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IN THE THIRD DISTRICT COURT, SALT LAKE DEPARTMENT
IN AND FOR THE COUNTY OF SALT LAKE, STATE OF UTAH

THE STATE OF UTAH
Plaintiff,
vs.

ROBERT WADE TARRANT
DOB: 05/25/1971,
AKA: NONE
1517 Regency Road #65
Gulf Shores, AL
OTN
SO# 314272
Defendant.

Screened by: MEGHANN MILLS
Assigned to: STEVEN GIBBON
(TUESDAY)
DAO# 10036978

Bail: \$25,000
Warrant/Release: NON-JAIL

INFORMATION

Case No.

The undersigned Jeff Nielsen - UTAH DIVISION OF SECURITIES, Agency Case No. 08-0074, upon a written affidavit states on information and belief that the defendant, ROBERT WADE TARRANT, committed the crime of:

COUNT 1

SECURITIES FRAUD, (941) 61-1-1 UCA, second degree felony, as follows: That on or about September 24, 2007 at 525 East 300 South, in Salt Lake County, State of Utah the defendant did, in connection with the offer, sale, or purchase of a security, directly or indirectly,

- (1)(a) employ a device, scheme, or artifice to defraud;
- (b) make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and
- (2)(a) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth \$10,000 or more; or
- (b)(i) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth less than \$10,000; and
- (ii) in connection with that violation, the violator knowingly accepted any money representing:
 - (A) equity in a person's primary residence;
 - (B) a withdrawal from any individual retirement account; or
 - (C) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 2

SECURITIES FRAUD, (941) 61-1-1 UCA, second degree felony, as follows: That on or about March 01, 2008 at 525 East 300 South, in Salt Lake County, State of Utah the defendant did, in connection with the offer, sale, or purchase of a security, directly or indirectly,

- (1)(a) employ a device, scheme, or artifice to defraud;
- (b) make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and
- (2)(a) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth \$10,000 or more; or
- (b)(i) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth less than \$10,000; and
- (ii) in connection with that violation, the violator knowingly accepted any money representing:
 - (A) equity in a person's primary residence;
 - (B) a withdrawal from any individual retirement account; or
 - (C) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 3

SECURITIES FRAUD, (941) 61-1-1 UCA, second degree felony, as follows: That on or about November 08, 2007 at 525 East 300 South, in Salt Lake County, State of Utah the defendant did, in connection with the offer, sale, or purchase of a security, directly or indirectly,

- (1)(a) employ a device, scheme, or artifice to defraud;
- (b) make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and
- (2)(a) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth \$10,000 or more; or
- (b)(i) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth less than \$10,000; and
- (ii) in connection with that violation, the violator knowingly accepted any money representing:
 - (A) equity in a person's primary residence;
 - (B) a withdrawal from any individual retirement account; or
 - (C) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 4

SECURITIES FRAUD, (941) 61-1-1 UCA, second degree felony, as follows: That on or about August 01, 2007 at 701 East 400 South, in Salt Lake County, State of Utah the defendant did, in connection with the offer, sale, or purchase of a security, directly or indirectly,

- (1)(a) employ a device, scheme, or artifice to defraud;
- (b) make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and
- (2)(a) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth \$10,000 or more; or
- (b)(i) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth less than \$10,000; and
- (ii) in connection with that violation, the violator knowingly accepted any money representing:
 - (A) equity in a person's primary residence;
 - (B) a withdrawal from any individual retirement account; or
 - (C) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 5

SECURITIES FRAUD, (941) 61-1-1 UCA, second degree felony, as follows: That on or about August 01, 2007 at 701 East 400 South, in Salt Lake County, State of Utah the defendant did, in connection with the offer, sale, or purchase of a security, directly or indirectly,

- (1)(a) employ a device, scheme, or artifice to defraud;
- (b) make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and
- (2)(a) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth \$10,000 or more; or
- (b)(i) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth less than \$10,000; and
- (ii) in connection with that violation, the violator knowingly accepted any money representing:
 - (A) equity in a person's primary residence;
 - (B) a withdrawal from any individual retirement account; or
 - (C) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 6

SECURITIES FRAUD, (941) 61-1-1 UCA, second degree felony, as follows: That on or about August 01, 2007 at 701 East 400 South, in Salt Lake County, State of Utah the defendant did, in connection with the offer, sale, or purchase of a security, directly or indirectly,

