

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

---

THE STATE OF UTAH, :  
 :  
 Plaintiff, : **AFFIDAVIT OF PROBABLE CAUSE**  
 :  
 vs. :  
 :  
 **JONATHAN JAY REYES** : Case No: 091700732  
 :  
 DOB: August 12, 1973 :  
 :  
 Defendant. : Judge: \_\_\_\_\_

---

STATE OF UTAH )  
 :SS  
 COUNTY OF DAVIS )

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

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

assisted other Investigators for the Division of Securities on other cases. I graduated from the University of Utah with a degree in Sociology and a minor in Middle Eastern studies in Spring 2008. I am currently investigating possible violations of securities fraud statutes and related criminal code violations by JONATHAN JAY REYES.

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 JONATHAN JAY REYES, Jason Peterson, Gwen Peterson, Nicholas Trujillo, April Blackwelder, Kethvilay Kounthong, Erica Trujillo, and others.

#### **PARTIES**

3. JONATHAN JAY REYES, at all pertinent times, resided in Utah and his last known address is 3551 W Overlook Dr., Layton, UT 84041.
4. Real Estate Investor Network, LLC (REIN) registered with the Utah Division of Corporations on September 29, 2004. REYES is listed as the Manager. REIN's status is expired as of January 5, 2007. REIN has not filed any registration statements with the Utah Division of Securities.
5. Hard Money Vault, LLC registered with the Utah Division of Corporations on May 13, 2005. REYES is listed as a Member and Registered Agent. Hard Money Vault's status is expired as of September 5, 2007. Hard Money Vault has not filed any registration statements with the Utah Division of Securities.

6. REI Homes, LLC registered with the Utah Division of Corporations on October 25, 2005. REYES is listed as a Member and Registered Agent. REI Homes' status is expired as of January 29, 2007. REI Homes has not filed any registration statements with the Utah Division of Securities.
7. REI Buyers, LLC registered with the Utah Division of Corporations on November 22, 2005. REYES is listed as a Member and Registered Agent. REI Buyers' status is expired as of February 28, 2008. REI Buyers has not filed any registration statements with the Utah Division of Securities.

#### **BACKGROUND**

8. On or about August 2005 through August 2007, REYES offered numerous investment opportunities to three investors. Generally, REYES offered the opportunity for people to invest in real estate, and in return for investments, REYES offered promissory notes supposedly collateralized by deeds of trust on real property. For many of the investments, REYES failed to provide investors with deeds of trust, leaving the investors holding unsecured promissory notes. Unsecured promissory notes are securities as defined by Utah Code Annotated §61-1-13.
9. Prior to any investments, REYES 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.

10. REYES did not disclose other material facts to investors including, but not limited to: suitability factors for the investors, minimum investment amount, the number of investors, the track record of REYES's companies to investors, how REYES's companies were capitalized, the market for real estate deals, if REYES would be compensated for selling the investments, conflicts of interest involved with the investment, if the securities REYES offered were registered securities or exempt from registration, and if REYES was licensed to sell securities.
11. Second and Third District Court documents show REYES was involved in numerous civil legal proceedings between March 1998 and August 2007, from which more than \$32,000 in judgments were entered against REYES. REYES failed to disclose this information to investors.
12. REYES filed four bankruptcies: a chapter 13 bankruptcy in 1997, a chapter 7 bankruptcy in 1998, and two chapter 13 bankruptcies in 2000. REYES did not follow through with any of the bankruptcies. REYES failed to disclose this information to investors.
13. Between about October 2005 to August 2007, REYES received about \$410,500 from three investors. Investors are still owed approximately \$143,500 in principal.

