

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: AEI ENVIRONMENTAL, INC. )  
D/B/A LIVESTOCK DIRECT, INC. )  
THEIR OFFICERS, DIRECTORS, )  
EMPLOYEES, AGENTS, ) File Number 0400605  
AFFILIATES, SUCCESSORS )  
AND ASSIGNS )  
)

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NOTICE OF HEARING

TO THE RESPONDENT: AEI Environmental, Inc.  
D/B/A Livestock Direct, Inc.  
105 East First Street, Hinsdale, Illinois  
60521

c/o Andrew J. Munro  
Munro and Zack, PC  
363 West Big Beaver Road, Suite 450  
Troy, Michigan 48084

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953, [815 ILCS 5/1 et seq.] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 300 W. Jefferson St., Suite 300A, Springfield, Illinois 62702, on the 17th day of January, 2007 at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. Ellis, or such other duly designated Hearing Officer of the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Notice.

Said hearing will be held to determine whether an Order of Prohibition should be entered against AEI Environmental, Inc. D/B/A Livestock Direct, Inc., their officers, directors, employees, agents, affiliates, successors and assigns (the "Respondents") in the State of Illinois and granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to Section 11 of the Act, payable within ten (10) days of the entry of the Order.

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The grounds for such proposed action are as follows:

1. That AEI Environmental, Inc. is a purported Colorado corporation with a last known address of 105 East First St. Hinsdale, Illinois 60521.
2. That from on or about January 2001 through December 2004 AEI Environmental, Inc. offered and sold Debentures consisting of Junior and Senior Secured Convertible Notes to about 88 investors.
3. That the above-referenced sales of Debentures are securities as that term is defined pursuant to Section 2.1 of the Illinois Securities Law [815 ILCS 5/1 et seq.] (the "Act").
4. That Section 5 of the Act provides, inter alia, that all securities except those set forth under Section 2a, or those exempt under Section 3, or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.
5. That at all times relevant hereto, the Debentures issued by AEI Environmental, Inc. to investors were not registered with the Secretary of State pursuant to Section 5 of the Act prior to their offer or sale in the State of Illinois.
6. AEI Environmental, Inc. claimed that its sales of Debentures were to accredited investors and qualified for an exemption from registration pursuant to Section 4.H of the Act. However, the firm failed to provide sufficient evidence that 8 of the sales were sold to accredited investors.
7. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell any securities except in accordance with the provisions of the Act.

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8. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document required to be filed under any provision of the Act.
9. That at all times relevant hereto, AEI Environmental, Inc. failed to file an application for registration of the above referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois.
10. That by virtue of the foregoing, AEI Environmental, Inc. has violated Sections 12.A and 12.D of the Act.
11. That Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection D of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.
12. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act.
13. That by virtue of the foregoing, AEI Environmental, Inc. is subject to a fine of up to \$10,000.00 per violation and an order which permanently prohibits the Respondent from offering or selling securities in the State of Illinois.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within thirty days of the receipt of this notice. Your failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

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Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default.

A copy of the Rules, promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondents.

Dated this 24<sup>th</sup> day of October, 2006.



Jesse White  
Jesse White  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
David Finnigan  
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Illinois Securities Department  
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Hearing Officer:  
Jon K. Ellis  
1035 S. 2<sup>nd</sup> St.  
Springfield, Illinois 62704  
217-528-6835  
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