



**JOSHUA PAUL CHAPMAN**  
**SECURITIES FRAUD, a second degree felony, 1 count**

**COUNT 1**  
**SECURITIES FRAUD**  
**a second degree felony**  
**(Rowley & Chapman)**

Commencing on or about September 2006, 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 **Sterling Madsen**, 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**  
**(Rowley)**

Commencing on or about September 2006, defendant Rowley obtained or exercised unauthorized control over the property of **Sterling Madsen**, 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**  
**(Rowley & Chapman)**

Commencing on or about November 2006, 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 **Sterling Madsen**, 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**  
**(Rowley)**

Commencing on or about November 2006, defendant Rowley obtained or exercised unauthorized control over the property of **Sterling Madsen**, 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.

DATED this 26<sup>th</sup> day of August, 2008.

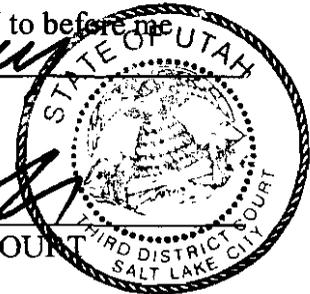
  
\_\_\_\_\_  
JOSEPH GATTON, Affiant

I CERTIFY THAT THIS IS A TRUE COPY OF AN ORIGINAL DOCUMENT ON FILE IN THE THIRD DISTRICT COURT, SALT LAKE COUNTY, STATE OF UTAH.  
DATE: 9/28/08

DEPUTY COURT CLERK

SUBSCRIBED AND SWORN to before me  
On this 29 day of August, 2008.

JUDGE, THIRD DISTRICT COURT



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

1. Sean Burrows
2. Sterling Madsen
3. And others.

AUTHORIZED FOR PRESENTMENT AND FILING this 27<sup>th</sup> day of  
August, 2008.

MARK L. SHURTLEFF  
Utah Attorney General

By: Charlene Barlow  
CHARLENE BARLOW  
Assistant Attorney General

**FILED DISTRICT COURT**  
Third Judicial District

**AUG 28 2008**

SALT LAKE COUNTY

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

CHARLENE BARLOW, Bar No. 0212  
Assistant Attorney General  
MARK L. SHURTLEFF, Bar No. 4666  
Utah Attorney General  
5272 South College Drive, #200  
Murray, Utah 84123  
Telephone: (801) 281-1221  
Facsimile: (801) 281-1224

---

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. :  
 :  
 **DENNIS JOHN ROWLEY** : Case No: 001906445  
 DOB: August 4, 1955 :  
 :  
 **JOSHUA PAUL CHAPMAN** : Case No: 001906446  
 DOB: July 28, 1979 :  
 :  
 Defendants. : Judge \_\_\_\_\_

---

STATE OF UTAH )  
 :ss  
 COUNTY OF SALT LAKE )

I, JOSEPH GATTON, being first duly sworn upon oath, depose and state as follows:

1. I am currently employed as a Contracted Investigator for the Utah Department of Commerce, Division of Securities following the completion of an internship during the Fall 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 have graduated from the University of Utah with a degree in Sociology and a Minor in Spanish. I am currently investigating possible violations of securities fraud statutes and related criminal code violations by DENNIS JOHN ROWLEY and JOSHUA PAUL CHAPMAN.

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 Sean Burrows, Sterling Madsen and others.

#### **PARTIES**

3. DENNIS JOHN ROWLEY, at all pertinent times, resided in Utah.
4. JOSHUA PAUL CHAPMAN, at all pertinent times, resided in Utah.
5. ROWLEY's last known addresses are 1837 S. Foothill Drive, Francis, Utah 84036 and 1641 E. Redtree Court, Draper, Utah 84020.
6. CHAPMAN's last known address is 6796 S. 1800 E., Ogden, Utah 84405.
7. Synergy Funding, LLC is a Utah limited liability company. Synergy registered with the Utah Department of Commerce, Division of Corporations and Commercial Code, on April 6, 2006. CHAPMAN is listed as Synergy's manager and registered agent. Synergy's current status is expired as of August 6, 2008.
8. SEAN BURROWS, at all pertinent times, resided in Utah.
9. The Akston Group, LLC, is a Utah limited liability company. Akston registered with the Utah Department of Commerce, Division of Corporations and

Commercial Code, on November 24, 2006. ROWLEY and Burrows were listed as managers. The company was voluntarily dissolved on May 8, 2007.

