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IN THE SECOND JUDICIAL DISTRICT COURT IN AND FOR
DAVIS COUNTY, STATE OF UTAH

THE STATE OF UTAH, :
 :
 Plaintiff, : **AFFIDAVIT OF PROBABLE CAUSE**
 :
 vs. :
 :
 KEVIN LARRY WARNER : Case No: 071701611 FS
 DOB: October 23, 1962 :
 : Judge: Allphin
 Defendant. :

STATE OF UTAH)
 :ss
 COUNTY OF DAVIS)

I, JEFFERY NIELSEN, being first duly sworn upon oath, depose and state as follows:

1. I am currently employed as a full time investigator with the Utah Division of Securities following my completion of an internship with the Division during the Spring/Summer of 2006, and a contract position with the Division from May 2006 through July 2007. I have worked as the primary investigator on several cases; and, during my internship I

assisted other Investigators for the Division of Securities on other cases. I am currently a full-time student at the University of Utah and I will graduate with a degree in Sociology with a minor in Middle Eastern studies in Spring 2007. I am currently investigating possible violations of securities fraud statutes and related criminal code violations by KEVIN L. WARNER.

2. The facts set forth in this affidavit are based upon the results of an investigation during which I have collected and reviewed records from witnesses and other sources. I have received information from Anthony Smith, J. Roger Johnsen, John Allen Long, Wendy Long, John Arlain Long, Lois Long, Dale Beebe, Marty Fehringer, Randy Johnson, Dennis Butcher, Bartley Richardson, Rex Higley, Jay Dee Horne, Brian Rogers, Evelyn Cox, and others.

PARTIES

3. KEVIN L. WARNER, at all pertinent times, resided in Utah, and his last know address is 4322 W. 800 N., West Point, UT 84105.
4. Wheatland Brokerage, LLC was registered with the Utah Division of Corporations and Commercial Code on January 6, 2000. KEVIN L. WARNER is listed as manager and registered agent. Wheatland Brokerage, LLC's status is "expired" as of May 6, 2004.
5. Kevin L. Warner, LLC was registered with the Utah Division of Corporations and Commercial Code on November 5, 2001. Kent E. Perry is listed as Manager, and Robert

D. Payne is listed as Registered Agent. Kevin L. Warner, LLC's status is "expired" as of March 24, 2004.

6. SCI Partners, LLC was registered with the Utah Division of Corporations and Commercial Code on December 6, 2002. KEVIN L. WARNER is listed as Manager and Member. SCI Partners' status is "expired" as of April 14, 2005.
7. Strategic Traders, LLC was registered with the Utah Division of Corporations and Commercial Code on December 6, 2002. KEVIN L. WARNER is listed as Manager, Member, and Registered Agent. Strategic Traders' status is "expired" as of April 5, 2007.
8. Pro Traders Club, LLC was registered with the Utah Division of Corporations and Commercial Code on June 2, 2004. Anthony Smith and David Larsen are listed as Members, and Nick Smith is listed as Registered Agent. Pro Traders Club's status is "expired" as of September 15, 2005.
9. Go 2 Investments, LLC was registered with the Utah Division of Corporations and Commercial Code on February 14, 2005. KEVIN L. WARNER is listed as Member. Go 2 Investments' status is "expired" as of May 24, 2006.
10. Strategic Investors, LLC was registered with the Utah Division of Corporations and Commercial Code on March 29, 2005. KEVIN L. WARNER is listed as Member. Strategic Investors' status is "expired" as of April 8, 2005.

BACKGROUND

11. KEVIN L. WARNER (WARNER) met with investors in various locations within the Counties of Weber and Davis.
12. WARNER solicited people to invest in a number of different investment opportunities. One type of investment opportunity WARNER offered is what WARNER called “units” in his company SCI Partners, LLC (SCI Partners). According to statements of the investors and documentation, a maximum of 20 units would be available, with WARNER owning four units. Investors were told they could purchase whole units or part of units. Investors were told the investment funds would be used for capital in Strategic Traders, LLC (Strategic Traders), and investors were told they would make 12.5 cents per trade made within Strategic Traders per unit owned. WARNER guaranteed Strategic Traders would make 800 trades a month, which meant investors would get at least \$100 per month for every unit owned. WARNER appears to have sold more than 20 units to investors. Units in SCI Partners are an investment contract. Investment contracts are securities as defined by Utah Code Annotated §61-1-13.
13. WARNER solicited some people to purchase a percentage of WARNER’s companies. Investors were provided with a certificate showing the investor had an interest in the LLC. Interest in an LLC is a security as defined by Utah Code Annotated §61-1-13.
14. WARNER asked some investors to make a personal loan to WARNER for business purposes, and in return for the loan, WARNER issued the investor a note guaranteeing

the investor the return of the principal loan amount plus a monthly interest rate which was compounded monthly with the loan. Notes are securities as defined by Utah Code Annotated §61-1-13.

15. WARNER solicited some individuals to invest funds into different commodity pools which were run by WARNER. Raising money for commodities pools is an investment contract. Investment contracts are securities as defined by Utah Code Annotated §61-1-13.
16. WARNER solicited many people to invest in Go 2 Investments, LLC (Go 2 Investments). According to documents given to investors, Go 2 Investments funds were to be invested in stock index funds and foreign exchange. Stocks are securities as defined by Utah Code Annotated §61-1-13.
17. WARNER provided some investors with financial statements on accounts through a Futures Commission Merchant (FCM) called Peregrine Financial Company (PFG), which is located in Chicago, Illinois. It appears the PFG statements WARNER provided were fraudulent documents. WARNER's work computer was given to your affiant by two individuals who had possession of the computer. On WARNER's work computer, some documents were found that seem to have been made from original PFG statements. The fraudulent PFG statements appear to be different from the original PFG statements. The suspected fraudulent statements have account numbers and names that do not match the information found in PFG's records, according to an individual associated with PFG.

18. WARNER had some financial statements on his computer supposedly from another FCM called Dorman Trading, LLC (Dorman). The Dorman financial statements also appear to be fraudulent, as the account number on the statements do not match the name of the account owner, according to Dorman's records.
19. WARNER did not provide 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.
20. WARNER did not disclose other material facts to investors, including but not limited to: suitability factors for the investments, how WARNER would be compensated for selling the investments, how liquid the investments were, a description of how the investment was to make money, how WARNER's companies were capitalized, a track record of WARNER paying investors back, if any other investors were involved, if the investments WARNER offered were registered securities or exempt from registration, and if WARNER was licensed as a broker-dealer or agent.
21. Second and Third District Court documents show WARNER was involved in seven civil legal proceedings between May 2003 and September 2005, with a total of \$9,268.99 in judgments entered against WARNER from the civil suits, and a forfeiture of WARNER's property. WARNER failed to disclose this information to investors.

22. WARNER failed to disclose the withdrawal of his Commodity Trading Advisor (CTA) license on or about March 6, 2004, and the withdrawal of his Commodity Pool Operator (CPO) license on or about July 21, 2004. After the CTA and CPO licenses were withdrawn, WARNER no longer held any licenses through the National Futures Association.
23. On or about October or November 2004, two of WARNER's investors went to a lawyer and placed a lien on WARNER's property. WARNER also signed a promissory note collateralized by a Deed of Trust on WARNER's property for the investors. WARNER failed to disclose this information to any individuals who invested after November 2004.
24. WARNER did not disclose a Chapter 7 bankruptcy to any investors that invested after the bankruptcy filing occurred on May 27, 2005.
25. WARNER has solicited approximately \$454,250 from 9 investors. WARNER still has not paid back approximately \$432,950 in principal to the 9 investors.

COUNT 1
SECURITIES FRAUD, a second degree felony
(Anthony Smith)

26. Anthony Smith (Tony) met WARNER through Tony's brother, Nick Smith (Nick). On or about the Fall of 2002, WARNER solicited Tony to invest with WARNER. WARNER and Tony had many discussions about WARNER's investment opportunity, either by telephone while Tony was in Salt Lake County, or at Tony's home, located in Bountiful, Utah.

27. Through Nick, Tony knew WARNER had worked at a grain trading business called Wheatland Brokerage, LLC (Wheatland). WARNER told Tony he was leaving Wheatland to start SCI Partners. WARNER said he had divided SCI Partners into units. WARNER said he would keep either four or six of the units (Tony is unsure which number), leaving 16 units available for eight to ten investors to purchase. WARNER said a unit would cost an investor \$10,000. WARNER said the money he made through unit sales would only be used to trade grains. None of the money from unit sales was to go to WARNER as compensation. WARNER said investors would receive a prorated amount of the profit from all the trades WARNER was able to make through Strategic Traders. The prorated amount would be split between SCI Partners unit owners based on the number of units an investor owned, but WARNER did not say who the other unit owners would be. WARNER said SCI Partners and Strategic Traders were tied together, with the trading done through Strategic Traders.
28. WARNER said investors would be able to request their investment funds back at any time, but it would take 30 to 60 days for WARNER to get the funds to the investor. WARNER gave Tony a document showing how to get the investment funds back, and the document had a formula of how long it would take to get the investment funds.
29. WARNER said he traded accounts for the J. R. Simplot Company, a global agribusiness. WARNER showed Tony some charts based on WARNER's trading through Wheatland. The charts showed how much WARNER would make each month. WARNER said he

had to pay for a \$150,000 bond through an FCM called Man Financial before trading could be done. WARNER said he was licensed, but Tony is unsure in what capacity WARNER was licensed. WARNER also said the investment was registered, but Tony is again unsure what WARNER meant by this.

