



5. That this Affidavit of Compliance is declared filed of record as of the date set forth below in compliance with Section 818.F of the Act.

FURTHER AFFIANT SAYETH NOT.

Dated this 22nd day of April, 2004.

(SEAL)

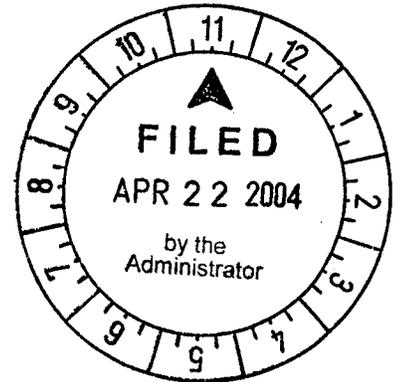
  
Irving L. Faught, Administrator

Subscribed and sworn to before me this 22nd day of April, 2004.

  
Brenda Rondon Smith  
Notary Public

My Commission Expires: August 26, 2005  
My Commission Number: 01013792  
(Notary Seal)

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



In the Matter of:

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

Respondents.

ODS File No. 03-105

**NOTICE OF OPPORTUNITY FOR HEARING**

1. Pursuant to his authority under Section 813 of the Oklahoma Business Opportunity Sales Act (Act), Okla. Stat. tit. 71, §§ 801-829 (1991 & Supp. 1999), the Administrator of the Oklahoma Department of Securities (Department) authorized an investigation into the activities of James Kent Busch (Busch), Joe Alfred *aka* Jose Alfred Jimenez (Alfred), Larry Bateman (Bateman), Scott Alan Haley (Haley), and Dana Guy Allen (Allen), in connection with the offer, sale, and/or purchase of business opportunities in and/or from the state of Oklahoma.

2. On the 19th day of April, 2004, the attached Enforcement Division Recommendation (Recommendation) was left in the office of the Administrator.

3. Pursuant to Section 814.B of the Act, the Administrator hereby gives notice to Respondents of their right to request a hearing to show why an order based on the Recommendation should not be issued.

4. The request for a hearing on the Recommendation must be received by the Administrator within fifteen (15) days after service of this Notice. Pursuant to Section 814.B of the Act, failure to request a hearing as provided for herein shall result in the issuance of an order against Busch, 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.

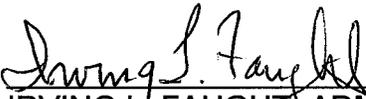
5. The request for hearing shall be in writing and Respondents shall specifically admit or deny each allegation in said request as required by 660:2-9-1(c) of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules).

6. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on this Notice shall be set within sixty (60) days or a written order denying hearing shall be issued.

7. Notice of the date, time, and location of the hearing shall be given to Respondents not less than ten (10) days in advance thereof pursuant to 660:2-9-3(a) of the Rules. Additionally, the notice may contain matters to supplement this Notice and the Recommendation attached hereto.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 22nd day of April, 2004.

(SEAL)

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

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 22nd day of April, 2004, a true and correct copy of the above and foregoing Notice of Opportunity for Hearing and attached Enforcement Division Recommendation was mailed by certified mail, return receipt requested, delivery restricted, 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

James Kent Busch  
242 Rainier Avenue  
South San Francisco, CA 94080

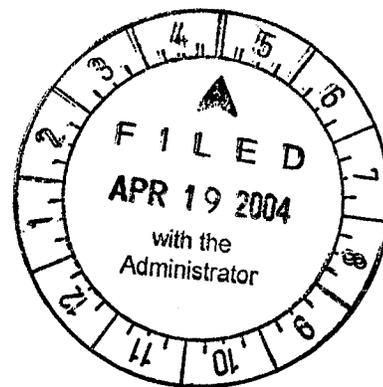
Scott Alan Haley  
94 Ancient Hills Lane  
Henderson, NV 89074

Dana Guy Allen  
50330 Paradise Road  
Las Vegas, NV 89102

---

Brenda London Smith  
Paralegal

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



In the Matter of:

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

Respondents.

ODS File No. 03-105

**ENFORCEMENT DIVISION RECOMMENDATION**

Pursuant to the Oklahoma Business Opportunity Sales Act (Act), Okla. Stat. tit. 71, §§ 801-829 (1991 & Supp. 1999), an investigation was conducted into the activities of James Kent Busch (Busch), Joe Alfred *aka* Jose Alfred Jimenez (Alfred), Larry Bateman (Bateman), Scott Alan Haley (Haley), and Dana Guy Allen (Allen), in connection with the offer and/or sale of business opportunities in and/or from the state of Oklahoma. Based thereon, the following Findings of Fact, Authorities and Conclusions of Law are submitted to the Administrator, or his designee, in support of the issuance of an order to cease and desist against Busch, Alfred, Bateman, Haley, and Allen.