### **BACKGROUND**

10. During October 2006 through November 2006, CHAPMAN and ROWLEY offered promissory notes to Sterling Madsen in return for investment funds. CHAPMAN and ROWLEY told Madsen he would receive 100% return on an initial \$70,000.00 investment and a return of 4% per month on a \$140,000.00 investment. CHAPMAN signed the \$70,000.00 promissory note and ROWLEY signed the \$140,000 promissory note. Promissory notes are securities as defined by Utah Code Annotated §61-1-13.

11. Prior to investing, CHAPMAN and ROWLEY directly or indirectly misrepresented material facts in discussions with Madsen including, but not limited to:

- a. Risk was minimal for the \$70,000 investment because CHAPMAN had an interest in the equity in a house located at 1641 East Redtree Circle, Draper, Utah, which could be used if ROWLEY defaulted;
- b. The \$70,000 promissory note would pay 100% interest within 60 days;
- c. The \$140,000 promissory note was backed by a deed of trust; and
- d. The \$140,000 promissory note would pay 4% interest per month for a period of about 73 days;

12. Prior to investing, CHAPMAN and ROWLEY directly or indirectly omitted material facts in discussions with Madsen including, but not limited to:

- a. Financial statements;

- b. Descriptions of the backgrounds of the company officers and directors;
- c. A list of the risk factors relating to the investment;
- d. A discussion of the company's business operations;
- e. ROWLEY's and CHAPMAN's experience with real estate investing;
- f. Suitability factors for the investment;
- g. Compensation of the sellers;
- h. Whether the securities were registered or exempt from registration;
- i. Whether or not CHAPMAN and ROWLEY were licensed to sell securities;
- j. That the monies would go into an account controlled by Burrows and over which CHAPMAN or ROWLEY had no signatory authority;
- k. That ROWLEY had promised Burrows a percentage of the funds Madsen invested with ROWLEY in return for Burrows depositing the funds into Burrows's account; and
- l. That Burrows would use Madsen's money at ROWLEY's direction for expenditures not related to the purposes for which they were invested.

13. Court records reveal judgments against ROWLEY totaling over \$43,000. Court records also reveal ROWLEY filed for bankruptcy in 1998 and again in 1999. Madsen was not told about these bankruptcies or judgments.

14. Subsequent to making the investments, Madsen has been able to recover approximately \$3,200.

**COUNT 1**  
**SECURITIES FRAUD, a second degree felony**  
**(CHAPMAN and ROWLEY)**

15. Madsen said he was friends with CHAPMAN. Madsen had invested in hard money lending deals in the past, including one with CHAPMAN, and had received back his principal and interest on those deals.

16. On or about September 2006, CHAPMAN called Madsen while Madsen was at his home located in Salt Lake City, Utah. CHAPMAN said he had a hard money lending opportunity for Madsen. CHAPMAN said he knew ROWLEY, who needed \$70,000 to purchase and renovate a house in Draper.

17. Madsen and CHAPMAN had several conversations regarding the investment. During these conversations, CHAPMAN said ROWLEY offered 100% interest on the investment, with principal and interest due in 60 days. CHAPMAN said ROWLEY would use Madsen's funds to purchase a home in Draper and renovate the basement. After the basement was finished, ROWLEY would have the property re-appraised and take out a loan on the new, higher value of the house in order to pay Madsen back. CHAPMAN said ROWLEY would be able to complete the project because ROWLEY had previous experience in video production and knew how to meet deadlines. CHAPMAN said if the deal did not go as planned, CHAPMAN had a document stating he and Madsen could take possession of the Draper house. CHAPMAN said there was enough equity in the house to recover Madsen's investment.

18. Based on CHAPMAN's representations, Madsen invested \$70,000. On or about October 23, 2006, CHAPMAN went to Madsen's home and signed a \$70,000 promissory note in

Madsen's presence. The promissory note states the funds will be invested in a property as described verbally and is not secured by any Deed of Trust. The return on the note "is anticipated to be 100% but may vary somewhat."

