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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Business Opportunity Fraud Act of
Washington by:

Energy Automation Systems, Inc. (EASI);
Joseph Merlo; and Paul Bleiweis

Respondents

Order Number S-07-480-09-CO01

CONSENT ORDER

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INTRODUCTION

On January 5, 2009, the Securities Division of the Department of Financial Institutions entered a Statement of Charges, S-07-480-08-SC01, against Respondents Energy Automation Systems, Inc.; Joseph Merlo; and Paul Bleiweis.

Pursuant to the Business Opportunity Fraud Act of Washington (the "Act"), RCW 19.110, the Securities Division and Respondents Energy Automation Systems, Inc.; Joseph Merlo; and Paul Bleiweis, do hereby enter into this CONSENT ORDER in settlement of the above-captioned matter. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law stated below.

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FINDINGS OF FACT

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Respondents

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

2. Joseph Merlo ("Merlo") is Chief Executive Officer of Energy Automation Systems, Inc. Merlo resides in Tennessee.

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CONSENT ORDER

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 3. Since November 2002, Paul Bleiweis (“Bleiweis”) has served as President of Energy
2 Automation Systems, Inc. Bleiweis resides in Tennessee.

3 Nature of the Offering

4 4. EASI is the seller of a business opportunity to distribute energy saving systems and products.
5 EASI represents that it provides custom-designed energy saving systems to manufacturing facilities, hotels,
6 hospitals, retail stores, office buildings and other clients. EASI represents that its products are designed to
7 reduce energy costs for businesses by eliminating waste, reducing electrical consumption and improving
8 power quality.
9

10 5. Purchasers of a business opportunity pay a one-time initial investment fee for: the right to
11 sell EASI products; a training course at the EASI headquarters in Tennessee; field support from EASI
12 support staff when requested by the purchaser; sample business documents; demonstration equipment; and
13 sample marketing materials. Washington residents paid between \$23,500 and \$39,875 for the business
14 opportunity with EASI.

15 6. Purchasers of a business opportunity are not authorized to conduct business under the name
16 Energy Automation Systems Inc. (EASI). Purchasers operate independent businesses following their
17 completion of EASI training and agree through the dealership agreement that a franchisor-franchisee
18 relationship does not exist between the purchaser and EASI.
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20 7. EASI offered and/or sold its opportunity to Washington residents via business
21 opportunity/franchise expos, business opportunity/franchise websites, and through its own websites
22 www.energysavingbusiness.com, www.easibusiness.com, and www.energyautomation.com.

Registration Status

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2 8. Energy Automation Systems, Inc. (EASI) is not currently registered to sell its business
3 opportunities in the State of Washington. EASI was registered to sell its business opportunities in the State
4 of Washington during the following time periods: June 14, 1999 to June 14, 2000; December 9, 2002 to
5 December 9, 2003; and February 10, 2004 to February 10, 2005.

Sales Without Current Registration

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7 9. EASI sold business opportunities to at least three Washington residents prior to its June 1999
8 registration. After the expiration of its June 1999 registration, but prior to its December 2002 registration,
9 EASI sold business opportunities to at least three additional Washington residents. After the expiration of
10 its February 2004 registration EASI sold its business opportunity to at least one more Washington resident.
11 The Securities Division was unaware of sales that occurred during times when EASI did not have current
12 registrations on file with the State of Washington.
13

Disclosure Deficiencies

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15 10. Joseph Merlo had a lawsuit filed against him in 1996 which included claims requiring
16 disclosure under Section 19.110.070 of the Act. EASI disclosed this lawsuit in its June 14, 1999 through
17 June 14, 2000 registration, but did not disclose the same lawsuit in its December 9, 2002 through December
18 9, 2003 registration. EASI initially did not disclose the 1996 lawsuit in its February 10, 2004 through
19 February 10, 2005 registration, but amended its registration to disclose the lawsuit on July 30, 2004. EASI
20 sold its business opportunity to at least ten Washington residents after the lawsuit was filed in 1996. Two of
21 those sales occurred during time periods in which EASI was properly registered with a registration
22 disclosing the lawsuit. Six sales occurred when EASI was not registered to sell its business opportunity.
23

1 Two sales occurred during time periods in which EASI was registered but had not disclosed the lawsuit in
2 its registration.

3 11. A lawsuit was filed against EASI on September 11, 2000 which included claims requiring
4 disclosure under Section 19.110.070 of the Act. EASI did not disclose this lawsuit in its December 9, 2002
5 through December 9, 2003 registration. EASI also did not disclose the lawsuit in its initial February 10,
6 2004 registration, but included it in its July 30, 2004 amendment to the February 10, 2004 registration.
7 EASI sold its business opportunity to at least seven Washington residents after September 11, 2000. One
8 sale occurred during a time period in which EASI was properly registered with a registration disclosing the
9 lawsuit. Four sales occurred while EASI was not registered to sell its business opportunity. Two sales
10 occurred during time periods in which EASI was registered but had not disclosed the lawsuit in its
11 registration.
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13 12. Paul Bleiweis filed a Chapter 7 bankruptcy petition on August 29, 2002 and it was
14 discharged on December 13, 2002. Paul Bleiweis became EASI's President in November 2002. EASI did
15 not disclose this bankruptcy in its December 9, 2002 through December 9, 2003 registration. EASI did
16 disclose the bankruptcy in its February 10, 2004 through February 10, 2005 registration. EASI sold its
17 business opportunity to at least four Washington residents after Bleiweis filed for bankruptcy. Two sales
18 occurred during a time period in which EASI was properly registered with a registration disclosing the
19 bankruptcy. One sale occurred while EASI was not registered to sell its business opportunity. One sale
20 occurred during a time period in which EASI was registered but had not disclosed the bankruptcy in its
21 registration.
22