30. WARNER said he had a corner on the grain/commodities trading market. WARNER said he knew many of the grain growers in Idaho, and grain/commodities were his “back yard.” WARNER said he had previously owned a granary in Ogden, but somebody had “screwed” him on it, so he ended up losing the granary. WARNER said he knew he could not make 100% of what Wheatland had. WARNER said grain/commodities trading was risky business.
31. Based on WARNER’s representations, Tony invested by giving WARNER a \$33,000 personal check, dated December 3, 2002, and made payable to SCI Partners. WARNER picked up the \$33,000 check from Tony’s house. Tony said the \$33,000 was for the purchase of four units. WARNER said if an investor were to purchase four units, a \$7,000 discount would be given. The four units were to be divided between Tony and Tony’s mother, Sandra Smith (Sandra), and Tony’s step-father, David Larsen (Dave). Sandra and Dave later paid Tony back \$20,000 for their units.
32. Prior to Tony’s \$33,000 investment, WARNER failed to disclose some of the information found in paragraphs 19 and 20.

33. After Tony invested with WARNER, WARNER opened up an office at a building in Ogden, Utah, to start trading. WARNER began to pay monthly dividends checks representing payments on Tony's investment. Tony said about 90% of the checks he received were returned due to non-sufficient funds. Tony said he constantly had to battle with WARNER to get checks to clear.
34. On or about November 2003, WARNER was at Nick's birthday party in Ogden, Utah. WARNER said he had come up with a great idea on how to make money. WARNER said he had been "dummy trading" options on an account, and had figured out a way to beat the trading system. Dummy trading is the simulated trading of stock or options where no real money is used in the trading. WARNER said he wanted to start Pro Traders Club, LLC (Pro Traders), where he could have investors come to his office and trade their accounts based on a system WARNER had created. WARNER showed Tony some graphs based on WARNER's dummy trades, and the graphs showed WARNER had been making money. WARNER said he had put \$10,000 of his own money into a trading account. WARNER said for each \$10,000 an investor put into an account, the investor would be able to trade at a higher rate, and would therefore be able to make higher returns through Man Financial. Tony said he stopped receiving dividend checks at about the time WARNER brought up Pro Traders. Tony had made back approximately \$1,500 when WARNER stopped paying Tony.

35. Based on WARNER's representations, Tony invested with WARNER by giving WARNER a \$20,000 cashier's check, dated January 12, 2004, and made payable to WARNER. Tony said \$10,000 was to be put into a trading pool account WARNER was setting up for Pro Traders. The other \$10,000 was to be put into an account with WARNER's money, and WARNER was to trade the money for both Tony and WARNER. Tony said WARNER and Tony were to be listed on the account. In return for the \$10,000 investment in WARNER's account, WARNER gave Tony a document entitled *Loan Agreement*, which is dated January 13, 2004. The agreement states WARNER guaranteed to pay Tony his \$10,000 initial investment back, plus 1.5% per month interest to be compounded monthly with the investment. The maturity date for the agreement is January 13, 2005. WARNER appears to have signed the note, but Tony said the note was given to Tony pre-signed. Tony said the note was to secure Tony's \$10,000 investment, along with the promised profit.
36. Prior to Tony's \$20,000 investment, WARNER failed to disclose some of the information found in paragraphs 19 and 20.
37. After January 2004, Tony requested to receive monthly statements on his investments with WARNER. WARNER continually put off Tony's request for the documentation. On or about April 2004, WARNER got Pro Traders going. Tony said he never participated in Pro Traders, besides giving WARNER his investment funds.

38. After April 2004, WARNER began giving Tony, along with the other SCI Partners investors, reasons why WARNER was unable to pay the investors back. Tony said he and the other SCI Partners unit owners would meet with WARNER on a weekly or monthly basis to discuss the business. Included in the meetings were Craig Smith, Nick, Sandra, Dave, J. Roger Johnsen (Roger), and Jerry Preist. As far as Tony knew, these were the only people who owned units in SCI Partners, along with WARNER.
39. On or about August 2004, WARNER had not provided any financial statements to Tony, so Tony contacted Man Financial to find out where his investment funds were. Man Financial told Tony they did not show Tony on any accounts, and had no record of Tony's investments. Tony confronted WARNER about the account. Tony said WARNER began to stutter, and said he could prove Man Financial had Tony's money.
40. On or about August 30, 2004, Tony requested to have his investment funds returned. After Tony requested his investment funds back, WARNER paid Tony monthly. Tony said he received \$5,000 one month, \$3,000 another month, and the monthly payments continued to drop. Tony said WARNER disappeared on or about June 2006. Up until that point, Tony had received \$19,000. Tony said most of the money he received was given to Nick as compensation from when Nick worked with WARNER, but WARNER had been unable to pay Nick. Tony said he gave the rest of the money to Sandra, Dave, and Matthew McKnight, who was another investor, instead of keeping the payments for himself. To date, Tony has only made \$1,500 back on his \$53,000 investments.

COUNT 2
THEFT, a second degree felony
(Anthony Smith)

41. WARNER represented to Tony that he would use Tony's \$20,000 investment to trade in two investment pool accounts. Bank records reveal Tony's \$20,000 check was deposited into WARNER's Key Bank account on or about January 12, 2004, bringing the account balance to \$20,081.23. Bank records show WARNER spent Tony's investment funds on payroll, approximately \$10,000 in cash withdrawals, a telecommunications bill, and other unknown expenses. By January 20, 2004, WARNER's Key Bank account had a balance of negative \$1,001.92. Tony authorized his funds to be traded in investment pool accounts. Tony did not authorize WARNER to use investment funds for any other purpose.
42. WARNER obtained money from Tony and exercised unauthorized control of the money with the purpose to deprive him thereof.

COUNT 3
SECURITIES FRAUD, a second degree felony
(J. Roger Johnsen)

43. Roger met WARNER for the first time on or about November or December 2002. Roger met WARNER through Roger's friend, Jerry Priest. Jerry Priest had previously purchased units in SCI Partners.
44. WARNER and Roger met a couple of times between November and December 2002 at WARNER's office located in Ogden, Utah. WARNER told Roger he was a licensed

broker and that he had previously worked at another brokerage firm. WARNER told Roger he was selling units in SCI Partners. WARNER said a unit would cost \$10,000 to purchase, and a maximum of 20 units would be sold. WARNER said there was no minimum capitalization needed to participate. WARNER said he would sell whole units, or even parts of units in order to get people to invest.

45. WARNER said SCI Partners was tied to Strategic Traders. WARNER gave Roger a document entitled *Strategic Traders LLC SCI LLC Operating Agreement*, which discussed how SCI Partners and Strategic Traders worked together. The document states money invested in SCI Partners was to be used as capital in Strategic Traders. WARNER said Strategic Traders was trading commodities through Man Financial. WARNER said the market for trading commodities was big and had a lot of potential. WARNER said units in SCI Partners would make money for investors through commodities trading in Man Financial. Every trade made through Man Financial was supposed to earn approximately \$14 in profit for Strategic Traders. Each unit owned by an investor would make 12.5 cents of this \$14, so the more trades that occurred, the more money a unit would earn. WARNER gave Roger a document entitled *Strategic Traders Guarantee to SCI Partners*, which guaranteed that Strategic Traders would make at least 800 trades per month, which meant one unit would earn at least \$100 per month.
46. WARNER said the funds made through the selling of units would be used for Strategic Traders' business costs, including advertising. Advertising would be used to get

commodities traders to trade through Strategic Traders, which meant more trades through Strategic Traders and a higher return for SCI Partners investors. WARNER said the funds would also be used by WARNER to buy out WARNER's business partners in Wheatland. WARNER said unit owners would become members of SCI Partners's Board of Directors.

