

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

JAMES STEAD, Jr.)
(CRD 434193) and)
CLEAN TECHNOLOGY)
INTERNATIONAL CORPORATION)
_____)

Case No. 0900406

TO THE RESPONDENT:

**JAMES STEAD, JR.
1005 HICKORY RIDGE COURT
FRANKFORT, ILLINOIS 60423**

CONSENT ORDER OF CENSURE AS TO JAMES STEAD, JR.

WHEREAS, on February 10, 2011, a Notice of Hearing was issued against Mr. James Stead, Jr. and Clean Technology International Corporation.

WHEREAS, both Respondent James Stead, Jr. and the Illinois Securities Department, upon review of the information obtained during the investigation of this matter, desire to resolve this matter without the costs associated with protracted litigation.

WHEREAS, on May 17, 2011, Mr. James Stead, Jr. executed a certain Stipulation to Enter Consent Order (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Mr. James Stead, Jr. has admitted to the jurisdiction of the Secretary of State in this matter and has consented to the entry of this Consent Order ("Consent Order").

WHEREAS, by means of the Stipulation, Mr. James Stead, Jr., acknowledges, without admitting or denying the truth thereof, that the following allegations shall be adopted as the Secretary of State's Findings of Fact:

1. Respondent James Stead, Jr. ("Stead"), CRD # 434193, is a registered representative for a broker/dealer operating out of Chicago, Illinois. Stead is a salesperson of securities registered with the Illinois Secretary of State.
2. Clean Technology International Corporation ("CTIC") is an entity incorporated under the laws of Nevada that, at the time of the activities complained of, maintained its principle place of business at 72 Shoshoni Drive in Sherwood, Arkansas.
3. CTIC was under the ownership and control of Diamond Capital Corporation ("DCC") and Capital Heritage Trust, the former being an Arkansas Corporation operating from 72 Shoshoni Drive in Sherwood, Arkansas. CTIC is now under the control of a newly appointed board of directors, and operates from 10809 Executive Center Drive, Suite 103 in Little Rock, Arkansas.
4. William Darrell Lainhart and Irene M.F. Lainhart, husband and wife, presided, owned and controlled DCC as president, CEO and majority shareholders. Darrell Lainhart was also the trustee for Capital Heritage Trust. The Lainharts reside at 72 Shoshoni Drive in Sherwood, Arkansas.
5. Neither CTIC stock nor CTIC convertible notes are registered with the Illinois Secretary of State.
6. CTIC developed certain technology, namely hazardous-waste disposal technology and carbon nano-chains as a by-product of its hazardous-waste disposal method.
7. The Lainharts represented to investors that CTIC holds patents on the above-described technology and that the company would go public resulting in substantial gains for owners of CTIC stock after the initial public offering was made. The Lainharts further stated that CTIC had contracts for the use of its technology with the federal government and certain private companies.
8. While the patents on the above-described technology exist, the purported contracts with third parties did not exist.
9. In reality, the Lainharts used investor money to finance an extravagant lifestyle.
10. CTIC and the Lainharts were the subject of a civil action by the Arkansas Securities Commission that ultimately resulted in CTIC being placed in receivership and the assets of CTIC and certain property of the Lainharts being retained for the benefit of CTIC.
11. Stead, himself an investor with CTIC, was unaware of the Lainharts' alleged improper conduct. Stead introduced the investment into CTIC to at least seven Illinois investors by providing them with contact information for CTIC and the Lainharts. Stead did not receive a commission for providing CTIC contact information to the Illinois Investors. However, some of those Illinois investors were also brokerage customers of Stead.

12. A relative of Stead worked for CTIC as an independent contractor from approximately 2002 through 2009. During that time period CTIC did not pay Stead's relative in a timely manner. In order to assist, Stead provided financial support to his relative.
13. As a salesperson of securities, Stead owed a duty of good faith and fair dealing to his customers.
14. As to his brokerage customers that he introduced to CTIC and the Lainharts, Stead should have disclosed that CTIC was not timely in its payments to at least one of its independent contractors as described in paragraph 12 above.
15. As such, Stead violated his duty to his customers pursuant to Section 8 E.(1)(b) of the Act.
16. Section 11.E(4) provides that in addition to any other sanction or remedy contained in such subsection E, the Secretary of State, after finding that any provision of this Act has been violated, may issue an order of public censure.

WHEREAS, by means of the Stipulation, Mr. James Stead, Jr. has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusions of Law:

1. Mr. Stead ran afoul of Section 8.E(1)(b) of the Act and is subject to an Order of Public Censure pursuant to Section 11.E(4) of the Act.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that this matter may be DISMISSED without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

- 1) Mr. James Stead, Jr. acknowledges and agrees that he shall not conduct the activities of a salesperson of securities **EXCEPT** in compliance with the Act.
- 2) Mr. James Stead, Jr. acknowledges and agrees that he shall follow the terms of the Heightened Supervision Agreement attached hereto for a period of three (3) months.
- 3) Mr. James Stead, Jr. acknowledges that by this Order he is formally Censured.
- 4) The formal hearing as it pertains to Mr. James Stead, Jr. scheduled on this matter is hereby DISMISSED without further proceedings.

ENTERED: This 6th day of June, 2011.



JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony for each offense.

This is a final order subject to administrative review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 et seq., and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. 1 Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

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