Division of Securities
Utah Department of Commerce
160 East 300 South, Second Floor
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
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BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:	AFFIDAVIT OF SERVICE AND NON-RESPONSE AS TO **AGRA-TECHNOLOGIES, INC.**, and **WILLIAM JAY PIERSON**
AGRA-TECHNOLOGIES, INC., **WILLIAM JAY PIERSON,** JERRY JOHNSTON HODGES Respondents.	**Docket No. SD-07-0077** **Docket No. SD-07-0078** Docket No. SD-07-0079

I, Pam Radzinski, first being duly sworn, depose and state as follows:

1. I am the Executive Secretary for the Department of Commerce Division of Securities (the Division).

2. As executive secretary for the Division, I am responsible for supervising the mailing of the Division's Orders to Show Cause, Notice of Agency Action, and for receiving any responses filed by Respondents. The Notice designated the adjudicative proceeding as formal.

3. On October 18, 2007, the Division mailed, by certified mail, an Order to Show Cause

dated that same day to Agra-Technologies, Inc. (Agra-Technologies), William Jay Pierson (Pierson), and Jerry Johnston Hodges (Hodges), along with a Notice of Agency Action (Notice), advising them that a default order would be entered if they failed to file a written response to the Order to Show Cause within thirty (30) days of the mailing date of the Notice or appear at a hearing set for Monday November 19, 2007.

4. On October 26, 2007, the Order to Show Cause and Notice served on Agra-Technologies was signed for as received. The return receipt was delivered to the Division on October 30, 2007.

5. On October ~~30~~ 26, 2007, the return receipt portion of the certified mailings sent to Pierson was received by the Division. The return receipt was purportedly signed for as received on June 23, 2007. Because the purported date of receipt was four months before the date of mailing, the date of receipt appears to be in error.

6. As of the date of this Affidavit, the Division has not received the required response from Agra-Technologies, LLC or Pierson.

DATED this 10TH day of ~~NOVEMBER~~ 2008.

Pam Radzinski

PAM RADZINSKI
Executive Secretary

SALT LAKE COUNTY)
) ss
STATE OF UTAH)

Subscribed and sworn to before me this 10th day of November 2008.

NOTARY PUBLIC
SUSAN M. JONES
160 East 300 South 2nd Floor
Salt Lake City, Utah 84111
COMMISSION EXPIRES
March 12, 2010
STATE OF UTAH

Susan M Jones

Notary Public

Division of Securities
Utah Department of Commerce
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Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801) 530-6980

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:	NOTICE OF ENTRY OF DEFAULT AND ORDER AS TO **AGRA-TECHNOLOGIES, INC.**, and **WILLIAM JAY PIERSON**
AGRA-TECHNOLOGIES, INC., **WILLIAM JAY PIERSON,** JERRY JOHNSTON HODGES, Respondents.	**Docket No. SD-07-0077** **Docket No. SD-07-0078** Docket No. SD-07-0079

I. BACKGROUND

A formal adjudicative proceeding was initiated by the Division's and Order to Show Cause (OSC) and Notice of Agency Action (Notice) dated October 18, 2007, against Agra-Technologies, Inc., William Jay Pierson, and Jerry Johnston Hodges (Respondents). A hearing was convened on both November 19, 2007 and January 15, 2008. At the January 15, 2008 hearing, the Presiding Officer held Jerry Johnston Hodges in default, and a Notice of Entry of Default and Order was entered against Hodges on February 13, 2008.

I. FINDINGS OF FACT

1. On October 18, 2007, the Division mailed, by certified mail, an Order to Show Cause dated that same day to Agra-Technologies, Inc. (Agra-Technologies), William Jay Pierson (Pierson), and Jerry Johnston Hodges (Hodges), along with a Notice of Agency Action (Notice), advising them that a default order would be entered if they failed to file a written response to the Order to Show Cause within thirty (30) days of the mailing date of the Notice or appear at a hearing set for Monday November 19, 2007.

2. On October 26, 2007, the Order to Show Cause and Notice served on Agra-Technologies was signed for as received. The return receipt was delivered to the Division on October 30, 2007.

3. On October 30, 2007, the return receipt portion of the certified mailings sent to Pierson was received by the Division. The return receipt was purportedly signed for as received on June 23, 2007. Because the purported date of receipt was four months before the date of mailing, the date of receipt appears to be in error.

