



did submit expense reports, he falsely claimed that his personal expenditures were business-related. Dees also provided Provectus with fabricated supporting documentation to justify the funds that he had fraudulently requested and received from the Company.

3. In addition to engaging in the conduct described above, Dees knowingly failed to implement adequate internal accounting controls over cash advances for travel at Provectus. Under Dees' watch as CEO, the Company did not require employees to submit receipts to reconcile actual expenses with cash advances. Dees took advantage of Provectus' material weaknesses in its internal control over financial reporting to enrich himself at the expense of the Company.

4. As part of the fraudulent scheme that he engaged in, from 2012 to March 2015, Dees signed Provectus' annual reports on Forms 10-K and certifications contained in those reports, which were filed with the Commission. Dees also signed management representation letters, which were provided to Provectus' external auditor, and completed director and officer questionnaires, which were used by Provectus to prepare the compensation disclosures of the Company's Forms 10-K and proxy statements for fiscal years 2011 through 2014. The proxy statements, which Provectus incorporated by reference in the above annual reports and filed in 2012, 2013, 2014 and 2015, solicited on behalf of the Company's Board of Directors (including Dees) annual shareholder votes to elect members of the board (including Dees) and approval of the compensation of named executive officers (including Dees) on an advisory basis. Dees knew or was reckless in not knowing that the above-referenced Forms 10-K, certifications, management representation letters, director and officer questionnaires and proxy statements contained material misrepresentations and omissions, which misled Provectus' investors and external auditor, among others.

5. In particular, Dees knew or recklessly disregarded that Provectus' Forms 10-K and proxy statements materially misrepresented Dees' compensation by failing to report personal benefits and perquisites that he had requested and received from the Company under the guise of business-related travel expenses. Those benefits and perquisites were material components of Dees' compensation for reporting years 2011 through 2014. In fact, the undisclosed amounts received by Dees supplemented his annual salary by 48 percent to 164 percent from 2011 to 2014 and exceeded his total compensation in 2013 and 2014. However, because of Dees' fraud and his failure to disclose his perquisites and personal benefits in his annual director and officer questionnaires, Provectus' filings disclosed no personal benefits or perquisites for Dees in these years and thereby materially understated Dees' total compensation.

6. Dees also knew or was reckless in not knowing that, contrary to his representations, he was aware of management fraud and that the Company's internal control over financial reporting was not effective. Indeed, he knew that he personally was misappropriating corporate funds and that the Company's inadequate internal controls were facilitating his fraudulent conduct. Dees' fraud also resulted in the Company offering and selling securities to investors by means of registration statements and prospectuses that omitted Dees' undisclosed compensation or incorporated the false and misleading Forms 10-K and/or proxy statements.

7. By engaging in the conduct alleged in this Complaint, Dees violated the antifraud provisions of Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)]; Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]; the internal controls and books and records provisions of Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Rule 13b2-1 thereunder [17 C.F.R. § 240.13b2-1]; the certification provision of the Exchange Act Rule 13a-

14 [17 C.F.R. § 240.13a-14]; the misrepresentations to auditors provision of Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2]; and the proxy provisions of Section 14(a) of the Exchange Act [15 U.S.C. § 78n(a)] and Rules 14a-3 and 14a-9 thereunder [17 CFR §§ 240.14a-3 and 240.14a-9]; and aided and abetted Provectus' violations of the reporting, books and records, and internal controls provisions of Sections 13(a), 13(b)(2)(A) and 14(a) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78n(a)], and Rules 12b-20, 13a-1, 14a-3 and 14a-9 [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.14a-3 and 240.14a-9] thereunder.

8. Based on the aforementioned violations, the Commission brings this action to request that the Court enter a final order that, *inter alia*: (i) permanently restrains and enjoins Dees from future violations of the above provisions of the federal securities laws; (ii) permanently restrains and enjoins Dees from aiding and abetting the violation of the above provisions; (iii) requires Dees to pay appropriate civil money penalties; (iv) directs Dees to disgorge his ill-gotten gains in addition to prejudgment interest thereon; (v) imposes an officer and director bar on Dees; and (vi) grants such other relief as the Court deems just and appropriate.

### **JURISDICTION AND VENUE**

9. The Commission brings this action pursuant to authority conferred by Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa].

10. This Court has personal jurisdiction over Dees and venue is proper in the Eastern District of Tennessee pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Dees engaged in certain transactions, acts, practices and courses of business constituting the violations alleged herein within this

district and the funds that he fraudulently requested and received came from a company (Provectus) based in Knoxville, Tennessee.

