Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801) 530-6980

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:	STIPULATION AND CONSENT ORDER
PROSPERITY INVESTMENT, LLC	Docket No. SD-08-0009
PROSPERITY CAPITAL, LLC	**Docket No. SD-08-0010**
BRANDON MARK MCBRIDE	Docket No. SD-08-0011
DOUGLAS KENT BROOKS	**Docket No. SD-08-0012**
JOHN LEWIS WEBSTER	**Docket No. SD-08-0013**
COREY JAMES WOOD	**Docket No. SD-08-0014**
Respondents.	

The Utah Division of Securities (the Division), by and through its Director of Enforcement, Michael Hines, represented by the Utah Attorney General's Office, and Prosperity Capital, LLC and Douglas Kent Brooks, John Lewis Webster, and Corey James Wood, represented by Jardine Law Offices, P.C., hereby stipulate and agree as follows:

1. Prosperity Capital, LLC (Prosperity Capital) and Douglas Kent Brooks, John Lewis Webster, and Corey James Wood, were the subject of an investigation conducted by the

Division into allegations that they violated certain provisions of the Utah Uniform Securities Act (the Act), Utah Code Ann. § 61-1-1, *et seq.*, as amended.

2. In connection with that investigation, on January 31, 2008, the Division issued an Order to Show Cause to Prosperity Investment, LLC, Prosperity Capital, LLC, Brandon Mark McBride, Douglas Kent Brooks, John Lewis Webster, and Corey James Wood, alleging securities fraud. The administrative actions against Prosperity Investments, LLC, and Brandon Mark McBride are currently pending.

3. Prosperity Capital, Douglas K. Brooks, John L. Webster, and Corey J. Wood (Brooks, Webster and Wood), and the Division have agreed to settle this matter by way of this Stipulation and Consent Order (Consent Order).

4. Prosperity Capital, Brooks, Webster and Wood are represented by Jardine Law Offices, P.C, and are satisfied with the representation they have received.

5. Prosperity Capital, Brooks, Webster and Wood admit the jurisdiction of the Division over them and over the subject matter of this action.

6. Prosperity Capital, Brooks, Webster and Wood waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf.

THE DIVISION'S INVESTIGATIVE FINDINGS

From approximately June 2007 through January 2008, the Division conducted an investigation into this matter which revealed the following:

7. Prosperity Capital was registered as a Utah limited liability company on February 27, 2006, but its entity status expired on June 5, 2008. Brooks, Webster and Wood are members of Prosperity Capital.

8. Brooks, Webster and Wood reside in Utah County, Utah.

9. In 2005, McBride collected $81,500 from one investor, who invested in Prosperity Investment. In 2006 and 2007, Brooks, Wood, and Webster collected $60,000 from the same investor, and $19,000 from one additional investor, who both invested in Prosperity Capital.

10. The investors represent that they were told their money would be invested in real estate, there was very little risk involved, and that they would receive interest of 2 or 3% per month.

11. The investors received promissory notes in return for their investments.

12. The investors represent that they lost all of their principal investments in Prosperity Capital.

Investor AC

13. In October or November 2005, Brooks told AC about an investment opportunity involving McBride and McBride's company Prosperity Investment.

14. Brooks told AC if he invested money with Prosperity Investment, it would be invested

into a FranklinSquires[1] hard-money fund, which would then be used to invest in real estate having 20-30% equity. Brooks told AC the equity would be stripped from the real estate and used to purchase more real estate or invested elsewhere.

15. Brooks spoke in general terms to AC regarding how the equity would be used, and provided AC with no specific details.

16. Brooks told AC he would receive a promissory note from McBride in return for an investment. Brooks said the promissory note would pay interest of 2% per month.

17. Brooks also told AC there was very little risk involved in the investment with McBride and Prosperity Investment.

18. Brooks encouraged AC to contact other investors for a referral, including Brooks' parents and brother-in-law.

19. Brooks told AC that Prosperity Investment was doing great and people were making money.

20. Brooks told AC that Prosperity Investment would not accept small investments, and AC would need to invest a large amount. Brooks did not specify a minimum investment amount.