47. Based on WARNER's representations, Roger invested by giving WARNER a \$10,000 personal check, dated January 7, 2003, and made payable to SCI Partners. In return for the investment check, WARNER gave Roger a written receipt recognizing WARNER had received \$10,000 from Roger for the purchase of one SCI Partners unit. Roger also received a document entitled *Certificate of Ownership*, which states Roger had purchased one unit in SCI Partners. Both documents are dated January 7, 2003, and both documents appear to be signed by WARNER. (Roger received some documents pre-signed by WARNER, but WARNER also signed some documents in Roger's presence. Roger is unable to remember which documents WARNER signed in front of Roger.)
48. Prior to Roger's \$10,000 investment, WARNER failed to disclose some of the information found in paragraphs 19 and 20.
49. After investing with WARNER, Roger began to receive between \$200 and \$400 per month from his unit ownership. Roger said he felt like this was becoming a good investment, so Roger invested another \$4,500 with WARNER to purchase an additional one half unit in SCI Partners on or about April 12, 2003. Roger said WARNER offered a

\$500 discount on the half unit. Roger invested by giving WARNER a \$4,500 personal check, dated April 12, 2003, and made payable to SCI Partners. In return for the investment, Roger received another receipt from WARNER and another *Certificate of Ownership*, showing Roger had purchased one half of a unit in SCI Partners. Both documents appear to have been signed by WARNER.

50. Prior to Roger's \$4,500 investment, WARNER failed to disclose some of the information found in paragraph 19.
51. On or about October 29, 2003, WARNER contacted Roger and asked Roger to make a personal loan to WARNER. WARNER said he needed the money to expand the business. WARNER guaranteed to repay the loan with interest. Roger agreed, and gave \$5,000 to WARNER. The \$5,000 was given to WARNER by personal check, dated on October 29, 2003, and made payable to Kevin L. Warner, LLC. In return for the loan, WARNER gave Roger a document entitled *Loan Agreement*, which is a note. The document states the loan had a monthly interest rate of 1.5% per month to be compounded monthly, for a term of one year. WARNER appears to have signed the *Loan Agreement*, which is dated October 29, 2003. WARNER also gave Roger one quarter of a unit in SCI Partners in return for the loan.
52. Prior to Roger's \$5,000 investment, WARNER failed to disclose some of the information found in paragraphs 19 and 21.

53. On or about December 2003, Roger bought an additional one quarter of a unit. Roger purchased the quarter unit by giving WARNER a \$2,500 personal check, dated January 9, 2004, and made payable to WARNER. In return for the investment, WARNER gave Roger a *Certificate of Ownership*, which showed Roger owned one quarter of one unit. This last quarter unit meant Roger owned two full units in SCI Partners. About the time Roger purchased the last quarter of a unit, WARNER stopped making monthly payments to Roger.
54. Prior to Roger's \$2,500 investment, WARNER failed to disclose some of the information found in paragraphs 19 and 21.
55. On or about January 2004, WARNER began talking to Roger about starting Pro Traders. WARNER said Pro Traders would be a club where investors could get together and trade commodities contracts on individual accounts. Roger said the members of Pro Traders would get together every weekday from approximately 0700 to 1100 to trade on their accounts. Roger said members would sit in a room where a big screen would show how trades were going for the day. Each member would make trades on their accounts based on projections shown on the screen and WARNER's suggestions.
56. While Pro Traders was operating, WARNER talked about creating an investment pool where investor money would be traded together instead of on individual accounts. WARNER said he wanted members to invest \$10,000 into the pool. WARNER said the pooled money would then be traded by WARNER along with WARNER's son, Kevin C.

Warner (KC), and Nick Smith. This was to make more money than what Pro Traders members could earn, because the pool money would be traded more often, since three people had access to the money. Roger said he and some of the other Pro Traders member's agreed. Roger gave WARNER a \$10,000 personal check, dated April 19, 2004, and made payable to Strategic Traders.

57. Prior to Roger's \$10,000 pool investment, WARNER failed to disclose some of the information found in paragraphs 19, 21, and 22.
58. Roger said he began to see WARNER was having money problems after making the \$10,000 pool investment. Roger said WARNER was bouncing a lot of checks due to insufficient funds. On or about September 2004, Roger and the other SCI Partners investors on the SCI Partners Board of Directors got together at a meeting to talk to WARNER. Roger said the Board consisted of Roger, Jerry Priest, Tony (from counts one and two), Craig Smith, Sandra Smith, and Dave Larsen. In this meeting, all of the Board members decided to each give WARNER a loan of \$1,625 to help Strategic Traders. Roger said the money loaned to Strategic Traders was strictly a loan, and there was no discussion of receiving interest on the loan. Roger gave WARNER a \$1,625 check.
59. Since making the investments, Roger has not demanded his money back from WARNER. Roger has been payed approximately \$700 from his \$31,300 in investments.

COUNT 4
THEFT, a second degree felony
(J. Roger Johnsen)

60. WARNER represented to Roger that he would use Roger's \$10,000 pool investment to trade in an investment pool. Bank records reveal Roger's \$10,000 pool investment check was deposited into WARNER's Key Bank account on or about April 19, 2004, bringing the account balance to \$21,578.07. Bank records show WARNER spent Roger's investment funds on bank fees, office rent, cash withdrawals, and money sent to Man Financial. By May 14, 2004, WARNER's Key Bank account had a balance of negative \$640.79. Roger authorized his funds to be put into an investment pool. Roger did not authorize WARNER to use investment funds for any other purpose.
61. WARNER obtained money from Roger and exercised unauthorized control of the money with the purpose to deprive him thereof.

COUNT 5
SECURITIES FRAUD, a second degree felony
(John and Wendy Long)

62. John Allen Long (John) said he has known WARNER for about 18 years. On or about May 2003, WARNER went to John's house located in West Point, Utah, to solicit John to invest money in Strategic Traders and SCI Partners. WARNER said he wanted John to become a partner by purchasing two different investments: 25% of Strategic Traders and two units of SCI Partners.

63. WARNER told John he had done well in the commodities business. WARNER said he had worked at Wheatland and had done well there. WARNER said Fidelity Investments wanted WARNER to become their main commodities trader based on his previous success, but WARNER wanted to run his own business instead. WARNER told John he had sold a granary for about three million dollars, and with this money, WARNER bought out his Wheatland partners and started Strategic Traders.
64. WARNER said he and his son KC owned and operated Strategic Traders. WARNER said he had spent some money to write a book and develop a system of trading based on “historicals.” WARNER said this trading system was doing well and was making a good return. WARNER said he could not show documentation on the trading, since documentation would have trader’s names on them, and WARNER was not allowed to show the names due to the National Futures Association rules.
65. WARNER said he wanted John to become a part owner of Strategic Traders with KC and him. WARNER said he wanted John to own 25% of Strategic Traders, and the other 75% would be owned by WARNER and KC. WARNER told John it would cost \$31,250 to buy into Strategic Traders. WARNER told John the investment money would be used for rent, overhead, and other business costs. WARNER said every time a trade was made on a Strategic Traders account, Strategic Traders would make a \$15 profit. WARNER said John would receive a prorated amount of the \$15 per trade. The \$15 of profit was to

be split between unit owners in SCI Partners (as described below), WARNER, John, and KC.

66. WARNER said he also wanted John to own two units of SCI Partners. WARNER said SCI Partners and Strategic Traders were related. WARNER said SCI Partners was divided into 20 units, with WARNER owning five, thereby leaving 15 units to be sold to investors. WARNER said each unit would cost an investor \$10,000. WARNER said he was willing to sell parts of units, so there would be no minimum amount needed to invest. WARNER provided John with a document which states SCI Partners's purpose was to raise capital for Strategic Traders. WARNER said SCI Partners investor funds would be used for trading. WARNER said SCI Partners unit owners would make 12.5 cents per unit owned from the \$15 of profit per trade.
67. WARNER told John there was no risk involved with either of the investments. WARNER said John could get his money back at any time, and that WARNER had the money to back up John's investments. WARNER told John he had made a previous investor "millions of dollars." WARNER said he was getting investors involved with Strategic Traders and SCI Partners in order to help spread the wealth.
68. WARNER and John had many discussions about the investments following the initial meeting. After the initial meeting, John put together a spreadsheet to show projections based on what WARNER had told John. John said he put the spreadsheet together to get a better idea of how his investment would make money. John said he showed the

spreadsheet to WARNER to verify the numbers were correct, and WARNER confirmed John's spreadsheet was correct. Prior to investing, John told WARNER investment funds would come from a second mortgage on John's home, and WARNER agreed to take the mortgage money.

69. On or about June 1, 2003, John invested with WARNER by purchasing two units in SCI Partners for \$20,000. John invested by giving WARNER a \$20,000 personal check, dated June 1, 2003, and made payable to SCI Partners. John gave the check to WARNER at WARNER's office located in Ogden, Utah. In return for this investment, WARNER gave John four documents entitled *Certificate of Ownership*, with each document stating John owned ½ of a unit in SCI Partners, and a receipt. After making the investment, John received another document from WARNER entitled *Personal Guarantee*, dated June 24, 2003, which states WARNER guaranteed John's \$20,000 investment.
70. Prior to John's \$20,000 investment, WARNER failed to disclose some of the information in paragraphs 19, 20, and 21.
71. On or about July 1, 2003, John invested \$31,250 with WARNER in order to purchase 25% of Strategic Traders. John invested by giving WARNER a \$31,250 personal check, dated July 1, 2003, and made payable to WARNER. John gave the check to WARNER at WARNER's office located in Ogden, Utah. In return for the investment, WARNER gave John two documents. One was a *Certificate of Ownership*, which states John owned

25% of Strategic Traders. The other document was a receipt acknowledging WARNER had accepted John's \$31,250 in return for 25% of Strategic Traders. Both the certificate and the receipt are dated July 1, 2003. Around the same time, WARNER gave John another personal guarantee document dated July 1, 2003. John's \$31,250 investment also came from the second mortgage on John's home.