11. In connection with the transactions, acts, practices and courses of business alleged in this Complaint, certain of which occurred in the Eastern District of Tennessee, Dees, directly or indirectly, made use of the means or instrumentalities of interstate commerce, or of the mails and wires, or the facilities of a national securities exchange.

#### **DEFENDANT**

12. **Harry Craig Dees**, 65, is a resident of Hillsborough, North Carolina. Dees co-founded Provectus in 2002, and served as the Company's CEO and Chairman of the Board of Directors until on or about February 27, 2016, when he resigned from his positions at Provectus. Dees' resignation occurred shortly after Provectus' third-party internal audit firm raised substantial concerns about the lack of expense documentation for Dees' 2015 cash advances.

#### **RELEVANT ENTITY**

13. **Provectus Biopharmaceuticals, Inc.** is a development-stage biotechnology company based in Knoxville, Tennessee, and incorporated in Delaware. It has no revenue. Provectus' common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act [15 U.S.C. § 78l(g)]. Provectus' common stock and certain of its warrants traded on the New York Stock Exchange from May 2014 to October 2016, when Provectus' stock and warrants were suspended from trading. From 2011 to 2016, Provectus' only employees were its three founding executives and chief financial officer ("CFO"), although Provectus also retained consultants and worked with various third-parties, including but not limited to an external bookkeeping company and an internal audit firm.

## **FACTUAL ALLEGATIONS**

14. Beginning in at least January 2011, and continuing until his resignation on or about February 27, 2016, Dees embarked on a long-running scheme in which he submitted cash advance and expense reimbursement requests to Provectus, falsely claiming that they were for travel-related business expenses. Over the course of this scheme, Dees requested and received (via wire transfers to his personal bank accounts) approximately \$3.2 million for purported business travel cash advances and expense reimbursements. The majority of this amount was in the form of cash advances that were reviewed by Provectus' CFO and approved by Provectus executives.

15. The amount and frequency of Dees' requested cash advances grew significantly starting in 2012 and continued to grow in 2013, 2014 and 2015, with Dees sometimes making two or three cash advance requests in one week. Dees received \$238,423 in advances and/or expense reimbursements in 2011, \$486,974 in 2012, \$734,452 in 2013, \$819,000 in 2014 and \$885,808 in 2015. Dees also received \$67,261 in advances and expense reimbursements in 2016 before he resigned in February of that year.

16. The cash advances and reimbursements that Dees fraudulently requested and received were intended to, and did, substantially supplement his income after Provectus significantly curtailed Dees' discretion to award bonuses to himself and other executives and required Dees and other Provectus executives to repay bonuses from 2010 and 2011, as part of the settlement of a shareholder lawsuit in 2013 alleging excessive executive compensation. Dees sought to make up the lost bonus income with fraudulent cash advances and expense reimbursement requests, thereby circumventing the restrictions that had been placed on him by Provectus' Board of Directors.

17. Dees knew that the cash advances and expense reimbursements he sought and received from Provectus were supposed to be used for business-related expenses. However, Dees used all or substantially all of the funds to pay for unauthorized personal expenses, including large tips at restaurants, entertainment and cosmetic surgeries and other procedures for his female acquaintances. The advanced funds Dees requested and received from Provectus allowed him to pay off personal expenses that he would not have had sufficient funds to cover but for his improper use of the Company's money to supplement his income. For example, in December 2015, Dees paid over \$13,000 to cover breast enhancement surgery and other cosmetic procedures on behalf of female acquaintances. But for his fraudulent receipt of cash advances from Provectus, Dees would have lacked sufficient funds to pay off his monthly credit card bill, which included the cosmetic procedure charges, without going into debt.

#### **Dees' Fraudulent Expense Reporting**

18. Dees obtained cash advances by sending e-mail requests to Provectus' CFO. In his requests for cash advances, Dees frequently sought large round dollar amounts and provided brief and vague business-related explanations for his purported travel. Often, he used the pretext of visiting concerned or disgruntled retail shareholders as his justification for a cash advance. Although the e-mail requests listed the places to which Dees planned to travel, they did not include specific dates, details, costs or reasons for the requested amounts of funds. Rather than using the advanced funds for business travel or expenses, Dees spent substantially all of the funds on personal expenses, as described *infra*.

