

**STATE OF NEW HAMPSHIRE  
BUREAU OF SECURITIES REGULATION  
DEPARTMENT OF STATE  
CONCORD, NEW HAMPSHIRE**

**IN THE MATTER OF:**

**LIQUID HEALTH LABS, INC.**

**RESPONDENTS**

**No. I-201200010**

**CONSENT ORDER**

- I. For purposes of settling the above-referenced matter and in lieu of further administrative proceedings, Liquid Health Labs, Inc. (hereinafter referred to as “LHL”), has submitted an offer of settlement, which the Bureau of Securities Regulation, Department of State, State of New Hampshire (hereinafter referred to as “the Bureau”) has determined to accept. Accordingly, the Respondent does hereby consent to the following findings, conclusions, undertakings and sanctions:

**The Facts**

1. LHL, a Delaware corporation, develops, manufactures, distributes, markets, and sells nutraceuticals, beverages, and health and wellness products. LHL’s principal place of business is 33 South Commercial Street, Manchester, NH 03031.
2. On July 19, 2004, LHL was incorporated in the State of Delaware. At the time of LHL’s incorporation, LHL had a total of 5,000 shares of common stock authorized for issuance. However, effective as of April 19, 2010, LHL amended its Certificate of Incorporation to increase the number of authorized shares of common stock to 500,000, and to implement a 10 to 1 split of the then issued and outstanding shares of common stock.

3. Between August 20, 2004 and October 15, 2004, LHL issued common stock to fifteen (15) individuals who were not preexisting holders of securities issued by LHL. Between October 16, 2004 and calendar year end 2011, LHL issued common stock, stock options, or promissory notes to eighteen (18) individuals or entities that were not preexisting holders of securities issued by LHL, at least three (3) of which were accredited investors.
4. On March 29, 2012, LHL independently notified the Bureau to what it believed to be possible violations of New Hampshire securities law. Further, LHL notified the Bureau through correspondence and document production that it would be unable to make rescission to the whole of its investors as the company was in its developmental stages.
5. During the period of LHL's issuance of common stock options, such options were issued for no cash pursuant to option grant letters and issued not for the purpose of raising capital.
6. During the period of LHL's issuance of common stock to accredited investors, LHL failed to file its 506 notice under RSA 421-B:11, I-a(e) no later than 15 days after the first sale in this state.
7. During the period of LHL's issuance of common stock, stock options, and promissory notes, and at all times, LHL was never licensed in New Hampshire as an issuer-dealer or issuer-dealer agent as defined by RSA 421-B:2.
8. During the period of LHL's issuance of common stock, stock options, and promissory notes, and at all times, no security described above that was offered or sold by LHL, excluding those exempt from registration as outlined above, was registered pursuant to RSA 421-B:11.
9. On May 15, 2012, the Bureau sent a letter to all LHL investors informing them of LHL's violations of New Hampshire securities law and requesting investor input as to remedies.

### **The Law**

1. Pursuant to New Hampshire RSA 421-B:11, it is unlawful for any person to offer or sell any security in this state unless it is registered under this chapter, the security or transaction is exempted under RSA 421-B:17, or it is a

federally covered security for which the fee has been paid and documents have been filed as required by paragraph I-a of this section. Respondent LHL is in violation of this section.

2. During the offer and sale of the stock options described in paragraph three above, such options were issued pursuant to RSA 421-B:17, I(h) and the Bureau's Interpretive Order INT05-001 (dated November 3, 2005) and thus exempt from registration under RSA 421-B:11.
3. During the offer and sale of common stock to accredited investors as described in paragraph six above, LHL failed to file its 506 notice under RSA 421-B:11, I-a(e) no later than 15 days after the first sale in this state, although LHL may still notice file a late Form D with the Bureau along with a \$1,000 late filing fee as the notice filing is late by more than 90 days but not more than one (1) year.
4. During the offer and sale of the securities described in paragraphs one through six above, LHL failed to register any of the securities described pursuant to RSA 421-B:11. Further, LHL exceeded the restrictions on the number of exempted preorganization offers and sales outlined in RSA 421-B:17, II(k) and the limitation on aggregate sales within any twelve-month period outlined in RSA 421-B:17, II(a) as these preorganization sales occurred all within a single twelve-month period and prior to the 2006 amendment of RSA 421-B. At the time of all preorganization offers and sales, the limit on aggregate sales within any twelve-month period was five.
5. Pursuant to RSA 421-B:6, I it is unlawful for any person to transact business in this state as an issuer-dealer unless such person is licensed under this chapter. Respondent LHL is in violation of this section.
6. During the sales of the securities described in paragraphs one through three above, neither LHL, or any other person acting on LHL's behalf, was licensed to offer or sell securities in the State of New Hampshire as an issuer-dealer agent.

- II. In view of the foregoing, the Respondents agree to the following undertaking and sanctions:

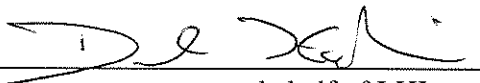
1. Respondents agree that that they have voluntarily consented to the entry of this Order and represent and aver that no employee or representative of the Bureau has made any promise, representation or threat to induce their execution.
2. Respondents agree to waive their right to an administrative hearing and any appeal therein under this chapter.
3. Respondent agrees that this Order is entered into for purpose of resolving only the matter as described herein. This Order shall have no collateral estoppel, res judicata or evidentiary effect in any other lawsuit, proceeding, or action, not described herein. Likewise, this Order shall not be construed to restrict the Bureau's right to initiate an administrative investigation or proceeding relative to conduct by Respondent which the Bureau has no knowledge at the time of the date of final entry of this Order.
4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any allegation in this consent order or create the impression that the consent order is without factual basis. Nothing in this provision affects Respondent's testimonial obligations or right to take legal positions in litigation in which the State of New Hampshire is not a party.
5. Respondents agree to cease and desist from further violations under this chapter pursuant to RSA 421-B:23.
6. Upon execution of this order by LHL, Respondent LHL agrees to pay an administrative fine in the amount of Four Thousand Five Hundred Dollars (\$4,500) to the State of New Hampshire, which fine shall include the required One Thousand Dollar (\$1,000) filing fee pursuant to RSA 421-B:31. Payment shall be made by 1) United States postal money order, certified check, bank cashier's check, or bank money order; 2) made payable to the State of New Hampshire; and 3) hand-delivered or mailed to the Bureau of Securities Regulation, Department of State, State House, Room 204, Concord, New Hampshire, 03301.

7. Respondents agree that this Order is entered into for purposes of resolving the matter as described herein. This order shall not be construed to restrict the Bureau's right to initiate an administrative investigation or proceeding relative to conduct by Respondents which the Bureau has no knowledge at the time of the date of final entry of this order.

III. Based on the foregoing, the Bureau deems it appropriate and in the public interest to accept and enter into this Order. **THEREFORE, IT IS HEREBY ORDERED THAT:**

1. Respondent cease and desist from further violations of the act pursuant to RSA 421-B:23.
2. Respondent pay an administrative fine in the amount of \$4,500 within 10 days of the execution of this order.
3. Respondent notice file and otherwise satisfy the requirements of RSA 421-B, I-a(e).
4. Respondent comply with the above-referenced undertakings.

Executed this 11 day of June, 2012.

  
on behalf of LHL, President

(Please print name below:

Derek Hopkins

Entered this 18<sup>th</sup> day of June, 2012.



Barry Glennon, Director  
N.H. Bureau of Securities Regulation