

4. ROWAN traveled from Canada to the United States on a frequent basis to solicit monies from American investors to purchase Enviro-Energies shares. ROWAN invited potential American investors to travel to Canada to meet with him and to tour Enviro-Energies manufacturing facilities, as part of his marketing efforts to sell Mag-Wind Turbines and Enviro-Energies stock certificates to American investors.

II) THE SCHEME TO DEFRAUD

a) ROWAN'S False Statements of Material Facts

5. ROWAN told potential investors, distributors, and customers in the United States that he had invented and patented a new type of wind turbine that did not require a tower to support the turbine assembly. Typical wind turbines in operation around the world are known as "horizontal axis wind turbines" (HAWT) since the blades spin like a windmill. By contrast ROWAN claimed that his newly invented wind turbine was a "Magwind Vertical Axis Wind Turbine" (MVAWT), hereinafter referred to as the Mag-Wind Turbine, which spins like a merry-go-round. To knowledgeable green energy investors, distributors, and customers, this is a critically important feature because the tower assembly typically is the most expensive component, often making the generation of electricity by wind cost prohibitive. Additionally, the adoption of wind

turbine technology often has been opposed by state and local regulators, community groups, and environmentalists because the windmill style turbines are unsightly, and the spinning propellers can harm birds.

6. ROWAN claimed his Mag-Wind Turbine design was able to achieve power generation capacity six times greater than traditional windmill style turbines because of his patented design features, including magnetic levitation technology which reduces friction, noise, vibration, and energy loss. Specifically, ROWAN claimed that his Mag-Wind Turbines could generate almost 9,000 kilowatt hours of electricity per year, compared to the most efficient traditional windmill style turbines that can generate 1,500 kilowatt hours per year.

7. ROWAN falsely claimed that the Mag-Wind Turbines had been tested and validated by the Department of Energy National Renewable Energy Laboratory (NREL), and Underwriters Laboratory (UL), a global independent safety science company. Both NREL and UL are well-respected entities, with experience in the testing and evaluation of new energy technologies.

8. In sum, ROWAN'S Mag-Wind turbine purported to overcome technological, financial, environmental, and aesthetic hurdles which have hampered other wind energy projects.

9. ROWAN claimed to have developed four different models of Mag-Wind turbines to generate electricity for residential dwellings and commercial buildings, producing anywhere from 400 to 12,000 kilowatt hours of electricity. The purchase price of the Mag-Wind Turbines ranged from \$10,500.00 up to \$69,000.00 depending upon their power generation capacity.

b) Manner and Means of ROWAN'S Scheme to Defraud

10. ROWAN falsely claimed to have built numerous working prototypes of his Mag-Wind Turbines. ROWAN also falsely claimed that Enviro-Energies was nearing the point of establishing large scale manufacturing facilities in Canada. ROWAN falsely claimed that Enviro-Energies had entered into partnerships with wind farm developers, turbine manufacturers, and private research and development organizations in the United States, Canada, Europe, and Asia.

11. In some instances, ROWAN sought seed money from high net worth individuals who were interested in investing in green energy projects that were nearing the point of commercial viability. As part of his efforts to lure investors into purchasing Enviro-Energies stock certificates, ROWAN stated that the company's shares would soon be available for sale to the investing public, through an Initial Public Offering (IPO). He

urged potential investors to purchase shares before the IPO took place. However, the representation that an IPO would occur in the near future was a complete fiction. In fact and in truth, ROWAN never hired an investment bank to underwrite the IPO, never filed any registration statements with the SEC, nor did he make any other viable plans for an IPO of Enviro-Energies stock certificates.

12. Enviro-Energies stock certificates were worthless at the time that ROWAN made his false and deceptive claims to potential investors, and they remain so to this day.

13. In other instances, ROWAN entered into franchise relationships with individuals who would pay ROWAN large amounts of cash, in exchange for exclusive rights to distribute his Mag-Wind Turbines in certain areas. When ROWAN was unable to deliver Mag-Wind Turbines to his franchisees (because he had never actually built a single working model) he sought to convert their rights to distribute the turbines into Enviro-Energies stock certificates. Some of ROWAN'S franchisees agreed to this arrangement because they believed his false claims about the upcoming IPO of Enviro-Energies shares. ROWAN never actually delivered those stock certificates to his franchisees that he had promised.

14. There were still more instances where ROWAN collected large cash deposits from individuals, corporations, and non-profit foundations to secure delivery of Mag Wind Turbines which he never delivered.

15. As part of his marketing efforts, ROWAN secured public endorsements of his MVAWT technology from unwitting Hollywood celebrities, thereby lending a veneer of credibility to ROWAN'S claims.

16. Contrary to ROWAN'S deceptive and fraudulent claims, the Mag-Wind Turbines were neither scientifically tested, nor were they commercially viable.

17. In fact and in truth, ROWAN never built, nor did he ever deliver, a single working version of the Mag-Wind Turbine to any person or entity in the United States, Canada, or elsewhere.

c) Individual Victim Losses

18. R.H., an individual residing in the Eastern District of North Carolina, paid ROWAN \$420,000.00 in September and October 2008 for the purchase of Enviro-Energies stock certificates. To this day, R.H. has not received any stock certificates from ROWAN, nor has his \$420,000.00 investment been refunded.

