

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

CONSENT ORDER TO CEASE AND DESIST

On April 19, 2004, a recommendation to issue an order to cease and desist (Recommendation) against James Kent Busch (Busch), 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 Busch, by certified mail, return receipt requested, and delivery restricted. On April 26, 2004, service was made on Busch by mail. On May 7, 2004, Busch filed a Request for Hearing in this matter.

In order to resolve the issues raised in the Recommendation and solely for the purpose of this proceeding, Respondent Busch, without admitting or denying the findings contained herein, consents to the entry of this Order and voluntarily waives his right to notice and hearing as required by the Act, the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules), and the Oklahoma Administrative Procedures Act, Okla. Stat. tit. 75, § 250 *et. seq.*

For the purpose of settling this matter expeditiously and in a manner consistent with the purposes fairly intended by the policies and provisions of the Act, the Administrator of the Department, being fully advised in this matter, finds that the issuance of this order is in the public interest and 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 Worm was admitted to do business as a foreign corporation in the State of Oklahoma on May 20, 2002. Gregory Miles Bradley was president of B & B Worm until his death on January 26, 2003, at which time Lynn Bradley became president of B & B Worm.

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 a member of the board of directors and the Vice-President of B & B Worm from May, 2002, until March, 2003. Busch was responsible for information technology, and the preparation of contracts with growers. Busch was the signator on behalf of B & B Worm on over 300 contracts with growers and a signator on B & B Worm's business checking account during February and March 2003.

5. Beginning in January 2000, until March 1, 2003, B & B Worm 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.

6. B & B Worm marketed the Grower Contracts in a variety of ways, including newspaper and magazine advertisements, brochures, the B & B Worm web site and seminars ("Promotional Materials").

7. B & B Worm represented that B & B Worm would provide each Grower with professional growing instructions, a toll free support telephone line, free return shipping, a bimonthly newsletter, and operational assistance. B & B Worm promised each Grower a one-year money back guarantee.

8. 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").

9. The Grower Contracts described above were not registered under the Act.

10. 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 B & B Worm web site included representations that B & B Worm had received funding from the Louisiana Department of Economic Development when, in fact, such funding was not received.

11. B & B Worm, 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.

12. B & B Worm 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 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.

13. B & B Worm failed to deliver the written disclosure document to each Grower as required by Section 808 of the Act.

14. By virtue of his relationship with B & B Worm, Busch materially aided B & B Worm in connection with violations of the Act.

15. It is in the public interest to order Busch 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. B & B Worm offered and sold unregistered business opportunities in or from the state of Oklahoma in violation of Section 806 of the Act.
3. B & B Worm failed to deliver the required written disclosure document to Growers in violation of Section 808 of the Act.
4. B & B Worm 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. B & B Worm 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. B & B Worm published, circulated or used advertising that contained untrue statements of material facts in violation of Section 822 of the Act.
7. Busch materially aided B & B Worm in connection with violations of Sections 806, 808, 819, and 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 Busch 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 20th day of September, 2004.

(SEAL)



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

ACCEPTANCE OF RESPONDENT

Respondent represents that he has read, understands and voluntarily consents to the issuance of this Consent Order to Cease and Desist, without admitting or denying the findings contained herein, that the consent and waivers contained herein are voluntary and given without threat, offer, promise, or inducement of any kind or nature having been made or given by the Department, its staff, the Administrator, or the Oklahoma Securities Commission. This acceptance of respondent constitutes an assurance of discontinuance pursuant to Section 814.E of the Act and shall not constitute an admission by Busch in accordance with said subsection of the Act.

Voluntary Consent of James Kent Busch:

James K Busch
Date: 09/10/04

Address: 242 Rainier Avenue
South San Francisco, CA 94080