- (1)(a) employ a device, scheme, or artifice to defraud;
- (b) make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and
- (2)(a) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth \$10,000 or more; or
- (b)(i) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth less than \$10,000; and
- (ii) in connection with that violation, the violator knowingly accepted any money representing:
 - (A) equity in a person's primary residence;
 - (B) a withdrawal from any individual retirement account; or
 - (C) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 7

SECURITIES FRAUD, (941) 61-1-1 UCA, second degree felony, as follows: That on or about July 02, 2008 at 701 East 400 South, in Salt Lake County, State of Utah the defendant did, in connection with the offer, sale, or purchase of a security, directly or indirectly,

- (1)(a) employ a device, scheme, or artifice to defraud;
- (b) make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and
- (2)(a) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth \$10,000 or more; or
- (b)(i) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth less than \$10,000; and
- (ii) in connection with that violation, the violator knowingly accepted any money representing:
 - (A) equity in a person's primary residence;
 - (B) a withdrawal from any individual retirement account; or
 - (C) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 8

SECURITIES FRAUD, (941) 61-1-1 UCA, second degree felony, as follows: That on or about August 15, 2007 at 455 South 500 East, in Salt Lake County, State of Utah the defendant did, in connection with the offer, sale, or purchase of a security, directly or indirectly,

- (1)(a) employ a device, scheme, or artifice to defraud;
 - (b) make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
 - (c) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and
- (2)(a) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth \$10,000 or more; or
- (b)(i) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth less than \$10,000; and
 - (ii) in connection with that violation, the violator knowingly accepted any money representing:
 - (A) equity in a person's primary residence;
 - (B) a withdrawal from any individual retirement account; or
 - (C) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 9

THEFT BY DECEPTION, (329) 76-6-405 UCA, second degree felony, as follows: That on or about June 01, 2007 at 525 East 300 South, in Salt Lake County, State of Utah the defendant did obtain or exercise control over the property of another by deception, with the purpose to deprive the owner thereof, and the

- (i) value of the property or services was or exceeded \$5,000;
- (ii) property stolen was a firearm or an operable motor vehicle;
- (iii) defendant was armed with a dangerous weapon at the time of the theft; or
- (iv) property was stolen from the person of another.

COUNT 10

THEFT BY DECEPTION, (329) 76-6-405 UCA, second degree felony, as follows: That on or about November 08, 2007 at 525 East 300 South, in Salt Lake County, State of Utah the defendant did obtain or exercise control over the property of another by deception, with the purpose to deprive the owner thereof, and the

- (i) value of the property or services was or exceeded \$5,000;
- (ii) property stolen was a firearm or an operable motor vehicle;
- (iii) defendant was armed with a dangerous weapon at the time of the theft; or
- (iv) property was stolen from the person of another.

COUNT 11

THEFT BY DECEPTION, (329) 76-6-405 UCA, second degree felony, as follows: That on or about August 01, 2007 at 701 East 400 South, in Salt Lake County, State of Utah the defendant did obtain or exercise control over the property of another by deception, with the purpose to deprive the owner thereof, and the

- (i) value of the property or services was or exceeded \$5,000;
- (ii) property stolen was a firearm or an operable motor vehicle;
- (iii) defendant was armed with a dangerous weapon at the time of the theft; or
- (iv) property was stolen from the person of another.

COUNT 12

THEFT BY DECEPTION, (329) 76-6-405 UCA, second degree felony, as follows: That on or about July 02, 2008 at 701 East 400 South, in Salt Lake County, State of Utah the defendant did obtain or exercise control over the property of another by deception, with the purpose to deprive the owner thereof, and the

- (i) value of the property or services was or exceeded \$5,000;
- (ii) property stolen was a firearm or an operable motor vehicle;
- (iii) defendant was armed with a dangerous weapon at the time of the theft; or
- (iv) property was stolen from the person of another.

COUNT 13

THEFT BY DECEPTION, (329) 76-6-405 UCA, second degree felony, as follows: That on or about August 15, 2007 at 455 South 500 East, in Salt Lake County, State of Utah the defendant did obtain or exercise control over the property of another by deception, with the purpose to deprive the owner thereof, and the

- (i) value of the property or services was or exceeded \$5,000;
- (ii) property stolen was a firearm or an operable motor vehicle;
- (iii) defendant was armed with a dangerous weapon at the time of the theft; or
- (iv) property was stolen from the person of another.

