

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF DETERMINING ) Order Number S-09-039-09-FO01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) ENTRY OF FINDINGS OF FACT AND  
) CONCLUSIONS OF LAW AND  
IFT Holdings, Inc., f/k/a ) FINAL ORDER TO CEASE AND DESIST,  
Integrated Fuel Technologies, Inc.; ) AS TO ADAM KREMIN  
Robert M. Firebaugh; )  
Michael W. Conrad; )  
Wooly Rhino, LLC; )  
Adam G. Kremin, )  
Respondents )

**INTRODUCTION**

On November 24, 2009, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, Impose Fines, and Recover Costs S-09-039-09-SC01 (hereinafter "Statement of Charges"), against Respondent Adam G. Kremin. The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing ("Notice"), and an Application for Adjudicative Hearing ("Application for Hearing"), were served on Respondent Adam G. Kremin on November 30, 2009.

The Notice advised that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. On December 22, 2009, Respondent Adam G. Kremin returned the Application for Hearing and indicated that he waived the right to a hearing. In lieu of requesting a hearing, Respondent Adam G. Kremin submitted a written statement for consideration by the Agency Director or Securities Administrator.

ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND  
FINAL ORDER TO CEASE AND DESIST AS TO  
ADAM KREMIN

1 DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 After considering the written statement and reviewing the investigative record, the  
2 Securities Administrator finds no material grounds for amendment of the Statement of Charges,  
3 and will therefore adopt as final the findings of fact and conclusions of law as set forth in the  
4 Statement of Charges. The Securities Administrator finds as follows:

5 **FINDINGS OF FACT**

6 Respondents

7 1. IFT Holdings Inc. is a corporation originally formed in Nevada in April 2007,  
8 and until approximately October 2008, was formerly known as (f/k/a) Integrated Fuel  
9 Technologies, Inc. (“IFT”). IFT used business addresses in Kirkland, Washington and  
10 Spokane Valley, Washington. IFT’s business originally centered on a fuel doser (a fuel  
11 additive delivery system), but later changed to the development of a catalyst that removes  
12 nitrogen oxide (NOx) from diesel engine emissions. IFT’s website, www.iftnw.com, invites  
13 “potential investors” to send an e-mail to the company regarding investment opportunities.  
14

15 2. Robert M. Firebaugh (“Firebaugh”) is a resident of Kirkland, Washington. At  
16 various times, Firebaugh used the title of Chairman, President, Secretary, and Chief  
17 Technology Officer (“CTO”) of IFT.

18 3. Michael W. Conrad (“Conrad”) is a resident of Greenacres, Washington.  
19 Conrad used the title of General Manager in connection with his activities relating to IFT.

20 4. Woolly Rhino, LLC (“Woolly Rhino”) is an inactive Washington limited liability  
21 company formed in February 2007 that used a business address in Spokane Valley,  
22 Washington. Conrad was the sole Member of Woolly Rhino, LLC.

23 5. Adam G. Kremin (“Kremin”) is a resident of Washington who previously  
24 worked for IFT.  
25

IFT Offering

6. Between approximately May 2007 and September 2008, the Respondents offered and sold stock in IFT for \$100 per share to approximately 60 investors, raising approximately \$2,000,000. Most of these investors were Washington residents.

7. In approximately April 2007, Firebaugh recruited Conrad to find investors for IFT. Conrad solicited individuals that he knew through his church and other sources. Through most of 2007 and 2008, Conrad worked with Firebaugh to find new investors for IFT. Conrad sent out e-mails to prospective investors, and attached copies of offering materials, including a business plan. Conrad also arranged for prospective investors to speak with Firebaugh at meetings or by telephone.

8. Between approximately May 2007 and June 2007, Conrad and Firebaugh arranged for approximately eight investors to purchase shares of IFT stock. Investors paid for IFT stock by writing checks totaling more than \$700,000 to Conrad's company, Wooly Rhino. Conrad deposited these funds into a bank account in the name of Wooly Rhino, and subsequently made transfers of investor funds to other accounts used by Firebaugh.

9. Some of these initial investors were provided with an Investment Receipt signed by Conrad on Wooly Rhino letterhead, which reflected the fact that their funds were for the purpose of investing in IFT. Investors were also provided with a one-page Stock Issuance and Option to Purchase Agreement, which was signed by Firebaugh and, in some instances, by Conrad. Under the terms of the Agreement, investors were to receive stock in IFT, a percentage of the first year net profits (proportional to their ownership interest), plus a percentage of the profits from the first purchase order from a major manufacturer.

1           10. In June 2007, one IFT investor paid over \$300,000 to Woolly Rhino.  
2 Undisclosed to the investor, a commission of \$35,000 was paid to Conrad's father (now  
3 deceased), who was involved in soliciting the investor.

