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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

APR 22 2016

COMMISSIONERS

DOUG LITTLE - Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

DOCKETED BY *KE*

In the matter of)
HENRYK JAN KUNOWSKI, aka H. JON)
KUNOWSKI, aka JON KUNOWSKI, an)
unmarried man,)

Respondent.)

DOCKET NO. S-20928A-15-0199

DECISION NO. 75519

ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME BY: RESPONDENT HENRYK JAN KUNOWSKI

Respondent HENRYK JAN KUNOWSKI, aka H. JON KUNOWSKI, aka JON KUNOWSKI (“KUNOWSKI”) elects to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* (“Securities Act”) with respect to this Order To Cease And Desist, Order for Restitution, and Order for Administrative Penalties (“Order”). KUNOWSKI admits the jurisdiction of the Arizona Corporation Commission (“Commission”); admits the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. At all relevant times, KUNOWSKI has been an Arizona resident and an unmarried man.
2. On June 26, 2006, in Decision No. 68790, the Commission and KUNOWSKI entered into a Settlement Agreement and Order (“2006 Order”) to resolve an administrative enforcement

1 action ("Enforcement Action") and a related lawsuit the Commission had filed against him, *Arizona*
2 *Corporation Commission v. H. Jon Kunowski et al.*, Maricopa County Superior Court Case No.
3 CV2004-010042 ("Lawsuit").

4 3. The Commission's Enforcement Action and Lawsuit alleged KUNOWSKI violated
5 the registration provisions of the Securities Act, A.R.S. §§ 44-1841 and 44-1842, by selling
6 unregistered securities in the form of shares of stock in defunct corporations to unqualified and
7 unsophisticated investors.

8 4. The Commission alleged KUNOWSKI violated the antifraud provisions of the
9 Securities Act by, among other things:

- 10 a) Failing to disclose to investors his past business failures;
- 11 b) Misrepresenting to investors that his corporations' products were in the
12 production stage of development when in fact the products were either in an early design stage only
13 or were in the experimental stage prior to the development of a fully functional prototype;
- 14 c) Offering investments in technology that did not exist or that would have been
15 suppressed for copyright or trademark infringement; and
- 16 d) Failing to fully disclose to investors that he intended to use their investment
17 capital to pay his personal and living expenses.

18 5. In the 2006 Order, KUNOWSKI admitted he violated A.R.S. §§ 44-1841 and 44-1842
19 by selling unregistered securities in the form of shares of stock in defunct corporations. KUNOWSKI
20 neither admitted nor denied the allegations that he committed securities fraud by violating A.R.S. §
21 44-1991(A).

22 6. The 2006 Order directed and KUNOWSKI agreed that:

- 23 a) he and any of his agents and employees be permanently enjoined from
24 violating the Securities Act;
- 25 b) he was required to pay restitution of \$778,000 to the Commission, plus 10%
26 interest until paid;

1 c) he was required to pay a \$20,000 civil penalty for contempt to the
2 Commission, plus 10% interest until paid; and

3 d) he was required to pay a \$50,000 civil penalty pursuant to A.R.S. § 44-2037
4 to the Commission, plus 10% interest until paid.

5 7. Further, the 2006 Order directed and KUNOWSKI agreed that “he will not exercise
6 any control over any entity that offers or sells securities ... within or from Arizona.”

7 8. Of the \$848,000 in restitution and penalties the 2006 Order required KUNOWSKI to
8 pay, he paid only \$400.

9 9. In November 2012, KUNOWSKI met with several potential investors at his then
10 residence in Peoria, Arizona. KUNOWSKI also told the potential investors that for five (5) years he
11 had been developing a twin micro-turbine engine personal flight system and the world’s first true jet
12 pack, which he called “Jet Star,” that would allow for human flight.

13 10. KUNOWSKI represented to the potential investors: “With flight times of 15 to 30
14 minutes, ‘Jet Star’ will become a viable tool for first responders to save lives! The applications are
15 as vast as the imagination and include firefighters, paramedics, search and rescue, police, military,
16 special operations, industry, media, and of course, the consumer. ‘Jet Star’ represents a significant
17 technology breakthrough and a major aviation milestone.”

18 11. KUNOWSKI told the potential investors that he needed to raise funds to pay patent-
19 related legal expenses and to purchase materials to build the jet packs.

20 12. KUNOWSKI said he was soon going to receive \$2 million in financing from another
21 source, so he only needed some funding for the interim.

22 13. Several attendees invested by writing checks payable to KUNOWSKI.

23 14. KUNOWSKI issued investors stock certificates for shares in an entity named “The
24 Jet Star Corporation.” The stock certificates state that the company is “incorporated under the laws
25 of the State of Delaware.”
26

1 engaging in transactions, practices, or courses of business that operate or would operate as a fraud or
2 deceit.

3 6. KUNOWSKI conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-
4 2032.

5 7. KUNOWSKI's conduct is grounds for an order of restitution pursuant to A.R.S. § 44-
6 2032.