**COUNT 1**  
**SECURITIES FRAUD, a third degree felony**  
**(Jason Peterson)**

14. Jason Peterson and Gwen Peterson met REYES sometime in 2005. On or about June or July 2005, Jason, Gwen, and REYES went to a restaurant in Layton, Utah, along with

Gwen's father, James Linnemeyer. At the restaurant, REYES was told Linnemeyer had money and prior investing experience. REYES discussed using Linnemeyer's funds for lending deals. Jason said REYES discussed Jason, Gwen, and Linnemeyer raising funds from family and friends through a company in order to invest with REYES to purchase real estate. REYES said he would look for properties he could remodel and then resell for a profit. REYES said Jason would be the mortgagor and would be listed on a deed for each of the properties. REYES said he would give Jason 12% per annum on each deal plus an additional two points (2%) on the loan amount.

15. Jason and Gwen said they met with some family and friends while they were in California on or about July 2005. Jason and Gwen said their family and friends asked what Jason and Gwen were doing. Jason and Gwen talked about real estate investing with REYES. Jason and Gwen said their friends had previously invested in real estate, and discussed getting involved. Jason said he wanted to wait to see how the first deals turned out before he started bringing friends into the deals.
16. Jason said he started receiving money from his family and friends on or about October 21, 2005. Jason said he, Gwen, and Linnemeyer set up an account for their business, JGJ Holdings, LLC, where they held their family and friends' funds.
17. On October 4, 2005, Jason, Gwen, and Linnemeyer invested funds with REYES to purchase a property in Ogden Utah; REYES gave Jason a deed of trust to the property to secure the investment. On October 21, 2005, REYES repaid the investment with interest.

On October 28, 2005, REYES again approached Jason, Gwen and Linnemeyer to invest funds to purchase another property in Ogden. Because of the success with the first investment property, Jason, Gwen and Linnemeyer invested again. Again, REYES gave JGJ a deed of trust for this property. REYES paid the principal and interest on this property, but not until July 6, 2006.

18. On or about November 28, 2005, REYES offered Jason an opportunity to invest approximately \$2,000 in order for REYES to get a website set up for REYES's company, REI Buyers, LLC, to sell houses. REYES offered 1% of the net sales price for every house sold through the website in return for the funds, plus REYES would pay back the \$2,000 once the first house was sold.
19. Jason said he and Linnemeyer discussed the investment, and Linnemeyer decided to invest in the website by placing his funds with JGJ Holdings, and then JGJ Holdings distributed the funds. Between November 2005 and March 2006, JGJ Holdings invested three times for a total investment of about \$7,000 for the website to be designed. Jason said REYES asked for the additional funds in order to finish the website. All funds invested were either given directly to the website designer by Jason and Gwen, or, according to REYES's Washington Mutual Bank account records, funds were given to REYES, who then gave the funds to the website designer. Jason said the website was never finished because REYES did not pay for all of the work. Jason said all of the conversations about the investment offer occurred in various places within Davis County,

Utah.

20. After the first two checks given for the website development, \$2,223 on November 28, 2005 and \$2,178.54 on January 17, 2006, Jason asked for documentation to memorialize the monies given. In January 2006, REYES signed two promissory notes on behalf of REI Buyers LLC stating that the notes carried an interest obligation and would be paid in full within 90 days of completion of the "operating website." A third check from JGJ Holdings for \$2,964 issued on June 29, 2006 was never memorialized with a promissory note.
21. Prior to the website investments, REYES failed to provide Jason with any disclosure documents. Specifically, REYES failed to disclose some of the information found in paragraphs 9, 10, 11, and 12 of this affidavit.
22. To date, JGJ Holdings is still owed about \$7,000 on the website investments.

**COUNT 2**  
**SECURITIES FRAUD, a third degree felony**  
**(Jason Peterson)**

23. On or about December 1, 2005, REYES offered Jason the opportunity to invest some of JGJ Holdings' funds into a property deal. REYES discussed the investment with Jason while in Weber County. REYES said he needed \$5,000 to use as a down payment to secure a property development called Hollow Haven. REYES said Hollow Haven was a development with 13 lots where townhouses would be built, and REYES would have the rights to add an additional 44 lots. REYES said he was going to do all the work on the

deal. REYES said he would pay Jason interest at a rate of 12% per annum on the deal, and the principal would be repaid six months later. REYES said Jason would make money through the sale of the properties. REYES said Jason would be collateralized by a deed of trust on the property. REYES said there was risk with the investment.

