



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
) Case No. AP-04-04
CLEAN AIR SYSTEMS, INC.;)
MARK A. COOK; and)
RANDALL D. BRASMER,)
)
Respondents.)

Serve Brasmer and Clean Air Systems, Inc. at:
1855 W. Greenway Road, Suite 132-155
Phoenix, Arizona 85403

Serve Cook at:
304 Flynn Road
Branson, Missouri 65616

ORDER TO CEASE AND DESIST

On the 18th day of December 2003, Mary S. Hosmer, Assistant Commissioner for Enforcement, submitted a petition for a cease and desist order. After reviewing the petition, the Commissioner issues the following findings of fact, conclusions of law and order:

FINDINGS OF FACT

1. Clean Air Systems, Inc. ("Clean Air") is an Arizona corporation not in good standing with an undeliverable address of 2009 W. Tracy Lane, Phoenix, Arizona 85023.
2. Mark A. Cook ("Cook") is listed as the Director, President and the Chief Executive officer for Clean Air. Cook has an address of 304 Flynn Road Branson, Missouri 65616.
3. Randal D. Brasmer ("Brasmer") is listed as Director, Secretary and Chief Financial Officer for Clean Air. Brasmer is also listed as the registered agent for Clean Air. Brasmer has an address of 1855 W. Greenway Road, Suite 132-155 Phoenix, Arizona 85403.

4. As used in this Cease and Desist Order, the Term "Respondents" refers to Clean Air, Cook and Brasmer.
5. From March 2003 to September 2003, Cook and Brasmer sold stock in Clean Air to at least 23 investors. Respondents raised in excess of \$500,000 from these investors.
6. On or about March 2003, a Missouri resident ("MR1") received from Cook a copy of a two-page document entitled "Executive Summary" on Clean Air, a company that MR1 had heard was interested in developing a business in Fayette, Missouri. This document, stated, among other things, the following:
 - a. Clean Air was a "developing company actively pursuing the financing to expand the operations for production of five revolutionary new products in the lucrative air purification field."
 - b. The promoters, Cook and Brasmer had experience in many "start-up companies."
 - c. Clean Air's products would "help significantly decrease the number of illnesses of the American public and establish success and respect in our industry and community."
 - d. Clean Air was seeking "one million (\$1,000,000) US dollars to close out its 504 offering and in turn will give a two for one stock split."
 - e. "The possibilities for substantial profits abound."
7. On or around March 31, 2003, a second Missouri resident ("MR2") met with MR1 regarding Clean Air and its business in Fayette, Missouri. MR1 contacted Cook by telephone and MR1, MR2 and Cook discussed the investment in Clean Air. Cook told MR1 and MR2, among other things, that:
 - a. Clean Air had two Regulation D offerings, a Rule 504 and 506.
 - b. The 504 offering was selling shares of stock for \$1 per share.
 - c. March 31, 2003 was the last day to buy the stock under the 504 offering in Clean Air.
 - d. The 506 offering was selling shares for \$.15 per share.
 - e. When Clean Air went public there would be a two for one stock split.

- f. Brasmer was going to be the person responsible for taking the company public.
 - g. Cook and Brasmer were signatories on Clean Air's account in Phoenix, Arizona.
- 8. On March 31, 2003, MR1 invested \$20,000 and MR2 invested \$15,000 to purchase shares of stock in Clean Air. MR1 and MR2 made one wire transfer in MR1's name for \$35,000 to an account for Clean Air in Phoenix, Arizona per Cook's instructions.
- 9. On April 15, 2003, Cook told MR1 and MR2 in a telephone conversation that the "504 offering" was re-opened.
- 10. On April 15, 2003, MR2 made additional investments in Clean Air; MR2 invested \$57,000 in the 504 stock offering and \$10,000 in the 506 stock offering.
- 11. On May 1, 2003, Cook told MR1 and MR2 in a telephone conversation that Clean Air needed more money to close out the 504 offering or Clean Air's public offering would be delayed.
- 12. On May 1, 2003, MR2 invested an additional \$40,000 for 40,000 shares.
- 13. MR1 and MR2 were not informed of any other information about the background or histories of the officers or directors of Clean Air. MR1 was not an accredited investor and neither MR1 nor MR2 were given a private placement memorandum before their investment.
- 14. On June 20, 2003, Cook solicited a third Missouri resident ("MR3") for a \$5,000 investment in Clean Air. Cook told MR3, among other things, that:
 - a. Clean Air was going public in a week.
 - b. When Clean Air went public, the stock would increase in value.
 - c. MR3 could double or triple MR3's money by investing in Clean Air.
- 15. MR3 was not an accredited investor. Cook did not give MR3 a prospectus, offering documents or subscription agreement. Cook did not make any disclosures regarding the background or histories of the officers or directors of Clean Air.
- 16. On June 20, 2003, MR3 gave Cook a check made payable to Mark Cook for \$5,000 for an investment in Clean Air. MR3 received a stock certificate for 5,000 shares of Clean Air stock.

