



back provision ("Grower Contracts"). It is believed that in excess of Twenty Million Dollars (\$20,000,000) has been received in connection with the business opportunity.

### **JURISDICTION**

2. The Administrator of the Department brings this action pursuant to Section 814 of the Act and is the proper party to bring this action against Defendants.

3. Pursuant to Sections 802 and 818 of the Act, Defendants, in connection with their activities and the offer and/or sale of business opportunities, are subject to the provisions of the Act. By virtue of their transaction of business by contract and otherwise and the commission of other acts in this state, Defendants are subject to the jurisdiction of this Court and to service of summons within or outside of this state.

### **DEFENDANTS**

4. Gregory Miles Bradley and Lynn Bradley *dba* B & B Worm Farm began operations in Meeker, Oklahoma in 1998.

5. On November 17, 2000, B & B Worm Farms, Inc. (B & B) was incorporated under the laws of the State of Nevada. B & B was admitted to do business as a foreign corporation in the State of Oklahoma on May 20, 2002.

6. At all times material hereto, B & B operated under the dominion and control of Gregory Miles Bradley and/or Lynn Bradley.

7. Gregory Miles Bradley, who died on January 26, 2003, is listed on the Nevada corporate records as President and a Director of B & B.

8. Lynn Bradley is listed on the Nevada corporate records as Secretary/Treasurer and a Director of B & B and Lynn Bradley is the current chief executive officer of B & B.

## STATEMENT OF FACTS

9. At all times material hereto, Defendants represented that B & B was formed to produce earthworms for use in organic waste management projects and to sell to new worm growers, and to produce worm biproducts or "castings" for organic soil enhancement.

10. B & B enters into contracts with persons to grow earthworms for sale to B & B ("Growers").

11. The Grower Contract provides that B & B will provide the Grower with breeder worms and supplies to establish a worm farm and will purchase, at a stated price per pound, all live worms produced by the Grower and delivered to B & B or its designees.

12. Defendants market the Grower Contracts in a variety of ways including newspaper and magazine advertisements, brochures, and the B & B web site ("Promotional Materials").

13. Defendants represent that B & B will provide each Grower with professional growing instructions, a toll free support telephone line, free return shipping, a bimonthly newsletter and operational assistance. Defendants promise each Grower a one-year money back guarantee.

14. The essential terms of the most recent Grower Contracts include 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 any amount of live worms per month (minimum of 100 pounds) at a guaranteed price ranging from \$7.00 to \$9.00 per pound (the "Buy Back Provision").

15. In describing the B & B Buy Back Provision in the Promotional Materials, Defendants state that 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."

16. Defendants represent to potential Growers that B & B has sufficient revenues from the sales of its products to end users to honor the Buy Back Provision in the Grower Contracts.

17. Defendants have used proceeds from the sales of the Grower Contracts to pay personal expenses of Gregory and Lynn Bradley; to make wire transfers to a relative's auto parts business in Arizona; and to make wire transfers to an adult entertainment enterprise in Las Vegas.

18. Defendants have refused to take delivery of worms produced by Growers or failed to pay for worms delivered by Growers to B & B, or its designees, in accordance with their Grower Contracts.

19. Defendants 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 Growers.

20. In the Promotional Materials, Defendants describe the relationships or affiliations between B & B and specific end users including Organic Technologies.

21. 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.

22. Organic Technologies has not had a solid waste permit to conduct business in the Iowa facility since April of 2000.

23. No worms have been introduced into the Organic Technologies facility.

24. As recently as March 17, 2003, B & B, in touting an agreement with Organic Technologies, represented Organic Technologies to be the largest composting facility in the State of Iowa. B & B represented that worms were introduced into the facility in March of 2000 to clean up waste in the facility. B & B also represented that the 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. In June of 2002, B & B made application to the Louisiana Department of Economic Development for a \$325,000 incentive grant to establish a composting operation at a deactivated ammunition plant near Minden, Louisiana. Under the proposal, horse manure from Louisiana Downs race track would be delivered to the plant to be composted and fed to worms to produce castings for Grower's Pride, B & B's line of compost, blends and pure castings fertilizers.

26. The application never received final approval by the Louisiana Department of Economic Development.

27. The Promotional Materials describe B & B's receipt of the economic development award from the State of Louisiana.

28. On August 13, 2002, Gregory Bradley and Defendants B & B and Lynn Bradley entered into an agreement with the Department wherein the parties agreed to cease and desist from the offer and/or sale of any business opportunity in and/or from the State of Oklahoma unless and until such business opportunity is registered under the Act and/or qualified for an exemption from the registration provisions of the Act (Agreement). Pursuant to the terms of the Agreement, Gregory Bradley and Defendants B & B and Lynn Bradley agreed to refund the purchase price for any Grower Contract sold prior to the effective date of registration under the Act, upon written request of any Grower.

29. To date, Defendants have not registered the Grower Contracts under the Act or demonstrated compliance with an exemption from registration under the Act.

30. Defendants have failed to honor the one-year money back guarantee and the refund provision established in the Agreement with the Department.

31. Subsequent to the date of the Agreement, Defendants sold approximately 632 Grower Contracts for approximately \$14,078,000.00, including fifteen (15) Grower Contracts to residents of Oklahoma.

