

FILED DISTRICT COURT
Third Judicial District

APR 10 2007

By X/1 SALT LAKE COUNTY
Deputy Clerk

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

THE STATE OF UTAH, : Bail \$ _____
Plaintiff, :
vs. : **CRIMINAL INFORMATION**
JOHNNY A. SANCHEZ : Case No: 071902677
DOB: 10/09/1970 :
Defendant. : Judge: _____

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

THEFT, a second degree felony, 5 counts

COUNT 1
SECURITIES FRAUD
a second degree felony

Commencing on or about September/October 2002, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **CLARENCE and/or DIANA GONZALEZ**, 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
SECURITIES FRAUD
a second degree felony

Commencing on or about April 2003, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **ISAAC GONZALEZ and/or DAPHNE DEGERING**, 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 3
SECURITIES FRAUD
a second degree felony

Commencing on or about May through July 2003, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **ISSAC GONZALEZ and/or DAPHNE DEGERING**, 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
SECURITIES FRAUD
a second degree felony

Commencing on or about October 2003, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **ISAAC GONZALEZ and/or DAPHNE DEGERING**, 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 5
SECURITIES FRAUD
a second degree felony

Commencing on or about February 2004, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **ISAAC GONZALEZ and/or DAPHNE DEGERING**, 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 February 2004, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **ISAAC GONZALEZ and/or DAPHNE DEGERING**, 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
SECURITIES FRAUD
a second degree felony

Commencing on or about June 2003, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **ANGELA ADAME**, 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 8
SECURITIES FRAUD
a second degree felony

Commencing on or about October 2003, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **MARTA STRINEK**, 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 September/October 2002, the defendant obtained or exercised unauthorized control over the property of **CLARENCE and/or DIANA GONZALEZ**, 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 10
THEFT, a second degree felony

From on or about May 2003, the defendant obtained or exercised unauthorized control over the property of **ISAAC GONZALEZ and/or DAPHNE DEGERING**, 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 11
THEFT, a second degree felony

From on or about May through July 2003, the defendant obtained or exercised unauthorized control over the property of **ISAAC GONZALEZ and/or DAPHNE DEGERING**, 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 12
THEFT, a second degree felony

From on or about February 2004, the defendant obtained or exercised unauthorized control over the property of **ISAAC GONZALEZ and/or DAPHNE DEGERING**, 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 13
THEFT, a second degree felony

From on or about October 2003, the defendant obtained or exercised unauthorized control over the property of **MARTA STRZINEK**, 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.

DATED this 10th day of April, 2007



JEFFREY NIELSEN, Affiant

SUBSCRIBED AND SWORN to before me on
this 10th day of April,
2007



JUDGE, THIRD DISTRICT COURT



This CRIMINAL INFORMATION is based upon evidence from the

following witnesses:

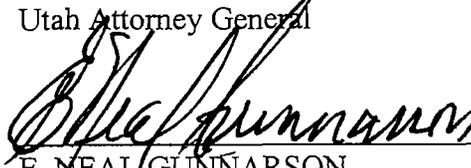
1. Clarence Gonzalez
2. Diana Gonzalez
3. Angela Adame
4. Isaac Gonzalez
5. Daphne Degering
6. Marta Strzinek
7. Johnny Sanchez
8. And Others.

AUTHORIZED FOR PRESENTMENT AND FILING this 6 day of

April, 2007.

MARK L. SHURTLEEF
Utah Attorney General

By:



E. NEAL GUNNARSON
Assistant Attorney General

FILED DISTRICT COURT
Third Judicial District

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

THE STATE OF UTAH, : Bail \$ _____
 :
 Plaintiff, :
 : **WARRANT OF ARREST**
 vs. :
 :
 JOHNNY A. SANCHEZ : Case No: 071902607
 DOB: 10/09/1970 :
 : Judge: _____
 Defendant. :

THE STATE OF UTAH TO ANY PEACE OFFICER IN THE STATE OF UTAH,
GREETINGS:

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; and Theft, a second degree felony, 5 counts**, has been committed, and that the defendant, JOHNNY A. SANCHEZ, 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 \$ 100,000⁰⁰.