COUNT 14

PATTERN OF UNLAWFUL ACTIVITY, (98) 76-10-1603 UCA, second degree felony, as follows: That on or about June 01, 2007 at 701 East 400 South, in Salt Lake County, State of Utah the defendant did, (a) having received any proceeds derived, whether directly or indirectly, from a pattern of unlawful activity in which the defendant had participated as a principal, use or invest, directly or indirectly, any part of that income, or the proceeds of the income, or the proceeds derived from the investment or use of those proceeds, in the acquisition of any interest in, or the establishment or operation of, any enterprise;

- (b) through a pattern of unlawful activity, acquire or maintain, directly or indirectly, any interest in or control of any enterprise;
- (c) having been employed by or associated with any enterprise, conduct or participate, whether directly or indirectly, in the conduct of that enterprise's affairs through a pattern of unlawful activity; or
- (d) conspire to violate any of the above provisions.

COUNT 15

SECURITIES FRAUD, (940) 61-1-1 UCA, third degree felony, as follows: That on or about June 01, 2007 at 525 East 300 South, in Salt Lake County, State of Utah the defendant did, in connection with the offer, sale, or purchase of a security, directly or indirectly,

- (1)(a) employ a device, scheme, or artifice to defraud;
 - (b) make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
 - (c) engage in an act, practice, or course of business which operated or would operate as a fraud or deceit upon any person; and
- (2) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth less than \$10,000.

THIS INFORMATION IS BASED ON EVIDENCE OBTAINED FROM THE FOLLOWING WITNESSES:

Jeff Nielsen, John Bowen, Gina Caltrider, John Egan, Michael Hines, Clarence Pollard

AFFIDAVIT OF PROBABLE CAUSE:

1. The statement of John Egan that sometime prior to June 19, 2007, he learned about an investment opportunity with the defendant ROBERT WADE TARRANT from a third party. On or about June 19, 2007, Egan called TARRANT. During the conversation, TARRANT said that his company Investment Strategy Consulting ("ISC"), needed funds for real estate projects, including higher end homes. TARRANT said the projects were doing well. TARRANT said he had been involved with real estate for a while, but TARRANT did not say how long or what kind of experience TARRANT had with real estate. TARRANT asked Egan for \$5,000 on a six month term for the real estate projects and TARRANT said Egan's funds would be pooled with other investor funds. TARRANT said he would provide Egan with a promissory note offering 2% per month interest in return for the funds. TARRANT said the interest would be paid from profits earned on the housing projects. TARRANT said he had collected money from investors

before and had paid his previous investors on time, but TARRANT did not say how much or from how many people he collected money. Also on or about July 19, 2007, TARRANT sent Egan an email stating the promissory note offered was not secured, but was "legal and binding." TARRANT wrote Egan could get his money back at the end of the six month term, or could reinvest with a new contract. TARRANT also provided an address in Salt Lake City, Utah, where Egan could send his investment check. Based on TARRANT's representations, Egan invested by mailing TARRANT a \$5,000 personal check to 525 South 300 East in SALT LAKE COUNTY, the address listed in TARRANT's initial email. TARRANT did not discuss using the funds for any other purpose than real estate deals, and Egan would not have authorized TARRANT to use the funds for any other purpose. In return for the funds, Egan received a promissory note and TARRANT's business card in the mail. After the initial investment, TARRANT gave Egan monthly oral updates on how well things were going, but TARRANT never provided any written updates or statements. Based on the positive oral updates, Egan invested an additional \$5,000 by mailing TARRANT two additional personal checks totaling \$5,000, payable to ISC, and dated September 19, 2007.