21. On or about November 13, 2005, AC met with McBride in the FranklinSquires building

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[1] According to the FranklinSquires website (http://franklinsquires.com/index.php), visited October 1, 2007, "FranklinSquires" refers to FranklinSquires Companies, LLC, a "private capital and business consulting firm."

in Utah County. McBride told AC about FranklinSquires' credit partner program, along with some details about the investment in Prosperity Investment.

22. AC contacted Brooks to ask a few more questions about the investment. Brooks became upset with AC and told AC Brooks was letting AC invest in Prosperity Investment as a "favor." Brooks told AC he did not want to "jump through hoops" to bring people into the investment, especially since AC was not investing as much as other investors.

23. After this conversation with Brooks, AC decided to invest with Prosperity Investment.

24. On or about November 14, 2005, AC met McBride at the FranklinSquires building in Utah County and invested $13,000 with Prosperity Investment by giving McBride a personal check made payable to a company called TSS Investments, LLC. AC was not told why the check should be made payable to TSS, and was given no information about TSS, other than that an individual by the name of Sonny Jensen was a principal of TSS.

25. From late November through December 2005, AC invested an additional $67,500 with Prosperity Investment, either by personal check made payable to Prosperity Investment or by wire transfer to Prosperity Investment's bank account, for a total investment of $80,500.

26. Another investor, Corey Wood, pooled $19,500 of his own funds with AC's $80,500 for a total investment of $100,000.

27. In January 2006, in return for the $100,000 investment from AC and Corey Wood,

McBride gave AC a $100,000 promissory note. The promissory note is in AC's name alone, states an interest rate of 2.5% per month, and was signed by McBride in the presence of AC.

28. After AC invested, he received monthly interest checks in the mail from McBride. AC gave Corey Wood his proportionate share of each interest payment.

29. Throughout March and April 2006, Brooks and Wood pressured AC to move his money from Prosperity Investment to Prosperity Capital. AC, Brooks, Wood, and Webster had many discussions, either by telephone or in person in various locations in Utah County, to talk about AC moving his funds to Prosperity Capital.

30. During one conversation, Brooks told AC his funds were not safe with McBride and suggested that McBride might be living off of AC's money.

31. Brooks and Wood told AC they would use AC's investment to purchase real estate and strip the equity out of the homes purchased.

32. Brooks told AC the investment in Prosperity Capital was essentially the same as the investment in Prosperity Investment.

33. Brooks and Wood told AC they would pay AC interest of 30% per year, the same as AC was receiving from Prosperity Investment.

34. Brooks told AC that Brooks' parents and brother-in-law had moved their investment funds from Prosperity Investment to Prosperity Capital.

35. Brooks told AC the investment was low-risk. Brooks said he wanted to make the risk zero.

36. Brooks told AC that Prosperity Capital did not yet have a track record of paying investors because it was a new company.

37. On or about April 26, 2006, AC decided to withdrew his funds from Prosperity Investment and invest them in Prosperity Capital. McBride gave AC a personal check for $82,518 (includes prorated interest) made payable to AC.

38. On or about May 7, 2006, while at AC's home, AC invested $30,000 with Prosperity Capital by giving Brooks a personal check made payable to Prosperity Capital.

39. In return for AC's investment, Webster gave AC a $30,000 promissory note from Prosperity Capital, with a stated interest rate of 30% per year, signed by Webster in the presence of AC.

40. From July to September 2006, Prosperity Capital made interest payments to AC in the amount of $750 each, plus one $350 prorated interest payment, for a total of $2,600. The payments from Prosperity Capital came in the form of a check signed by Webster.

41. In August 2006, AC purchased a new truck. Brooks told AC if he were to double the amount invested in Prosperity Capital, AC's monthly interest check would be enough to pay the monthly payments on the truck.

42. On or about August 26, 2006, AC invested another $30,000 in Prosperity Capital by

giving Brooks a personal check made payable to Prosperity Capital.