19. Dees also misappropriated money from the Company by submitting fraudulent claims for reimbursement of business travel expenses. In 2011 and 2012, Dees submitted some expense reports purporting to reconcile the cash advances he received. However, the expense

reports that Dees submitted were deficient in numerous respects. For example, Dees failed to credit approximately half of the cash advances that he had received to the expense reports he ultimately submitted. Instead, Dees sought and received reimbursement for his purported business-related expenses without regard to the advances he had previously received to cover those expenses. Dees' expense reports also sought and received reimbursement for charges incurred by his personal travel companions without identifying that those charges were personal expenses.

20. Additionally, Dees' expense reports frequently contained no or limited itemization of expenses and often failed to include third-party receipts. When Dees included receipts, they were often not authentic, either because the receipt was entirely fabricated or altered in some way, such as with Dees' handwritten notations adding large dollar expenses that he had purportedly incurred on behalf of the Company. For example, expense reports Dees submitted for travel reimbursements for hotel stays at Marriott facilities in 2011 and 2012 included typed and handwritten notations adding charges to receipts for Dees' hotel stays, such as catering services for \$5,800 and \$12,560. Based on records received from Marriott, Dees did not incur these additional expenses.

21. For his 2013, 2014 and 2015 cash advances, Dees submitted no contemporaneous expense reports with backup documentation. Under Provectus' policies for expense payments made by wire (like those made to Dees), Dees' cash advance and reimbursement requests were processed through the CFO who "determined the need" for the wire and then submitted the requests to two other Provectus executives for final approval. At times, if one of the two approving executives was unavailable, the CFO also served as an approving executive of Dees' requests. Despite the inadequate (or non-existent) support and dubious nature of receipts Dees

submitted, Provectus' CFO consistently requested and received approval of Dees' cash advance and reimbursement requests from Provectus executives.

22. In November 2015, Provectus' internal auditor raised concerns with Provectus' CFO about the lack of expense documentation to support Dees' 2015 cash advances. In response, the CFO requested that Dees provide receipts for his 2015 cash advances. Thereafter, in January and February of 2016, Dees submitted receipts for some (but not all) of his 2015 advances. Most of the receipts that Dees submitted were not authentic and concealed the fact that Dees had used the advanced funds to cover his personal expenses. For example, Dees submitted receipts for a trip he claimed to have taken to Salt Lake City in February 2015. Dees' receipts totaled \$14,730.94, and consisted of a \$3,490.94 receipt purporting to be issued by United Airlines for airfare and a receipt purporting to be from the Hotel Monaco for lodging as well as catering and audio visual services which totaled \$11,240. However, the total on the purported receipt from the Hotel Monaco included the \$3,490.94 airfare charge. Moreover, Dees' credit card records did not reflect either of these charges and instead suggest that Dees was not in Utah during this time period. In addition, receipts that Dees submitted in support of his expenses also contained facially obvious errors. For example, claimed line-item expenses did not add up correctly, such as the \$3,490.94 United Airlines receipt that shows a base price of \$3,285.94 and taxes of \$205.25, which should total \$3,491.19. Dees also submitted doctored receipts for hotel stays in one city that included catering charges that allegedly took place in other cities. For instance, Dees submitted a purported receipt from The Ritz Carlton for a July 2015 stay, which identified a charge of \$9,870 for "In House and Remote Catering Services including Miami, Boca Raton, Ft. Myers, Naples." The parent company of The Ritz Carlton did not have a record of these services being provided to Dees as claimed on Dees' "receipt."

23. In February 2016, Dees participated in meetings with the Company's internal and external auditors and said that he would provide additional receipts to verify his expenses. He failed to do so, however, and never bothered to offer any substantiation for certain of his 2015 expenses. Instead, on February 27, 2016, Dees resigned from all of his positions at Provectus.

**Dees Evaded Provectus' Internal Controls**

24. During the relevant time period, Provectus had insufficient accounting controls for the review and authorization of disbursements to employees made by check or wire, including payments made to cover business-related or travel expenses. Provectus employees were expected to use their own credit cards and cash for company expenses, and they would be reimbursed after submitting an expense report with an itemized list of expenses and support for each item. The Company had an expense reimbursement policy, which required all employee expense reports to be submitted through the CFO and reviewed by Provectus' third-party provider of bookkeeping services for accuracy, completeness and supporting documentation. All checks and wire transfers (including those for expense reimbursements and cash advances) had to be approved by two executives other than the CFO, except when one of the three Provectus executives other than the CFO was unavailable. However, Provectus had no controls requiring employees to reconcile the monies they received from a cash advance with the actual expenses they incurred or to submit third-party receipts when seeking expense reimbursements.