2. The statement of Detective Nielsen that TARRANT's bank records show Egan's initial \$5,000 investment was deposited into ISC's Zions Bank account on or about June 26, 2007, bringing the account balance to \$8,141.12. A first in first out analysis of the records show the \$5,000 was used in the following manner: \$2,665.61 transferred to TARRANT's personal Zions Bank account, a \$1,950 rent payment, a \$22 bank fee, \$12 for food, \$242.36 for software, \$2.53 paid to an unrelated individual, and \$105.50 in fuel expenses. Records show the funds transferred to TARRANT's personal bank account where used in the following manner: \$266.82 paid to Toyota, \$469.46 paid to various retail stores, \$188.46 paid for food and alcohol, \$194.89 paid to gas stations, \$118.56 in cash withdrawals, \$902.08 paid to Smith's and other grocery stores, \$536.97 paid for utilities, and \$522.76 paid for other miscellaneous expenses.
3. The statement of John Egan that between September and November 2007, TARRANT told Egan about a new opportunity to rebuild homes damaged by Hurricane Katrina. TARRANT said the rebuild would be a five to six year program, and would be better than what TARRANT had been doing because TARRANT would be working with the government. TARRANT said the Federal Emergency Management Agency (FEMA) would provide funding for the houses to be rebuilt, but TARRANT was raising additional investment funds to combine with the FEMA funds. TARRANT never told Egan why he needed the additional funds. TARRANT said he would subcontract the jobs to other people, and the homes were turning quickly. TARRANT said he would provide promissory notes secured by real estate in return for the invested funds, but TARRANT did not say who would be on title to the real estate. Egan said he never received any documents showing he was or would be on title to any properties. Based on TARRANT's representations of the FEMA deal, Egan invested an additional \$15,000

with TARRANT and ISC. This investment was divided into three \$5,000 portions, with the first portion invested in November 2007, the second in February 2008, and the last portion in March 2008. Egan said the investment was split into multiple portions because he did not have all of the money available at one time. In return for the investment funds, Egan received a \$25,000 promissory note representing all of the funds placed with TARRANT. The note states it was not secured by any assets.

4. On or about November 2007, Egan called TARRANT to ask how Egan's fiancée, Carolyn Buswell, could invest \$25,000 she had. TARRANT offered Buswell a promissory note in return for her funds. Buswell said she did not have direct contact with TARRANT, but invested her \$25,000 based upon the previous representations TARRANT made to Egan. Buswell could not recall on which project TARRANT was going to use her funds. Starting in or about June or July 2008, TARRANT began paying interest from his personal account. Egan said shortly thereafter, TARRANT moved to Alabama and continued to write interest payments from a personal account held at Wachovia Bank. In an August 2008 email to TARRANT, Egan requested his and Buswell's funds to be returned, which TARRANT agreed to do. Egan said TARRANT never repaid the principal. Egan, in an October 2008 letter to TARRANT, notified TARRANT of being in default on the notes. Egan again requested the investment principal be repaid, which TARRANT has not done to date, nor has TARRANT made an interest payment since about August 2008. Egan and Buswell received about \$9,500 in total from TARRANT in interest payments.
5. The statement of Detective Nielsen that TARRANT's bank records show that \$5,000 of Egan's funds, along with Buswell's \$25,000, were deposited into ISC's Zions Bank account on or about November 14, 2007, bringing the balance to \$44,115.77. The next two deposits into the same account were Egan's two subsequent \$5,000 investments: a \$5,000 deposit on or about February 27, 2008, bringing the account balance to \$7,755.17; and a \$5,000 deposit on or about March 14, 2008, bringing the account balance to \$5,654.61. According to a source and use analysis of the bank records, the \$40,000 of funds were used in the following manner: \$8,320.31 in interest payments to Gina and John Caltrider (investors discussed below), \$3,700 in payments to Egan and Buswell, \$800 in interest paid to another investor, \$1,200 in rent payments, \$116.63 in possible office expenses, \$24,403.95 in transfers to TARRANT's personal Zions Bank account, and the rest on other personal expenses. Most of the \$24,403.95 transferred to TARRANT's personal account was used for groceries, restaurants, state liquor store charges, entertainment, utility payments, cellular telephone payments, insurance payments, a \$1,000 payment made to Toyota, and payments to the Office of Recovery Services.

