

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: AEI Environmental, Inc.
John Zick, President & Chief Executive Officer
Tom F. Perles, Chief Financial Officer
710 North York Road
Hinsdale, Illinois 60521

DESIST AND REFRAIN ORDER
(For violations of section 25110 of the Corporations Code)

The California Corporations Commissioner finds that:

1. AEI Environmental, Inc. ("AEI") was incorporated in June 1998. AEI was a Colorado corporation with the principal business office located at 710 North York Road, Hinsdale, Illinois. The President/CEO of AEI was John Zick ("Zick") and the Chief Financial Officer was Tom Perles ("Perles"). AEI is a provider of environmental control products and services for the livestock industry.

2. Beginning in or about July 2000 and continuing through 2003, AEI, John Zick and Tom Perles offered and sold securities in the form of AEI debentures, common stock and promissory notes to California residents totaling approximately \$225,000. AEI offered or sold securities to at least three California residents between 2000 and 2003, some of which were not qualified or accredited investors. The purported purpose of the offering was to raise necessary working capital to support the company's public offering strategy.

3. Beginning on or about January 31, 2003, AEI offered and sold securities in the form of a Junior Secured Promissory Note and a Senior Secured Note to California investors totaling at least \$255,254, in exchange for the debentures plus interest due.

//

