COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

v.

DENNIS MICHAEL BUTTS
UNITED STATES VETERANS EDUCATIONAL INSTITUTE, INC.

DOCKET No. 1402 (SEC-CAO)

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Licensing, Compliance and Enforcement ("Bureau") has conducted an investigation of the securities-related business practices of Dennis Michael Butts ("Butts") as they pertain to United States Veterans Educational Institute, Inc. ("USVEI"). Based on the results of its investigation, the Bureau has concluded that Butts and USVEI have engaged in activity in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 et. seq. ("1972 Act"). Butts and USVEI, in lieu of litigation, without admitting or denying the allegations herein, and intending to be legally bound, hereby agree to the terms of this Consent Agreement and Order ("Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania’s administrative agency authorized and empowered to administer and enforce the 1972 Act.

2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.
3. Butts was, at all times material herein, an individual with addresses at 848 23rd Street, Altoona, Pennsylvania 16601 and 85 Logan Blvd., Altoona, Pennsylvania 16602.

4. In or about July 2013, Butts organized and registered a Pennsylvania corporation named USVEI.

5. USVEI’s stated corporate mission was/is “to provide unique educational experiences for [United States’] military veterans. USVEI encompasses three main elements in its structure; education, technology, and product development, all directed at a common objective – to support and empower our veterans and their families.”

6. From in or about July 2013 through the present, Butts has served as the Chairman and CEO of USVEI.

7. From in or about July 2013 through the present, Butts has “controlled” USVEI and been its “affiliate” as those terms are defined by the 1972 Act, Sections 102(g) and 102(b), 70 P.S. §§ 1-102(g) and (b).

8. From in or about July 2013, Butts has “offered” and “sold” Class A Common Voting Stock (“Stock”) in USVEI to Pennsylvania residents (“PA Residents”), as the terms “offered” and “sold” are defined by the 1972 Act, Sections 102(r)(i) and (ii), 70 P.S. §§ 1-102(r)(i) and (ii).

9. The Stock “offered” and “sold” in USVEI constitutes “securities” as that term is defined by the 1972 Act, Section 102(t) of the 1972 Act, 70 P.S. § 1-102(t).

10. USVEI is the “issuer” of the Stock as that term is defined by Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l).

11. Between July 2013 through the present, Butts raised a total of approximately $240,000 for USVEI through seven sales of the Stock in the Commonwealth of Pennsylvania.
12. Between July 2013 through the present, USVEI did not register the Stock nor was the Stock exempt from registration pursuant to Section 201 of the 1972 Act, 70 P.S. § 1-201.

13. In or about December 2010, the State Corporation Commission of the Commonwealth of Virginia issued an order ("Virginia Order") against Butts and seven entities which Butts also had founded and "controlled." See Virginia Order, attached hereto as Exhibit #1.

14. The Virginia Order permanently enjoins Butts from offering or selling securities in Virginia. See Exhibit #1.

15. The Virginia Order also permanently enjoins Butts from registering as a broker-dealer, agent, agent of an issuer, investment adviser, or an investment adviser representative pursuant to the Virginia Securities Act. See Exhibit #1.

16. At no time did Butts disclose the Virginia Order to the PA Residents to whom he "offered" and "sold" the Stock in Pennsylvania.

17. The Virginia Order, in particular the provision of the Virginia Order which bars Butts from all aspects of the securities business in Virginia, constitutes a fact which a reasonable investor would consider to be material in connection with the purchase of a "security."

18. The Virginia Order is required to be disclosed in the offering materials of USVEI ("Offering Materials") and is not disclosed in the Offering Materials.

19. In addition to the failure to disclose the Virginia Order in the Offering Materials and in connection with the "offers" and "sales" of the Stock in Pennsylvania, Butts also used different Offering Materials amongst PA Residents. The various sets of Offering Materials contain terms and conditions which vary from one another in material ways.

20. For instance, the various Offering Materials contain differing prices for the Stock.
21. The Stock was "offered" by Butts at prices ranging from .40 cents per share to $2.50 per share.

22. The Stock "offered" by Butts to some of the PA Residents included warrants, ranging in the prices and ratios under which they would be awarded to investors.

23. Moreover, Butts utilized early award incentives for early investors who invested before July 2013. Specifically, investors who bought the Stock before July 2013 were awarded 150,000 shares of additional Stock as an early incentive award from USVEI.

24. The varying prices, warrants, and early incentives of the Stock were not "offered" and "sold" consistently to the PA Residents.