24. Based on REYES's representations and the apparent success of the prior investments, Jason invested by giving REYES a \$5,000 cashier's check on or about December 1, 2005 while in Weber County. Jason said these funds came from JGJ Holdings. In return for the investment, REYES gave Jason plans for the town homes to be built, but failed to provide Jason with a deed of trust as collateral as he had promised.
25. Prior to the \$5,000 investment, REYES failed to provide Jason with any disclosure documents. Specifically, REYES failed to disclose some of the information found in paragraphs 9, 10, 11, and 12 of this affidavit.
26. A promissory note was eventually issued in return for the investment, as described in paragraph 30 of this affidavit.
27. To date, Jason is still owed about \$5,000 on the Hollow Haven investment.

**COUNT 3**  
**SECURITIES FRAUD, a third degree felony**  
**(Jason Peterson)**

28. On or about January 23, 2006, Jason went to REYES's office in Clearfield, Utah, where REYES offered Jason the opportunity to invest in a property located at 1310 West Roache Street, Indianapolis, Indiana. REYES said he could buy 1310 West Roache for

under \$5,000. REYES said the house was worth \$85,000, but needed approximately \$25,000 in renovations. REYES had an appraisal on the property and gave a copy of the appraisal to Jason. REYES said he would pay Jason 12% interest per annum on the investment, and the deal would take about four months to complete. REYES said he would give Jason a deed in return for an investment.

29. Based on REYES's representations, Jason invested by wiring \$4,849.93 to a title company in Indianapolis, Indiana. Jason said these funds came from JGJ Holdings. REYES failed to provide a deed as collateral for the investment.
30. On or about January 2006, Jason had REYES sign promissory notes for the deals on Hollow Haven, two of the three website investments as explained in paragraph 19 of this affidavit, and 1310 West Roache. REYES signed the promissory notes while at REYES's office, located in Clearfield, Utah. The promissory notes were also notarized at that time. Jason said he had REYES sign the promissory notes because REYES had not provided any documentation on the investments, Jason wanted proof of the investments, and Jason was trying to secure the investments through some means.
31. Prior to the \$4,849.93 investment, REYES failed to provide Jason with any disclosure documents. Specifically, REYES failed to disclose some of the information found in paragraphs 9, 10, 11, and 12 of this affidavit.
32. To date, Jason is still owed about \$4,849.93 on the 1310 West Roache deal.

**COUNT 4**  
**SECURITIES FRAUD, a second degree felony**  
**(Jason Peterson)**

33. On or about August 2006, REYES offered Jason an opportunity to invest in a property located at 1016 Chestnut in Saginaw, Michigan. REYES made the offer while Jason was at REYES's office in Davis County. REYES said he needed \$45,000 from Jason to purchase and remodel the property. REYES said the house appraised for \$85,000, but needed approximately \$10,000 of work done. REYES said he would make sure the work was done on the property, and offered a deed of trust as collateral. REYES talked to Jason about the lending laws and "seasoning of title," which supposedly meant Jason would not be able to sell the property for a certain amount of time if Jason were put on title to the property. REYES said he would keep the title in his name.
34. Based on REYES's representations, Jason invested by hand delivering REYES a \$45,000 cashier's check made payable to REI Homes, dated August 17, 2006, while at REYES's office in Davis County, Utah. Jason said the funds came from JGJ Holdings. REYES failed to provide Jason with a deed of trust or promissory note on 1016 Chestnut.
35. Prior to the \$45,000 investment, REYES failed to provide Jason with any disclosure documents. Specifically, REYES failed to disclose some of the information found in paragraphs 9, 10, 11, and 12 of this affidavit.
36. According to Saginaw County records, REYES's company, REI Buyers, owns 1016 Chestnut.

