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Attorneys for Utah Division of Securities

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:	**STIPULATION AND CONSENT ORDER**
HYDRO-CLEAN FUEL SYSTEMS, INC.	**Docket No. SD 05-0048**
GARY L. DAVIS	**Docket No. SD 05-0049**
CYNDY PEDERSEN	**Docket No. SD 05-0050**
ENSENTECH, INC.	**Docket No. SD 05-0051**
GARY G. SCOTT	**Docket No. SD 05-0052**
JAN W. CARLSON	**Docket No. SD 05-0053**
Respondents.	

The Utah Division of Securities (Division), by and through its Director of Corporate Finance, Benjamin Johnson, and Respondents Hydro-clean Fuel Systems, Inc., Gary L. Davis, Cyndy Pedersen, Ensentch, Inc., Gary G. Scott, and Jan W. Carlson hereby stipulate and agree as follows:

1. The Division commenced agency action against Respondents Hydro-clean Fuel Systems, Inc., Gary L. Davis, Cyndy Pedersen, Ensentch, Inc., Gary G. Scott, and Jan W. Carlson, by filing an Order to Show Cause (OSC) and requesting a fine, on September 23, 2005.

2. Respondents filed an answered to the OSC on October 4, 2005, and simultaneously moved for dismissal. The Division filed an opposition memorandum. No ruling has ever been made on Respondents' motion.

3. Respondents and the Division have agreed to resolve the action against them through this Stipulation and Consent Order (Order). In exchange for Respondents' agreement to resolve this matter by this Order, the Division has agreed to dismiss Cyndy Pedersen and Jan Carlson from this action.

4. Respondents agree to withdraw their motion, admit the jurisdiction of the Division over it and over the subject matter of this action.

5. By entering this Stipulation and Consent Order, Respondents also waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf. Respondents also waive any right to appeal this Order.

6. Respondents have read this Order, understand its contents, and enter into this Order voluntarily. No promises or threats have been made by the Division, nor by any representative of the Division, to induce Respondents to enter into this Order other than as described herein.

7. Respondents are represented by attorney Jim Barber and are satisfied with the legal representation received.

I. FINDINGS OF FACT

The Division makes the following investigative conclusions in this matter:

The Parties and Entities

8. Hydro-Clean Fuel Systems, Inc., (Hydro-Clean) registered as a Nevada corporation in May 2003 and is currently an active corporation. Hydro-Clean's registered agent is Rolan Campbell. Campbell's address is 960 Bollen Circle, Gardnerville, Nevada.

9. Gary L. Davis (Davis) is the president of Hydro-Clean. Davis' last known address is 5040 West 14400 North, Garland, Utah. Davis was formerly the president of Ensentech Energy Corporation, which was registered as a Nevada corporation in February 2000, but is currently listed as a revoked corporation as of March 2003.

10. Cyndy Pedersen (Pedersen) is the secretary and treasurer of Hydro-Clean. Pedersen's last known address is 329 North 1250 West #3, Centerville, Utah.

11. Ensentech, Inc. (Ensentech) registered as a Nevada corporation in October 1983, and is currently an active corporation. Ensentech's registered agent is Rolan Campbell. Campbell's address is 960 Bollen Circle, Gardnerville, Nevada.

12. Gary G. Scott (Scott) is the president of Ensentech. Scott's last known address is 239 North 1250 West, #3, Centerville, Utah.

13. Jan W. Carlson (Carlson) is the secretary and treasurer of Ensentech. Carlson's last known address is 239 North 1250 West, #3, Centerville, Utah.

14. Hydro-Clean and Ensentech are related entities. Ensentech reportedly utilizes the technology developed by Hydro-Clean, and the companies share an office in Centerville, Utah.

The Division's Investigation

15. On October 1, 2004, the Division received a call from a resident of the State of Washington who was solicited to purchase shares of Hydro-Clean / Ensentech stock and wanted to inquire about the companies.

16. Finding no filing for Hydro-Clean / Ensentech securities, the Division contacted Hydro-Clean's president, Davis, and wrote a letter to Hydro-Clean's attorney, Jim Barber, to get more information.

