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UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION

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CASE NO.

CLERK, US DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA, FLORIDA

SECURITIES AND EXCHANGE COMMISSION, )  
 )  
 Plaintiff, )  
 v. )  
 )  
 AEROKINETIC ENERGY CORPORATION and )  
 RANDOLPH E. BRIDWELL, )  
 )  
 Defendants. )  
 )  
 )  
 )

8.08cv 1409-T 27  
MSS

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission alleges:

**I. INTRODUCTION**

1. The Commission brings this action to enjoin Aerokinetic Energy Corporation ("Aerokinetic" or "the Company") and Randolph E. Bridwell (collectively "Defendants") from continuing to defraud investors through the sale of Aerokinetic's securities in violation of the antifraud and registration provisions of the federal securities laws.

2. From at least September 2006 to the present, Aerokinetic and Bridwell, the Company's President and Chief Technology Officer, have raised at least \$535,000 from 24 investors by offering and selling unregistered securities in the form of Aerokinetic common stock. The Defendants plan to raise another \$575,000 from investors in the immediate future.

3. In connection with the offer and sale of Aerokinetic's securities, the Defendants have made and continue to make numerous material misrepresentations and omissions to prospective investors. The Defendants claim the Company has developed new

energy technologies that generate electrical energy at a fraction of the cost of conventional means and, among other things, will drastically reduce pollution. The Defendants falsely claim to have built an operating power generation station and to hold patents on these new technologies, as well as to have standing purchase orders for the finished product. They have also told prospective investors that numerous prominent individuals have expressed interest in the Company's energy technology and that Aerokinetic would enter into agreements with GM and Ford to sell the Company's electric cars.

4. All of these claims are false and grossly misleading. Among other things, Aerokinetic's purported energy technology and products are, at best, in the early development stage. The Company currently has no operating power station or functional electric car, and no patents, license agreements, contracts, suppliers, customers, sales, revenue, or market share. The Company's predictions of imminent financial success and inflated financial projections lack any reasonable basis in fact.

5. Through their conduct, the Defendants each have 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. Based on the ongoing nature of the Defendants' violations and the scienter they have demonstrated through their willful disregard for the federal securities laws, the Defendants have shown they will continue to violate the law and misappropriate investor funds unless the Court grants the injunctive and other relief the Commission seeks.

## **II. DEFENDANTS**

6. 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 purports to be in the business of researching, developing, and marketing alternative power technologies and other innovative products, through its two 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 been registered with the Commission in any capacity and has never registered any offering of securities under the Securities Act or any class of securities under the Exchange Act.

7. Bridwell, 45, resides in Sarasota, and is the founder, inventor, President, and Chief Technology Officer of Aerokinetic. He is also the founder, chairman, Chief Technology Officer, and sole shareholder of FTA and STA. Bridwell has never been registered with the Commission in any capacity.

### **III. JURISDICTION AND VENUE**

8. 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.

9. This Court has personal jurisdiction over the Defendants, and venue is proper in the Middle District of Florida because many of the Defendants’ acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the Middle District of Florida. In addition, Aerokinetic’s principal place of business is in the Middle District of Florida, and Bridwell resides in the Middle District of Florida.

10. In connection with the conduct alleged in this Complaint, the Defendants, directly and indirectly, singly or in concert with others, have made use of the means or

instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

#### IV. THE DEFENDANTS' FRAUDULENT OFFERING

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

11. 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, its promoters, and in materials provided to and conversations with prospective investors, the Defendants claim 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.

12. On their website <http://ftaenergy.net>, the Defendants claim the Leonardo is not "wind dependent" because it "can harvest energy from non moving (still) air" and can thus "be placed inside of a building, making it the first indoor wind turbine." The Defendants further assert 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."

13. The Defendants represent to prospective investors they are developing Aerokinetic's Leonardo technology for use in other means of transportation, including aerospace.

14. In addition, the Defendants represent to prospective investors they are developing an electric car, the Raphael, that has already undergone several successful test runs and garnered interest from prominent persons.

15. In the Company's "White Paper" provided to investors, the Defendants claim Aerokinetic will 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, they also claim Aerokinetic has a "growth potential in the manner experienced by Google and Microsoft in the information technology field."

**B. Overview of the Fraudulent Investment and Offering**

16. The Defendants have been offering investments in Aerokinetic to the general public since at least September 2006 primarily through two key promoters, the Company's websites, and personal solicitations by Bridwell.

17. The offering price for one share of Aerokinetic stock has varied from investor to investor, and has increased from \$10,000 per share at the inception of the Company to \$100,000 per share beginning in March 2008. Most investors receive a stock certificate from Aerokinetic reflecting their investment.

18. The Defendants solicit investors through several promoters, two of whom are responsible for the vast majority of sales to date, who contact the prospective investors and then direct them to Bridwell for further sales pitches.

19. Aerokinetic also has two websites, one of which, <http://www.ftaenergy.com>, has 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" officer. The Company's other website, <http://ftaenergy.net>, also contains contact information but no "contact us" e-mail link.

