

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

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**IN THE MATTER OF:** )

**Richard W. Ahrendt,** )

**Hydro-tek, Inc. d/b/a  
Hydro-tek, Environmental Systems, Inc.** )

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**File No. 1100217**

**CONSENT ORDER OF PROHIBITION**

**TO THE RESPONDENTS:**

Richard W. Ahrendt  
P.O. Box 1512  
Homewood, IL 60430

Hydro-tek, Inc  
d/b/a Hydro-tek Environmental Systems, Inc.  
19252 S. Blackhawk Parkway, Suite D  
Mokena, IL 60448

WHEREAS, Respondent Richard W. Ahrendt ("Ahrendt"), personally and as President of Hydro-tek, Inc. d/b/a Hydro-tek Environmental Systems, Inc., on the 8th day of May, 2013 executed a certain Stipulation to Enter Consent Order of Prohibition ("the Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Ahrendt has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated February 6, 2013, in this proceeding (the "Notice") and has consented to the entry of this Consent Order of Prohibition ("Consent Order").

WHEREAS, by means of the Stipulation, Ahrendt has acknowledged that the following Findings of Fact and Conclusions of Law are intended to be a final determination of the issues in this case and Richard W. Ahrendt agrees that he shall be estopped from making arguments contrary to the Findings of Fact and Conclusions of Law in any other legal proceeding(s).

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WHEREAS, by means of the Stipulation, Ahrendt has acknowledged that the following shall be adopted as the Secretary of State's Findings of Fact, and admits to the truth thereof:

**FRAUD IN THE OFFER AND SALE OF SECURITIES**

1. Respondent **Richard W. Ahrendt** ("Ahrendt") is an individual with last known addresses of P.O. Box 1512, Homewood, IL 60430 and 19252 S. Blackhawk Parkway, Suite D, Mokena, IL 60448.
2. Ahrendt is the President and CEO of **Hydro-tek, Inc.**, a business entity with a last known address of 19252 S. Blackhawk Parkway, Suite D, Mokena, IL 60448. Hydro-tek, Inc. does business as **Hydro-tek Environmental Systems, Inc.** Hereafter, Hydro-tek, Inc. and Hydro-tek Environmental Systems, Inc. will be collectively referred to as "Hydro-tek".
3. John F. "Jack" Clifford ("Clifford") is an individual with a last known address of 686 Golf Club Lane, Frankfort, IL 60423. At all relevant times, Clifford served as the Secretary of Hydro-tek. Clifford passed away in May of 2012 and, as a result, is not named as a party to this action.
4. Hydro-tek purportedly manufactured and marketed "unique environmental distillation systems" that process industrial waste so that the waste could be used as a raw material in other manufacturing processes.
5. Ahrendt, as President and CEO of Hydro-tek solicited potential investors to invest in Hydro-tek stock and has been doing so since the 1990's.
6. In soliciting investments in Hydro-tek stock, Ahrendt did not provide potential investors with a formal private placement memorandum or other disclosure document. Instead, Ahrendt used his personal relationships, such as relationships established through his church, to solicit investors.
7. Instead of formal disclosure documents, Ahrendt provided some potential investors with generic marketing information regarding Hydro-tek. This marketing information did not disclose the risks involved in an investment in Hydro-tek.
8. As a result of Ahrendt's efforts to solicit investors, over 200 investors invested in Hydro-tek stock.
9. Following a sale of Hydro-tek stock, very little (if any) of the sales proceeds went toward the marketing or manufacturing of environmental distillation systems that processed industrial waste. Instead, the vast majority of investor money was used to pay Ahrendt and Clifford. For example:
  - a. On December 29, 2006, the account balance of Hydro-tek's corporate bank account was \$46,017.71. Between December 29, 2006 and May 1, 2007, there

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was only one additional deposit into Hydro-tek's corporate bank account – a deposit of investor funds in the amount of \$50,000.

- b. In other words, between December 29, 2006 and May 1, 2007, Hydro-tek's corporate bank account had funds totaling \$96,017.71 in it.
- c. Out of the \$96,017.71 in Hydro-tek's corporate bank account between December 29, 2006 and May 1, 2007, approximately \$77,000 was used to make payments to Ahrendt and Clifford. The payments made were as follows:

- i. **\$10,000.00 to Ahrendt on 1/2/07**
- ii. **\$10,000.00 to Clifford on 1/3/07**
- iii. **\$9,628.83 to Ahrendt on 1/12/07**
- iv. **\$5,000.00 to Clifford on 2/6/07**
- v. **\$4,000.00 to Ahrendt on 2/9/07**
- vi. **\$9,654.82 to Ahrendt on 3/7/07**
- vii. **\$5,000.00 to Clifford on 3/9/07**
- viii. **\$9,376.00 to Ahrendt 3/15/07**
- ix. **\$9,815.23 to Ahrendt on 4/3/07**
- x. **\$5,000.00 to Clifford on 4/5/07**

