

TRAVIS J. ILES  
SECURITIES COMMISSIONER



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## *Texas State Securities Board*

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IN THE MATTER OF THE INVESTMENT  
ADVISER REPRESENTATIVE  
REGISTRATION OF THOMAS H. PAYNE

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**Order No. REG21-CAF-01**

TO: Thomas H. Payne (CRD No. 4177697)  
Prosperitas Wealth Management LLC  
200 N. Mesquite Street, Suite 205  
Arlington, TX 76011

### **DISCIPLINARY ORDER**

Be it remembered that Thomas H. Payne ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order") and the Findings of Fact and the Conclusions of Law contained herein.

### **FINDINGS OF FACT**

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-45 (West, Westlaw through 2019 R. Sess.) ("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001 to 2001.902 (West, Westlaw through 2019 R. Sess.).
2. On November 3, 2020, Respondent applied for registration with the Securities Commissioner as an investment adviser representative of his own firm, Prosperitas Wealth Management LLC. This application is currently pending.
3. Prior to applying as an investment adviser representative of his own firm, Respondent worked as an investment adviser representative of Trinity Fiduciary Partners, LLC ("Trinity") from December 2015 through December 2020.

## **Failure to Update Form U4**

4. In connection with Respondent's application to register with the Securities Commissioner, Respondent submitted the Uniform Application for Securities Industry Registration or Transfer ("Form U4").
5. Item 14.M of the Form U4 requires the disclosure of whether the individual has any unsatisfied judgments or liens against him/her.
6. While registered with Trinity, three liens and a foreclosure judgment were filed against Respondent as follows:
  - a. On December 19, 2017, the State of California Franchise Tax Board filed a tax lien against Respondent Payne in the amount of \$26,913.
  - b. On September 7, 2018, the State of California Franchise Tax Board filed another tax lien against Respondent Payne in the amount of \$14,810.
  - c. On October 26, 2018, the U.S. Internal Revenue Service ("IRS") filed a tax lien against Respondent Payne in the amount of \$156,923.
  - d. And on October 10, 2019, Respondent Payne entered into a mortgage foreclosure disposition in the amount of \$515,128.
7. None of the liens or the mortgage foreclosure were disclosed on Respondent's Form U4 until September 25, 2020.
8. Section 116.9(a)(6) of the Rules and Regulations of the Texas State Securities Board ("Board Rules") require that a person registered as an investment adviser representative shall report to the Securities Commissioner within thirty (30) days after its occurrence any change in any information previously disclosed to the Securities Commissioner on any application form or filing.
9. However, Respondent did not update his Form U4 to answer affirmatively to Item 14.M within thirty (30) days.

## **Mitigating Facts**

10. In July 2018, Respondent entered into a payment plan with the California Franchise Tax Board wherein Respondent agreed to make monthly payments to satisfy the two liens against him. And Respondent is currently in discussions with the IRS to do the same.
11. Respondent provided evidence to the staff of the Texas State Securities Board (the "Staff") of his inability to pay any fine in connection with the granting of

Respondent's registration as an investment adviser representative with the Securities Commissioner.

12. Respondent also provided evidence that Respondent has engaged the services of a compliance firm to assist with Respondent's registration as an investment adviser representative with the Securities Commissioner and has represented to the Staff that he will "continue to use their tools, services and expertise for ongoing compliance assistance and oversight."

#### CONCLUSIONS OF LAW

13. Respondent's failure to report to the Securities Commissioner the change of information reported in Item 14.M on the Form U4 in connection with the three liens and the foreclosure judgment within thirty (30) days of such change is a violation of §116.9(a)(6) of the Board Rules.
14. Pursuant to Section 14.A(6) of the Texas Securities Act, Respondent's violation of a Board Rule constitutes a basis for the issuance of an order reprimanding Respondent.

#### ORDER

1. It is therefore ORDERED that the registration of Thomas H. Payne as an investment adviser representative of Prosperitas Wealth Management LLC with the Securities Commissioner is hereby GRANTED.
2. It is further ORDERED that Thomas H. Payne is hereby REPRIMANDED.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 16<sup>th</sup>  
day of February, 2021.

  
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TRAVIS J. ILES  
Securities Commissioner

Respondent:



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Thomas H. Payne  
Individually

Approved as to Form:



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Clinton Edgar,  
Deputy Securities Commissioner

*Cristi R. Ochoa*

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Cristi Ramón Ochoa,  
Attorney  
Inspections and Compliance Division