

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING) Order Number S-05-193-07-SC02
5 whether there has been a violation of the)
6 Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE
7 American Fiber Green Products, Inc.; Ken) OF INTENT TO ENTER ORDER TO CEASE
8 McCleave;) AND DESIST AND TO IMPOSE FINES
9 Respondents)
10 _____)

11 THE STATE OF WASHINGTON TO: American Fiber Green Products, Inc.
12 Ken McCleave

13 **STATEMENT OF CHARGES**

14 Please take notice that the Securities Administrator of the State of Washington has reason
15 to believe that Respondents, American Fiber Green Products, Inc. and Ken McCleave, have each
16 violated the Securities Act of Washington and that their violations justify the entry of an order of
17 the Securities Administrator under RCW 21. 20.390 against each to cease and desist from such
18 violations. The Securities Administrator finds as follows:

19 **TENTATIVE FINDINGS OF FACT**

20 *Respondents*

21 1. American Fiber Green Products, Inc. (“American Fiber”) is an active Nevada
22 corporation with its principal place of business in Riverview, Florida.

23 2. Kenneth McCleave (“McCleave”) is the president of American Fiber and is believed to
24 currently reside in Riverview, Florida.

STATEMENT OF CHARGES AND NOTICE OF
INTENT TO ENTER ORDER TO CEASE AND DESIST
AND TO IMPOSE FINES

1 *Background*

2 3. In 1993, William Amour founded Amour Hydro-Press in Sultan, Washington to
3 manufacture products out of recycled fiberglass using a patented process. The products
4 manufactured included railroad ties, park benches, and picnic tables. The company thereafter
5 conducted a securities offering, which was the object of an investigation by the Securities
6 Division in 1995 and 1996.

7 4. In May 1996, the name of Amour Hydro-Press was changed to Amour Fiber
8 Corporation (“Amour”). Amour was an active Washington corporation until 2003.

9 5. In 2001, McCleave became the Chief Executive Officer and President of Amour.
10 At this time there were approximately 900 Amour investors holding approximately 3,220,011
11 shares of common stock. Approximately 550 of the investors resided in Washington State.

12 6. In September 2001, a merger agreement between Amour and American Leisure
13 Products, Inc. (“American Leisure”) was signed. American Leisure, a Florida corporation, is a
14 custom hot rod car manufacturer. The merger agreement was not approved by the Amour
15 directors until April 2004. Post merger, Amour and American Leisure became wholly-owned
16 subsidiaries of American Fiber.

17 7. Amour shareholders were not notified of the merger until October 2004 and were
18 never given the opportunity to approve the merger agreement pursuant to the procedures in the
19 Washington Business Corporation Act and the Nevada Revised Statutes.

20 8. Also in October 2004, some investors were notified that each outstanding share of
21 Amour common stock was converted to one-sixth of one share of American Fiber stock.

Nature of Respondents' Conduct

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2 9. In 2004, Respondents sent a letter to Amour shareholders offering them
3 investments in American Fiber and inviting them to American Fiber company meetings in
4 Anchorage, Alaska; Las Vegas, Nevada; and Seattle, Washington. The letter stated that at the
5 meetings the investors would be given an opportunity to increase their investment.

6 10. Respondents held at least three meetings in the Seattle area. During the meetings
7 Respondents told investors that the capital raised at the meeting would be used by American
8 Fiber to build a pilot manufacturing plant for Amour, develop a sales and distribution channel for
9 Amour products, complete the facility to produce American Leisure products, and implement the
10 American Leisure growth plan.

11 11. Respondents told investors that American Fiber would manufacture traditional
12 Amour products such as railroad ties, picnic tables, and park benches as well as American
13 Leisure products such as custom automobiles and outboard boats.

14 12. During the shareholder meeting Respondents told investors that they could
15 purchase shares of American Fiber for \$1.00. Investors were directed to make their investment
16 checks to McCleave, not the company.

17 13. At the shareholder meetings in the Seattle area, Respondents received investments
18 from at least 10 Washington residents. The investments totaled at least \$15,000. Respondents
19 told the investors that the Respondents would send the investors a stock certificate evidencing
20 the investment.

1 14. Investors have not received a stock certificates or any other documentation
2 evidencing their investment. Further, Respondents do not return the investors' telephone calls or
3 letters.

4 15. In February 2007, after being contacted about this investigation, American Fiber
5 filed a registration statement for the sale of securities with the Securities and Exchange
6 Commission.

7
8 **MISREPRESENTATIONS AND OMISSIONS**

9 16. Respondents failed to disclose information necessary for the investors to make an
10 informed decision including the risks of the offering and the management experience of the
11 Respondents and failed to provide investors with financial statements.

12
13 **REGISTRATION STATUS**

14 17. The American Fiber Green Products, Inc. shares were not registered with the State
15 of Washington and had not been previously registered. Furthermore, there were no notices of a
16 claim of exemption filed in the State of Washington.

17
18 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

19 **CONCLUSIONS OF LAW**

20 1. The offer or sale of the common stock described above in paragraphs 10 through 15
21 constitutes the offer or sale of a security as defined in RCW 21.20.005(10) and (12).
22

1 2. Respondents, American Fiber Green Products, Inc. and Kenneth McCleave, have
2 violated RCW 21.20.140 by offering and/or selling unregistered securities.

3 3. The offer or sale of said securities was made in violation of RCW 21.20.010 because
4 as set forth above, American Fiber Green Products, Inc. and Kenneth McCleave, in connection
5 with the offer and sale of a security, made untrue statements of material fact or omitted to state
6 material facts necessary in order to make the statements made, in light of the circumstances
7 under which they were made, not misleading.

8
9 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

10 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
11 Administrator intends to order that American Fiber Green Products, Inc. and Kenneth McCleave,
12 their agents and employees each cease and desist from violations of RCW 21.20.010.

13
14 **NOTICE OF INTENT TO IMPOSE FINES**

15 Pursuant to RCW 21.20.395 and based upon the Tentative Findings of Fact and
16 Conclusions of Law, the Securities Administrator intends to order that:

- 17 a. American Fiber Green Products, Inc. shall be liable for and pay a fine of \$5,000 and
18 b. Kenneth McCleave shall be liable for and pay a fine of \$5,000.

19
20 **AUTHORITY AND PROCEDURE**

21 This Statement of Charges is entered pursuant to the provisions of RCW 21.20.390 and
22 RCW 21.20.395 and is subject to the provisions of RCW 34.05. The respondents, American
23

1 Fiber Green Products, Inc. and Ken McCleave, may each make a written request for a hearing as
2 set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
3 HEARING accompanying this order.

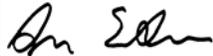
4 If a respondent does not request a hearing, the Securities Administrator intends to adopt
5 the above Tentative Findings of Fact and Conclusions of Law as final and enter a permanent
6 order to cease and desist and to impose the fine as to that respondent.

7 Dated and Entered this 29th day of June, 2007.

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10 MICHAEL E. STEVENSON
11 Securities Administrator

12 Approved by:

13 

14 Suzanne Sarason
15 Chief of Registration

16 Presented by:

17 

18 Kristen Culbert
19 Financial Legal Examiner