

Statement of facts
(the true facts)

in the matter of Craig Taylor dba The Mall hop, smoothie Beach

General Allegations

...Craig Taylor (Respondent) sold securities to an investor (JV)...

This is a false premise. It was not a security. It was a co-ownership buy-in. Craig Taylor offered a ownership partnership of a start-up smoothie shop. J.V.'s intent all along was to be co-owner in this start-up. More confirmation on this will be shown.

Respondent made material misstatements...

Craig Taylor made no material misstatements that are alleged.

First offer of security

JV responded to KSL ad for partnership into smoothie business...

True, but it was for a ownership partnership.

7-F) JV's investment was secured and protected. I would repay his investment on request.

The security was in ownership of the value of the business and assets I had at the time earmarked for the business. It was protected by the value of the business. I agreed to buy-out ownership if he wanted out. I had full ability to do that in that agreed timeline.

J.V. claims I would return his money at request at anytime.

This is false. I would buy-out the ownership of the business after nine months if he wanted a buy-out, but not before that. After nine months he indicated he did want to be bought out but decided he wanted to keep the ownership. More details on that later.

7-H) Justin would not receive any ownership interests in the business.

THIS IS BLATENTLY FALSE and I am amazed such a statement was made to you.

12-C) in return for investment Justin would receive 50% profits...

It was also for 50% ownership which should have been in contract. Both parties knew that was the case even though overlooked in contract. Later I will show from statements from JV that he knew he had ownership.

12-E) If after 9 months JV decides to discontinue agreement respondent would pay 10% interest plus principle back.

After nine months it was agreed I would buy-out JV ownership for 10% above what he bought the

owner/partnership for if he wanted out. After nine months I directly asked him if he wanted a buy-out as a few weeks before he indicated if we were not open he wanted to be bought out. He said he did not want to be bought out. The reason being is we had a verbal agreement that he would gain more ownership in other stores in the mall for both the delay and his future work with the mall. It would not be a 50% ownership but a fair ownership amount for the delay of opening the one store. I was in a position at that time to cash him out and told him I would. He strongly indicated he wanted to keep his ownership and would give it more time. He showed enthusiasm in our talks about the big picture. He was anxious to open (as I) but he complimented my hard work and progress of the whole operation. He also acknowledged that I was putting a lot of money and time into the build out of the place. He also helped on the decisions of the place since he was 50% owner and always had full right to do so. More on that later. Even though I was putting much more time and money into the place he still was getting 50% ownership.

14) Respondent failed to provide JV with any substantive information related to operation of company after his investment.

BLATENTLY FALSE - As stated in above paragraph he complimented the work and progress though he was anxious to get it open. However the more money and time I put into it was increasing the value which he had ownership in. We meant about once a month on average to discuss progress, strategy, improvements, ideas (together) etc. To state that nothing substantive was shared is at best disingenuous. Our meetings usually were over 2 hours and he always went away saying looks good and thanked me for the update.

15 -18 -

A new amended agreement was made. The \$200 payment agreed to was satisfied by forgiving \$1000 more owed to finish ownership buy-in. The payments after that were never made.

This was not in writing but JV acknowledged that I was putting more money into this and time and the \$200 a month was agreed to not be in effect for this reason. He would be given more ownership in other stores which I everyday was working on to finish. The ownership was not 50% for the other stores but would be more than fair and he expressed his trust in that. Since he was going to have more ownership in them he was satisfied and was enthusiastic. He still was anxious to open and so was I. After even more time went by we did write a rough draft that agreed he would own 50% of the frozen yogurt store for Orem and 10% of future stores. The worth of that was worth much more than the \$200 payments owed. My weakness (and many people will confirm this) is I am generous to a fault. But I would rather be on the side giving more than taking advantage of someone.

Second offer of a security
(please read your copy of document to know what I am refuting)

19 -23

This note was to buy-out his ownership and I offered to buy it out for more than he bought in. I simply made the mistake of writing it up wrong but he and I both know I was buying out his ownership. I have more info to back that up which I will share later. I reminded JV that until I came up with the buy-out money he still OWNED the value of the partnership until he was paid off.

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JV would only forfeit his profits and ownership after he was bought out. I reminded him that this was still his until the sale was completed.

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This is a half truth - I told him the company Smoothie Beach and Mall Hop was clear of debt. The equipment and inventory had no loans or debt. The value of the equipment was part of the ownership he was getting.

Securities Fraud under 61-1-1 of the act

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The investment was for ownership, not a security.

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This was not a security.

a) my assets at this time even with the 15k judgement were still much higher. However he was buying ownership in Smoothie Beach, not a security

b) the person who **accused** me of theft was proven they were the liar and thief. I provided a copy of a cashier's check that they were paid off before the accusation. However I do not believe an accusation only warrants disclosure.

c & d)

I made the biggest mistake in my life of not fighting something where I was accused of a crime which there was no intent of a crime. I bounced some checks on the promise of money owed to me would be there. I had an auto repair business. The checks were to different auto repair suppliers. I called all the suppliers and they were all willing to work with me since I had a good track record with them. All but one supplier agreed to work with me. The owner would not work with me and said he would go to police if not paid immediately. I had means to make it right after repairs were completed and I got paid for the repairs. He went to police and I was arrested. I went to the prosecutor myself to tell him the situation and he agreed if I plead guilty he would request no jail time because of a clean record and after the check was paid off the charges would be off my record. I went to the hearing for sentencing and they put me in jail which was shocking. Even the prosecutor was shocked and he even told me he was sorry. Being in jail I could not finish the car restorations. Most checks were paid down before sentencing. All the checks were finished paid off after getting out of jail. I was accused of just the one check to the guy who would not work with me. I am now going to pursue getting that off my record as it is supposed to be.

f) JV was buying ownership in a business. From the get go I let him know there was risk. He knew this was a start-up. I showed why I thought it would be a success. I also agreed if he was not satisfied with the business after a certain amount of time I would buy his ownership back. After that time trial he indicated he wanted to stay in. As indicated before I had the means to pay him out in the time frame. After he agreed to stay in I put much more money into the business which increased its value. I still contend the value of the business was always worth much more than what he put into it even though it still did not open.

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32)

a,b,c d, e f) this has already been answered by me in these pages

g) this was not a securities

h) I am not offering securities

i) I have not knowingly violated securities therefore should not be fined. I have been falsely accused by JV and he has knowingly left out key information about this case and compensation given to him which he willingly did not disclose. Ironically it is he that has not given full disclosure in his statements to you as he accuses me of not.

DATE: FEB 15/2013

SIGNED: A handwritten signature in blue ink, consisting of a large, stylized 'S' followed by a long horizontal stroke that curves upwards and then downwards.