DATED this 10th day of April, 2007



HONORABLE, Vernice S. Trease
JUDGE, THIRD DISTRICT COURT



Defendant's Address:

4307 Open Hill Drive
South Jordan, UT 84095

FILED DISTRICT COURT
Third Judicial District

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

THE STATE OF UTAH, :
 :
 Plaintiff, : **AFFIDAVIT OF PROBABLE CAUSE**
 :
 vs. :
 :
 JOHNNY A. SANCHEZ : Case No: 071902627
 DOB: 10/09/1970 :
 :
 Defendant. : Judge: _____

STATE OF UTAH)
 :SS
 COUNTY OF SALT LAKE)

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

1. I am currently employed as an investigator with the Utah Division of Securities following my completion of an internship with the Division during the Spring/Summer of 2006. 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 JOHNNY A. SANCHEZ.

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 Clarence Gonzalez, Diana Gonzalez, Angela Adame, Isaac Gonzalez, Daphne Degering, Marta Strzinek, Johnny Sanchez and others.

PARTIES

3. JOHNNY A. SANCHEZ, at all pertinent times, resided in Utah, and his last know address is 4307 Open Hill Dr., South Jordan, UT 84095.
4. Nutratek, LLC is registered with the Utah Division of Corporations and Commercial Code. JOHNNY A. SANCHEZ is listed as Member. Nutratek's status is "expired."
5. Veritas Research Group, LLC is registered with the Utah Division of Corporations and Commercial Code. Wayne A. Young is listed as Manager and Registered Agent. Veritas Research Group's status is "expired."
6. Nutra Tek Health Sciences, a DBA, is registered with the Utah Division of Corporations and Commercial Code. JOHNNY A. SANCHEZ is listed as Applicant and Registered Agent. Nutra Tek Health Sciences status is "active."

7. JVS Properties, LLC is registered with the Utah Division of Corporations and Commercial Code. JOHNNY A. SANCHEZ is listed as Manager. JVS Properties' status is "expired."

BACKGROUND

8. United States Bankruptcy court records reveal that JOHNNY A. SANCHEZ (SANCHEZ) filed for bankruptcy on August 29, 2003.
9. Between December 2002 and February 2004, SANCHEZ sold eight promissory notes to four investors and accepted \$145,000 in investor funds. All promissory notes were issued by Sanchez. Six of the promissory notes were signed by SANCHEZ, while the other two were sent by Sanchez through an email to the investors, thereby lacking a signature. Six of the notes were unsecured, had a term of one year, and offered between fourteen and eighteen percent profit to the investor. Two of the notes were unsecured, had a term of one month, and offered either five or seven percent profit to the investor.
10. SANCHEZ met with investors in various locations within the Counties of Salt Lake and Tooele. SANCHEZ told one couple their investments would be used to take SANCHEZ's health and nutritional company public. SANCHEZ told other investors their investments would be used either for business expansion or costs.
11. SANCHEZ completely paid back one investor approximately \$19,000 in June 2004, representing the investor's principal plus promised interest. To date, SANCHEZ has paid

another investor a total of \$1,000. SANCHEZ has not made payments to any other investors.

12. SANCHEZ did not disclose a Chapter 7 bankruptcy to any investors that invested after the bankruptcy occurred on August 29, 2003.
13. SANCHEZ did not tell investors about his track record of paying back investors. This includes an investor, Tyler Elmore (Elmore), who invested approximately \$12,000 with SANCHEZ in SANCHEZ's company, Veritas Research Group, LLC (Veritas), on or about October 2002. During an interview with SANCHEZ by your affiant, SANCHEZ admitted he "lost" all of Elmore's investment funds. SANCHEZ failed to tell investors about losing Elmore's investment funds.
14. SANCHEZ 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. SANCHEZ did provide one couple with some documents for SANCHEZ's health and nutritional company, which showed some projections and discussed some of the business operations of the company.
15. With the exception of one investor receiving their investment funds back and another receiving a part of their funds back, the other two investors have not received any of their investment funds back. Investor losses total \$130,000.

COUNT 1
SECURITIES FRAUD, a second degree felony
(Clarence and Diana Gonzalez)