4           11. Kremin also offered and sold IFT stock to investors. Kremin led investors to  
5 believe that they had only a short amount of time to invest because the stock sale was closing  
6 within days. In approximately August 2008, Kremin recruited an existing investor to find  
7 additional investors for IFT and several persons invested in IFT as a result. In some  
8 instances, no written offering documents were provided to the prospective investors. Instead,  
9 prospective investors were referred to IFT's website, which contained minimal information.  
10 In accordance with Kremin's instructions, several investors made their investments in cash.  
11

12           12. As part of the offering, investors were provided with written and oral  
13 representations regarding the returns they would earn. Some investors were also provided  
14 with an "IFT Addendum" dated April 5, 2008 that was signed by Firebaugh. The Addendum  
15 represented that upon receipt of the "first proceeds from our first contract", IFT would repay  
16 "all principal investment plus an APR of 8.5%." Other investors received a stock sales  
17 agreement that represented that investors would receive an annual dividend that equaled a  
18 return of at least 8% on their investment. Firebaugh caused one investor to cash out a 401(k)  
19 retirement account, by leading her to believe that if she invested \$50,000 in IFT, she would be  
20 make a million dollars on her investment, and that she would begin to see returns on her  
21 investment in two to four months. Another investor solicited by Firebaugh invested \$100,000  
22 in IFT, after being told that he would likely earn close to \$1 million due to a large pending  
23 contract, and that he would receive a return on his investment within a year.  
24

Misrepresentations and Omissions

1  
2           13. When offering the stock, the Respondents failed to disclose material information  
3 regarding IFT's management, including, but not limited to: their background and lack of  
4 experience in emission control technology; Firebaugh's prior business ventures that resulted  
5 in losses to investors; management's stock ownership and personal stock sales by Firebaugh  
6 and Conrad; and the fact that Firebaugh had been the subject of several lawsuits in connection  
7 with his prior business activities, had multiple judgments entered against him, and had filed  
8 for bankruptcy in 2005.  
9

10           14. The Respondents also failed to disclose material information regarding: the prior  
11 use of offering proceeds; the compensation paid to the company's management and  
12 significant employees and consultants; and Firebaugh's use of investor funds in IFT bank  
13 accounts for tens of thousands of dollars in personal expenses.

14           15. The Respondents also failed to disclose material information regarding the  
15 financial condition of IFT; failed to provide current financial statements; and failed to disclose  
16 material information regarding loans that had been made to IFT and to IFT's management,  
17 including, but not limited to, a \$157,727.72 promissory note entered into between Conrad and  
18 a major IFT shareholder.  
19

20           16. Through written documents and oral solicitations, the Respondents made  
21 misleading statements regarding the projected returns that investors would earn and the timing  
22 of those returns, without providing and explaining the assumptions underlying those  
23 projections.  
24



1 made misstatements of material fact or omitted to state material facts necessary in order to make  
2 the statements made, in light of circumstances under which they were made, not misleading.

3 **FINAL ORDER**

4 Based upon the foregoing and finding it in the public interest:

5 It is hereby ORDERED that Respondent Adam G. Kremin and his agents and  
6 employees each shall cease and desist from offering or selling securities in violations of  
7 RCW 21.20.140, the securities registration section of the Securities Act of Washington.

8 It is further ORDERED that Respondent Adam G. Kremin and his agents and  
9 employees each shall cease and desist from acting as an unregistered securities broker-dealers  
10 or salespersons in violation of RCW 21.20.040, the broker-dealer and securities salesperson  
11 registration section of the Securities Act of Washington.

12 It is further ORDERED that Respondent Adam G. Kremin and his agents and  
13 employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section  
14 of the Securities Act of Washington.

15 It is further ORDERED that Respondent Adam G. Kremin shall be liable for and pay a  
16 fine in the amount of \$5,000.

17 It is further ORDERED that Respondent Adam G. Kremin shall be liable for and pay  
18 costs in the amount of \$500.

1 **AUTHORITY AND PROCEDURE**

2 This Final Order is entered pursuant to the provisions of RCW 21.20.390 and RCW  
3 21.20.395, and is subject to the provisions of RCW 21.20.440 and Chapter 34.05 RCW. The  
4 Respondent has the right to petition the superior court for judicial review of this agency  
5 action under the provisions of chapter 34.05 RCW. For the requirements for filing a Petition  
6 for Judicial Review, see RCW 34.050.510 and sections following. Pursuant to 21.20.395, a  
7 certified copy of this order may be filed in Superior Court. If so filed, the clerk shall treat the  
8 order in the same manner as a Superior Court judgment as to the fine, and the fine may be  
9 recorded, enforced, or satisfied in like manner.  
10

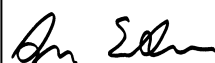
11 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

12 DATED and ENTERED this 26th day of January, 2010.

13 


14 MICHAEL E. STEVENSON  
15 Securities Administrator

16 Approved by:

17 

18 Suzanne E. Sarason  
19 Chief of Enforcement

Presented by:

20 

21 Robert Kondrat  
22 Enforcement Attorney

23 Reviewed by:

24 

25 Martin Cordell  
Financial Legal Examiner Supervisor