25. As CEO, Dees had responsibility for establishing and maintaining internal control over financial reporting, but he failed to implement adequate controls over cash advances and expense reimbursements. Dees also circumvented the insufficient controls that did exist at Provectus by submitting false expense reports and using cash advances to fund his and his female acquaintances' personal expenses. When he engaged in his fraudulent conduct, Dees

knowingly violated the Company's code of business conduct policy, which he had signed and knew or should have known required Provectus employees to use the Company's assets for business purposes only and to account for, and document, expenses in compliance with Provectus' policies and Internal Revenue Service guidelines.

**Dees Made Misrepresentations to Provectus' Auditor**

26. As the Company's CEO, Dees signed management representation letters, dated March 14, 2012, March 14, 2013, March 13, 2014 and March 12, 2015, which were provided to Provectus' external auditor in connection with its audits of the Company's 2011 through 2014 fiscal year financial statements. In these representation letters, Dees falsely stated that he had no knowledge of management fraud (whether or not material), that the Company's internal control over financial reporting was effective and that he was not aware of any violations or possible violations of any regulations, even though he knew or recklessly disregarded the fact that he was defrauding Provectus and taking advantage of its inadequate controls by requesting and receiving funds for purported business-related expenses that he actually used to cover his personal expenses. Additionally, in his discussions and communications with the Company's external auditor, Dees never disclosed his fraudulent conduct thereby materially misleading the auditor as to the accuracy of Provectus' financial statements. Instead, Dees made misrepresentations to the Company's internal and external auditors concerning, *inter alia*, the validity of the receipts he submitted for his 2015 cash advances and offered false and misleading explanations for why he was unable to provide a complete set of his receipts.

**Dees Caused Provectus to Have False and Misleading Proxy Statements, Annual Reports, Registration Statements and Books and Records**

27. As a result of Dees' fraudulent conduct, Provectus' definitive proxy statements and annual reports materially understated the compensation paid to Dees in the form of personal

benefits and perquisites. The annual reports (and the materially misleading representations or omissions therein) were incorporated by reference in certain of the Company's registration statements offering shares of Provectus' common stock and warrants to investors.

28. Through definitive proxy statements filed during 2012 to 2015, Dees, as a Provectus director and its Chairman of the Board, directly solicited shareholders.<sup>1</sup> The proxy statements solicited shareholder votes on the election of members of the board, including Dees, and approval, on an advisory basis, of the compensation for named executive officers, including Dees. These proxy statements filed by Provectus were false and misleading because Dees' so-called business travel-related payments were not disclosed as personal benefits and perquisites in the "All Other Compensation" columns of the Summary Compensation Tables of Provectus' proxy statements, as required. Those columns disclosed no perquisites or personal benefits for Dees or any other Provectus executive.

29. Dees also completed director and officer questionnaires from 2011 to 2015, which were used to prepare the compensation disclosures in the Company's Forms 10-K and proxy statements. These annual questionnaires asked Dees whether he had earned or been paid any compensation by Provectus that was not his salary, bonuses, stock options, 401(k) contributions or welfare benefits such as insurance or paid vacation. Dees falsely responded no. These annual questionnaires also asked Dees whether he had received any personal benefits from Provectus and defined personal benefits to include living expenses, personal loans or reimbursement of personal travel expenses. Dees again responded no, even though he knew or was reckless in not knowing that this answer was false.

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<sup>1</sup> These proxy statements were filed on April 30 in each year 2012, 2013, 2014 and 2015. The proxy statements filed in 2012, 2013 and 2014 also contained a notice to shareholders, signed by Dees, providing shareholders the proxy statements and the related annual reports on Forms 10-K in advance of the annual shareholder meetings.

30. Dees signed Provectus' Forms 10-K for reporting years 2011, 2012, 2013 and 2014, which were filed in 2012 through 2015 (the "fraudulent 10-K reports"). The fraudulent 10-K reports were false and misleading in three respects. First, these Forms 10-K incorporated by reference the Company's above-described proxy statements with respect to executive compensation disclosures that were required to be included in the annual reports. As a result, the fraudulent 10-K reports also materially understated Dees' compensation and failed to disclose Dees' so-called business-related payments as personal benefits and perquisites.

