

**ORIGINAL**

**NEW APPLICATION**



0000140788

**BEFORE THE ARIZONA CORPORATION COMMISSION**

Arizona Corporation Commission

**DOCKETED**

NOV - 8 2012

COMMISSIONERS

GARY PIERCE, Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

DOCKETED BY	ne
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In the matter of:

TRI-CORE COMPANIES, LLC, an Arizona limited liability company,

TRI-CORE MEXICO LAND DEVELOPMENT, LLC, an Arizona limited liability company,

TRI-CORE BUSINESS DEVELOPMENT, LLC, an Arizona limited liability company,

ERC COMPACTORS, LLC, an Arizona limited liability company,

ERC INVESTMENTS, LLC, an Arizona limited liability company,

C&D CONSTRUCTION SERVICES, INC., a Nevada corporation;

PANGAEA INVESTMENT GROUP, LLC, an Arizona limited liability company, d/b/a Arizona Investment Center,

JASON TODD MOGLER, an Arizona resident,

BRIAN N. BUCKLEY and CHERYL BARRETT BUCKLEY, husband and wife,

CASIMER POLANCHEK, an Arizona resident,

NICOLE KORDOSKY, an Arizona resident,

Respondents.

DOCKET NO. S-20867A-12-0459

**NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND ORDER FOR OTHER AFFIRMATIVE ACTION**

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

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RECEIVED

**NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING  
EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**



1 **II.**

2 **RESPONDENTS**

3 2. TRI-CORE COMPANIES, LLC (“Tri-Core”), has been at all relevant times a  
4 limited liability company organized under the laws of the state of Arizona in August 2007. At all  
5 relevant times, Tri-Core’s business office was located at 8840 E. Chaparral Rd., #150, Scottsdale,  
6 Arizona. As of October 2007, Tri-Core was a manager-managed LLC. Tri-Core has not been  
7 registered by the Commission as a securities salesman or dealer.

8 3. TRI-CORE MEXICO LAND DEVELOPMENT, LLC (“Tri-Core Mexico”), has  
9 been at all relevant times a limited liability company organized under the laws of the state of  
10 Arizona in May 2007. At all relevant times, Tri-Core Mexico’s business office was located at 8840  
11 E. Chaparral Rd., #150, Scottsdale, Arizona. Tri-Core Mexico has not been registered by the  
12 Commission as a securities salesman or dealer.

13 4. TRI-CORE BUSINESS DEVELOPMENT, LLC (“Tri-Core BD”), has been at all  
14 relevant times a limited liability company organized under the laws of the state of Arizona in January  
15 2006. At all relevant times, Tri-Core BD’s business office was located at 8840 E. Chaparral Rd.,  
16 #150, Scottsdale, Arizona. Tri-Core BD has not been registered by the Commission as a securities  
17 salesman or dealer.

18 5. ERC COMPACTORS, LLC (“ERC Compactors”), has been at all relevant times a  
19 limited liability company organized under the laws of the state of Arizona in August 2011. At all  
20 relevant times, ERC Compactor’s business office was located at 8800 E. Chaparral Rd., #270,  
21 Scottsdale, Arizona. At all relevant times, ERC Compactors has been a manager-managed LLC.  
22 ERC Compactors has not been registered by the Commission as a securities salesman or dealer.

23 6. ERC INVESTMENTS, LLC (“ERC Investments”), has been at all relevant times a  
24 limited liability company organized under the laws of the state of Arizona in April 2011. At all  
25 relevant times, ERC Investment’s business office was located at 8800 E. Chaparral Rd., #270,  
26

1 Scottsdale, Arizona. ERC Investments has not been registered by the Commission as a securities  
2 salesman or dealer.

3 7. C&D CONSTRUCTION SERVICES, INC. ("C&D"), has been at all relevant times a  
4 Nevada corporation organized under the laws of the state of Nevada in April 2000. C&D has not been  
5 registered by the Commission as a securities salesman or dealer.

6 8. PANGAEA INVESTMENT GROUP, LLC ("Pangaea"), has been at all relevant  
7 times a limited liability company organized under the laws of the state of Arizona in August 2009.  
8 Since December 2009, Pangaea has been the registered with the Arizona Secretary of State as the  
9 owner of the trade name "Arizona Investment Center" ("AIC") and has been doing business under  
10 that name. Pangaea and AIC have not been registered by the Commission as a securities salesman  
11 or dealer. Hereafter, Pangaea is collectively referenced with AIC.