7 8. KUNOWSKI's conduct is grounds for administrative penalties under A.R.S. § 44-
8 2036.

9 **III.**

10 **ORDER**

11 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and KUNOWSKI's
12 consent to the entry of this Order, attached and incorporated by reference, the Commission finds that
13 the following relief is appropriate, in the public interest, and necessary for the protection of investors:

14 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that KUNOWSKI, and any of
15 KUNOWSKI's agents, employees, successors and assigns, permanently cease and desist from
16 violating the Securities Act.

17 IT IS FURTHER ORDERED that KUNOWSKI comply with the attached Consent to Entry
18 of Order.

19 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032 that KUNOWSKI pay restitution
20 to the Commission in the principal amount of \$57,000.00 as a result of the conduct set forth in the
21 Findings of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment
22 shall be made to the "State of Arizona" to be placed in an interest-bearing account controlled by the
23 Commission. Any principal amount outstanding shall accrue interest at the rate of 10 percent per
24 annum from the date of purchase until paid in full. Interest in the amount of \$17,237.26 has accrued
25 from the date of purchase to March 1, 2016.

26

1 The Commission shall disburse the funds on a pro-rata basis to investors shown on the records
 2 of the Commission. Any restitution funds that the Commission cannot disburse because an investor
 3 refuses to accept such payment, or any restitution funds that cannot be disbursed to an investor
 4 because the investor is deceased and the Commission cannot reasonably identify and locate the
 5 deceased investor's spouse or natural children surviving at the time of the distribution, shall be
 6 disbursed on a pro-rata basis to the remaining investors shown on the records of the Commission.
 7 Any funds that the Commission determines it is unable to or cannot feasibly disburse shall be
 8 transferred to the general fund of the state of Arizona.

9 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 that KUNOWSKI pay an
 10 administrative penalty in the amount of \$50,000.00 as a result of the conduct set forth in the Findings
 11 of Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be
 12 made to the "State of Arizona." Any amount outstanding shall accrue interest as allowed by law.

13 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be
 14 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments
 15 shall be applied to the penalty obligation.

16 For purposes of this Order, a bankruptcy filing by KUNOWSKI shall be an act of default. If
 17 KUNOWSKI does not comply with this Order, any outstanding balance may be deemed in default
 18 and shall be immediately due and payable.

19 IT IS FURTHER ORDERED, that if KUNOWSKI fails to comply with this order, the
 20 Commission may bring further legal proceedings against KUNOWSKI, including application to the
 21 superior court for an order of contempt.

22 IT IS FURTHER ORDERED that this Order shall become effective immediately.

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BY ORDER OF THE ARIZONA CORPORATION COMMISSION

J. Blitt

EXCUSED
COMM. STUMP

CHAIRMAN

COMMISSIONER

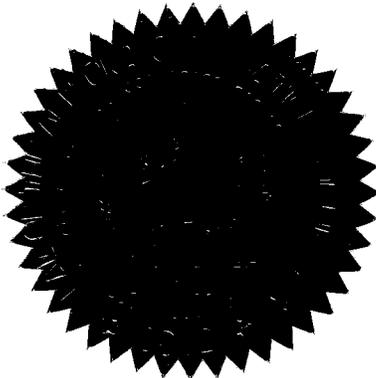
Theresa

COMMISSIONER

L. M. T. ...

COMMISSIONER

COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 22nd day of April, 2016.

Jodi Jerich

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA Coordinator, voice phone number 602-542-3931, e-mail sabernal@azcc.gov.

(JDB)

CONSENT TO ENTRY OF ORDER

1
2 1. Respondent HENRYK JAN KUNOWSKI, aka H. JON KUNOWSKI, aka JON
3 KUNOWSKI (“KUNOWSKI”), an unmarried man, admits the jurisdiction of the Commission over
4 the subject matter of this proceeding. KUNOWSKI acknowledges that he has been fully advised of
5 his right to a hearing to present evidence and call witnesses and KUNOWSKI knowingly and
6 voluntarily waives any and all rights to a hearing before the Commission and all other rights
7 otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative
8 Code. KUNOWSKI acknowledges that this Order To Cease And Desist, Order for Restitution, and
9 Order for Administrative Penalties and Consent to Same (“Order”) constitutes a valid final order of
10 the Commission.

11 2. KUNOWSKI knowingly and voluntarily waives any right under Article 12 of the
12 Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting
13 from the entry of this Order.

14 3. KUNOWSKI acknowledges and agrees that this Order is entered into freely and
15 voluntarily and that no promise was made or coercion used to induce such entry.

16 4. KUNOWSKI understands and acknowledges that he has a right to seek counsel
17 regarding this Order, and that he has had the opportunity to seek counsel prior to signing this Order.
18 KUNOWSKI acknowledges and agrees that, despite the foregoing, he freely and voluntarily waives
19 any and all right to consult or obtain counsel prior to signing this Order.

20 5. KUNOWSKI admits the Findings of Fact and Conclusions of Law contained in this
21 Order. KUNOWSKI agrees that he shall not contest the validity of the Findings of Fact and
22 Conclusions of Law contained in this Order in any present or future proceeding.

