

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-07-480-08-SC01
Whether there has been a violation of the)
Business Opportunity Fraud Act of) STATEMENT OF CHARGES AND NOTICE
Washington by:) OF INTENT TO ENTER ORDER TO CEASE
) AND DESIST
)
Energy Automation Systems, Inc.)
(EASI); Joseph Merlo; and Paul)
Bleiweis)
)
Respondents)

THE STATE OF WASHINGTON TO: Energy Automation Systems, Inc. (EASI)
Joseph Merlo
Paul Bleiweis

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Energy Automation Systems, Inc. (EASI); Joseph Merlo; and Paul Bleiweis have each violated the Business Opportunity Fraud Act of Washington, RCW 19.110, and that their violations justify the entry of an order of the Securities Administrator under RCW 19.110.150 against each to cease and desist from such violations. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. Energy Automation Systems, Inc. (“EASI”) is a Tennessee Corporation with its principal place of business at 145 Anderson Lane, Hendersonville, Tennessee, 37075.

1 8. EASI first registered to sell its business opportunity in the State of Washington on
2 June 14, 1999. EASI offered and/or sold business opportunities to at least three Washington
3 residents prior to its June 1999 registration.

4 9. EASI's initial registration to sell its business opportunity expired on June 14,
5 2000. EASI registered to sell its business opportunity with the State of Washington again on
6 December 9, 2002. Between the expiration of its initial registration and the December 9, 2002
7 registration EASI offered and/or sold its business opportunity to at least two Washington
8 residents.

9 10. EASI's second registration to sell its business opportunity expired on December
10 9, 2003. EASI registered again with the State of Washington on February 10, 2004. That
11 registration expired on February 10, 2005. EASI offered and/or sold its business opportunity to
12 at least one Washington resident after February 10, 2005.

13 11. EASI failed to disclose in its December 9, 2002 through December 9, 2003
14 registration a Chapter 7 bankruptcy petition filed by Paul Bleiweis. Bleiweis filed the
15 bankruptcy petition on August 29, 2002 and it was discharged on December 13, 2002. EASI
16 offered and/or sold its business opportunity to at least one Washington resident after August 29,
17 2002 without disclosing the bankruptcy petition or amending the registration to reflect the
18 bankruptcy filings.

19 12. EASI failed to disclose in its June 14, 1999 through June 14, 2000 registration a
20 1996 lawsuit against Joseph Merlo claiming misrepresentation. EASI failed to disclose the same
21 lawsuit in its December 9, 2002 through December 9, 2003 registration. EASI offered and/or
22 sold its business opportunity to at least seven Washington residents without disclosing the
23 lawsuit in its registration.

1 2. The offer or sale of said business opportunities is in violation of RCW 19.110.050
2 because no registration for such offer and/or sale by Respondents, Energy Automation Systems,
3 Inc.; Joseph Merlo; and Paul Bleiweis was on file with the Securities Administrator for certain
4 time periods when offers and/or sales occurred.

5 3. The offer and/or sale of said business opportunities were in violation of RCW
6 19.110.070 and RCW 19.11.120 because Respondents failed to provide purchasers with a
7 disclosure document containing complete and material information regarding the business
8 opportunity, including but not limited to a financial statement of the seller, for certain time
9 periods when offers and/or sales occurred.

10 4. Respondents were in violation of RCW 19.11.120(1)(d) because Respondents
11 knowingly filed or caused to be filed with the director a document which contained untrue or
12 misleading information.
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15 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

16 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
17 Administrator intends to order that Energy Automation Systems, Inc. (EASI); Joseph Merlo;
18 Paul Bleiweis; and their agents and employees, each shall permanently cease and desist from
19 violations of RCW 19.110.050, RCW 19.110.070 and RCW 19.110.120.
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21 **AUTHORITY AND PROCEDURE**

22 This Statement of Charges is entered pursuant to the provisions of RCW 19.110.150 and
23 is subject to the provisions of RCW 34.05. Energy Automation Systems, Inc. (EASI); Joseph
24 Merlo; Paul Bleiweis, may each make a written request for a hearing as set forth in the NOTICE
25

1 OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
2 order.

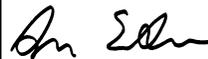
3 If a respondent does not request a hearing, the Securities Administrator intends to adopt
4 the above Tentative Findings of Fact and Conclusions of Law as final and enter a permanent
5 order to cease and desist against that respondent.
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8 Dated and Entered this 5th day of January, 2009.

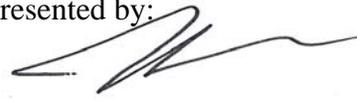
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12 _____
MICHAEL E. STEVENSON
Securities Administrator

13 Approved by:

14 
Suzanne Sarason
15 Chief of Compliance

Presented by:

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18 Jack McClellan
19 Financial Legal Examiner
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