12 9. JASON TODD MOGLER ("Mogler"), has been at all relevant times a resident of  
13 the state of Arizona. At all relevant times, Mogler has been the manager of Tri-Core, Tri-Core BD,  
14 ERC Compactors, and ERC Investments. Mogler has not been registered by the Commission as a  
15 securities salesman or dealer.

16 10. BRIAN BUCKLEY ("Buckley"), has been at all relevant times a married man and  
17 resident of the state of Arizona. Buckley has not been registered by the Commission as a securities  
18 salesman or dealer.

19 11. CASIMER POLANCHEK ("Polanchek"), has been at all relevant times a resident  
20 of the state of Arizona. At all relevant times, Polanchek has been the manager of AIC. Polanchek  
21 has not been registered by the Commission as a securities salesman or dealer.

22 12. NICOLE KORDOSKY ("Kordosky"), has been at all relevant times a resident of  
23 the state of Arizona. Kordosky has not been registered by the Commission as a securities salesman  
24 or dealer.

25 13. Tri-Core, Tri-Core Mexico, Tri-Core BD, ERC Compactors, ERC Investments, C&D,  
26 AIC, Mogler, Buckley, Polanchek, and Kordosky may be referred to collectively as "Respondents".



1 urged offerees to participate in seminars and webinars on the alternative investments by contacting  
2 AIC.

3 26. On the Investment Roadshow, Mogler represented to offerees that AIC is a “collective  
4 group of alternative investment companies offering outstanding investment opportunities.”

5 27. Polanchek participated as a host or presenter on The Investment Roadshow on several  
6 occasions in 2011. Buckley participated as a representative of AIC and Tri-Core on The Investment  
7 Roadshow, offering investment opportunities in land in Mexico and ERC.

8 28. Mogler represented to offerees that the ERC recycling investments “provides an  
9 opportunity for . . . the investor . . . a safe place to put their money”.

10 29. In another broadcast of The Investment Roadshow, Mogler represented to offerees that  
11 the alternative investments in Mexico land offered by AIC were “safe” because they are secured.

12 TRI-CORE MEXICO INVESTMENT

13 30. From at least February 2007 until at least April 2008, Tri-Core BD, Mogler, and  
14 Buckley offered and sold promissory notes issued by Tri-Core Mexico in and from Arizona.

15 31. At all relevant times, offerees were provided a private placement memorandum  
16 dated May 1, 2007 (“5/1/07 TCM PPM”). The 5/1/07 TCM PPM offered offerees promissory  
17 notes for \$5,000.00 per note, with a total offering of \$3,500,000.00. The 5/1/07 TCM PPM  
18 represented to offerees an 80% rate of return, compounded annually, with a maturity date for  
19 payment of both interest and principal 24 months from the date of commencement of each note  
20 (“Tri-Core Mexico Investment”).

21 32. Investors were issued promissory notes containing the same terms with respect to  
22 interest and maturity date, and subscription agreements signed by Mogler as Principal of Tri-Core  
23 Mexico.

24 33. The 5/1/07 TCM PPM stated that “use of the proceeds is to purchase a water front  
25 subdivision in San Luis Rio Colorado, Sonora, Mexico”. This investment is known as the Tri-Core  
26 Mexico “Lot 5” investment.

1           34.    In the 5/1/07 TCM PPM, Mogler is identified as a general partner of Tri-Core  
2 Mexico.

3           35.    The 5/1/07 TCM PPM states that “[a]ll decisions with respect to the management of  
4 the Company [Tri-Core Mexico] will be made exclusively by the Principal Managers of the LLC.  
5 Note Holders do not have the right or power to take part in the management of the Company.”

6           36.    The 5/1/07 TCM PPM states that the success of the company is dependent upon the  
7 services and expertise of existing management, including James L. Stevens (“Stevens”). The Tri-  
8 Core Mexico Investment investor materials do not disclose that Stevens had outstanding tax liens  
9 totaling at least approximately \$200,000.