25. The varying prices, warrants, and early award incentives for the Stock were not disclosed to the PA Residents.

26. Additionally, upon examination of Butts and USVEI by the Bureau, Butts did not produce certain records showing every disbursement of payment or money borrowed from the Stock offering although USVEI is required to preserve such records during the period of the offering and for a period of 3 years following the last sale of securities in the Commonwealth or 1 year after the disposition of all proceeds, whichever is longer, pursuant to Regulation 209.010 as promulgated under Section 209 of the 1972 Act, 10 P.S. §§ 1-209.010.

VIOLATIONS

27. By engaging in the acts and conduct set forth in paragraphs 3 through 26 above, Butts and USVEI offered and sold unregistered securities in USVEI to Pennsylvania residents, in willful violation of Section 201 of the 1972 Act, 70 P.S. §1-201.
28. By engaging in the acts and conduct set forth in paragraphs 3 through 26 above, Butts and USVEI failed to preserve certain required financial records, reports on sales of securities and uses of proceeds of a securities offering in violation of Regulation 209.010 as promulgated under Section 209 of the 1972 Act, 10 P.S. §§ 1-209.010.

29. By engaging in the acts and conduct set forth in paragraphs 3 through 26 above, Butts, in connection with the offer and sale of securities to Pennsylvania residents, made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading in willful violation of Section 401(b) of the 1972 Act, 70 P.S. § 1-401(b).

AUTHORITY

30. Because Butts, in connection with the “offers” and “sales” of “securities” to Pennsylvania residents, made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading in willful violation of Section 401(b) of the 1972 Act, 70 P.S. § 1-401(b), the Department may permanently bar Butts pursuant to Section 512 of the 1972 Act, 70 P.S. § 1-512.

31. Because the Bureau investigated the securities related business activities of USVEI and Butts and has determined that they have violated the 1972 Act, the Department may order that USVEI and/or Butts pay for the costs incurred in the conduct of the Bureau’s investigation pursuant to Section 602.1(b) of the 1972 Act, 70 P.S. § 1-602.1(b).
RELIEF

32. Pursuant to Sections 512(a)(1), (2), (3), (4) and (5) of the 1972 Act, 70 P.S. § 1-512(a)(1), (2), (3), (4), and (5), Butts is permanently BARRED from the date of this Order from:
   a. Representing an issuer offering or selling securities in this State;
   b. Acting as a promoter, officer, director or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities in this State or of a person who controls or is controlled by such issuer\(^1\);
   c. Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under Section 301 of the 1972 Act;
   d. Being an affiliate of any person registered under Section 301 of the 1972 Act; or
   e. Relying upon an exemption from registration contained in Section 202, 203 or 302 of the 1972 Act.

33. Pursuant to Section 602.1(b) of the 1972 Act, 70 P.S. § 1-602.1(b), within 20 days of the Effective Date of this Order, as defined in Paragraph 26, Butts shall pay the Department the legal and investigative costs related to this matter in the amount of $2,500. Payment shall be made by certified check or money order made payable to the “Department of Banking and Securities” and shall be mailed or delivered, in person, to the Bureau of Securities Licensing, Compliance and Enforcement located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

34. Butts and USVEI are ORDERED to comply with the 1972 Act, and Regulations adopted by the Department, and in particular Sections 201 and 401(b), 70 P.S. §1-201 and §1-401(b) and Regulation 209.010 as promulgated under Section 209, 10 P.S. §§ 1-209.010.

\(^1\) Only as to the CAO and Order, nothing herein is intended to limit or bar Butts from holding any position with a public or private company so long as he is not directly or indirectly engaged in offering or selling securities as a part of such position.
35. Should Butts fail to pay the costs as set forth in paragraph 34, above, the sanctions set forth elsewhere in the Order shall continue in full force and effect until full payment is made. However, this provision shall not be construed as affording Butts the option of either paying the costs or being indefinitely subjected to the sanctions.

36. Should Butts and/or USVEI fail to comply with any and all provisions of this Order, the Department may impose additional sanctions and costs and seek other appropriate relief subject to their rights to a hearing pursuant to the 1972 Act.

FURTHER PROVISIONS

37. Consent. Butts and USVEI hereby knowingly, willingly, voluntarily and irrevocably consent to the entry of this Order pursuant to the Bureau’s authority under the 1972 Act and agree that they understand all of the terms and conditions contained herein. Butts and USVEI, by voluntarily entering into this Order, waive any rights to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

38. Entire Agreement. This Order contains the entire agreement between the Department, Butts and USVEI. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Department and Butts and/or USVEI.

39. Binding Nature. The Department, Butts, and all heirs and assigns of Butts intend to be and are legally bound by the terms of this Order. Moreover, the Department, USVEI, and all heirs and assigns of USVEI intend to be and are legally bound by the terms of this Order.
40. **Counsel.** This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

41. **Effectiveness.** Butts and USVEI hereby stipulate and agree that the Order shall become effective on the date that the Bureau executes the Order (“Effective Date”).

