



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
MULTICAST ENTERTAINMENT.TV CORPORATION;)
AND DARRYL MITCHELL,) Case No. AP-13-03
)
)
Respondents.)

CONSENT ORDER

SUMMARY OF ENFORCEMENT SECTION'S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State ("Enforcement Section"), through Chief Enforcement Counsel Kristine Sonnett Kauflin, has alleged that Darryl Mitchell ("Mitchell") and Multicast Entertainment.TV Corporation ("METV") (collectively "Respondents"), offered and sold unregistered, non-exempt securities, transacted business as an unregistered agent, employed unregistered agents who transacted business in the state of Missouri, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and engaged in an act, practice, or course of business that would operate as a fraud or deceit in violation of Section 409.3-301, 409.4-402, and 409.5-501, RSMo. (Cum. Supp. 2012), and that this constitutes grounds to issue an order pursuant to Section 409.6-604, RSMo. (Cum. Supp. 2012).
2. Respondents and the Enforcement Section desire to settle the allegations and the matters raised by the Enforcement Section relating to the Respondents' alleged violations of Section 409.3-301, 409.4-402, and 409.5-501, RSMo. (Cum. Supp. 2012).

CONSENT TO JURISDICTION

3. Respondents and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities ("Commissioner") has jurisdiction over the Respondents and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. Respondents and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), RSMo. (Cum. Supp. 2012), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

WAIVER AND EXCEPTION

5. Respondents waive Respondents’ right to a hearing with respect to this matter.
6. Respondents waive any right that Respondents may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever releases and holds harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
7. Respondents stipulate and agree with the Enforcement Section that, should the facts contained herein prove to be false or incomplete, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER’S ORDER

8. Respondents and the Enforcement Section stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
9. Respondents agree not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondents’ (a) testimonial obligations; (b) right to take legal or factual positions in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondents agree that Respondents are not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondents neither admit nor deny the allegations made by the Enforcement Section, but consents to the Commissioner’s Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

COMMISSIONER'S FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND ORDER

I. FINDINGS OF FACT

12. Multicast Entertainment.TV Corporation ("METV") was a Kansas corporation with a last known mailing address of 2300 Main Street Ninth Floor, Kansas City, Missouri 54108. METV was incorporated in Kansas on March 4, 2005 and forfeited its corporate status on October 15, 2011, for failure to timely file an annual report. METV was listed as the registered agent with an address of 1601 Meadowlark Lane, Suite D, Kansas City, Kansas 66102.
13. Darryl Mitchell ("Mitchell") purports to be the president and CEO of METV and has an address of 108 North East Greystone Drive, Lee's Summit, Missouri 64086.
14. A check of the records maintained by the Commissioner indicates that, at all times relevant to this matter, Respondent Mitchell was not registered as a securities agent with the State of Missouri.
15. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, there was no registration, no granted exemption, or notice filing indicating status as a "federal covered security" for the securities offered and sold by Respondents.
16. From August 2011 to December 2012, an investigator with the Enforcement Section spoke to, and received e-mails and documentation from, a seventy-one (71) year-old Kansas City, Missouri resident ("MR1") and MR1's daughter. A review of this information revealed, among other things, the following:
 - a. Mitchell was acquainted with MR1 and MR1's spouse ("MR2"). Mitchell began visiting MR1 and MR2 shortly before MR1 and MR2 invested with Mitchell;
 - b. on May 18, 2007, Mitchell went to MR1 and MR2's residence and among other things:
 - i. Mitchell gave a presentation to MR1 and MR2 regarding the purchase of stock in METV;

- ii. Mitchell told MR1 and MR2 that, once the METV stock "went public," the price per share would greatly increase;
 - iii. Mitchell presented MR1 and MR2 with a document titled purchase agreement that set forth, among other things, that:
 - (1) METV were sold or did not go public in five (5) years, METV would pay double the investment amount; and
 - (2) All funds would be used for working capital;
 - iv. MR1 and MR2 signed the purchase agreement with Mitchell for three thousand (3,000) shares of stock in METV; and
 - v. MR1 and MR2 invested three thousand dollars (\$3,000) by personal check with Mitchell and METV;
 - c. on or about May 25, 2007, Mitchell provided MR1 and MR2 a stock certificate for three thousand (3,000) shares of stock in METV;
 - d. MR1 and MR2 were not given a prospectus or any other form of documentation describing METV; and
 - e. on February 10, 2011, MR1 demanded that Mitchell refund MR1 and MR2's investment. Mitchell told MR1 that Mitchell would "take care of it" but the refund would take four (4) to six (6) weeks.
17. As of December 11, 2012, MR1 has neither received a refund of, nor a return on, MR1 and MR2's investment with Mitchell and/or METV.
18. From August 2012 to December 2012, an investigator with the Enforcement Section spoke to, and received documentation from, a sixty-eight (68) year-old, Kansas City, Missouri resident ("MR3"). A review of this information, revealed among other things, the following:
- a. prior to September 2007, a member of MR3's church introduced MR3 to Mitchell;
 - b. in September 2007, Mitchell contacted MR3 several times regarding an investment in METV. Mitchell told MR3, among other things, that:
 - i. Mitchell needed to raise approximately two hundred fifty thousand dollars

