

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING ) Order No.: S-12-1124-13-SC01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) STATEMENT OF CHARGES AND NOTICE OF INTENT  
 ) TO ENTER ORDER TO CEASE AND DESIST, TO  
Richard Michael Lininger; NACAD, LLC; ) IMPOSE FINES, AND TO CHARGE COSTS  
Mexcanusa Management Services, LTD; and )  
Mexcanusa Development Corporation, S.A. de )  
C.V., )

Respondents.

**THE STATE OF WASHINGTON TO:** **Richard Michael Lininger;**  
**NACAD, LLC;**  
**Mexcanusa Management Services, LTD; and**  
**Mexcanusa Development Corporation, S.A. de C.V.**

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents Richard Michael Lininger, NACAD, LLC, Mexcanusa Management Services, LTD, and Mexcanusa Development Corporation, S.A. de C.V. have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations and to charge costs, and under RCW 21.20.395 to impose a fine. The Securities Administrator finds the following:

**TENTATIVE FINDINGS OF FACT**

Respondents

1. Respondent NACAD, LLC (NACAD) is a Nevada limited liability company established on July 10, 2007, for the purpose of developing a recreational vehicle (RV) park in El Golfo, Mexico. NACAD was dissolved on July 31, 2012.
2. Respondent Mexcanusa Management Services, LTD (Mexcanusa Management Services) is a Nevada limited liability company established on August 27, 2010, for the purpose of developing an RV park in El Golfo, Mexico.
3. Respondent Mexcanusa Development Corporation, S.A. de C.V. (Mexcanusa Development Corporation) is a Mexican corporation established around 2010 for the purpose of developing an RV park in El Golfo, Mexico.
4. Respondent Richard Michael Lininger (Richard Lininger) acted as the manager and sole principal of NACAD for the duration of the company's existence. Richard Lininger also acted as the manager and sole principal of

1 Mexcanusa Management Services and Mexcanusa Development Corporation from the inception of each company until  
2 approximately June 28, 2012.

3 Nature of the Offering

4 5. From Spring 2007 to Fall 2007, Richard Lininger solicited investments in a company named NACAD, in an  
5 effort to build an RV park in El Golfo, Mexico. Specifically, Richard Lininger solicited minimum investments of  
6 \$30,000 in NACAD. For \$18,000 of the amount, NACAD would provide the investor with the right to use a personal  
7 RV lot in the future park, and for \$12,000 of the amount, NACAD would issue the investor a share in the limited  
8 liability company. Richard Lininger also offered investors additional shares of NACAD for \$12,000 per-share.

9 6. During 2007, Richard Lininger solicited investments in NACAD by speaking to a group of at least 25 people  
10 in El Golfo, Mexico, to a group of at least 15 people in Randle, Washington, and to other individual prospective  
11 investors in person. Richard Lininger emailed prospective investors with instructions on how to invest in NACAD, but  
12 Richard Lininger provided no other written material to solicit investments in NACAD.

13 7. In his communications with investors, Richard Lininger represented that NACAD would purchase a 500 acre  
14 parcel of land in El Golfo, Mexico, to develop an RV Park on. NACAD needed, Richard Lininger stated,  
15 approximately \$500,000 to effectuate the purchase of the property and to develop the property. Richard Lininger  
16 claimed that over a period of two years, NACAD would deploy investor funds to develop the RV park, which included  
17 marking the land, clearing the land, leveling the land, and subdividing the land. Richard Lininger also told investors  
18 that NACAD would use investor funds to build a clubhouse, a golf course, a swimming pool, and a restaurant on the  
19 property, as well as purchase generators for the property and dig wells on the property.

20 8. Richard Lininger represented that investors in NACAD would make money through the company's sale and  
21 rental of lots in the future RV park. Additionally, Richard Lininger stated that NACAD would collect revenue from the  
22 golf course, the clubhouse, the swimming pool, and the restaurant on the property. NACAD, Richard Lininger claimed,  
23 would then distribute these profits to investors in proportion to the equity percentage that investors owned in the  
24 company. Richard Lininger told one investor that he could expect to double his investment and another investor that  
25 she could expect to triple her investment. Richard Lininger further represented to one investor that she could expect to  
earn \$25,000 per-share by investing in NACAD and to another investor that he could expect to earn \$76,000 per-year  
for a number of years. Moreover, Richard Lininger told an investing couple that they could possibly earn between  
\$400,000 to \$500,000 per-share, and he told another investor he could earn \$500,000 per-share over a 15 year period.

9. Richard Lininger also told investors that the Hilton Hotels and Resorts (Hilton) owned property adjacent to the  
500 acre property that Richard Lininger sought to develop. According to Richard Lininger, Hilton planned to develop a  
large resort on this adjacent property and establish a local sewer and water line. Additionally, Richard Lininger stated  
that the Mexican government had planned to build two large roads near and on the 500 acre lot, thereby allowing better

1 access to the future RV park. Richard Lininger stated that these two developments would allow NACAD to sell lots on  
the RV park for a higher amount, thereby providing investors with a higher return on their investment.