19. Madsen and CHAPMAN then left Madsen's house and met ROWLEY at Wells Fargo bank located in the Sugarhouse area of Salt Lake City, Utah. ROWLEY told Madsen to give \$5,000 cash to ROWLEY and purchase a cashier's check for \$65,000 made payable to an individual named Sean Burrows, who ROWLEY said was ROWLEY's business associate. Madsen said he had not heard Burrows's name prior to this time. Burrows's bank records reveal the \$65,000 check was deposited into Burrows's bank account.

**COUNT 2**  
**THEFT, a second degree felony**  
**(ROWLEY)**

20. CHAPMAN and ROWLEY represented that ROWLEY would use Madsen's \$70,000 investment to purchase and renovate a house. ROWLEY had Madsen give ROWLEY \$5,000 in cash which money is not accounted for. Madsen's \$65,000 cashier's check was deposited in Burrows's Zions Bank account on or about October 23, 2006. Burrows' bank records show Burrows spent Madsen's funds in the following manner: a \$45,000 cashier's check went to a title company as earnest money for ROWLEY; \$10,000 cashier's check went to the individual who owned the Draper house; about \$9,000 in cash withdrawals; and approximately \$6,000 was used by Burrows for personal expenses, including the purchase of gasoline, groceries, clothing, and entertainment. By November 13, 2006, Burrows had spent Madsen's \$65,000. Burrows said that he disbursed the monies at the direction of ROWLEY. ROWLEY

had told Burrows that Burrows could take 2% of the funds. Madsen authorized his funds to be used to purchase and renovate a house in Draper; Madsen did not authorize Rowley to use funds for any other purpose.

21. ROWLEY obtained money from Madsen and exercised unauthorized control of the money with the purpose to deprive him thereof.

**COUNT 3**  
**SECURITIES FRAUD, a second degree felony**  
**(CHAPMAN and ROWLEY)**

22. CHAPMAN called Madsen about two weeks after Madsen's \$70,000 investment and offered Madsen the opportunity to invest additional funds. CHAPMAN said ROWLEY needed \$140,000 in order to "flip" a house or houses. In return for Madsen's investment, CHAPMAN offered Madsen a promissory note. The promissory note says it is backed by a deed of trust and accrues interest at 4% per month.

23. Based on ROWLEY and CHAPMAN's representations, Madsen invested. Madsen met CHAPMAN and ROWLEY at the Wells Fargo bank in the Sugarhouse area of Salt Lake City, Utah. At the bank Madsen gave ROWLEY a \$140,000 cashier's check payable to Burrows. Madsen said he used home equity funds from his personal residence to invest, which fact Madsen told CHAPMAN prior to investing. In exchange for Madsen's investment, ROWLEY signed a \$140,000 promissory note in Madsen's and CHAPMAN's presence on or about November 13, 2006.

24. Prior to Madsen's \$140,000 investment CHAPMAN and ROWLEY failed to disclose that at least \$6,000 of Madsen's first investment was used for expenses unrelated to the Draper house.

25. On or about December 23, 2006, CHAPMAN told Madsen that ROWLEY was not able to complete the remodel of the Draper house because the house had undisclosed water damage. CHAPMAN said ROWLEY was suing the seller. Madsen asked CHAPMAN about taking possession of the Draper house based on the document CHAPMAN said he had. CHAPMAN told Madsen to wait and see if the problem would be fixed.

26. On or about February 23, 2007, Madsen contacted ROWLEY to request repayment of Madsen's funds, as both promissory notes were due. Madsen told ROWLEY if ROWLEY could not afford to pay Madsen back, ROWLEY would need to start making payments on Madsen's home equity loan. ROWLEY said he could not pay Madsen back. ROWLEY asked for a 30 day extension and gave Madsen a \$1,600 payment.

27. On or about March, 2007, ROWLEY asked Madsen for another 30 day extension and gave another \$1,600 to Madsen. The next time Madsen's loan payment was due Madsen tried unsuccessfully to contact ROWLEY.

