

UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION

CASE NO.:

<b>SECURITIES AND EXCHANGE COMMISSION,</b>	)
	)
<b>Plaintiff,</b>	)
<b>v.</b>	)
	)
<b>DANIEL W. NODURFT,</b>	)
	)
<b>Defendant.</b>	)
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	)
	)

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**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

Plaintiff Securities and Exchange Commission alleges:

**I. INTRODUCTION**

1. The Commission brings this action against Daniel W. Nodurft, former vice-president and current secretary and general counsel of Aerokinetic Energy Corporation (“Aerokinetic” or the “Company”), for his violations of the registration and antifraud provisions of the securities laws in connection with Aerokinetic’s fraudulent unregistered securities offering.

2. From at least September 2006 until July 24, 2008, Aerokinetic raised at least \$535,000 from 24 investors by offering and selling unregistered securities in the form of Aerokinetic common stock.

3. In connection with the offer and sale of its securities, Aerokinetic made numerous material misrepresentations and omissions to prospective investors regarding, among other things, Aerokinetic’s “power generation” technology, the capabilities of its two

primary products, and its purported success. It also materially misrepresented its operations, disseminated baseless financial projections and, until April 2008, made material misrepresentations about its president's personal use of investor funds.

4. As the only officer at Aerokinetic other than its president, Randolph E. Bridwell, Nodurft was fully aware of Aerokinetic's material misrepresentations and omissions to prospective and actual investors and was a key player in its fraudulent offering. Nodurft incorporated Aerokinetic in Florida and communicated daily with Bridwell at the Company's principal place of business in Sarasota, Florida by telephone, electronic mail, and written correspondence, co-managed the Company from his law office in New Orleans, Louisiana, and was in charge of investor relations. On at least one occasion, Nodurft travelled to Sarasota, Florida to meet with Bridwell and the two principal promoters of the Company's stock.

5. Moreover, Nodurft materially misrepresented Aerokinetic's operations, its technologies, and its purported future success to prospective investors. In that regard, he enticed at least two investors into investing more than \$100,000 in Aerokinetic by reassuring them that the investment was a great opportunity, and by falsely telling them that another prospective investor had already offered \$1 million for one share of Aerokinetic stock.

6. Through his conduct, Nodurft violated Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77e(a), 77e(c), and 77q(a); and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5.

## II. DEFENDANT

7. Nodurft, age 53, resides in Harahan, Louisiana, and is a licensed attorney with the Louisiana bar. From Aerokinetic's incorporation in December 2005 until May 2007, Nodurft served as Aerokinetic's vice-president. Thereafter, he became its secretary. He has also served as Aerokinetic's general counsel since its inception. One of Aerokinetic's two websites, <http://www.ftaenergy.com>, describes Nodurft as Aerokinetic's "Investor Relations" contact. Nodurft also serves as secretary of Aerokinetic's two purported subsidiaries, described below.

## III. RELEVANT ENTITIES AND BACKGROUND

8. Aerokinetic is a Florida corporation incorporated in December 2005 (under the name "Aerokinetic, Energy Corporation") with its principal place of business in Sarasota, Florida. Aerokinetic purported to be in the business of researching, developing, and marketing alternative power technologies and other innovative products through its two purportedly wholly-owned subsidiaries, Future Technology Associates, Inc. ("FTA") and Scientific Technology Associates, Inc. ("STA"). Both subsidiaries are incorporated in Delaware and Bridwell is their sole shareholder. Aerokinetic has never registered any offering of securities under the Securities Act or any class of securities under the Exchange Act.

9. Bridwell, 45, resides in Sarasota, and is the founder, president, and Chief Technology Officer of Aerokinetic. He is also the founder, chairman, Chief Technology Officer, and sole shareholder of FTA and STA.

10. On July 24, 2008, the U.S. District Court for the Middle District of Florida issued a temporary restraining order and order freezing assets against Aerokinetic and

Bridwell in an emergency action filed by the Commission to enjoin them from continuing to violate the federal securities laws. Aerokinetic and Bridwell consented to a preliminary injunction on August 5, 2008, and a permanent injunction on April 9, 2009.

#### **IV. JURISDICTION AND VENUE**

11. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d), and 77v(a); and Sections 21(d), 21(e), and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), and 78aa.

