

IN THE MATTER OF:

John R. Davenport,

Respondent.

CONSENT ORDER

File No. 10001

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. 2009), on or about January 7, 2010, received information regarding alleged activities of John R. Davenport ("Davenport" or the "Respondent") which, if true, would constitute violations of the Act;

WHEREAS, the information led the Division to open and conduct an investigation into the securities-related activities of the Respondent pursuant to S.C. Code Ann. § 35-1-602;

WHEREAS, the Respondent cooperated with the Division in this investigation;

WHEREAS, in connection with its investigation, the Division determined that the Respondent engaged in acts or practices constituting violations of the Act; and

WHEREAS, the Respondent wishes to obtain a disposition of this matter by Consent Order rather than by a formal hearing before the Securities Commissioner (the "Commissioner");

NOW THEREFORE, as evidenced by his signature on this Order, the Respondent hereby accepts the jurisdiction and sanction portions of this Order and consents to entry of this Order requiring the Respondent to Cease and Desist offering or selling securities.

This Order is based upon the following findings of fact and conclusions of law, which are accepted by the Respondent for purposes of entering this Order.

I. Jurisdiction

1. The Commissioner has jurisdiction over the matters herein pursuant to S.C. Code Ann. §§ 35-1-101 to 35-1-703.

II. Findings of Facts

2. The Respondent is a South Carolina resident.
3. In or around the time period September, 2008, to October, 2008, while doing business in and from South Carolina, the Respondent offered two South Carolina residents (the "Residents") the opportunity to invest money in Diversified Liquid Asset Holdings, LLC ("DLAH").
4. During this period, the Respondent represented to the Residents that:
 - a. DLAH was engaged in gas, oil, and ethanol ventures;
 - b. the minimum investment in DLAH was \$100,000; and
 - c. an investment by the Residents would be pooled with other investors' money and pay interest of 12%.
5. The Respondent recommended that the Residents mortgage their unencumbered lake property to obtain funds to invest in DLAH. The Respondent indicated that, if the Residents did so, DLAH would make payments on the mortgage out of the interest earned on the Residents' investment.

6. On or about October 3, 2008, the Residents agreed to invest in the DLAH offering, and gave the Respondent a check for \$150,046.73 made payable to DLAH for a "DLAH Contract."
7. At the time of the offer and sale, the security offered by the Respondent and DLAH was not registered pursuant to the Act, nor was it an exempt or federal covered security.
8. At the time of the offer and sale, the Respondent was not registered as an agent of DLAH pursuant to the Act.
9. No claim of an exemption, exception, preemption, or exclusion from registration has been asserted by the Respondent, or by another on his behalf, which would have negated the requirement that the Respondent register with the Division as an agent of a securities issuer prior to engaging in the transactions described above.

III. Conclusions of Law

10. The investment opportunity the Respondent offered and sold to the Residents constitutes a "security" pursuant to S.C. Code Ann. § 35-1-102(29).
11. The Respondent violated S.C. Code Ann. § 35-1-301 when while doing business in and from South Carolina, he offered the DLAH security, which was not a registered, federal covered, or exempt security, to the Residents.
12. The Respondent violated S.C. Code Ann. § 35-1-402(a) when he acted as an agent in and from South Carolina while he was not registered or exempt from registration as an agent under the Act.
13. This Consent Order is appropriate, in the public interest, for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act.

IV. Sanctions and Remedies

NOW, THEREFORE, IT IS HEREBY ORDERED, and the Respondent Davenport expressly consents and agrees that:

- A. Effectively immediately, the Respondent will cease and desist from violating the Act; and
- B. Upon the Commissioner's acceptance of this Order, the Respondent will immediately pay an administrative fine of five thousand (\$5,000) dollars. Respondent shall pay this fine in installments of five hundred dollars (\$500.00) per month commencing on December 1, 2010 until paid in full. Failure to make any payment will constitute a violation of this Consent Order.

V. Conclusion

Upon execution by the Securities Commissioner, this Order resolves Administrative Proceeding 10001 as it relates to the Respondent. 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 ADMINISTRATIVE FINES. WILLFUL VIOLATION OF THIS ORDER COULD RESULT IN CRIMINAL PENALTIES. REGARDING MATTERS DESCRIBED HEREIN, THIS ORDER DOES NOT PRECLUDE THE FILING OF PRIVATE CAUSES OF ACTION OR THE FILING OF CRIMINAL CHARGES.

By executing this document, the Respondent Davenport makes the following representations:


- a. He is competent to make the representations herein and to execute this document;
- b. He admits that the Division has jurisdiction in this matter and consents to entry of this Consent Order, including the sanctions and remedies listed to resolve administrative proceeding 10001; and
- c. No promise of any kind or nature whatsoever was made to induce him to enter into this Consent Order, and he has entered into this Consent Order voluntarily.

So ORDERED this 5 day of November, 2010.

By: 
Henry McMaster
Securities Commissioner

WE CONSENT:

Securities Division of the Office of the Attorney General

By: 
Michael S. Traynham
Assistant Attorney General
Securities Division

Date: 11/4/10

Respondent John R. Davenport

By: 
John R. Davenport

Date: 10/26/2010