

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 72653 / July 22, 2014**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15980**

**In the Matter of**

**BERNARD H. BUTTS, JR., ESQ.,**

**Respondent.**

**ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AND RULE 102(e)(3) OF THE  
COMMISSION'S RULES OF PRACTICE,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS**

**I.**

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 102(e)(3) of the Commission's Rules of Practice<sup>1</sup> against Bernard H. Butts, Jr. ("Butts" or "Respondent").

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<sup>1</sup> Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any attorney . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

## II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Rule 102(e)(3) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

## III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Bernard H. Butts, Jr., age 72, is an attorney licensed to practice law in the State of Florida since 1967.

2. On August 29, 2013, the Commission filed a complaint against Butts in SEC v. Bernard H. Butts, Jr., et al. (S.D. Fla. Civil Action No. 1:13-cv-23115-JEM). On July 10, 2014, the court entered an order permanently enjoining Butts, by consent, from future violations of Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Sections 5 and 17(a) of the Securities Act. Butts was also ordered jointly and severally to pay \$1,791,608 in disgorgement of ill-gotten gains from his conduct alleged in the complaint, and \$100,803.81 in prejudgment interest; and a \$2,059,264.19 civil money penalty.

3. The Commission’s complaint alleged, among other things, that from April 2012 through August 2013, Butts and others obtained millions of dollars by defrauding investors through the offer and sale of investments in a fictitious prime bank instrument trading program. The complaint also alleged Butts and others told investors that an investment of between USD \$60,000 and \$90,000 would generate profits of at least €6,660,000 (Euros) within 15 to 45 business days and continue to earn profits of approximately 14% per week for 40 to 42 weeks. In addition, the complaint alleged that Butts falsely promised that when an investor’s funds were deposited into his attorney trust account, he would not release the funds until he received proof from the receiving bank that a €10,000,000 Standby Letter of Credit (“SBLC”) had been deposited into a securities trading program which was to generate profits for investors. Further, the complaint alleged the defendants did not disclose that instead of using the funds to obtain SBLCs, they misappropriated investors’ funds with Butts and another defendant each taking approximately 45% of the investors’ funds and paying approximately 10% to sales agents. The complaint also alleged that contrary to the defendants’ representations, the acquisition of the SBLCs never occurred, no loans were obtained, and no promised returns were earned in a trading program or paid to investors. Furthermore, the

complaint alleged that over more than a year, the defendants obtained at least \$3.5 million from approximately forty-five investors nationwide and in foreign countries by making false and misleading statements or omitting material facts in the offer and sale of these unregistered securities.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Butts' Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Butts is suspended from appearing or practicing before the Commission as an attorney; and

B. Butts is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Jill M. Peterson  
Assistant Secretary