20. Since the commencement of the offering, the Defendants have raised more than \$535,000 from at least 24 investors nationwide through the offer and sale of Aerokinetic

stock. In doing so, the Defendants make no attempt to find out whether Aerokinetic's investors are in any way "qualified" or "accredited" investors as defined under relevant securities laws and regulations providing for certain exceptions to the registration requirements of the Securities Act.

21. Aerokinetic is currently seeking to raise an additional \$575,000. Thus, Aerokinetic's unregistered offering is ongoing.

### **C. Fraudulent Misrepresentations and Omissions**

22. In connection with Aerokinetic's unregistered offering, the Defendants have made and continue to make numerous material misrepresentations and omissions regarding Aerokinetic's operations, technology, products, financial forecasts, and use of investor funds.

#### **1. The Leonardo's Capabilities and Aerokinetic's Future Success**

23. Many of the Defendants' misrepresentations and omissions concern the capabilities of Aerokinetic's Leonardo and the Company's potential success. Among other places, these misrepresentations are made on Aerokinetic's two websites and in its written materials, consisting of a "Prospectus" and "White Paper," provided to prospective and actual investors. Bridwell repeats many of Aerokinetic's inflated claims regarding the Leonardo and the company's expected success in his conversations with prospective investors.

24. Aerokinetic's websites, Prospectus, and White Paper claim the Leonardo – described on the Company's website, <http://ftaenergy.net>, as "The World's 1st Indoor Windmill" because it allegedly harvests energy from non-moving air – 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 Paper also represents 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 website, <http://www.ftaenergy.com>, further asserts the Leonardo has the capacity to produce power 24 hours a day, 365 days a year.

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

26. Aerokinetic’s Prospectus, which reiterates many of these misrepresentations about the capabilities of the Leonardo, claims 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” and that 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).”

27. Bridwell has made similar claims regarding the capabilities of the Leonardo and the imminent success of Aerokinetic. He told at least two investors the Leonardo could power a plant to produce energy without pollution, at a fraction of the cost of traditional energy sources.

28. Bridwell represented to at least one other prospective investor that once the Leonardo is started from an outside energy source, it can generate ten times the energy used to run it. He also told a prospective investor the Leonardo could be modified from a stationary power supply to a mobile power supply for use in trains, planes, and automobiles.

29. In addition, Bridwell has told at least one prospective investor that if he invested in Aerokinetic, the investor would “make more money than he would ever need or that his great-great grandchildren would ever need,” that it was “an investment opportunity of a lifetime” and an “opportunity that can’t miss.” Bridwell claimed the investment would offer a “10,000 to one return.”

30. These claims are baseless and grossly misleading. Bridwell constructed the first version of the Leonardo from a swing set he ordered on E-Bay and modified with the addition of magnets. The Leonardo has never been tested by an independent source or otherwise confirmed to work. The Company has not yet built an operating power plant and the Leonardo prototype has never been tested to run twenty-four hours a day, seven days a week, 365 days a year, as the Defendants claim. It does not yet produce energy comparable to a conventional or nuclear power plant. Moreover, the Leonardo is not yet marketable, nor will it be for at least another six months. Aerokinetic’s claims regarding the Leonardo’s energy capabilities are only untested assertions of what Aerokinetic would like to build in the future and are not based on anything in existence today.

31. Moreover, Bridwell’s representations about the electric car are also false. Although the Defendants have told prospective investors the electric car has already undergone several successful test runs and there is great interest in from prominent individuals, the electric car is merely an idea that has not even been developed. At best, it will be marketable in three to five years, if ever.

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

32. The Defendants also falsely represent to prospective investors that Aerokinetic holds patents for all of Bridwell’s inventions, including the Leonardo and the electric car. In



addition, one of the Company's websites describes Bridwell as a "designer and patent holder for multiple patents in the area of technology."

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

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

34. The Defendants have also misrepresented Aerokinetic's ability to enter into lucrative licensing agreements. Bridwell tells prospective investors Aerokinetic has numerous "standing orders" and contracts for the Leonardo.

35. In particular, Bridwell told at least two investors Aerokinetic had standing purchase orders worth millions of dollars, with one man in California ordering 100,000 units worth several million dollars, and that Aerokinetic was in talks with the leaders of several countries regarding building the Leonardo power plants abroad.

36. In addition, he has told at least one prospective investor Aerokinetic has contracts with the Indian government for the sale of the Leonardo in India.

37. Bridwell has also represented to prospective investors that prominent individuals have shown interest in Aerokinetic's electric cars, including Lee Iacocca, Brad Pitt, Arnold Schwarzenegger, and Al Gore. Bridwell has also told at least two investors Aerokinetic would enter into agreements with GM and Ford so these companies could sell Aerokinetic's electric cars. Finally, he has also told at least two prospective investors Aerokinetic was trying to hire Iacocca as its new CEO.

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

39. Moreover, Aerokinetic is not in talks with any company to sell its modified electric car and has no basis for any of its claims that prominent individuals are interested in the electric car or the Company. At most, the Defendants claim to have spoken to an environmental organization for whom Brad Pitt allegedly advocates in New Orleans, but never to him individually. Furthermore, the Defendants are only trying to meet with representatives of the California Energy Commission who might consider bringing Arnold Schwarzenegger to a meeting if they liked what they were hearing from the Company.