31. Second, each of the fraudulent 10-K reports included Dees' representation that Provectus' internal control over financial reporting was effective, when in fact it was not. As a result of Dees' fraud and his circumvention and failure to establish and maintain sufficient internal accounting controls related to cash advances and expenses, Provectus had material weaknesses in its internal control over financial reporting. Those material weaknesses included that Provectus had an inappropriate "Tone at the Top" due to Dees' misconduct as the Company's CEO and Chairman of the Board, inadequate documentation requirements for authorization of business-related cash advances and travel reimbursement and inadequate reconciliation of cash advances to actual expenses. Provectus subsequently disclosed these material weaknesses in its Forms 10-K filed in 2016 and 2017, after it conducted investigations related to executive travel advances and expense reimbursement of Dees and its CFO.

32. Third, the fraudulent 10-K reports included Dees' SOX certifications, pursuant to Rule 13a-14(a) of the Exchange Act, indicating that Provectus' certifying officers, including Dees, were responsible for establishing and maintaining the company's internal control over financial reporting and falsely representing that the annual reports contained no material misstatements or omissions. In fact, Dees knew or was reckless in not knowing that the annual

reports materially misrepresented Dees' compensation by omitting in the proxy statements they incorporated the personal benefits and perquisites he fraudulently obtained from Provectus. Dees also knew or was reckless in not knowing that he misrepresented in the annual reports that Provectus' internal control over financial reporting was effective. Dees' certifications also falsely stated that he had disclosed to the Company's audit committee and external auditor any fraud, whether or not material, that involved members of management who had a significant role in the Company's internal control over financial reporting. Dees knew the foregoing statement was false because he was engaging in fraud by misappropriating funds and falsifying the Company's records to obtain undisclosed compensation.

33. In addition to signing the fraudulent 10-K reports, Dees signed a Form S-3 filed on July 2, 2012, by which Provectus offered and likely sold common stock and/or warrants through later-filed prospectus supplements under Exchange Act Rule 424(b)(5) on July 26, 2013, April 30, 2014 and June 19, 2015. The Form S-3 specifically incorporated by reference the Company's fiscal 2011 annual report and subsequently-filed annual reports, all of which specifically incorporated by reference the Company's proxy statements. The prospectus supplements also incorporated by reference the preceding fiscal year's annual report and the proxy statements incorporated in those annual reports. As a result, the Form S-3 and its prospectus supplements incorporated, collectively, Provectus' fraudulent 10-K reports filed in 2012 through 2015, as well as the false and misleading proxy statements they incorporated by reference, discussed above.

34. Dees also signed a Form S-1 that was filed on April 8, 2013 (the "2012 Form S-1"). The 2012 Form S-1, which was a registration form for securities for resale by third-parties, contained executive compensation disclosures for fiscal years 2011 and 2012. When he signed

the 2012 Form S-1, Dees knew or was reckless in not knowing that it was materially misleading because it omitted Dees' undisclosed compensation for 2011 and 2012. A subsequent prospectus supplement related to the S-1, filed on April 30, 2014, incorporated by reference Provectus' fraudulent Form 10-K filed in 2014, which, in turn, incorporated by reference Provectus' false and misleading proxy statement also filed in that year, discussed above.

35. In addition to the above-mentioned conduct, Dees lied on internal corporate records when he submitted cash advances and reimbursement requests and represented that they were all for business purposes. Dees knowingly falsified corporate records and submitted false business justifications to obtain funds he used to pay personal expenses. As a result of his deceptive conduct and numerous misrepresentations, Provectus kept books and records that did not accurately reflect the nature of the payments made to Dees and Dees' total compensation during the relevant period.

#### **Dees Knowingly Misled Provectus Investors**

36. Certain regulations of the Commission require that an issuer disclose information about executive compensation. In particular, Item 11 of Form 10-K requires that registrants furnish the information required by Item 402 of Regulation S-K. Item 402, in turn, requires disclosure of "all plan and non-plan" compensation "awarded to, earned by, or paid to" named executive officers (including CEOs and CFOs). Similarly, Item 8 of Schedule 14A requires that registrants set forth in a proxy statement the information required by Item 402 of Regulation S-K if action is to be taken with respect to, among other things, the election of directors. Item 402(c)(2)(ix)(A) requires disclosure of the total value of all "[p]erquisites and other personal benefits" provided to named executive officers who receive \$10,000 or more in such perquisites or other benefits in a given year. That disclosure is required to be made in the "All Other

Compensation” column of a Summary Compensation Table. The purported business travel advances and reimbursements that Dees received from the Company and used for personal expenses were “perquisites and personal benefits” required to be disclosed under Item 402 in Provectus’ proxy statements and annual reports.