6. The statement of Gina Caltrider that she met TARRANT sometime between October and December 2006, when TARRANT became Gina's investment mentor. Gina said most of her conversations with TARRANT were by telephone. Gina said TARRANT lived in Utah and used telephones with an 801 area code. During Gina and TARRANT's conversations, TARRANT said he was a millionaire and lived in a \$5 million house. TARRANT said he handled over 500 clients and had been a financial advisor for years. TARRANT said he had a lot of rental properties and flipped homes to generate income, and TARRANT provided Gina with a manuscript he wrote called *How to Retire in Six Years or Less*. TARRANT offered to take Gina in as a client and have Gina's husband, John Caltrider, retired within nine months while earning six figures a year. Gina told TARRANT she and John did not have a lot of cash available to invest. TARRANT said Gina could get money from retirement accounts or home equity to invest. In or about July 2007, Gina obtained a \$130,000 home equity loan for investing. Gina said she did not invest initially because the opportunities TARRANT offered did not seem safe enough for Gina. TARRANT later offered Gina the opportunity to invest with ISC, which TARRANT said he only offered to his best clients. TARRANT said he needed funds for different "high end projects," including real estate and movie production deals, in which TARRANT said he had experience investing. TARRANT said he had some of his own funds in ISC. Gina told TARRANT she wanted to keep her funds somewhat liquid. TARRANT said he had short term projects on which to use the funds, and TARRANT offered to stagger the investment by issuing three different promissory notes for varying amounts which would be due every three months after the investment was made. TARRANT said Gina would have the option to extend each promissory note to a 12 month term, and the notes offered interest at a rate of 2% per month. Gina said TARRANT did not discuss any specific project on which he would use Gina's funds. Gina told TARRANT she did not want to invest if there was a lot of risk involved and was nervous to invest her home equity, because if the investment failed, Gina would not be able to afford her monthly home payments. Gina said she would rather put the money in the bank than lose it. TARRANT said Gina was "secured" because TARRANT and ISC were "personally backing" the funds. TARRANT guaranteed he would pay Gina the 2% monthly interest. TARRANT said there was no problem paying Gina the monthly payments by the first of the month. TARRANT said he always paid his bills/investors on time. Gina said she requested a list of references from TARRANT regarding the investment, but TARRANT declined because he did not want to disclose other investors' information. Based on TARRANT's representations, Gina invested with ISC by wiring the \$130,000 of home equity to ISC's Zions Bank account located at 701 East 400 South in SALT LAKE COUNTY, Utah, on or about August 1, 2007. In return for the \$130,000, TARRANT gave Gina three promissory notes: a \$30,000 note with a maturity date of November 1, 2007, a \$50,000 note with a maturity date of February 1, 2008, and a \$50,000 note with a maturity date of May 1, 2008. All three promissory notes offer 2% per month and are dated August 1, 2007. It appears all three notes were signed by TARRANT and were notarized in Utah on July 27, 2007. Gina said she received the pre-

signed promissory notes both by email and through the mail. Gina said she signed the promissory notes upon arrival, and sent signed copies back to TARRANT. Gina said TARRANT was only authorized to use the \$130,000 for the high end investment projects, and was not authorized to use the funds in any other manner. Gina received interest payments of \$2,600 per month between September 2007 and April 2008. Starting in or about February 2008, Gina contacted TARRANT to collect the funds from the first two promissory notes. TARRANT said he was not able to repay the funds because the funds were still tied up in projects. Gina said she confronted TARRANT about putting the funds into long term investments. Gina said TARRANT did not really respond to the statement, but said he would pay when the projects finished. In or about May 2008, TARRANT said he was unable to pay the principal and interest, but could pay \$1,000 per month. Gina said she agreed to accept \$1,000 per month, which TARRANT paid for June and July 2008. In or about August 2008, Gina requested all of her money back, but TARRANT had excuses for not repaying the funds. To date, TARRANT has paid Gina about \$22,800 in interest payments.

7. The statement of Detective Nielsen that TARRANT's bank records show the Caltrider's funds were deposited into ISC's Zions Bank account on or about August 1, 2007, bringing the balance to \$130,643.97. According to a source and use analysis of the bank records, the \$130,000 was used in the following manner: \$70,558.02 transferred to TARRANT's personal Zions Bank account, \$600 paid to Egan, \$7,800 paid back to the Caltriders, \$400 paid to another investor, \$5,850 in rent, \$26,125 wired to an individual named Gwen Sherman, \$159.14 paid to godaddy.com, \$3,468.17 paid to the Apple Store, and the rest on other miscellaneous payments. The \$70,558.02 transferred to TARRANT's personal account include the following uses: \$15,381.61 paid to the Office of Recovery Services for child support, about \$2,000 paid to the DMV, Cellular telephone payments, Toyota payments, \$1,278.36 paid to the Utah Higher Education Assistance Authority, airline tickets, groceries, entertainment, restaurants, clothing, cash withdrawals, Honda Suzuki payments, and other miscellaneous payments.
8. The statement of John Bowen that he met TARRANT when TARRANT became Bowen's investment coach between about September and December 2006. Between June and July 2008, TARRANT contacted Bowen by email and telephone to offer an investment regarding some real estate deals on which TARRANT was working in the Gulf Coast area of the United States. Bowen said TARRANT used an 801 area code telephone number and said he was in Utah, but was in the process of moving to the Gulf Coast area. During the conversations and email exchanges, TARRANT told Bowen he was looking to purchase some distressed and/or REO properties in the Gulf Coast, specifically in the states of Mississippi, Alabama, Florida, and Louisiana. TARRANT said the properties required cosmetic work to be sold. TARRANT said he would purchase the properties at a discount and use a small amount of money to rehab the properties. TARRANT said he would then market the homes a little below market value