16. Clarence Gonzalez (C. Gonzalez) and Diana Gonzalez (D. Gonzalez) were solicited by their nephew, SANCHEZ, to invest in SANCHEZ's health and nutritional company called Nutratek, LLC (Nutratek) on or about September or October 2002.
17. SANCHEZ met with C. Gonzalez and D. Gonzalez multiple times during September and December 2002 at either C. Gonzalez and D. Gonzalez's home in Tooele, Utah, or at SANCHEZ's home in South Jordan, Utah. At the meetings, SANCHEZ told C. Gonzalez and D. Gonzalez that Nutratek was owned and operated by SANCHEZ and his wife Virginia Sanchez (Virginia). SANCHEZ said Virginia did not have any business experience, but SANCHEZ said he had experience in sales. SANCHEZ said his experience included traveling and selling medical equipment for another company. SANCHEZ said Nutratek produced and sold dietary supplements that were comparable to Slim Fast products. SANCHEZ gave C. Gonzalez and D. Gonzalez a box of Nutratek's products to try for themselves. SANCHEZ told C. Gonzalez and D. Gonzalez the market for Nutratek's products was "good." SANCHEZ said Nutratek was starting to sell dietary supplements "on demand" and starting to do well. SANCHEZ said Nutratek made money through product sales, but SANCHEZ needed investor money in order to

expand Nutratek and produce new products. SANCHEZ told C. Gonzalez and D. Gonzalez their investment money would be used strictly for that purpose.

18. SANCHEZ told C. Gonzalez and D. Gonzalez he wanted \$15,000 as a minimum investment amount in order to participate, and offered a promissory note in return for an investment. C. Gonzalez said he would need to get his investment money back, since the money would come from C. Gonzalez's 401k account. SANCHEZ told C. Gonzalez and D. Gonzalez there would be no risk involved with the investment, and SANCHEZ personally guaranteed C. Gonzalez and D. Gonzalez would make their principal money back plus profit, even if SANCHEZ had to pay out of his own pocket. SANCHEZ told C. Gonzalez and D. Gonzalez the money would be fairly liquid and could be taken out at anytime.
19. During these meetings, SANCHEZ failed to give C. Gonzalez and D. Gonzalez any disclosure documents or any information ordinarily provided in a prospectus, including but not limited to: financial statements, descriptions of the back-grounds 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. SANCHEZ failed to disclose other material facts during his discussions with C. Gonzalez and D. Gonzalez. SANCHEZ failed to tell C. Gonzalez and D. Gonzalez about SANCHEZ losing all of Elmore's investment funds in Veritas. In an interview by your affiant, SANCHEZ admitted to not disclosing this information to C. Gonzalez and D.

Gonzalez. SANCHEZ failed to discuss: track record of Nutratek to investors, track record of SANCHEZ to previous investors, suitability factors for the investment, how SANCHEZ would be compensated for selling the investments, if there were any other investors, if SANCHEZ was licenced as a broker-dealer or agent, if the promissory note SANCHEZ offered for the investment was a security, and if the security was registered or exempt from registration.

21. On or about December 7, 2002, C. Gonzalez and D. Gonzalez invested \$14,000 based on SANCHEZ's representations. C. Gonzalez and D. Gonzalez invested by meeting SANCHEZ at Tooele Federal Credit Union (TFCU) and giving SANCHEZ a \$14,000 TFCU cashier's check made payable to Veritas. SANCHEZ told C. Gonzalez and D. Gonzalez to make the check payable to Veritas. SANCHEZ said Veritas was the research side of Nutratek. In order to get the \$14,000 from C. Gonzalez's 401k, one of SANCHEZ's co-owners in Veritas, Wayne Young, filled out a form as C. Gonzalez's investment advisor. In return for the investment, SANCHEZ gave C. Gonzalez and D. Gonzalez a \$14,000 promissory note, dated December 7, 2002, with a term of one year and a maturity rate of 14%. SANCHEZ signed the note in front of C. Gonzalez and D. Gonzalez at C. Gonzalez and D. Gonzalez's home.
22. Bank records reveal C. Gonzalez's \$14,000 check was deposited into SANCHEZ's America First Credit Union account on or about December 7, 2002, bringing the balance on the account to \$14,943.02. Bank records show SANCHEZ spent C. Gonzalez's

investment funds on business payroll (including \$5,575 to SANCHEZ), a credit card bill, a business luncheon, invoices, groceries, and a UPS payment. By March 18, 2003, SANCHEZ's America First bank account was closed out with a balance of \$0. C. Gonzalez authorized his funds to be used for business costs. C. Gonzalez did not authorize SANCHEZ to use investment funds for any other purpose.