43. In return for AC's additional $30,000 investment, Webster gave AC a promissory note in the amount of $60,000, with a stated interest rate of 30% per year, representing the total amount of AC's investments. The note is dated November 13, 2006, and was signed by Webster in the presence of AC.

44. From October 2006 to March 2007, Prosperity Capital paid AC monthly payments on AC's investments. Each payment was for $1,500, made by check, wire transfer, or automatic deposit, for a total of $9,000.

45. When AC contacted Brooks, Wood, and Webster to ask why the payments stopped, Brooks and Wood set up a meeting with AC.

46. At the meeting, on or about April 12, 2007, Brooks and Wood told AC they wanted to pay AC, but were currently unable. AC asked where his $60,000 investment went, but neither Brooks nor Wood would give AC an answer.

47. On or about April 23, 2007, AC wrote a letter to Brooks, Wood, and Webster, requesting the return of his investment.

48. AC received no additional interest payments or a return of his principal.

49. Prosperity Capital, Brooks, Webster, and Wood still owe AC $60,000 in principal alone.

Investor JB

50. In the summer of 2006, JB was contacted by Webster via telephone about an opportunity

to invest.

51. Webster told JB that JB could invest money in Prosperity Capital, and in return, JB would receive a promissory note with an interest rate of 36% per year (3% per month).

52. JB and his wife, CB, had many discussions with Webster about the investment in Prosperity Capital, either by telephone or e-mail.

53. During these discussions, Webster told JB and CB the following:

    a. JB's investment funds would be used to find and purchase real estate;

    b. The minimum investment amount was $20,000, but because JB was a friend of the family, JB could invest less than $20,000;

    c. There was no risk involved with the investment;

    d. JB's investment would be secured, because Prosperity Capital would always have enough real estate to pay everyone back;

    e. JB's interest would be paid monthly; and

    f. JB could request the return of investment funds at any time, but it would take about one month to return the funds.

54. Webster provided JB with contact information for other investors as references.

55. In December 2006, JB contacted the investors, and discovered that they were all relatives of Prosperity Capital's members. The references had positive comments about their investments with Prosperity Capital.

56. On or about January 5, 2007, JB invested $19,000 in Prosperity Capital, via wire transfer, to Prosperity Capital's bank account.

57. In return, JB received a promissory note in the amount of $19,000, via facsimile, from Prosperity Capital, which stated interest of 36% per year, and appeared to have been signed by Webster. JB signed the note and returned it to Prosperity Capital, via facsimile.

58. Bank records reveal JB's $19,000 wire transfer was deposited into Prosperity Capital's bank account on or about January 8, 2007, bringing the account balance to $50,014.72. JB's investment funds were then used in the following manner: approximately $11,000 was used to pay another investor's final principal and interest payment, and the remaining funds were used as lease payments for real estate.

59. From February through June 2007, JB received a total of approximately $2,845 in monthly interest payments from Prosperity Capital.

60. JB became concerned with his investment when Webster failed to return JB's telephone calls.

61. On or about June 28, 2007, JB sent a letter, via certified mail, to Webster, in which JB requested the return of his principal investment by July 31, 2007.

62. On or about July 31, 2007, Webster contacted JB, and told him Prosperity Capital had no money and could no longer make interest payments to JB.

63. Webster also told JB that Prosperity Capital's attorney would send JB a plan for

repayment. JB never received a payment plan.

64. Prosperity Capital, Webster, Brooks, and Wood still owe JB $19,000 in principal alone.

Misrepresentations and Omissions

65. In connection with the offer and sale of Prosperity Capital securities to AC and JB, Prosperity Capital, Brooks, Wood, and Webster, directly or indirectly, made false statements, including, but not limited to, the following:

a. The investment was low risk, when in fact, Prosperity Capital, Brooks, Wood, and Webster had no reasonable basis on which to make this representation;

b. Brooks told AC that if he doubled his investment in Prosperity Capital, AC would make enough in interest to make AC's truck payments, when in fact, Prosperity Capital, Brooks, Wood, and Webster had no reasonable basis on which to make this representation; and

c. Webster told JB his investment would be secured, when in fact, Prosperity Capital, Brooks, Wood, and Webster had no reasonable basis on which to make this representation.

