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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.

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

5 Based upon the foregoing findings, the California Corporations Commissioner is of
6 the opinion that the investments in AEI Environmental, Inc. are securities in the form of
7 debentures, common stocks and promissory notes that are subject to qualification under the
8 California Corporate Securities Law of 1968 and are being or have been offered or sold
9 without being qualified in violation of Corporations Code section 25110. Pursuant to section
10 25532 of the Corporate Securities Law of 1968, AEI Environmental, Inc., John Zick, and
11 Tom Perles are hereby ordered to desist and refrain from the further offer or sale of the
12 securities in the State of California unless and until qualification has been made under the
13 law or unless exempt.

14 This Order is necessary, in the public interest, for the protection of investors and
15 consistent with the purposes, policies, and provisions of the Corporate Securities Law of
16 1968.

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18 Dated: April 6, 2005
19 Los Angeles, California

20 WILLIAM P. WOOD
21 California Corporations Commissioner

22 By _____
23 ALAN WEINGER
24 Supervising Counsel
25 Enforcement Division
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