

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

In the Matter of
LIGHT MANAGEMENT SYSTEMS FUND, LLC,
CORPORATE DEPOSIT PROGRAM, TODD C. SMITH,
and SHELLY J. WADDELL,

PETITION FOR ORDER

Respondents.

File No. S-02072(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. Light Management Systems Fund, LLC ("LMSF") is a foreign business entity with last known business addresses of 9089 Clairemont Mesa Blvd., #210, San Diego, CA 92123.
2. Corporate Deposit Program, Inc. ("CDP") is a foreign business entity, which is the managing member of LMSF, with a last known business address at that of LMSF.
3. Todd Christian Smith (California Bar #167013) ("Smith") is an individual who at all times material hereto has been the President and Secretary of CDP, with a last known business address at that of LMSF.
4. Shelly J. Waddell (11/17/60) ("Waddell") is an individual who at all times material hereto has been Treasurer of CDP, with a last known business address at that of LMSF.
5. Ambient Control Systems, Inc. ("Ambient") is a foreign business entity with a last known address of 1810 Gillespie Way, Ste. 210, El Cajon, CA 92020-1094.
6. Altec Irrigation, Inc. ("Altec") is a foreign business entity, which is a wholly owned subsidiary of Ambient, with a last known address at that of Ambient.
7. Kurt J. Penberg (DOB 8/15/61) ("Penberg") is, upon information and belief, the President and CEO of Altec, with a last known business address at that of Ambient.
8. Jonathan M. Luck ("Luck") is the President of Ambient, with a last known address at that of Ambient.
9. Upon information and belief, LMSF was formed for purpose of investing in Ambient.
10. During the period between November 2001 and March 2002, unknown agents, on behalf of LMSF, CDP, Smith, and Waddell, offered and sold to at least two persons in Wisconsin membership units in LMSF.
11. Upon information and belief, investors can play a passive role in the company with no duties and responsibilities.

12. Upon information and belief, each investor will not be involved in the day-to-day management of LMSF, since there are too many investors for them to each have any meaningful input, and they do not have the expertise or experience necessary to perform its duties.
13. Since the investors will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the "membership units" offered 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.
14. The LMSF investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
15. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.
16. On April 9, 2002, the Division of Securities received a Form D Notice of Sale of Securities ("the Notice") indicating that the membership units in LMSF had been offered and sold to two investors in Wisconsin for a total of \$17,250.
17. Page 2 of the Notice lists CDP as "Managing Member."
18. Smith signed page 6 of the Notice on March 28, 2002, as "President of Managing Member."
19. On December 30, 2003, Smith sent an e-mail message to staff which states: "CDP was merely an 'escrow' company for the fund providing account and compliance services for the LMSF."
20. Since Smith's statements to division staff referred to in paragraphs 17 through 19 concerning CDP are contradictory, Smith has violated sec. 551.54, Wis. Stats., by making a false or misleading filing with the Division of Securities.
21. On November 30, 1999, the State of South Dakota issued a Cease and Desist Order against Ambient based on allegations of securities law violations.
22. On April 4, 2001, the State of California issued a Cease and Desist Order against Ambient, Penberg, and Luck, based on allegations of securities law violations.
23. On November 29, 2001, the State of Illinois issued a Cease and Desist Order against Ambient based on allegations of securities law violations.
24. On August 9, 2002, Penberg was indicted on two counts of conspiracy to defraud the United States and two counts of manipulative and deceptive devices in the U.S. District Court for the Eastern District of New York (Islip) (Case No. 02-CR-879).
25. On April 29, 2003, the State of Pennsylvania barred LMSF from offering or selling securities in that state for a period of fifteen (15) years, based on allegations of securities law violations.
26. On November 25, 2003, the State of Connecticut issued an Administrative Order against LMSF, based on allegations of securities law violations, including fraud.

27. Staff of the Division of Securities sent a letter dated April 29, 2002, and an e-mail dated December 30, 2003, to Smith requesting the names and addresses of the Wisconsin investors in LMSF, as well as copies of the offering documents used in those sales.
28. To date, the staff has not received the information requested from Smith.
29. On August 1, 2003, the State Bar of California suspended Smith's attorney's license for one year, stayed, placed on three years of probation with an actual 60-day suspension after Smith stipulated to misconduct in two cases, both involving his client trust account in which he issued checks not involving client funds or expenses that were returned due to insufficient funds.
30. On April 11, 2004, the State Bar of California changed Smith's status to inactive/not entitled and, on July 24, 2004, changed Smith's status to "discipline w/actual suspension."
31. Any further offer or sale of unregistered securities by or on behalf of the Respondents would be fraudulent to purchasers.

