

**FILED DISTRICT COURT**  
Third Judicial District

**MAY 9 2008**

SALT LAKE COUNTY

By \_\_\_\_\_  
Deputy Clerk

E. NEAL GUNNARSON, #1273  
Assistant Attorney General  
MARK L. SHURTLEFF - #4666  
Utah Attorney General  
5272 South College Drive, #200  
Murray, UT 84123  
Telephone: (801) 281-1221  
Facsimile: (801) 281-1224  
**Attorney for Plaintiff**

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

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STATE OF UTAH, : Bail \$ \_\_\_\_\_  
 :  
Plaintiff, :  
 : **CRIMINAL INFORMATION**  
vs. :  
 :  
DAREN DENNIS WHITE, : Case No. 001903394  
DOB: September 12, 1970 :  
 : Judge \_\_\_\_\_  
Defendant. :

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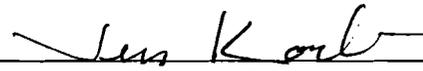
The undersigned, Investigator JENNIFER KORB, upon oath,  
states on information and belief that the defendant has committed  
the following crimes:

**SECURITIES FRAUD**  
**a second degree felony, 1 count**

**COUNT 1  
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 **GORDON HOLLADAY and/or CRAIG MOYES**, 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.

DATED this   1   day of   May  , 2008.

  
\_\_\_\_\_  
JENNIFER KORB, Affiant

SUBSCRIBED AND SWORN to before me on this   1   day of   May  , 2008.

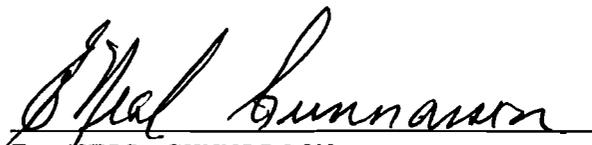
  
\_\_\_\_\_  
JUDGE, THIRD DISTRICT COURT

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

1. Gordon Holladay
2. Craig Moyes
3. Mark Wilkey
4. And others.

AUTHORIZED FOR PRESENTMENT AND FILING this 29 day of April, 2008.

MARK L. SHURTLEFF  
Utah Attorney General

By:   
E. NEAL GUNNARSON  
Assistant Attorney General

**FILED DISTRICT COURT**  
Third Judicial District

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SALT LAKE COUNTY

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Assistant Attorney General  
MARK L. SHURTLEFF - #4666  
Utah Attorney General  
5272 South College Drive, #200  
Murray, UT 84123  
Telephone: (801) 281-1221  
Facsimile: (801) 281-1224  
**Attorney for Plaintiff**

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

---

STATE OF UTAH, :  
 : **AFFIDAVIT OF**  
Plaintiff, : **PROBABLE CAUSE**

vs. :

**DAREN DENNIS WHITE,** : Case No. 00191073914  
DOB: September 12, 1970 :  
Defendant. : Judge \_\_\_\_\_

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STATE OF UTAH )  
 : ss  
COUNTY OF SALT LAKE )

I, JENNIFER R. KORB, being first duly sworn upon oath, state  
as follows:

I am a Securities Analyst with the Utah Division of  
Securities of the Department of Commerce. I hold a Juris  
Doctorate degree from the University of Oregon, and a Bachelor of

Arts degree in English from the University of Utah. I have been employed by the Division of Securities since March 15, 2004.

This case was opened by the Utah Division of Securities on October 12, 2006. In connection with this case, I interviewed victims Gordon Holladay and Craig Moyes, and their company's legal counsel Mark Wilkey. I also examined the records from the Utah Division of Securities, Utah Division of Corporations and Commercial Code, Utah's Federal and District Courts, and the US Bankruptcy Courts.

#### **PARTIES**

Defendant, **DAREN DENNIS WHITE** (WHITE) is an individual with a last known address of 2366 North 1110 West, Clinton, Utah.

Victims, **Gordon Holladay** (Holladay) and **Craig Moyes** (Moyes) resided in Salt Lake County, Utah, at all times relevant to the matter asserted herein.

#### **OFFERS & SALES**

In April 2003, at Holladay's and Moyes' business offices in Salt Lake County, Utah, WHITE offered Holladay and Moyes the opportunity to invest in WHITE'S company, DJW Investments, LLC (DJW Investments), and in return, receive 9% annual interest for a term of three years. WHITE told Holladay and Moyes their money

would be deposited into a CD at a bank and used only as collateral to obtain a loan, and that the investment would be secured by real property.

