS; FELIX	§	<b>Order No. ENF-21-CDO-1843</b>
CRAYBORN; GRANT MYERS; WILLIAM	§	
CLARK; AND MIRANDA SHAWNS	§	

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### **Prestige Equity aka Prestige Equity LLC**

Service by certified mail, return receipt requested, addressed to 1910 Pacific Avenue, Dallas, Texas 75201.

### **Robert Clemmons**

Service by certified mail, return receipt requested, addressed to 1910 Pacific Avenue, Dallas, Texas 75201.

### **Felix Crayborn**

Service by certified mail, return receipt requested, addressed to 1910 Pacific Avenue, Dallas, Texas 75201.

### **Grant Myers**

Service by certified mail, return receipt requested, addressed to 1910 Pacific Avenue, Dallas, Texas 75201.

### **William Clark**

Service by certified mail, return receipt requested, addressed to 1910 Pacific Avenue, Dallas, Texas 75201.

### **Miranda Shawns**

Service by certified mail, return receipt requested, addressed to 1910 Pacific Avenue, Dallas, Texas 75201.

## **EMERGENCY CEASE AND DESIST ORDER**

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("**Securities Commissioner**") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, Tex. Rev. Civ. Stats. Ann. arts. 581-1-581-45 (the "**Securities Act**").

The Enforcement Division of the Texas State Securities Board has presented evidence sufficient for the Securities Commissioner to find:

### **FINDINGS OF FACT**

1. Prestige Equity aka Prestige Equity LLC ("**Respondent Prestige Equity**") may be served by certified mail, return receipt requested, addressed to its purported business address, 1910 Pacific Avenue, Dallas, Texas 75201.
2. Robert Clemmons ("**Respondent Clemmons**") is a Senior Account Manager of Respondent Prestige Equity and may be served by certified mail, return receipt requested, addressed to 1910 Pacific Avenue, Dallas, Texas 75201.
3. Felix Crayborn ("**Respondent Crayborn**") is a Director and Chief Executive Officer of Respondent Prestige Equity and may be served by certified mail, return receipt requested, addressed to 1910 Pacific Avenue, Dallas, Texas 75201.
4. Grant Myers ("**Respondent Myers**") is a Director and Chief Operating Officer of Respondent Prestige Equity and may be served by certified mail, return receipt requested, addressed to 1910 Pacific Avenue, Dallas, Texas 75201.
5. William Clark ("**Respondent Clark**") is a Director and Chief Financial Officer of Respondent Prestige Equity and may be served by certified mail, return receipt requested, addressed to 1910 Pacific Avenue, Dallas, Texas 75201.
6. Miranda Shawns ("**Respondent Shawns**") is a Director and Chief Marketing Officer of Respondent Prestige Equity and may be served by certified mail, return receipt requested, addressed to 1910 Pacific Avenue, Dallas, Texas 75201.

### **OVERVIEW**

7. Respondents Prestige Equity, Clemmons, Crayborn, Myers, Clark, and Shawns (the "**Respondents**") are engaging in an illegal online scheme to fraudulently sell debt investments that purport to provide lucrative returns.
8. Respondents are representing Respondent Prestige Equity will serve as the general partner and investors will serve as limited partners of a private equity fund.
9. Respondent Prestige Equity thereafter purportedly commingles their money with funds transferred from other investors and uses the aggregate amount of capital to create secured, high-interest asset-backed small business loans, invest in real estate, and purchase investments issued by other public and private companies.
10. Although Respondents are representing investors become limited partners in this private equity fund, they are not actually selling limited partnership interests. Instead, investors execute contracts that permit them to open accounts with

Respondent Prestige Equity and engage Respondent Prestige Equity to manage the account and grow the portfolio.

11. Respondent Prestige is claiming investors will earn guaranteed returns of 12% per year on a semi-annual basis regardless of the performance of the account or portfolio.
12. Respondents are not registered to offer these investments, are concealing material information regarding these investments, and are misleading the public.
13. The Securities Commissioner is entering this Emergency Cease and Desist Order to stop the illegal and fraudulent securities offering and protect Texans from immediate and irreparable harm.

