IN THE MATTER OF:

ARMOD L HINKLE; and
GINA M HINKLE,
Respondents.

CONSENT ORDER AS TO RESPONDENT GINA HINKLE

SUMMARY OF ENFORCEMENT SECTION’S ALLEGATIONS

1. The Enforcement Section of the Missouri Securities Division ("Enforcement Section") alleges that Respondent Gina M. Hinkle ("Respondent"), offered and sold unregistered securities, transacted business as unregistered agent, made untrue statements of material fact in connection with the sale of a security, omitted to state material facts in connection with the sale of a security, and employed a device, scheme or artifice to defraud investors in violation of the Missouri Securities Act of 2003, Chapter 409, RSMo. (Cum. Supp. 2009).

2. Respondent and the Enforcement Section desire to settle the allegations and the matters raised by the staff of the Enforcement Section relating to the alleged violations by Respondents.

CONSENT TO JURISDICTION

3. Respondent and the Enforcement Section stipulate and agree that the Commissioner has jurisdiction over the Respondent and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, et seq.

4. Respondent and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), RSMo. (Cum. Supp. 2009), which provides:

"The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act."

WAIVER AND EXCEPTION

5. Respondent waives her right to a hearing with respect to this matter.

6. Respondent waives any right that she may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondents specifically forever release and hold harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner of Securities, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.

7. Respondent and the Securities Division stipulate and agree that, should the facts contained herein prove to be false or incomplete, the Missouri Securities Division reserves the right to pursue any and all legal or administrative remedies at its disposal.

CONSENT TO COMMISSIONER’S ORDER

8. Respondent and the Enforcement Section stipulate and agree to the issuance of this Consent Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.

9. Respondent agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondent’s (a) testimonial obligations; (b) right to take legal or factual position in defense of litigation or in defense of other legal proceedings in which the Commissioner of Securities is not a party; or (c) right to make public statements that are factual.

10. Respondent agrees that Respondent is not the prevailing party in this action since the parties have reached a good faith settlement.

11. Respondent neither admits nor denies the allegations made by the Enforcement Section, but consents to the Commissioner's Findings of Fact, Conclusions of Law and Order as set forth below solely for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this Consent Order.

FINDINGS OF FACT

11. Respondent admits the jurisdiction of the Commissioner, neither admits nor denies the Findings of Fact and Conclusions of
Law contained in this Order, permanently waives any right to a hearing and appeal of this matter, holds the Missouri Office of Secretary of State and all its representative harmless, and consents to the entry of this Order by the Commissioner.

12. Direcutec, LLC. ("Direcutec"), was a Missouri limited liability company with last known business address of 1529 Amber Way Drive, Catawissa, Missouri 63015. Direcutec was organized in the state of Missouri on May 5, 2006. Direcutec filed for Articles of Termination on October 29, 2007.

13. Respondent was the President and Chief Executive Officer of Direcutec and has a last known address of 1629 Mowbry Lane, St. Louis, Missouri 63136.

14. Armod L. Hinkle ("A. Hinkle"), was the Senior Vice President and Chief Operating Officer of Direcutec and has a last known address of 1629 Mowbry Lane, St. Louis, Missouri 63136.

15. Direcutec was purportedly organized for the purposes of developing, marketing and selling handheld hardware devices ("PDAs") and software products to law enforcement and healthcare and restaurant services industries.

16. From May 2006 to February 2007, Respondent and A. Hinkle offered and sold "membership units" in Direcutec to at least fourteen (14) investors. At least ten (10) of these investors were Missouri residents.

17. The funds received by Direcutec from the sale of the membership interests totaled at least three hundred fifteen thousand dollars ($315,000).

18. A check of the records maintained by the Missouri Commissioner of Securities confirmed that:
   a. the membership units offered and sold by Respondent were not registered under the Missouri Securities Act of 2003 (the "Act");
   b. there has been no notice filed indicating the membership units offered and sold by Respondent are federal covered securities; and
   c. Respondent was not registered to offer or sell securities in the State of Missouri.

