STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
(973) 504 3600

IN THE MATTER OF:

AQUADYN TECHNOLOGIES, INC.
(A MISSISSIPPI CORPORATION).

SUMMARY ORDER

AquaDyn Technologies, Inc.
392 Keeler Woods Drive
Cobb County
Marietta, Georgia 30064

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities (the "Bureau Chief") by the Uniform Securities Law (1997) and after careful review and due consideration of the facts set forth below, the Bureau Chief has determined that good cause has been shown to summarily assess civil monetary penalties against AquaDyn Technologies, Inc. ("AquaDyn").

BACKGROUND

1. The New Jersey Bureau of Securities ("Bureau") is the State agency with the responsibility to administer and enforce the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., (the "Securities Law").

2. AquaDyn was incorporated in the State of Mississippi. Its headquarters are located at 392 Keeler Woods Drive, Marietta, GA 30064.

3. AquaDyn manufactures water filtration systems for commercial use. AquaDyn also offers water management services to persons who use its systems.

4. The Information Request Form that AquaDyn prepared to promote the sales of its water filtration systems (the "Information Request Form") described two options for purchasing a system.

5. Option 1 was to own and operate the system, or unit, at the purchaser's location of choice. A person who chose Option 1 was under no obligation to use Aqua Dyn to maintain and service the unit.

6. AquaDyn's Equipment Purchase Agreement stated that Option 1 "is suitable for experienced plant managers and engineers who need this equipment at their plaint installations."

7. Option 2, the "Sale/Leaseback Option," combined (a) the purchase of the water filtration system from AquaDyn through an Equipment Purchase Agreement with (b) a lease agreement that leased the system back to AquaDyn. If a person chose the Sale/Leaseback Option, AquaDyn was responsible for finding a location for the unit.

8. AquaDyn used the Sale/Leaseback Option to raise capital for its business of manufacturing water filtration systems. AquaDyn raised capital by promising persons who purchased the Sale/Leaseback

Option a fixed monthly payment that would come from the money AquaDyn made by subleasing the water filtration systems and providing services to the sublessees.

9. Beginning on or around May 2000 and continuing into 2003, AquaDyn offered and sold water filtration units to New Jersey investors through the Sale/Leaseback Option.

10. Forward Marketing Group, Inc. ("Forward Marketing") is a marketing/public relations firm, which AquaDyn hired on or around May 2000 to act as its exclusive agent for offering investors the Sale/Leaseback Option.

11. AquaDyn used Forward Marketing in this capacity until on or about April 1, 2002, when AquaDyn severed its relationship with Forward Marketing and hired Bruce DeHaven ("DeHaven") to offer and sell the Sale/Leaseback Option to New Jersey investors. DeHaven had previously offered and sold the Sale/Leaseback Option to New Jersey Investors as an agent of Forward Marketing. DeHaven's offices are at 1805 Leamings Mill Road, Millville, New Jersey, 08332.

AquaDyn Violated N.J.S.A. 49:3-60

12. The Sale/Leaseback Option is a contract that required an investment of money with the expectation of making a profit from the efforts of others. As such, the Sale/Leaseback Option is an investment contract and a security under N.J.S.A. 49:3-49(m).

13. AquaDyn was required to register the Sale/Leaseback Option under N.J.S.A. 49:3-60 unless it qualified for an exemption from the registration requirements.

14. During the period that AquaDyn offered and sold the Sale/Leaseback Option to New Jersey investors, the Sale/Leaseback Option was not registered as a security with the Bureau.

15. During the period that AquaDyn offered and sold the Sale/Leaseback Option to New Jersey investors, the Sale/Leaseback Option did not qualify for any exemption from the registration requirements.

16. AquaDyn violated N.J.S.A. 49:3-60 by selling the Sale/Leaseback Option to New Jersey residents without registering it with the Bureau.

AquaDyn Violated N.J.S.A. 49:3-56(h)

17. AquaDyn was an issuer under N.J.S.A. 49:3-49(h).

18. DeHaven offered and sold the Sale/Leaseback Option to New Jersey investors during the period he was an agent of AquaDyn. During this period, DeHaven was not registered with the Bureau as an agent of AquaDyn or in any other capacity.

19. Under N.J.S.A. 49:3-56(h) it was unlawful for AquaDyn to use DeHaven as an agent unless DeHaven was registered as its agent with the Bureau.

20. AquaDyn violated N.J.S.A. 49:3-56(h) by using DeHaven as an agent without registering DeHaven as its agent with the Bureau.