#### THE ONLINE SOLICITATIONS

14. Respondents are promoting investments through an internet website accessible by the public at <https://www.prestigeequity.com> (the "**Prestige Equity Website**").
15. Respondents are also promoting the sale of investments through social media using a Facebook page.
16. The Prestige Equity Website and Facebook page collectively represent Respondent Prestige Equity was founded in 2001 in Dallas, Texas, its headquarters is 1910 Pacific Avenue, Dallas, Texas 75201, and it is an "Investment Management Company."

#### THE OFFER OF LIMITED PARTNERSHIP INVESTMENTS

17. The Prestige Equity Website is offering limited partnership interests in a private equity fund and describing the investments as follows:
  - A. Investors will be limited partners in and own a private equity fund that will be organized as a limited partnership;
  - B. Investors' funds will be invested in a diversified portfolio consisting of secured, asset-backed small business loans, real estate, and other public and private investments;
  - C. Investors will receive guaranteed annual returns of 12% paid on a semi-annual basis;
  - D. The term of the investment is one year and the minimum investment accepted is \$10,000.00; and

- E. The investment is “[s]afe & [s]ecure,” does not include any high-risk investments, and is safe from stock market volatility.
18. Respondents claim to have sold these investments to over 10,000 investors who have collectively invested \$250 million earning \$30 million in interest.

#### THE ACTUAL TERMS OF THE INVESTMENT

19. Although Respondents are representing investors become limited partners in a private equity fund, they are requiring the execution of a contract that reflects the following:
- A. Investors do not purchase limited partnership interests in a private equity fund but instead open accounts with Respondent Prestige Equity; and
  - B. After funding the accounts, Respondent Prestige Equity grows the investment portfolio at a fixed rate of at least 12% per year for a term of one year.

#### ACCREDITATION

20. The Prestige Equity Website contains an FAQ with a question that reads, “Do I have to be an accredited investor?”
21. The FAQ contains an answer to the question that reads, “No, we accept non-accredited investors as well as accredited investors.”

#### REGISTRATION VIOLATIONS

22. Respondents have not been registered with the Securities Commissioner as dealers or agents at any time material hereto and they have not been registered or notice-filed as investment advisers or investment adviser representatives at any time material hereto.
23. The private equity investments described herein have not been registered by qualification, notification, or coordination and no permit has been granted for their sale in Texas.

#### FRAUD AND DECEIT AND THE BUSINESS OPERATIONS

24. In connection with the offer of the private equity investments, Respondents are intentionally failing to disclose the following material facts:
- A. The business repute, qualifications, and experience of the principals of Respondent Prestige Equity;

- B. The business repute, qualifications, and experience of personnel responsible for identifying, evaluating, and closing secured, high-interest asset-backed small business loans;
- C. The business repute, qualifications, and experience of personnel responsible for identifying, evaluating, and purchasing investments in real estate; and
- D. The business repute, qualifications, and experience of personnel responsible for identifying, evaluating, and purchasing equity in public and private companies.

#### FRAUD AND DECEIT AND THE LIMITED PARTNERSHIPS

- 25. In connection with the offer of the private equity investments, Respondents are intentionally failing to disclose the number and identity of other limited partners, and this information constitutes a material fact.
- 26. In connection with the offer of the private equity investments, Respondents are intentionally failing to disclose the authority conferred to limited partners, as well as their rights to participate in managerial decisions and review corporate records, and this information constitutes a material fact.
- 27. In connection with the offer of the private equity investments, Respondents are intentionally failing to disclose information about taxation, including that limited partnerships generally do not pay income tax and instead pass-through profits and losses to limited partners, and this information constitutes a material fact.

#### CONCEALMENT OF BUSINESS LOCATION AND FALSE CLAIMS REGARDING BUSINESS REGISTRATION IN TEXAS

- 28. As described herein, Respondents are representing Respondent Prestige Equity was founded in 2001 in Dallas, Texas, and its headquarters is 1910 Pacific Avenue, Dallas, Texas 75201.
- 29. These statements constitute misrepresentations of relevant facts made in connection with the offer of the private equity investments and are materially misleading or otherwise likely to deceive the public because:
  - A. Respondents have not organized Respondent Prestige Equity as a business entity with the Texas Secretary of State any time prior to 2021; and
  - B. Respondent Prestige Equity does not maintain its headquarters or an office at 1910 Pacific Avenue, Dallas, Texas 75201.