23. On or about March or April 2003, SANCHEZ talked to C. Gonzalez and D. Gonzalez about purchasing a house for SANCHEZ and Virginia. SANCHEZ said C. Gonzalez and D. Gonzalez would have the loan in their name, but SANCHEZ would make the payments and pay an extra amount per month to C. Gonzalez and D. Gonzalez. C. Gonzalez and D. Gonzalez denied to get involved.
24. On or about June 2003, C. Gonzalez contacted SANCHEZ and requested his investment back. C. Gonzalez said he was nervous about his investment with SANCHEZ because SANCHEZ was "acting weird" by pitching deals like the house purchase deal. SANCHEZ told C. Gonzalez it would not be a problem to get C. Gonzalez's investment back, but it would take some time.
25. C. Gonzalez said SANCHEZ continually put off C. Gonzalez's request. SANCHEZ sent checks to repay C. Gonzalez, but all of the checks were returned due to insufficient funds. On or about June 2004, after a year of requesting to have the investment back, C. Gonzalez was able to get his investment money back plus interest owed, totaling approximately \$19,000.

COUNT 2
SECURITIES FRAUD, a second degree felony
(Isaac Gonzalez and Daphne Degering)

26. Isaac Gonzalez (I. Gonzalez) and I. Gonzalez's girlfriend, Daphne Degering (Degering), learned about an investment opportunity with SANCHEZ through I. Gonzalez's parents, C. Gonzalez and D. Gonzalez.
27. On or about March or April 2003, SANCHEZ contacted I. Gonzalez and Degering by telephone and solicited I. Gonzalez and Degering to invest in Nutratek. SANCHEZ told I. Gonzalez and Degering that Nutratek had been in business for about four or five years. SANCHEZ said Nutratek was capitalized through selling products, but needed to raise between \$500,000 and \$1,000,000 in investor funds to take Nutratek public. SANCHEZ told I. Gonzalez and Degering investor funds were only to be used to take Nutratek public. SANCHEZ told I. Gonzalez and Degering investors needed to invest at least \$5,000 in order to participate and that investor money would be pooled to reach the goal amount.
28. SANCHEZ told I. Gonzalez and Degering that Nutratek sold a line of "health and weight products." One such product was a tool to measure a person's body fat. SANCHEZ told I. Gonzalez and Degering the market for Nutratek's products had a lot of potential. SANCHEZ said Nutratek was developing a dietary supplement to help stabilize the blood sugar levels in diabetics and this supplement was going to make Nutratek huge.

SANCHEZ gave I. Gonzalez and Degering a document entitled *Company Prospects*, which discussed some of Nutatek's projections and business operations. SANCHEZ also showed I. Gonzalez and Degering some financial statements on Nutratek, but did not give any copies for I. Gonzalez and Degering's records. SANCHEZ said he wanted Patti Labelle or Paris Hilton to endorse Nutratek's products.

29. SANCHEZ told I. Gonzalez and Degering they would be investing on the "ground floor," which would allow I. Gonzalez and Degering to make a lot of money. SANCHEZ told I. Gonzalez and Degering they would be entitled to own some Nutratek stock totaling five percent ownership of Nutratek if an investment was made. SANCHEZ said there were other investors involved, but did not specify how many. SANCHEZ told I. Gonzalez and Degering he had paid back other investors and the other investors were "happy." SANCHEZ told I. Gonzalez and Degering they would have to leave their investment with Nutratek for a period of one year, at which time I. Gonzalez and Degering would be entitled to collect their investment plus profit.
30. SANCHEZ told I. Gonzalez and Degering there was no risk involved with the investment. SANCHEZ said the investment would make money once the company went public. SANCHEZ offered a promissory note in return for an investment. SANCHEZ said the maturity rate of the promissory note would depend on how much money was invested. The possible maturity rates were either 14% or 18% per annum.

31. During the discussion, SANCHEZ failed to give I. Gonzalez and Degering any disclosure documents or any information ordinarily provided in a prospectus, including but not limited to: financial statements, descriptions of the back-grounds of the company officers and directors, and a list of the risk factors relating to the investment.
32. SANCHEZ failed to disclose other material facts during his discussion with I. Gonzalez and Degering. SANCHEZ failed to tell I. Gonzalez and Degering about SANCHEZ losing all of Elmore's investment funds in Veritas. In an interview by your affiant, SANCHEZ admitted to not disclosing this information to I. Gonzalez and Degering. SANCHEZ failed to discuss: the disposition of investments if the minimum amount of capitalization was reached, competition for Nutratek's product, the proposed use of investment proceeds, suitability factors for the investment, how SANCHEZ would be compensated for selling the investments, if SANCHEZ was licenced as a broker-dealer or agent, if the promissory note SANCHEZ offered for the investment was a security, and if the security was registered or exempt from registration.
33. On or about May 14, 2003, I. Gonzalez and Degering invested \$12,000 based on SANCHEZ's representations. The money was wired to SANCHEZ's Wells Fargo Bank account from Albuquerque, New Mexico. Some of the money came from a savings account, and some of the money came from home equity. SANCHEZ knew the money came from savings, but was not aware money came from home equity. In return for their investment, SANCHEZ gave I. Gonzalez and Degering a \$14,000 promissory note, dated

May 13, 2003, with a maturity rate of 14% per annum and a term of one year. The note was sent to I. Gonzalez and Degering and appears to have been signed by SANCHEZ.

34. Bank records reveal I. Gonzalez and Degering's \$12,000 was deposited into SANCHEZ's Wells Fargo bank account on or about May 14, 2003, bringing the account balance to \$13,354.78. Bank records show SANCHEZ spent I. Gonzalez and Degering's investment on business costs, food, payroll, a telephone bill, and automotive expenses (including a car payment).
35. By May 27, 2003, SANCHEZ's Wells Fargo bank account had a balance of negative \$4,334.38. I. Gonzalez and Degering authorized their funds to be used to take Nutratek public. I. Gonzalez and Degering did not authorize SANCHEZ to use investment funds for any other purpose.

COUNT 3
SECURITIES FRAUD, a second degree felony
(Isaac Gonzalez and Daphne Degering)

36. During May through July of 2003, SANCHEZ continually solicited I. Gonzalez and Degering by email and telephone to invest more funds in Nutratek. SANCHEZ told I. Gonzalez and Degering if more was invested, SANCHEZ would give I. Gonzalez and Degering a higher percentage rate than on the first investment. SANCHEZ told I. Gonzalez and Degering this investment had the same terms as the first investment.

37. On or about July 2003, I. Gonzalez and Degering invested an additional \$44,000 by wire transfer from Sacramento. The \$44,000 came from I. Gonzalez and Degering's savings and from home equity. SANCHEZ knew the money came from savings, but not about the home equity. In return for the investment, SANCHEZ gave I. Gonzalez and Degering a \$44,000 promissory note, dated July 21, 2003, with an interest rate of 18% and a term of one year. The note was sent to I. Gonzalez and Degering and appears to have been signed by SANCHEZ.
38. Prior to the \$44,000 investment, SANCHEZ failed to provide any other information or material facts, including SANCHEZ losing all of Elmore's investment funds in Veritas, which SANCHEZ admitted to in an interview by your affiant.

COUNT 4
SECURITIES FRAUD, a second degree felony
(Isaac Gonzalez and Daphne Degering)

39. SANCHEZ continued to have contact with I. Gonzalez and Degering after the second investment. SANCHEZ, via email, told I. Gonzalez and Degering how everything was going along smoothly. SANCHEZ continued to solicit I. Gonzalez and Degering for more funds via email, over the telephone, and in person whenever I. Gonzalez and Degering visited SANCHEZ at his home in South Jordan, Utah. SANCHEZ also talked to I. Gonzalez and Degering about investing money in hedge funds and putting money into oversea accounts. SANCHEZ said there was a minimum investment amount of

\$100,000. SANCHEZ asked I. Gonzalez and Degering if they wanted to get involved, but I. Gonzalez and Degering declined.

40. On or about October 2003, I. Gonzalez and Degering invested \$18,000 with SANCHEZ because of SANCHEZ's continual solicitations for more funds to be invested in Nutratek. SANCHEZ told I. Gonzalez and Degering this investment had the same terms as the previous two investments. The \$18,000 was wired in two separate transactions from Sacramento. The first transaction was a \$9,000 wire on or about September 30, 2003. A second \$9,000 wire was made on or about October 3, 2003. Both wires were deposited into SANCHEZ's Wells Fargo Bank account. The money came from I. Gonzalez and Degering's savings and home equity. I. Gonzalez and Degering told SANCHEZ the money from their home equity was now "tapped out" and they would need to make their money back.
41. In return for I. Gonzalez and Degering's \$18,000 investment, SANCHEZ gave I. Gonzalez and Degering an \$18,000 promissory note, dated October 10, 2003, with a term of eight months and a maturity rate of 18% per annum. The note was sent to I. Gonzalez and Degering and appears to have been signed by SANCHEZ.
42. Prior to this \$18,000 investment, SANCHEZ specifically failed to provide the following material facts: a Chapter 7 bankruptcy filed by SANCHEZ on August 29, 2003, and SANCHEZ losing all of Elmore's investment funds in Veritas. SANCHEZ admitted to not disclosing both of these material facts in an interview by your affiant.

