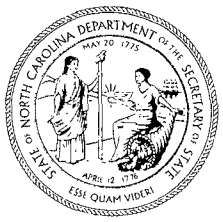
STATE OF NORTH CAROLINA



COPY

Department of The Secretary of State

THE NORTH CAROLINA SECURITIES DIVISION,

Petitioner,

vs.

TITAN COMPOSITES, INC.,
140 4th Avenue West
Suite 102
Hendersonville, North Carolina 28792

BRYAN K. NOEL,
1235 5th Avenue West
Hendersonville, North Carolina 28739
(Individually and in his capacity as President of Titan Composites, Inc.)

CHRISTOPHER D. HUGHES,
129 Westwood Drive
Hendersonville, North Carolina 28739

SOUTHEASTERN FINANCIAL RESOURCES, LLC.
2346 Welchel Road
Mooresboro, North Carolina 28114

and

MARK EDWARD PATTY,
2346 Welchel Road
Mooresboro, North Carolina 28114
(Individually and in his capacity as Organizer of Southeastern Financial Resources, LLC.)

Respondents.

SUMMARY ORDER TO CEASE & DESIST

FILE NO. 03-002-CC

Pursuant to the authority granted by Chapter 78A of the North Carolina General Statutes (the North Carolina Securities Act), hereinafter referred to as the "Securities Act," and the rules

promulgated thereunder, the Securities Division of the Department of the Secretary of State, hereinafter referred to as the "Division," has investigated the activities of the above named Respondents to determine if they have engaged in, or are about to engage in, any act or practice constituting a violation of the Securities Act or any rule or order thereunder.

THE DIVISION has filed an Administrative Petition against the above-named Respondents seeking, among other remedies, a Summary Cease and Desist Order pursuant to the provisions of N.C.G.S. §78A-47(b)(2).

THE SECRETARY OF STATE, acting by and through her duly authorized Deputy Securities Administrator, from the investigation and the information derived therefrom, and for the protection and preservation of the public welfare and in the public interest, makes the following:

FINDINGS OF FACT

1. Respondent **TITAN COMPOSITES, INC.** is a North Carolina Corporation with its principal place of business located at 1303 5th Avenue, W., Suites B & C, Hendersonville, North Carolina 27839. As of September 28, 2006 Titan Composites, Inc. filed with the Secretary of State a Statement of Change of Registered Office reporting its registered office address as 140 4th Avenue West, Suite 102, Hendersonville, North Carolina 28792.

2. Respondent **BRYAN K. NOEL** is a natural person, who upon information and belief is the principal owner and president of Titan Composites, Inc. Respondent Noel's business activities include engaging in, now or in the past, the solicitation of members of the public in North Carolina to invest in securities issued by Titan Composites, Inc. Noel has not been registered to sell securities in North Carolina since 1999.

3. Respondent **CHRISTOPHER D. HUGHES** is a natural person, who has been identified as a salesman of the securities issued by Titan Composites, Inc. Hughes has not been registered to sell securities in North Carolina since 2001.

4. Respondent **SOUTHEASTERN FINANCIAL RESOURCES, LLC** upon review of North Carolina Secretary of State Corporations' records is a North Carolina member-managed LLC formed on April 22, 2003 with a registered office located at 2346 Welchel Road, Mooresboro, North Carolina 28114; and upon Information and belief maintains an office located 421 South Lafayette Street, Shelby, North Carolina 28150.

5. Respondent **MARK E. PATTY** is the registered agent and organizer of Southeastern Financial Resources, LLC. Patty has been identified as a salesman of the securities issued by Titan Composites, Inc. During all relevant times to this action Mark E. Patty was not registered to sell securities in North Carolina.

6. From November 2005 until the present, Respondents through direct contact offered and sold to members of the public in North Carolina unregistered securities in the form of debentures and stock issued by Titan Composites, Inc.

7. Respondents represented to North Carolina investors that the Titan Composites, Inc. investments were convertible subordinated debentures and in some sales were immediately converted to Titan Composites, Inc. common stock; while, in other offers and sales to North Carolina investors the investment opportunities took the form of convertible subordinated debentures that matured in 3 years and provided for a 6.25% annual return.

8. The offer and sale by Respondents of the Titan Composites, Inc. investments in the form of debentures and stock under the circumstances described in Paragraphs 6 through 7, above, constitute the "offer and sale" of a "security" as the terms are defined in N.C.G.S. §§78A-2(8) and 78A-2(11).

9. The securities offered and sold by the Respondents in North Carolina were not registered with the Securities Division of the Department of the Secretary of State under the provisions of the North Carolina Securities Act prior to or at the time of being offered or sold to persons in North Carolina and were not exempt from registration nor covered under federal law, in violation of N.C.G.S. §78A-24.