On May 6, 2003, at Holladay's and Moyes' business offices in Salt Lake County, Utah, WHITE, Moyes, and Holladay executed a Master Business Loan Agreement and a Secured Revolving Credit Note, whereby Holladay and Moyes agreed to invest \$1 million with WHITE's business, DJW Investments. WHITE also provided Holladay and Moyes with a written personal guarantee, and a written corporate guarantee from DJW Investments.

The Master Business Loan Agreement, Secured Revolving Credit Note, and the guarantees offered and then sold by WHITE to Holladay and Moyes are securities under the Utah Uniform Securities Act (the Act), Utah Code Ann. § 61-1-13.

As of today's date, Holladay and Moyes have received \$25,000 in interest from their investment with WHITE and his company DJW Investments, and are still owed \$1,048,730.66 in principal alone.

## **MISREPRESENTATIONS & OMISSIONS**

### **Misrepresentations**

In connection with the offer and sale of the security, WHITE made misleading statements to Holladay and Moyes and failed to

disclose certain material information upon which an investor could make an informed decision.

WHITE made the following misrepresentations of material fact to Holladay and Moyes:

1. The investment would pay 9% annual interest;
2. The investment was personally guaranteed by WHITE and DJW Investments;
3. Invested funds would be placed in a CD with Centennial Bank, and a loan for 90% of the value in the CD would be obtained by WHITE, when in fact, WHITE placed only a portion of the money in a CD; and
4. Invested funds would not be used for personal or business expenses, when in fact, White withdrew at least \$12,000 in cash, used money to pay payroll, to pay construction/business related expenses, and transferred some money to his other business accounts.

**Omissions**

In connection with the offer and sale of a security to Holladay and Moyes, WHITE omitted the following material information:

1. In December 2000, WHITE was criminally charged in Davis County, Utah, with one count of issuing a bad check, a class B misdemeanor. WHITE entered a guilty plea in January 2001, was sentenced to 180 days in jail, fined \$1,000, all but \$250 of which was suspended, and was placed on probation for one year.
2. In March 2004, prior to accepting \$123,730 in investment funds from Holladay and Moyes, WHITE was criminally charged in Davis County, Utah with two counts of issuing bad checks, one of which was a 3<sup>rd</sup> degree felony, and the other a class A misdemeanor. (Both counts were dismissed in June 2004).
3. WHITE had over \$100,000 in outstanding civil judgements.
4. Some or all of the information typically provided in an offering circular or prospectus regarding DJW Investments, such as:
  - I. White's experience with building and selling pre-fab homes, and developing lots to sell to builders;

- ii. The nature of the competition for the service(s);
- iii. The current capitalization for DJW Investments;
- iv. The number of other investors;
- v. The minimum capitalization needed to participate in the investment;
- vi. The disposition of any investments received if the minimum capitalization were not achieved;
- vii. Discussion of pertinent suitability factors for the investment;
- viii. Whether the investment is a registered security or exempt from registration; and
- ix. Whether the person selling the investment is licensed.

**COUNT 1**  
**SECURITIES FRAUD, a second degree felony**  
**(Daren Dennis White)**

On May 6, 2003, in Salt Lake County, Utah, DJW Investments, LLC (DJW Investments) and C&G Funding, Inc. (C&G Funding) entered into a Master Business Loan Agreement and Secured Revolving

Credit Note, pursuant to which C&G Funding agreed to invest \$1 million with DJW Investments.

C&G Funding is an entity created by Craig Moyes (Moyes) and Gordon Holladay (Holladay) to invest money with DJW Investments. Moyes and Holladay are the president and secretary, respectively, of SME Steel Contractors, Inc. (SME Steel), a steel manufacturing company doing business in Utah since 1992.

Sometime in early April 2003, at SME Steel's place of business in Salt Lake County, Utah, DAREN DENNIS WHITE (WHITE) met to discuss a possible investment opportunity for SME Steel. Present at this meeting were WHITE, WHITE's friend Dana Treseder (Treseder), Moyes, and Holladay. The meeting lasted for approximately two and a half to three hours. WHITE did the majority of the speaking.