17. On or about September 2003, MR3 received a copy of the cancelled check used to purchase Clean Air Stock. The canceled check was stamped on the back indicating that it was deposited into a business account for Norman W. Cook d/b/a Cook Roofing Company.
18. MR3 told an investigator for the Division that Norman Cook is Mark Cook's father and Norman Cook has owned Cook Roofing Company in Branson for several years.
19. MR3 did not know that MR3's investment would be deposited into an account for Norman W. Cook d/b/a Cook Roofing Company.
20. On October 30, 2003, the Division received a copy of a letter dated August 6, 2003, sent to a fourth Missouri investor ("MR4"), purportedly from Bondy & Schloss, LLP, a law firm in New York.
21. This letter was addressed to the Board of Directors at Clean Air Systems, Inc. and stated, among other things, the following:

Dear Sirs:

I have been asked by Mr. Brasmer to prepare a brief outline of the status of Clean Air Systems, Inc. pending application with the NASD.

On July 31, 2003 we received comments back from the submission of the original application asking that the audit be completed and that we provide a copy of the company marketing materials regarding the product that the company is going to be selling.

Once these items have been addressed we will resubmit the application to the NASD. This process can take as long a [sic] few days up to six months depending upon requirements that the NASD may place upon any given company. In my opinion, I feel that the NASD will either approve the application once they receive the requested information, before the switchover to the BBX in October or else they will try to stall and approve the company's application after the switchover date. The October approval may be a strong possibly [sic] due to the fact that they are having the company qualify under the new October rules. At this point it is hard to get a reading from the NASD personnel handling Clear Air's application regarding which direction they are heading.

Sincerely,

Jeff Rind

22. On November 5, 2003, an investigator from this office contacted Jeff Rinde at the Bondy & Schloss Law Firm. Rinde stated, among other things, that:
 - a. The letter was a forgery.
 - b. Rinde did not write the letter.
 - c. The letterhead was not what the firm used.
 - d. The address was wrong because the Law Firm had moved in 2002.
 - e. The substance of the letter was inaccurate.
 - f. The author of the letter had misspelled Rinde's name.
 - g. Rinde did not know, or have any relationship with, Cook, Brasmer or Clean Air.
23. On November 5, 2003, an investigator from the Division contacted Cook. Cook stated, among other things, that:
 - a. Cook knew Brasmer when Cook worked in Arizona.
 - b. Cook asked Brasmer if Brasmer could take Clean Air public and Brasmer stated that he could.
 - c. Brasmer wanted Clean Air to raise a million dollars.
 - d. Brasmer emailed the August 6, 2003 letter that purported to be from the Law firm of Bondy & Schloss, LLP to Cook who then forwarded it to MR4.
 - e. "I kept feeling like Randy (Brasmer) was lying to us."
 - f. Cook wrote checks from the Clean Air account in Fayette, Missouri to purchase interests in oil wells in Oklahoma and Texas.
24. A check of the records maintained by the Missouri Commissioner of Securities confirmed no registration, granted exemption or notice filing indicating status as a "federal covered security" for any of the securities offered by the Respondents in the State of Missouri.
25. A check of the records maintained by the Commissioner confirmed no registration for Respondents to sell securities in the State of Missouri.
26. On September 9, 2003, the Securities Division sent a letter of inquiry to Respondents that requested a claim of exemption from registration or exception from definition upon which Respondents relied in offering unregistered securities

or any claim that the securities were federal covered securities. The letter also requested additional information about the offers to Missouri residents and advised Respondents that failure to respond within a reasonable time as set by the Commissioner constituted proper grounds for the entry of an order suspending the right to offer and sell securities in the State of Missouri.