10. From November 2005 until the present the Respondents were not registered at the time of the offering and sales of Titan Composites, Inc. debentures and stock referred to in Paragraphs 6 through 7 as dealers or salesmen of securities with the Securities Division of the Department of the Secretary of State under the provisions of the North Carolina Securities Act. Respondents were acting as a "dealer" or "salesman" within the meaning of N.C.G.S. §§78A-2(2) and 78A-2(9).

11. From November 2005 until the present the Respondents engaged in and continue to engage in transacting business by offering and selling securities to persons in North Carolina, but the Respondents are not registered as dealers or salesmen of securities with the Securities Division of the Department of the Secretary of State under the provisions of the North Carolina Securities Act, in violation of N.C.G.S. §78A-36(a).

12. It is in the public interest of the citizens of North Carolina that Respondents be prohibited from violating the provisions of the North Carolina Securities Act in connection with selling or making offers to sell securities, or soliciting offers to buy securities, and transacting business as dealers or salesmen.

CONCLUSIONS OF LAW

1. The Secretary has statutory authority pursuant to N.C.G.S. §78A-47(b)(2) to enter and issue a temporary Cease and Desist Order against the Respondents.

2. There is reasonable cause to believe the Respondents have engaged in willful violations of the North Carolina Securities Act, specifically N.C.G.S. §§78A-24 and 78A-36(a).

3. There is reasonable cause to believe the Respondents will continue to commit acts and omissions in violation of the North Carolina Securities Act.

4. It is necessary and appropriate for the protection and preservation of the public interest that the Respondent be summarily ordered to cease and desist from making offers and sales of securities in violation of the North Carolina Securities Act and, in connection with such solicitations, assert untrue statements of a material fact and omit to state material facts

necessary to make statements made, in light of the circumstances under which they were made, not misleading.

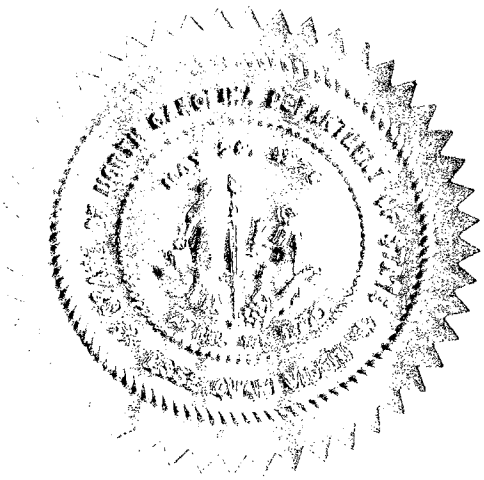
NOW, THEREFORE, IT IS ORDERED, that upon review of the facts and conclusions of law presented that the public interest would be irreparably harmed by the delay inherent in issuing an order under the provisions of N.C.G.S. §78A-47(b)(1) and pursuant to the authority contained in N.C.G.S. §78A-47(b)(2), that Respondents shall immediately CEASE AND DESIST:

1. Offering for sale, soliciting offers to purchase, or selling, to the public in North Carolina, the securities in the form of debentures and stock issued by Titan Composites, Inc. or any security of any issuer, howsoever denominated, unless and until such securities have been registered pursuant to the provisions of the Securities Act.

2. Offering for sale, soliciting offers to purchase, or selling, in or from North Carolina, the securities in the form of debentures and stock issued by Titan Composites, Inc. or any security of any issuer, howsoever denominated, unless and until said persons become registered as dealers or salesmen pursuant to the provisions of the Securities Act.

NOTICE IS HEREBY GIVEN that the Respondents may request a hearing upon this matter by transmitting such request, in writing and within thirty (30) business days of receipt of this document, to David S. Massey, Deputy Securities Administrator, Securities Division, Department of the Secretary of State, Post Office Box 29622, Raleigh, North Carolina 27626-0622. A copy of any such request shall be served by first-class mail upon Nancy Ann Vecchia, Enforcement Attorney, Securities Division, Department of the Secretary of State, Post Office Box 29622, Raleigh, North Carolina 27626-0622. If such a request is made, this matter shall be scheduled for a hearing in accordance with Chapter 150B of the North Carolina General Statutes within twenty (20) days after receipt by the Deputy Securities Administrator of the written request. If no request for a hearing, other responsive hearing, or submission is received by the Deputy Securities Administrator within thirty (30) business days of the receipt of service hereof, this Summary Order to Cease and Desist shall become final and remain in effect unless it is modified or vacated by the Secretary of State in her capacity as Administrator of the North Carolina Securities Act.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the Secretary of State, this the 14th day of November 2006.



ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH CAROLINA and
SECURITIES ADMINISTRATOR,

by:
DAVID S. MASSEY
DEPUTY SECURITIES ADMINISTRATOR