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.

Susan A. Kittel Moore 7/9/04

Susan A. Kittel Moore Date
Legal Assistant
Registration & Enforcement Bureau

David A. Cohen 7/9/04

David A. Cohen Date
Supervising Attorney
Registration & Enforcement Bureau

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

In the Matter of
LIGHT MANAGEMENT SYSTEMS FUND, LLC,

ORDER OF PROHIBITION
AND REVOCATION
(SUMMARY)

Respondent.

File No. S02072-(EX)

Based upon the attached Petition for Order I have reason to believe that unregistered securities have been offered or sold 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. Light Management Systems Fund, LLC, its successors, affiliates, controlling persons, officers, agents, servants, 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 qualify as covered securities or are registered under Ch. 551, Wis. Stats., or successor statute.
- b. 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 Light Management Systems Fund, LLC, its successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity or person directly or indirectly controlled or organized by or on its behalf, are hereby revoked.
- c. Light Management Systems Fund, LLC, its successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on its behalf, are prohibited from violating sec. 551.41, Wis. Stats., or successor statute.

EXECUTED at Madison, Wisconsin, this 16th day of July, 2004.

(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.

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

In the Matter of
CORPORATE DEPOSIT PROGRAM,

ORDER OF PROHIBITION
AND REVOCATION
(SUMMARY)

Respondent.

File No. S02072-(EX)

Based upon the attached Petition for Order I have reason to believe that unregistered securities have been offered or sold 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. Corporate Deposit Program, its successors, affiliates, controlling persons, officers, agents, servants, 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 qualify as covered securities or are registered under Ch. 551, Wis. Stats., or successor statute.
- b. 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 Corporate Deposit Program, its successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity or person directly or indirectly controlled or organized by or on its behalf, are hereby revoked.
- c. Corporate Deposit Program, its successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on its behalf, are prohibited from violating sec. 551.41, Wis. Stats., or successor statute.

EXECUTED at Madison, Wisconsin, this 16th day of Aug, 2004.

(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.

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

In the Matter of
TODD C. SMITH,

ORDER OF PROHIBITION
AND REVOCATION
(SUMMARY)

Respondent.

File No. S-02072(EX)

Based upon the attached Petition for Order I have reason to believe that unregistered securities have been offered or sold 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. Todd C. Smith, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his 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 qualify as covered securities or are registered under Ch. 551, Wis. Stats., or successor statute.
- b. 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 Todd C. Smith, his, agents, servants, employees, and every entity or person directly or indirectly controlled or organized by or on his behalf, are hereby revoked.
- c. Todd C. Smith, his agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on his behalf, are prohibited from violating sec. 551.41, Wis. Stats., or successor statute.
- d. Todd C. Smith, his agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on his behalf, are prohibited from making a false or misleading filing with the Division of Securities.

EXECUTED at Madison, Wisconsin, this 16th day of July, 2004.

(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 Department of Financial Institutions of the State of Wisconsin under Ch. 551, Wis. Stats., is a criminal offense punishable under the provisions of sec. 551.58, Wis. Stats.

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

In the Matter of
SHELLY J. WADDELL,

ORDER OF PROHIBITION
AND REVOCATION
(SUMMARY)

Respondent.

File No. S-02072(EX)

Based upon the attached Petition for Order I have reason to believe that unregistered securities have been offered or sold 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;

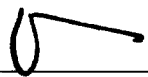
Therefore, pursuant to secs. 551.24(2), 551.60(2)(a) and 551.63, Wis. Stats.,

IT IS ORDERED THAT:

- a. Shelly J. Waddell, her agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on her 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 qualify as covered securities or are registered under Ch. 551, Wis. Stats., or successor statute.
- b. 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 Shelly J. Waddell, her agents, servants, employees, and every entity or person directly or indirectly controlled or organized by or on her behalf, are hereby revoked.
- c. Shelly J. Waddell, her agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on her behalf, are prohibited from violating sec. 551.41, Wis. Stats., or successor statute.

EXECUTED at Madison, Wisconsin, this 16th day of May, 2004.

(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 Department of Financial Institutions of the State of Wisconsin under Ch. 551, Wis. Stats., is a criminal offense punishable under the provisions of sec. 551.58, Wis. Stats.