37. As mentioned in paragraph 28 above, Dees, as Chairman of the Provectus Board of Directors, solicited shareholders (through four proxy statements from 2012 to 2015) for their votes on various matters, including nonbinding shareholder votes to approve Dees’ compensation and votes to elect Dees as a member of the Board of Directors. The proxy statements contained Summary Compensation Tables, which included Dees’ purported compensation (including salary, bonuses and any other compensation). Dees knew or was reckless in not knowing that these proxy statements were materially false and misleading because their Summary Compensation Tables failed to disclose the personal benefits and perquisites that Dees had received in the form of cash advances and expense reimbursements for purported business travel. In fact, the tables gave the false impression that Dees had received no perquisites or personal benefits in those years. As a result, the proxy statements underreported by between 73 percent and 87 percent the amounts that should have been disclosed for Dees in the “All Other Compensation” column of the Summary Compensation Table for fiscal years 2011 through 2014. In addition, the proxy statements understated Dees’ non-performance-based compensation for those years by between 29 percent and 56 percent. Dees’ undisclosed compensation supplemented his annual salary by 48 percent to 164 percent during the years 2012 to 2014 and exceeded his total compensation in 2013 and 2014.

38. The following is a summary of Dees' disclosed compensation from Provectus' definitive proxy statements for reporting years 2011 to 2014, plus a column showing Dees' undisclosed compensation.

<b>Disclosure Comparison (By Year)</b>	<b>Undisclosed Comp</b>	<b>Disclosed "All Other Comp"</b>	<b>Disclosed Salary</b>	<b>Disclosed Non-Performance-Based Comp</b>	<b>Total Disclosed Comp<sup>2</sup></b>
<b>2011</b>	\$ 238,423	\$ 90,192	\$ 500,000	\$ 590,192	\$ 3,011,214
<b>2012</b>	\$ 486,974	\$ 90,692	\$ 500,000	\$ 590,692	\$ 1,226,855
<b>2013</b>	\$ 734,452	\$ 114,192	\$ 500,000	\$ 614,192	\$ 642,654
<b>2014</b>	\$ 819,000	\$ 137,692	\$ 500,000	\$ 637,692	\$ 637,692

39. Provectus' materially false and misleading proxy statements, including its representations and omissions concerning Dees' executive compensation, were incorporated by reference in the fraudulent 10-K reports and registration statements discussed above. As a result, those reports and statements also materially understated Dees' compensation. This conduct violated Commission rules requiring public companies to disclose accurately the compensation, including personal benefits and perquisites, of the principal executive officer.

40. By concealing and underreporting his actual compensation and the perquisites and personal benefits that he had received from the Company, Dees misled Provectus investors and unlawfully enriched himself by \$238,423 in 2011; \$486,974 in 2012; \$734,452 in 2013; \$819,000 in 2014; \$885,808 in 2015; and \$67,261 in 2016.

41. Dees also deceived investors through the fraudulent 10-Ks he signed by his misrepresentations in those reports and in the certifications contained in those reports, as discussed above.

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<sup>2</sup> Total Compensation includes bonuses and equity awards.

42. Further, as part of his scheme, Dees knowingly falsified corporate records and submitted phony business justifications to obtain funds and expense reimbursements for his personal expenses. Dees' deceptive conduct resulted in false information being transmitted to the investing public through Provectus' fraudulent 10-K reports, proxy statements and certain registration statements Provectus filed on Forms S-1 and S-3 and certain of their prospectus supplements, which incorporated by reference the fraudulent 10-K reports and proxy statements.

### **CLAIMS FOR RELIEF**

#### **COUNT ONE**

#### **Violations of Section 17(a)(1) of the Securities Act**

43. The Commission re-alleges and incorporates by reference paragraphs 1 through 42 as if fully set forth herein.

44. Dees, by engaging in the conduct alleged above, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce, or by use of the mails, employed devices, schemes or artifices to defraud.

45. While engaging in the conduct alleged above, Dees acted with scienter, that is, with the intent to deceive, manipulate or defraud or with reckless disregard for the truth.

46. By reason of the foregoing, Dees violated Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)] and unless restrained and enjoined will continue to do so.

