

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

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In the Matter of  
B & B WORM FARMS, INC.,  
GREGORY MILES BRADLEY,  
LYNN M. BRADLEY,  
JAMES KENT BUSCH,  
DAVID JAMES DESORMEAU,  
JOSE ALFRED JIMENEZ aka JOE ALFRED, and  
LAWRENCE LEE "LARRY" BATEMAN, SR.,

PETITION FOR ORDER

Respondents.

File No. S-03072(EX)

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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. B & B Worm Farms, Inc. ("B&B") is, upon information and belief, a Nevada corporation, with a last known business address of Rt. 1 Box 163B, Meeker, Oklahoma 74855;
2. Gregory Miles Bradley ("G. Bradley") was an individual who, upon information and belief, at all times material hereto was the president, a director, and a controlling person of B&B, who died on January 26, 2003;
3. Lynn M. Bradley ("L. Bradley") is an individual who, upon information and belief, at all times material hereto has been wife of Gregory M. Bradley, and an officer, director and/or a controlling person of B&B, with a last known address at that of B&B;
4. James Kent Busch ("Busch") is an individual who, upon information and belief, at all times material hereto was an officer, director and/or a controlling person of B&B, with a last known home address at 242 Rainier Avenue, South San Francisco, California 94080;
5. David James DeSormeau ("DeSormeau") is an individual who, upon information and belief, at all times material hereto was an officer, director and/or a controlling person of B&B, with a last known home address at 1603 Mowbray Court, Henderson, Nevada 89074;
6. Jose Alfred Jimenez aka Joe Alfred ("Alfred") is an individual who, upon information and belief, at all times material hereto was an agent of B&B, G. Bradley, L. Bradley, Busch, and DeSormeau, with a last known home address at 7581 Descanso Lane, Las Vegas, Nevada 89123;
7. Lawrence Lee "Larry" Bateman, Sr. ("Bateman") is an individual who, upon information and belief, at all times material hereto was an agent of B&B, G. Bradley, L. Bradley, Busch, and DeSormeau, with a last known home address at 1731 Millstream Way, Henderson Nevada 89074;
8. During the period of the years 2001 and 2002 B&B, G. Bradley, L. Bradley, Busch, DeSormeau, Alfred and Bateman, ("the Respondents") offered and sold to at least 31 persons in Wisconsin a Grower Contract with the persons in Wisconsin to grow earthworms for sale to B&B;

9. According to materials provided to the Growers in the offer and sale of the securities referred to in Paragraph 8, B&B will provide each Grower with professional growing instructions, a toll free support telephone line, free return shipping, a bimonthly newsletter, and a promise to the Grower of a one-year money back guarantee;

10. According to the Petition for Permanent Injunction and Other Equitable Relief (“the Petition”) filed by the Oklahoma Department of Securities in the District Court of Oklahoma County, State of Oklahoma, on April 14, 2003 against B&B, L. Bradley and the Estate of Gregory Miles Bradley, a deceased individual (“the Defendants”), Case No. CJ-2003-3174, the essential terms of the most recent Grower Contract includes a minimum purchase price ranging from \$15,000 for 100,000 breeder worms to \$60,000 for 1,500,000 breeder worms, with a provision to buy back any amount of live worms per month (minimum of 100 pounds) at a guaranteed price ranging from \$7 to \$9 per pound (the “Buy Back Provision);

11. Since the persons in Wisconsin will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the Grower Contracts 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.;

12. The B&B investment contracts have never been registered for offer and sale to persons in Wisconsin pursuant to Ch. 551, Wis. Stats.;

13. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities to persons in Wisconsin;

14. Upon information and belief, in connection with the offers of the securities described in Paragraph 8, Alfred and Bateman transacted business in Wisconsin as an "agent" for B&B, G. Bradley, L. Bradley, Busch, and DeSormeau, as that term is defined by sec. 551.02(2), Wis. Stats.;

15. At no time has Alfred or Batemen been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.;

16. Alfred and Bateman have violated sec. 551.31(1), Wis. Stats., by transacting business with persons in Wisconsin as securities agents without a license;

17. B&B, G. Bradley, L. Bradley, Busch, and DeSormeau have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin;

18. On August 13, 2002, the State of Oklahoma Department of Securities entered into an Agreement with B&B, G. Bradley and L. Bradley whereby they agreed to comply with all provisions of the Oklahoma State securities act;

19. According to the Petition referred to in Paragraph 10, promotional materials of B&B stated that concerning the B&B Buy Back Provision, without end users (users who have a purpose for the worms other than breeding), the worm business is merely a scheme that “comes to a halt when enough Growers start sending in more worms than the company’s finances could (sic) handle and the business goes bust.”;

20. According to the Petition referred to in Paragraph 10, the Respondents have refused to take delivery of worms produced by the Growers or failed to pay for worms delivered by the Growers to B&B, or its designees, in accordance with Grower Contracts;

21. According to the Petition referred to in Paragraph 10, the Respondents have not disclosed that B&B does not have sufficient funds to honor all Buy-Back Provisions at the time B&B entered into Grower Contracts with and accepted funds from certain of the Growers;

22. 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;

23. According to the Petition referred to in Paragraph 10, the Respondents describe in promotional materials the relationships or affiliations between B&B and specific end users including Organic Technologies;

24. According to the Petition referred to in Paragraph 10, B&B has represented that it has an agreement with Organic Technologies, represented to be the largest composting facility in the State of Iowa, that worms were introduced into the facility in March of 2000 to clean up waste in the facility, that worms in the facility are producing tons of worm castings, and that through the support of B&B, Organic Technologies has the capability of becoming one of the largest producers of worm castings in the United States;

25. According to the Petition referred to in Paragraph 10, in November of 1996, the solid waste permit of Organic Technologies was revoked by the Iowa Department of Natural Resources, the agency also ordered Organic Technologies to remove all mixed compost materials from the facility on or before January 1, 1998, the revocation was upheld by the Iowa Supreme Court in a ruling issued in April of 2000, and Organic Technologies has not had a solid waste permit to conduct business in the Iowa facility since April of 2000; and

26. All Respondents have violated sec. 551.41(2), Wis. Stats., by misrepresenting a material fact in connection with the offer and sale of securities to persons in Wisconsin.

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.

 11-7-03  
 Mark E. Dorman Date  
 Examiner

 11/7/03  
 Harold Grothman Date  
 Staff Attorney