

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of
ARBTEC INDUSTRIES, INC.,
ARBCO ELECTRONICS, INC., LABCO RESEARCH CO,
ROBERT B. WIDNER, ROBERT L. WIDNER,
and EDWARD D. WIDNER,

PETITION FOR ORDER

Respondents.

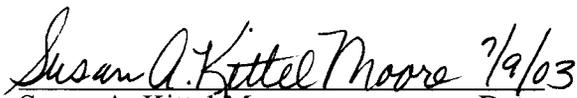
File No. S-03090(EX)

The staff of the State of Wisconsin Department of Financial Institutions, Division of Securities, Bureau of Registration & Enforcement has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats., and as a result thereof alleges as follows:

1. ARBTEC Industries, Inc. ("ARBTEC") is a foreign business entity with a last known business address of 11453 Marlborough Dr., Parker, CO 80134.
2. ARBCO Electronics, Inc. ("ARBCO") is a foreign business entity with a last known business address at that of ARBTEC.
3. LABCO Research Co. ("LABCO") is a foreign business entity with a last known business address at that of ARBTEC.
4. Robert B. Widner (DOB 11/8/35) ("RBW") is an individual who at all times material hereto has been an officer and controlling person of ARBTEC, ARBCO, and LABCO, with a last known business address at that of ARBTEC and a last known residence address of 20410 Tallman Dr., Parker, CO 80135.
5. Robert L. Widner ("RLW") is an individual who at all times material hereto has been an officer and controlling person of ARBTEC, ARBCO, and LABCO, with a last known business address at that of ARBTEC and a last known residence address of 108 N. Taylor, Gunnison, CO 81230
6. Edward D. Widner (DOB 6/26/37) ("EDW") is an individual who at all times material hereto has been an officer and controlling person of ARBTEC, ARBCO, and LABCO, with a last known business address of 2408 M-50 Dr., Hotchkiss, CO 81419 and a last known residence address of 1114 2350 Rd., Austin, CO 81410.
7. During the period of 1989 to 1993, the Respondents offered and sold to at least eleven persons in Wisconsin royalty interests in ARBTEC, ARBCO, and LABCO ("the companies").
8. Pursuant to the offering materials received by persons in Wisconsin, the companies will engage in the business of manufacturing and leasing electric meter-reading devices.
9. According to the offering document, investors must play a passive role in the company with no duties and responsibilities.

10. Since the investors will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the "royalty interests" offered and sold by the respondents are investment contracts as defined by section DFI-Sec. 1.02(6)(a), Wis. Adm. Code, and are therefore securities as defined by sec. 551.02(13), Wis. Stats.
11. The companies' investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
12. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities in Wisconsin.
13. On September 21, 1990, the State of North Dakota issued an Administrative Order against ARBCO, LABCO, RBW, and EDW based on allegations of securities law violations.
14. On July 11, 1991, the State of Virginia issued an Administrative Order against ARBCO, LABCO, and RBW based on allegations of securities law violations.
15. In connection with the offer and sale after September 21, 1990, of those securities described in Paragraph 7, the Respondents omitted to disclose the issuance of the orders referred to in Paragraphs 13 and 14.
16. In fact, in a letter from RBW to investors dated November 9, 1990, six weeks after the Administrative Order was issued by the State of North Dakota, he states: "Because of a couple of inquiries as to whether or not our investment contract constituted a security, we took some time to research the laws, and review some case histories that have gone to US and many State Supreme Courts. We are convinced that even in the broadest of descriptions the ARBCO contract should not be construed to be a security."
17. All Respondents have violated sec. 551.41(2), Wis. Stats., by omitting 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, in connection with the offer and sale of securities to persons in Wisconsin.
18. On July 13, 1993, the State of Minnesota issued an Administrative Order against ARBCO, LABCO, and RBW based on allegations of securities law violations.

Therefore, the staff of the Bureau of Registration & Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.


 Susan A. Kittel Moore 7/9/03
 Legal Assistant Date
 Enforcement Unit


 David A. Cohen 7/9/03
 Supervising Attorney Date
 Enforcement Unit