
IN THE MATTER OF:

DAVID E. HOUGE

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CONSENT ORDER

NO. CO-19-8434-S

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with the administration of Chapter 672a of the General Statutes of Connecticut, the Connecticut Uniform Securities Act (“Act”), and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies (“Regulations”) promulgated under the Act;

WHEREAS, David E. Houge (“Respondent”) is an individual whose address last known to the Commissioner is 3305 Commodore Drive, Lexington, Kentucky 40502. Houge is not and has not been registered in any capacity under the Act;

WHEREAS, Vintage Foods Ltd. (“Vintage Foods”) (a non-respondent), a medical/recreational marijuana and hemp manufacturer, is a Delaware corporation that has never been registered in any capacity under the Act. During 2015, Vintage Foods retained Respondent to provide Vintage Foods with business and consulting services;

WHEREAS, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking (“Department”) conducted an investigation of Respondent pursuant to Section 36b-26(a) of the Act to determine if he had violated, was violating or was about to violate any provision of the Act or any regulation or order under the Act (“Investigation”);

WHEREAS, as a result of the Investigation, the Division obtained evidence that in 2015, Respondent offered and sold securities of Vintage Foods in the amount of \$19,000 to a Connecticut

investor (“Investor A”), which securities were not registered in Connecticut under Section 36b-16 of the Act, nor were they the subject of a filed exemption claim or claim of covered security status;

WHEREAS, the Commissioner has reason to believe that the foregoing conduct violates certain provisions of the Act, and would support administrative proceedings against Respondent under Section 36b-27 of the Act;

WHEREAS, Section 36b-31(a) of the Act provides, in relevant part, that “[t]he commissioner may from time to time make . . . such . . . orders as are necessary to carry out the provisions of sections 36b-2 to 36b-34, inclusive”;

WHEREAS, Section 36b-31(b) of the Act provides, in relevant part, that “[n]o . . . order may be made . . . unless the commissioner finds that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of sections 36b-2 to 36b-34, inclusive”;

WHEREAS, an administrative proceeding initiated under Section 36b-27 of the Act would constitute a “contested case” within the meaning of Section 4-166(4) of the General Statutes of Connecticut;

WHEREAS, Section 4-177(c) of the General Statutes of Connecticut and Section 36a-1-55(a) of the Regulations provide that a contested case may be resolved by consent order, unless precluded by law;

WHEREAS, without holding a hearing and without trial or adjudication of any issue of fact or law, and prior to the initiation of any formal proceeding, the Commissioner and Respondent have reached an agreement, the terms of which are reflected in this Consent Order, in full and final resolution of the matters described herein;

WHEREAS, Respondent expressly consents to the Commissioner’s jurisdiction under the Act and to the terms of this Consent Order;

WHEREAS, the Commissioner finds that the entry of this Consent Order is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act;

WHEREAS, Respondent has provided the Commissioner with a sworn financial affidavit demonstrating that he is financially unable to pay the administrative fine that might otherwise have been imposed against him pursuant to Section 36b-27 of the Act as a result of an administrative proceeding or as a term of this Consent Order;

WHEREAS, in approximately January 2018, Investor A requested the return of his investment in Vintage Foods from Respondent. Thereafter, on May 1, 2018, Investor A and Respondent entered into an agreement whereby Respondent would repay Investor A \$19,000 for his investment in Vintage Foods. To date, Investor A has been repaid in full the \$19,000 he invested in Vintage Foods;

AND WHEREAS, Respondent, through his execution of this Consent Order, specifically represents and agrees that none of the violations alleged in this Consent Order shall occur in the future.

II. CONSENT TO WAIVER OF PROCEDURAL RIGHTS

WHEREAS, Respondent, through his execution of this Consent Order, voluntarily waives the following rights:

1. To be afforded notice and an opportunity for a hearing within the meaning of Section 36b-27 of the Act and Section 4-177(a) of the General Statutes of Connecticut;
2. To present evidence and argument and to otherwise avail himself of Section 36b-27 of the Act and Section 4-177c(a) of the General Statutes of Connecticut;
3. To present his position in a hearing in which he is represented by counsel;
4. To have a written record of the hearing made and a written decision issued by a hearing officer;
and
5. To seek judicial review of, or otherwise challenge or contest, the matters described herein, including the validity of this Consent Order.

III. ACKNOWLEDGEMENT OF THE COMMISSIONER'S ALLEGATION

WHEREAS, Respondent, through his execution of this Consent Order, acknowledges the Commissioner's allegation that Respondent violated Section 36b-16 of the Act, as more fully described herein;

WHEREAS, the Commissioner would have the authority to enter findings of fact and conclusions of law after granting Respondent an opportunity for a hearing;

AND WHEREAS, Respondent acknowledges the possible consequences of an administrative hearing and voluntarily agrees to consent to the entry of the sanctions described below.

IV. CONSENT TO ENTRY OF SANCTIONS

WHEREAS, Respondent, through his execution of this Consent Order, consents to the Commissioner's entry of an order imposing on him the following sanctions:

1. Respondent, either directly or through any person, organization, entity or other device, shall cease and desist from directly or indirectly violating any provision of the Act or any regulation, rule or order adopted or issued under the Act, including, without limitation, Section 36b-16 of the Act;
2. From the date this Consent Order is entered by the Commissioner and continuing for a period of seven years, Respondent shall be **BARRED** from directly or indirectly, through any person, organization, entity or other device, (i) offering or selling securities in or from Connecticut; (ii) transacting business in or from Connecticut as a broker-dealer, agent, investment adviser or investment adviser agent, as such terms are defined in the Act and notwithstanding any definitional exclusion that might otherwise be available under the Act; and (iii) acting in any other capacity which requires a license or registration from the Commissioner.

V. CONSENT ORDER

NOW THEREFORE, the Commissioner enters the following:

1. The Sanctions set forth above be and are hereby entered;
2. Entry of this Consent Order by the Commissioner is without prejudice to the right of the Commissioner to take enforcement action against Respondent based upon a violation of this Consent Order or the matters underlying its entry if the Commissioner determines that compliance with the terms herein is not being observed;
3. Nothing in this Consent Order shall be construed as limiting the Commissioner's ability to take enforcement action against Respondent based upon: (i) evidence of which the Division was

unaware on the date hereof relating to a violation of the Act or any regulation or order under the Act; or (ii) evidence indicating that Respondent withheld material information from, or made any material misstatement or omission to, the Commissioner in connection with this matter;

4. Respondent shall not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, that the Commissioner had a basis to pursue the allegations set forth in Section III of this Consent Order, or create the impression that this Consent Order is without factual basis;
5. Respondent shall not take any position in any proceeding brought by or on behalf of the Commissioner, or to which the Commissioner is a party, that is inconsistent with any part of this Consent Order. However, nothing in this Consent Order affects Respondent's (i) testimonial obligations; or (ii) right to take any legal or factual position in litigation, arbitration, or other legal proceedings in which the Commissioner is not a party; and
6. This Consent Order shall become final when entered.

So ordered at Hartford, Connecticut,
this 8th day of July 2019.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CONSENT TO ENTRY OF ORDER

I, David E. Houge, state that I have read the foregoing Consent Order; that I know and fully understand its contents; that I agree freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that I consent to the entry of this Consent Order.

_____/s/_____
David E. Houge

State of: Kentucky

County of: Fayette

On this the 24 day of June 2019, before me, the undersigned officer, personally appeared David E. Houge, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

In witness whereof I hereunto set my hand.

_____/s/_____
Notary Public
Date Commission Expires: Feb. 6, 2023