10          37.    The 5/1/07 TCM PPM instructed investors to make their investment check payable  
11 to “Tri-Core Mexico Land Development, LLC” or “Tri-Core Business Development, LLC”, while  
12 the subscription agreement directed the checks be made payable to “Tri-Core Business  
13 Development, LLC”.

14          38.    The 5/1/07 TCM PPM states that “[t]he Notes being offered by [Tri-Core Mexico]  
15 in this Private Placement Offering are secured by the land Tri-Core Mexico Land Development,  
16 LLC purchases. Tri-Core Business Development will establish an administration account which  
17 will hold the deed to the property until all note holders will be paid in full.”

18          39.    The promissory notes issued to investors for the Tri-Core Mexico Investment stated  
19 that the note was “secured by future land purchase.”

20          40.    Investors were not provided a deed of trust or other mechanism to securitize their  
21 notes with any land in Mexico purchased by Tri-Core Mexico or Tri-Core BD.

22          41.    Investor funds in the Tri-Core Mexico Investment were not used to purchase land in  
23 Mexico.

24          42.    Per the Operating Agreement for Tri-Core Mexico, Mogler was listed as a member,  
25 as well as a general partner of Tri-Core Mexico.

26

1           43.    Tri-Core Mexico retained Tri-Core BD to act as its agent in raising capital and  
2 administer investor funds for the Tri-Core Mexico Investment.

3           44.    The 5/1/07 TCM PPM states that offering expenses would not exceed \$350,000 for  
4 the offering.

5           45.    An Independent Contractor Agreement was executed between Tri-Core Mexico and  
6 Tri-Core BD, with Stevens signing as managing member of Tri-Core Mexico, and Mogler signing  
7 as President of Tri-Core BD. The Independent Contractor Agreement between Tri-Core Mexico  
8 and Tri-Core BD required \$925,000 in compensation to Tri-Core BD from Tri-Core Mexico from  
9 the investment proceeds.

10          46.    The Tri-Core Mexico Investment was offered at presentations given by Buckley to  
11 individuals with no pre-existing relationship with Tri-Core Mexico.

12          47.    The 5/1/07 TCM PPM stated that the Tri-Core Mexico Investment may be sold by  
13 “registered brokers or dealers who are members of the NASD and who enter into a Participating  
14 Dealer Agreement with the Company”, “qualified Broker Dealers” or “Registered Investment  
15 Advisors”, and that those individuals could receive commissions “up to” 10% of the price of the  
16 notes sold.

17          48.    The Tri-Core Mexico Investment was sold by individuals and entities that did not  
18 meet these criteria.

19          49.    Buckley received commissions for the sale of units to investors.

20          50.    The Tri-Core Mexico Investment was offered and sold to both Arizona residents and  
21 out of state residents, with investments totaling approximately \$1,300,000.

22          51.    The Tri-Core Mexico Investment was offered and sold in or from Arizona to  
23 investors totaling approximately \$1,000,000.

24          52.    At all relevant times, the Tri-Core Mexico Investment was not registered as a security  
25 by the Commission.

26 //



TRI-CORE FEBRUARY 2008 INVESTMENT

1  
2 53. From at least February 2008 until at least March 2008, Mogler and Buckley offered  
3 and sold promissory notes issued by Tri-Core in and from Arizona.

4 54. At all relevant times, offerees were provided with a private placement memorandum  
5 dated February 1, 2008 (“2/1/08 TCC PPM”). The 2/1/08 TCC PPM offered offerees promissory  
6 notes for \$5,000.00 per note, with a total offering of \$3,500,000.00. The 2/1/08 TCC PPM  
7 represented to offerees an 80% annual rate of return, compounded annually, with a maturity date  
8 for payment of both interest and principal 24 months from the date of commencement of each note.

9 55. Investors were issued promissory notes containing the same terms with respect to  
10 interest and maturity date.

11 56. The 2/1/08 TCC PPM represented to offerees that Tri-Core was in the business of  
12 construction management, land acquisition and development, specializing in beach front properties  
13 along the coast of upper Sonora.

14 57. The business plan that accompanied the 2/1/08 TCC PPM represented to offerees  
15 that the proceeds of the promissory notes would be used “to purchase a water front subdivision in  
16 San Luis Rio Colorado, Sonora, Mexico”. The business plan references a “250-acre plus lot” of  
17 beach front property in El Golfo de Santa Clara in Sonora, Mexico known as “Lot 5”, El Golfo  
18 Beach Resort. (“Tri-Core February 2008 Investment”).