At this first meeting, WHITE told Moyes and Holladay about the opportunities in Clinton, Utah, to make large profits from the sale of pre-fab homes. WHITE said "Clinton was going to explode." WHITE said he needed some money to purchase the pre-fab home kits and additional real estate. WHITE said he had a real estate license, and he planned on being the developer, contractor, and seller. According to Holladay, Treseder had the

experience in contracting and excavation, and would assist WHITE in those areas of development. WHITE said he already owned land that he could build on, and had a list of potential customers. WHITE said he had a huge reservoir of customers that were already on board, and named a few names. WHITE said he would miss big opportunities by just building a few homes, and that the market could accommodate twenty homes. WHITE said with Moyes' and Holladay's help they could build dozens of homes and split the profits. No terms were discussed at the first meeting.

Within a few days of the first meeting, Holladay told SME Steel's general counsel, Mark Wilkey (Wilkey), about the investment opportunity with WHITE. Wilkey had several questions regarding the investment opportunity that he wanted to address with WHITE.

The second meeting with WHITE was one or two weeks after the first meeting, but still in April 2003. The meeting again took place at SME Steel's place of business. Present at the second meeting were WHITE, Treseder, Moyes, Holladay, and Wilkey. This meeting lasted approximately two or three hours. WHITE again explained that he planned to use invested funds to purchase pre-fab homes and additional real estate, build the pre-fab homes,

and then quickly sell the homes for a profit. WHITE said Moyes' and Holladay's investment would be secured by the real estate WHITE purchased. WHITE said Moyes and Holladay would receive a first trust deed on each property purchased. WHITE showed, but did not give, Moyes, Holladay, and Wilkey a list of potential customers, and lists of the lots WHITE could potentially purchase. WHITE provided Moyes, Holladay, and Wilkey no other documents at this meeting. At the end of the meeting, Moyes and Holladay agreed to invest money with WHITE, and the parties agreed that Moyes and Holladay would receive a return on their investment at a rapid rate. The parties also agreed that WHITE would deposit Moyes' and Holladay's investment funds into a CD with a bank, and then secure a loan using the funds as collateral. WHITE agreed to let Wilkey prepare a formal agreement between WHITE, Moyes and Holladay.

Within a few days of the second meeting, WHITE hand-delivered a one-page term sheet entitled "Rough Draft of Agreement and Use of Funds" to Wilkey, to assist Wilkey in preparing the formal agreement. Some of the terms included that Moyes would own 70% of the subdivisions purchased, Moyes would receive interest of 9% per year on the invested funds, and the CD

would be set up at Centennial Bank and pay 2.5% interest.

Based largely on WHITE's term sheet, Wilkey drafted a formal agreement called a "Master Business Loan Agreement" (the Agreement). Wilkey also drafted a "Secured Revolving Credit Note" (the Note) to accompany the Agreement. Wilkey gave a draft of the Agreement and Note to WHITE for his review.

On May 6, 2003, at SME Steel's place of business, WHITE, Moyes, Holladay, and Wilkey met to execute the Agreement and Note. This meeting lasted approximately twenty minutes. After executing the Agreement and Note, Moyes and Holladay gave WHITE the first investment check in the amount of \$400,000, made payable to Centennial Bank and DJW Investments.

Pursuant to the Agreement, WHITE was to deposit all invested funds in a CD with Centennial Bank. The funds in the CD would then be used by WHITE as collateral to borrow up to 90% of the amount on deposit from Centennial Bank. WHITE was also supposed to designate C&G Funding as the beneficiary of the CD, and provide C&G Funding with a current copy of the CD and agreement between WHITE and Centennial Bank. The Agreement states that "None of the proceeds of the Loan will be used directly for [WHITE's] commercial purposes or for personal, family or

household use of [WHITE] or of other persons or entities affiliated with [WHITE].” The Agreement also states that C&G Funding would receive interest of 9% per year, paid quarterly, that C&G Funding would receive first trust deeds on any properties purchased by WHITE, and that the term of the Agreement is three years. C&G Funding’s only role was to provide investment funds. The Agreement was signed by WHITE as the managing member of DJW Investments, and by Holladay as an authorized officer of C&G Funding.

Like the Agreement, the Note also states that in return for the \$1 million in investment funds, C&G Funding would receive 9% interest per year, security of first trust deeds on any property purchased by WHITE using the invested funds, and that the Note matured in three years. WHITE signed the Note as the president and managing member of DJW Investments.