28. Sometime after Madsen could not contact ROWLEY, Madsen contacted CHAPMAN and said he wanted to take control of the Draper house. CHAPMAN told Madsen the document which CHAPMAN had, allowing Madsen and CHAPMAN to take possession of the Draper house was "basically worthless" because ROWLEY did not own the house. Madsen contacted the realtor who was selling the Draper house and learned from the realtor that ROWLEY had

moved into the Draper house at one point, but never completed the purchase of the Draper house and had since left.

29. Sometime after investing, Madsen asked CHAPMAN to show Madsen all documentation ROWLEY had given to CHAPMAN. Madsen obtained a copy of a promissory note ROWLEY had given CHAPMAN. The promissory note states that CHAPMAN, through his company Synergy Funding LLC, would receive a \$70,000 commission from ROWLEY for helping solicit the \$70,000 investment. This \$70,000 commission was in addition to the repayment of Madsen's \$70,000 in principal and 100% interest. The fact of this commission promise was not disclosed to Madsen.

30. Although demand has been made, Madsen has only been able to recover approximately \$3,200.

**COUNT 4**  
**THEFT, a second degree felony**  
**(ROWLEY)**

31. CHAPMAN and ROWLEY represented ROWLEY would use Madsen's investment of \$140,000 to purchase and renovate a house. Madsen's \$140,000 was deposited into Burrows's Zions bank account on or about November 13, 2006. Burrows's bank records reveal Burrows spent Madsen's funds in the following manner: a \$15,000 check was given to an individual with the memo "earnest money"; a \$30,000 check was written to another individual; \$40,000 was paid to the Utah Office of Recovery Services for ROWLEY; over \$25,000 was converted to cash; approximately \$30,000 was spent by Burrows for personal expenses including clothing, food, sporting goods, computers, and entertainment. Between November 13, 2006 and

November 29, 2006 the \$140,000 deposited into Burrows's account was spent. Burrows said he made these expenditures at ROWLEY's direction. Madsen authorized the use of his funds for real estate transactions. Madsen did not authorize ROWLEY to use funds for any other reason.

32. ROWLEY obtained money from Madsen and exercised unauthorized control of the money with the purpose to deprive him thereof.

**SUMMARY**

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

**SECURITIES FRAUD**  
**a second degree felony, 2 counts**

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

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

**SECURITIES FRAUD**  
**a second degree felony, 2 counts**

DATED this 28<sup>th</sup> day of August, 2008.

  
\_\_\_\_\_  
JOSEPH GATTON, Affiant

SUBSCRIBED AND SWORN before me this  
29 day of Aug

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



**FILED DISTRICT COURT**  
Third Judicial District

**AUG 28 2008**

SALT LAKE COUNTY

by \_\_\_\_\_ Deputy Clerk

CHARLENE BARLOW, Bar No. 0212  
Assistant Attorney General  
MARK L. SHURTLEFF, Bar No. 4666  
Utah Attorney General  
5272 South College Drive, #200  
Murray, UT 84123  
Telephone: (801) 281-1221  
Facsimile: (801) 281-1224

IN THE THIRD JUDICIAL DISTRICT COURT IN AND FOR

SALT LAKE COUNTY, STATE OF UTAH

THE STATE OF UTAH,	:	Bail \$ _____
	:	
Plaintiff,	:	<b>WARRANT OF ARREST</b>
	:	
vs.	:	
	:	
<b>JOSHUA PAUL CHAPMAN,</b>	:	Case No. <u>0019000416</u>
DOB: July 28, 1979	:	
	:	Judge _____
Defendant.	:	

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

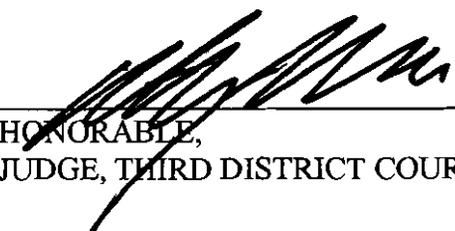
GREETINGS:

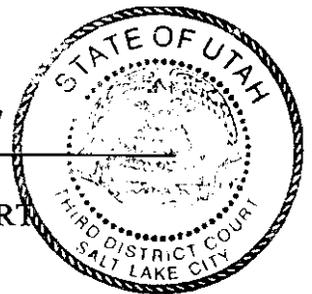
An Information, upon oath, having been this day made before me by Investigator Joseph Gatton, and it appearing from the Information, or affidavit filed with the Information, that there is probable cause to believe that the public offense(s) of: **Securities Fraud, a second degree felony, 2 counts**, has been committed, and that the defendant, JOSHUA PAUL CHAPMAN, 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 \$ 10,000.