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

40. Aerokinetic and Bridwell have also made and continue to make numerous material misrepresentations regarding Aerokinetic's ongoing operations.

41. In particular, Aerokinetic and Bridwell misrepresent Aerokinetic's 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 has a board of directors and executives.

42. These representations are patently false. Aerokinetic does not have offices in New Orleans and Seattle. Neither Aerokinetic nor FTA has a board of directors and the Company's only officers are the Company's general counsel, who works for a law firm in New Orleans, and Bridwell.

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

43. Aerokinetic and Bridwell also grossly overstate Aerokinetic's financial prospects to prospective investors.

44. Aerokinetic's financial projections reflect millions of dollars of sales revenue within Aerokinetic's first years of operations and billions of dollars shortly thereafter.

45. For example, Aerokinetic's Business Plan, included in the Company's Prospectus provided to prospective investors by Aerokinetic and on its behalf, predicts 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 projects total revenues of \$150 million in the upcoming year, and revenues of billions of dollars within three years. By 2013, Aerokinetic predicts more than \$12 billion in sales and \$8 billion in net cash flow.

46. There is no reasonable basis for these projections. Aerokinetic has no suppliers, no market share, no full-time employees, no technicians, no customers, no demand for services, and no sales. The Leonardo will not be marketable, even by Bridwell's own estimates, for at least another six months and the car will not be marketable for another three to five years. Moreover, Aerokinetic has no contracts or standing orders for the Leonardo or the electric car. Finally, given the fact that the Leonardo is at most an untested prototype for an indoor windmill intended to harvest energy from non-moving air and the electric car is merely an idea, these numbers are simply baseless.

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

47. Bridwell has also misused and misappropriated investor funds. He tells prospective investors Aerokinetic is seeking investors to fund the research and development of the Leonardo and the electric car. However, Bridwell has repeatedly taken out personal loans and diverted investor money from the Company's bank account to pay his personal expenses.

48. For example, Bridwell repeatedly withdrew cash directly from the Company's bank account to cover personal expenses, ranging from car payments and insurance to personal meals at restaurants. He also used money from the Aerokinetic bank account to

purchase a new car for his daughter. As of the end of April 2008, there was less than \$30,000 in the Company's account. Although Bridwell asserts some of the money spent was used for operations and research and development, some \$230,000 of investor funds is entirely unaccounted for.

49. Bridwell did not disclose to prospective investors that he was using investor funds to loan himself money and cover his personal expenses until April 2008 when Aerokinetic 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."

## V. CLAIMS FOR RELIEF

### COUNT I

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

50. The Commission repeats and realleges paragraphs 1 through 21 of its Complaint.

51. 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.

52. Starting no later than September 2006, the Defendants, directly and indirectly, have been: (a) making 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) carrying securities or causing 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) making 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.

53. By reason of the foregoing, the Defendants have 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**

54. The Commission repeats and realleges paragraphs 1 through 49 of its Complaint.

55. Starting no later than September 2006, the Defendants 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, have been knowingly, willfully or recklessly employing devices, schemes or artifices to defraud.

56. By reason of the foregoing, the Defendants, directly and indirectly, have 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**

57. The Commission repeats and realleges paragraphs 1 through 49 of its Complaint.

58. Starting no later than September 2006, the Defendants, 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, have been: (a) obtaining 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) engaging in transactions, practices and courses of business which are now operating and will operate as a fraud or deceit upon purchasers and prospective purchasers of such securities.

59. By reason of the foregoing, the Defendants, directly and indirectly, have 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**

60. The Commission repeats and realleges paragraphs 1 through 49 of its Complaint.

61. Starting no later than September 2006, the Defendants, 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, have been knowingly, willfully or recklessly: (a) employing devices, schemes or artifices to defraud; (b) making 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) engaging 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.

62. By reason of the foregoing, the Defendants have 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 the Defendants have committed the violations of the federal securities laws alleged herein.

#### **II.**

##### **Temporary Restraining Order, Preliminary Injunction, and Permanent Injunction**

Issue a Temporary Restraining Order, a Preliminary Injunction, and a Permanent Injunction, restraining and enjoining the Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from 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.**

##### **Asset Freeze and Sworn Accountings**

Issue an Order freezing the assets of all Defendants until further Order of the Court and requiring the Defendants to file with this Court sworn written accountings.

IV.

**Records Preservation**

Issue an Order requiring the Defendants to preserve any records related to the subject matter of this lawsuit that are in their custody or possession or subject to their control.

V.

**Disgorgement**

Issue an Order directing the Defendants to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

VI.

**Penalties**

Issue an Order directing the Defendants to pay civil money penalties 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).

VII.

**Further Relief**

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

VIII.

**Retention of Jurisdiction**

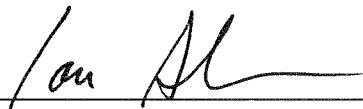
Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.



July 23, 2008

Respectfully submitted,

By:



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