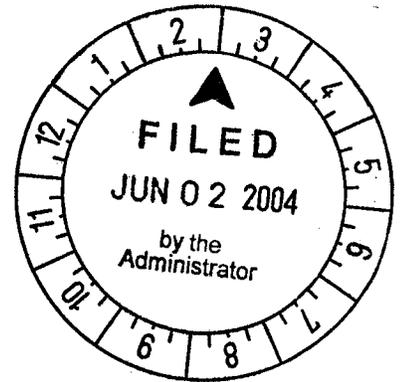


STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
THE FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Joe Alfred, *aka* Jose Alfred Jimenez,
Larry Bateman, Scott Alan Haley,
and Dana Guy Allen,

Respondents.

ODS File No. 03-105

ORDER TO CEASE AND DESIST

On April 19, 2004, a recommendation to issue an order to cease and desist (Recommendation) against Joe Alfred, *aka* Jose Alfred Jimenez (Alfred), Larry Bateman (Bateman), Scott Alan Haley (Haley), and Dana Guy Allen (Allen) (collectively referred to as "Respondents") was filed with the Administrator of the Oklahoma Department of Securities (Department). The issuance of such order is authorized by Section 814.B of the Oklahoma Business Opportunity Sales Act ("Act"), Okla. Stat. *tit.* 71, §§ 801-829 (2001).

On April 22, 2004, the Administrator of the Department issued a Notice of Opportunity for Hearing with the Recommendation attached ("Notice"). Pursuant to Section 818.F of the Act, the Notice was served on the Administrator of the Department on April 22, 2004, and mailed to the last known address of Alfred at 7581 Descanso Lane, Las Vegas, Nevada 89123, Bateman at 1731 Millstream Way, Henderson, Nevada 89074-1603, Haley at 94 Ancient Hills Lane, Henderson, Nevada 89074, and Allen at 50330 Paradise Road, Las Vegas, Nevada 89102, by certified mail, return receipt requested, and delivery restricted. On April 27, 2004, service was effected on Alfred. On April 28, 2004, service was effected on Bateman. On May 7, 2004, the Notice mailed to Haley was returned marked, "Return To Sender, Forward Expired." On May 11, 2004, the Notice mailed to Allen was returned marked, "Return To Sender, No Such Number."

The Notice specified that failure to request a hearing within fifteen (15) days of service will result in the issuance of an order to cease and desist and the imposition of a civil penalty in the amount of \$5,000.00. No request for hearing or any other response has been received by the Administrator.

The Administrator of the Department, being fully advised in this matter, does hereby adopt the Findings of Fact and Conclusions of Law as set forth below.

Findings of Fact

1. Gregory Miles Bradley and Lynn Bradley *dba* B & B Worm Farm began operations in Meeker, Oklahoma in 1998.
2. On November 17, 2000, B & B Worm Farms, Inc. (B & B Worm) was incorporated under the laws of the State of Nevada. B & B was admitted to do business as a foreign corporation in the State of Oklahoma on May 20, 2002.
3. B & B Worm was engaged in the business of growing earthworms for use in organic waste management projects and for production of worm bi-products or "castings" for organic soil enhancement.
4. At all times material hereto, Alfred, a resident of the State of Nevada, was the national sales director for B & B Worm.
5. At all times material hereto, Bateman and Haley, both residents of the State of Nevada, and Allen, a resident of the State of Arizona, were sales representatives for B & B Worm.
6. Beginning in January 2000, until March 1, 2003, Respondents sold contracts (Grower Contracts) to Oklahoma residents and residents of forty (40) other states (Growers) to breed earthworms for sale to B & B Worm. The Grower Contracts provided that B & B Worm would supply Growers with breeder worms and materials to establish a worm farm and that B & B Worm would purchase, at a stated price per pound, all live worms produced by the Grower and delivered to B & B Worm or its designees.
7. Respondents marketed the Grower Contracts in a variety of ways, including newspaper and magazine advertisements, brochures, the B & B web site and seminars ("Promotional Materials").
8. Respondents represented that B & B would provide each Grower with professional growing instructions, a toll free support telephone line, free return shipping, a bimonthly newsletter, and operational assistance. Respondents promised each Grower a one-year money back guarantee.
9. The essential terms of the Grower Contracts included a minimum purchase price, that by October 2002, ranged from \$15,000 for 100,000 breeder worms to \$60,000 for 1,500,000 breeder worms, and a provision to buy live worms each month (minimum of 100 pounds) at a guaranteed price ranging from \$7.00 to \$9.00 per pound (the "Buy Back Provision").
10. The Grower Contracts described above were not registered under the Act.