19 58. The subscription agreement for the Tri-Core February 2008 Investment instructed  
20 offerees to send the subscription documents to Tri-Core at 8840 E. Chaparral Rd., #150, Scottsdale,  
21 Arizona. The promissory notes provide the same address for Tri-Core.

22 59. The 2/1/08 TCC PPM states that, “All decisions with respect to the management of  
23 the Company will be made by the Principal Managers of the LLC” and “Note Holders do not have  
24 the right or power to take part in the management of the Company.” The 2/1/08 TCC PPM further  
25 states, “Note Holders will not have any voting rights in the Company.”  
26

1           60.    At least one of the signatories for the subscription agreements and promissory notes  
2 for the Tri-Core February 2008 Investment was Mogler as President of Tri-Core.

3           61.    The 2/1/08 TCC PPM and promissory notes state that the promissory notes “are  
4 secured in the land that Tri-Core Companies LLC purchases”, that Tri-Core will “establish an  
5 administration account which will hold the deed to the property until all note holders will be paid  
6 in full”, and “are secured by future land purchase.”

7           62.    Tri-Core has not held any deeds to “Lot 5” in Mexico. Investors were not provided  
8 a deed of trust or other mechanism to securitize their notes with any land in Mexico purchased by  
9 Tri-Core.

10          63.    The land referenced as Lot 5 in the Tri-Core February 2008 Investment is the same  
11 land as that “to be purchased” for the Tri-Core Mexico Investment. The existence of both offerings  
12 to purchase the same land was not disclosed in the offering materials to investors.

13          64.    The Tri-Core February 2008 Investment was publicly advertised by in-person and  
14 web-based seminars presented by Buckley.

15          65.    The 2/1/08 TCC PPM stated that the Tri-Core February 2008 Investment may be  
16 sold by “registered brokers or dealers who are members of the NASD and who enter into a  
17 Participating Dealer Agreement with the Company”, and “qualified licensed personnel, pursuant to  
18 State and Federal security rules and regulations”. The 2/1/08 TCC PPM stated that those  
19 individuals could receive commissions “up to” 10% of the price of the notes sold.

20          66.    The Tri-Core February 2008 Investment was sold by individuals and entities that did  
21 not meet these criteria.

22          67.    Buckley received commissions for the sale of units to investors.

23          68.    The Tri-Core February 2008 Investment was sold to both Arizona residents and out  
24 of state residents, with investments totaling approximately \$1,775,000.

25          69.    The Tri-Core February 2008 Investment was offered and sold in or from Arizona to  
26 investors totaling approximately \$335,000.



1 the Company.” The 3/1/08 TCC PPM further stated, “Note Holders will not have any voting rights  
2 in the Company.”

3 78. The subscription agreements and promissory notes for the Tri-Core March 2008  
4 Investment were signed by Mogler as President of Tri-Core.

5 79. The 3/1/08 TCC PPM and promissory notes state that the promissory notes “are  
6 secured in the land that Tri-Core Companies LLC purchases” and “shall be senior debt of the  
7 Maker and secured by the property”.

8 80. Tri-Core has not held any deeds to “Lot 47” in Mexico. Investors were not provided  
9 a deed of trust or other mechanism to securitize their notes with any land in Mexico purchased by  
10 Tri-Core.

11 81. The Tri-Core March 2008 Investment was publicly advertised using webinars,  
12 websites, and seminars presented by Buckley.

13 82. The 3/1/08 TCC PPM stated that the Tri-Core March 2008 Investment may be sold  
14 by “registered brokers or dealers who are members of the NASD and who enter into a Participating  
15 Dealer Agreement with the Company”, and “qualified licensed personnel, pursuant to State and  
16 Federal security rules and regulations”. The 3/1/08 TCC PPM stated that those individuals could  
17 receive commissions “up to” 10% of the price of the notes sold.

18 83. The Tri-Core March 2008 Investment was sold by individuals and entities that did  
19 not meet these criteria.

20 84. Buckley received commissions for the sale of units to investors.

