

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)
)
) **ORDER TO CEASE & DESIST**
)
 Charles Duane Tinsley, Sr.)
 (a/k/a “Duane Tinsley”),) **File No. 07020**
 Mark Tinsley, and)
 Liquid Armour USA, Inc.)
)
)
 Respondents.)

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”), pursuant to authority granted in the South Carolina Uniform Securities Act of 2005 (the “Act”), S.C. Code Ann. § 35-1-101 to 35-1-703 (Supp. 2005), on or about March 15, 2007 received information regarding alleged activities of Charles Duane Tinsley (“Duane Tinsley), Mark Tinsley and Liquid Armour USA, Inc. (“Liquid Armour”) which could constitute violations of the Act;

WHEREAS, the information led the Division to open and conduct an investigation of Duane Tinsley, Mark Tinsley and Liquid Armour (collectively the “Respondents”) pursuant to S.C. Code Ann. § 35-1-602, and this investigation is ongoing;

NOW THEREFORE, in connection with the investigation, the Division determined that the Respondents have engaged and may be about to engage in acts or practices constituting violations of the Act and the Uniform Securities Act, S.C. Code Ann. § 35-1-10 to 35-1-1590 (Supp. 2004) (the “Prior Act”) and hereby includes in this Order to Cease and Desist, a statement of the reasons for the Order, a statement of the civil penalty and costs of the investigation sought, and a notice that a hearing will be scheduled if any Respondent requests a hearing.

FACTUAL HISTORY

1. Respondent Duane Tinsley is a South Carolina resident with a last known address of 105 Garrison Street, Easley, South Carolina.
2. Respondent Mark Tinsley is a South Carolina resident with a last known address of 634 Ambler School Road, Pickens, South Carolina.
3. During the time period of the transactions listed herein, Respondent Mark Tinsley represented to an investor and the public that he was the CEO of Liquid Armour.
4. During the time period relevant herein, Liquid Armour either was or was represented to be a South Carolina corporation.
5. During the time period relevant herein, Liquid Armour's primary business address was 2514 River Road, Suite 102, Piedmont, South Carolina 29673.
6. On or about February 14, 2005, papers were filed with the South Carolina Secretary of State to create Liquid Armour.
7. On or about February 14, 2005, a South Carolina resident, "Resident One," was solicited by Duane Tinsley to invest in Liquid Armour. Specifically, Resident One was offered the opportunity to purchase shares of stock issued by Liquid Armour.
8. In March 2005, pursuant to a solicitation by Duane Tinsley, acting on behalf of himself and Respondents Mark Tinsley and Liquid Armour, Resident One invested \$117,000.00 in Liquid Armour.
9. Resident One received 39,000 shares of stock issued by Liquid Armour for his \$117,000.00 investment.
10. In September 2005, pursuant to a solicitation by Duane Tinsley, acting on behalf of himself and Respondents Mark Tinsley and Liquid Armour, Resident One loaned \$71,068.40 to Respondents.

11. The investment opportunities in Liquid Armour detailed above were offered to Resident One in and from the State of South Carolina.
12. The investment opportunities in Liquid Armour offered to Resident One were not registered for sale in or from South Carolina at the time of the offers and sales.
13. At the time Respondents Mark Tinsley and Duane Tinsley made representations to Resident One and offered and sold Resident One shares of Liquid Armour stock, neither Mark Tinsley nor Duane Tinsley was registered to offer or sell securities in or from South Carolina.
14. At the time Resident One was solicited to purchase shares of Liquid Armour stock the company was offering shares of stock for one cent per share.
15. Resident One was not told other persons were being offered the opportunity to purchase shares of Liquid Armour stock at a lower price per share than the price per share offered to him.
16. Prior to the solicitation and sale of shares of Liquid Armour stock to Resident One, Mark Tinsley and Duane Tinsley had been charged with fraud in the State of North Carolina and were the subject of other pending legal action.
17. At the time of his solicitation and investment, Resident One was not notified any Respondent had ever had any prior charges or had any legal action pending against him.
18. At the time of his investment, Resident One was not told that the investment would be used to cover legal expenses in other cases that involved Mark and/or Duane Tinsley.
19. Upon information and belief, a portion of Resident One's investment in Liquid Armour was used to cover legal expenses in unrelated cases involving Mark and/or Duane Tinsley.

20. No exemption from securities or agent registration has ever been filed with the Division or claimed with the Division by any Respondent or anyone acting on any Respondent's behalf.

APPLICABLE LAW

21. Pursuant to Section 35-1-703 of the Act, the Act took effect on January 1, 2006.
22. Pursuant to Section 35-1-701(a) of the Act, the Prior Act governs actions or proceedings that are initiated based on conduct occurring before January 1, 2006, while the Act governs actions or proceedings that are initiated based on conduct occurring on or after January 1, 2006.
23. Pursuant to Section 35-1-20(15) of the Prior Act, the investment opportunities Respondent Duane Tinsley offered Resident One in South Carolina during the period February 2005 to September 2005 each constitute a "security."
24. Pursuant to Section 35-1-410 of the Prior Act, it is unlawful for any person to transact business in this State as a broker-dealer or agent unless he is registered under the Prior Act or exempt from licensing under the Prior Act.
25. Pursuant to Section 35-1-810 of the Prior Act, it is unlawful for any person to offer or sell any security in this State unless (a) it is registered under the Prior Act, (b) the security or transaction is exempted under section 35-1-310 or 35-1-320, or (c) it is a federal covered security.
26. Pursuant to Section 35-1-340 of the Prior Act, in any proceeding under the Prior Act, the burden of proving an exemption or an exception from a definition is upon the person claiming it.
27. Pursuant to Section 35-1-602(a)(1) of the Act, the Securities Commissioner may conduct public or private investigations within or outside the State of South Carolina which the

Securities Commissioner considers necessary or appropriate to determine whether a person has violated, is violating, or is about to violate the Act or a rule adopted or order issued under the Act, or to aid in the enforcement of the Act or in the adoption of rules and forms under the Act.