37. Bank records reveal Jason's \$45,000 check (with a notation "1016 Chestnut") was deposited in REI Homes' Washington Mutual Bank account on August 18, 2006, bringing the balance to \$99,093.17. Also on August 18, 2006, \$20,883.23 was wired from the REI Homes account to a title company. According to a Warranty Deed, dated August 15, 2006, and recorded in Saginaw County, REI Buyers purchased 1016 Chestnut for \$20,000 from an unrelated individual through the same title company to which the \$20,883.23 was wired. Also, according to a document REYES provided to the Utah Division of Securities (Division) entitled *Borrower's Statement*, REYES purchased 1016 Chestnut for \$20,883.23.
38. During an interview with the Division, REYES claimed he purchased 1016 Chestnut and then sold the property to Jason for \$45,000. REYES said he is still on title to the property because Jason did not want to "screw up chain of title." REYES said lenders do not like to touch a property where the title is continually flipped, and because of this, Jason asked REYES to keep title in REYES's name.
39. REYES said Jason requested a deed on 1016 Chestnut on or about July 2007. REYES told the Division he would not provide Jason with a deed, because REYES said Jason owes REYES money for a separate business venture they had been involved in together.
40. To date, Jason is still owed about \$45,000 on the 1016 Chestnut investment.

**COUNT 5**  
**SECURITIES FRAUD, a second degree felony**  
**(Nicholas Trujillo)**

41. Nicholas Trujillo met REYES through Nick's daughter, Erica Trujillo, sometime during 2002. Erica told Nick everyone who invested with REYES made money. Erica told REYES that Nick had retirement money earning about 6% per annum.
42. Starting on or about April 2005, REYES offered Nick the opportunity to invest Nick's retirement funds with REYES to purchase real estate. Between April and June 2005, Nick and REYES had multiple meetings to discuss the investment opportunity, all of which occurred in various locations throughout the counties of Davis and Salt Lake, Utah. During the meetings, REYES told Nick they could make good money if Nick invested with REYES. REYES guaranteed at least a 12% per annum interest on Nick's investments. REYES said in order for Nick to invest, Nick would need to put his retirement funds into a self-directed IRA with a company called American Pension Services, Inc. (APS).
43. REYES said he would use Nick's funds to purchase homes at a low price, remodel the homes, then sell the homes at a higher price. REYES also said he would look for homes with a 30-40% loan to value ratio, then sell the homes for a profit. REYES said he would pay Nick an origination fee at the beginning of each property deal, and then Nick would make interest on the deal. Nick said the process would work as follows: REYES would send a promissory note collateralized by a deed for a property to APS. When APS

received the note and deed, APS would release the necessary funds, usually by wiring funds to a title company as instructed by REYES.

44. REYES said he had done some property deals in Ohio in the past. REYES said remodeling houses was a very lucrative business with money to be made. REYES said he would teach Nick to remodel homes. REYES said the investments would be “win-win all around.” REYES said he had dozens of investors, and his investors made a lot of money and were thankful. REYES did not mention any specific investors. REYES said Nick would receive his principal and interest after each deal finished. Based on REYES’s representations, Nick opened an APS account with \$75,000 of his retirement funds in approximately August 2005.
45. After the account was set up with APS, in October and November 2005 REYES used Nick’s funds to purchase two properties in Ogden. Once each deal was completed, APS, on Nick’s behalf, received the principal plus interest on the investments.
46. On or about February 8, 2006, Nick went to REYES’s office, located in Davis County, Utah, where REYES offered Nick the opportunity to invest in a property located at 165 Culbertson Avenue in Jackson, Mississippi. REYES provided Nick with an executive summary, which stated the term of the deal was 15 days. REYES said Nick needed to authorize APS to release the funds to REYES, then REYES would provide APS with a copy of the promissory note and deed of trust. Because APS, on Nick’s behalf, had been paid back principal plus interest on the two earlier investments, Nick decided to invest

again with REYES.