21 85. The Tri-Core March 2008 Investment was sold to both Arizona residents and out of  
22 state residents, with investments totaling more than \$1,400,000.

23 86. The Tri-Core March 2008 Investment was offered and sold in or from Arizona to  
24 investors totaling approximately \$908,832.07.

25 87. At all relevant times, the Tri-Core March 2008 Investment was not registered as a  
26 security by the Commission.

TRI-CORE JUNE 2010 INVESTMENT

1  
2 88. From at least July 2010 until at least March 2011, AIC, Mogler, Buckley, and  
3 Polanchek offered and sold promissory notes issued by Tri-Core in and from Arizona.

4 89. At all relevant times, offerees were provided with a private placement memorandum  
5 dated June 1, 2010 ("6/1/10 TCC PPM"). The 6/1/10 TCC PPM offered offerees promissory notes  
6 for \$10,000.00 per note, with a total offering of \$5,000,000.00. The 6/1/10 PPM represented to  
7 offerees a 40% annual rate of return, compounded annually, with a maturity date for payment of  
8 both interest and principal 24 months from the date of commencement of each note.

9 90. Investors were issued promissory notes containing the same terms with respect to  
10 interest and maturity date.

11 91. In the 6/1/10 TCC PPM, Tri-Core represented that it was in the business of  
12 construction management, land acquisition and development, and specialized in properties across  
13 the upper Sonoran coastline of Sonora, Mexico.

14 92. The 6/1/10 TCC PPM stated that the proceeds of the promissory notes would be  
15 used to purchase and hold for appreciation parcels of land along the Sonoran Coast of Mexico  
16 ("Tri-Core June 2010 Investment").

17 93. Offerees were also provided with a subscription agreement and a business plan for  
18 the Tri-Core June 2010 Investment.

19 94. The subscription agreement for the Tri-Core June 2010 Investment instructed  
20 offerees to send the subscription documents to Tri-Core at 8800 E. Chaparral Rd., #270, Scottsdale,  
21 Arizona. The promissory notes issued provide the same address for Tri-Core. .

22 95. The 6/1/10 TCC PPM for the Tri-Core June 2010 Investment provided, "All  
23 decisions with respect to the management of the Company will be made by the Principal Managers  
24 of the LLC" and "Note Holders do not have the right or power to take part in the management of  
25 the Company." The 6/1/10 TCC PPM further stated, "Note Holders will not have any voting rights  
26 in the Company."



1 amount. Interest payments were to be paid to the investor were to be paid monthly starting the  
2 fourth month after the date of investment.

3 106. Investors were issued promissory notes by ERC Compactors containing the same  
4 terms with respect to interest and maturity date.

5 107. Despite the fact that the promissory notes were issued by ERC Compactors, the only  
6 business plan referenced in the 8/8/11 ERC PPM or provided to offerees was for "ERC of Nevada  
7 LLC".

8 108. At all relevant times, ERC Compactors offered offerees an investment in ERC  
9 Compactors which involved a "Las Vegas flagship material recovery facility" that would provide  
10 "closed-loop" system recycling, specifically cardboard recycling at commercial properties. The  
11 offering proceeds were to be used to purchase compactors/equipment. ("hereafter "ERC  
12 Compactors Investment").

13 109. The 8/8/11 ERC PPM provides that note holders have no rights in the management  
14 of ERC Compactors, and that "[a]ll decisions with respect to the management of the Company  
15 [ERC Compactors] will be made exclusively by the Managers of the LLC."

16 110. The subscription agreements and promissory notes for the ERC Compactors  
17 Investment were signed by Mogler as President of ERC Compactors.

18 111. The business plan provided to offerees for the ERC Compactors Investment  
19 contained contact information for Buckley at AIC. The business plan provided the AIC's website  
20 and [www.tricoreworld.com](http://www.tricoreworld.com).

21 112. Although the 8/8/11 ERC PPM and promissory notes state that the promissory notes  
22 "are" or "will be secured" by the "equipment/compactors purchased", the equipment/compactors  
23 that form the security is not identified. Investors were provided with no information in the 8/8/11  
24 ERC PPM to determine if there was adequate security for their investment. ERC Compactors has  
25 never provided investors any mechanism to securitize their notes with any collateral.  
26







1 represented to offerees a 24% annual rate of return, payable monthly, with a maturity date of 24  
2 months from the date of commencement of each note.

