

STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF

GARY F. LILES

ORDER PROVIDING A
TRANSACTIONAL EXEMPTION
FROM REGISTRATION AND
PERMISSION TO PAY
COMMISSION
NO. 06-80006291-OR002

FINDINGS OF FACT

1. On May 4, 2006, a letter was received by the Arkansas Securities Commissioner requesting that the proposed offer and sale of 100 shares of the capital stock (the "Stock") of Cache River Enterprises and Duck Club, Inc. (the "Corporation") be determined to be an exempt transaction pursuant to ARK. CODE ANN. § 23-42-504(a)(12) and that the Seller as defined in Section 2, below, be allowed to pay a commission with respect to such sale to Gates, as defined in Section 8, below.

2. The Corporation is a corporation organized under the laws of the State of Arkansas. The Stock is presently owned by Gary F. Liles (the "Seller"), a resident of the State of Arkansas.

3. The buyer will be Chris N. Bennett, (the "Buyer"), a resident of the State of Arkansas. All the issued and outstanding capital stock of the Corporation is owned by three (3) individuals, all of whom are residents of the State of Arkansas. The Seller owns 100 shares of the Corporation's capital stock (the "Stock"), representing 33.33% of the Corporation's total issued and outstanding capital stock. The Buyer is a resident of the State of Arkansas. The Seller is proposing to sell the Stock to the Buyer.

4. The Seller believes the Buyer is purchasing the Stock for investment.
5. The certificates representing the Stock to be issued to the Buyer will bear an appropriate restrictive legend.
6. A copy of the articles of incorporation of the Corporation were attached to Seller's letter request dated May 1, 2006.

7. An exemption from registration has been requested pursuant to the Commissioner's discretionary authority under ARK. CODE ANN. § 23-42-504(a)(12). The Seller and the Buyer have been fully involved in the negotiation of an agreement for the sale of the Stock. The Buyer will have access to such financial and other information concerning the Corporation as is necessary to make an informed investment decision. Based upon the foregoing, the transaction is not the type the Arkansas Securities Act (the "Act") is designed to protect by requiring registration.

8. The primary assets owned by the Corporation consist of land in Eastern Arkansas used by the shareholders primarily as a duck hunting club. The subject sale was originally intended to be a sale of the land owned by the Corporation and to the Corporation listed the land with William L. Gates III, of Memphis, Tennessee with Southern Land Company, Inc. ("Gates") who is a licensed real estate broker under a standard real estate listing Agreement. Gates worked hard in showing the property to sell to Buyer and to others over the past several months and showed the property to Buyer with the intent of selling the land. The two (2) shareholders of the corporation other than Seller have decided not to sell the land. As a result, the Seller and Buyer now wish to proceed with the sale of Seller's 33.33% stock interest in the Corporation as a way for Buyer to become a member of the "duck club" and to hunt and fish on the land. Seller wishes to honor the spirit of the listing agreement with Gates and pay Gates a

commission for the substantial efforts he made and the expenses he incurred in locating the Buyer and putting the Buyer and Seller together. As reflected by the Affidavit signed by Gates and attached as Exhibit "A" to Seller's letter request dated May 4, 2006, Gates is a licensed real estate broker but does not have a license to sell securities in Arkansas and does not engage in selling securities in Arkansas and will not sell securities in Arkansas for which a license is required without obtaining the required license.

CONCLUSIONS OF LAW

1. Under Section 23-42-504(a)(12) of the Act, the Commissioner may by order exempt certain transactions from Sections 23-42-501 and 23-42-502 of the Act as not being necessary or appropriate in the public interest for the protection of investors.

2. It is not necessary or appropriate in the public interest for the protection of investors for the Seller to be required to register the Stock under the Act for the purposes of the contemplated transaction.

3. It is within the authority of the Commissioner to allow Buyer to pay Gates a commission with respect to this transaction even though Gates has only a real estate brokers license and has no license to sell securities.

OPINION

In recognition of the representations made by the Seller, it appears registration of the Stock is unnecessary in this instance and Seller should be allowed to pay Gates a commission with respect to this transaction.

This order does not exempt the parties from the antifraud provisions of the Act.

ORDER

IT IS THEREFORE ORDERED that the sale of the Stock if offered and sold in compliance with the representations made in the letter of May 1, 2006, and in accordance with the Findings of Fact stated herein, shall be exempted from Sections 23-42-501 and 23-42-502 of the Act, and, further, that Seller shall be allowed to pay Gates a commission with respect to this transaction only.

WITNESS MY HAND AND SEAL this 5th day of May, 2006.



HONORABLE MICHAEL JOHNSON
SECURITIES COMMISSIONER