12. The Promotional Materials used in connection with the offer and/or sale of the Grower Contracts stated that B & B Worm had "end users" that were purchasing worms from B & B Worm when, in fact, B & B Worm had no "end users" to purchase the worms. Further, the marketing materials contained representations that B & B Worm had been approved for funding by the Louisiana Department of Economic Development when, in fact, such funding was not approved.

13. Respondents, directly and indirectly, made untrue statements of material fact in connection with the offer and sale of the Grower Contracts including, but not limited to, the following:

- a. that B & B Worm had sufficient revenues from the sales of its products to end users to honor the Buy Back Provision in the Grower Contracts;
- b. that B & B Worm had numerous end users who were purchasing worms from B & B Worm;
- c. that B & B Worm would purchase the worms produced by Growers as specified in their Grower Contracts; and
- d. that B & B Worm had received an economic development grant from the Louisiana Department of Economic Development.

14. Respondents omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in connection with the offer and sale of the Grower Contracts including, but not limited to, the following:

- a. that the Grower Contracts were business opportunities and were not registered under the Act or exempt from registration;
- b. that proceeds from the sales of the Grower Contracts were used to pay personal expenses of Gregory and Lynn Bradley; to make wire transfers to an auto parts business in Arizona; and to make wire transfers to an adult entertainment enterprise in Las Vegas;
- c. that B & B Worm's application to the Louisiana Department of Economic Development for a \$325,000 incentive grant was not approved; and
- d. that on August 13, 2002, Gregory Miles Bradley, Lynn Bradley, and B & B Worm entered into an agreement with the Department wherein the parties agreed to cease and desist from the offer and/or sale of any business opportunity in and/or from the State of

Oklahoma unless and until the business opportunity was registered under the Act and/or qualified for an exemption from the registration provisions of the Act.

15. Respondents failed to deliver the written disclosure document to each Grower as required by Section 808 of the Act.

16. It is in the public interest to order Alfred, Bateman, Haley, and Allen to cease and desist from engaging in violations of the Act.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

Conclusions of Law

1. The Grower Contracts are business opportunities.
2. Alfred, Bateman, Haley, and Allen offered and sold unregistered business opportunities in or from the state of Oklahoma in violation of Section 806 of the Act.
3. Alfred, Bateman, Haley, and Allen failed to deliver the required written disclosure document to Growers in violation of Section 808 of the Act.
4. Alfred, Bateman, Haley, and Allen made untrue statements and omitted material facts, in connection with the offer and sale of business opportunities, in violation of Section 819 of the Act.
5. Alfred, Bateman, Haley, and Allen engaged in acts and practices that operated as a fraud or deceit, in connection with the offer and sale of business opportunities, in violation of Section 819 of the Act.
6. Alfred, Bateman, Haley, and Allen published, circulated or used advertising that contained untrue statements of material facts in violation of Section 822 of the Act.

To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

ORDER

IT IS HEREBY ORDERED that Alfred, Bateman, Haley, and Allen to cease and desist from the offer and sale of business opportunities in violation of Sections 806, 808, 819, and 822 of the Act.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 2nd day of June, 2004.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF
THE OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 2nd day of June, 2004, a true and correct copy of the above and foregoing Order to Cease and Desist was mailed by certified mail, return receipt requested, delivery restricted to addressee, with postage prepaid thereon addressed to:

Larry Bateman
1731 Millstream Way
Henderson, NV 89074-1603

Joe Alfred *aka* Jose Alfred Jimenez
7581 Descanso Lane
Las Vegas, NV 89123

Scott Alan Haley
94 Ancient Hills Lane
Henderson, NV 89074

Dana Guy Allen
50330 Paradise Road
Las Vegas, NV 89102



Brenda London Smith
Paralegal