72. Prior to John's \$31,250 investment, WARNER failed to disclose some of the information found in paragraphs 19, 20, and 21.
73. After John invested, WARNER did not provide any financial statements to John regarding the investments, but WARNER said he was making a lot of trades per day. WARNER paid John some money on the investments every once in a while, but payments were sporadic.
74. On or about November 2003, WARNER told John things were going slow. At about this time, WARNER talked about starting Pro Traders, but John declined to invest in Pro Traders.
75. On or about April 2004, WARNER talked to John about starting a commodity pool, with only WARNER, John, and John's parents, John Arlain Long (Arlain) and Lois Long (Lois), involved in the pool. WARNER said he would invest the pool money under Kevin L. Warner, LLC. WARNER said there would be no minimum to invest into the pool, and WARNER would invest \$10,000 of his own money. WARNER said he would not make a commission off of this investment opportunity. WARNER said the

investment funds would only be used to trade futures. WARNER said the money would be traded with a system that was working well. WARNER said John and Arlain could take their money out of the pool at any time.

76. Based on WARNER's representations, John invested by giving WARNER a \$15,000 check on or about April 2004. John gave the check to WARNER at WARNER's office located in Ogden, Utah.
77. Prior to John's \$15,000 investment, WARNER failed to disclose some of the information found in paragraphs 19, 20, 21, and 22.
78. On or about July 2004, John went into WARNER's office and watched WARNER trade some accounts. John said WARNER lost approximately \$60,000 in trades while John was at the office watching. John, along with Arlain, asked WARNER for current statements on their accounts, in order to know how much money was still left in their accounts. On or about July 31, 2004, WARNER provided John and Arlain statements on their accounts. John said he requested to have all of his investment funds back at that time. WARNER told John it would take a few days to get the money back. John said WARNER continually put off his and Arlain's requests.
79. On or about the end of August 2004, WARNER began making payments to John. One day, when John's wife, Wendy Long (Wendy), went to cash one of WARNER's checks, Wendy saw the bank teller's computer screen and noticed there was approximately \$50,000 in WARNER's account. Wendy called WARNER and said she wanted her and

John's investment funds back from the \$50,000. WARNER said he needed to talk to John, Wendy, and Arlain. During their discussion, WARNER admitted he had used all of John's and Arlain's funds to pay personal debts and other people. WARNER said he thought he could delay paying John, Wendy, and Arlain long enough to invest their money to make some more money, which he would then use to pay off other people and then give John's and Arlain's investments back. WARNER said he instead lost all of the money. WARNER said the \$50,000 in his account was money that WARNER's uncle had given to WARNER to help out with WARNER's debts.

80. Sometime between October or November 2004, John and Arlain went to a lawyer and had a lien placed on WARNER's home located on Pole Patch Drive in Ogden, Utah. The lawyer drew up a promissory note secured by a trust deed on WARNER's home. WARNER signed the trust deed on or about November 11, 2004, and the deed was notarized. WARNER signed the promissory note on or about November 20, 2004. On or about this same time, WARNER told John he had a lot of equity in the home, and John should be able to make his money back.
81. Since John and Wendy's investments with WARNER, John and Wendy have been able to recover between \$5,000 and \$8,000 of their \$66,250 in investments.

COUNT 6
SECURITIES FRAUD, a second degree felony
(Arlain and Lois Long)

82. Arlain and Lois were introduced to WARNER by John. Arlain and Lois had known WARNER for many years and considered WARNER to be very “trustworthy.”
83. On or about August or September 2003, John, Arlain, and Lois met with WARNER at WARNER’s office located in Ogden, Utah. Arlain and Lois met with WARNER to discuss moving money from Arlain and Lois’ IRA account to a new account with WARNER. Lois said she had to fill out documentation disclosing all of Arlain and Lois’ assets and worth.
84. After the meeting to discuss the IRA account, WARNER called John and said he was not able to move Arlain and Lois’ money to a new IRA account, but he was willing to let Arlain and Lois invest in SCI Partners. John, Arlain, and Lois returned to WARNER’s office where WARNER solicited Arlain and Lois to invest in SCI Partners. WARNER said SCI Partners was divided into 20 units of ownership, with WARNER having set aside five units for himself. WARNER said he was willing to sell one of these five units to Arlain and Lois.
85. During the meeting, WARNER provided Arlain and Lois with SCI Partners’s Articles of Organization and three other documents. The first document, entitled *SCI LLC Offering of Membership*, gives an overview of the investment. The next document, entitled *Strategic Traders LLC SCI LLC Operating Agreement*, describes how SCI Partners and

Strategic Traders are related to each other, and it states investors will earn 12.5 cents per trade for every unit owned. The last document, entitled *Strategic Traders Guarantee to SCI Partners*, states Strategic Traders will make at least 800 trades a month, meaning SCI Partners unit owners will make at least \$100 per month from ownership of their unit. WARNER showed Arlain and Lois some financial statements on trades, and WARNER told Arlain and Lois he was making as much as 200% profits per day. WARNER did not give any copies of these financial statements to Arlain and Lois to keep for their records. WARNER told Arlain and Lois they could take their money out of the investment at any time. Since John had previously purchased two units in SCI Partners and was familiar with how the investment worked, John was present in the meeting. John said WARNER made the same solicitations to Arlain and Lois as WARNER had made to John, with no new information given by WARNER.

86. On or about September 6, 2003, Arlain and Lois invested by purchasing one unit of SCI Partners based on WARNER's representations. Arlain and Lois invested by giving WARNER a \$10,000 personal check at WARNER's office, located in Ogden, Utah. In return for the investment, WARNER gave Arlain and Lois three documents. The first document is a *Certificate of Ownership*. The certificate showed WARNER owned the unit on the front, but on the back of the certificate, WARNER had documented that he had sold the unit to Arlain and Lois. The next document is a *Receipt of Payment*, dated September 6, 2003, acknowledging WARNER had accepted a \$10,000 investment from

Arlain and Lois. The last document is entitled *Personal Guarantee* and is dated September 6, 2003. The guarantee states WARNER guaranteed Arlain and Lois' \$10,000 investment in case SCI Partners should go out of business.

87. Prior to Arlain and Lois' \$10,000 investment, WARNER failed to disclose some of the information found in paragraphs 19 and 21.
88. On or about April 2004, WARNER talked to Arlain and Lois about investing additional funds into a pool that would only involve WARNER, John, Arlain, and Lois. WARNER said he would put \$10,000 of his own money into the pool. WARNER said John, Arlain, and Lois could put whatever amount of money they wanted into the pool. WARNER said investment funds would only be used to trade. WARNER said the pool money would be traded based on a system that was working well. WARNER said the money would be invested under Kevin L. Warner, LLC (KLW). WARNER said the investment money could be taken out of the pool at any time. Based on WARNER's representations, Arlain and Lois invested in the pool account by giving WARNER two investment checks. The first was a \$10,000 personal check, dated February 13, 2004, and made payable to KLW. The second check was a \$20,000 cashier's check, dated April 27, 2004, and made payable to Strategic Traders. The \$20,000 cashier's check was purchased with funds from Arlain and Lois' Fidelity IRA account. Arlain and Lois had previously given WARNER the \$10,000 check, which was then used for this pool

investment. Both checks were given at different times to WARNER at WARNER's office in Ogden, Utah.

89. Prior to Arlain and Lois' \$30,000 pool investment, WARNER failed to disclose some of the information found in paragraphs 19, 21, and 22.
90. On or about July 2004, John told Arlain and Lois that John watched WARNER lose about \$60,000 while trading. Arlain and Lois requested a statement on their pool investment, and requested to have the funds returned. Arlain and Lois joined John in the meeting where WARNER admitted to using John, Arlain, and Lois' funds to pay off prior debts, and had lost all of John, Arlain, and Lois' investment funds. Arlain and John later took civil action by having a lien placed on WARNER's property.
91. To date, Arlain and Lois have only recovered approximately \$4,600 back out of their \$40,000 in investments.

COUNT 7
THEFT, a second degree felony
(Arlain and Lois Long)

92. WARNER represented to Arlain and Lois that he would use Arlain and Lois' \$20,000 pool investment to trade in an investment pool. Bank records reveal Arlain and Lois' \$20,000 check was deposited into WARNER's Key Bank account on or about April 27, 2004, bringing the account balance to \$90,063.93. Bank records show WARNER spent Arlain and Lois' investment funds on cash withdrawals, bank fees, and other unknown purchases. By May 14, 2004, WARNER's Key Bank account had a balance of negative

\$640.79. Arlain and Lois authorized their funds to be traded in an investment pool. Arlain and Lois did not authorize WARNER to use investment funds for any other purpose.