42. **Other Enforcement Action.**

   (a) The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against Butts and/or USVEI in the future regarding all matters not resolved by this Order.

   (b) Butts and USVEI acknowledge and agree that this Order is only binding upon the Department and not any other local, state or federal agency, department or office regarding matters within this Order.

43. **Authorization.** The parties below are authorized to execute this Order and legally bind their respective parties.

44. **Counterparts.** This Order may be executed in separate counterparts, by facsimile and by PDF.

45. **Titles.** The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

46. **Finding.** The Department finds that it is necessary and appropriate in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

**WHEREFORE,** in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities, Licensing, Compliance and Enforcement and Dennis Michael Butts and the United States
Veterans Educational Institute, Inc., intending to be legally bound, do hereby execute this Consent Agreement and Order.

FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES, LICENSING, COMPLIANCE AND ENFORCEMENT

James A. Klinotty, Chief, Western Region
Bureau of Securities Licensing, Compliance and Enforcement

Date: 8/14/2014

FOR UNITED STATES VETERANS EDUCATIONAL INSTITUTE, INC.

Date: 8-12-2014

FOR DENNIS MICHAEL BUTTS

Date: 8-12-2014
COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, SEPTEMBER 25, 2009

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

DENNIS MICHAEL BUTTS,
DMB SPORTS PROPERTY, et al.
DMB SPORTS ENTERTAINMENT GROUP, INC.,
DMB SPORTS PROPERTY DEVELOPMENT &
MANAGEMENT GROUP, INC.,
DMB SPORTS MEDICAL SERVICES GROUP, INC.,
DMB SPORTS MARKETING GROUP, INC.,
DMB SPORTS INTERNATIONAL HOLDINGS, INC., and
DIGITAL MEDIA BROADCASTING CORPORATION,
Defendants

CASE NO. SEC-2006-00019
CASE NO. SEC-2006-00020

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising
"Division"), it is alleged that Dennis Michael Butts ("Butts") and DMB Sports Property, et al.
"DMB Sports") (collectively, "Defendants"): (i) violated § 13.1-502 (2) of the Virginia
Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia by, directly or indirectly,

obtaining money or property by means of any untrue statement of a material fact or any omission
to state a material fact necessary in order to make the statements made, in light of the
circumstances under which they were made, not misleading; (ii) Butts violated § 13.1-504 A of
the Act by transacting business in the Commonwealth of Virginia without duly being registered
with the Division as an agent of the issuer; (iii) DMB Sports violated § 13.1-504 B of the Act by
employing an unregistered agent in the offer and sale of securities; and (iv) the Defendants
violated § 13.1-507 of the Act by offering or selling securities that were not registered under the
Act or exempt from registration.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the
Act to revoke the Defendants registration, by § 13.1-519 of the Act to issue temporary or

The Defendants neither admit nor deny these allegations but admit to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Commission wherein the Defendants will abide by and comply with the following terms and undertakings:

(1) The Defendants will pay to the Commission the amount of Nine Thousand Dollars ($9,000) to defray the cost of investigation. The Defendants will make payments in increments of Five Hundred Dollars ($500) a month for a period of eighteen (18) months beginning from the date of entry of this Settlement Order.

(2) The Defendants will make a rescission offer to the investors.

   (a) The Defendants will submit to the Division, within ninety (90) days of the entry of this Settlement Order, a sworn statement by the Defendants that contains the names of all investors offered rescission, the date on which each investor received an offer of rescission, and the names of each investor who accepted the offer of rescission.

   (b) If the rescission offer is accepted, the Defendants will forward the payment to the investor within seven (7) days of receipt of the acceptance.

   (c) Within ninety (90) days from the date of the Settlement Order, the Defendants will submit to the Division an affidavit, executed by the Defendants, which contains the amount and the date that payment was sent to the investor.
(d) The Defendants will provide a copy of this Settlement Order to every current and former investor within thirty (30) days from the date of entry of the Settlement Order and will submit to the Division an affidavit, executed by the Defendants, as proof thereof.

(3) The Defendants will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendants.

The Commission, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Division, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendants fully comply with the aforesaid terms and undertakings of this settlement; and

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendants' failure to comply with the terms and undertakings of the settlement.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Brian West, Esquire, The West Law Group, P.C., 1800 Tysons Boulevard, Suite 350, McLean, Virginia 22102; and a copy shall be delivered to the Commission's Office of General Counsel and Division of Securities and Retail Franchising.
COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

COMMONWEALTH OF VIRGINIA, ex rel.
STATE CORPORATION COMMISSION

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Defendants

CASE NO. SEC-2006-00019
CASE NO. SEC-2006-00020

ADMISSION AND CONSENT

The Defendants, Dennis Michael Butts and DMB Sports Property, et al., admit to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof and, neither admitting nor denying the allegations made herein by the Division of Securities and Retail Franchising, hereby consent to the form, substance and entry of the foregoing Settlement Order.