AquaDyn Violated N.J.S.A. 49:3-52(b)

21. During most of the period that AquaDyn offered the Sale/Leaseback Option to New Jersey residents, it promoted the Sale/Leaseback Option as paying investors $200 per month, for an annualized return of 15%.

22. During this period, the Information Request Form that AquaDyn used stated that: (a) Option 2 would pay the investor $200 per month for up to a 5-year term: and (b)"You don't have to do anything, but buy each unit for $16,000, sign a 'Lease Agreement' and receive rental checks of $200 per month per unit (sent 1st of month)."

23. During this period, the Equipment Purchase Agreement also stated that: (a) Option 2 "is suitable for those who do not want to be an active owner" and for "[c]onservative monthly income seekers who find the 15% annualized yield an attractive alternative and addition to their savings and investments;" and (b) "[t]here is a sinking fund for those buyers who need to bail out of their leases prior to the end of the 5 year term."

24. The representation that "[t]here is a sinking fund for those buyers who need to bail out of their leases prior to the end of the 5 year term" was both false and material to a person considering purchasing the Sale/Leaseback Option. As such, it was a violation of N.J.S.A. 49:3-52(b).

25. None of materials that AquaDyn provided to investors represented that the Sale/Leaseback Option was a security. Information that the Sale/Leaseback Option was a security was material to a person considering purchasing the Sale/Leaseback Option. As such, the failure to disclose that information was a violation of N.J.S.A. 49:3-52(b).

26. AquaDyn stopped making payments to persons who purchased the Sale/Leaseback Option when companies to which it had sublet water filtration units associated with other Sale/Leaseback Options went into bankruptcy.

27. AquaDyn never disclosed that one of the risks of purchasing a Sale/Leaseback Option was that one or more of the companies to which it sublet water filtration systems associated with other Sale/Leaseback Options might stop making payments to AquaDyn.

28. This risk was material to an investor who was considering purchasing a Sale/Leaseback Option as a safe investment with a fixed rate of return.

29. AquaDyn's failure to disclose this risk was in violation of N.J.S.A. 40:3-52(b)

CONCLUSION

For the reasons stated above, it is on this 1st day of May 2006 that it is **SUMMARILY ORDERED** that AquaDyn shall cease and

desist from violating N.J.S.A. 49: 3-60, N.J.S.A. 49:3-52(h) and N.J.S.A. 49:3-52(b).

It is also **ORDERED** that AquaDyn is assessed a civil monetary penalty in the amount of $2,000 for its violation of N.J.S.A. 49:3-60, (b) an additional penalty of $2,000 for violating N.J.S.A. 49:3-56(h) and (c) and an additional penalty of $6,000 for its violations of N.J.S.A. 49:3-52(b).

Franklin L. Widmann

Franklin L. Widmann
Chief, Bureau of Securities

NOTICE OF RIGHT TO HEARING

Pursuant to N.J.S.A. 49:3-68.1(b)(2) this matter will be set down for a hearing with respect to the allegations concerning any respondent if a written answer to the allegations in the Summary Order and a written request for such a hearing is filed with the Bureau within fifteen (15) days after such respondent receives this Summary Order. A general denial does not qualify as a written answer to the Summary Order.

The Bureau Chief shall, within five (5) days of receiving the written answer and written request for a hearing, either transmit the matter to the Office of Administrative Law for a hearing, or schedule a hearing at the Bureau of Securities. Orders issued pursuant to this section shall be subject to an application to vacate upon ten (10) days' notice, and in any event a preliminary hearing on the order shall be held within twenty (20) days after it is requested, and the filing of a motion to vacate the order shall toll the time for filing a written answer and written request for a hearing.

If you fail to respond by either filing a written answer and a written request for a hearing with the Bureau or moving to vacate within the (15) fifteen day period, you will have waived your opportunity to be heard and the Summary Order shall remain in effect until modified or vacated by the Bureau Chief.

At any hearing regarding this matter, an individual respondent may appear on his or her own behalf or be represented by an attorney. A corporation must be represented by an attorney unless a non-attorney represents the corporation in accordance with R. 1:21-1(e) and N.J.A.C. 1:1-5.4.

NOTICE OF OTHER ENFORCEMENT REMEDIES

Respondent is also advised that the Uniform Securities Law provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to the remedies proposed in this Complaint, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action pursuant to N.J.S.A. 49:3-69.

Respondent is further advised that the entry of a final order granting some or all of the remedies of the order the Bureau Chief proposes to enter does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against it, as the Bureau Chief may determine, in connection with the claims made against them in this action.