93. WARNER obtained money from Arlain and Lois and exercised unauthorized control of the money with the purpose to deprive them thereof.

COUNT 8
SECURITIES FRAUD, a second degree felony
(Dale Beebe)

94. Dale Beebe (Dale) said he has known WARNER since 5th grade. Dale had previously invested money with WARNER from on or about October or November of 2003 until on or about November 2005. Dale requested his investment funds back from WARNER, and WARNER paid Dale's principal plus interest owed. One of the investments included Dale's purchase of a half unit in SCI Partners.
95. On or about February 2006, WARNER solicited Dale at WARNER's office in Ogden, Utah, to invest in WARNER's business, Go 2 Investments. WARNER said Go 2 Investments made trades in the foreign exchange market. WARNER told Dale investment funds could be taken out at the first of the month. WARNER said there was risk involved with investing. Besides mentioning foreign exchange to Dale, WARNER gave no other information about the investment. Dale said he believed he could trust WARNER based on his past experience.

96. Based on WARNER's representations, Dale invested by giving WARNER a \$15,000 cashier's check in Ogden, Utah. In return for the investment, WARNER gave Dale a receipt on Go 2 Investments letterhead. The Go 2 Investments receipt states investment funds would be used to trade stock index funds and foreign exchange.
97. Prior to Dale's \$15,000 investment, WARNER failed to disclose some of the information found in paragraphs 19, 20, 21, 22, 23, and 24.
98. After making the investment, Dale received a few financial statements from PFG, a Futures Commission Merchant. Dale said he received the statements through email from an individual who was supposedly associated with PFG. Dale contacted the individual at one point to ask about WARNER, but the individual "did not want to talk about WARNER." It appears the statements Dale received are fraudulent, as the PFG account number Nxx29 listed on the statements is supposed to be in Roger Johnsen's name (from counts three and four), according to PFG records. Also, the financial information found in Dale's statements do not match the financial information found for account Nxx29, based on records found with PFG.
99. On or about April 5, 2006, Dale received a Go 2 Investments statement from WARNER on Dale's funds. The statement states Dale had an ending balance of \$17,389.33 for March 2006.
100. Since investing the \$15,000, Dale has not received any money back on his investment.

COUNT 9
THEFT, a second degree felony
(Dale Beebe)

101. WARNER represented to Dale that he would use Dale's \$15,000 investment to trade stock index funds and foreign exchange. Bank records reveal Dale's \$15,000 check was deposited into WARNER's Barnes Bank account on or about February 27, 2006, bringing the account balance to \$15,952.64. Bank records show WARNER sent half of Dale's funds to PFG, and then withdrew the rest of Dale's funds as cash. By March 8, 2006, WARNER's Barnes Bank account had a balance of \$75.64. Dale authorized his funds to be used to trade stock index funds and foreign exchange. Dale did not authorize WARNER to use investment funds for any other purpose.
102. WARNER obtained money from Dale and exercised unauthorized control of the money with the purpose to deprive him thereof.

COUNT 10
SECURITIES FRAUD, a second degree felony
(Dennis Butcher)

103. Dennis Butcher (Dennis) said he met WARNER through Nick Smith (Nick). Dennis said he was laid off from work just before he met WARNER and was looking for another job. Nick told Dennis to look into Pro Traders, an investment group WARNER was putting together.
104. On or about March or April 2004, Dennis met with WARNER to discuss how Pro Traders would work. WARNER said Pro Traders would be a group of investors that

would get together and trade contracts on accounts set up for the investors. WARNER said he wanted to have about 25 investors in the group. WARNER said an investor would have to buy a seat in Pro Traders in order to become a part of Pro Traders.

WARNER said once a seat was purchase, \$10,000 would need to be invested. WARNER said the \$10,000 could either be traded by the investors, or it could be put into a pool that WARNER and KC (WARNER's son) would trade. WARNER told Dennis the group would get together and use a program WARNER developed to show when to make trades. WARNER said the group would be opening accounts with Man Financial, a Futures Commission Merchant, and through these accounts, investors would trade contracts. The contracts were traded like stock. WARNER told Dennis in order to make money, an investor had to buy contracts low and sell them when they increased in value.

105. WARNER said there was a large, open market, so all of the investors would be able to get into the market and make money. WARNER said there were no guarantees involved with the investment. Dennis said WARNER had investors sign a paper disclosing risk was involved. WARNER said investors could get their investments out at any time. To get money from their own accounts, investors had to contact Man Financial. To get money from the pool, investors had to talk to WARNER.

106. WARNER told Dennis he was licensed to sell investments. WARNER said he had traded grain in the past, and had been day trading for about a year. WARNER said he was wanting to start an investment pool.

107. On or about March 2004, Dennis joined Pro Traders. On or about April 19, 2004, Dennis, based on WARNER's representations, invested in the pool by giving WARNER a \$10,000 personal check, dated April 19, 2004, and made payable to Strategic Traders. Dennis' investment funds came from Dennis' 401k account when he was laid off, and Dennis told WARNER the money was retirement money.
108. Prior to Dennis' \$10,000 pool investment, WARNER failed to disclose some of the information found in paragraphs 19, 20, 21, and 22.
109. Dennis said Pro Traders would meet for a few hours everyday and trade contracts. On or about August 2004, investors were beginning to feel that WARNER's trading system was not working, since many of the investors were beginning to lose money in the trades. Dennis said many of the investors asked for their money back, and others asked that their pool money not be traded until WARNER's system was working better.
110. On or about October 2004, Nick, who had been working with WARNER, told Dennis that WARNER was starting to lose a lot of money. Nick said Dennis should ask for Dennis' \$10,000 pool investment money back and get out of Pro Traders as soon as possible.
111. On or about October 13, 2004, Dennis contacted WARNER and asked to get his pool money back. WARNER told Dennis it would take a couple of days to get Dennis' share of the pool money back. A couple of days later, WARNER told Dennis he had liens on

his house from a previous investment deal that had gone bad and had “blown” all of the pool money.

112. After WARNER admitted to using the pool money for his own expenses, WARNER told Dennis he would pay Dennis back a certain amount every month until Dennis was paid back. Dennis said he would receive money from WARNER sporadically. WARNER would meet Dennis at bars and pay Dennis about \$500 whenever they met. Dennis said he has received back about \$2,500 of his pool money to date.
113. On or about April or May 2006, WARNER told Dennis he was going to be working with a firm with whom he had previously been employed. WARNER said he would be making a salary of about \$15,000 per month and would therefore be able to pay back Dennis. Dennis has not had any further contact from WARNER.

COUNT 11
THEFT, a second degree felony
(Dennis Butcher)

114. WARNER represented to Dennis that he would use Dennis’ \$10,000 investment to trade in an investment pool. Bank records reveal Dennis’ \$10,000 check was deposited into WARNER’s Key Bank account on or about April 19, 2004, bringing the account balance to \$21,578.07. Bank records show WARNER spent Dennis’ investment funds on payroll, bank fees, cash withdrawals, and money sent to Man Financial. By May 14, 2004, WARNER’s Key Bank account had a balance of negative \$640.79. Dennis authorized

his funds to be used for the investment pool. Dennis did not authorize WARNER to use investment funds for any other purpose.

115. WARNER obtained money from Dennis and exercised unauthorized control of the money with the purpose to deprive him thereof.

COUNT 12
SECURITIES FRAUD, a second degree felony
(Bartley Richardson)

116. On or about October 2004, Bartley Richardson (Bartley) met WARNER for the first time in a café located in Ogden, Utah. During the meeting, WARNER solicited Bartley to invest money with SCI Partners. WARNER told Bartley he was selling units in SCI Partners. WARNER said one unit would have a return of 12.5 cents per trade per unit and that this was a good investment. Bartley was 69 years old at the time of the meeting.
117. On or about a week after the first meeting in October 2004, Bartley and WARNER held a second meeting to discuss more about the investment. This meeting was held in WARNER's office, located in Ogden, Utah. This meeting consisted of what Bartley called a "general discussion."
118. On or about October or November 2004, Bartley received a document entitled *Agreement between Kevin L. Warner, Strategic Traders and Strategic Capital Investors*, which is dated November 1, 2002. This document states "all owners of Strategic Capital Investors will be paid .125 cents per trade, per month, per one full unit or divided by shares of one unit of ownership for the duration of this LLC." The document has a signature line for

“Kevin L. Warner, President, Strategic Traders LLC” and appears to be signed by WARNER. (Some of the documentation Bartley received from WARNER was either signed in Bartley’s presence, or the documents were pre-signed. Bartley is unable which documents were signed in his presence.)

119. On or about November 18, 2004, Bartley invested \$20,000 to purchase two units in SCI Partners, based on WARNER’s representations. Bartley invested by giving WARNER a \$20,000 cashier’s check #0620101623 purchased from Wells Fargo Bank, dated November 18, 2004, and made payable to WARNER. WARNER picked up the cashier’s check from Bartley’s home located in Ogden, Utah. In return for the investment, Bartley received two documents. The first document, entitled *Buy Sell Agreement*, is dated November 18, 2004, and appears to be signed by WARNER. The agreement states Bartley can get his \$20,000 back with 30 days notice. The second document, entitled *Certificate of Ownership*, is dated November 19, 2004, and appears to be signed by WARNER. The certificate shows Bartley purchased one unit of SCI Partners. Bartley was only given one certificate, but Bartley recalled WARNER saying Bartley purchased two units of SCI Partners.
120. Prior to Bartley’s \$20,000 investment, WARNER failed to disclose some of the information found in paragraphs 19, 21, 22, and 23.
121. Bank records reveal WARNER endorsed Bartley’s \$20,000 investment check and cashed the check at Wells Fargo Bank on November 18, 2004. On the same day, WARNER

received \$2,750 in cash, and then used the remaining \$17,250 to purchase four cashier's checks. WARNER purchased a \$7,250 cashier's check for Dale (from counts eight and nine), a \$2,000 cashier's check for the Old Post Office (the office where WARNER was located at the time), a \$3,000 cashier's check for Nick Smith, and a \$5,000 cashier's check for another individual.

122. After making the investment, Bartley requested monthly statements from WARNER, but WARNER failed to provide any statements.
123. On or about May 2005, WARNER gave Bartley a one page financial statement entitled *SCI LLC Profit & Loss*. The document shows income and expenses for January 1, 2005, through May 31, 2005. Bartley again requested to receive monthly statements at this time, but WARNER never produced the requested documents.
124. To date, Bartley has received back approximately \$3,000 of his \$20,000 investment with WARNER.

COUNT 13
ABUSE, NEGLECT, OR EXPLOITATION OF A VULNERABLE ADULT, a second
degree felony
(Bartley Richardson)

125. On or about November 18, 2004, WARNER solicited and received money from Bartley as evidenced by a \$20,000 cashier's check made payable to WARNER, and a *Certificate of Ownership* issued to Bartley for the SCI Partners investment. At the time of the investment, Bartley was 69 years old.

126. WARNER had a business relationship with Bartley through the selling of the investment, and WARNER deceptively obtained and used Bartley's funds with the intent to temporarily or permanently deprive Bartley of the use, benefit, or possession of his property. WARNER failed to disclose some of the information found in paragraphs 19, 21, 22, and 23.

COUNT 14
SECURITIES FRAUD, a second degree felony
(Jay Dee Horne)

127. Jay Dee Horne (Horne) said he met WARNER when WARNER was a trader for the J. R. Simplot Company (Simplot). Horne said he wanted to invest some money in futures when WARNER called Horne and solicited Horne to invest with WARNER on or about February 2005.

128. Horne met with WARNER a couple of times to discuss the investment. Meetings were at Horne's job sites located in the area of Ogden, Utah, and at WARNER's office located in Ogden, Utah. WARNER solicited Horne to become a part owner in Strategic Investors, LLC (Strategic Investors).

129. WARNER said he had been tutored by a company on how to trade futures and was running Strategic Investors. WARNER said he and Simplot had an agreement whereby WARNER was to trade gas futures for Simplot, and in return, Simplot would pay WARNER money with which WARNER would run Strategic Investors. WARNER said he wanted to own 50% of Strategic Investors and the other 50% would be sold to other

investors. WARNER said 10% of Strategic Investors would cost an investor \$15,000, and the \$15,000 would be used to purchase office equipment, programs, and for other business related costs. WARNER said owners would make money based on the percentage amount that an investor owned. WARNER gave Horne a document entitled *Strategic Investors LLC Estimates on Ownership* which showed approximations on how much money investors would make. Strategic Investors would make money based on the number of trades that Strategic Investors made in a month. WARNER said Strategic Investors would make trades through a clearing house, and each trade would earn Strategic Investors \$5 per trade. At the end of the month, money would be dispersed to investors based on the percentage owned.

130. WARNER told Horne how many investors there was supposed to be in Strategic Investors, but Horne said he could not remember the number. WARNER told Horne an investor could sell their ownership at any time to someone else in order to get out of the investment. WARNER said he was licensed in futures, which was an untrue statement, as WARNER was no longer licensed to advise investors or trade a commodities pool.
131. Based on WARNER's representations, Horne agreed to purchase 20% of Strategic Investors. Horne made the investment through two transactions. In the first transaction, Horne gave WARNER a \$15,000 personal check, dated February 8, 2005, and made payable to WARNER. In return for the investment, WARNER gave Horne a receipt, acknowledging WARNER received the \$15,000, and a document entitled *Certificate of*

Ownership, which states Horne owned 10% of Strategic Investors. WARNER appears to have signed these documents. On or about April 20, 2005, Horne gave WARNER a second \$15,000 personal check, dated April 20, 2005, and made payable to Strategic Traders for the second 10% of Strategic Investors. WARNER picked up both of the \$15,000 checks from Horne's job sites in the area of Ogden, Utah.

132. Prior to Horne's two \$15,000 investments, WARNER failed to disclose some of the information found in paragraphs 19, 21, 22, and 23.
133. Horne said he wanted to invest money to be traded by WARNER, but Horne wanted to wait to see how well WARNER and Strategic Investors were doing with current trades. WARNER showed Horne financial statements on Strategic Investors, and Strategic Investors appeared to be making money. Based on what Horne saw, Horne talked to WARNER about investing money to be traded. WARNER said in order to invest, investors had to have X amount of wealth, but if an investor did not have X amount, the investor could still participate by investing in a pool, which would then be traded. WARNER said the money invested for trading would be taken out at the end of the day so that nothing could happen to the money overnight. WARNER said he would put \$10,000 of his own money into a pool with Horne's money. Horne does not recall if a minimum amount had to be invested. WARNER talked to Horne about getting Horne's son, Chad Horne (Chad), involved in the pool. WARNER said Chad could participate if Chad wanted.

134. Based on WARNER's representations, Horne invested by giving WARNER a \$50,000 personal check, dated March 21, 2005, and made payable to Strategic Investors. Chad invested by giving WARNER a \$3,000 check. In return for Horne's \$50,000 check, WARNER gave Horne a receipt. The receipt appears to have been signed by WARNER. WARNER also gave Horne a document stating Horne had invested \$50,000, Chad had invested \$3,000, and WARNER had invested \$10,000. This document guaranteed that if the pool were to drop \$10,000, WARNER would close out the pool, and give Horne and Chad their investments back, leaving WARNER with the loss. This document is dated April 7, 2005.
135. Prior to Horne's \$50,000 investment, WARNER failed to disclose some of the information found in paragraphs 19, 21, 22, and 23.
136. After purchasing 20% of Strategic Investors and investing \$50,000, WARNER solicited Horne to purchase another 10% in Strategic Investors. WARNER said he had 10% he was trying to sell, and wanted Horne to purchase it. Horne agreed to purchase the additional 10%, and did so by giving WARNER a \$15,000 personal check, dated May 20, 2005, and made payable to WARNER. In return for the investment, WARNER gave Horne a receipt acknowledging WARNER received the \$15,000, and a document entitled *Certificate of Ownership*, which states Horne owned 10% of Strategic Investors. Both the receipt and the certificate are dated May 26, 2005, the day before WARNER filed for a Chapter 7 bankruptcy.

137. Prior to Horne's \$15,000 investment, WARNER failed to disclose some of the information found in paragraphs 19, 21, 22, and 23.
138. On or about September 23, 2005, Horne transferred \$5,000 from his Merrill account to WARNER. Horne said the money was added to the \$50,000 pool money.
139. Prior to Horne's \$5,000 investment, WARNER failed to disclose some of the information found in paragraphs 19, 21, 22, 23, and 24.
140. Prior to November 4, 2005, WARNER solicited Horne to invest money with Go 2 Investments. WARNER said Go 2 Investments was a split off from Strategic Investors. WARNER said he needed Horne to invest money in Go 2 Investments for track record purposes. WARNER said he needed to start a trading account in Go 2 Investments and trade the account. WARNER said if the account was traded profitably, and the account had a history of being traded profitably, WARNER could then bring in the public to invest. WARNER said only Horne and WARNER would be involved with Go 2 Investments at the time. WARNER said there were no other investors in Go 2 Investments before Horne. This was an untrue statement, as Go 2 Investments was to only involve WARNER and another investor, Randy Johnson (Randy), according to Randy. (Randy was listed as a principal in Go 2 Investments.) WARNER said investment money in Go 2 Investments would be used to trade, the same way as with Horne's trading money in Strategic Investors.