17. On December 23, 2004, the Division received a responsive letter from Mr. Barber on behalf of Hydro-Clean. According to Mr. Barber's letter, since May 2003, Hydro-Clean has sold its stock to approximately fifty people; Hydro-Clean's stock was not registered with the Division; and investors did not receive disclosure documents, sales literature, formal subscription agreements or offering questionnaires.

18. Based on information received from Mr. Barber, the Division suggested that Hydro-Clean remedy the situation by filing an SEC Form SB-2 rescission offer by April 14, 2005.

19. On April 13, 2005, Mr. Barber met with Benjamin Johnson, the Division's Director of

Corporate Finance, and Gary Bowen, an Examiner with the Division, to discuss the rescission offer. Mr. Barber represented that Hydro-Clean would provide its CPA audited financial statements to the Division within two to four weeks.

20. As of August 2005, the Division has not received Hydro-Clean's CPA audited financials, or any other documents in furtherance of the rescission offer.

21. In January 2005, the Washington Department of Financial Institutions (Washington Department) contacted the Utah Division of Securities to discuss the Hydro-Clean / Ensentech investigation.

22. In July 2005, the Washington Department provided the Division with investor lists for Hydro-Clean and Ensentech, which were acquired in the course of its own investigation. The investor lists show that both Hydro-Clean and Ensentech have Utah investors.

II. CONCLUSIONS OF LAW

Securities Fraud by Hydro-Clean Fuel Systems, Inc., Gary L. Davis

23. In connection with the offer and sale of securities in or from the State of Utah, Hydro-Clean Fuel Systems, Inc., and Gary L. Davis omitted to state material facts necessary in order to make statements made, in the light of the circumstances in which they were made, not misleading, in violation of Utah Code Ann. § 61-1-1(2), by failing to disclose the following material information:

    a. Hydro-Clean's business and operating history;

b. Identities of Hydro-Clean principals along with their experience in this type of business;

c. The market for the product of the company;

d. The nature of the competition for the product;

e. Current capitalization of Hydro-Clean;

f. A description of how the investment makes money;

g. The track record of Hydro-Clean to investors;

h. Risk factors for investors;

i. The number of other investors;

j. The minimum capitalization needed to participate in the investment;

k. The disposition of any investments received if the minimum capitalization is not achieved;

l. The liquidity of the investment;

m. Discussion of pertinent suitability factors for the investment;

n. The proposed use of the investment proceeds;

o. Any involvement of the issuer or the principals in certain legal proceedings, including bankruptcy and prior violation of state or federal securities laws;

p. Any conflicts of interest the issuer, the principals, or the agent may have with regard to the investment;

q. Agent commissions or compensation for selling the investment;

r. Whether the investment is a registered security or exempt from registration; and

s. Whether the person selling the investment was licensed.

Sale of Unregistered Securities

24. Respondents Hydro-Clean, Ensentech, Davis and Scott violated § 61-1-7 by selling unregistered securities in Utah.

III. AGREEMENT

25. Respondents Hydro-Clean, Ensentech, Davis and Scott neither admit nor deny the Division's investigative conclusions, but consent to the entry of an Order:

a. Requiring Respondents Hydro-Clean, Ensentech, Davis and Scott to cease and desist from engaging in any further conduct in violation of the Utah Securities Act;

b. Prohibiting Respondents Hydro-Clean, Ensentech, Davis and Scott from offering or selling securities pursuant to any of the Act's exemptions from registration (whether self-executing or otherwise) unless Respondents have first obtained a confirmation of exemption from the Division. The prohibition contained in this paragraph shall last for five years;

c. Requiring Respondents Scott and Davis to pay, jointly and severally, a fine of $10,000 to the Division by certified check upon entry of this Order.

26. Respondents Scott and Davis represent they are able to pay the fines imposed as set forth in

this Order and that they are not offering or selling securities to raise money to pay the fine.

27. If the Division finds that Respondents Hydro-Clean, Ensentech, Davis and Scott have materially violated any term of this Order, after notice and opportunity to be heard before an administrative hearing officer, the fine will be increased to $100,000. Respondents will be jointly and severally liable for payment of the increased fine.