4. Sometime after receipt, Carrie Francis, an attorney with the law firm of Quarles & Brady in Phoenix, AZ, contacted counsel for the Division asked for a continuance of the hearing to work out a settlement. The attorney said she represented Agra-Technologies and Pierson,

and that there was a related action in Arizona. She did not file a response or a notice of appearance. The hearing was continued as to them.[1]

5. Despite efforts to work out a settlement between the parties over the next year, no settlement was reached.

6. On October 7, 2008, the attorney said she no longer represented Agra-Technologies and Pierson.

7. No attorneys have made an appearance on behalf of Agra-Technologies or Pierson, no one has contacted the Division or counsel for the Division on behalf of Respondents, and no request for any further extension has been made.

8. As of the date of this Notice of Entry of Default, the Division has not received the required response from Agra-Technologies, LLC or Pierson.

9. Agra-Technologies Inc. (Agra-Tech) registered as a Nevada corporation in 1998, and registered to do business as a foreign corporation in Arizona on May 21, 1999. Agra-Tech is not registered as a foreign corporation in Utah. Agra-Tech's principal place of business is in Flagstaff, Arizona. William Jay Pierson is the president, chief executive officer, and director of Agra-Tech.

10. William Jay Pierson (Pierson) resides in Coconino County, Arizona.

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[1]Due to problems with service on Hodges, the hearing was also continued as to him. On February 13, 2008, default judgment was entered against him.

11. Jerry Johnston Hodges (Hodges) resides in Washington County, Utah. At all times relevant to the matters asserted herein, Hodges was an agent of Agra-Tech, pursuant to an August 8, 2005 contract between Hodges and Agra-Tech (Agent Contract).

12. Between August 2005 and March 2006, Respondents solicited investments totaling $60,000 from two Utah residents. The investors were offered and sold units of Agra-Tech's "mineral aggregate" through an Ore Rights & Mining Agreement. One unit sold for $10,000, and equaled 50 tons of mineral aggregate.

13. In return for a purchase of mineral aggregate through the Ore Rights & Mining Agreement, an investor would receive "100% of the first $50,000 of precious metal recovered . . . , 20% of the next $100,000, and 10% o[f] the remainder of the profits from [Agra-Tech's] processing of its ore," within two years. This would at least equal an average return of 350% per year.

14. Pursuant to Agra-Tech's Agent Contract with Hodges, Hodges would "Contact high net worth individuals for their potential participation in the Agra Technologies, Inc. Platinum Recovery Project . . . " and "Perform the necessary duties associated with an investor's participation . . ." A Commission Agreement attached to the Agent Contract states that agents would earn a commission of 25% upon the sale of one $10,000 unit.

15. Investors had no managerial role in Agra-Tech's mining operation, and simply provided investment funds.

16. The two Utah investors received nothing from their investment in Agra-Tech's mining operation.

Investor DK

17. In late 2006, DK met with Hodges in Washington County, Utah, to discuss an investment in Agra-Tech.

18. Hodges told DK the following about the investment opportunity in Agra-Tech:

    a. Agra-Tech was a start up company that extracted minerals from volcanic rick;

    b. The investment was a "for sure thing" and Agra-Tech had a "very high probability of success;"

    c. DK would at least double her investment in six months to one year.

19. Hodges did not tell DK, among other things, that in return for soliciting DK's investment, Agra-Tech would pay Hodges a commission of 25% of the amount DK invested, and that Hodges was not licensed to sell securities.

20. On or about December 1, 2005, DK gave Hodges a personal check for $30,000 made payable to Alpine Trading.[2]

21. On December 1, 2005, Hodges wrote a $30,000 check, from Alpine Trading's bank account, made payable to Agra-Tech. In the memo line of the check Hodges wrote "[DK] (3 units)."

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[2] Alpine Trading LLC was registered as an Arizona limited liability company on January 5, 2004, but is not registered as a foreign entity in Utah. Alpine Trading opened a bank account at a Bank One in Arizona on April 5, 2004, with Hodges listed as one of two signatories.

22. On or about December 2, 2005, DK received a letter in the mail from Pierson. In the letter, Pierson acknowledged DK's "participation in Phase II Extended of the Ore Rights & Mining Project with Agra-Technologies." Enclosed with the letter was an Ore Rights and Mining Agreement dated December 1, 2005. The Agreement appears to have been signed by Pierson on behalf of Agra-Tech.