C&G Funding distributed the following amounts of investment funds to WHITE pursuant to the Agreement and Note:

Date	Amount	Method	Payable to
05/06/2003	\$400,000	check	Centennial Bank and DJW Investments

06/02/2003	\$140,000	check	Centennial Bank and DJW Investments
07/14/2003	\$200,000	check	Centennial Bank and DJW Investments
08/19/2003	\$65,000	check	Centennial Bank and DJW Investments
12/04/2003	\$120,000	check	Centennial Bank and DJW Investments
08/24/2004	\$20,000 <sup>1</sup>	check	Whitfield Homes
12/10/2004	\$103,730.66 <sup>2</sup>	wire transfer	DJW Investments
TOTAL =	\$1,048,730.66		

C&G Funding received just one interest payment of \$25,000 from WHITE sometime in June 2003. WHITE hand-delivered the interest payment to C&G Funding only after being asked several

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1Although the \$20,000 was to be treated as part of the investment funds pursuant the Agreement and Note, Moyes and Holladay did not expect White to deposit this money into the CD. White told Moyes and Holladay that he needed some money to make payroll and for other business expenses, and Moyes and Holladay agreed to give White some money for that specific purpose.

2Although the \$103,730.66 was to be treated as part of the investment funds pursuant the Agreement and Note, Moyes and Holladay did not expect White to deposit this money into the CD. White told Moyes and Holladay that he needed some money to complete the paving and other final projects within a certain subdivision, and Moyes and Holladay agreed to give White this money for that specific purpose.

times for the payment by Holladay.

In November or December 2003, WHITE proposed a different investment plan to Holladay and Moyes, due to purported changes in the pre-fab home market. WHITE told Holladay and Moyes that pre-fab homes did not qualify for mortgaging on the secondary market. WHITE proposed that instead of building the pre-fab homes, they develop the subdivisions to a certain extent, sell them to home builders for traditional custom built homes. WHITE said he would complete the curbs and gutters and sell the lots to other developers. WHITE mentioned that he had a great relationship with a home builder named Great American Homes. Moyes and Holladay agreed to proceed with the investment with WHITE despite the changed business plan because they still believed that their funds were secured by real estate and safely deposited in a CD or a similar interest earning account at Centennial Bank.

After the above-mentioned discussion with WHITE, in late 2003 or early 2004, Holladay started asking WHITE for documentation of the CD with Centennial Bank. After several weeks of requests, WHITE finally supplied Holladay with one of WHITE's bank statements from Centennial Bank. After reviewing

the bank statement, Holladay told WHITE that there was no evidence of a CD on the bank statement provided. According to Holladay, about one year after seeing WHITE's bank statement (late 2004 or early 2005), WHITE admitted to Holladay that WHITE never placed the funds in a CD. WHITE said to Holladay, "What good does a CD do? If I put the money in a CD it is locked up and I can only get to it every so often." WHITE told Holladay that Centennial Bank was taking too long to process the loan, and WHITE needed the money to purchase the properties.

In late 2003 or early 2004, when it appeared that WHITE had not placed C&G Funding's investment funds into a CD, Holladay started pressing WHITE for evidence of the real estate security that was supposed to back the investment. In mid to late 2004, Holladay, Moyes, and Wilkey had a face-to-face meeting with WHITE in which they demanded to know what security they had to back the investment. At this meeting WHITE did not produce evidence of any security backing C&G's investment.

In 2004, WHITE continued to request additional money from C&G Funding, telling Holladay, Moyes, and Wilkey that he needed just a little bit more money to finish paving the streets, or to complete some other construction project, to recoup C&G Funding's

investment.

In February 2005, Holladay, Moyes, and Wilkey were finally able to get WHITE to deed some of the properties purchased to SME Steel. Of the 20 known properties owned by WHITE, 16 of them were deeded over to SME Steel on February 1, 2005. Of the 16 properties deeded to SME Steel by WHITE, 10 of them were purchased by WHITE after entering into the Agreement and Note with C&G Funding, but the other 6 were owned by WHITE prior to the Agreement and Note. The appraised value of the properties was not determined during the brief time C&G Funding owned the properties. On May 12, 2005, WHITE convinced Holladay to deed 6 of the properties back to WHITE. WHITE told Holladay, while at SME's offices, that WHITE could not get the properties zoned as a subdivision, without having actual title to the property. WHITE told Holladay that unless Holladay could make weekly visits to the recorders office, he should just deed the properties back to WHITE. WHITE told Holladay that by deeding the properties back to WHITE it would hasten WHITE'S ability to sell the properties and pay back C&G Funding. On June 9, 2005, for the same reasons mentioned above, WHITE convinced SME Steel to deed 9 more of the properties back to WHITE. This left SME Steel with the deed to just 1 property. From the records obtained from the Weber County

recorder's office, it appears that SME Steel never received good title to the property.