66. In connection with the offer and sale of securities to AC, Prosperity Investment, Brooks, and McBride, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:

a. Prosperity Investment, Brooks, and McBride failed to tell AC why AC's $13,000 investment in Prosperity Investment was paid to TSS Investments, LLC.

b. Prosperity Investment, Brooks, and McBride failed to provide AC with some or all of the information typically provided in an offering circular or prospectus regarding Prosperity Capital and/or Prosperity Investment such as:

I. The business and operating history for Prosperity Capital and/or Prosperity Investment;

ii. Financial statements for Prosperity Capital and/or Prosperity Investment;

iii. The market for Prosperity Capital's and/or Prosperity Investment's service(s);

iv. The nature of the competition for the service(s);

v. The current capitalization for Prosperity Capital and/or Prosperity Investment;

vi. Risk factors for investors;

vii. The number of other investors;

viii. The minimum capitalization needed to participate in the investment;

ix. The disposition of any investments received if the minimum capitalization were not achieved;

x. The liquidity of the investment;

xi. Discussion of pertinent suitability factors for the investment;

xii. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;

xiii. Agent commissions or compensation for selling the investment;

xiv. Whether the investment is a registered security or exempt from registration; and

xv. Whether the person selling the investment is licensed.

67. In connection with the offer and sale of securities to JB, Prosperity Capital, Webster, Brooks, and Wood, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:

a. Some or all of the information typically provided in an offering circular or prospectus regarding Prosperity Capital such as:

I. The business and operating history for Prosperity Capital;

ii. Financial statements for Prosperity Capital;

iii. The market for Prosperity Capital's service(s);

iv. The nature of the competition for the service(s);

v. The current capitalization for Prosperity Capital;

vi. The number of other investors;

vii. The disposition of any investments received if the minimum capitalization were not achieved;

viii. Discussion of pertinent suitability factors for the investment;

xiv. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;

x. Agent commissions or compensation for selling the investment;

xi. Whether the investment is a registered security or exempt from registration; and

xii. Whether the person selling the investment is licensed.

THE DIVISION'S CONCLUSIONS

68. Based on the Division's investigative findings, the Division concludes that:

a. The promissory notes offered and sold by Prosperity Capital, Brooks, Webster and Wood are securities under § 61-1-13 of the Act; and

b. Prosperity Capital, Brooks, Webster and Wood violated § 61-1-1 of the Act by misrepresenting material facts and by omitting to state material facts in connection with the offer and sale of a security.

69. Prosperity Capital, Brooks, Webster and Wood neither admit nor deny the substance of the Division's investigative conclusions but consent to the Division entering an Order:

a. Requiring Prosperity Capital, Brooks, Webster and Wood to cease and desist from

engaging in any conduct in violation of the Utah Securities Act.

b. Requiring Prosperity Capital, Brooks, Webster and Wood to provide continuing truthful testimony and cooperation (including production of documents) with any State or Federal investigation involving or related to FranklinSquires or TSS Investments, LLC, and

c. Violate no provision of the Utah Securities Act for a period of three years from the execution of this Consent Order.

d. Requiring Prosperity Capital, Brooks, Webster and Wood to disgorge $83,509.00 as follows:

i). $27,836.33 to be paid by Brooks to be distributed to investors AC and JB;

ii). $27,836.33 to be paid by Webster to be distributed to investors AC and JB;

iii). $27,836.33 to be paid by Wood to be distributed to investors AC and JB.

Each Respondent shall pay a minimum of $500.00 per month toward the amounts to be disgorged, until paid in full, the first payment of these amounts are due within one month of the entry of the Consent Order in this matter.

e. Pursuant to Utah Code Ann. § 61-1-6(1)(d) and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, the Division imposes a fine against Brooks, Webster, and Wood, of $500 each. The fine amounts shall be paid within 60 days of the entry of the Consent Order in this matter. If the

Respondents materially violate any of the terms of this Order (including the disgorgement provisions), after notice and opportunity to be heard before an administrative officer, a fine of no more than $25,000 (jointly and severally) shall become immediately due.