19. Information obtained during the Division's investigation show that at least three hundred fifteen thousand dollars ($315,000) in investors' funds were placed in four (4) separate bank accounts at The Private Bank.

20. An analysis of The Private Bank records indicate at least one hundred seventy-eight thousand dollars ($178,000) of investor funds was spent by Respondent and A. Hinkle on expenses unrelated to the business in which Direcutec was purportedly engaged, including mortgage payments on Respondent's private residence, Avon products, personal insurance, and unaccounted for cash withdrawals.

21. Records obtained by the Division indicate that an American Express account was opened under the name of Direcutec. Both Respondent and A. Hinkle were authorized users of the Direcutec American Express account.

22. An analysis of the American Express records show that certain expenses charged to this account by Respondent were unrelated to the business in which Direcutec was purportedly engaged. From October 19, 2006 through January 28, 2007, at least twenty-one thousand dollars ($21,000) was spent at establishments such as restaurants, discount stores, grocery stores, and clothing and fashion stores.

23. Information obtained during the Division's investigation revealed that no sales were made by A. Hinkle or G. Hinkle relating to the development and marketing of products and product software to be used by health care providers, restaurants, and law enforcement agencies, through the use of handheld devices, specifically PDAs.

24. Despite stating to investors that Direcutec would sell hardware and software products to third parties, Respondent failed to provide investors with any information showing that steps were taken to procure inventory, licensing agreements, or client prospects.

25. Respondent admitted in statements to the Division that Direcutec funds were used for the personal expenses of Respondent and that such use was not disclosed to investors.

CONCLUSIONS OF LAW


27. The Commissioner finds Respondent transacted business as an unregistered agent in violation of Section 409.4-402(a), RSMo. (Cum. Supp. 2009).

ORDER

WHEREAS, the Commissioner, after consideration of the stipulations set forth above and on the consent of Respondent and the Enforcement Section of the Missouri Securities Division, finds the following Order to be in the public interest, necessary for the protection of public investors and consistent with the provisions of Chapter 409, RSMo. (Cum. Supp. 2009).

NOW, THEREFORE, it is hereby Ordered that:

A. Respondent, her agents, employees and servants are prohibited from violating Sections 409.3-301, 409.4-402(a) and 409.5-501, RSMo. (Cum. Supp. 2009), by offering or selling securities in Missouri without registering or qualifying for an applicable exemption or failing to disclose or making false statements of material facts in connection with the offer or sale of securities.

B. Respondent shall pay to the Missouri Secretary of State's Investor Education and Protection Fund the sum of fifteen thousand dollars ($15,000.00). Twelve thousand five hundred dollars ($12,500) of this amount will be waived provided Respondent complies with the terms of this Consent Order, and provided that Respondent does not violate the securities act for a period of three (3) years. The suspended payment shall, for three (3) years from the execution of this document, become immediately payable, under operation of law, upon Respondent's failure to comply with the terms of this Order, and such immediately due payment shall be in addition to all other penalties then available under the law. The Commissioner may refer this matter for enforcement as provided in Sections 409.6-603 and 409-6-604, RSMo. (Cum. Supp. 2009). The remaining two thousand five hundred dollars ($2,500) shall be paid in twelve (12) monthly installments of at least two hundred dollars ($200), the first payment being due on December 1, 2010, with the entire two thousand five hundred ($2,500) being due on or before November 1, 2011. These payments shall be sent to the Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101, and shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund.

C. Respondent will pay her own costs and attorneys' fees with respect to this matter.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 2ND DAY OF NOVEMBER, 2010.

ROBIN CARNAHAN
SECRETARY OF STATE
(Signed/Sealed)
MATTHEW D. KITZI
COMMISSIONER OF SECURITIES
Consented to by:
MISSOURI SECURITIES DIVISION
Nathan J. Soendker
Chief Enforcement Counsel
Gina M. Hinkle
Respondent
Approved as to Form:
Rick Nelson
Rick Nelson & Associates
Attorney for Respondent