

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101072 / September 18, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-21602

In the Matter of	:	NOTICE OF PROPOSED PLAN OF
	:	DISTRIBUTION AND OPPORTUNITY
Prime Group Holdings, LLC,	:	FOR COMMENT
	:	
Respondent.	:	
	:	

Notice is hereby given, pursuant to Rule 1103 of the United States Securities and Exchange Commission’s (the “Commission”) Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”), 17 C.F.R. § 201.1103, that the Division of Enforcement has submitted to the Commission a proposed plan of distribution (the “Proposed Plan”) for the distribution of monies paid in the above-captioned matter.

On September 5, 2023, the Commission issued an Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order (the “Order”)¹ against Prime Group Holdings, LLC (the “Respondent”). In the Order, the Commission found that Respondent, a private equity real estate firm focused on alternative real estate asset classes, made inadequate disclosures and materially misleading statements in the offering materials of Prime Storage Fund II, LP (“Fund II”), relating to millions of dollars of earned real estate brokerage fees paid between 2017 and 2021 to an affiliated real estate brokerage firm (“Affiliate”) which is wholly owned by Respondent’s CEO. The Respondent managed and oversaw the operations of numerous self-storage real estate properties, some of which are fully owned by Fund II, with others managed on behalf of other investors including Respondent’s CEO. Respondent retained employees and independent contractors to source real estate acquisition transactions (“Deal Teams”). The brokerage fees paid to Affiliate in connection with property acquisition were used, in part to compensate the Deal Teams that sourced transactions on behalf of Fund II, as well as to pay for operational expenses of Respondent’s operations. Fund II’s offering materials, including its limited partnership agreement, private placement memorandum, and due diligence questionnaires, included statements regarding certain contemplated fees to be paid by Fund II for services, including brokerage fees. These offering materials, however, did not adequately disclose that certain brokerage fees would be paid to Affiliate or that such payment could create a conflict of

¹ Securities Act Rel. No. 11228 (Sept. 5, 2023).

interest, or that fees received by Affiliate paid for, in part, operation expenses of Respondent. These failures to disclose material information rendered statements made by Respondent to investors in Fund II misleading.

The Commission ordered the Respondent to pay \$11,510,625.00 in disgorgement, \$2,561,197.00 in prejudgment interest, and a \$6,500,000.00 civil money penalty, for a total of \$20,571,822.00, to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty collected, along with the disgorgement and prejudgment interest collected, can be distributed to harmed investors (the “Fair Fund”).

The Fair Fund includes the \$20,571,822.00 collected from the Respondent. The assets of the Fair Fund are subject to the continuing jurisdiction and control of the Commission. The Fair Fund and has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any interest accrued will be added to the Fair Fund.

OPPORTUNITY FOR COMMENT

Pursuant to this Notice, all interested persons are advised that they may obtain a copy of the Plan from the Commission’s public website at <http://www.sec.gov/litigation/fairfundlist.htm>. Interested persons may also obtain a written copy of the Proposed Plan by submitting a written request to Amy A. Sumner, United States Securities and Exchange Commission, Byron Rogers Federal Office Building, 1961 Stout Street, Suite 1700, Denver, CO 80294-1961. All persons who desire to comment on the Proposed Plan may submit their comments, in writing, no later than thirty (30) days from the date of this Notice:

1. to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090;
2. by using the Commission’s Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or
3. by sending an e-mail to rule-comments@sec.gov.

Comments submitted by email or via the Commission’s website should include “Administrative Proceeding File No. 3-21602” in the subject line. Comments received will be publicly available. Persons should submit only information they wish to make publicly available.

THE PROPOSED PLAN

The Net Available Fair Fund² is comprised of the \$20,571,822.00 in disgorgement, prejudgment interest, and the civil money penalty collected from the Respondent, plus any interest and income earned thereon, less taxes, fees, and expenses. The Proposed Plan provides for the distribution of the Net Available Fair Fund to investors who were harmed by the

² All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Proposed Plan.

Respondent's payment of improperly disclosed real estate brokerage fees to an affiliated real estate brokerage firm as described in the Order in accordance with the Plan of Allocation attached as Exhibit A to the Proposed Plan.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.³

Vanessa A. Countryman
Secretary

³ 17 C.F.R. § 200.30-4(a)(21)(iii).