47. Based on REYESs' representations, Nick sent APS an authorization to wire \$26,585.22 to the settlement agent/closing attorney. In return for the investment, REYES provided Nick with a copy of a special warranty deed, which shows REYES's company, REI Homes, as the beneficiary. REYES also provided Nick with two documents: one entitled *HUD-1 Uniform Settlement Statement*, which shows REI Homes as purchaser of the property, but does not show Nick's APS account as the lender. The second document, entitled *Land Deed of Trust*, which REYES appears to have signed, is not dated, notarized, nor does it appear to have been recorded with Hinds County, the county where 165 Culbertson is located. The *Land Deed of Trust* states REI Homes was indebted to Nick's APS account for \$26,322, as evidenced by a promissory note. Nick never received a promissory note. According to Hinds County records, REI Homes owns the property.
48. Prior to the 165 Culbertson investment, REYES failed to provide Nick with any disclosure documents. Specifically, REYES failed to disclose some of the information found in paragraphs 9, 10, 11, and 12 of this affidavit.
49. On or about February 22, 2006, the maturity date for the 165 Culbertson investment, Nick contacted REYES to get back his funds. REYES told Nick sometimes there are ups and downs in real estate. REYES told him there were a few bumps in the road, but Nick would still make money on the deal, with REYES taking the loss. REYES said he would

pay Nick a point for every day the deal went over the maturity date. Since making the investment, Nick has been unable to recover any funds from REYES on 165 Culbertson.

50. To date, Nick is owed about \$26,585.22 on the 165 Culbertson investment.

**COUNT 6**  
**COMMUNICATIONS FRAUD, a second degree felony**  
**(Nicholas Trujillo)**

51. On or about February 27, 2006, REYES offered Nick the opportunity to invest in a real estate deal while Nick was at REYES's office in Davis County. REYES said he had a good deal he did not want to lose. Nick asked him if the deal was so good, why REYES did not keep it for himself. REYES said he had hundreds of deals going on and had over \$1 million extended, so REYES would leave the opportunity for Nick. REYES said Nick would make between \$20,000 and \$40,000 profit on the deal. REYES said Nick would purchase the property, which was located at 1609 Nowland Avenue, Indianapolis, Indiana, from REYES. REYES said he would remodel the home, and then sell the property for Nick. REYES said Nick would not have to do anything besides purchase the property. REYES said the money for this deal was needed right away, so REYES would find Nick a hard money lender to purchase the property. On or about March 1, 2006, REYES provided Nick with a document entitled *Purchase Agreement*, in which Nick agreed to purchase 1609 Nowland from REYES for \$50,000. Nick signed the paperwork, and REYES gave Nick copies of the paperwork.

52. On or about March 28, 2006, Nick received a hard money loan to purchase 1609 Nowland from REYES for \$88,860.50. The \$88,860.50 was the agreed purchase price of \$50,000 plus money to be used to remodel the house. On or about March 29, 2006, Nick signed loan documents and received a warranty deed on 1609 Nowland.
53. Nick said he and REYES stopped speaking to each other on or about July 2006. At about that time, Nick looked through the documentation REYES gave him on 1609 Nowland, and Nick noticed he was also given a purchase agreement on 1609 Nowland between REYES and a company called Eagle Homes, LLC. Nick noticed the Eagle Homes/REYES purchase agreement, dated February 27, 2006, showed REYES purchased 1609 Nowland for \$25,000, meaning REYES offered Nick the opportunity to purchase 1609 Nowland the day REYES signed a contract with Eagle Homes. As Nick compared his purchase agreement with the Eagle Homes/REYES purchase agreement, Nick noticed the two documents were exactly the same, but Nick's document appears to have some information from the Eagle Homes/REYES agreement covered with hand-written information. Also, it is possible to see parts of Nick's document where it appears White Out was used to cover signatures and other information, and the date February 27, 2006, appears on one of the signature lines located at the end of Nick's agreement (when the document should be dated March 1, 2006). Nick said he confronted REYES about the agreements, but REYES only made a snide remark to Nick.