- (\$250,000) to "get METV started;"
- ii. METV had created and developed a computer technology that "prevented overload on the internet;"
 - iii. METV was the only company that had such technology;
 - iv. Mitchell was in negotiations with different companies on "multi-million dollar deals" to sell METV's computer technology patent, and was "trying to get top dollar" for the patent; and
 - v. after METV sold METV's computer technology patent, the price per share of METV stock would greatly increase and would be worth "hundreds of dollars apiece;"
- c. MR3 was not given a prospectus or any other form of documentation describing METV;
- d. on October 30, 2007, MR3 met Mitchell at MR3's bank in Kansas City, Missouri, and, among other things:
- i. Mitchell presented MR3 with a purchase agreement for stock in METV;
 - ii. the purchase agreement was substantially similar to MR1 and MR2's purchase agreement with Mitchell and METV; and
 - iii. MR3 invested thirteen thousand five hundred dollars (\$13,500) by cashier's check with Mitchell and METV;
- e. Mitchell gave MR3 a stock certificate for thirteen thousand five hundred (13,500) shares of stock in METV. The stock certificate is dated November 1, 2007;
- f. on November 12, 2007, MR3 signed a copy of the purchase agreement;
- g. on or about August 8, 2012, MR3 contacted Mitchell and stated MR3 was concerned that Google's new fiber network being built in the Kansas City, Missouri area might have an impact on METV's computer technology patent. Mitchell told MR3, among other things, that:
- i. Google was still dependent on METV's computer technology; and

- ii. METV was still working with other companies and hoped to "go public" soon;
 - h. shortly after the August 8, 2012 phone call with Mitchell, MR3 went to a meeting in the Kansas City, Missouri area hosted by Google; and
 - i. at the Google meeting, MR3 asked a Google representative about Google's dependence on METV's computer technology. The Google representative told MR3 that Google had no association with METV and was not "dependent" on METV's technology.
19. As of December 12, 2012, MR3 had not received any return on MR3's investment.
20. From August 2012 to December 2012, an investigator with the Enforcement Section spoke to, and received documentation from, a seventy-seven (77) year-old Kansas City, Missouri resident ("MR4"). A review of this information revealed, among other things, the following:
- a. MR4 was acquainted with Mitchell, and believed Mitchell was "a nice boy, and a good Christian;"
 - b. in the summer of 2007, MR4 met with Mitchell at MR4's residence several times to discuss an investment opportunity in METV. During these meetings, Mitchell told MR4, among other things, that:
 - i. Mitchell was seeking investments for METV;
 - ii. when METV opened, investors would be compensated "very well" and would receive "monthly payments" from METV;
 - c. in August 2007, Mitchell came to MR4's residence and, among other things:
 - i. MR4 signed a contract with Mitchell for the purchase of stock in METV¹;
 - ii. MR4 invested six thousand dollars (\$6,000) in cash with Mitchell and METV;
 - iii. MR4's investment was MR4's "last nest egg;" and
 - iv. Mitchell gave MR4 a stock certificate dated August 14, 2012, for six thousand (6,000) shares of stock in METV;

- d. in June 2012, MR4 demanded that Mitchell refund MR4's investment;
 - e. MR4 called Mitchell "many times" to ask why MR4 had not received the requested refund. Mitchell told MR4 that Mitchell could not return MR4's investment for, among other things, the investment money was "going through an audit;"
 - f. on or around August 10, 2012, during a phone call between MR4 and Mitchell, Mitchell informed MR4 that MR4's investment "had doubled;" and
 - g. on November 16, 2012, Mitchell met MR4 and Mitchell, among other things:
 - i. told MR4 that MR4's investment money went into Mitchell's personal account;
 - ii. told MR4 that Mitchell's wife was trying to take all of the money from the personal account in the divorce proceedings; and
 - iii. promised MR4 a refund of MR4's investment money.
21. From December 2011 through November 2012, an investigator with the Enforcement Section spoke to, and received e-mails and documentation from, Mitchell and/or METV. On June 27, 2012, Mitchell appeared before members of the Enforcement Section for an on-the-record examination ("Mitchell OTR"). A review of this information revealed, among other things, the following:
- a. Mitchell had been unemployed since at least 2002;
 - b. Mitchell had never been registered to sell securities in Missouri;
 - c. METV stock was not registered, and Mitchell was not relying on any exemption to sell the stock;
 - d. METV was a "content production company" that would film an event and make the film available to mobile devices;
 - e. METV was working on technology to replace the router on the Internet to make the internet more secure from hackers;
 - f. Mitchell told investors that the investment money would be used for working capital for METV;