#### **COUNT TWO**

#### **Violations of Section 17(a)(3) of the Securities Act**

47. The Commission re-alleges and incorporates by reference paragraphs 1 through 42 as if fully set forth herein.

48. Dees, by engaging in the conduct alleged above, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in

interstate commerce, or by the use of the mails, engaged in transactions, practices or courses of business that operated or would operate as a fraud or deceit upon purchasers or prospective purchasers of securities.

49. While engaging in the conduct alleged above, Dees acted unreasonably.

50. By reason of the foregoing, Dees violated Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)] and unless restrained and enjoined will continue to do so.

**COUNT THREE**  
**Violations of Section 10(b) and Rule 10b-5 of the Exchange Act**

51. The Commission re-alleges and incorporates by reference paragraphs 1 through 42 as if fully set forth herein.

52. Dees, by engaging in the conduct alleged above, directly or indirectly, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce or of the mails, or a facility of a national securities exchange: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and/or (c) engaged in acts, practices or courses of business which operated or would have operated as a fraud or deceit upon other persons.

53. While engaging in the conduct alleged above, Dees acted with scienter, that is, with the intent to deceive, manipulate or defraud or with reckless disregard of the truth.

54. By reason of the foregoing, Dees violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] and unless restrained and enjoined will continue to do so.

**COUNT FOUR**  
**Violations of Section 13(b)(5) and Rule 13b2-1 of the Exchange Act**

55. The Commission re-alleges and incorporates by reference paragraphs 1 through 42 as if fully set forth herein.

56. Dees, by engaging in the conduct alleged above, directly or indirectly, falsified or caused to be falsified books, records or accounts subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)]. By engaging in the conduct alleged above, Dees also knowingly circumvented or knowingly failed to implement a system of internal accounting controls or, directly or indirectly, knowingly falsified or caused to be falsified books, records or accounts subject to Section 13(b)(2) of the Exchange Act [15 U.S.C. § 78m(b)(2)].

57. By reason of the foregoing, Dees violated Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Rule 13b2-1 thereunder [17 C.F.R. § 240.13b2-1] and unless restrained and enjoined will continue to do so.

**COUNT FIVE**  
**Violations of Rule 13b2-2 of the Exchange Act**

58. The Commission re-alleges and incorporates by reference paragraphs 1 through 42 as if fully set forth herein.

59. Dees, by engaging in the conduct alleged above, directly or indirectly: (i) made, or caused to be made, materially false or misleading statements; or (ii) omitted to state, or caused another person to omit to state, material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, to an accountant in connection with an audit, review or examination of financial statements or the preparation or filing of a document report required to be filed with the Commission, including Provectus' annual reports on Forms 10-K filed for reporting years 2011, 2012, 2013 and 2014.

60. While engaging in the conduct alleged above, Dees acted unreasonably.

61. By reason of the foregoing, Dees violated Rule 13b2-2 of the Exchange Act [17 C.F.R. § 240.13b2-2] and unless restrained and enjoined will continue to do so.

**COUNT SIX**  
**Violations of Section 14(a) and Rules 14a-3 and 14a-9 of the Exchange Act**

62. The Commission re-alleges and incorporates by reference paragraphs 1 through 42 as if fully set forth herein.

63. Dees, a Provectus board member, by engaging in the conduct alleged above, directly or indirectly, by use of the mails or the means or instrumentalities of interstate commerce or of any facility of a national securities exchange or otherwise, solicited or permitted the use of his name to solicit proxies with respect to securities issued by Provectus and registered with the Commission, in contravention of Section 14(a) of the Exchange Act [15 U.S.C. § 78n(a)] and Rules 14a-3 and 14a-9 thereunder [17 C.F.R. §§ 240.14a-3 and 240.14a-9], which prohibit the solicitation of proxies without required information or with proxy statements that contain any false or misleading statements with respect to any material fact, or that omit any material fact necessary to make the statements made not false or misleading.

64. While engaged in the conduct alleged above, Dees acted unreasonably.

65. By reason of the foregoing, Dees violated Section 14(a) of the Exchange Act [15 U.S.C. § 78n(a)] and Rules 14a-3 and 14a-9 thereunder [17 C.F.R. §§ 240.14a-3 and 240.14a-9] and unless restrained and enjoined will continue to do so.