27. On September 23, 2003, the Division received a response from Brasmer that stated, among other things, the following:
 - a. Clean Air was incorporated in Arizona on July 2, 2001.
 - b. “Statement regarding Exemption: Claim for exemption is made because no promoters will be sell [sic] stock only corporate officers and we have less than 25 investors. To the best of my knowledge all investors are accredited.”
 - c. The offering described the securities as a “PPM 506 Reg D” selling 5 million shares of stock in Clean Air with an offering price of \$1.00 per share.
28. In this September 23, 2003 response, Brasmer provided the names of 23 investors in Clean Air. In addition, Brasmer sent a copy of Clean Air’s Private Placement Memorandum and a copy of a subscription agreement.
29. The Private Placement Memorandum, stated, in part, the following:
 - a. On page 12, under the heading “Risk of Loss,” “There are material risks in operating **licensed dealerships for glass safety film** (or any other products) and related activities...” (Emphasis added)
 - b. On page 16, under the heading “Other Market Demand Variables,” Success depends on growing market demand, which is susceptible to change for unforeseeable and even unknown reasons. However, **OmniNet** has the advantage of its planned program of local and national publicity...” (Emphasis added)
 - c. On Page 19, under the heading “The Companies Directors and Executive Officers,” lists Mark Cook as President. No other information is provided about Mark Cook.
 - d. On page 20, under the heading “The Companies Directors and Executive Officers,” Randall D. Brasmer is listed as the Chief Financial Officer for the Company. The materials describe Mr. Brasmer as “a professional financial officer [that] has acted in that capacity or as a controller for a number of successful start-ups that have gone public or merged with larger companies. Mr. Brasmer’s background includes management positions for the Internal Revenue Service and financial services companies in the southwest.”

The offering materials provide no further information about Cook or Brasmer. In addition, the materials make no other mention of any dealerships, glass safety film or OmniNet or how these are related to Clean Air. The PPM materials were dated July 1, 2000, a year before Clean Air was incorporated.

30. The Division received information that on or about May 2000, Brasmer was in negotiations to sell stock in a company he owned called U.S. Ace Security Laminates to purchase stock in a purported corporation named, Omninet Corporation.
31. On October 22, 2003, the Division sent a second letter to Respondents that requested, among other things, information about how investors were contacted, and the prior business relationship each investor had with the Respondents, copies of all documents relating to all of the investments and the location of those funds, information about Cook and Brasmer's employment history and clarification regarding references to these dealerships, glass safety film and OmniNet. This letter requested a written response on or before November 5, 2003.
32. On November 7, 2003, the Division received the postal return receipt stating that the October 22, 2003 letter sent to Respondents was received and signed for on October 27, 2003. The Division has not received a response to this request.
33. In an interview on November 13, 2003, MR1 told an investigator from the Division that Cook told MR1 that Brasmer had closed out Clean Air's Washington Mutual account in Phoenix in June 2003 and that neither Cook nor MR1 have been able to locate Brasmer.
34. On December 7, 2003, Cook told MR1 and MR2 that Cook had hired an attorney that specialized in securities and intended to start a new public company to make air purifiers. Cook also stated that he was going to seek investors in this new company.
35. MR1 asked Cook if he expected to file this new offering with the Securities & Exchange Commission and any respective state regulatory agency while the Division was investigating him. Cook stated that it would be no problem since he had not done anything wrong and that Cook could raise all the money he wanted to.
36. On December 16, 2003, the Division received a letter from the Executive Vice President of L.F.P., Inc. This letter stated, among other things, that:

In your letter, you indicate that Messrs. Brasmer and Cook have claimed that Larry Flynt has loaned Clean Air Systems \$600,000 to assist that company in its efforts to become publicly traded.