**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. Busch, a resident of the State of California, was Vice President of B & B Worm and a member of the board of directors until the death of Gregory Miles Bradley on January 26, 2003, at which time Busch became president of B & B Worm.

5. At all times material hereto, Alfred, a resident of the State of Nevada, was the national sales director for B & B Worm.

6. 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.

7. 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.

8. 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").

9. 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.

10. 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").

11. 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 Busch, Alfred, Bateman, Haley, and Allen to cease and desist from engaging in violations of the Act.

#### Authorities

1. Section 802 of the Act provides in pertinent part:

\* \* \*

3.a. *"Business opportunity"* means a contract or agreement, between a seller and purchaser, express or implied, orally or in writing, wherein it is agreed that the seller or a person recommended by the seller shall provide to the purchaser any products, equipment, supplies or services enabling the purchaser to start a business and the seller represents directly or indirectly, orally or in writing, that:

\* \* \*

(3) The seller or a person specified by the seller will purchase any or all products made, produced, fabricated, grown, bred or modified by the purchaser;

\* \* \*

(6) The seller will provide a marketing plan.

\* \* \*

6. *"Marketing plan"* means advice or training, provided to the purchaser by the seller or a person recommended by the seller, pertaining to the sale of any products, equipment, supplies or services and the advice or training includes, but is not limited to, preparing or providing:

a. Promotional literature, brochures, pamphlets or advertising materials;

b. Training regarding the promotion, operation or management of the business opportunity; or

c. Operational, managerial, technical or financial guidelines or assistance.

7. *"Offer"* or *"offer to sell"* includes every attempt to dispose of a business opportunity for value or solicitation of an offer to purchase a business opportunity.

\* \* \*

11. *"Sale"* or *"sell"* includes every contract or agreement of sale, contract to sell, disposition of a business opportunity or interest in a

business opportunity for value.

2. Section 806 of the Act provides:

It is unlawful for any person to offer or sell any business opportunity, as defined in Section 802 of this title, in this state unless the business opportunity is registered under the provisions of the Oklahoma Business Opportunity Sales Act or is exempt under Section 803 of this title.

3. Section 808 of the Act provides in part:

A. It shall be unlawful for any person to offer or sell any business opportunity required to be registered pursuant to the Oklahoma Business Opportunity Sales Act unless a written disclosure document as filed pursuant to Section 807 of this title is delivered to each purchaser at least ten (10) business days prior to the execution by a purchaser of any contract or agreement imposing a binding legal obligation on the purchaser or the payment by a purchaser of any consideration in connection with the offer or sale of the business opportunity.

4. Section 814 of the Act provides in pertinent part:

A. Whenever it appears to the Administrator that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of the Oklahoma Business Opportunity Sales Act or any rule or order hereunder, the Administrator may:

1. Issue an order directing each person to cease and desist from continuing the act or practice and/or issue an order imposing a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or transaction or of Fifty Thousand Dollars (\$50,000.00) for multiple violations or transactions in a single proceeding or a series of related proceedings[.]

5. Section 818 of the Act provides in pertinent part:

A. The provisions of the Oklahoma Business Opportunity Sales Act concerning sales and offers to sell apply to persons who sell or offer to sell when:

1. An offer to sell is made in this state;
2. An offer to purchase is made and accepted in this state; or
3. The purchaser is domiciled in this state and the business opportunity is or will be operated in this state.

6. Section 819 of the Act provides:

It is unlawful for any person, in connection with the offer or sale of any business opportunity in this state, directly or indirectly:

\* \* \*

2. To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or
3. To engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

7. Section 822 of the Act provides:

It is unlawful for any person, in connection with the offer or sale of any business opportunity in this state, to publish, circulate or use any advertising which contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.

**Conclusions of Law**

1. The Grower Contracts are business opportunities.
2. Busch, 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. Busch, Alfred, Bateman, Haley, and Allen failed to deliver the required written disclosure document to Growers in violation of Section 808 of the Act.

4. Busch, 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. Busch, 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. Busch, 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.

WHEREFORE, it is recommended that the Administrator issue an order against Busch, 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.

Dated this 19th day of April, 2004.

Respectfully Submitted,



---

Rebecca A. Cryer  
Enforcement Attorney  
Oklahoma Department of Securities  
120 North Robinson, Suite 860  
Oklahoma City, OK 73102