

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: A.I.R. INC.,  
ITS OFFICERS, DIRECTORS,  
EMPLOYEES, AFFILIATES, SUCCESSORS,  
AGENTS AND ASSIGNS,  
AND MICHAEL W. SMITH

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) File No. 0900155  
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TEMPORARY ORDER OF PROHIBITION

TO THE RESPONDENTS: Michael W. Smith  
A.I.R. Inc.  
P.O. Box 1150  
411 East Monroe Street  
Springfield, Illinois 62705

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, having been fully advised in the premises by the staff of the Illinois Securities Department, Office of the Secretary of State, herein find:

1. That Respondent, A.I.R. Inc., is a purported business entity with a last known address of P.O. Box 1150, 411 East Monroe Street, Springfield, Illinois 62705;
2. That at all times relevant, the Respondent Michael W. Smith was an Officer, Director, Agent or Employee of A.I.R. Inc.;
3. That on or about March 5, 2009, Respondents A.I.R. Inc., by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Michael W. Smith, offered to Illinois residents the sale of 10% of its U.S. Patent Rights in 2% increments, stating that 2% had already been sold as of February 19, 2009, further stating that the funding "will help A.I.R. Inc. product line saturate the national level and create jobs", pursuant to an advertisement appearing in the March 5, 2009, State Journal-Register located and published in Springfield, Illinois;
4. That each of the aforesaid U.S. Patent Rights is a security as that term is defined pursuant to Section 2.1. of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act");

Temporary Order of Prohibition

-2-

5. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois;
6. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell securities except in accordance with the provisions of the Act;
7. That Section 12.C of the Act provides, inter alia, that it shall be a violation of the Act for any person to act as a dealer or salesperson unless registered as such, where such registration is required;
8. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or application required to be filed under the provisions of the Act;
9. That at all times relevant hereto, Respondents A.I.R. Inc., by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Michael W. Smith, failed to file an application for registration of the above-referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois;
10. That at all times relevant hereto, Respondents A.I.R. Inc., by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Michael W. Smith, failed to file an application for registration as a dealer or salesperson for the sales of securities in the State of Illinois;
11. That by virtue of the foregoing, Respondents A.I.R. Inc., by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Michael W. Smith, have violated Sections 12.A, 12.C and 12.D of the Act;
12. That Section 11.F.(2) of the Act provides, inter alia, that the Secretary of State may temporarily suspend or prohibit the offer or sale of securities by any person if the Secretary of State in his or her opinion, based upon credible evidence, deems it necessary to prevent

Temporary Order of Prohibition

-3-

an imminent violation of the Act or to prevent losses to investors which the Secretary of State reasonably believes will occur as a result of a prior violation of the Act;

13. That based upon the foregoing, the Secretary of State deems it necessary, in order to prevent imminent and additional violations of the Act, and to prevent losses to investors as a result of the referenced prior violation of the Act, to enter an order pursuant to the authority granted under Section 11.F of the Act which prohibits Respondents A.I.R. Inc., by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Michael W. Smith, from offering and/or selling securities in the State of Illinois; and
14. That based upon the credible evidence available to the Secretary of State, the entry of this Temporary Order is in the public interest and is consistent with the purposes of the Act.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents A.I.R. Inc., by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Michael W. Smith, are hereby PROHIBITED from offering and/or selling securities in or from the State of Illinois until further order of the Secretary of State.

NOTICE is hereby given that the Respondents may request a hearing on this matter by transmitting such request in writing to Securities Director, Illinois Securities Department, 300 West Jefferson, Suite 300A, Springfield, Illinois 62702. Such request must be made within thirty (30) days of the date of entry of this Temporary Order. Upon receipt of a request for hearing, a hearing will be scheduled. Request for hearing will not stop the effectiveness of this Temporary Order and will extend the effectiveness of this Temporary Order for ninety days from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) DAYS AFTER ENTRY OF THIS TEMPORARY ORDER SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND CONSTITUTES SUFFICIENT BASIS TO MAKE THE TEMPORARY ORDER FINAL.

Temporary Order of Prohibition

-4-

ENTERED: This 13<sup>th</sup> day of November, 2009



JESSE WHITE  
Secretary of State  
State of Illinois

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