23 6. KUNOWSKI further agrees that he shall not deny or contest the Findings of Fact and
24 Conclusions of Law contained in this Order in any present or future bankruptcy proceeding.
25 KUNOWSKI further agrees that in any such bankruptcy proceeding, the Findings of Fact and
26 Conclusions of Law contained in this Order may be taken as true and correct and that this Order shall

1 collaterally estop KUNOWSKI from re-litigating with the Commission or any other state agency, in
2 any forum, the accuracy of the Findings of Fact and Conclusions of Law contained in this Order. In
3 the event KUNOWSKI pursues bankruptcy protection in the future, he further agrees that in such
4 bankruptcy proceeding, pursuant to 11 U.S.C. § 523(a)(19), the following circumstances exist:

5 A. The obligations incurred as a result of this Order are a result of the conduct set forth
6 in the Findings of Fact and Conclusions of Law in the Order and are for the violation of Arizona
7 state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

8 B. This Order constitutes a judgment, order, consent order, or decree entered in a state
9 proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by
10 KUNOWSKI pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court order for damages, fine, penalty,
11 citation, restitution payment, disgorgement payment, attorney fee, cost or other payment owed by
12 KUNOWSKI pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

13 7. By consenting to the entry of this Order, KUNOWSKI agrees not to take any action
14 or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding
15 of Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual
16 basis.

17 8. While this Order settles this administrative matter between KUNOWSKI and the
18 Commission, KUNOWSKI understands that this Order does not preclude the Commission from
19 instituting other administrative or civil proceedings based on violations that are not addressed by this
20 Order.

21 9. KUNOWSKI understands that this Order does not preclude the Commission from
22 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
23 that may be related to the matters addressed by this Order.

24 10. KUNOWSKI understands that this Order does not preclude any other agency or
25 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
26 proceedings that may be related to matters addressed by this Order.

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11. KUNOWSKI agrees that he will not apply to the state of Arizona for registration as a securities dealer or salesman or for licensure as an investment adviser or investment adviser representative at any time in the future.

12. KUNOWSKI agrees that he will not exercise any control over any entity that offers or sells securities or provides investment advisory services within or from Arizona at any time in the future.

13. KUNOWSKI consents to the entry of this Order and agrees to be fully bound by its terms and conditions.

14. KUNOWSKI acknowledges and understands that if he fails to comply with the provisions of the Order and this consent, the Commission may bring further legal proceedings against KUNOWSKI, including application to the superior court for an order of contempt.

15. KUNOWSKI understands that default shall render KUNOWSKI liable to the Commission for its costs of collection and interest at the maximum legal rate.

16. KUNOWSKI agrees and understands that if KUNOWSKI fails to make any payment as required in the Order, any outstanding balance shall be in default and shall be immediately due and payable without notice or demand. KUNOWSKI agrees and understands that acceptance of any partial or late payment by the Commission is not a waiver of default by the Commission.


HENRYK JAN KUNOWSKI, aka H. JON
KUNOWSKI, aka JON KUNOWSKI

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STATE OF ARIZONA)
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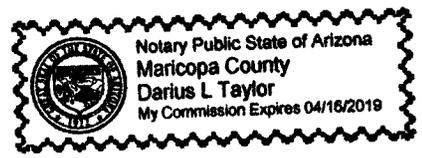
SUBSCRIBED AND SWORN TO BEFORE me this 3 day of MARCH 2016,



NOTARY PUBLIC

My commission expires:

04.16.2019



1 SERVICE LIST FOR: HENRYK JAN KUNOWSKI

2 Henryk Jan (Jon) Kunowski
3 10003 West Thunderbird Boulevard
4 Sun City, Arizona 85351

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

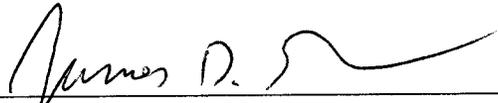
DOUG LITTLE – Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

In the matter of:)
HENRYK JAN KUNOWSKI, aka H. JON)
KUNOWSKI, aka JON KUNOWSKI, an)
unmarried man,)
Respondent.)

DOCKET NO. S-20928A-15-0199

**NOTICE OF FILING OF PROPOSED
OPEN MEETING AGENDA ITEM**

Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached: proposed Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same by Henryk Jan Kunowski was filed with the Arizona Corporation Commission's Docket Control.

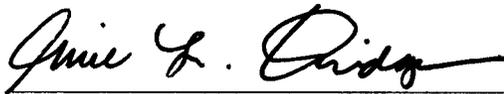
Dated: March 29, 2016 By: 
James D. Burgess
Enforcement Attorney

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I hereby certify that I have this day served the foregoing document on all parties of record in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

Henryk Jan Kunowski
10003 West Thunderbird Boulevard
Sun City, Arizona 85351
Respondent

Dated: 3/29/16

By: 
Emie R. Bridges, Executive Assistant