STATE OF NORTH CAROLINA

Department of The Secretary of State

In The Matter Of:	)	
	)	
NORTH CAROLINA SECURITIES DIVISION,	)	
	)	
Petitioner,	)	
	)	
vs.	)	SUMMARY ORDER TO CEASE AND DESIST
	)	
LINEBERRY & COMPANY, INC. AND DAVID W. LINEBERRY, individually and in his capacity as President of Lineberry & Company, Inc.,	)	FILE NO. 07-009-IG
	)	
Respondents.	)	

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 LINEBERRY & COMPANY, INC. (hereinafter "LineCo), and DAVID W. LINEBERRY (hereinafter "Lineberry"), in his capacity as President of LineCo, 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 temporary and 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 LineCo is a corporation organized and existing under the laws of North Carolina which maintains its principal offices at 3211 Shannon Road, #150, Durham, North Carolina 27707.

2. Respondent Lineberry is a natural person residing in Durham County, North Carolina who occupies the position of President of Respondent LineCo.

3. Commencing on or about March 5th, 2007 and continuing through the date of this Order, Respondents LineCo and Lineberry have caused to be run in the News and Observer, a newspaper of general circulation in Wake and Durham counties of North Carolina as defined by N.C.G.S. §1-597, an advertisement soliciting members of the public to "Invest Locally" with "L & Company."

4. The said advertisement for "L & Company": (i) seeks investors to "accommodate growth;" (ii) offers "a fixed annual interest rate plus additional benefits;" and (iii) promotes returns on "minimum investments" as follows: (a) $10,000 will receive 8%, (b) $15,000 will receive 9%, and $20,000 will receive 10%. Further, said advertisement states that "Interest will be paid annually. Terms are for 2 or more years." A copy of one of said advertisements is attached hereto as Exhibit A and incorporated herein as fully as if set forth verbatim.

5. On March 8, 2007 an investigator employed by Petitioner, without identifying himself as to such employment, made telephone contact with Respondent Lineberry at the telephone number contained in the above-described advertisement for

communications regarding the "local investment" sponsored by "L & Company." At that time Respondent Lineberry explained that the advertised investment consisted of a note issued by Respondent LineCo and collateralized by the inventory and equipment of Respondent LineCo, a retail jewelry merchant. On the same day Respondent Lineberry forwarded to the Division investigator by electronic mail digital photographs of the some jewelry designs and products available to the public for purchase from Respondent LineCo. Upon further inquiry by the investigator, Respondent Lineberry, on March 14, 2007, also forwarded by electronic mail a blank digital copy of a proposed promissory note to be executed by Respondent LineCo to evidence a loan of funds by an investor. A copy of proposed promissory note is attached hereto as Exhibit B and incorporated herein as fully as if set forth verbatim.

6. Respondent Lineberry stated to the Division investigator that funds loaned by investors to Respondent LineCo were intended to be used in said Respondent's business operations, including the expansion of jewelry lines manufactured by Respondent LineCo, which will be marketed by others under royalty agreements with LineCo.

7. Respondent Lineberry also stated that, while the minimum term for a LineCo note is two years, the LineCo notes may be extended for terms between two years and five years for an additional return on extended notes which carry principal amounts of either $10,000.00 or $15,000.00. LineCo also offers investors the option to roll interest into principal on the note's anniversary date in order to obtain compound interest for the balance of term of the note.

8. The notes of Respondent LineCo are securities, as that term is defined by N.C.G.S. §78A-2(11).

9. Respondents LineCo and Lineberry made offers to sell Respodent LineCo's securities to members of the public in North Carolina through means of public solicitation, as above described.

10. The notes of Respondent LineCo described above were not registered under the provisions of the North Carolina Securities Act prior to their offer and sale in North Carolina. Neither Respondent LineCo nor Lineberry made any claim for exemption or exclusion from the registration provisions of the North Carolina Securities Act prior to offering and selling said securities to the public in North Carolina.

11. The Respondents did not register as dealers or salesmen of securities with the Securities Division of the Department of the Secretary of State prior to their engaging in the offer and sale of the securities of Respondent LineCo to the public in North Carolina.

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 Respondents be summarily ordered to cease and desist from making offers and sales of securities in violation of the North Carolina Securities Act .

5. 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).

NOW, THEREFORE, IT IS ORDERED, pursuant to the authority contained in N.C.G.S. §78A-47(b)(2), that Respondents LINEBERRY & COMPANY, INC.; and DAVID W.

LINEBERRY, individually and in his capacity as President of Lineberry & Company, Inc., shall immediately cease and desist:

a. offering for sale, soliciting offers to purchase, or selling, in or from North Carolina, securities in the form of notes issued Respondent Lineberry & Company, Inc. or any other security of any issuer, howsoever denominated, unless and until such securities have been registered pursuant to the provisions of the North Carolina Securities Act; and

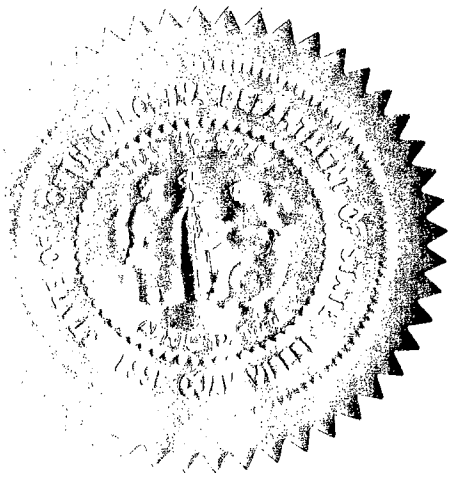
b. offering for sale, soliciting offers to purchase, or selling, in or from North Carolina, securities in the form of notes issued by Respondent Lineberry & Company, Inc. or any other security of any issuer, howsoever denominated, unless and until said persons become registered as dealers or salesmen of securities pursuant to the provisions of the North Carolina Securities Act.

NOTICE IS HEREBY GIVEN that the Respondents may request a hearing upon this matter by transmitting such request, in writing, to David S. Massey, Deputy Securities Administrator, Securities Division, Department of the Secretary of State, P.O. Box 29622, Raleigh, North Carolina 27626-0525. A copy of any such request shall be served by first-class mail upon Forrest W. Goldston, Chief Enforcement Attorney, Securities Division, P.O. Box 29622, Raleigh, North Carolina 27626-0525. If such a request is made, this matter shall be scheduled for 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 hearing, other responsive pleading, 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 23rd day of March 2007.

Time of entry: 10:42 A.M.



ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH CAROLINA
and Securities Administrator

By
David S. Massey
Deputy Securities Administrator