The Defendants further state that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Settlement Order.

Date: 9/14/09

By:
Dennis Michael Butts

DMB Sports Property, et al.

Date: 9/14/09

By:
Dennis Michael Butts
President

Seen and Approved By:

Brian West, Esquire
The West Law Group, P.C.
COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 20, 2009

COMMONWEALTH OF VIRGINIA, ex rel.
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Defendants

CASE NO. SEC-2006-00019
CASE NO. SHC-2006-00020

RULE TO SHOW CAUSE

The Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission"), after conducting an investigation, alleges:

Dennis Michael Butts ("Butts") is a resident of the Commonwealth of Virginia with a last known address of 18498 Perdido Bay Terrace, Leesburg, Virginia 20176-3935. Butts is Chief Executive Officer, Chairman, and President of DMB Sports Property, et al. ("DMB Sports"), and all the companies under the DMB Sports umbrella. Each of the companies under DMB Sports are Virginia corporations with the same last known address of 44027 Ferncliff Terrace, Ashburn, Virginia 20147, except Digital Media Broadcasting Corporation, which has the last known address of 18980 Upper Belmont Place, Lansdowne, Virginia 20176.

DMB Sports employed an unregistered agent, Butts, to offer and sell its securities in all of the companies associated with DMB Sports from Virginia to Pennsylvania residents in violation of § 13.1-504 B of the Act.

Butts was not registered as an agent at the time he offered and sold securities to Virginia residents in violation of § 13.1-504 A of the Act.


DMB Sports and Butts made material misrepresentations to investors about the extent of the operation of the business of each corporation under the DMB Sports umbrella in violation of § 13.1-502 (2) of the Act.

IT APPEARS that the Division’s allegations describe activities that constitute acts made unlawful by the Act.

Accordingly, IT IS ORDERED THAT:

(1) In accordance with Rule 5 VAC 5-20-120 A of the Commission’s Rules of Practice and Procedure, this matter is assigned to a Hearing Examiner who shall conduct all further proceedings in this case on behalf of the Commission and file a final report. In the discharge of his/her duties in this case, the Hearing Examiner shall have the power set forth in Rule 5 VAC 5-20-120 and be otherwise governed by its terms.

(2) On November 3, 2009, at 10:00 a.m., the Commission’s Hearing Examiner shall convene a hearing in this case in the Commission’s Courtroom, Second Floor, Tyler Building.
1300 East Main Street, Richmond, Virginia, at which time and place the Defendants may appear and show cause why: (i) the Defendants should not be penalized pursuant to § 13.1-521 A of the Act; (ii) the Defendants should not be permanently enjoined from violating the Act pursuant to § 13.1-519 of the Act; and (iii) the Defendants should not be assessed the cost of investigation pursuant to § 13.1-518 of the Act. The Defendants should understand that the Commission may enter a default judgment against the Defendants should the Defendants elect not to appear at the hearing scheduled herein.

(3) On or before September 4, 2009, the Defendants shall file with the Clerk of the Commission an original and fifteen (15) copies of a responsive pleading in which each Defendant expressly admits or denies the allegations contained in the Rule to Show Cause and presents any affirmative defenses to the allegations that each Defendant intends to assert. The Defendants shall expressly indicate in such responsive pleading whether or not each desires and intends to appear and be heard before the Commission on the scheduled hearing date. The responsive pleadings shall be delivered to the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and shall contain the caption setting forth the style of this case and its number.

(4) The Defendants may be found in default if either fails to timely file a responsive pleading as set forth above or other appropriate pleading, or if either files such pleading and fails to make an appearance at the hearing. If found in default, the Defendants shall be deemed to have waived all objections to the admissibility of evidence and may have entered against the Defendants a judgment by default imposing some or all of the aforesaid sanctions permissible by law.
(5) The Defendants may offer to negotiate a settlement of this matter by telephoning the Office of General Counsel at (804) 371-9671. Any negotiated settlement is subject to approval by the Commission. It is advisable that such contact be initiated by the Defendant prior to the date upon which the responsive pleading is due to be filed.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission, by CERTIFIED MAIL, RETURN RECEIPT REQUESTED, to: Brian West, Esquire, The West Law Group, P.C., 1800 Tysons Boulevard, Suite 350, McLean, Virginia 22102; and a copy shall be delivered to the Commission's Office of General Counsel and the Division of Securities and Retail Franchising.