3 131. Investors were issued promissory notes containing the same terms with respect to  
4 interest and maturity date.

5 132. The 10/1/10 C&D PPM represented that C&D was an established corporation, "in  
6 the business of rubbish and waste recycling".

7 133. The 10/1/10 C&D PPM represented that the proceeds of the promissory notes would  
8 be used to "create the company structure for the purchase and start up requirements for a recycling  
9 center located in Apex, Las Vegas, Nevada." ("C&D Investment").

10 134. The 10/1/10 C&D PPM and subscription agreements provided to offerees stated  
11 that, "Tri-Core Business Development LLC is solely acting as the agent for C & D Construction  
12 Services Inc. for this offering."

13 135. The 10/1/10 C&D PPM for the C&D Investment instructed offerees to make checks  
14 payable to "**TRI-CORE BUSINESS DEVELOPMENT LLC** as agent for C & D Construction  
15 Services Inc." and to send investment documents and the investment funds to "**Tri-Core Business**  
16 **Development LLC, c/o Arizona Investment Center, 8800 E. Chaparral Road, Suite 270,**  
17 **Scottsdale, AZ 85250.**" The subscription agreements stated that the check was to be "made  
18 payable to the order of **TRI-CORE BUSINESS DEVELOPMENT LLC . . .**"

19 136. The 10/1/10 C&D PPM for the C&D Investment provided that, "All decisions with  
20 respect to the management of the Company will be made exclusively by the officers, directors and  
21 employees of the Company. Note Holders do not have the right or power to take part in the  
22 management of the Company and will not be represented on the Board of Directors of the  
23 Company." The 10/1/10 C&D PPM further states, "Note Holders will not have any voting rights in  
24 the Company."

25 137. The 10/1/10 C&D PPM stated that the promissory notes "are secured" by "real  
26 estate in Nevada and California". The promissory notes contained similar language. However, the

1 real estate that forms the security is not identified, nor is the owner. Further, the 10/1/10 C&D  
2 PPM failed to provide offerees and/or investors with any information to determine if the “real  
3 estate” adequately secured their investment.

4 138. The signatory for the subscription agreements and promissory notes for the C&D  
5 Investment was Mogler with a limited power of attorney for Peter A. Salazar Jr.

6 139. The C&D Investment was publicly offered and sold via radio broadcast and/or  
7 public seminar.

8 140. The C&D Investment was sold to both Arizona residents and out of state residents  
9 with investments totaling nearly \$1,500,000.

10 141. The C&D Investment was offered and sold in or from Arizona to investors totaling  
11 approximately \$715,000.

12 142. At all relevant times, the C&D Investment was not registered as a security by the  
13 Commission.

14 **IV.**

15 **VIOLATION OF A.R.S. § 44-1841**

16 **(Offer or Sale of Unregistered Securities)**

17 143. From at least February 2007 until at least April 2008, Tri-Core BD, Mogler, and  
18 Buckley offered or sold securities in the form of promissory notes and/or investment contracts issued  
19 by Tri-Core Mexico.

20 144. From at least February 2008 until at least March 2008, Mogler and Buckley offered  
21 or sold securities in the form of promissory notes and/or investment contracts issued by Tri-Core.

22 145. From at least April 2008 until at least October 2010, AIC, Mogler, and Buckley  
23 offered or sold securities in the form of promissory notes and/or investment contracts issued by Tri-  
24 Core.



1 made not misleading in light of the circumstances under which they were made; or (iii) engaged in  
2 transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon  
3 offerees and investors. Respondents' conduct includes, but is not limited to, the following:

4 **Fraud Related to Tri-Core Mexico Investment**

5 a) Failing to use investor funds to purchase land in Mexico as referenced in the in  
6 the Tri-Core Mexico Investment investor materials;

7 b) Failing to disclose that Stevens had outstanding tax liens totaling at least  
8 approximately \$200,000;

9 c) Representing that the investor's investments would be secured by property in  
10 Mexico, but failing to provide investors with a deed of trust or other mechanism to securitize their  
11 notes;

