UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 8758 / December 4, 2006

SECURITIES EXCHANGE ACT OF 1934
Release No. 54868 / December 4, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12497

In the Matter of Health Enhancement Products, Inc. Respondent.	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act") and Section 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Health Enhancement Products, Inc. ("HEPI" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings, Making Findings, and Imposing a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934 against Health Enhancement Products, Inc. as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

Summary

1. HEPI, a start-up nutraceutical company, issued a number of materially misleading press releases, and made materially false statements (and omissions) in its public filings, as part of a fraudulent scheme to inflate HEPI's stock price. Specifically, Howard Baer, a recidivist securities law violator, orchestrated a scheme to inflate artificially the price of HEPI's common stock. First, Howard Baer obtained control over a majority of the stock of HEPI, and became CEO of the company. To increase the value of the stock, Howard Baer then directed HEPI to issue press releases about the company's primary product, ProAlgaZyme, a purported natural dietary supplement, as well as the company's business prospects. These public statements contained material misstatements or failed to disclose material information. While HEPI was issuing these misleading press releases, the stock price increased. After the stock price increased, Howard Baer sold HEPI stock through brokerage accounts he controlled at a significant profit.

Respondent

2. HEPI is a Nevada corporation with its principal place of business in Tempe, Arizona. HEPI's common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act. HEPI has described itself as a "fast growing nutraceutical company" that is "directed specifically at the development and marketing of supplementary health-enhancing products using only pure, all-natural and herbal extracts." According to HEPI's periodic filings with the Commission, HEPI generated revenue of approximately $288 during the fiscal year ended December 31, 2003, approximately $49,000 during the fiscal year ended December 31, 2004, and approximately $96,000 in 2005. These revenues were purportedly derived primarily from sales of ProAlgaZyme. HEPI incurred net losses of approximately $568,000 in 2003, $3.8 million in 2004, and $5.9 million in 2005. HEPI currently has six full-time and three part-time employees. HEPI's common stock is quoted on the OTC Bulletin Board.

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1 The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Other Relevant Individual

3. Howard Baer, age 63, resides in Scottsdale, Arizona. Since 2003 and continuing to the present, Howard Baer is HEPI's Chairman and sole director, as well as the company's CEO, Secretary, and Treasurer. Howard Baer is also President of Carriage House Capital LLC ("Carriage House"), which purportedly advises start-up businesses. Howard Baer is a recidivist. In 1994, a United States District Court entered a final judgment on consent permanently enjoining Howard Baer from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. See SEC v. Baer, Civil Action No. 93-5159 (JFK) (S.D.N.Y.) (In the Matter of Howard Baer, NY-6102). The Commission's complaint alleged that Howard Baer engaged in a free-riding scheme in which he placed trades through numerous broker-dealers to purchase stock in a public company without the intent or ability to pay for the purchases.

Background

4. In 2003, Howard Baer acquired Health Enhancement Corporation ("HEC"), a privately held company that claimed to have the material necessary to manufacture ProAlgaZyme. In approximately October and November 2003, Howard Baer negotiated an acquisition of HEC by Western Glory Hole, Inc. ("WGH"), a public shell company, and changed the name of WGH to HEPI. Following the acquisition, and as of December 31, 2003, there were over 10,000,000 shares of HEPI's common stock issued and outstanding. Howard Baer directly owned 6,402,450 shares, or approximately 62.55% percent of the outstanding shares. Following the acquisition, Howard Baer became the CEO, chairman of the board and sole director of HEPI.

HEPI Issued Misleading Public Statements to Investors

5. Beginning in late October 2003, Howard Baer directed HEPI (or its predecessor entity) to disseminate press releases about HEPI's primary product, ProAlgaZyme, as well as the company's business prospects. The public statements contained material misstatements or failed to disclose material information. In addition, Howard Baer executed trades in HEPI stock to increase and/or stabilize the price of HEPI stock.

6. For instance, beginning on October 30, 2003, HEPI (or its predecessor entity) issued a series of press releases that claimed HEPI was conducting "clinical trials" on ProAlgaZyme and that ProAlgaZyme had the potential to help fight a wide variety of diseases, including various types of cancer, AIDS, diabetes, heart disease and Chronic Fatigue Syndrome. For example, the October 30 press release, which announced the acquisition agreement between WGH and HEPI and the name change to HEPI, stated:

> Recent clinical trials performed by the company have indicated that ProAlgaZyme may increase and activate the white blood cells in individuals whose white cells are low or inactive, in effect enhancing the immune system. Heath Enhancements is currently doing internal clinical trials on several illnesses and diseases with

ProAlgaZyme, including various types of cancer, HIV/AIDS, diabetes and Chronic Fatigue Syndrome.

Similarly, in its Form 8-K, filed with the Commission on December 9, 2003, HEPI disclosed the acquisition agreement between WGH and HEC and the company's name change to HEPI, and further stated: "[r]ecent clinical trials performed by [HEPI] have indicated that [ProAlgaZyme] may increase and activate white blood cells in individuals whose white cells are low or inactive, in effect enhancing the immune system." HEPI made similar claims in its Form 10-KSB for the fiscal year ended December 31, 2003. In fact, as of October 30, 2003 and December 9, 2003, HEPI (or its predecessor entity) had not completed any clinical trials as the term is generally understood in the scientific community on the effects of ProAlgaZyme on the body. Rather, HEPI's Director of Medical Research had simply given ProAlgaZyme to his patients and gathered anecdotal evidence of its efficacy. The Director of Medical Research did not follow any accepted protocol during the period he gave ProAlgaZyme to his patients. HEPI did not disclose the informal nature of its purported clinical trials. Additionally, there were no studies that demonstrated that ProAlgaZyme may increase and activate white blood cells in individuals.