This will confirm that said assertion is incorrect. That is, neither Larry Flynt personally, nor L.F.P., Inc., a California corporation, have loaned Brasmer or Cook, or Clean Air Systems, the sum of \$600,000 or any other sum to assist said company's efforts to become publicly traded, or for any other reason.

37. To date the Division has received no further communication from Respondents.
38. Respondents were not registered to offer and sell securities in the State of Missouri.
39. The Division's investigation revealed, among other things, that:
 - a. In September 21, 1994, Brasmer was convicted of "Attempted Forgery of A Written Instrument" in Maricopa County Arizona. Brasmer was sentenced to 18 months probation and fined \$1,800.
 - b. In May 2000, Brasmer was named in a Desist and Refrain Order issued by the Acting Commissioner of Corporations of the State of California for selling unregistered securities.
40. Respondents offered and sold unregistered, non-exempt securities to Missouri residents.
41. These securities were not federal covered securities.
42. In connection with the offer, sale or purchase of a security to Missouri residents, Respondents omitted to state the material fact that Respondents were not registered to sell securities in the State of Missouri.
43. In connection with the offer, sale or purchase of a security to Missouri residents, Respondents omitted to state the material fact that the securities offered and sold by Respondents were not registered in the State of Missouri.
44. In connection with the offer, sale or purchase of a security to Missouri residents, Respondents made the untrue statement of material fact that Jeff Rinde at the Bondy & Schloss Law Firm was representing Respondents in their application with the NASD, when in fact, this was not true.
45. In connection with the offer, sale or purchase of a security to Missouri residents, Respondents omitted to state the material fact that some of the monies invested in Clean Air were used to purchase oil wells in Texas and Oklahoma.
46. In connection with the offer, sale or purchase of a security to Missouri residents, Respondents omitted to state the material fact that some of the monies invested in Clean Air were deposited into an account owned and controlled by Norman Cook d/b/a Cook Roofing Company.

47. In connection with the offer, sale or purchase of a security to Missouri residents, Respondents made the untrue statement of material fact that monies were being raised to make Clean Air a publicly traded company, when in fact, this was not true.
48. In connection with the offer, sale or purchase of a security to Missouri residents, Respondents omitted to state the material fact that Brasmer had pleaded guilty to a felony involving fraudulent activity in 1994.
49. In connection with the offer, sale or purchase of a security to Missouri residents, Respondents omitted to state the material fact that Brasmer was named in a Desist and Refrain Order issued by the Acting Commissioner of Corporations of the State of California for selling unregistered securities.
50. This Order is in the public interest.

CONCLUSIONS OF LAW

1. §409.401(o), RSMo, Cumulative Supp. 2002, includes “stock” within the definition of a security. The interests offered and sold by Respondents as described in the above findings of fact constitute securities.
2. §409.101, RSMo 2000, provides that it is unlawful, in connection with the offer, sale or purchase of any security (1) to employ any device, scheme, or artifice to defraud, (2) to make any untrue statement of a material fact or to omit 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 or (3) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person. The conduct described in the above findings of fact constitutes a violation of this section.
3. §409.201(a), RSMo 2000, provides that it is unlawful for any person to transact business in this state as a broker-dealer or agent unless he is registered under Sections 409.101 to 409.419. The conduct described in the above findings of fact constitutes a violation of this section.
4. §409.301, RSMo 2000, provides that it is unlawful for any person to offer or sell any security in this state unless (1) it is registered under this act; (2) the security or transaction is exempted under section 409.402; or (3) it is a federal covered security. The conduct described in the above findings of fact constitutes a violation of this section.