- g. Mitchell told investors that they would not lose their money and that investors could have their money back upon request before METV went public;
 - h. at least fifty-three (53) investors invested in excess of fifty-four thousand dollars (\$54,000) with Mitchell and METV. At least forty (40) of the investors were Missouri residents, who invested in excess of thirty-eight thousand dollars (\$38,000) with Mitchell and METV;
 - i. Mitchell did not have financial statements, cash flow charts or balance sheets for METV;
 - j. Mitchell told investors that the only risk of investing in METV was after METV went public, because Mitchell "can't control the market;"
 - k. Mitchell did not disclose to investors that investor funds would be commingled with Mitchell's personal funds;
 - l. every investor who had requested their money back has been refunded except MR1, because MR1 would not sign the required documentation for a refund;
 - m. neither Mitchell nor METV have ever applied for, or have had a patent on technology related to preventing overload on the Internet;
 - n. METV purchased the exclusive rights to use patented technology to prevent overload on the internet on television applications;
 - o. Mitchell claimed that METV has been taking a long time to develop and should be "running" in early to late spring of 2012; and
 - p. no returns have been paid to investors.
22. Prior to the investments, Mitchell failed to disclose to MR1, MR2, MR3 and/or MR4 among other things, the following:
- a. that Mitchell was not registered to offer or sell securities in the State of Missouri;
 - b. that the securities offered and sold were not registered in the State of Missouri;
 - c. the actual risks of the investment;

- d. the financial condition of METV;
- e. financial information to support the promised return on MR1, MR2, MR3 and MR4's investments; and
- f. that investment funds would be commingled with Mitchell's personal funds.

II. CONCLUSIONS OF LAW

- 23. The Commissioner finds Respondents offered and sold unregistered, non-exempt securities, transacted business as an unregistered agent, employed unregistered agents who transacted business in the state of Missouri, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading and engaged in an act, practice, or course of business that would operate as a fraud or deceit and that this conduct constitutes grounds to issue an order pursuant to Section 409.6-604 RSMo. (Cum. Supp. 2012).
- 24. The Commissioner, after consideration of the stipulations set forth above and on the consent of Respondents and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondents and this matter and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409, RSMo. (Cum. Supp. 2012).

III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

- 1. Respondents, Respondents' agents, employees and servants, and all other persons participating in the above-described violations with knowledge of this order are permanently enjoined and restrained from offering and selling unregistered securities, transacting business as an unregistered agent, employing unregistered agents, omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and engaging in an act, practice, or course of business that would operate as a fraud or deceit in violation of Sections 409.3-301, 409.4-402, and 409.5-501, RSMo. (Cum. Supp. 2012).
- 2. Respondents are jointly and severally ordered to pay sixty-two thousand five hundred fifteen dollars (\$62,515) in restitution. This payment shall be sent within thirty (30) days of the effective date of this Consent Order to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Restitution Fund. This payment will be distributed by that Fund to the investors identified in Exhibit A, attached hereto.

3. Respondents are jointly and severally ordered to pay a civil penalty of ten thousand dollars (\$10,000), for multiple violations of Section 409.5-501 RSMo. (Cum. Supp. 2012). This payment shall be sent within thirty (30) days of the effective date of this Consent Order to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to the State of Missouri. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri.
4. Respondents are jointly and severally ordered to pay a civil penalty of fifteen thousand dollars (\$15,000), for multiple violations of Section 409.5-501 RSMo. (Cum. Supp. 2012) committed against the elderly. This amount will be suspended provided Respondents comply with the terms of this Order and do not violate the Missouri Securities Act for a period of three (3) years.
5. Respondents' Mitchell & METV are jointly and severally ordered to pay six thousand one hundred forty-seven dollars and twenty-five cents (\$6,147.25) as the cost of this investigation. This amount shall be sent within thirty (30) days of the effective date of this Consent Order to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund. The Securities Division will send the money to the Missouri Secretary of State's Investor Education and Protection Fund.
6. The Commissioner may refer this matter for collection as provided in Section 409.6-604(g), RSMo. (Cum. Supp. 2012).
7. Respondents shall pay their own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,

MISSOURI THIS 17th DAY OF APRIL, 2014.

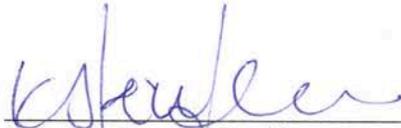


JASON KANDER
SECRETARY OF STATE

Andrew M. Hartnett

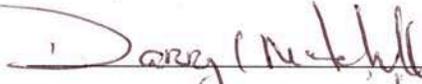
ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES

Consented to by:
THE ENFORCEMENT SECTION OF THE
MISSOURI SECURITIES DIVISION



Kristine Sonnett Kaufflin
Chief Enforcement Counsel

MULTICAST ENTERTAINMENT.TV
CORPORATION

BY: 
NAME: Darryl A. Mitchell
TITLE: CEO

DARRYL MITCHELL

BY: 