32. Defendants sold Grower Contracts as recently as April 1, 2003.

33. Defendants have not delivered the written disclosure document required by the Act to each Grower.

34. Defendants have failed to disclose that Gregory Bradley was convicted of a felony involving lewd or lascivious acts with a child under 14 and a misdemeanor theft offense in the State of California.

## **FIRST CAUSE OF ACTION**

### **(Violation of Section 806 of the Business Opportunity Sales Act: Failure to Register Business Opportunities)**

35. Plaintiff realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 34 above.

36. The Grower Contracts are business opportunities as defined in Section 803 of the Act.

37. The Defendants offered and/or sold the business opportunities in and/or from this state without benefit of registration under the Act. By reason of the foregoing, Defendants, singly and in concert, directly or indirectly, have violated, and unless enjoined, will continue to violate Section 806 of the Act.

## **SECOND CAUSE OF ACTION**

### **(Violation of Section 808 of the Business Opportunity Sales Act: Failure to Deliver Disclosure Document in Connection With Offer, Sale or Purchase of Business Opportunities)**

38. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding causes of action.

39. By virtue of their failure to provide a written disclosure document as required by Section 808 of the Act, Defendants, singly and in concert, directly or indirectly, have violated, and unless enjoined, will continue to violate Section 808 of the Act.

## **THIRD CAUSE OF ACTION**

### **(Violation of Section 819 of the Act: Untrue Statements of Material Facts and Omissions of Material Facts in Connection With Offer, Sale or Purchase of Securities)**

40. Plaintiff realleges and incorporates by reference each and every allegation contained in the preceding causes of action.

41. Defendants, in connection with the offer and/or sale of business opportunities, directly and indirectly, made untrue statements of material facts and omit to state material facts necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

42. By reason of the foregoing, Defendants, singly and in concert, directly and indirectly, have violated, and unless enjoined, will continue to violate subsection 2 of Section 819 of the Act.

#### **FOURTH CAUSE OF ACTION**

**(Violation of Section 819 of the Act:  
Engaging in any act, practice, or course of business which operates or would  
operate as a fraud or deceit upon any person)**

43. The Department realleges and incorporates by reference each and every allegation contained in the preceding causes of action.

44. Defendants, in connection with the offer, sale or purchase of business opportunities, and through the use of the untrue statements of material facts and the omissions of material facts described above, are engaged in an act, practice, or course of business that operates as a fraud or deceit upon the Growers or potential Growers.

45. By reason of the foregoing, Defendants, singly and in concert, directly and indirectly, violated, and unless enjoined, will continue to violate subsection 3 of Section 819 of the Act.

## PRAYER FOR RELIEF

Defendants have engaged in acts and practices in violation of the Oklahoma Business Opportunity Sales Act and have, as a result of these activities, received a substantial amount of money from numerous Growers. Unless enjoined, the Defendants will continue to engage in the acts and practices set forth herein and acts and practices of similar purport and object.

WHEREFORE, based upon the foregoing, and pursuant to the authority specifically granted by Section 814 of the Act, the Department prays for the court to grant the following relief:

### I.

A permanent injunction forever enjoining and restraining Defendants from offering and/or selling any business opportunity in and/or from this state;

### II.

An order requiring Defendants to make restitution to any and all Growers who purchased the business opportunity from Defendants;

### III.

An order requiring Defendants, their officers, directors, agents, servants, employees, assigns, and all persons, directly or indirectly, acting on their behalf, under their direction and control, and/or in active concert or participation with them, to disgorge all ill-gotten gains;

### IV.

An order imposing a civil penalty against each Defendant in the amount of Fifty Thousand Dollars (\$50,000.00); and

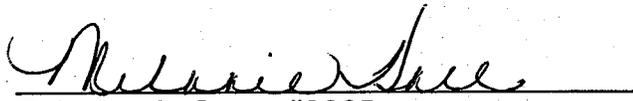
V.

Such other equitable relief as the Court may deem necessary, just and proper in connection with the enforcement of the Act.

Respectfully submitted,

OKLAHOMA DEPARTMENT OF SECURITIES  
Irving L. Faught, Administrator

By:



Rebecca A. Cryer, #2065

Melanie Hall, #1209

Oklahoma Department of Securities

120 North Robinson, Suite 860

Oklahoma City, Oklahoma 73102

(405) 280-7700

STATE OF OKLAHOMA )  
 )  
COUNTY OF OKLAHOMA) SS.

Irving Faught, of lawful age, being first duly sworn deposes and says: that he is the Administrator of the Oklahoma Department of Securities, that he has read the foregoing Petition for Permanent Injunction and Other Equitable Relief and knows the contents thereof, and that the matters and things stated therein have been provided to him by staff members of the Department under his authority and direction, and are true and correct to the best of his knowledge, information and belief.

(SEAL)

*Irving L. Faught*

Irving L. Faught, ADMINISTRATOR OF THE  
OKLAHOMA DEPARTMENT OF SECURITIES  
120 North Robinson, Suite 860  
Oklahoma City, Oklahoma 73102  
(405) 280-7700

Subscribed and sworn to before me this 14 day of April, 2003.

(NOTARIAL SEAL)

*Brenda Landon Smith*  
Notary Public

My Commission Expires:

August 26, 2005  
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