

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

In the Matter of

STATEMENT OF STAFF ALLEGATIONS
and PETITION FOR ORDER

NATURAL FOOD TECHNOLOGIES, INC.,

and CHARLES STAD,

Respondents.

File No. S-98260 (EX)

The staff of the Enforcement Unit of the Division of Securities, Department of Financial Institutions, State of Wisconsin, has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. Natural Food Technologies, Inc. [hereinafter referred to as "NFT"] is a foreign business entity with a last known business address of 14241 East Firestone Boulevard, Suite 205, La Mirada, California 90638, and which was at all times material hereto under the control of Charles Stad;
2. Charles Stad [hereinafter referred to as "Stad"] is an adult male individual who at all times material hereto has been President and the controlling person of NFT, with his last known business address at that of NFT and his last known residence address as 11245 183d Street, #189, Cerritos, California 90307;
3. During at least 1996, NFT, and Stad on behalf of NFT, offered and sold to an indeterminate number of persons in Wisconsin, and to at least two such persons in Wisconsin, promissory notes of NFT coupled with the promise that such persons could convert such promissory notes into common stock of NFT "...when [NFT] issues a prospectus in accordance with the laws governing the issuance of stocks by private corporations," and in connection with such offers and sales Stad on behalf of NFT stated that "...it is our intention to become public as soon as feasible;"
4. The promissory notes offered and sold in Wisconsin by the Respondents as set forth in Paragraph 3 above are securities as that term is defined by sec. 551.02(13)(a), Wis. Stats.;
5. The securities referenced in Paragraph 4 above have never been registered for their offer or sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;
6. The staff of the Enforcement Unit has twice written to NFT and Stad asking for information concerning the offers and sales of securities as referenced in Paragraphs 3 through 5 above, including information as to the names and addresses of all persons in Wisconsin to whom such securities were offered and sold, and Stad has failed to furnish any of the information thus requested;
7. In a letter Stad did write to the staff of the Enforcement Unit in reply to the staff's second inquiry letter, Stad stated that he had raised for the NFT venture over \$300,000 "...loaned by my children and other relatives;"

8. Neither of the Wisconsin investors in promissory notes of NFT referenced in Paragraphs 3 through 5 above is either a child of or a relative of Stad; and

9. The statement by Stad referenced in Paragraph 7 above was, in light of Paragraph 8 above, misleading.

Therefore, the staff of the Enforcement Unit petitions the Administrator of the Division of Securities for the issuance of the attached Order of Prohibition and Revocation pursuant to Ch. 551, Wis. Stats.

Kathryn L. Denton 8/4/99
Kathryn Denton Date
Examiner
Enforcement Unit

William C. Lloyd 8/4/99
William C. Lloyd Date
Chief Attorney
Enforcement Unit

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

In the Matter of

ORDER of PROHIBITION
and REVOCATION

NATURAL FOOD TECHNOLOGIES, INC.,

and CHARLES STAD,

Respondents.

File No. S-98260 (EX)

Based upon the attached Statement of Staff Allegations and Petition for Order of Prohibition and Revocation, I have reason to believe that unregistered securities have been offered or sold in Wisconsin by the named Respondents and that any further offer or sale of unregistered securities by or on behalf of the Respondent would be fraudulent to purchasers, and I find that this action is necessary and appropriate in the public interest and for the protection of investors;

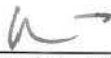
Therefore, pursuant to secs. 551.24(2), 551.60(2)(a), and 551.63, Wis. Stats.,

IT IS ORDERED THAT:

- a. NATURAL FOOD TECHNOLOGIES, INC., its successors, affiliates, controlling persons, officers, agents, servants, and employees, and every entity and person directly or indirectly controlled or organized by or on its behalf, are prohibited from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities are registered under Ch. 551, Wis. Stats., or successor statute, or properly exempted therefrom.
- b. CHARLES STAD and his agents, servants, and employees, and every entity and person directly or indirectly controlled or organized by or on behalf of CHARLES STAD, are prohibited from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities are registered under Ch. 551, Wis. Stats., or successor statute, or properly exempted therefrom.
- c. All exemptions from registration set forth at Ch. 551, Wis. Stats., or successor statute, that might otherwise apply to any offer or sale of any security of or by NATURAL FOOD TECHNOLOGIES, INC. or CHARLES STAD, or its or his successors, affiliates, controlling persons, officers, agents, servants, or employees, or any entity or person directly or indirectly controlled or organized by or on its or his behalf, are hereby revoked.

EXECUTED at Madison, Wisconsin, this 6th day of August, 1999.

(SEAL)



Patricia D. Struck
Administrator
Division of Securities

NOTICE:

Under sec. 551.61(2), Wis. Stats., within thirty (30) days after any Order has become effective without a hearing, any interested party may file a written request with the Administrator of the Division of Securities for a hearing in respect to any matters determined by the Order. A request for hearing shall be in the form of a petition for hearing and shall, under section SEC 8.01, Wis. Adm. Code, plainly admit or deny each specific allegation, finding, or conclusion in the Order and incorporated papers (unless the petitioner lacks sufficient knowledge or information to permit an admission or denial, in which case the petition shall so state, and such statement shall have the effect of a denial), and shall state all affirmative defenses.

You are advised that any wilful violation of an Order issued by the Administrator of the Division of Securities of the State of Wisconsin Department of Financial Institutions under Ch. 551, Wis. Stats., is a criminal offense punishable under the provisions of sec. 551.58, Wis. Stats.