54. Nick said he had not received any mortgage payment notices for 1609 Nowland by August 2006, so Nick contacted REYES, and REYES told Nick not to worry about it. Nick contacted the title company, Inwest Title Services, Inc., to find out where Nick needed to make the monthly mortgage payments. Inwest Title Services told Nick the hard money loan was through a company called New Vision Investments, Inc. Nick noticed the address for New Vision was in Ogden, Utah, so Nick went to New Vision's offices and discovered REYES's ex-partner, Martin Pool, was the president of New Vision. Pool had Nick talk to Pool's business partner, Armand Franquelin, about 1609 Nowland. Franquelin said the hard money lender was upset for not receiving any payments on the hard money loan. Franquelin said Nick needed to pay off the \$88,860.50 in principal, plus penalties, etc. Franquelin said he would find Nick another hard money lender to pay off the first lender.
55. On or about September 2006, REYES told Nick to give REYES a quit claim deed on 1609 Nowland, which would alleviate Nick of the financial burdens on 1609 Nowland. Nick talked to a mortgage friend and learned a quit claim deed would not release Nick from having to pay the mortgage.
56. Nick found a new lender to pay off New Vision's lender. Nick said his loss on 1609 Nowland is \$88,000 in principal. Since Nick's company holds deed to the property, this loss could be reduced upon sale of the property.

**COUNT 7**  
**COMMUNICATIONS FRAUD, a second degree felony**  
**(Nicholas Trujillo)**

57. On or about March 2, 2006, REYES offered Nick the opportunity to invest in a property located at 128 28<sup>th</sup> Street in Ogden, Utah. Nick invested using about \$37,380 from his APS account. Within a few days of investing, REYES said Nick should purchase 128 28<sup>th</sup> Street and REYES would teach Nick how to remodel and sell a home. REYES said he would arrange financing for Nick, and at closing, Nick's APS funds would be repaid through the title company.
58. On or about March 17, 2006, REYES gave Nick a \$37,907.30 personal check as repayment of Nick's APS funds. REYES told the Division the title company "accidentally" issued REYES a check instead of issuing a check to APS. Nick said instead of depositing the \$37,907.30 check with APS, REYES asked Nick if REYES could use the funds for about 30 days. Nick agreed and gave REYES about \$28,000 of the funds. Nick held back about \$9,700.
59. On or about April 7, 2006, REYES contacted Nick by telephone while Nick was at work in Salt Lake County, Utah. REYES offered Nick the opportunity to invest \$9,058.57. REYES told Nick he owned a clear title to a property located at 1435 Jefferson, Ogden, Utah, but needed \$9,058.57 to finish remodeling the property. REYES said he would return both the \$9,058.57 and the \$28,000 investments at the same time. Nick gave REYES a \$9,058.57 personal check, dated April 7, 2006, and made payable to REIN.

60. Prior to the \$9,058.57 investment, REYES failed to provide Nick with any disclosure documents. Specifically, REYES failed to disclose some of the information found in paragraphs 9, 10, 11, and 12 of this affidavit. REYES also failed to tell Nick that REYES, as “president” of REI Homes LLC, had signed a warranty deed on April 6, 2006, conveying title to the property to NJR Investments, LLC, an unrelated company.
61. In return for the investment, REYES gave Nick a \$9,058.57 promissory note and a document entitled *Executive Summary*. The *Executive Summary* shows Nick’s loan was to be in a second position, \$8,880.95 would be used for a “construction cost,” and Nick would earn \$177.62 (2% of the construction cost). The promissory note shows REYES did not offer any interest on the note.
62. Some time after Nick invested the \$9,058.57 with REYES, Nick discovered through the Weber County Recorder’s Office that REYES granted a warranty deed on 1435 Jefferson to an unrelated company on or about April 6, 2006, the day before Nick invested.
63. Bank Records reveal Nick’s \$9,058.57 check was deposited into a Washington Mutual Bank account for REYES’s company, REIN, on April 7, 2006, bringing the account balance to \$9,072.98. REYES spent Nick’s funds in the following manner: \$7,115.58 cashier’s check made payable to Inwest Title Services, a \$765.37 cashier’s check made payable to Inwest Title Services, \$177.62 paid to Nick, and \$1,000 paid to Jason and Gwen Peterson’s company, J&G Enterprises.