23. On December 1, 2005, Agra-Tech issued check #2946 to Alpine Trading in the amount of $7,500, with "[DK] 12/01" in the memo line, for what appears to be a commission payment.

24. On or about December 14, 2005, DK invested an additional $20,000 in Agra-Tech, via personal check made payable Alpine Trading. On December 14, 2005, Hodges wrote a $20,000 check from Alpine Trading, made payable to Agra-Tech, with "2-Unit [DK]" written in the memo line.

25. On December 16, 2005, Agra-Tech issued check #3078 to Alpine Trading in the amount of $5,000, with "[DK] 12/" in the memo line, for what appears to be another commission payment.

26. On or about December 16, 2005, DK received a letter in the mail from Pierson, on Agra-Tech letterhead, acknowledging her "participation in Phase II Extended of the Ore Rights & Mining Project with Agra-Technologies." Enclosed with the letter was another Ore Rights & Mining Agreement dated December 14, 2005, which appears to have been signed by Pierson on behalf of Agra-Tech.

27. DK used some money from her 401K to invest in Agra-Tech, and Hodges was aware of this fact.

28. When DK saw no payments from Agra-Tech, she contacted Hodges. Hodges told DK that the project was delayed and Agra-Tech needed to have their mining process certified by some unnamed Arizona commission.

29. To date DK has received nothing from her investment in Agra-Tech, and Agra-Tech, Hodges, and Pierson still owe her $50,000.

Investor ZN

30. From sometime in December 2005 through mid-February 2006, ZN had several telephone conversations with Hodges regarding an investment in Agra-Tech. During these telephone conversations, ZN was in Washington County, Utah, and Hodges was in Arizona or Colorado.

31. ZN also received information from Hodges regarding the investment in Agra-Tech in person at ZN's place of employment in Washington County, Utah, and via e-mail correspondence.

32. Hodges told ZN the following regarding the investment in Agra-Tech:

    a. ZN could double her money in a short period of time, possibly a year or two, and triple or septuple her money after she reinvested;

    b. ZN would be "getting in on the ground floor;"

c. The only way ZN would lose her money was if the mine was bombed or somehow destroyed;

d. The minimum investment was $10,000 for one unit;

e. When ZN invested, the mined ore would belong to her.

33. Hodges did not tell ZN, among other things, that in return for soliciting ZN's investment, Agra-Tech would pay Hodges a commission of 25% of the amount ZN invested, and that Hodges was not licensed to sell securities.

34. On or about February 16, 2006, ZN invested $10,000 in Agra-Tech, via wire transfer to Alpine Trading's bank account.

35. On February 23, 2006, Hodges issued a $10,000 check from Alpine Trading's bank account, made payable to Agra-Tech, with "1-Ore Unit" written in the memo line.

36. On February 24, 2006, Agra-Tech issued check #3432 for $2,500 made payable to Alpine Trading, with the notation "Nichols-2/24" in the memo line, for what appears to be a commission payment.

37. On March 1, 2006, ZN received a letter in the mail from Pierson on Agra-Tech letterhead, acknowledging ZN's "participation in Phase IV of the Ore Rights & Mining Project with Agr-Technologies." Enclosed with the letter was a copy of ZN's Ore Rights & Mining Agreement, dated February 23, 2006. The agreement appears to have been signed by Pierson on behalf of Agra-Tech.

38. Despite several requests for the return of her investment, ZN has received nothing, and Agra-Tech and Pierson still owe her $10,000.

II. CONCLUSIONS OF LAW

39. The Division has jurisdiction over the subject matter of this action.

40. Service of the Order to Show Cause and Notice initiating these proceedings is valid upon Agra-Technologies and Pierson.

41. Agra-Technologies and Pierson are in default for failure to file a written response or otherwise appear and defend.

42. The Ore Rights & Mining Agreements offered and sold by Agra-Tech and Pierson to the investors is an investment contract, and therefore a security, under § 61-1-13 of the Act. An investment contract includes "any investment in a common enterprise with the expectation of profit to be derived through the essential managerial efforts of someone other than the investor." UTAH ADMIN. CODE R164-13-1(B)(1).