COUNTS 5 and 6
SECURITIES FRAUD, a second degree felony
(Isaac Gonzalez and Daphne Degering)

43. On or about February of 2004, SANCHEZ told I. Gonzalez and Degering about a new investment opportunity that was different from the previous investments. SANCHEZ said he had met a doctor who was developing a product that did scans of a person's body and would tell about any deficiencies the body had, such as a vitamin deficiency. SANCHEZ said the doctor needed to raise \$22,000 in order to patent the product. SANCHEZ had several discussions with I. Gonzalez and Degering about the investment and made the solicitations over the telephone and in person at SANCHEZ's home in South Jordan, Utah.
44. During the conversations, SANCHEZ told I. Gonzalez and Degering the market for this product would be huge, and a lot of people, especially doctors and physical therapists, would use this new technology. SANCHEZ told I. Gonzalez and Degering their investment would make a profit once the product was sold. SANCHEZ told I. Gonzalez and Degering there was no risk involved, since their funds would be invested for one month. SANCHEZ offered a promissory note in return for an investment. SANCHEZ told I. Gonzalez and Degering their money would be used for patenting the product and for business costs, but did not discuss using investment funds for any other purpose. SANCHEZ said this was a good investment and would invest his own money, but could

not because there was a conflict of interest since SANCHEZ was involved with the investment. SANCHEZ told I. Gonzalez and Degering they were the only investors. SANCHEZ said he would not make a commission for selling I. Gonzalez and Degering this investment.

45. During the discussions, SANCHEZ failed to give I. Gonzalez and Degering any disclosure documents or any information ordinarily provided in a prospectus, including but not limited to: financial statements, descriptions of the back-grounds 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.
46. SANCHEZ failed to disclose other material facts during his discussions with I. Gonzalez and Degering. SANCHEZ failed to tell I. Gonzalez and Degering about SANCHEZ's Chapter 7 bankruptcy and about SANCHEZ losing all of Elmore's investment funds in Veritas. In an interview by your affiant, SANCHEZ admitted to not disclosing these facts to I. Gonzalez and Degering. SANCHEZ failed to discuss: current capitalization of SANCHEZ's business, the nature of competition for the new product, suitability factors for the investment, if SANCHEZ was licenced as a broker-dealer or agent, if the promissory note SANCHEZ offered for the investment was a security, and if the security was registered or exempt from registration.
47. Based on SANCHEZ's representations, I. Gonzalez and Degering invested the \$22,000. The investment was made in two separate transactions. The first transaction was a

\$10,000 wire transfer on or about February 2, 2004, to Virginia's Wells Fargo bank account. In return for the \$10,000 investment, SANCHEZ gave I. Gonzalez and Degering a \$10,000 promissory note, dated February 2, 2004, with a maturity rate of five percent per month and a term of one month.

48. On or about February 11, 2004, I. Gonzalez and Degering wired the remaining \$12,000 to Virginia's Wells Fargo bank account. In return for the \$12,000 investment, SANCHEZ gave I. Gonzalez and Degering a \$12,000 promissory note, dated February 10, 2004, with a maturity rate of seven percent per month and a term of one month.
49. The \$22,000 for this investment came from savings I. Gonzalez and Degering had set aside for taxes. I. Gonzalez and Degering said they thought the investment was to go into Nutratek as the other investments had. When they received SANCHEZ's promissory notes in an email, they discovered the \$10,000 note was issued by "JVS Holdings, LLC" and the \$12,000 note was issued by JVS Properties, LLC. Since the promissory notes were sent by email, SANCHEZ's signature is not present on either of the notes.
50. Virginia's Wells Fargo bank account records reveal I. Gonzalez and Degering's \$10,000 investment was deposited on or about February 2, 2004, bringing the account balance to \$10,139.95. I. Gonzalez and Degering's \$12,000 investment was deposited on or about February 11, 2004, bringing the account balance to \$12,103.66. Bank records show I. Gonzalez and Degering's investment funds were spent on groceries, automotive expenses

(including an auto payment), household expenses, a mortgage payment, entertainment, clothing, cash, medical expenses, and gasoline.