7. On January 20, 2004, HEPI issued a press release announcing "that an independent study conducted by the Biochemistry Department at [ASU] concluded that the Company's flagship product, ProAlgaZyme, possesses fibrinolytic properties, required in the breakdown of pathological fibrin gel, thus decreasing the risk of a stroke or heart attack." The January 20 press release further stated that the ASU study found that ProAlgaZyme "will neutralize the toxic or free radical-acting soluble fibrins that are released into the body." The press release then quoted Howard Baer as stating that the ASU "study provides conclusive evidence of the efficacy of ProAlgaZyme." The ASU study, however, did not determine what health benefits, if any, ProAlgaZyme possesses. According to the two scientists at ASU who performed the trials on ProAlgaZyme, the ASU test was not designed to determine whether ProAlgaZyme had any specific health benefits. Rather, the test was designed to determine whether ProAlgaZyme contained *in vitro*, or in the laboratory, "fibrinolytic" activity, which is the ability to break down fibrin clots and fibrinogen. While this type of activity is found in cancer retarding drugs, the mere presence of fibrinolytic activity *in vitro*, does not mean the drug has any specific health benefits *in vivo*, or in the body. Thus, the ASU test did not show that ProAlgaZyme "decreases the risk of a stroke or a heart attack" or "will neutralize the toxic or free radical-acting soluble fibrins that are released into the body" or, indeed, that ProAlgaZyme has any affect whatsoever on the body. Consequently, the ASU tests did not "provide[] conclusive evidence of the efficacy of ProAlgaZyme." Indeed, one ASU scientist stated that the statements pertaining to ProAlgaZyme in the press release are "inaccurate" and "simply not true."

8. HEPI also issued a baseless press release about its financial prospects. In January 2004, HEPI purchased the trademarks, licensing and sales rights for Zodiac Vitamins and Zodiac Herbal Teas Products. On January 13, 2004, HEPI issued a press release forecasting results for fiscal year 2004, announcing that HEPI "[e]xpects revenues for the year of $16 m[illion] or greater" based on anticipated sales of Zodiac Herbal Vitamins, a multivitamin designed for horoscope readers. The press release also quoted Howard Baer: "[Zodiac Herbal Vitamins] is a very attractive acquisition for us which we expect to be profitable in the first year, based on

conservative estimates." HEPI formulated its $16 million revenue projection simply by looking at the number of existing worldwide horoscope readers, and then assumed that a small percentage of those individuals would buy Zodiac Herbal Vitamins. HEPI had no history of sales upon which it could base its projection. Additionally, HEPI failed to conduct any other appropriate market research. Consequently, HEPI had no reasonable basis to project that its expected revenues would be at least $16 million for its new product.

9. Further, in its Form 10-QSB for the quarter ended March 31, 2005, HEPI misleadingly stated that testing conducted on ProAlgaZyme by a third party hired by HEPI to determine ProAlgaZyme's effects on diabetes, had ceased its testing due to a lack of test subjects: "The study being conducted by [the independent research company] was terminated because [the independent research company] was not able to recruit the specified number of participants (60)." In fact, the study was halted because the scientists at the independent research company were not obtaining positive results from their tests on ProAlgaZyme, and they felt that further testing would be fruitless. The scientist conducting the study informed Howard Baer of this reason for terminating the testing. Neither this Form 10-QSB, nor any other public filing made by HEPI, states that the independent research company halted the testing because the research company was not receiving positive results.

10. After HEPI began disseminating press releases, its stock price and the trading volume in the stock increased. From November 11, 2003 through February 2, 2004, HEPI's stock price increased from $1.62 (adjusted after split) to $7.54 per share, and then began generally to decline. For instance, as of January 31, 2005, HEPI stock price closed at $0.40 per share.

<u>Howard Baer Profited From His Sales of HEPI Stock</u>

11. After the price of HEPI's stock had started to climb, Howard Baer began to sell HEPI stock through brokerage accounts he controlled. Specifically, from November 26, 2003 through August 15, 2005, Howard Baer sold a total of 394,564 HEPI shares at prices ranging from $0.40 to $7.12 per share, for total proceeds of at least $1,349,592.81.

<u>Violations of the Antifraud and Reporting Provisions of the Securities Laws</u>

12. As a result of the conduct described above, HEPI violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities. For example, HEPI knowingly or recklessly made material misrepresentations and omissions in its October 30, 2003, January 13, 2004 and January 20, 2004 press releases.

13. As a further result of the conduct described above, HEPI violated Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder, which require issuers with securities registered pursuant to Section 12 of the Exchange Act to file with the Commission accurate annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. Rule 12b-20 requires that "in addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as

may be necessary to make the required statements, in the light of the circumstances under which they are made not misleading." For example, HEPI made material misrepresentations and omissions in its Form 8-K, filed with the Commission on December 9, 2003, its Form 10-KSB for the fiscal year ended December 31, 2003, and in its Form 10-QSB for the quarter ended March 31, 2005.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in HEPI's Offer.

Accordingly, it is hereby ORDERED that**:**

Respondent HEPI cease and desist from committing or causing any violations and any future violations of Sections 10(b) and 13(a) of the Exchange Act, and Rules 10b-5, 12b-20, 13a-1, 13a-11, and 13a-13 thereunder.

By the Commission.

Nancy M. Morris
Secretary