19. P.C., an individual residing in California, works as a distributor of green energy products. In 2010, P.C. approached ROWAN in hopes of securing rights to distribute Enviro-Energies wind turbines in California. ROWAN and P.C. were unable to reach agreement on distribution rights. Nevertheless, ROWAN offered P.C. an opportunity to purchase \$300,000.00 in Enviro-Energies shares. ROWAN explained that the company would be "going public," meaning that its shares would be offered to sale to the investing public, in an IPO. ROWAN offered P.C. an opportunity to be a "family investor" and purchase \$300,000.00 worth of Enviro-Energies shares prior to its IPO. In March 2010, P.C. signed a private placement memorandum with ROWAN and paid him \$270,000.00 for the purchase of Enviro-Energies shares. To this day, P.C. has never received the stock certificates that he purchased, nor has his money been refunded by ROWAN.

20. D.O., an individual residing in the state of Minnesota, paid ROWAN a \$30,000.00 deposit as part of a franchise agreement which gave him exclusive rights to sell ROWAN'S turbines in Minnesota. In February 2010, ROWAN told D.O. that Enviro-Energies shares were going public, and offered to convert D.O's \$30,000.00 deposit into Enviro-Energies stock certificates. D.O. agreed to this arrangement. However, to this day, D.O's franchise agreement was never converted into

Enviro-Energies stock certificates, nor has D.O. received any Enviro-Energies stock certificates.

21. G.L., an individual residing in the state of Michigan, paid ROWAN \$50,000.00 in August 2008 to serve as a deposit on a franchise agreement which gave her exclusive rights to sell Mag Wind turbines in Michigan, and to purchase a single Mag Wind turbine. G.L. never received the wind turbine. ROWAN told her that she had the option to not take the wind turbine, and instead receive Enviro-Energy stock certificates. G.L. agreed to this arrangement. However, to this day G.L. has never received any Enviro-Energy stock certificates, nor has her payment to ROWAN been refunded.

STATUTORY ALLEGATIONS

COUNT ONE

15 U.S.C. §§ 78j(b) and 78ff -
Deception in Connection with the Sale of Unregistered Securities

Paragraphs 1 through 21 are incorporated by reference herein.

22. From in or about August of 2008, and continuing until in or about March of 2010, in the Eastern District of North Carolina, and elsewhere, the defendant, JAMES ALAN ROWAN, unlawfully, knowingly, and willfully, by the use of the means and instrumentalities of interstate commerce and the mails,

directly and indirectly did use and employ manipulative and deceptive devices and contrivances in connection with the offer and sale of securities, by: (a) employing devices, schemes, and 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 light of the circumstances under which they were made, not misleading; and (c) engaging in transactions, acts, practices and courses of business which would and did operate as a fraud and deceit upon persons in connection with the purchase and sale of securities, to wit, purported stock certificates of Enviro-Energies, in violation of Title 15, United States Code, Sections 78j(b) and 78ff and Title 17, Code of Federal Regulations, Section 240.10-b-5.

COUNT TWO

18 U.S.C. § 1343 - Wire Fraud

Paragraphs 1 through 21 are incorporated by reference herein.

23. On or about October 23, 2008, in the Eastern District of North Carolina and elsewhere, JAMES ROWAN, having devised the above-described scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice, transmitted and caused to be

transmitted, by wire and radio communications, in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, specifically, a wire transfer of \$220,000.00 from the account of Holloman Investing LLC (Wachovia Bank Account Number XXXXXXXXX1294), located in the Eastern District of North Carolina, to the bank account of Enviro-Energies Group, (Royal Bank of Canada Account Number XXXX426) located in Ontario, Canada, all in violation of Title 18, United States Code, Section 1343.

FORFEITURE NOTICE

24. The Defendant is given notice of the provisions of Title 18, United States Code, Section 981(a)(1)(c), as made applicable herein by Title 28, United States Code, Section 2461(c), that all of the defendant's interest in all property specified herein is subject to forfeiture.

25. As a result of the foregoing offenses contained in this Indictment, the Defendant shall forfeit to the United States any and all property constituting, or derived from, any proceeds the said defendant obtained directly or indirectly as a result of the said offense.

If any of the above-described forfeitable property, as a result of any act or omission of the defendant,

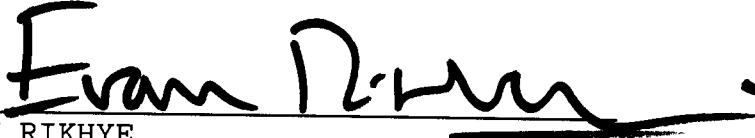
- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third person;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be subdivided without difficulty;

26. It is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said Defendant up to the value of the above forfeitable property.

A TRUE BILL [✓] Pursuant to the E-Government Act and the federal rules, the unredacted version of this document has been filed under seal.

DATE: 16 Oct 2013

THOMAS G. WALKER
United States Attorney

By: 
EVAN RIKHYE
Assistant United States Attorney
Criminal Division