5. §409.402(f) RSMo, Cumulative Supp. 2002, provides that the burden of proving an exemption, qualification as a federal covered security, or an exception from a definition is upon the person claiming it. As described in the above findings of fact, Respondents failed to prove an exemption from registration or an exception from the definition of a security.
6. §409.408(a), RSMo 2000, provides that the refusal to furnish information within a reasonable time as set by the Commissioner, shall be proper grounds for the entry of an order by the Commissioner suspending the right to offer and sell securities in the State of Missouri. As described in the above findings of fact, Respondents failed to furnish information as requested by the Commissioner's staff.
7. §409.408(b), RSMo 2000, provides, in part, that:

If the commissioner shall believe, from evidence satisfactory to him, that such person is engaged or about to engage in any of the fraudulent or illegal practices or transactions above in this subsection referred to, he may issue and cause to be served upon such person and any other person or persons concerned or in any way participating in or about to participate in such fraudulent or illegal practices or transactions, an order prohibiting such person and such other person or persons from continuing such fraudulent or illegal practices or transactions or engaging therein or doing any act or acts in furtherance thereof.
8. Omitting to state a material fact necessary to make the statement made not misleading, in connection with the offer or sale of a security, constitutes an illegal practice under §409.408(b), RSMo 2000.
9. Making an untrue statement of material fact, in connection with the offer or sale of a security, constitutes an illegal practice under §409.408(b), RSMo 2000.
10. Transacting business as an unregistered agent as described in the above findings of fact constitutes an illegal practice under §409.408(b), RSMo 2000.
11. The offer or sale of unregistered securities as described in the above findings of fact constitutes an illegal practice under §409.408(b), RSMo 2000.
12. The Missouri Commissioner of Securities is empowered to issue such orders as he may deem just. §409.408(b), RSMo 2000.

ORDER

NOW, THEREFORE, it is hereby ordered that Respondents, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order are prohibited from:

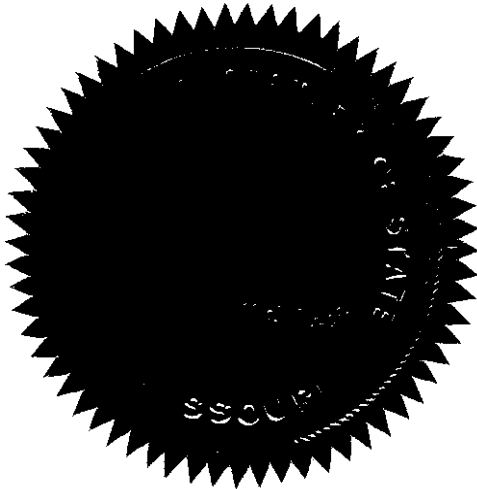
- A. Offering or selling securities in the form of shares of stock in Clean Air Systems, Inc.;
- B. Violating §409.101(2), RSMo 2000, by omitting to state, in connection with the offer or sale of these securities to Missouri residents the following material facts:
 - 1. That Cook and Brasmer were not registered to sell securities in the State of Missouri;
 - 2. That the securities offered and sold by Respondents were not registered in the State of Missouri;
 - 3. That some of the monies invested in Clean Air were used to purchase oil wells in Texas and Oklahoma.
 - 4. That some of the monies invested in Clean Air were deposited into an account owned and controlled by Norman W. Cook d/b/a Cook Roofing Company.
 - 5. That Brasmer had pleaded guilty to a felony involving fraudulent activity in 1994.
 - 6. That Brasmer was named in a Desist and Refrain Order issued by the Acting Commissioner of Corporations of the State of California for selling unregistered securities.
- C. Violating §409.101(2), RSMo 2000, by making an untrue statement of material fact, in connection with the offer or sale of securities to Missouri residents:
 - 1. That Jeff Rinde at the Bondy & Schloss Law Firm was representing Respondents in their application with the NASD, when in fact, this was not true.
 - 2. That monies were being raised to make Clean Air a publicly traded company, when in fact, this was not true.
- D. Violating §409.201, RSMo 2000, by transacting business as an agent without an effective registration; and

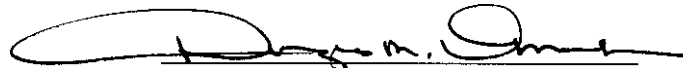
- E. Violating §409.301, RSMo 2000 by offering or selling any security that is not registered as a security, unless the security is a federal covered security, or has an effective exemption from registration.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 6th DAY OF January, 2004.

MATT BLUNT
SECRETARY OF STATE




DOUGLAS M. OMMEN
COMMISSIONER OF SECURITIES