

securities and agent registration provisions and the antifraud provisions of the Act; and

WHEREAS, on April 19, 2005, the Commissioner issued a Summary Order To Cease And Desist to the Respondents, ordering each to cease and desist from offering or selling investments in or through M.A.C. Investments or M.A.C. Investment Sales, or from engaging in activities as an investment adviser or investment adviser representative, in violation of the Act pending a hearing in this matter; and

WHEREAS, that Order gave each Respondent notice of the opportunity for a hearing in this matter, if requested in writing within fifteen days of service of that Order, and gave notice that as to any Respondent not requesting a hearing, a Final Order To Cease And Desist would be issued, imposing a bar from engaging in securities or investment advisory transactions on behalf of others and a monetary civil penalty; and

WHEREAS, none of the Respondents has filed an Answer or requested a hearing;

NOW, THEREFORE, the Commissioner finds it to be in the public interest to issue this Final Order To Cease And Desist, and THE COMMISSIONER FINDS AND ORDERS:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding and over the Respondents pursuant to section 11-701.1 of the Act.

II. RESPONDENTS

2. M.A.C. Investments, Inc. (“MAC”), with its address in Tempe, Arizona, at all relevant times was an active Arizona corporation.

3. M.A.C. Investment Sales, Inc. (“MAC Sales”), with its address in Tempe, Arizona, at all relevant times was an active Arizona corporation.

4. Kevin Polardi (“Polardi”), with an address in Tempe, Arizona, is the President and CEO of MAC and one of MAC’s Directors. Polardi signs sales agreements for MAC Sales, and management

agreements for MAC.

5. Maricruz Alvarado, a.k.a. Maricruz Albarado (“Alvarado”), with an address in Tempe, Arizona, is the incorporator of MAC Sales, and is the company’s statutory agent. Alvarado is Vice President of MAC, and is one of MAC’s Directors.

6. Jim Roberts (“Roberts”), with an address in Tempe, Arizona, is described on company documents as the General Manager of MAC Sales.

7. Edward Sommer, a.k.a. Ed Sommer (“Sommer”), with addresses in Tempe, Arizona, and Indiana, is described in company documents as an Operations Manager for MAC Sales.

8. Jenna Brown (“Brown”), with an address in Tempe, Arizona, is described in company documents as an Operations Manager for MAC Sales.

9. Frank Blasseti (“Blasseti”), with an address in Tempe, Arizona, is held out as an installer and locator for the ATMs sold by Respondents.

III. FINDINGS OF FACT

The Commissioner finds:

The MAC investment in ATMs

10. MAC and MAC Sales held themselves out, through commercials, newspaper ads, and the Internet, as offering investment opportunities in customer-owned ATMs.

11. Individuals would request information via the Internet or by calling MAC Sales, and a MAC or MAC Sales agent would then contact the potential investor. The agent would send a package, containing offering material, an Order Form and Purchase Agreement, and information for the wire transfer of funds.

12. The cost of the MAC ATMs ranged from \$2,100 to \$1,700 each, depending on the number of ATMs acquired by the investor.

13. MAC Sales offered to extend credit for some of the investment cost. The investor would

sign a 12-month promissory note to MAC for any investment amount greater than the cash being paid.

14. Investors were told that after sharing transaction fees with the owner of the ATM's location, the processor and MAC, the investors would receive a monthly return of between \$.90 and \$1.10 per transaction depending on the ATM's location.

15. The Management Agreement states that MAC will install, service, repair, operate and maintain the equipment for the investors. This is a passive investment; investors are not even informed of the location of their ATMs.

Sale of the ATM investments in Maryland

16. Beginning in October 2003 until January 2005, MAC, MAC Sales and their officers, employees and agents sold MAC ATM investments, many for multiple machines, to at least 40 Maryland residents. Both companies are owned and controlled by Polardi and Alvarado, who directed and oversaw the sales operations.

17. MAC and/or MAC Sales placed ads in USA Today, local newspapers, Pennysaver magazines, and at least one local radio station offering the investment. The investment also was advertised and offered on the internet at <http://www.macinvestmentsales.com>.

18. Potential investors were contacted by MAC sales agents, who would explain the investment, send the necessary forms, and close the deal.

- a. Roberts is responsible for the sale of least eight (8) investments to Maryland residents.
- b. Sommer is responsible for the sale of least six (6) investments to Maryland residents.
- c. Brown is responsible for the sale of least two (2) investments to Maryland residents.
- d. Blasseti is responsible for the sale of least four (4) investments to Maryland residents.

19. Some Maryland investors executed a promissory note to MAC to purchase additional ATMs. MAC then deducted the monthly payments on the notes from the total amount due each month to that investor supposedly from the transactions at his ATMs.

20. Although Maryland investors were told that they could hire a different management company, MAC Sales discouraged investors from doing so by offering financial incentives for using MAC Sales. All known Maryland investors signed the MAC Management Agreement.

21. MAC agents represented that the investment is safe because of the growing use of ATMs.

22. MAC agents represented that investors owned their ATMs.

23. MAC agents represented that the ATMs would be placed in high-traffic locations, thus generating substantial income for the investor. MAC made representations concerning expected payouts from the ATMs based on income generated by existing ATMs.