141. Based on WARNER's representations, Horne invested by giving WARNER a \$4,000 personal check, dated November 4, 2005, and made payable to Go 2 Investments. Horne said these funds were supposed to be used to start an account for Go 2 Investments.
142. Prior to Horne's \$4,000 investment, WARNER failed to disclose some of the information found in paragraphs 19, 21, 22, 23, and 24.
143. On or about December 2, 2005, Horne invested an additional \$60,000 with WARNER and Go 2 Investments. Horne invested by transferring \$60,000 from his Merrill account to WARNER. Horne said these funds were to be added to the Go 2 Investments account.
144. Prior to Horne's \$60,000 investment, WARNER failed to disclose some of the information found in paragraphs 19, 21, 22, 23, and 24.
145. On or about January 2006, WARNER provided Horne with a few different financial statements. WARNER provided Horne with a document entitled *Strategic Investors LLC Profit and Loss*, which is a one page financial statement on Strategic Investors business activities. At about the same time, WARNER gave Horne a document entitled *Statement of Account* on Go 2 Investments letterhead. The document states Horne had \$3,495.46 in his Go 2 Investments Stock Index Pool account.
146. Starting on or about January 2006, WARNER started to give Horne some statements from PFG, a Futures Commission Merchant, for his Strategic Investors and Go 2 Investments trading accounts. The statements were given to Horne until on or about May 2, 2006. These documents appear to be fraudulent. The Go 2 Investments account shows

the account number to be Nxx80. According to PFG records, Nxx80 has no relation to Go 2 Investments, and the name listed for account Nxx80 is for other individuals with an address in Homosassa, Florida. The Strategic Investors account shows the account number to be Nxx29, which is an account for Roger Johnsen (from counts three and four). Also, the financial data found in Horne's statements do not match the actual information found in statements provided by PFG.

147. After receiving statements from WARNER, Horne invested an additional \$50,000 into the Go 2 Investments account. Horne invested by giving WARNER a \$50,000 personal check, dated March 22, 2006, and made payable to Go 2 Investments.
148. Prior to Horne's \$50,000 investment, WARNER failed to disclose some of the information found in paragraphs 19, 21, 22, 23, and 24.
149. Since investing \$214,000, Horne has received \$4,000 back, leaving \$210,000 in lost funds.

COUNT 15
THEFT, a second degree felony
(Jay Dee Horne)

150. WARNER represented to Horne that he would use Horne's \$60,000 investment funds to trade in a Go 2 Investments account. Bank records reveal Horne's \$60,000 was deposited into WARNER's Barnes Bank account on or about December 5, 2005, bringing the account balance to \$60,099. Bank records show WARNER spent Horne's investment funds on approximately \$38,000 in cash withdrawals, money sent to PFG, and

a \$12,382.46 payoff to a known prior investor. By February 10, 2006, WARNER's Barnes Bank account had a balance of \$205.64. Horne authorized his funds to be traded in a Go 2 Investments account. Horne did not authorize WARNER to use investment funds for any other purpose.

151. WARNER obtained money from Horne and exercised unauthorized control of the money with the purpose to deprive him thereof.

COUNT 16
SECURITIES FRAUD, a third degree felony
(Evelyn Cox)

152. Evelyn Cox (Evelyn) said she learned about an investment opportunity with WARNER through Randy Johnson (Randy). Randy told Evelyn he put approximately \$4,000 into a trading account and would use the trading profits to give to his children. Evelyn said she wanted to do the same for her children, so she talked to WARNER on or about January 2006. WARNER told Evelyn he would set up an account through PFG in Evelyn's name. WARNER said he would trade the account to make profits, and Evelyn would be able to monitor the account on-line.
153. Based on WARNER's representations, Evelyn hand delivered a \$4,000 cashier's check #54349, dated May 2, 2006, and made payable to Strategic Investors, to WARNER's office located in Ogden, Utah.
154. Prior to Evelyn's \$4,000 investment, WARNER failed to disclose some of the information found in paragraphs 19, 21, 22, 23, and 24.

155. After making the investment, WARNER told Randy that Evelyn's PFG account was doing well and making money. When WARNER disappeared on or about June 2006, Evelyn contacted PFG to get her investment funds back, and discovered she never had a PFG account in her name. Evelyn has been unable to recover any of her \$4,000 investment.

COUNT 17
THEFT, a third degree felony
(Evelyn Cox)

156. WARNER represented to Evelyn that he would use Evelyn's money to trade in an investment account. Bank records reveal Evelyn's \$4,000 was deposited into WARNER's Barnes Bank account on or about May 9, 2006, bringing the account balance to \$15,495.42. Bank records show WARNER spent Evelyn's investment funds on cash withdrawals. By June 30, 2006, WARNER's Barnes Bank account had a balance of \$191.88. Evelyn authorized her funds to be traded in an investment account. Evelyn did not authorize WARNER to use investment funds for any other purpose.

157. WARNER obtained money from Evelyn and exercised unauthorized control of the money with the purpose to deprive her thereof.

COUNT 18
PATTERN OF UNLAWFUL ACTIVITY, a second degree felony

158. Commencing on or about December 2002, WARNER engaged in conduct which constituted the commission of at least three episodes of unlawful activity as defined in

Utah Code Ann. §76-10-1603. WARNER: (1) received proceeds derived, directly or indirectly, from a pattern of unlawful activity as more fully defined in Counts 1 through 17 above, in which WARNER participated as principal, or used or invested, directly or indirectly, any part of that income, or the proceeds derived from the investment or use of those proceeds, in the acquisition of any interest in, or establishment or operation of, any enterprise; (2) through a pattern of unlawful activity acquired or maintained, directly or indirectly, any interest in or control of any enterprise; or (3) was employed by, or associated with any enterprise and conducted or participated, whether directly or indirectly, in the conduct of that enterprise's affairs through a pattern of unlawful activity. The unlawful activity included three or more violations of securities fraud. This is a violation of Utah Code Ann. §76-10-1603, a second degree felony.

SUMMARY

159. Based on my review of the evidence there is probable cause to believe that WARNER committed the crimes of:

SECURITIES FRAUD
a second degree felony, 8 counts

SECURITIES FRAUD
a third degree felony, 1 count

THEFT
a second degree felony, 6 counts

THEFT
a third degree felony, 1 count

ABUSE, NEGLECT, OR EXPLOITATION OF A VULNERABLE ADULT
a second degree felony, 1 count

PATTERN OF UNLAWFUL ACTIVITY
a second degree felony, 1 count

DATED this 20th day of September, 2007.



JEFFREY NIELSEN, Affiant

SUBSCRIBED AND SWORN before me this
20th day of September,
2007.



JUDGE, SECOND DISTRICT COURT

E. NEAL GUNNARSON, #1273
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Attorneys for Plaintiff

IN THE SECOND JUDICIAL DISTRICT COURT IN AND FOR
DAVIS COUNTY, STATE OF UTAH

THE STATE OF UTAH, : Bail \$ _____
 :
Plaintiff, :
 : **CRIMINAL INFORMATION**
vs. :
 :
KEVIN LARRY WARNER, : Case No. 071701611 FS
DOB: October 23, 1962 :
 : Judge MB Allphin
Defendant. :

The undersigned, JEFFERY NIELSEN, upon oath, states on information and belief that the defendant has committed the following crimes:

SECURITIES FRAUD, a second degree felony (8 counts)

SECURITIES FRAUD, a third degree felony (1 count)

THEFT, a second degree felony (6 counts)

THEFT, a third degree felony (1 count)

**ABUSE, NEGLECT OR EXPLOITATION OF A VULNERABLE ADULT,
a second degree felony (1 count)**

**PATTERN OF UNLAWFUL ACTIVITY
a second degree felony (1 count)**

**COUNT 1
SECURITIES FRAUD
a second degree felony**

Commencing on or about Fall 2002, in the State of Utah, County of Davis, and elsewhere, the defendant, in connection with the offer or sale of an investment, directly or indirectly, to **Anthony Smith**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

**COUNT 2
THEFT, a second degree felony**

From on or about January 2004, the defendant obtained or exercised unauthorized control over the property of **Anthony Smith**, with a purpose to deprive him thereof. The value of the property exceeds \$5,000.00. This is a violation of Utah Code Ann. § 76-6-404, a second degree felony.

COUNT 3
SECURITIES FRAUD
a second degree felony

Commencing on or about December 2002, in the State of Utah, County of Weber, and elsewhere, the defendant, in connection with the offer or sale of an investment, directly or indirectly, to **J. Roger Johnsen**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

COUNT 4
THEFT, a second degree felony

From on or about April 2004, the defendant obtained or exercised unauthorized control over the property of **J. Roger Johnsen**, with a purpose to deprive him thereof. The value of the property exceeds \$5,000.00. This is a violation of Utah Code Ann. § 76-6-404, a second degree felony.