12. This Court has personal jurisdiction over Nodurft and venue is proper in the Middle District of Florida because many of Nodurft's acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in or were directed to the Middle District of Florida. Among other things, Nodurft incorporated Aerokinetic in Florida, communicated with and co-managed the Sarasota, Florida office, and met with the Company's two primary promoters on at least one occasion in Florida.

13. In connection with the conduct alleged in this Complaint, Nodurft, directly and indirectly, singly or in concert with others, has made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

#### **V. AEROKINETIC'S FRAUDULENT UNREGISTERED OFFERING**

##### **A. Aerokinetic's Purported Business**

14. Aerokinetic purports to be in the business of researching, developing, and marketing alternative power technologies and other innovative products, through FTA and STA. Through Aerokinetic's two websites and its promoters, and in materials provided to and conversations with prospective investors, Aerokinetic and its president claimed to have

developed a new energy technology product known as the “Leonardo” that is capable of creating fuel-less electrical energy at a fraction of the cost of conventional or nuclear means, without generating any pollution.

15. On its website, <http://ftaenergy.net>, Aerokinetic claimed that the Leonardo is not “wind dependent” because it “can harvest energy from non moving (still) air” and could thus “be placed inside of a building, making it the first indoor wind turbine.” Aerokinetic further asserted that the Leonardo “changes the potential energy of still air into kinetic energy” which is “then transformed into electricity, [thus] causing the energy in the still air to change from one form to another.”

16. Aerokinetic represented to prospective investors that it was developing the Leonardo technology for use in other means of transportation, including aerospace.

17. In addition, Aerokinetic represented to prospective investors that it was developing an electric car, the “Raphael,” that had already undergone several successful test runs and garnered interest from prominent persons. According to Aerokinetic, the electric car ran on a modified alternative technology (“IGA technology”).

18. In the Company’s “White Page,” provided to investors, Aerokinetic claimed that it would be the “dominant worldwide developer and provider of fuel-less, emission-less electric generation equipment for use in residential, commercial, industrial and utility-scale applications.” In the same document, Aerokinetic also claimed that it had a “growth potential in the manner experienced by Google and Microsoft in the information technology field.”

**B. Overview of the Fraudulent Offering**

19. Starting no later than September 2006, Aerokinetic solicited investors, primarily through several independent promoters, two websites, and personal solicitations by Bridwell and Nodurft.

20. The promoters provided prospective investors with written materials about Aerokinetic, specifically, a White Page and Prospectus, and then directed them to Nodurft, who spoke to prospective investors about the Company, its products, and its technologies.

21. The promoters also referred prospective investors to Aerokinetic's websites. One of Aerokinetic's two websites, <http://www.ftaenergy.com>, had a "contact us" feature, inviting interested parties to contact the Company by clicking on an e-mail link or contacting the Company's "Investor Relations" person, identified as Nodurft. The second website, <http://ftaenergy.net>, also contained contact information for Nodurft but did not contain a "contact us" e-mail link. Nodurft reviewed and approved both websites' contents, and drafted several sections of the ".com" site.

22. Once prospective investors contacted him, Nodurft provided them with a non-disclosure agreement, purportedly to safeguard Aerokinetic's new alternative technologies and products. In his cover letters addressed to prospective investors and enclosing the non-disclosure agreement, Nodurft promoted the Company, its technologies, and its products. For instance, in one cover letter dated August 22, 2006, he wrote to one prospective investor that Aerokinetic's electric car would "extend the distance of travel to beyond 500 miles [before requiring a plug-in charge]." Nodurft also directly solicited at least two prospective investors.

23. The offering price for one share of Aerokinetic stock varied from investor to investor, and increased from \$10,000 per share at the inception of the Company to \$100,000

per share beginning in March 2008. Most investors received a stock certificate from Nodurft reflecting their investment. Two investors also received an investment agreement from Nodurft.

24. By the time the Commission filed its emergency action in the Middle District of Florida seeking to enjoin Aerokinetic and Bridwell in July 2008, Aerokinetic had raised at least \$525,000 from at least 24 investors and was seeking to raise an additional \$575,000 through the unregistered sale of its shares of stock. In doing so, Aerokinetic made no attempt to find out whether its investors were in any way “qualified” or “accredited” investors as defined under relevant securities laws and regulations providing for certain exemptions from the registration requirements of the Securities Act.