Securities Fraud

43. In connection with the offer and sale of a security to investors, Agra-Tech and Pierson, directly or indirectly, made false statements, including, but not limited to, the following:

    a. Hodges told DK that the investment was a "for sure thing" and Agra-Tech had a "very high probability of success," when, in fact, DK had no reasonable basis on which to make this representation;

    b. That DK would at least double her money in six months to one year;

c. That ZN could double her money in a short period of time, possibly one year or two, and triple to septuple her money after she reinvested;

d. That the only way ZN would lose her money was if the mine was bombed or somehow destroyed;

e. Hodges told ZN the minimum investment was $10,000; and

f. Hodges told ZN that the mined ore would belong to her once she invested.

44. In connection with the offer and sale of a security to investors, Agra-Tech and Pierson, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:

a. Hodges would receive a commission of 25% of the amount invested;

b. The Ore Rights & Mining Agreements were securities that were not registered with the Utah Division of Securities;

c. Hodges was not licensed to sell securities; and

d. Some or all of the information typically provided in an offering circular or prospectus regarding Agra-Technologies. Inc.. such as:

i. The business and operating history for Agra-Tech;

ii. Identities of the principals for Agra-Tech, along with their experience in mining;

iii. Financial statements for Agra-Tech;

iv. The market for Agra-Tech's service(s);

v. The nature of the competition for the service(s);

vi. The current capitalization for Agra-Tech;

vii. A description of how the investment would be used by Agra-Tech;

viii. The track record of Agra-Tech to investors;

ix. Risk factors for investors;

x. The number of other investors;

xi. The minimum capitalization needed to participate in the investment;

xii. The disposition of any investments received if the minimum capitalization were not achieved;

xiii. The liquidity of the investment;

xiv. Discussion of pertinent suitability factors for the investment;

xv. The proposed use of the investment proceeds;

xvi. Any conflicts of interest the issuer, the principals, or the agents may have with regard to the investment;

xvii. Agent commissions or compensation for selling the investment;

xviii. Whether the investment is a registered security or exempt from registration; and

xix. Whether the person selling the investment is licensed.

45. Based upon the foregoing, Agra-Tech and Pierson violated § 61-1-1 of the Act.

Employing Unlicensed Agent

46. Agra-Tech and Pierson employed or engaged unlicensed agent, Hodges, to offer and sell its securities in Utah.

47. Based on the above information, Agra-Tech and Pierson violated § 61-1-3(2) of the Act.

IV. ORDER

Based on the above, the Director hereby:

1. DECLARES Respondents Agra-Technologies, LLC and William Jay Pierson in default for failure to file the required response to the Order to Show Cause of October 18, 2007.

2. ENTERS, as its own findings, the Findings of Fact described in Section II above.

3. ENTERS, as it own conclusions, the Conclusions of Law in Section III above.

4. FINDS that Agra-Technologies and William Jay Pierson violated the Utah Uniform Securities Act by:

   a. Making material misrepresentations in connection with the offer or sale of securities in the State of Utah in violation of Utah Code Ann. § 61-1-1(2);

   b. Omitting to disclose material information in connection with the offer and sale of securities in the State of Utah in violation of Utah Code Ann. § 61-1-1(2).

   c. Offering and selling securities that were not registered under the Act in violation of Utah Code Ann.§ 61-1-7;

   d. Offering and selling securities in this state without a license in violation of Utah Code Ann.§ 61-1-3.

5. ORDERS Agra-Technologies and William Jay Pierson to permanently CEASE and DESIST from any violations of the Act.

6. ORDERS Agra-Technologies to pay a fine of seventy five thousand dollars ($75,000) within thirty (30) days of the date of this Order.

7. ORDERS William Jay Pierson to pay a fine of seventy five thousand dollars ($75,000) within thirty (30) days of the date of this Order.

DATED this 12th day of November, 2008.

KEITH WOODWELL
Director, Division of Securities

Pursuant to § 63G-4-209, Respondent may seek to set aside the Default Order entered in this proceeding by filing such a request with the Division consistent with the procedures outlined in the Utah Rules of Civil Procedure.

CERTIFICATE OF MAILING

I hereby certify that on the 2nd day of December 2008, I mailed, by certified mail, a true and correct copy of the forgoing **Affidavit of Service and Non-Response and Notice of Entry of Default and Order** to:

AGRA Technologies Inc
5800 N Dodge Avenue Bldg A
Flagstaff AZ 86004

Certified Mail: 7004 1160 0003 0196 3595

William Jay Pierson
6710 Lynx Lane
Flagstaff AZ 86004-1404

Certified Mail: 7004 1160 0003 0196 3601

Pam Radzinski
Executive Secretary