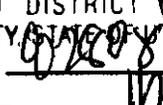
DATED this 28 day of May, 2008.

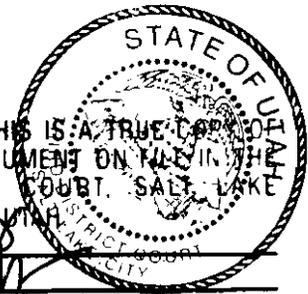
  
HONORABLE,  
JUDGE, THIRD DISTRICT COURT



Defendant's Address:

6796 South 1800 East  
Ogden, UT 84405

I CERTIFY THAT THIS IS A TRUE COPY OF  
AN ORIGINAL DOCUMENT ON FILE IN THE  
THIRD DISTRICT COURT, SALT LAKE  
COUNTY, STATE OF UTAH.  
DATE: 9/20/08  
  
DERUTY COURT CLERK



**FILED DISTRICT COURT**  
Third Judicial District

**AUG 28 2008**

SALT LAKE COUNTY

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

CHARLENE BARLOW, Bar No. 0212  
Assistant Attorney General  
MARK L. SHURTLEFF, Bar No. 4666  
Utah Attorney General  
5272 South College Drive, #200  
Murray, UT 84123  
Telephone: (801) 281-1221  
Facsimile: (801) 281-1224

---

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

---

THE STATE OF UTAH, : Bail \$ \_\_\_\_\_  
 :  
Plaintiff, :  
 :  
vs. : **WARRANT OF ARREST**  
 :  
DENNIS JOHN ROWLEY, : Case No. 001900045  
DOB: August 4, 1955 :  
 : Judge \_\_\_\_\_  
Defendant. :

---

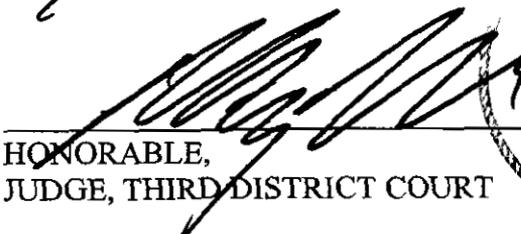
THE STATE OF UTAH TO ANY PEACE OFFICER IN THE STATE OF UTAH,  
GREETINGS:

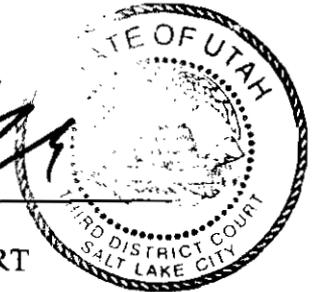
An Information, upon oath, having been this day made before me by Investigator Joseph Gaton, and it appearing from the Information, or affidavit filed with the Information, that there is probable cause to believe that the public offense(s) of: **Securities Fraud, a second degree felony, 2 counts; and, Theft, a second degree felony, 2 counts**, has been committed, and that the defendant, DENNIS JOHN ROWLEY, 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 \$ 10,000.

DATED this 28<sup>th</sup> day of May, 2008.

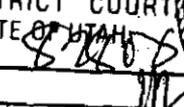
  
HONORABLE,  
JUDGE, THIRD DISTRICT COURT



Defendant's Address:

1837 South Foothill Drive  
Francis, UT 84036

I CERTIFY THAT THIS IS A TRUE COPY OF  
AN ORIGINAL DOCUMENT ON FILE IN THE  
THIRD DISTRICT COURT SALT LAKE  
COUNTY STATE OF UTAH  
DATE: 5/20/08

  
DEPUTY COURT CLERK