64. According to documents provided by Invest Title Services, both checks made payable to Invest Title Services were used to complete a transaction in which Jason purchased 1435 Jefferson from an entity called NJR Investments, LLC. According to the settlement statement from Invest Title Services, the \$7,115.58 was used as cash from the buyer (Jason), and the \$765.37 was used as cash from the seller (NJR Investments). In return for the purchase, REYES's company, REI Homes, received a \$75,420.95 payment to payoff a first mortgage loan. The \$75,420.95 was wired to an unrelated individual to whom REIN had owed money and granted a \$72,870 recorded trust deed on the property in January 2006.
65. On or about July 7, 2006, REYES repaid Nick about \$29,600 on the \$28,000 Nick invested. To date, REYES has not repaid Nick the \$9,058.57.

**COUNT 8**  
**SECURITIES FRAUD, a second degree felony**  
**(Nicholas Trujillo)**

66. On or about April 13, 2006, REYES offered Nick the opportunity to invest \$32,500 in a property located at 1934 Prescott in Saginaw, Michigan. REYES said he needed the funds to purchase and remodel the home. REYES said he would pay back Nick's principal plus \$1,000 in profit. Nick invested by giving REYES two personal checks written on two separate banks. The first was a \$14,100 personal check and the second was an \$18,400 personal check. Both checks were dated April 13, 2006, and made payable to REI Homes. In return for the \$32,500, REYES provided Nick with an

executive summary.

67. Prior to the \$32,500 investment, REYES failed to provide Nick with any disclosure documents. Specifically, REYES failed to disclose some of the information found in paragraphs 9, 10, 11, and 12 of this affidavit.
68. On or about January or February 2007, Nick checked with the Saginaw County Records Office and discovered neither he nor REYES were listed on any deeds for 1934 Prescott. Nick contacted REYES, and REYES said the funds had been used instead to purchase a property located at 1422 Gage in Saginaw, Michigan. Nick checked with the Saginaw County Records Office, and discovered REI Homes had a warranty deed on 1422 Gage. Records show that on April 20, 2006, the property had been conveyed by warranty deed from Trafton and Callie Abbott to Dion C. Hardy for \$10,000. On the same date, Hardy conveyed the same property to REI Homes for \$20,000.
69. Nick is still owed about \$32,500 to date on the 1422 Gage investment.

**COUNT 9**  
**SECURITIES FRAUD, a second degree felony**  
**(April Blackwelder)**

70. Kethvilay Kounthong (Gumby) said he worked for REYES about six years ago. On or about August 31, 2007, REYES contacted Gumby and Gumby's girlfriend, April Blackwelder, by telephone multiple times while Gumby was at work in Holladay, Utah, and Blackwelder was in Layton, Utah. Blackwelder said most of the conversations were between REYES and Gumby, and then Gumby passed on some of the information to

Blackwelder.

71. During REYES's conversations with Gumby, REYES said he was short on funds for a real estate deal which would earn REYES \$20,000, but REYES's normal lender was out of town for the weekend. REYES said he needed \$17,000 and guaranteed he would pay back Blackwelder and Gumby's principal investment plus a profit with a cashier's check by September 4, 2007. REYES lowered the amount to \$14,500 when Blackwelder said she did not want to invest \$17,000. REYES agreed to pay Blackwelder \$5,000 in profit on a \$14,500 investment. Gumby said he requested a notarized promissory note from REYES in return for Blackwelder's investment. Gumby said REYES did not offer any collateral for the promissory note, but REYES said he had money and properties he could use to pay back Blackwelder and Gumby.
72. Blackwelder said she eventually decided to invest with REYES and agreed to meet REYES at an America First Credit Union located in Layton, Utah. While at the credit union, REYES repeated that he was short on funds for a real estate deal and was in a bind because his normal lender was out of town for the weekend. REYES guaranteed to pay back Blackwelder and Gumby's principal investment plus a \$5,000 profit by September 4, 2007.
73. While in Blackwelder's presence at the credit union, REYES provided Blackwelder with a promissory note and filled in some uncompleted information. REYES then signed the promissory note and had it notarized. REYES also provided Blackwelder with some

printouts of properties/assets REYES said he owned free and clear. One of the properties included in the printouts is 1016 Chestnut, a property in which Jason Peterson invested. REYES said if he failed to pay back Blackwelder's funds by September 4, 2007, REYES would pay a 12% penalty and would give the properties/assets to Blackwelder.