IV. FINAL RESOLUTION

28. Respondents Hydro-Clean, Ensentech, Davis and Scott acknowledge that this Consent Order, upon approval by the Division Director (Director), shall be the final compromise and settlement of all claims the Division may be entitled to make as the result of the investigative findings it has made this matter. The Division agrees it will not refer known conduct for criminal prosecution. However, any facts not explicitly disclosed or enumerated herein are not affected by this stipulation and consent order, and are not barred from any future action.

29. Respondents further acknowledge that if the Director does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.

30. Respondents acknowledge that the Order does not affect any civil or arbitration causes of action that third parties may have against it arising in whole or in part from its actions, and that the Order does not affect any criminal causes of action that a prosecutor might bring.

31. This Order constitutes the entire agreement between the parties herein, and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements

between the parties. There are no verbal agreements that modify, interpret, construe, or otherwise affect this Order in any way.

32. The Order To Show Cause brought against Cyndy Pedersen and Jan W. Carlson is hereby dismissed with prejudice.

Utah Division of Securities

Date: 12-12-06

By: _____
Benjamin Johnson
Director of Corporate Finance

Hydro-clean Fuel Systems, Inc

Date: 1/2/07

By: _____
Gary L. Davis, personally and as President of Hydro-clean Fuel Systems, Inc.

Ensentech, Inc.
Date: 1/2/07

By: _____
Gary G. Scott, personally and as President of Ensentech, Inc.

Approved:

_____
Jeffrey Buckner
Assistant Attorney General

Approved:

_____
Jim Barber
Attorney for Respondents

ORDER

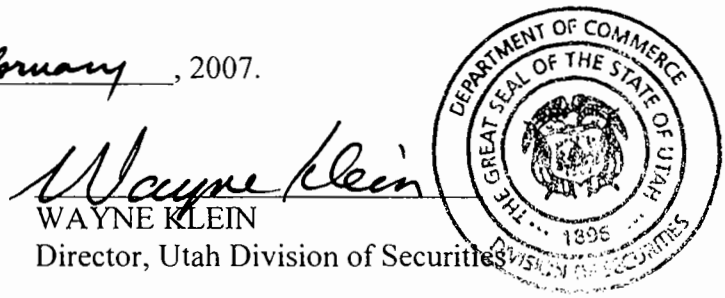
Pursuant to the terms of the Stipulation and Consent Order above, the Director of the Utah Division of Securities hereby enters the following orders:

1. The Division has made a sufficient showing of Findings of Fact and Conclusions of Law to form a basis for this settlement.
2. Respondents Hydro-Clean Fuel Systems, Inc., Ensentech, Inc., Gary L. Davis and Gary G. Scott are Ordered to cease and desist from engaging in any further conduct in violation of the Utah Securities Act;
3. Respondents Hydro-Clean Fuel Systems, Inc., Ensentech, Inc., Gary L. Davis and Gary G. Scott are prohibited from offering or selling securities pursuant to any of the Act's exemptions from registration (whether self-executing or otherwise) unless Respondents have first obtained a confirmation of exemption from the Division. The prohibition contained in this paragraph shall last for five years;
4. Respondents Gary L. Davis and Gary G. Scott shall pay a fine, jointly and severally, of $10,000 by certified check to the Division upon entry of this Order.
5. Respondents Hydro-Clean Fuel Systems, Inc., Ensentech, Inc., Gary L. Davis and Gary G. Scott will not offer or sell securities to raise money to pay the fine.
6. If the Division finds that Respondents Hydro-Clean Fuel Systems, Inc., Ensentech, Gary L. Davis or Gary G. Scott have materially violated any term of this Order, after notice and

opportunity to be heard before an administrative hearing officer, the fine will be increased to $100,000.

7. The Order to Show Cause against Cyndy Pederson and Jan W. Carlson is hereby dismissed with prejudice.

DATED this 5th day of February, 2007.



WAYNE KLEIN
Director, Utah Division of Securities

CERTIFICATE OF MAILING

I hereby certify that on the 6TH day of February, 2007, I mailed, by certified mail, a true and correct copy of the foregoing **Stipulation and Consent Order** to Respondents to:

James N. Barber
Suite 100, Chase Tower
50 West Broadway
Salt Lake City, UT 84101

Attorney for Respondents

CERTIFIED MAIL: 7005 1820 0003 7190 3921

Pamela Rodzinski
Executive Secretary