51. By March 22, 2004, SANCHEZ's Wells Fargo bank account had a balance of \$2.98. I. Gonzalez and Degering authorized their funds to be used for patenting the product and for business costs. I. Gonzalez and Degering did not authorize SANCHEZ to use investment funds for any other purpose.
52. On or about May 1, 2004, I. Gonzalez and Degering received a \$26,000 check from SANCHEZ. I. Gonzalez and Degering deposited the check, but received a document entitled *Notice of Holds* from Bank of America that said the \$26,000 might not be paid due to insufficient funds. I. Gonzalez and Degering never received the \$26,000.
53. On or about May 3, 2004, I. Gonzalez and Degering received a statement from Nutratek and SANCHEZ showing \$62,000 was in I. Gonzalez and Degering's Nutratek account as of October 3, 2003. The statement was sent to I. Gonzalez and Degering because Nutratek was being audited by HJ & Associates, LLC.
54. On or about June 2004, I. Gonzalez requested to have all of his investment funds back. To date, I. Gonzalez and Degering have not received any of their investment money back from SANCHEZ.

COUNT 7
SECURITIES FRAUD, a second degree felony
(Angela Adame)

55. Angela Adame (Adame) is related to SANCHEZ through family. Adame learned about the investment opportunity with SANCHEZ from C. Gonzalez and D. Gonzalez. Shortly thereafter, SANCHEZ contacted Adame by telephone and solicited Adame to invest in Nutratek. SANCHEZ offered a promissory note with a maturity rate of 14% in return for an investment. SANCHEZ said Adame would “make good money” through the investment.
56. SANCHEZ said Nutratek sold health related products. SANCHEZ did not say how he would use Adame’s investment money, but Adame said she thought it would be used to cover business costs in Nutratek somehow. Adame said she felt she could trust SANCHEZ based on the little amount of information he gave, since SANCHEZ and Adame were related through family.
57. During the discussion, SANCHEZ failed to give Adame any disclosure documents or any information ordinarily provided in a prospectus, including but not limited to: financial statements, descriptions of the back-grounds 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.

58. SANCHEZ failed to disclose other material facts during his discussion with Adame. SANCHEZ failed to tell Adame about SANCHEZ losing all of Elmore's investment funds in Veritas. In an interview by your affiant, SANCHEZ admitted to not disclosing this information to Adame. SANCHEZ failed to discuss: Nutratek's market, current capitalization of Nutratek, the nature of competition for the Nutratek's product, a description on how the investment was to make money, risk factors, if there were any other investors involved, a minimum amount needed to invest, the liquidity of the investment, suitability factors for the investment, proposed use of the investment proceeds, any conflicts of interest, how SANCHEZ was to be compensated for selling the investment, if SANCHEZ was licenced as a broker-dealer or agent, if the promissory note SANCHEZ offered for the investment was a security, and if the security was registered or exempt from registration.
59. On or about June 24, 2003, Adame invested based on SANCHEZ's representations. Adame invested by sending SANCHEZ a \$15,000 check, dated June 24, 2003, drawn on Adame's First State Bank account, and made payable to Nutratek. Adame's investment money came from money Adame had in her checking account. In return for the investment, SANCHEZ gave Adame a \$15,000 promissory note, dated June 27, 2003, with a term of one year and a maturity rate of 14% per annum. SANCHEZ appears to have signed the note.

60. On or about June 2004, when the note had matured, Adame received a document from SANCHEZ entitled *Client Report*. The report is on a Nutra Tek Health Sciences, LLC, letterhead and dated June 27, 2004. The report shows Adame's investment had made \$2,100, bringing Adame's investment balance to \$17,100.
61. Sometime after receiving the report, Adame contacted SANCHEZ by telephone on many occasions to ask for her money back. Adame said SANCHEZ would continually put off Adame's request. After Adame requested her investment back, Adame learned C. Gonzalez and D. Gonzalez had to fight SANCHEZ to get their investment back. Adame also learned I. Gonzalez tried to get his investments back, and had hired a lawyer to do so.
62. To date, Adame has not received any of her investment money back.

COUNT 8
SECURITIES FRAUD, a second degree felony
(Marta Strzinek)

63. Marta Strzinek (Strzinek) has an MBA and a lot of experience in small business. Strzinek was told about SANCHEZ by a friend named Vicki Rallison. SANCHEZ contacted Strzinek, who was living in Dallas at the time, and asked Strzinek to come to Salt Lake in order to meet with him and talk about Nutratek.