2 10. Richard Lininger further represented to many investors that he had professional experience in buying,  
3 developing, and selling land in California and Mexico, and Richard Lininger also told some investors that he and his  
4 wife, Catherine Lininger, would personally invest their own money in NACAD.

5 11. By December 31, 2008, Richard Lininger raised approximately \$780,000 from at least 21 investors, 6 of whom  
6 are Washington residents. At least two investors deposited their checks to NACAD at a Washington bank. Richard  
7 Lininger indicated to investors that neither he nor his wife contributed any capital to NACAD.

8 12. Investors, however, never received shares in NACAD because in the fall of 2009, Richard Lininger told  
9 investors that NACAD had to be dissolved according to Mexican law. Richard Lininger then formed Mexcanusa  
10 Management Services and Mexcanusa Development Corporation, telling investors that Mexcanusa Development  
11 Corporation would be the entity through which he would purchase the land for the RV park. Richard Lininger did not  
12 provide investors with any other information about Mexcanusa Management Services or Mexcanusa Development  
13 Corporation.

14 13. Richard Lininger delivered to some investors shares in Mexcanusa Development Corporation, he delivered to  
15 some investors shares in both Mexcanusa Development Corporation and Mexcanusa Management Services, and some  
16 investors never received shares in any company.

17 14. In February 2011, through Mexcanusa Development Corporation, Richard Lininger purchased only 54 acres of  
18 land in El Golfo, Mexico, for \$146,000. After purchasing the land, Richard Lininger drew some designs for the future  
19 RV park, but he made no other material steps toward developing an RV park or clubhouse, a swimming pool, or a  
20 restaurant on the property.

21 15. By the end of 2011, Richard Lininger represented to investors that he had paid himself \$342,352.00 from the  
22 investor proceeds as a salary, and he claimed to have spent approximately \$50,000 of investor proceeds on  
23 miscellaneous costs related to the project. Richard Lininger ceased all communication with investors in March 2012,  
24 and he left investors with approximately \$84,000 in an American bank account. To date, investors have received no  
25 return on their investment, and approximately \$155,000 of the investors' funds are unaccounted for.

### Misrepresentations and Omissions

16 16. Richard Lininger represented that he had experience in buying, developing, and selling land in California and  
17 Mexico, but he failed to disclose the specifics of this experience. Richard Lininger further failed to disclose the basis  
18 upon which he claimed that he had the ability to purchase a 500 acre property and to develop an RV park, a clubhouse,  
19 a golf course, a swimming pool, and a restaurant on the property.

17. Richard Lininger failed to disclose the basis and assumptions underlying the financial claims that he provided to investors, and he failed to disclose the basis upon which he claimed that NACAD required \$500,000 to develop an RV park.

18. Richard Lininger falsely represented that the Hilton owned and planned to develop a nearby resort, as a separate group of investors unaffiliated with Hilton own nearby land. Additionally, Richard Lininger failed to disclose the dates by which the Mexican government had planned to build roads on and near the proposed RV park.

19. Richard Lininger falsely represented to at least one investor that he and his wife would invest money their own money in NACAD.

20. Richard Lininger failed to disclose the rate at which he would be paid for his services, which ultimately totaled \$342,352.00.

21. Richard Lininger failed to disclose at least 12 investors any general or specific risks associated with investing in land in Mexico.

Registration Status

22. Respondents NACAD, Mexcanusa Management Services, and Mexcanusa Development Corporation are not currently registered to sell securities in the state of Washington and have not previously been registered to do so.

23. Respondent Richard Lininger is not currently registered as a securities salesperson in the state of Washington and has not been previously registered do so.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

**CONCLUSIONS OF LAW**

1. The offer and sale of membership interests in NACAD, Mexcanusa Management Services, and Mexcanusa Development Corporation as described above constitute the offer and sale of a security as defined in RCW 21.20.005(14) and (17).

2. The offer and sale of these securities is in violation of RCW 21.20.140 because no registration for such an offer and sale is on file with the Securities Administrator, state of Washington.

3. Richard Lininger has violated RCW 21.20.040 by offering and selling securities while not registered as a securities salesperson in the state of Washington.

4. The offer and sale of these securities were in violation of RCW 21.20.010 because the Respondents made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading.

**NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

Pursuant to RCW 21.20.390(1) and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents NACAD, Mexcanusa Management Services, Mexcanusa Development Corporation, and Richard Lininger each shall cease and desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

**NOTICE OF INTENT TO IMPOSE A FINE**

Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents Mexcanusa Development Corporation and Richard Lininger shall be liable for and shall pay a fine of \$13,500.

**NOTICE OF INTENT TO CHARGE COSTS**

Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondents Mexcanusa Development Corporation and Richard Lininger shall be liable for and shall pay investigative costs of \$1,500.

**AUTHORITY AND PROCEDURE**

This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the provisions of Chapter 34.05 RCW. Respondents NACAD, Mexcanusa Management Services, Mexcanusa Development Corporation, and Richard Lininger may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that respondent, to impose any fines sought against that respondent, and to charge any costs sought against that respondent.

Signed and Entered this 30th day of July 2013.



William M. Beatty  
Securities Administrator

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Approved by:



Suzanne Sarason  
Chief of Enforcement

Presented by:



Eric Palosaari  
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