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COMMISSIONERS OFFICE

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE AGENCY ACTION NO. 2015-AH-00150

COMMONWEALTH OF KENTUCKY, EX. REL.,
THE COMMISSIONER OF THE
DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

ROY MYERS

and

PHILLIPS J. ASH

RESPONDENTS

AGREED ORDER

FINDINGS OF FACT

1. The DFI is responsible for administering the provisions of Kentucky Revised Statutes (KRS) Chapter 292, the Securities Act of Kentucky ("the Act"), as well as any applicable rules, regulations and orders entered pursuant to the Act.

2. At all relevant times herein, Roy Myers ("Myers") was an employee of QS Holding, Inc. Myers' address is 109 Edgewood Dr. Bardstown, KY 40004.

3. At all relevant times herein, Phillips J. Ash ("Ash") was an employee of QS Holding, Inc. Ash's address is 3645 Winthrop Dr., Lexington, KY 40514.

4. QS Holding, Inc. ("QS Holding") is a Nevada corporation authorized to do business in Kentucky with a principal office address of PO Box 23695, Lexington, KY 40523.

5. While Myers and Ash were employed by QS Holding, Kenneth Thomas ("Thomas") was the President of QS Holding.

6. From August 2013 through April 2014, Thomas and the Respondents offered and sold approximately 10 million shares of QS Holding common stock to outside investors. Approximately 7.3 million shares were sold for five cents (\$.05) per share and approximately 2.7 million shares were sold for ten cents (\$.10) per share (hereinafter “the First Stock Offering”). They raised approximately \$639,000 from investors as a result of the First Stock Offering.

7. No registration statement was filed or in effect with the DFI pursuant to the Act with respect to the First Stock Offering.

8. On April 14, 2014, Thomas, as President of QS Holding, filed a Form D with the DFI which stated that QS Holding intended to sell 10 million shares of its common stock at a \$1.50 per share and that the shares would be offered and sold in accordance with Rule 506(c) of Regulation D (17 CFR §230.506(c)).

9. From March 2014 through August 2014, Thomas, the Respondents and others offered and sold approximately 439,739 shares of QS Holding common stock to outside investors and the shares were sold for \$1.50 per share (hereinafter “the Second Stock Offering”). They raised approximately \$659,000 from investors as a result of the Second Stock Offering.

10. No registration statement was filed or in effect with the DFI pursuant to the Act with respect to the Second Stock Offering.

11. Between August 2013 and August 2014, there was not a period of six months or more in which there was not an offer or sale of QS Holding’s common stock.

12. During the First Stock Offering and the Second Stock Offering, Thomas and the Respondents solicited investors on the telephone and during in person meetings

and thereby represented QS Holding in effecting or attempting to effect purchases or sales of securities.

13. From February 2014 through October 2014, Thomas, as President, caused QS Holding to pay Ash over \$25,000 for marketing work as well as part remuneration for selling QS Holding's stock in the First and Second Stock Offering.

14. From February 2014 through July 2014, Thomas, as President, caused QS Holding to pay Myers over \$15,000 for marketing work as well as part remuneration for selling QS Holding's stock in the First and Second Stock Offering.

15. Ash and Myers were not registered with the DFI as issuer agents of QS Holding during the First Stock Offering or the Second Stock Offering.

16. During the Second Stock offering, a prospectus was provided to potential investors. Section 2 of the prospectus was a PPM and it stated in part, that the shares of stock would be only be sold to "accredited investors" as that term is defined in Rule 501(a) of Regulation D (17 CFR §230.501(a)).

17. Unaccredited investors purchased QS Holding common stock during the Second Stock Offering.

DFI'S CONCLUSIONS OF LAW

18. Pursuant to KRS 292.310(1), agent means "any individual, other than a broker-dealer, who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities."

19. The Respondents acted as issuer agents of QS Holding by effecting and attempting to effect the sales of QS Holding common stock to outside investors and thereby

transacted business as issuer agents of QS Holding at a time they were not registered and thereby violated KRS 292.330(3).

20. Pursuant to KRS 292.310(19), the definition of security includes "stock."

21. The First Sock Offering was not exempt from registration under the Act and the shares sold are not covered securities.

22. The Second Stock Offering did not meet the requirements of Rule 506(c) of Regulation D because QS Holding stock was sold to non-accredited investors and therefore the shares of stock sold are not covered securities or exempt from registration under the Act.

23. Pursuant to KRS 292.340, "[i]t is unlawful for any person to offer or sell any security in this state, unless the security is registered under this chapter, or the security or transaction is exempt under this chapter, or the security is a covered security."

24. As set forth herein, the Respondents offered to sell and sold QS Holdings common stock even though the stock was not registered, exempt from registration, or covered securities and thereby violated KRS 292.340.

AGREEMENT AND ORDER

25. In the interest of economically and efficiently resolving this matter, the DFI and the Respondents agree as follows.

a. Roy Myers agrees to a fine assessment in the amount of Seven Thousand Five Hundred Dollars (\$7,500) and Phillips Ash agrees to a fine assessment in the amount of Three Thousand Five Hundred Dollars (\$3,500). These fine payments may be made in two equal installments; the first payment is due on the date this agreed order is signed and the last payment is due thirty (30) days thereafter.

b. The Respondents agree that for five (5) years from the entry of this Order they shall cease and desist from engaging in any activity that brings them within the definition, as set forth in the Securities Act of Kentucky, of agent, investment adviser, investment adviser representative, or broker-dealer.

c. The Respondents agree to and shall pay the fines in the form of a check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Division of Securities, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601;

26. The Respondents waive their right to demand a hearing at which they would be entitled to legal representation, to confront and cross examine witnesses, and to present evidence on their own behalf, or to otherwise appeal or set aside this Order.

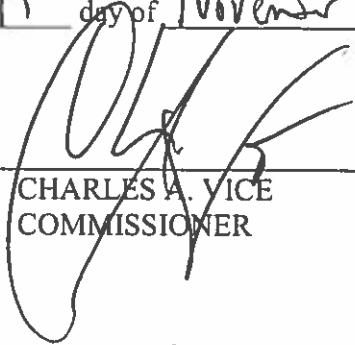
27. The Respondents consent to and acknowledge the jurisdiction of the DFI over this matter and that this Order is a matter of public record and may be disseminated as such.

28. In consideration of execution of this Agreed Order, the Respondents, for themselves, and for their successors and assigns, hereby release and forever discharge the Commonwealth of Kentucky, the DFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that the Respondents ever had, now have, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration.

29. DFI acknowledges and agrees that this Agreed Order concludes, and fully and finally resolves, any and all pending investigations of the Respondents and that this Agreed Order shall serve as the Final Order.

30. By signing below, the parties acknowledge they have read the foregoing Agreed Order, know and fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties.

IT IS SO ORDERED on this the 15th day of November, 2015.



CHARLES A. VICE
COMMISSIONER

Consented to:

This 18 day of NOVEMBER, 2015.

This 21ST day of OCTOBER, 2015.




Shonita Bossier, Director
Division of Securities
Department of Financial Institutions



Roy Myers

This 21ST day of OCTOBER, 2015.



Phillips J. Ash


Certificate of Service

I hereby certify that a copy of the foregoing **Agreed Order** was sent by certified mail, return receipt requested, on this the 20th day of November, 2015, to:

Chad Wadlington
2333 Alexandria Drive
Paragon Centre, Suite 200
Lexington, KY 40504
Counsel for Respondents

And hand delivered to:

Hon. Simon Berry
Department of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, KY 40601



Kelly Childers
Department of Financial Institutions