24. At least 40 Maryland investors, thinking they were purchasing ATMs, invested some \$800,000 from late 2003 until December 2004.

25. The Maryland investors received monthly payments until November or December 2004, in amounts allegedly based on the number of transactions generated by their ATMs.

26. In January 2005, MAC and MAC Sales stopped answering phone calls and accepting mail.

27. Despite the monthly checks to investors, attributed to transactions at their ATMs, no ATMs have been located from which any fees were or could be generated. There are no ATMs purchased by MAC Sales or MAC and installed in any locations.

28. Respondents solicited purchases of, accepted investments for, and purportedly sold, interests in ATM machines they did not have in their possession or control or did not later obtain.

29. The investment program offered and sold by the Respondents appears to be paying guaranteed monthly payments to investors out of those investors' own invested capital, or out of funds from later investors.

No Securities Registration or Exemption Filing

30. The Securities Division has no record of securities registration for an offering by or in the name of MAC or MAC Sales, nor has any claim of exemption or status as a federal-covered security been made with the Division with respect to any such offering.

31. MAC is not registered in Maryland as a securities broker-dealer or agent, or as an investment adviser or investment adviser representative.

32. MAC Sales is not registered in Maryland as a securities broker-dealer or agent, or as an investment adviser or investment adviser representative.

33. Polardi is not registered in Maryland as a securities broker-dealer or agent, or as an investment adviser or investment adviser representative.

34. Alvarado is not registered in Maryland as a securities broker-dealer or agent, or as an investment adviser or investment adviser representative.

35. Roberts is not registered in Maryland as a securities broker-dealer or agent, or as an investment adviser or investment adviser representative.

36. Sommer is not registered in Maryland as a securities broker-dealer or agent, or as an investment adviser or investment adviser representative.

37. Brown is not registered in Maryland as a securities broker-dealer or agent, or as an investment adviser or investment adviser representative.

38. Blasseti is not registered in Maryland as a securities broker-dealer or agent, or as an investment adviser or investment adviser representative.

39. Investors were not told that their investments, and the persons who sold them, should have been registered with the Division but were not registered.

IV. CONCLUSIONS OF LAW

40. The Summary Order To Cease And Desist and notice of the right to a hearing was served in compliance with Maryland law.

41. None of the Respondents requested a hearing, and the right to a hearing has been lost.

42. It is in accord with relevant law and in the public interest to issue this Final Order.

43. The investments in ATMs offered and sold by the Respondents are investment contracts, which constitute a "security" within the definition of the Act.

44. Respondents violated section 11-501 of the Act by offering and selling unregistered securities in Maryland, for which no claim of preemption or exemption has been filed.

45. Respondents violated section 11-401(a) of the Act by transacting business in the offer or sale of securities in this state as a broker-dealer or securities agent, without being registered pursuant to the Act.

46. Respondents MAC and MAC Sales violated section 11-402(a) of the Act by employing unregistered agents for the offer and sale of securities.

47. Respondents violated section 11-401(b) of the Act by transacting business as an investment adviser or investment adviser representative in this state without being registered.

48. Respondents MAC and MAC Sales violated section 11-402(b) of the Act by employing unregistered agents to act as an investment adviser representative.

49. Respondents violated section 11-301 of the Act by making material omissions and misrepresentations in connection with the offer and sale of securities.

50. Respondents violated section 11-302 of the Act by making material omissions and misrepresentations in connection with providing investment advice.

V. SANCTIONS

IT IS HEREBY ORDERED THAT:

51. (a) Respondents permanently cease and desist from offering or selling securities in violation of the Act, from offering and selling any securities whether registered or exempt from registration, and from engaging in any transaction exempted under the Act; and that

(b) Respondents permanently cease and desist from engaging in Maryland, for or on behalf of others, in the business of providing investment advice as an investment adviser or

investment adviser representative, in violation of the Act; and that

(c) Respondents are permanently barred from engaging in the securities or investment advisory businesses in Maryland for or on behalf of others, or from acting as principal or consultant in any entity so engaged; and that

(d) Respondents MAC and MAC Sales, jointly and severally, are assessed a civil monetary penalty of \$800,000 pursuant to section 11-701.1(b) of the Act, payable by certified check to the Office of the Attorney General; and that

(e) Respondents Polardi and Alvarado are each assessed a civil monetary penalty of \$400,000 pursuant to section 11-701.1(b) of the Act, payable by certified check to the Office of the Attorney General; and that

(f) Respondent Roberts is assessed a civil monetary penalty of \$120,000 pursuant to section 11-701.1(b) of the Act, payable by certified check to the Office of the Attorney General; and

(g) Respondent Sommer is assessed a civil monetary penalty of \$90,000 pursuant to section 11-701.1(b) of the Act, payable by certified check to the Office of the Attorney General; and

(h) Respondent Brown is assessed a civil monetary penalty of \$30,000 pursuant to section 11-701.1(b) of the Act, payable by certified check to the Office of the Attorney General; and

(i) Respondent Blasseti is assessed a civil monetary penalty of \$60,000 pursuant to section 11-701.1(b) of the Act, payable by certified check to the Office of the Attorney General.

VI. JURISDICTION RETAINED

52. Jurisdiction is retained by the Securities Commissioner for the purpose of enabling any party

to this Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Order.

IT IS SO ORDERED

May , 2005

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER