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## ARIZONA CORPORATION COMMISSION

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### **Commission Orders Stop to Sales of an Unregistered Wind Energy Investment, Sanctions Brokers for Selling Unregistered Investment in Auto Export Co.**

PHOENIX, AZ—The Arizona Corporation Commission today sanctioned multiple individuals and their affiliated companies for offering and selling unregistered investment programs concerning wind energy development and auto exports. The Commission ordered a total of \$4.92 million in restitution and \$200,000 in administrative penalties.

The Commission ordered two Florida residents, Richard L. Green and Donald Andrew Rothman, and their affiliated companies, to pay a total of \$4,117,848 in restitution and \$150,000 in administrative penalties for defrauding investors with an unregistered investment program involving the development of wind energy. The Commission found that, while not registered to offer or sell securities, Green, Rothman and their three companies—Maglev Wind Turbine Technologies, Inc., RLGMAN Corp., and Stable, LLC—offered and sold to investors throughout the U.S. interests in a proposed wind energy development project, which was to be located in Sierra Vista, Arizona. The Commission found, however, that Green and Rothman failed to inform investors that approximately half of their investment funds would pay for sales commissions and not the wind turbine technology and wind energy projects described in the private placement memoranda. In settling this matter, Green and Rothman neither admitted nor denied the Commission's findings, but agreed to the entry of the consent order.

In a separate case, the Commission revoked the securities registrations of Scottsdale residents George Alexander Kardaras and Brian Matthew Borakowski, sanctioning both men for defrauding their brokerage clients with an investment program not authorized by their securities dealer. Besides an individual \$25,000 penalty, the Commission required Kardaras and Borakowski to pay restitution in the amounts of \$362,509 and \$443,709, respectively. The Commission found that Borakowski organized Echo Canyon, LLC to purchase vehicles at Arizona car auctions with subsequent exportation of those vehicles to Russia and teamed up with Kardaras to sell unsecured promissory notes to 13 of their brokerage clients who were promised double-digit investment returns. The Commission found, however, that Kardaras and Borakowski failed to disclose that some of the investor funds would be diverted to pay the expenses of Kardaras' brokerage business and the principal and interest due on the promissory notes. In settling this matter, Kardaras and Borakowski agreed to the entry of the consent order and admitted to the Commission's findings only for the purposes of the administrative proceeding.

#### **More caution for investors:**

Even when selling a legitimate product, some promoters do not recognize the investment program they have created is a security. Determining whether an alternative investment program is a security depends upon the unique facts and circumstances of the transaction and not on what a promoter calls the investment product. Even when investing with someone they know, investors should verify the registration of sellers and investment opportunities and investigate disciplinary histories by contacting the Arizona Corporation Commission's Securities Division at 602-542-0662 or toll free in Arizona at 1-866-VERIFY-9. The Division's investor education web site also has helpful information at [www.azinvestor.gov](http://www.azinvestor.gov).

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