**C. Aerokinetic’s Fraudulent Misrepresentations and Omissions**

25. In connection with its unregistered offering, Aerokinetic made numerous material misrepresentations and omissions regarding its operations, technology, products, financial forecasts, and use of investor funds.

**1. The Leonardo’s Capabilities and Aerokinetic’s Future Success**

26. Many of Aerokinetic’s misrepresentations and omissions concerned the capabilities of Aerokinetic’s Leonardo and the Company’s potential success. Among other places, these misrepresentations were made on Aerokinetic’s two websites and in its Prospectus and White Page.

27. One of Aerokinetic’s websites, <http://ftaenergy.net>, described the Leonardo as “The World’s 1st Indoor Windmill” because it purportedly harvests energy from non-moving air. The Company’s website, prospectus, and White Page all claimed the Leonardo produces the same or more energy than a conventional or nuclear power plant, at a fraction of the cost,

more efficiently, and with no pollution. The White Page also represented the Leonardo “produces fuel-less energy at one-tenth the cost of nuclear power plants without the problem of nuclear waste” and that “[i]ts power output is 95% efficient and can run 24-7 without pollution.” The Company’s other website, <http://www.ftaenergy.com>, further asserted the Leonardo had the capacity to produce power 24 hours a day, 365 days a year.

28. On <http://www.ftaenergy.com>, the Company claimed it had already “developed and built a power generation station that proved the technology and provided a consistent source of power.” On <http://ftaenergy.net>, the Company further claimed that “with multiple units, [the Leonardo] can be designed to equal the power of any Nuclear, Coal, Gas or any competing power generation plants.”

29. Aerokinetic’s Prospectus, which reiterated many of these misrepresentations about the capabilities of the Leonardo, claimed Aerokinetic “has the opportunity to control a growing portion of the \$4.5 trillion spent annually worldwide in the production of energy and the \$3 trillion spent annually worldwide in the consumption of petroleum.” The Prospectus also said the Company “has the opportunity to control a market that is estimated at \$66.5 billion for the energy production market by 2030 (or 1% [sic] of the predicted \$7.74 trillion 2030 market).”

30. These claims were baseless and grossly misleading. Aerokinetic constructed the first version of the Leonardo from a swing set ordered on E-Bay and modified with the addition of magnets. The Leonardo had never been tested by an independent source or otherwise confirmed to work. The Company never built an operating power plant, and the Leonardo prototype was never tested to run twenty-four hours a day, seven days a week, 365 days a year, as Aerokinetic claimed. It never produced energy comparable to a conventional



or nuclear power plant. The Leonardo, an untested prototype, was never ready to be marketed. Aerokinetic's claims regarding the Leonardo's energy capabilities were only untested assertions of what Aerokinetic would have liked to build in the future, and were not based on anything in existence.

## **2. Patents for Leonardo and the Electric Car**

31. Aerokinetic also falsely represented to prospective investors that it held patents for all of Bridwell's inventions, including the Leonardo and the electric car. In addition, one of the Company's websites described Bridwell as a "designer and patent holder for multiple patents in the area of technology."

32. In truth, neither Bridwell nor the Company held any patents for the Leonardo or the electric car. In fact, Bridwell did not hold any patents whatsoever.

## **3. Sales Agreements for Leonardo and Interest in the Electric Car**

33. Aerokinetic also claimed to have numerous "standing orders" and contracts for the Leonardo.

34. In reality, Aerokinetic never had a single revenue-generating contract for the Leonardo and never had any standing orders.

## **4. Multiple Offices and Board of Directors**

35. Aerokinetic also made numerous material misrepresentations regarding its ongoing operations.

36. In particular, Aerokinetic misrepresented its ongoing operations by listing offices in New Orleans and Seattle in the Company's Prospectus, as well as claiming on <http://ftaenergy.net> that FTA had a board of directors and executives.

37. These representations were patently false. Aerokinetic did not have offices in New Orleans and Seattle. Neither Aerokinetic nor FTA had a board of directors and the Company's only officers were Nodurft, who worked for a law firm in New Orleans, and Bridwell.

#### **5. Financial Projections**

38. Aerokinetic also grossly overstated its financial prospects to prospective investors.

39. Aerokinetic's financial projections reflected millions of dollars of sales revenue within Aerokinetic's first years of operations, and billions of dollars shortly thereafter.