28. Regarding administrative remedies under the Act and Prior Act:

a. Pursuant to Section 35-1-604(a)(1) of the Act, if the Securities Commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act, the Securities Commissioner may issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with the Act.

b. Pursuant to Section 35-1-604(b) of the Act, a cease and desist order issued under Section 35-1-604(a)(1) of the Act must include a statement of any civil penalty or costs of investigation the Securities Commissioner will seek, a statement of the reasons for the order, and notice about a hearing.

c. Pursuant to Section 35-1-1590 of the Prior Act, in a final order, the Securities Commissioner may impose a civil penalty in an amount not to exceed five thousand dollars (\$5,000) for each violation.

d. Pursuant to Section 35-1-604(e) of the Act, in a final order, the Securities Commissioner may charge the actual cost of an investigation or proceeding for a violation of the Act or a rule adopted or order issued under the Act.

DIVISION'S DETERMINATION

29. WHEREAS, based on the foregoing, the Division has determined that Respondents Duane Tinsley, Mark Tinsley and Liquid Armour have engaged, are engaging, or are about to

engage in an act, practice, or course of business constituting a violation of the Prior Act or a rule adopted or order issued under the Prior Act as follows:

- a. During the time period February 14, 2005, to in or around September, 2005, Respondents offered and sold investment opportunities constituting securities in and from South Carolina on at least two occasions;
- b. The investment opportunities sold constituted securities under the Prior Act;
- c. The securities offered and sold by Respondents were not registered for sale in or from the State of South Carolina;
- d. Respondents, during the time of the offers and sales described above, were not licensed to sell securities in or from the State of South Carolina;
- e. Neither Respondents nor anyone acting on any Respondent's behalf has claimed an exemption or exception from a definition in connection with the offers and sales of securities in and from South Carolina;
- f. Respondents violated Section 35-1-410 of the Prior Act when they offered and sold securities in and from this State without broker-dealer and agent registration;
- g. Respondents violated Section 35-1-810 of the Prior Act when they offered and sold unregistered securities in and from this State; and
- h. Respondent violated Section 35-1-1210 of the Prior Act and engaged in securities fraud in and from this State when, in connection with the solicitation of and sales of securities to Resident One, they omitted to notify Respondent One that (1) one or more Respondents had prior fraud charges and/or legal action pending against him; (2) one or more Respondents intended to use a portion of Resident One's investment in Liquid Armour to pay unrelated legal fees; and (3) at the time Resident One was solicited to purchase shares of Liquid Armour stock at the price in excess of two

dollars per share, other persons were being offered the opportunity to purchase shares of Liquid Armour stock at prices as low as one cent per share.

CEASE AND DESIST ORDER

NOW THEREFORE, pursuant to Section 35-1-604(a)(1) of the Act, IT IS HEREBY ORDERED that each Respondent:

- a. Cease and desist from offering and/or selling securities, in violation of Sections 35-1-301, 35-1-401 and 35-1-501 of the Act; and
- b. Pay a civil penalty in the amount of ten thousand dollars (\$10,000.00) per Respondent if this Order becomes effective by operation of law, or, if any Respondent seeks a hearing and a hearing officer or any other legal authority resolves this matter, pay a civil penalty in an amount not to exceed five thousand dollars (\$5,000.00) for each violation of the Prior Act by each Respondent, and the actual cost of the investigation or proceeding.

REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

Respondents are hereby notified that they each have the right to a hearing on the matters contained herein. To schedule such a hearing, a Respondent must file with the Securities Division, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina, 29211-1549, attention: Thresechia Navarro, within thirty (30) days of notification of the issuance of this Order to Cease and Desist a written Answer specifically requesting a hearing therein.

In the written Answer, the Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the

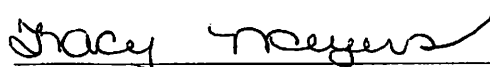
Respondent relies. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty day (30) period stated above shall be deemed a waiver by that Respondent of his right to such a hearing. Failure of a Respondent to file an Answer, including a request for a hearing, shall result in this Order, including the stated civil penalty, becoming final as to that Respondent by operation of law.

CONTINUING TO ENGAGE IN ACTS DETAILED BY THIS ORDER AND/OR SIMILAR ACTS MAY RESULT IN THE DIVISION'S FILING ADDITIONAL ADMINISTRATIVE ACTIONS AND/OR SEEKING FURTHER ADMINISTRATIVE FINES. WILLFUL VIOLATION OF THIS ORDER COULD RESULT IN CRIMINAL PENALTIES UNDER SECTION 35-1-508 OF THE ACT. REGARDING MATTERS DESCRIBED HEREIN, THIS ORDER DOES NOT PRECLUDE THE FILING OF PRIVATE CAUSES OF ACTION OR THE FILING OF CRIMINAL CHARGES UNDER SECTION 35-1-508 OF THE ACT OR SECTION 35-1-1590 OF THE PRIOR ACT.

IT IS SO ORDERED.

This 20th day of January, 2010.



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