12 d) Representing in the 7/1/07 TCM PPM that offering expenses would not exceed  
13 \$350,000 for the offering, but failing to disclose that an Independent Contractor Agreement between  
14 Tri-Core Mexico and Tri-Core BD required \$925,000 in compensation to Tri-Core BD from Tri-Core  
15 Mexico from the investment proceeds;

16 e) Representing in the 7/1/07 TCM PPM that the Tri-Core Mexico Investment  
17 may be sold by "registered brokers or dealers who are members of the NASD and who enter into a  
18 Participating Dealer Agreement with the Company", "qualified Broker Dealers" or "Registered  
19 Investment Advisors", and that those individuals could receive commissions "up to" 10% of the price  
20 of the notes sold, when the Tri-Core Mexico Investment was sold by individuals and entities that did  
21 not meet these criteria;

22 **Fraud Related to Tri-Core February 2008 Investment**

23 f) Representing that investor's investments would be secured by property in  
24 Mexico, but failing to provide investors with a deed of trust or other mechanism to securitize their  
25 notes;

26

1 g) Failing to disclose that the land to be purchased by Tri-Core in the Tri-Core  
2 February 2008 Investment, Lot 5, had also been offered and sold to investors in the Tri-Core Mexico  
3 Investment;

4 h) Representing in the 2/1/08 TCC PPM that the Tri-Core February 2008  
5 Investment may be sold by “registered brokers or dealers who are members of the NASD and who  
6 enter into a Participating Dealer Agreement with the Company”, and “qualified licensed personnel,  
7 pursuant to State and Federal security rules and regulations”, and that those individuals could receive  
8 commissions “up to” 10% of the price of the notes sold, when the Tri-Core February 2008 Investment  
9 was sold by individuals and entities that did not meet these criteria.

10 **Fraud Related to Tri-Core March 2008 Investment**

11 i) Representing that the alternative investments in Mexico land were “safe”  
12 because they are secured;

13 j) Representing that investor’s investments would be secured by property in  
14 Mexico, but failing to provide investors with a deed of trust or other mechanism to securitize their  
15 notes;

16 k) Representing the Mexican property purchased, Lot 47, would be owned by Tri-  
17 Core, but failing to purchase the land under the company name;

18 l) Representing in the 3/1/08 TCC PPM that the Tri-Core March 2008 Investment  
19 may be sold by “registered brokers or dealers who are members of the NASD and who enter into a  
20 Participating Dealer Agreement with the Company”, and “qualified licensed personnel, pursuant to  
21 State and Federal security rules and regulations”, and that those individuals could receive  
22 commissions “up to” 10% of the price of the notes sold, when the Tri-Core March 2008 Investment  
23 was sold by individuals and entities that did not meet these criteria;

24 **Fraud Related to Tri-Core June 2010 Investment**

25 m) Representing that the alternative investments in Mexico land were “safe”  
26 because they are secured;

1 n) Representing that investments offered by AIC, which included the Tri-Core  
2 June 2010 Investment, placed investors in a first secured position, which protected them from any  
3 default in payment;

4 o) Representing that the investor's investments would be secured by property in  
5 Mexico, but failing to provide investors with a deed of trust or other mechanism to securitize their  
6 notes;

7 **Fraud Related to ERC Compactors Investment**

8 p) Representing that the ERC recycling investments "provides an opportunity for .  
9 . . the investor . . . a safe place to put their money";

10 q) Representing that the investor's investments would be secured by the  
11 "equipment/compactors purchased", but failing to provide investors with a mechanism to securitize  
12 their notes;

13 r) Failing to disclose the specific collateral that would form the basis for the  
14 security of investor notes, or to determine if there was adequate security for their investments;

15 **Fraud Related to ERCI Investment**

16 s) Representing that the investor's investments "will be secured by property,  
17 equipment and commodities such as locomotives located in its new facility in Chicago, Illinois" and  
18 failing to provide offerees and/or investors with any information in the 12/2/11 ERCI PPM to  
19 determine if there was adequate security for their investment;

20 **Fraud Related to C&D Investment**

21 t) Representing that the investor's investments "are secured" by "real estate in  
22 Nevada and California", but failing to identify the real estate, or provide offerees and/or investors with  
23 any information determine if the "real estate" adequately secured their investment.

24 155. This conduct violates A.R.S. § 44-1991.