64. Strzinek came to Salt Lake and met with SANCHEZ at his office in either South Jordan or West Jordan. SANCHEZ talked to Strzinek about becoming involved with Nutratek and offered the position of President to Strzinek because of her previous experience.
65. While in Salt Lake, Strzinek attended a meeting between SANCHEZ and some potential investors from Omaha. Strzinek said she was not sure if she wanted to work with SANCHEZ after the meeting. Before Strzinek returned to Dallas, SANCHEZ asked Strzinek for \$20,000. SANCHEZ said he needed Strzinek's money to use for payroll. SANCHEZ said he needed to pay his staff, but was unable to do so. In return for Strzinek's money, SANCHEZ offered Strzinek a promissory note. Strzinek agreed and wired the \$20,000 to SANCHEZ on or about October 30, 2003.
66. Prior to offering the investment to Strzinek, SANCHEZ failed to tell Strzinek about SANCHEZ's Chapter 7 bankruptcy and about SANCHEZ losing all of Elmore's investment funds in Veritas. In an interview by your affiant, SANCHEZ admitted to not disclosing this information to Strzinek.
67. According to SANCHEZ's Wells Fargo bank account records, Strzinek's \$20,000 was deposited on or about October 20, 2003, bringing the account balance to \$21,270.40. Bank records reveal SANCHEZ spent Strzinek's investment funds on a credit card payment, payroll, withdrew about \$3,500 cash, and gave \$9,400 to Virginia (which was then spent on an auto payment, groceries, household expenses, personal care expenses,

payroll, credit card payments, a mortgage payment, and \$900 given to previous investor C. Gonzalez).

68. By November 4, 2003, SANCHEZ's Wells Fargo bank account had a balance of negative \$5,060.41. Strzinek authorized her funds to be used for payroll. Strzinek did not authorize SANCHEZ to use investment funds for any other purpose.
69. Strzinek has continually asked for her money back, but to date, SANCHEZ has paid back about \$1,000.

COUNT 9
THEFT, a second degree felony
(Clarence and Diana Gonzalez)

70. SANCHEZ represented to C. Gonzalez and D. Gonzalez that he would use their money to expand Nutrateg and produce new products. C. Gonzalez and D. Gonzalez did not authorize any other use of their money. Bank records revealed SANCHEZ used some of the investment money for his own personal expenses.
71. SANCHEZ obtained money from C. Gonzalez and D. Gonzalez and exercised unauthorized control of the money with the purpose to deprive them thereof.

COUNT 10
THEFT, a second degree felony
(Isaac Gonzalez and Daphne Degering)

72. SANCHEZ represented to I. Gonzalez and Degering that he would use \$12,000 of their money to take Nutrateg public. I. Gonzalez and Degering did not authorize any other use

of their money. Bank records revealed SANCHEZ used some of the investment money for his own personal expenses.

73. SANCHEZ obtained money from I. Gonzalez and Degering and exercised unauthorized control of the money with the purpose to deprive them thereof.

COUNT 11
THEFT, a second degree felony
(Isaac Gonzalez and Daphne Degering)

74. SANCHEZ represented to I. Gonzalez and Degering that he would use \$10,000 of their money to patent a product and to use for business costs. I. Gonzalez and Degering did not authorize any other use of their money. Bank records revealed SANCHEZ used some of the investment money for his own personal expenses.

75. SANCHEZ obtained money from I. Gonzalez and Degering and exercised unauthorized control of the money with the purpose to deprive them thereof.

COUNT 12
THEFT, a second degree felony
(Isaac Gonzalez and Daphne Degering)

76. SANCHEZ represented to I. Gonzalez and Degering that he would use \$12,000 of their money to patent a product and to use for business costs. I. Gonzalez and Degering did not authorize any other use of their money. Bank records revealed SANCHEZ used some of the investment money for his own personal expenses.

77. SANCHEZ obtained money from I. Gonzalez and Degering and exercised unauthorized control of the money with the purpose to deprive them thereof.

COUNT 13
THEFT, a second degree felony
(Marta Strzinek)

78. SANCHEZ represented to Strzinek that he would use her money for payroll. Strzinek did not authorize any other use of her money. Bank records revealed SANCHEZ used some of the investment money for his own personal expenses.
79. SANCHEZ obtained money from Strzinek and exercised unauthorized control of the money with the purpose to deprive her thereof.

SUMMARY

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

SECURITIES FRAUD
a second degree felony, 8 counts

THEFT
a second degree felony, 5 counts

DATED this 10th day of April, 2007.



Jeffery Nielsen, Affiant

SUBSCRIBED AND SWORN before me this 10th day of April, 2007.



JUDGE, THIRD DISTRICT COURT