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to sell the houses quickly, yet still make a profit on the sale. TARRANT said his target time frame between the purchase and sale of a home was between 90 and 120 days. TARRANT said the project would be managed by him through ISC. TARRANT said the primary contractor he would be working with, Michael Robbins, was somebody TARRANT knew from Utah, and who was moving to the Gulf Coast as well. TARRANT said Robbins would take care of the physical work on the homes, TARRANT would find the houses and manage the costs, and Bowen would provide capital for each real estate project. TARRANT said each project would require about \$40,000 for acquisition and repair costs. TARRANT said Bowen could get his principal and interest returned when each project closed, or Bowen could roll over all of the funds into a subsequent project. TARRANT said he was aiming to make between 50% and 100% in profit on each project, and the profits would be divided 50/50 between TARRANT and Bowen. TARRANT said Bowen's "aggressiveness" would determine the extent of the return. Bowen said he did not recall any discussions regarding risks associated with the projects, but TARRANT said the deals were a "no-brainer" because the homes were available for "dirt cheap." Bowen said TARRANT also mentioned Bowen holding the title to the properties on which Bowen's funds were used. Bowen said he asked TARRANT if TARRANT had ever been sued, had judgments against him, or had filed bankruptcy. TARRANT said no, when in fact, TARRANT had a \$397.30 judgment entered against him in November 2005, and a \$14,468.17 child support lien which TARRANT had paid off in August 2007 using other investors funds. TARRANT said others had invested in the Gulf Coast project joint ventures, but TARRANT did not disclose how many people had invested for that purpose. TARRANT told Bowen he did not have a track record of paying investors on the Gulf Coast project since the work was just starting. TARRANT provided Bowen with a two page document entitled *The Gulf Coast Real Estate Project*. The overview includes information on why the project was planned for the Gulf Coast states. The overview states "the [investor's] funds will be used to acquire the projects renovate the projects and provide for expenses related to the project." The overview states "a conservative investor should make an average of 30% a year," and "an aggressive investor can make up to 200% in a one-year period of time." The overview states it is "not legal to promise or guarantee returns on a project, therefore neither ISC or any of its subsidiaries is guaranteeing [the returns]." In an email dated July 2, 2008, TARRANT provided Bowen with wiring instructions to TARRANT's Zions Bank account in Salt Lake City, Utah, and a document entitled *Joint Venture Agreement For Gulf Coast Project*, which appears to have been signed by TARRANT. TARRANT asked Bowen to wire the funds to his Zions bank account located at 701 East 400 South, SALT LAKE COUNTY, since TARRANT was looking for, but unsuccessful in finding, a bank with locations in both Utah and Mobile. Based on TARRANT's representations, Bowen wired \$40,000 to TARRANT's personal Zions Bank account on or about July 7, 2008. Bowen said because TARRANT only discussed using investment funds on Gulf Coast real estate projects, Bowen would not have authorized TARRANT to use the funds for any other purpose. After making the investment, Bowen signed the *JVA* and mailed

it to TARRANT's address in Utah. Bowen said the mailing was later returned undelivered, so Bowen contacted TARRANT, and TARRANT provided an Alabama address where Bowen sent the document. Between about July 15, 2008, and October 21, 2008, TARRANT sent email updates to Bowen. In the emails, TARRANT wrote about offers he had made on some homes. In about late September 2008, TARRANT wrote he had acquired a home with Bowen's funds, but required additional funding since the home was more expensive than estimated. Bowen declined to give TARRANT additional funds, and Bowen never received proof TARRANT used the investment funds to purchase a property. TARRANT last had contact with Bowen in or about late October 2008. Bowen said TARRANT has not returned any funds to Bowen to date.