**Ahrendt total: \$52,474.88**

**Clifford total: \$25,000.00**

**Officer total: \$77,474.88**

- d. The balance in Hydro-tek's corporate bank account on May 1, 2007 was \$8,142.74.
- 10. When soliciting investments from potential investors, Ahrendt omitted to inform investors that the majority of their funds would not be used to market or manufacture environmental distillation systems that processed industrial waste.
  - 11. Ahrendt also omitted to inform potential investors that their funds would be used mostly to make payments to Ahrendt and Clifford.
  - 12. Additionally, at least dating back to 2007, Hydro-tek did not sell any of its distillation or filtration systems. Nearly all of the money that went into Hydro-tek's corporate bank account since 2007 consisted of investor funds.
  - 13. When soliciting investments in Hydro-tek stock, Ahrendt omitted to inform potential investors that the company was operating almost entirely on investor funds rather than sales proceeds from Hydro-tek's distillation products.
  - 14. Beginning as early as 2004, and continuing through 2012, Ahrendt told Hydro-tek investors that there was a foreign investor that wanted to invest in Hydro-tek.

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15. Furthermore, Ahrendt had told investors that once this foreign investor had placed his money with Hydro-tek, that current investors would receive a 7 to 1 (700%) return on their money.
16. In 2009, the funds from the foreign investor still had not come. Instead, Ahrendt strung investors along by telling them that the foreign investment was imminent and would occur "any day now".
17. In conducting its investigation relating to this case, the Securities Department asked Ahrendt to provide contact information for the foreign investor.
18. Ahrendt was unable to provide any contact information for the foreign investor to the Securities Department and, to date, still has not provided any contact information for the foreign investor to the Securities Department.
19. To date, investors in Hydro-tek have not received the 7 to 1 return on their investment that Ahrendt promised.
20. Additionally, certain investors of Hydro-tek have requested the return of the principal of their investments. To date, these investors have not received the principal of their investment back from either Ahrendt or Hydro-tek. Instead, Ahrendt had told these investors that if they wanted their money back, he would need to find new investors in the company.
21. The activities described above constitute the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act").
22. Section 12.F of the Act states that it shall be a violation of the provisions of this Act for any person to, engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
23. Section 12.G of the Act states that it shall be a violation of the provisions of this Act for any person to, "obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.
24. Section 12.I of the Act states that it shall be a violation of the provisions of this Act for any person to, "employ any device, scheme, or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly."

**OFFER AND SALE OF UNREGISTERED SECURITIES**

25. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 "shall be registered either by coordination or qualification prior ... to their offer or sale" in the State of Illinois.
26. Ahrendt, personally and as President and CEO of Hydro-tek, failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and, as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer or sale in the State of Illinois.
27. Furthermore, Ahrendt, personally and as President and CEO of Hydro-tek, failed to file any notice filings with the Secretary of State claiming that the securities being offered were exempt from registration.
28. Section 12.A of the Act provides that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
29. Section 12.D of the Act provides, *inter alia*, that it shall be a violation for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.

WHEREAS, by means of the Stipulation, Ahrendt has acknowledged that the following shall be adopted as the Secretary of State's Conclusions of Law, and admits to the truth thereof:

1. The activities described above constitute the offer and sale of securities as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq*] (the "Act").
2. Respondents Richard W. Ahrendt and Hydro-tek, Inc. d/b/a Hydro-tek Environmental Systems, Inc. violated Sections 12.A, 12.D, 12.F, 12.G and 12.I of the Act
3. Respondents Richard W. Ahrendt and Hydro-tek, Inc. d/b/a Hydro-tek Environmental Systems, Inc. are subject to an Order prohibiting them from offering or selling any securities in or from the State of Illinois pursuant to Section 11.E(2) of the Act.

WHEREAS, by means of the Stipulation, Ahrendt has acknowledged and agreed that he shall be prohibited from offering or selling any securities in or from the State of Illinois.

WHEREAS, by means of the Stipulation, Ahrendt has acknowledged and agreed that he shall be prohibited from engaging in the business of an investment adviser in or from the State of Illinois.

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WHEREAS, by means of the Stipulation, Ahrendt, as President of Hydro-tek, Inc. d/b/a Hydro-tek Environmental Systems, Inc., has acknowledged and agreed that Hydro-tek, Inc. d/b/a Hydro-tek Environmental Systems, Inc. shall be prohibited from offering or selling securities in the State of Illinois, but would be allowed to recapitalize if investors receive an amount greater than their rescission remedies under Section 13 of the Act.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent Richard W. Ahrendt is **PROHIBITED** from offering or selling securities in or from the State of Illinois.
2. Respondent Richard W. Ahrendt is **PROHIBITED** from engaging in the business of an investment adviser in or from the State of Illinois.
3. Hydro-tek, Inc. d/b/a Hydro-tek Environmental Systems, Inc. is **PROHIBITED** from offering or selling securities in the State of Illinois, but would be allowed to recapitalize if investors receive an amount greater than their rescission remedies under Section 13 of the Act..
4. The Notice of Hearing dated February 6, 2013, as it relates to Richard W. Ahrendt and Hydro-tek, Inc. d/b/a Hydro-tek Environmental Systems, Inc. is dismissed without further proceedings.

Entered: This 8th day of May, 2013.



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 who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order shall be guilty of a Class 4 Felony.

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