70. Prosperity Capital, Brooks, Webster and Wood acknowledge that this Consent Order, upon approval by the Division Director, shall be the final compromise and settlement of this matter. Prosperity Capital, Brooks, Webster and Wood further acknowledge that if the Division Director does not accept the terms of the Consent Order, it shall be deemed null and void and without any force or effect whatsoever.

71. Prosperity Capital, Brooks, Webster and Wood acknowledge that the Consent Order does not affect any civil or arbitration causes of action that third parties may have against them arising in whole or in part from his actions, and that the Consent Order does not affect any criminal cause of action that a prosecutor might bring.

72. This Consent Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Consent Order in any way.

73. Prosperity Capital, Brooks, Webster and Wood represent that any information they have provided to the Division is accurate and complete to the best of their knowledge.

74. Willful violation of this Consent Order is a third degree felony pursuant to § 61-1-21(1) of the Act.

75. Prosperity Capital, Brooks, Webster and Wood have read this Consent Order, understand its contents, and enter into this Consent Order voluntarily.

Utah Division of Securities

Date: 1/29/09

By: _____
Michael Hines
Director of Enforcement

Approved:

_____
D. Scott Davis
Assistant Attorney General

Respondent Prosperity Capital

By: _____

Its: _____

Date: _____

Respondent Brooks

Date: 1/16/09

By: _____
Douglas Kent Brooks

Respondent Webster

Date: 1/16/09

By: _____
John Lewis Webster

Respondent Wood

Date: 1/16/09

By: _____
Corey James Wood

_____
Joseph Jardine
Jardine Law Offices, P.C.
Attorneys for Prosperity Capital, Brooks, Webster and Wood

CONSENT ORDER

Pursuant to the terms of the Stipulation and Consent Order defined above, the Director of the Utah Division of Securities hereby orders that:

a. Prosperity Capital, Brooks, Webster and Wood cease and desist from engaging in any conduct in violation of the Utah Securities Act.

b. Prosperity Investment and McBride provide continuing truthful testimony and cooperation (including production of documents) with any State or Federal investigation involving or related to FranklinSquires or TSS Investments, LLC.

c. Violate no provision of the Utah Securities Act for a period of three years from the execution of this Consent Order.

d. Brooks, Webster and Wood disgorge $83,509.00 as follows:

I). $27,836.33 to be paid by Brooks to be distributed to investors AC and JB;

ii). $27,836.33 to be paid by Webster to be distributed to investors AC and JB;

iii). $27,836.33 to be paid by Wood to be distributed to investors AC and JB.

Each Respondent shall pay a minimum of $500.00 per month toward the amounts to be disgorged until paid in full, the first payment of these amounts are due within one month of the entry of the Consent Order in this matter.

e. Pursuant to Utah Code Ann. § 61-1-6(1)(d) and in consideration of the guidelines set forth in Utah Admin. Code Rule R164-31-1, the Division imposes a fine

against Brooks, Webster, and Wood, of $500 each. The fine amounts shall be paid within 60 days of the entry of the Consent Order in this matter. If the Respondents materially violate any of the terms of this Order (including the disgorgement provisions), after notice and opportunity to be heard before an administrative officer, a fine of no more than $25,000 (jointly and severally) shall become immediately due.

DATED this 2nd day of February, 2009.

KEITH WOODWELL
Director, Utah Division of Securities

Certificate of Mailing

I certify that on the 10TH day of FEBRUARY, 2008, I mailed, by certified mail, a true and correct copy of the Stipulation and Consent Order to:

Jardine Law Offices, P.C., Attorneys for Respondents
39 Exchange Place, #101
Salt Lake City, UT 84111

Certified Mailing #7004 1160 0043 0195 8683

Ronald Radzish
Executive Secretary