25 156. Mogler directly or indirectly controlled Tri-Core, Tri-Core BD, ERC Compactors,  
26 and ERC Investments within the meaning of A.R.S. § 44-1999. Therefore, Mogler is jointly and

1 severally liable to the same extent as Tri-Core, Tri-Core BD, ERC Compactors, and ERC  
2 Investments for their violations of A.R.S. § 44-1991.

3 157. Polanchek directly or indirectly controlled Pangaea d/b/a AIC within the meaning of  
4 A.R.S. § 44-1999. Therefore, Polanchek is jointly and severally liable to the same extent as  
5 Pangaea d/b/a AIC for its violations of A.R.S. § 44-1991.

6 **XII.**

7 **REQUESTED RELIEF**

8 The Division requests that the Commission grant the following relief:

9 1. Order Respondents to permanently cease and desist from violating the Securities Act,  
10 pursuant to A.R.S. § 44-2032;

11 2. Order Respondents to take affirmative action to correct the conditions resulting from  
12 Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to  
13 A.R.S. § 44-2032;

14 3. Order Respondents to pay the state of Arizona administrative penalties of up to five  
15 thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

16 4. Order Respondents to pay the state of Arizona administrative penalties, pursuant to  
17 A.R.S. § 44-1961;

18 5. Order that the marital communities of Respondent Buckley and Respondent Spouse be  
19 subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative  
20 action pursuant to A.R.S. § 25-215; and

21 6. Order any other relief that the Commission deems appropriate.

22 **XIII.**

23 **HEARING OPPORTUNITY**

24 Each respondent including Respondent Spouse may request a hearing pursuant to A.R.S. § 44-  
25 1972 and A.A.C. R14-4-306. **If a Respondent or a Respondent Spouse requests a hearing, the**  
26 **requesting respondent must also answer this Notice.** A request for hearing must be in writing and



1 received by the Commission within 10 business days after service of this Notice of Opportunity for  
2 Hearing. The requesting respondent must deliver or mail the request to Docket Control, Arizona  
3 Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be  
4 obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at  
5 <http://www.azcc.gov/divisions/hearings/docket.asp>.

6 If a request for a hearing is timely made, the Commission shall schedule the hearing to begin  
7 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the  
8 parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission  
9 may, without a hearing, enter an order granting the relief requested by the Division in this Notice of  
10 Opportunity for Hearing.

11 Persons with a disability may request a reasonable accommodation such as a sign language  
12 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.  
13 Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail [sabernal@azcc.gov](mailto:sabernal@azcc.gov).  
14 Requests should be made as early as possible to allow time to arrange the accommodation.  
15 Additional information about the administrative action procedure may be found at  
16 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>

#### 17 XIV.

#### 18 ANSWER REQUIREMENT

19 Pursuant to A.A.C. R14-4-305, if a Respondent or a Respondent Spouse requests a hearing,  
20 the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for  
21 Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix,  
22 Arizona 85007, within 30 calendar days after the date of service of this Notice. Filing instructions  
23 may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet  
24 web site at <http://www.azcc.gov/divisions/hearings/docket.asp>.

25 Additionally, the answering respondent must serve the Answer upon the Division. Pursuant  
26 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a

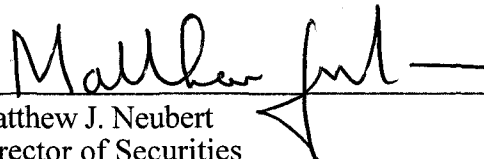
1 copy of the Answer to the Division at 1300 West Washington, 3<sup>rd</sup> Floor, Phoenix, Arizona, 85007,  
2 addressed to Stacy Luedtke.

3 The Answer shall contain an admission or denial of each allegation in this Notice and the  
4 original signature of the answering respondent or respondent's attorney. A statement of a lack of  
5 sufficient knowledge or information shall be considered a denial of an allegation. An allegation  
6 not denied shall be considered admitted.

7 When the answering respondent intends in good faith to deny only a part or a qualification  
8 of an allegation, the respondent shall specify that part or qualification of the allegation and shall  
9 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

10 The officer presiding over the hearing may grant relief from the requirement to file an  
11 Answer for good cause shown.

12 Dated this 8 day of November, 2012.

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16 Matthew J. Neubert  
17 Director of Securities  
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