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JACK D. LADD
MEMBER

SSB Docket No. 02-07

IN THE MATTER OF
HYDROFUEL SYSTEMS, INC.

§ Order No. CDO/FIN-1452
§

TO: Wilbur A. Jones, President
HydroFuel Systems, Inc.
8512 Spring Street
Fort Worth, Texas 76179

CEASE AND DESIST ORDER

Be it remembered that HydroFuel Systems, Inc. ("Respondent"), by and through its President, Wilbur A. Jones, appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order and Undertaking and, without admitting or denying them, the Findings of Fact or Conclusions of Law contained herein, except the first and second Findings of Fact which are admitted.

FINDINGS OF FACT

1. Respondent has waived: (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2002) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 2002) ("Administrative Procedure Act").
2. Respondent is a Texas corporation and has reorganized into a Delaware corporation with its principal office located at 8512 Spring Street, Fort Worth, Texas 76179. Wilbur A. Jones is the President and Chief Executive Officer of Respondent.
3. Respondent has engaged in the offer for sale and sale of common stock issued by Respondent.

4. The common stock offered and sold by Respondent are securities as defined in Section 4.A of the Texas Securities Act.
5. Respondent offered for sale and sold securities at a time when the securities were not registered with the Securities Commissioner as required by Section 7 of the Texas Securities Act.
6. Respondent has acted as a dealer in the offer for sale and sale of securities at a time when Respondent was not registered with the Securities Commissioner as required by Section 12 of the Texas Securities Act.
7. Respondent has offered for sale and sold securities through agents at a time when the agents were not registered with the Securities Commissioner as required by Section 12 of the Texas Securities Act.

UNDERTAKING

1. Respondent hereby undertakes and agrees that it will not offer for sale or sell securities from within the State of Texas or to a Texas resident unless it is registered with the Securities Commissioner as required by Section 12 of the Texas Securities Act, or is exempt from the registration requirements thereof.
2. Respondent further undertakes and agrees that it will not offer for sale or sell securities from within the State of Texas or to a Texas resident unless said securities are registered with the Securities Commissioner as required by Section 7 of the Texas Securities Act, or are exempt from the registration requirements thereof.
3. Respondent further undertakes and agrees that it will not employ or use any person or entity to offer for sale or sell securities from within the State of Texas or to a Texas resident unless such person or entity is properly registered with the Securities Commissioner as required by Section 12 of the Texas Securities Act, or is exempt from the registration requirements thereof.

CONCLUSIONS OF LAW

1. The foregoing violations constitute bases for the issuance of a cease and desist order pursuant to Section 23.A of the Texas Securities Act.
2. The foregoing violations constitute bases for the issuance of an order assessing an administrative fine pursuant to Section 23-1 of the Texas Securities Act.

ORDER

1. It is therefore ORDERED that HydroFuel Systems, Inc. CEASE AND DESIST from acting as a dealer until it is registered with the Securities Commissioner or exempt from the dealer registration requirements of the Texas Securities Act.

2. It is further ORDERED that HydroFuel Systems, Inc. CEASE AND DESIST from the offer and sale of securities until said securities are registered or an available exemption is utilized.
3. It is further ORDERED that HydroFuel Systems, Inc. is hereby ASSESSED AN ADMINISTRATIVE FINE in the amount of Two Thousand Five Hundred Dollars (\$2,500.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Two Thousand Five Hundred Dollars (\$2,500.00), payable to the State of Texas, contemporaneously with the delivery of this Order.
4. It is further ORDERED that HydroFuel Systems, Inc. COMPLY with the terms of the Undertaking set forth herein.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 27th day
of March, 2002.


Denise Voigt Crawford
DENISE VOIGT CRAWFORD
Securities Commissioner


Respondent:

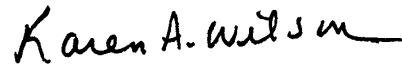
HydroFuel Systems, Inc.


By: ~~Wilbur A. Jones, President~~

Approved as to Form:


David Grauer
Director
Enforcement Division


Robert Boresta, Esq.
Attorney for Respondent

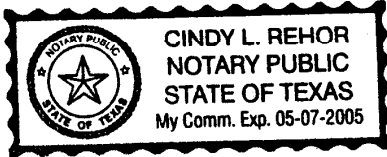


KAREN A. WILSON
Notary Public, State of New York
No. 314946714
Qualified in New York County
Commission Expires 2/6/20⁰³

ACKNOWLEDGMENT

On the 20th day of March, 2002, HydroFuel Systems, Inc. ("Respondent"), by and through Wilbur A. Jones, its President, personally appeared before me, executed the foregoing Order and Undertaking, and acknowledged that:

1. Wilbur A. Jones is duly authorized to enter into the foregoing Order on behalf of Respondent;
2. Wilbur A. Jones has read the foregoing Order;
3. Respondent has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and Undertaking and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]

Cindy L. Rehor
Notary Public in and for
the State of Texas

My commission expires on: 5-7-05