Division of Securities
Utah Department of Commerce
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Salt Lake City, UT 84114-6760
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BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:	**ORDER TO SHOW CAUSE**
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

It appears to the Director of the Utah Division of Securities (Director) that Agra-Technologies, Inc., William Jay Pierson, and Jerry Johnston Hodges (the Respondents) may have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the Utah Division of Securities' (Division) investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

STATEMENT OF JURISDICTION

1. Jurisdiction over the Respondents and the subject matter is appropriate because the

Division alleges that Respondents violated §§ 61-1-1 (securities fraud) and 61-1-3 (sale by unlicensed agent/employing an unlicensed agent) of the Act while engaged in the offer and sale of securities in Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. 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.

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

4. 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).

GENERAL ALLEGATIONS

5. 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.

6. 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.

7. 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.

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

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

Investor DK

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

11. 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 rock;

    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.

12. 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.

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

14. 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)."

15. 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.

16. 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.

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[1] 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.

17. 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.

18. 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.

19. 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.

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

21. 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.

22. 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

23. 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.

24. 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.

25. 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.

26. 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.

27. On or about February 16, 2006, ZN invested $10,000 in Agra-Tech, via wire transfer to

Alpine Trading's bank account.

28. 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.

29. 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.

30. 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.

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

CAUSES OF ACTION

COUNT I
Securities Fraud under § 61-1-1(2) of the Act
(Agra-Technologies, Inc., William Jay Pierson, Jerry Johnston Hodges)

32. The Division incorporates and re-alleges paragraphs 1 through 31.

33. The Ore Rights & Mining Agreements offered and sold by Agra-Tech, Pierson, and Hodges 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).

34. In connection with the offer and sale of a security to investors, Agra-Tech, Pierson, and Hodges, director 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.

35. In connection with the offer and sale of a security to investors, Agra-Tech, Pierson, and Hodges, director 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.

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

COUNT II
Sale by an Unlicensed Agent under § 61-1-3(1) of the Act
(Jerry Johnston Hodges)

37. The Division incorporates and re-alleges paragraphs 1 through 31.

38. Hodges offered or sold securities in Utah.

39. When offering and selling these securities on behalf of Agra-Tech, Hodges was acting as an agent of an issuer.

40. Hodges has never been licensed to sell securities in Utah as an agent of this issuer, or any other issuer.

41. Based on the above information, Hodges violated § 61-1-3(1) of the Act.

COUNT III
Employing an Unlicensed Agent under § 61-1-3(2) of the Act
(Agra-Technologies, Inc. and William Jay Pierson)

42. The Division incorporates and re-alleges paragraphs 1 through 31.

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

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

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders the Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on Monday, November 19th, 2007, at 1:00 p.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah. The purpose of the hearing is to establish a scheduling order and address any preliminary matters. If the Respondents fail to file an answer and appear at the hearing, the Division of Securities may hold Respondents in default, and a fine may be imposed in accordance with Utah Code Ann. § 63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, the Respondents may show cause, if any they have:

a. Why Agra-Technologies, Inc., Jerry Johnston Hodges, and William Jay Pierson should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;

b. Why Agra-Technologies, Inc., Jerry Johnston Hodges, and William Jay Pierson should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act;

c. Why Agra-Technologies, Inc. should not be ordered to pay a fine of seventy five thousand dollars ($75,000) to the Division of Securities;

d. Why Jerry Johnston Hodges should not be ordered to pay a fine of seventy five thousand dollars ($75,000) to the Division of Securities;

e. Why William Jay Pierson should not be ordered to pay a fine of seventy five thousand dollars ($75,000) to the Division of Securities.

DATED this 18TH day of October, 2007.

WAYNE KLEIN
Director, Utah Division of Securities

Approved:

JEFF BUCKNER
Assistant Attorney General

D. P.

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Utah Department of Commerce
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BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:	**NOTICE OF AGENCY ACTION**
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

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

Within thirty (30) days of the mailing date of this notice, you are required to file an Answer with the Division. The Answer must include the information required by Utah Code §

63-46b-6 (1). In addition, you are required by § 63-46b-6 (3) to state: a) by paragraph, whether you admit or deny each allegation contained in the Order to Show Cause, including a detailed explanation for any response other than an unqualified admission; b) any additional facts or documents which you assert are relevant in light of the allegations made; and c) any affirmative defenses (including exemptions or exceptions contained within the Utah Uniform Securities Act) which you assert are applicable. To the extent that factual allegations or allegations of violations contained in the Order to Show Cause are not disputed in your Answer, they will be deemed admitted.

Your Answer, and any future pleadings or filings that should be part of the official files in this matter, should be sent to the following:

Signed originals to:	A copy to:
Administrative Court Clerk c/o Pam Radzinski Division of Securities 160 E. 300 S., Second Floor Box 146760 Salt Lake City, UT 84114-6760 (801) 530-6600	Jeff Buckner Assistant Attorney General 160 E. 300 S., Fifth Floor Box 140872 Salt Lake City, UT 84114-0872 (801) 366-0310

A hearing date has been set for Monday, November 19th, 2007, at 1:00 p.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah.

If you fail to file an Answer, as set forth herein, or fail to appear at the hearing, the Division of Securities may hold you in default, and a fine and other sanctions may be imposed against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing you with any further notice. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may be represented by counsel during these proceedings.

The presiding officer in this case is Wayne Klein, Director, Division of Securities. Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to the Division's attorney, Jeff Buckner, at (801) 366-0310.

DATED this 18th day of October, 2007.

WAYNE KLEIN
Director, Division of Securities
Utah Department of Commerce

Certificate of Mailing

I certify that on the 18TH day of October, 2007, I mailed, by certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Agra-Technologies Inc.
5800 North Dodge Ave., Bldg. A
Flagstaff, AZ 86004

Certified Mail # 7005 1820 0003 7190 6366

William Jay Pierson
6710 Lynx Lane
Flagstaff, AZ 86004-1404

Certified Mail # 7005 1820 0003 7190 6373

Jerry Johnston Hodges
1858 Gunlock Ct.
St. George, UT 84790

Certified Mail # 7005 1820 0003 7190 6380

Pamela Radzinski
Executive Secretary