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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

ERRATUM

RE: Desist and Refrain Order Issued to:

Robert Villegas
Dave Dallons
Prosperous Living, Inc.
Prosperity Management Group, LLC
5301 S. Mullen Avenue
Los Angeles, CA 90043

19400 Wyandotte Street, #8
Reseda, CA 91335

6355 Topanga Canyon Boulevard, Suite 510
Woodland Hills, CA 91367

CORRECTION:

1) Page 2, lines 18 and 19, delete the following sentence: “However, John Baxter was not involved in purchasing the bond as a broker.”

Dated: January 30, 2012
Los Angeles, CA

JAN LYNN OWEN
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division

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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
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TO: Robert Villegas
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DESIST AND REFRAIN ORDER

(For violations of sections 25110, 25210, 25230, and 25401 of the Corporations Code)

The California Corporations Commissioner (“Commissioner”) finds that:

1. Prosperous Living, Inc. (“Prosperous”) is a suspended nonprofit corporation with its last known address at 5301 S. Mullen Avenue, Los Angeles, California 90043. Prosperity Management Group, LLC (“Prosperity”) is a foreign limited liability company organized in Nevada, with its current address at 19400 Wyandotte Street, #8, Reseda, California 91335. At all times mentioned herein, any reference to Robert Villegas or Villegas shall also mean Prosperous and Prosperity.
2. Prosperous maintains a website at <http://www.prosperousliving.com> and lists an address of 6355 Topanga Canyon Boulevard, Suite 510, Woodland Hills, California 91367.
3. According to the Prosperous website, Prosperous is a financial services and advisory firm that incorporates unique systems to insure overall financial wealth objectives of its clients. Prosperous further advertises that it provides expertise and practices in areas such as financial independence. As part of its financial independence services, Prosperous represents it will guide its clients to reliable

1 conclusions for managing the complex interplay of what investment returns and risks to pursue or
2 accept. It also claims to provide unbiased advice and prudent strategies for financial success.

3 4. Robert Villegas (“Villegas”) and Dave Dallons (“Dallons”) operate by and through
4 Prosperous, and hold themselves out as officers of the entity and as an Advisory Team. The
5 Prosperous website describes Villegas as the President of Prosperous and as a Wealth Strategist, and
6 explains that he can assist in determining which financial tools will best support the client. Dallons is
7 described on the website as the Vice President and Wealth Strategist who studies the best products
8 the financial services industry has to offer and tailors the perfect plan for clients.

9 5. In or about December 2008, Dallons recommended the services of Villegas to a consumer.
10 Both Dallons and Villegas advised the consumer to purchase securities in the form of a bond and
11 joint venture and investment club agreements. Dallons substantially assisted Villegas in these
12 activities.

13 6. During 2009, Villegas offered and sold the first joint venture agreement to a consumer in
14 exchange for \$100,000 which was wired during January 2009. The purpose of the investment was to
15 purchase a bond to help finance the purchase of an insurance policy.

16 7. At the time of sale, Villegas represented to the consumer that the bond would be purchased
17 and maintained through its broker, John Baxter. A copy of a letter dated January 2009 showing John
18 Baxter as the investment broker was provided to the consumer. However, John Baxter was not
19 involved in purchasing the bond as a broker.

20 8. In or about July 2009, Villegas offered and sold the second joint venture/investment club
21 agreement to the consumer. The purpose of the investment was to supersede the previous agreement
22 and to modify the percentage of net profits in the joint venture.

23 9. Prior to or at the time of the sale of the agreements, Villegas failed to inform the consumer
24 that he was acting as an unlicensed investment adviser, and an unlicensed broker dealer; and
25 misrepresented that John Baxter was the investment broker-dealer handling the bond transaction.
26 Villegas also failed to inform the consumer that Dallons was operating as an unlicensed investment
27 adviser, and that the bond and joint venture and investment club agreements were not qualified with
28 the Commissioner, prior to or at the time of their sale.

1 10. In or about May 2010, the consumer contacted John Baxter and learned that the bond had
2 been liquidated by Villegas. The consumer demanded that Villegas return his principal amount.
3 Rather than paying back \$100,000 to the consumer, only \$10,000 of the original principal amount of
4 the bond has been returned to the consumer. Villegas issued two promissory notes to the consumer
5 promising to pay \$67,000. To date, Villegas has not paid any sums owed under those two promissory
6 notes.

7 11. At all times following the sale of the bond and the joint venture and investment club
8 agreements, Villegas received compensation in the form of joint venture management fees and net
9 profits in the joint ventures, either individually or with Prosperous and Prosperity.

10 Based on the foregoing findings, the California Corporations Commissioner is of the opinion
11 that Villegas, Prosperous, and Prosperity conducted business as an investment adviser in California
12 without having first applied for and secured a license, then in effect, from the Commissioner in
13 violation of California Corporations Code section 25230 of the Corporate Securities Law of 1968 (the
14 "Corporate Securities Law").

15 The Commissioner is also of the opinion that Villegas, Prosperous, and Prosperity conducted
16 business as a broker-dealer in California without having first applied for and secured a license, then
17 in effect, from the Commissioner in violation of Corporations Code section 25210.

18 In addition, the Commissioner is of the opinion that Dallons conducted business as an
19 investment adviser in California without first having applied for and secured a license, then in effect,
20 from the Commissioner in violation of Corporations Code section 25230.

21 Moreover, the Commissioner is of the opinion that Villegas, Prosperous, and Prosperity
22 offered and sold securities in the form of a bond and joint venture and investment club agreements
23 without first qualifying them with the Commissioner in violation of Corporations Code section
24 25110.

25 Finally, the Commissioner is of the opinion that Villegas, Prosperous and Prosperity offered
26 and sold these securities by means of written or oral communications which included an untrue
27 statement of a material fact or omitted to state material fact necessary in order to make the statements
28 made, in light of the circumstances under which they were made, not misleading, in violation of

1 Corporations Code section 25401.

2 Pursuant to Corporations Code section 25532, Robert Villegas, Prosperous Living, Inc. and
3 Prosperity Management, LLC are hereby ordered to:

4 1. Desist and refrain from conducting business as an investment adviser in the State of
5 California, unless and until granted a license by the California Corporations Commissioner under the
6 Corporate Securities Law or unless exempt;

7 2. Desist and refrain from conducting business as a broker-dealer in the State of California,
8 unless and until granted a certificate by the California Corporations Commissioner under the
9 Corporate Securities Law or unless exempt;

10 3. Desist and refrain from the further offer and sale of securities including, but not limited to,
11 bonds and investment contracts called joint venture and investment club agreements, unless and until
12 the offers and sales have been duly qualified under the Corporate Securities Law or are exempt; and

13 4. Desist and refrain from offering or selling any security in the this state by means of written or
14 oral communications which includes an untrue statement of a material fact or omits to state material
15 fact necessary in order to make the statements made, in light of the circumstances under which they
16 were made, not misleading.

17 Further, pursuant to section 25532, Dave Dallons is hereby ordered to:

18 1. Desist and refrain from conducting business as an investment adviser in the State of
19 California, unless and until granted a license by the California Corporations Commissioner under the
20 Corporate Securities Law or unless exempt.

21 This order is necessary, in the public interest, for the protection of investors and consistent
22 with the purposes, policies and provisions of the Corporate Securities law of 1968.

23

24 Dated: November 17, 2011
25 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

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By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division