Within days of SME Steel deeding 15 of the properties back to WHITE, WHITE deeded 9 of the properties to an individual by the name of Larry Buttars, who then deeded the properties to Northstar Property Development. WHITE deeded the remaining 6 properties to Great American Homes. C&G Funding received no money from the sale of the properties.

In March 2006, SME Steel received a trust deed from WHITE on one piece of property WHITE had purchased in 2005. Shortly thereafter, Holladay went to the Weber County recorder's office to see if he could determine what WHITE was doing with the properties. Holladay found the property records confusing, and he requested assistance from the employees at the recorder's office to determine what had happened. Holladay saw WHITE changing property owners, and adding lien holders, all without telling Holladay, Moyes, or Wilkey. With respect to the property on which SME Steel held a trust deed, Holladay discovered that there were at least three lien holders in front of SME Steel's interest. With respect to the other properties SME Steel had deeded back to WHITE, Holladay discovered that WHITE no longer owned any of them.

On May 12, 2006, SME Steel and D&G Funding filed a civil action against WHITE, Treseder, DJW Investments, Whitfield New Concept Homes, Northstar Property Development, Inc., and Great American Homes, Inc. To date, Holladay and Moyes have not been able to recover any money or properties as a result of the civil action.

#### **Use of Investor Funds**

On or about May 7, 2003, WHITE deposited \$397,000 of C&G Funding's \$400,000 investment check into WHITE'S DJW Investments account, bringing the balance to \$397,000. Within a few days of the deposit, WHITE purchased a \$400,000 CD at Centennial Bank using C&G's funds, and obtained a loan against the CD for approximately \$360,000. On March 11, 2005, WHITE withdrew the funds from the CD, and received a check for approximately \$398,000 after the penalty of approximately \$2,000. WHITE then used the money from the CD to pay off the loan.

On or about August 20, 2003, WHITE deposited C&G Funding's \$65,000 investment check in WHITE'S DJW Investments account, bringing the balance to \$65,381.41. By August 31, 2003, WHITE had spent all but \$208.64 of the investment funds. WHITE withdrew at least \$1,800 in cash, paid \$5,900 to Catipillar Financial Services via wire transfer, used \$4,312.48 for payroll,

paid a local building contractor \$4,700, and paid \$6,375 to an individual by the name of Jason Miller.

On or about December 5, 2003, WHITE deposited C&G Funding's \$120,000 investment check in WHITE'S DJW Investments account, bringing the balance to \$122,547.15. By January 12, 2004, WHITE had spent all but \$1,255.02 of the investment funds. WHITE withdrew at least \$10,343 in cash, used at least \$10,800 for payroll, paid a local contractor \$1,800, made loan payments of at least \$8,682.04, and paid an individual by the name of Larry Buttars \$5,000.

**SUMMARY**

There is probable cause to believe defendant **Daren Dennis White** committed the following offense:

**SECURITIES FRAUD  
second degree felony, 1 count**

DATED this 1 day of May, 2008.

Jen Korb  
JENNIFER R. KORB, Affiant

SUBSCRIBED AND SWORN to before me  
this 1 day of May, 2008.

Sam J. J.  
JUDGE of the THIRD DISTRICT  
18



**FILED DISTRICT COURT**  
Third Judicial District

MAY 01 2008

SALT LAKE COUNTY

By \_\_\_\_\_ Deputy Clerk

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**Attorney for Plaintiff**

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

STATE OF UTAH, : Bail \$ \_\_\_\_\_

Plaintiff, :

**WARRANT OF ARREST**

vs. :

**DAREN DENNIS WHITE,** : Case No. 081903394

DOB: September 12, 1970 : Judge \_\_\_\_\_

Defendant.

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

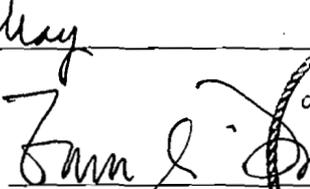
An Information, upon oath, having been this day made before me by Investigator Jennifer R. Korb, and it appearing from the Information, or affidavit filed with the Information, that there is probable cause to believe that the public offense of: **Securities Fraud, a second degree felony, 1 count,** has been committed, and that the defendant, DAREN DENNIS WHITE, 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 offense listed above is a felony.

Bail is set in the amount of \$20,000 <sup>000</sup>

DATED this 1 day of May

  
HONORABLE,  
JUDGE, THIRD DISTRICT COURT



Defendant's Address:

2366 North 1100 West  
Clinton, UT