9. The statement of Detective Nielsen that TARRANT's bank records show Bowen's \$40,000 was deposited into TARRANT's personal Zions Bank account on or about July 7, 2008, bringing the balance to \$40,264.90. According to a source and use analysis of the bank records, the \$40,000 was used in the following manner: about \$15,000 paid to Michael Robbins, about \$600 in cash withdrawals, \$2,313.16 in travel expenses, \$15,000 paid to TARRANT which was deposited into a Wachovia Bank account, \$728.34 paid to Toyota, \$150.91 paid to Progressive Insurance, \$1,050 paid to Egan and Buswell, about \$233.38 paid to the Caltriders, \$243.15 in cellular telephone payments, \$575.99 in grocery payments, \$165 paid to Family First Counseling, \$255.36 in utility payments, \$265.92 paid to gas stations, \$864.94 paid to retail stores, and other miscellaneous payments.
10. The statement of Clarence Pollard that he is a disabled greeter at Albertson's and that he knew TARRANT because he was a regular customer at the store. Pollard states that on or about August 15, 2007 TARRANT came into the store located at 455 South 500 East in SALT LAKE COUNTY and asked Pollard to loan him \$10,000 for his business ISC and promised to pay Pollard \$200 per month from September 2007 to November 2008, at which point TARRANT would pay back the entire loan. TARRANT provided Pollard a promissory note outlining this arrangement on August 15, 2007. TARRANT did not discuss any details of the loan or disclose any risk to Pollard. Pollard gave TARRANT a cashier's check in the amount of \$10,000 on the same date. Pollard states that TARRANT paid him the \$200 interest payments from September 2007 until April 2008, and then he never saw TARRANT again. Pollard mailed TARRANT a request for payment in full on the promissory note in September 2008 but the letter was returned "undeliverable" To date, no further monies have been returned to Pollard.

11. Prior to the investments, TARRANT failed to provide Egan, Buswell, Bowen, or Pollard (“the investors”) with any disclosure documents. Prior to any investments, TARRANT did not provide the investors with the information ordinarily provided in a prospectus, including but not limited to: financial statements, descriptions of the backgrounds of the company officers and directors, a list of the risk factors relating to the investment, and a discussion of the company’s business operations. TARRANT did not disclose other material facts to the investors, including but not limited to: how much or from how many people TARRANT collected money, the fact that TARRANT had used some previous investor funds for personal expenses, the nature of competition for ISC’s investment projects, suitability factors for the investments, any conflicts of interest involved with the investments, the fact that TARRANT had paid previous investors reduced interest payments because he claimed could not afford to make the full payments as offered, whether the investment contracts/promissory notes offered were registered or exempt from registration, and the fact that TARRANT was not licensed to sell securities. Further, TARRANT did not disclose that he had a \$397.30 civil suit judgment entered against him in November 2005, and a child support lien in the amount of \$14,013.95 as of July 2007.

12. The statement of TARRANT to Detective Nielsen that he was the only principal for ISC and that while he had a client base of over 500 clients, it was not for investment purposes but rather as a consultant. TARRANT stated that received loans from three different parties, including the Cartriders, and that they provided the monies for “business expenses.” TARRANT stated that he knew that the money from the Cartrider’s was from a home equity loan on their primary residence and that he, in fact, suggested using their home equity to invest. TARRANT stated that he used the monies that he received from the investors for “general funds”, including a salary he paid to himself of \$6000 per month. TARRANT stated that he did not discuss possible risks because he did not know it was required. TARRANT admitted that he had never raised money before these dealings and that he had no idea what he was doing at the time. Further, TARRANT admitted that he had not been a consultant for 15 years and that he never owned a \$5 million dollar home nor had he ever owned investment properties.

13. NOTICE IS HEREBY GIVEN that the defendant knowingly accepted over \$10,000 representing equity in a person's primary residence and is therefore subject to enhanced penalties pursuant to Utah Code Annotated § 61-1-21(2)(c)(i-ii).

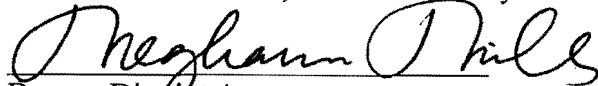
Pursuant to Utah Code Annotated § 46-5-101 (2007) I declare under criminal penalty of the State of Utah that the foregoing is true and correct to the best of my belief and knowledge.

Executed on: _____

Jeff Nielsen
Affiant

Authorized for presentment and filing

LOHRA L. MILLER, District Attorney



Deputy District Attorney
10th day of December, 2010
/ JLP / DAO # 10036978