COUNT 5
SECURITIES FRAUD
a second degree felony

Commencing on or about May 2003, in the State of Utah, County of Weber, and elsewhere, the defendant, in connection with

the offer or sale of an investment, directly or indirectly, to **John and Wendy Long**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

COUNT 6
SECURITIES FRAUD
a second degree felony

Commencing on or about September 2003, in the State of Utah, County of Weber, and elsewhere, the defendant, in connection with the offer or sale of an investment, directly or indirectly, to **Arlain and Lois Long**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

COUNT 7
THEFT, a second degree felony

From on or about April 2004, the defendant obtained or

exercised unauthorized control over the property of **Arlain and Lois Long**, with a purpose to deprive them thereof. The value of the property exceeds \$5,000.00. This is a violation of Utah Code Ann. § 76-6-404, a second degree felony.

COUNT 8
SECURITIES FRAUD
a second degree felony

Commencing on or about October 2003, in the State of Utah, County of Weber, and elsewhere, the defendant, in connection with the offer or sale of an investment, directly or indirectly, to **Dale Beebe**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

COUNT 9
THEFT, a second degree felony

From on or about February 2006, the defendant obtained or exercised unauthorized control over the property of **Dale Beebe**, with a purpose to deprive him thereof. The value of the property exceeds \$5,000.00. This is a violation of Utah Code Ann. § 76-6-404, a second degree felony.

COUNT 10
SECURITIES FRAUD
a second degree felony

Commencing on or about March 2004, in the State of Utah, County of Weber, and elsewhere, the defendant, in connection with the offer or sale of an investment, directly or indirectly, to **Dennis Butcher**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

COUNT 11
THEFT, a second degree felony

From on or about April 2004, the defendant obtained or exercised unauthorized control over the property of **Dennis Butcher**, with a purpose to deprive him thereof. The value of the property exceeds \$5,000.00. This is a violation of Utah Code Ann. § 76-6-404, a second degree felony.

COUNT 12
SECURITIES FRAUD
a second degree felony

Commencing on or about October 2004, in the State of Utah, County of Weber, and elsewhere, the defendant, in connection with

the offer or sale of an investment, directly or indirectly, to **Bartley Richardson**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

COUNT 13
ABUSE, NEGLECT OR EXPLOITATION OF A VULNERABLE ADULT
a second degree felony

From on or about November 2004, the defendant, in a position of trust and confidence, or in a business relationship, with a vulnerable adult (Bartley Richardson), and knowingly, by deception or intimidation, obtained or used, or endeavored to obtain or use, the vulnerable adult's funds, credit, assets, or other property with the intent to temporarily or permanently deprive the vulnerable adult of the use, benefit, or possession of the adult's property, for the benefit of someone other than the vulnerable adult, in violation of Utah Code Ann. § 76-5-111. This violation is a second degree felony.

COUNT 14
SECURITIES FRAUD
a second degree felony

Commencing on or about February 2005, in the State of Utah, County of Weber, and elsewhere, the defendant, in connection with the offer or sale of an investment, directly or indirectly, to **Jay Dee Horne**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

COUNT 15
THEFT, a second degree felony

From on or about December 2005, the defendant obtained or exercised unauthorized control over the property of **Jay Dee Horne**, with a purpose to deprive him thereof. The value of the property exceeds \$5,000.00. This is a violation of Utah Code Ann. § 76-6-404, a second degree felony.

COUNT 16
SECURITIES FRAUD
a third degree felony

Commencing on or about January 2006, in the State of Utah, County of Weber, and elsewhere, the defendant, in connection with

the offer or sale of an investment, directly or indirectly, to **Evelyn Cox**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a third degree felony under Utah Law.

COUNT 17
THEFT, a third degree felony

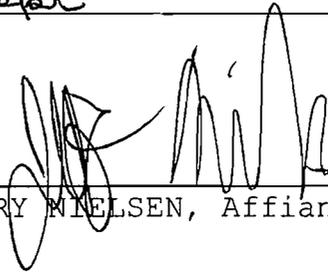
From on or about May 2006, the defendant obtained or exercised unauthorized control over the property of **Evelyn Cox**, with a purpose to deprive her thereof. The value of the property is or exceeds \$1,000.00 but does not exceed \$5,000.00. This is a violation of Utah Code Ann. § 76-6-404, a third degree felony.

COUNT 18
PATTERN OF UNLAWFUL ACTIVITY
a second degree felony

Commencing on or about December 2002, the defendant has engaged in conduct which constituted the commission of at least three episodes of unlawful activity as defined in Utah Code Ann. § 76-10-1601 (1995). The defendant: (1) received proceeds derived, directly or indirectly, from a pattern of unlawful activity as more fully defined in Counts 1 through 17 above, in

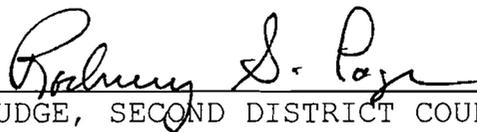
which he participated as a principal, or he used or invested, directly or indirectly, any part of that income, or the proceeds of the income, or the proceeds derived from the investment or use of those proceeds, in the acquisition of any interest in, or establishment or operation of, any enterprise; (2) through a pattern of unlawful activity acquired or maintained, directly or indirectly, any interest in or control of any enterprise; or (3) was employed by, or associated with any enterprise and conducted or participated, whether directly or indirectly, in the conduct of that enterprise's affairs through a pattern of unlawful activity. The unlawful activity included three or more violations of securities fraud and theft. This is a violation of Utah Code Ann. §76-10-1601 and § 76-10-1603(5) (1995), et seq. a second degree felony.

DATED this 20th day of Sept, 2007.



JEFFERY NIELSEN, Affiant

SUBSCRIBED AND SWORN to before me on this 20 day of Sept, 2007.



JUDGE, SECOND DISTRICT COURT

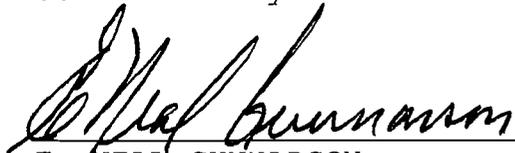
This CRIMINAL INFORMATION is based upon evidence from the following witnesses:

1. Anthony Smith
2. J. Roger Johnsen
3. John Allen Long
4. Wendy Long
5. John Arlain Long
6. Lois Long
7. Dale Beebe
8. Marty Fehringer
9. Randy Johnson
10. Dennis Butcher
11. Bartley Richardson
12. Rex Higley
13. Jay Dee Horne
14. Brian Rogers
15. Evelyn Cox
16. And others.

AUTHORIZED FOR PRESENTMENT AND FILING this 19 day of September, 2007.

MARK L. SHURTLEFF
Utah Attorney General

By:



E. NEAL GUNNARSON
Assistant Attorney General

E. NEAL GUNNARSON, Bar No. 1273
Assistant Attorney General
MARK L. SHURTLEFF, Bar No. 4666
Utah Attorney General
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Murray, UT 84123
Telephone: (801) 281-1221
Facsimile: (801) 281-1224

IN THE SECOND JUDICIAL DISTRICT COURT IN AND FOR
DAVIS COUNTY, STATE OF UTAH

THE STATE OF UTAH, : Bail \$ 25,000⁰⁰ Cash only.
Plaintiff, :
vs. : **WARRANT OF ARREST**
:
KEVIN LARRY WARNER, : Case No. 071701611 FS
DOB: October 23, 1962 : Judge Allphin
Defendant. :

THE STATE OF UTAH TO ANY PEACE OFFICER IN THE STATE OF UTAH,
G R E E T I N G S :

An Information, upon oath, having been this day made
before me by Investigator Jeffery Nielsen, and it appearing from
the Information, or affidavit filed with the Information, that
there is probable cause to believe that the public offense of:
**Securities Fraud, a second degree felony, 8 counts; Securities
Fraud, a third degree felony, 1 count; Theft, a second degree**

felony, 6 counts; Theft a third degree felony, 1 count; Abuse, Neglect or Exploitation of a Vulnerable Adult, a second degree felony, 1 count; and, Pattern of Unlawful Activity, a second degree felony, 1 count, has been committed, and that the defendant, KEVIN LARRY WARNER, has committed these offenses,

YOU ARE THEREFORE COMMANDED to arrest the above named defendant forthwith and bring the defendant before this court, or before the nearest or most accessible magistrate for setting bail. If the defendant has fled justice, you shall pursue the defendant into any other county of this state and there arrest the defendant. The offenses listed above are felonies.

Bail is set in the amount of \$ 25,000 Cash only

DATED this 20th day of Sept., 2007.

Rodney S. Page
HONORABLE
JUDGE, SECOND DISTRICT COURT

Defendant's Address:

4322 West 800 North
West Point, UT 84105

STATE OF UTAH }
COUNTY OF DAVIS } SS.

I HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL ON FILE IN MY OFFICE.

DATED THIS 20th DAY OF Sept 2007
ALYSON E BROWN
CLERK OF THE COURT

BY C. Hessler DEPUTY

PAGE 2 OF 2