40. For example, Aerokinetic's Business Plan, included in the Company's Prospectus provided to prospective investors, predicted total sales of \$100 million in 2009 (up from \$0 in 2008) and a net cash flow of \$114,551,670 in 2009 (also up from \$0 in 2008). The Business Plan further projected total revenues of \$150 million in 2009, and billions of dollars of revenue within three years. By 2013, Aerokinetic predicted more than \$12 billion in sales and \$8 billion in net cash flow.

41. There was no reasonable basis for these projections. Aerokinetic had no suppliers, no market share, no full-time employees, no technicians, no customers, no demand for services, and no sales. Given the fact that the Leonardo was at most an untested prototype and the electric car was merely an idea, these numbers were simply baseless.

#### **6. Use of Investor Funds**

42. Aerokinetic materially misrepresented to prospective and actual investors how it used investor proceeds. Specifically, Aerokinetic represented to prospective and actual

investors that Aerokinetic was seeking investors to develop the Leonardo and the electric car.

43. In truth, Bridwell diverted investor money to pay for his own living and personal expenses. In that regard, he withdrew approximately \$500,000 in investor funds over two years and spent it to purchase a car for his daughter, pay his own monthly car payments and insurance, and cover his other personal bills. At least \$250,000 appears to be unaccounted for.

44. Aerokinetic did not disclose to prospective investors that Bridwell was using investor funds to loan himself money and cover his personal expenses until April 2008, when the Company made a limited disclosure in the Prospectus that money raised from the sale of stock would be used in part to “provide Randy [Bridwell] with sufficient funds to live while working on this project full time.”

**D. Nodurft’s Role in and Knowledge of the Fraud**

45. Nodurft has been associated with Aerokinetic since its inception and was a key player in its fraudulent operation. He was Bridwell’s right-hand man, with Bridwell describing him to at least one prospective investor as the “business mind behind it all.”

46. As former vice-president and current secretary and general counsel of Aerokinetic, Nodurft communicated with Bridwell six days a week. He discussed all aspects of the business with Bridwell, whom he considers a friend and has known for more than eight years, and discussed details of Bridwell’s ideas before there even was a Company. Nodurft also had the authority to sign agreements on behalf of Aerokinetic.

47. Nodurft drafted, reviewed, and/or approved all materials used to solicit investors, including the Prospectus and White Page. He also reviewed and edited both of Aerokinetic’s websites, drafting several sections of one, on which he was also named the

“Investor Relations” contact. In addition, he referred at least one prospective investor to one of Aerokinetic’s websites and provided him with Aerokinetic’s White Page. Finally, he approved Aerokinetic’s Prospectus before Aerokinetic provided it to at least one prospective investor.

48. Moreover, Nodurft was highly involved in Aerokinetic’s investor relations. As a licensed attorney, he lent an air of legitimacy to Aerokinetic, which Bridwell, on his own, could not have provided. He handled all correspondence with potential and actual investors, and all matters involving the Company’s agreements. Nodurft was the first and last Aerokinetic contact for most prospective and actual investors, first providing each prospective investor with a non-disclosure agreement, and later providing each investor with a stock certificate.

49. Nodurft enticed at least two investors to invest in Aerokinetic by telling them the investment would be a great opportunity. He also told at least one prospective investor that a Middle East representative was willing to pay \$100 million for Aerokinetic’s IGA technology once Aerokinetic showed him a working model.

50. Nodurft knew, or was severely reckless in not knowing, that the representations Aerokinetic made to prospective investors were false. For example, he reviewed Aerokinetic’s Prospectus, which included a chart of financial projections. Nodurft approved the use and distribution of the chart even though he knew Aerokinetic had no revenues, no contracts, no potential contracts, and was not in negotiations with any companies for such contracts. He knew that the Leonardo was nothing more than a rotating fairground swing set modified with the addition of magnets, and the car a mere idea.

51. Nodurft also knew that Bridwell was withdrawing money for his personal use from investor proceeds, but did not question him about it. Indeed, Nodurft discussed the matter only once with Bridwell and approved his use of the Company's investor funds. He also never disclosed to any prospective investors that Bridwell was using their money for his personal living expenses.

