STATE OF CALIFORNIA BUSINESS, TRANSPORTATION AND HOUSING AGENCY DEPARTMENT OF CORPORATIONS
<ul> <li>TO: AEI Environmental, Inc.</li> <li>John Zick, President &amp; Chief Executive Officer</li> <li>Tom F. Perles, Chief Financial Officer</li> <li>710 North York Road</li> <li>Hinsdale, Illinois 60521</li> </ul>
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.

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4. These debentures, common stocks and promissory notes were offered or sold
 in this state in issuer transactions. The Department of Corporations has not issued a permit
 or other form of qualification authorizing any person to offer or sell these debentures,
 promissory notes and common stock in this state.

Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that the investments in AEI Environmental, Inc. are securities in the form of debentures, common stocks and promissory notes that are subject to qualification under the California Corporate Securities Law of 1968 and are being or have been offered or sold without being qualified in violation of Corporations Code section 25110. Pursuant to section 25532 of the Corporate Securities Law of 1968, AEI Environmental, Inc., John Zick, and Tom Perles are hereby ordered to desist and refrain from the further offer or sale of the securities in the State of California unless and until qualification has been made under the law or unless exempt.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: April 6, 2005 Los Angeles, California

> WILLIAM P. WOOD California Corporations Commissioner

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ALAN WEINGER Supervising Counsel Enforcement Division

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