

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

In the Matter of
COMBINED RESOURCE SYSTEMS, INC.,
BARRY WISE,
GARY CESARO,
SCOTT ALAN HALEY aka ALAN STEWART,
TAMMY POWERS, and
SCOTT MACGREGOR,

PETITION FOR ORDER

Respondents.

File No. S-03265(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. Combined Resource Systems, Inc. (hereinafter "CRS") is, upon information and belief, a Nevada corporation, with last known business addresses of 2920 North Green Valley Parkway, Suite 621, Henderson, Nevada 89014 and 8275 S. Eastern Avenue, Suite 200, Las Vegas, Nevada 89123;
2. Barry Wise (hereinafter "Wise") is an individual with a CRD # of 11014885, who, upon information and belief, at all times material hereto was the president, secretary, treasurer, a director, and a controlling person of CRS, with a last known business address at that of CRS, and last known home address of 532 Startop Street, Henderson, Nevada 89052;
3. Gary Cesaro (hereinafter "Cesaro") is an individual who, upon information and belief, at all times material hereto was a vice-president and a controlling person of CRS, with a last known business address at that of CRS;
4. Scott Alan Haley aka Alan Stewart (hereinafter "Haley"), is an individual who, upon information and belief, at all times material hereto was a vice-president and a controlling person of CRS, with a last known business address at that of CRS;
5. Tammy Powers (hereinafter "Powers") is an individual who, upon information and belief, at all times material hereto was a vice-president and a controlling person of CRS, with a last known business address at that of CRS;
6. Scott MacGregor (hereinafter "MacGregor") is an individual who, upon information and belief, at all times material hereto was an agent of CRS, Wise, Cesaro, Haley and Powers, with a last known business address at that of CRS;
7. During the period of the December 2002, MacGregor, on behalf of CRS, Wise, Cesaro, Haley and Powers ("the Respondents") offered and sold to at least one person in Wisconsin a "Worm Breeder Package;"
8. According to the "Contract of Sale (Present Sale)" between CRS ("Seller") and the person in Wisconsin ("Buyer"), referred to in Paragraph 7 above, "... Buyer hereby purchases and Seller sells one Worm Breeder Package, which consists of approximately one hundred (100,000) live breeder worms. ... The purchase price is ten thousand (\$10,000) dollars per breeder package with five thousand (\$5,000) dollars payable on or before the 16th day of December 2002 ... Seller will purchase from Buyer up to 2,000 net pounds of worms per month,

only produced by Buyer at a price of six dollars per pound (\$6 lb) for a period of 3 years after delivery of the breeder package. ... Seller agrees that, if Buyer will diligently pursue Buyer's worm cultivation business for a minimum period of six (6) months after receipt of the breeder package, and if the Buyer then determines the worms are not reproducing as represented by Seller and elects to terminate Buyer's worm business, the Seller will refund the purchase price. ...;"

9. According to materials of CRS provided to the person in Wisconsin during the offer and sale referred to in Paragraph 7 above, CRS will provide, with each \$10,000 package, 100,000 worms shipped anywhere in the U.S., a three-year worm purchase agreement at \$6 per pound, a buy-back of up to 2,000 pounds per month, CRS worm breeding instructions, a toll free support line, and a one-year money back guarantee;

10. Since the person 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 Worm Breeder Package 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 CRS investment contracts have never been registered for offer and sale to persons 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 to a person in Wisconsin;

13. Upon information and belief, in connection with the offer and sale of the securities described in Paragraph 7 above, MacGregor transacted business in Wisconsin as an "agent" for CRS, Wise, Cesaro, Haley and Powers, as that term is defined by sec. 551.02(2), Wis. Stats.;

14. At no time has MacGregor been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.;

15. MacGregor has violated sec. 551.31(1), Wis. Stats., by transacting business with a person in Wisconsin as a securities agent without a license;

16. CRS, Wise, Cesaro, Haley and Powers have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin;

17. On July 25, 2000, the State of Pennsylvania Securities Commission issued a Summary Order to Cease and Desist, which ordered CRS, Wise, Cesaro and Haley to immediately cease from offering and selling an unregistered business opportunity in the state of Pennsylvania;

18. On November 22, 2000, the State of South Dakota Division of Securities issued a permanent cease and desist order against CRS and Wise for offering an unregistered business opportunity;

19. On July 8, 2002, the State of Washington Division of Securities issued a Summary Order to Cease and Desist against CRS, Wise, and others, for offering and selling unregistered business opportunities, and omitting material facts in connection with the offer or sale of business opportunities;

20. Upon information and belief, the Respondents did not disclose the issuance of the administrative orders, referred to in Paragraphs 17 through 19 above, to the person in Wisconsin in the offer and sale of the securities, referred to in Paragraph 7 above;

21. 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 a person in Wisconsin;

22. Upon information and belief, CRS is no longer in business and the whereabouts of Wise is unknown; and

23. Staff of the Bureau of Registration & Enforcement wrote to CRS requesting information and documents of their investment-related transactions with persons in Wisconsin and to date have received no response.

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.

Mark E. Dorman 2-10-03

Mark E. Dorman Date
Examiner

Harold Grothman 1/9/04

Harold Grothman Date
Staff Attorney