**COUNT SEVEN**  
**Aiding and Abetting Violations of Section 14(a) and Rules 14a-3 and 14a-9 of the Exchange Act**

66. The Commission re-alleges and incorporates by reference paragraphs 1 through 42 as if fully set forth herein.

67. Dees, by engaging in the conduct alleged above, provided substantial assistance to Provectus' violation of Section 14(a) of the Exchange Act [15 U.S.C. § 78n(a)] and Rules 14a-3 and 14a-9 thereunder [17 C.F.R. §§ 240.14a-3 and 240.14a-9] by its use of the mails or the means or instrumentalities of interstate commerce or of any facility of a national securities exchange or otherwise, to directly or indirectly solicit or permit the use of its name to solicit proxies with respect to securities issued by Provectus and registered with the Commission, in contravention of such rules and regulations as the Commission has prescribed, which prohibit the solicitation of proxies without required information or with proxy statements that contain any false or misleading statement with respect to any material fact, or that omit any material fact necessary to make the statements made not false or misleading.

68. While engaged in the conduct alleged above, Dees acted knowingly or recklessly.

69. By reason of the foregoing, Dees aided and abetted Provectus' violations of Section 14(a) of the Exchange Act [15 U.S.C. § 78n(a)] and Rules 14a-3 and 14a-9 thereunder [17 C.F.R. §§ 240.14a-3 and 240.14a-9] and unless restrained and enjoined will continue to do so.

**COUNT EIGHT**  
**Violations of Rule 13a-14 of the Exchange Act**

70. The Commission re-alleges and incorporates by reference paragraphs 1 through 42 as if fully set forth herein.

71. From 2012 to 2015, Dees signed certifications that were required to be made pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and Rule 13a-14 of the Exchange Act [17 C.F.R. § 240.13a-14]. In each signed certification, Dees falsely and unreasonably certified that: (i) based on his knowledge, the report did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the

circumstances under which such statement was made, not misleading; and (ii) based upon his most recent evaluation of Provectus' internal control over financial reporting, he had disclosed any fraud, whether or not material, involving management to the audit committee and the auditors.

72. By reason of the foregoing, Dees violated Rule 13a-14 of the Exchange Act [17 C.F.R. § 240.13a-14] and unless restrained and enjoined will continue to do so.

#### **COUNT NINE**

#### **Aiding and Abetting Violations of 13(a) and Rules 12b-20 and 13a-1 of the Exchange Act**

73. The Commission re-alleges and incorporates by reference paragraphs 1 through 42 as if fully set forth herein.

74. Dees, by engaging in the conduct alleged above, provided substantial assistance to Provectus, which was an issuer of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l], and filed with the Commission annual reports on Form 10-K from 2012 to 2015 that made untrue statements of material fact or omitted to state material facts necessary in order to make the required statements made, in light of the circumstances under which they were made, not misleading, in violation of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20 and 13a-1 thereunder [17 C.F.R. §§ 240.12b-20 and 240.13a-1].

75. While engaged in the conduct alleged above, Dees acted knowingly or recklessly.

76. By reason of the foregoing, Dees aided and abetted Provectus' violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20 and 13a-1 thereunder [17 C.F.R. §§ 240.12b-20 and 240.13a-1] and unless restrained and enjoined will continue to do so.

**COUNT TEN**

**Aiding and Abetting Violations of Section 13(b)(2)(A) of the Exchange Act**

77. The Commission re-alleges and incorporates by reference paragraphs 1 through 42 as if fully set forth herein.

78. Dees, by engaging in the conduct alleged above, provided substantial assistance to Provectus, an issuer which failed to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflected its transactions and dispositions of its assets from 2011 to 2016, as required by Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

79. While engaged in the conduct alleged above, Dees acted knowingly or recklessly.

80. By reason of the foregoing, Dees aided and abetted violations of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] and unless restrained and enjoined will continue to do so.

**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that the Court enter a final judgment against Dees making the following factual findings and granting the following relief:

**I.**

Finding that Dees committed the violations alleged herein.

**II.**

Permanently restraining and enjoining Dees from committing, or aiding and abetting, future violations of the federal securities laws as alleged in this Complaint.

**III.**

Requiring Dees to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

**IV.**

Directing Dees to disgorge the ill-gotten gains, including prejudgment interest thereon, that he received as a result of the acts complained herein.

**V.**

Prohibiting Dees, pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77(t)(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], from acting as an officer or as a director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

**VI.**

Retaining jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of any orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of the Court.

**VII.**

Granting such other and further relief as the Court may determine to be just, equitable and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

**DEMAND FOR JURY TRIAL**

Under Rule 38 of the Federal Rules of Civil Procedure, the Commission demands trial by jury in this action of all issues so triable.

Dated: December 12, 2017

Respectfully submitted,

/s/ Nicholas A. Pilgrim  
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