30. In connection with the offer for sale of the private equity investments, Respondents are intentionally failing to disclose the address of its office and the physical location of its business, and this information constitutes a material fact.

**FRAUD AND THE CONCEALMENT OF INFORMATION  
ABOUT SECURED, HIGH-INTEREST ASSET-BACKED SMALL BUSINESS LOANS**

31. As described herein, Respondents are representing principal will be used for secured, high-interest asset-backed small business loans.
32. In connection with the offer of the private equity investments Respondents are intentionally failing to disclose material facts relating to the secured, high-interest asset-backed small business loans and the risks associated with making such loans, including the following:
  - A. Information about the number of loans issued, the terms of such loans, the borrowers' industry, the type and value of the collateral for such loans, and the methods used to perfect security interests in such collateral;
  - B. The inherent credit risk of these debt investments and the possibility of borrowers' default; and
  - C. The costs and delays incurred when attempting to collect an unpaid debt and when foreclosing the security interests in the collateral.

**FRAUD AND THE CONCEALMENT OF  
INFORMATION ABOUT INVESTING IN REAL ESTATE**

33. As described herein, Respondents are representing principal will be used to purchase investments in real estate.
34. In connection with the offer of the private equity investments, Respondents are intentionally failing to disclose material facts relating to the real estate investments and the risks associated with investing in real estate, including the following:
  - A. Information about the structure and terms of such real estate investments, the location and type of real property, and costs associated with acquiring and maintaining such property;
  - B. The unpredictability of real estate markets; and
  - C. The illiquid nature of investments in real property.

**FRAUD AND THE CONCEALMENT OF  
INFORMATION ABOUT PURCHASING PUBLIC AND PRIVATE INVESTMENTS**

35. As described herein, Respondents are representing principal will be used to purchase public and private investments.
36. In connection with the offer of the private equity investments, Respondents are intentionally failing to disclose material facts relating to the public and private investments and the risks associated with purchasing public and private investments, including the following:
  - A. Information about the type, structure, and terms of such public and private investments;
  - B. Inherent market and interest rate risks; and
  - C. Investment risks particular to the types of public and private investments intended by Respondents.

**FRAUD AND DECEPTION RELATED TO GUARANTEED RETURNS**

37. In connection with the offer of the private equity investments, Respondents are intentionally failing to disclose material facts relating to the payment of guaranteed returns, including the following:
  - A. Material information regarding the strategy for allocating investor funds among loans, real estate, and other public and private investments in order to generate guaranteed 12% annual returns; and
  - B. Respondent Prestige Equity's assets, liabilities, or other financial information demonstrating their ability to pay a 12% guaranteed, fixed rate of return.

**CONCLUSIONS OF LAW**

1. The private equity investments are securities as that term is defined by section 4.A of the Securities Act.
2. Respondents are violating Section 7 of the Securities Act by offering securities for sale in Texas at a time when the securities are not registered with the Securities Commissioner.
3. Respondents are violating Section 12 of the Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Securities Act.

4. Respondents are engaging in fraud in connection with the offer for sale of securities.
5. Respondents are making offers containing statements that are materially misleading or otherwise likely to deceive the public.
6. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Securities Act.

### **ORDER**

1. It is therefore ORDERED Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered pursuant to an exemption from registration under the Securities Act.
2. It is further ORDERED Respondents immediately CEASE AND DESIST from acting as securities dealers or agents in Texas until Respondents are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Securities Act.
3. It is further ORDERED Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.
4. It is further ORDERED Respondents immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

### **NOTICE**

Pursuant to Section 23-2 of the Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas Securities Act is a criminal offense punishable by a fine of not more than \$10,000, or imprisonment in the penitentiary for two to ten years, or by both such fine and imprisonment.



SIGNED AND ENTERED by the Securities Commissioner this 1<sup>st</sup> day of July,  
2021.



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TRAVIS J. ILES  
Securities Commissioner