52. Nodurft was also aware that Aerokinetic misrepresented its products' and technologies' patent status.

53. Not only was Nodurft aware of Aerokinetic's many misrepresentations and omissions to prospective investors, he personally repeated many of the misrepresentations in his correspondence to and conversations with prospective investors, where he promoted Aerokinetic, its technologies, and its products.

54. For example, Nodurft personally made misrepresentations regarding the capabilities of the Leonardo and the future success of Aerokinetic to prospective investors. He represented to at least one prospective investor that Aerokinetic was "in the final stages of developing the [Leonardo] and anticipate[d] production to begin in approximately 60 to 90 days." He represented to another prospective investor that Aerokinetic was a "trillion dollar enterprise" and that it "will literally provide 30% of the future power demands in the next ten years." He also told at least one prospective investor that Aerokinetic had standing orders for the Leonardo. Finally, he represented to another prospective investor that Aerokinetic was "in the process of having meetings with Microsoft and other very large potential partners."

55. These claims were baseless or grossly misleading. Aerokinetic was never a trillion dollar enterprise. There was no basis for stating that Aerokinetic would provide 30% of the future power demands in the next ten years. Moreover, Aerokinetic was not in the

process of having meetings with Microsoft. In fact, no one associated with Aerokinetic had ever attended any meeting with Microsoft at any time. Aerokinetic was never in the process of having meetings with other very large potential partners. Finally, Aerokinetic never had any standing orders.

## **VI. CLAIMS FOR RELIEF**

### **COUNT I**

#### **Sales of Unregistered Securities in Violation of Sections 5(a) and 5(c) of the Securities Act**

56. The Commission repeats and realleges paragraphs 1 through 55 of its Complaint.

57. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities and transactions described in this Complaint, and no exemption from registration exists with respect to these securities and transactions.

58. Starting no later than September 2006, Nodurft, directly and indirectly: (a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise; (b) carried securities or caused such securities to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or (c) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise, without a registration statement having been filed or being in effect with the Commission as to such securities.

59. By reason of the foregoing, Nodurft violated, and unless enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

## **COUNT II**

### **Fraud in Violation of Section 17(a)(1) of the Securities Act**

60. The Commission repeats and realleges paragraphs 1 through 55 of its Complaint.

61. Starting no later than September 2006, Nodurft, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, as described in this Complaint, has knowingly, willfully, or recklessly employed devices, schemes, or artifices to defraud.

62. By reason of the foregoing, Nodurft, directly and indirectly, violated, and unless enjoined will continue to violate, Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a).

## **COUNT III**

### **Fraud in Violation of Sections 17(a)(2) and 17(a)(3) of the Securities Act**

63. The Commission repeats and realleges paragraphs 1 through 55 of its Complaint.

64. Starting no later than September 2006, Nodurft, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by the use of the mails, in the offer or sale of securities: (a) obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not

misleading; or (b) engaged in transactions, practices and courses of business which operated as a fraud or deceit upon purchasers and prospective purchasers of such securities.

65. By reason of the foregoing, Nodurft, directly and indirectly, violated, and unless enjoined will continue to violate, Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(2) and 77q(a)(3).

#### **COUNT IV**

##### **Fraud in Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**

66. The Commission repeats and realleges paragraphs 1 through 55 of its Complaint.

67. Starting no later than September 2006, Nodurft, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, knowingly, willfully or recklessly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices and courses of business which have operated, are now operating, and will operate as a fraud upon the purchasers of such securities.

68. By reason of the foregoing, Nodurft directly or indirectly violated, and unless enjoined will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

#### **RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests that the Court:



I.

**Declaratory Relief**

Declare, determine, and find that Nodurft has committed the violations of the federal securities laws alleged herein.

II.

**Permanent Injunctive Relief**

Issue a Permanent Injunction, restraining and enjoining Nodurft, his agents, servants, and all persons in active concert or participation with him, from directly or indirectly violating Sections 5(a), 5(c), and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, as indicated above.

III.

**Penalties**

Issue an Order directing Nodurft to pay a civil money penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d); and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

IV.

**Further Relief**

Grant such other and further relief as may be necessary and appropriate.

V.

**Retention of Jurisdiction**

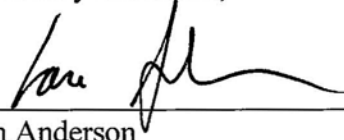
Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may

enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

May 7, 2009

Respectfully submitted,

By:



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