23 13. EASI had eight lawsuits filed against EASI and/or Merlo in 2003 and 2004 which included
24 claims requiring disclosure under Section 19.110.070 of the Act. EASI did not amend its December 9, 2002

1 through December 9, 2003 registration to disclose seven of those lawsuits. EASI did not disclose eight of
2 the lawsuits in its initial February 10, 2004 through February 10, 2005 registration, but disclosed the
3 lawsuits in its July 30, 2004 amendment. EASI sold its business opportunity to at least four Washington
4 residents after at least 1 of the lawsuits had been filed. One sale occurred during a time period in which
5 EASI was registered under the Business Opportunity Act and the offering circular disclosed the lawsuits.
6 One sale occurred while EASI was not registered to sell its business opportunity. Two sales occurred
7 during a time period in which EASI was registered but had not disclosed all eight of the lawsuits in its
8 registration.

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10 Based upon the above Findings of Fact, the following Conclusions of Law are made:

11 **CONCLUSIONS OF LAW**

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13 1. The offer and/or sale of the business opportunities described above constituted the offer
14 and/or sale of a business opportunity as defined in RCW 19.110.020(1) and RCW 19.110.030(1).

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16 2. The offer and/or sale of said business opportunities was in violation of RCW 19.110.050
17 because, as described in paragraph 9 of the Findings of Fact, no registration for such offer and/or sale by
18 Respondents, Energy Automation Systems, Inc.; Joseph Merlo; and Paul Bleweis was on file with the
19 Securities Administrator for certain time periods when sales occurred.

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21 3. Respondents violated RCW 19.110.050(5) because, as described in paragraphs 10-13 of the
22 Findings of Fact, Respondents did not amend the registration after material changes in the required
23 information.

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25 4. The offer or sale of said business opportunities were in violation of RCW 19.110.070 and
26 RCW 19.110.120 because, as described in paragraphs 9-13 of the Findings of Fact, Respondents did not

1 provide prospective purchasers with a disclosure document containing complete and material information
2 regarding the business opportunity, including but not limited to all litigation/bankruptcies involving
3 Respondents.

4 5. Respondents violated RCW 19.110.120(1)(d) because, as described in paragraphs 10-13 of
5 the Findings of Fact, Respondents knowingly filed or caused to be filed with the director a document which
6 contained inaccurate or misleading information.

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8 **CONSENT ORDER**

9 Based upon the foregoing:

10 IT IS AGREED AND ORDERED that Respondents, Energy Automation Systems, Inc. (EASI);
11 Joseph Merlo; Paul Bleiweis, their agents and employees each shall cease and desist from offering or
12 selling business opportunities in violation of RCW 19.110.050, the registration section of the Business
13 Opportunity Fraud Act of the State of Washington.

14 IT IS FURTHER AGREED AND ORDERED that Respondents, Energy Automation Systems, Inc.
15 (EASI); Joseph Merlo; Paul Bleiweis, their agents and employees each shall cease and desist from
16 violating RCW 19.110.070, the disclosure document section of the Business Opportunity Fraud Act of
17 the State of Washington.

18 IT IS FURTHER AGREED AND ORDERED that Respondents, Energy Automation Systems, Inc.
19 (EASI); Joseph Merlo; Paul Bleiweis, their agents and employees each shall cease and desist from
20 violating RCW 19.110.120, the anti-fraud section of the Business Opportunity Fraud Act of the State of
21 Washington.

1 IT IS FURTHER AGREED that Energy Automation Systems, Inc. (EASI), on or before the date of
2 entry of this Consent Order, shall pay the Securities Division the costs and other expenses incurred in the
3 investigation of this matter in the amount of \$5,000.

4 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Order.

5 IT IS FURTHER AGREED that in consideration of the foregoing Respondents waive their rights
6 to a hearing in this matter and judicial review of this order pursuant to Chapter 34.05 RCW.

7 IT IS FURTHER AGREED that this Consent Order does not prohibit EASI from registering to sell
8 its business opportunities in the State of Washington in the future if proper registrations are submitted to
9 and accepted by the appropriate agency.

10
11 SIGNED this 12th day of March, 2010.

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14 Approved for entry by:

15
16 _____ /s/
17 John Jacobson
18 Attorney for Respondent

19 Energy Automation Systems, Inc. (EASI), by:

20
21 _____ /s/
22 (Signature)

23 Paul B. Bleiweis, President
24 (Print Name and Title)

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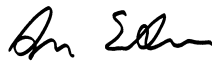
Signed by:

/s/
Joseph Merlo, individually

/s/
Paul Bleiweis, individually

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DATED and ENTERED this 17th day of March, 2010



Suzanne Sarason
Chief of Enforcement

Presented by:



Jack McClellan

CONSENT ORDER

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Securities Division
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Financial Legal Examiner

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