74. Based on the conversations REYES had with Blackwelder and Gumby, Blackwelder purchased a \$14,500 cashier's check from America First made payable to REYES and gave the check to REYES.
75. Prior to the \$14,500 investment, REYES failed to provide Blackwelder with any disclosure documentation. Specifically, REYES failed to disclose some of the information found in paragraphs 9, 10, 11, and 12 of this affidavit. This includes a \$5,989 judgment entered on August 16, 2007, in a case involving the Utah Division of Consumer Protection. REYES also failed to disclose that Nick had filed a complaint with the Utah Division of Securities regarding investments with REYES on or about January 24, 2007.
76. According to a cleared copy of the \$14,500 investment check, REYES endorsed the back of the check. Also, the back of the check has a stamp showing the funds were paid to a Dodge auto dealer located in Davis County, Utah. Blackwelder only authorized REYES to use the funds for a real estate related deal.
77. On or about September 4, 2007, Blackwelder and Gumby contacted REYES to request the return of Blackwelder's funds. REYES said he had meetings scheduled all day, so he

would not be able to get a cashier's check for Blackwelder and Gumby. REYES instead offered to drop off a personal check for the principal and interest sometime in the evening. Sometime during the evening of September 4, 2007, REYES hand delivered a \$20,000 personal check to Blackwelder's home located in Layton, Utah.

78. On or about September 5, 2007, Blackwelder deposited the \$20,000 check into her bank account. About a week after depositing the check, Blackwelder received a letter from her bank stating REYES's check was "uncollectible," and a copy of the check shows the check was stamped with "account closed."
79. Blackwelder said she contacted REYES when Blackwelder received notice the check was not paid, and REYES denied the account was closed. Blackwelder said she stayed in contact with REYES for about two weeks, but has not since had contact with REYES.
80. Blackwelder retained an attorney in or about November 2007, and the attorney tried to contact REYES. Blackwelder said her attorney has been unsuccessful in contacting REYES. Blackwelder has not received any payments from REYES since making the investment.
81. Blackwelder's loss is \$14,500 to date.

**COUNT 10**  
**THEFT, a second degree felony**  
**(April Blackwelder)**

82. REYES represented to Blackwelder that he would use Blackwelder's \$14,500 investment for a real estate deal. According to a cleared copy of the \$14,500 investment check,

REYES endorsed the back of the check, and then used the check as payment to a Dodge auto dealer located in Davis County, Utah. Blackwelder authorized REYES to use the funds for a real estate related deal. Blackwelder did not authorize her funds to be used for any other purpose.

83. REYES obtained money from Blackwelder and exercised unauthorized control of the money with the purpose to deprive her thereof.

**COUNT 11**  
**PATTERN OF UNLAWFUL ACTIVITY, a second degree felony**

84. Commencing on or about January 2005, REYES engaged in conduct which constituted the commission of at least three episodes of unlawful activity as defined in Utah Code Ann. §76-10-1603. REYES: (1) received proceeds derived, directly or indirectly, from a pattern of unlawful activity as more fully defined in Counts 1 through 10 above, in which REYES participated as principal, or used or invested, directly or indirectly, any part of that income, or the proceeds derived from the investment or use of those proceeds, in the acquisition of any interest in, or establishment or operation of, any enterprise; (2) through a pattern of unlawful activity acquired or maintained, directly or indirectly, any interest in or control of any enterprise; or (3) was employed by, or associated with any enterprise and conducted or participated, whether directly or indirectly, in the conduct of that enterprise's affairs through a pattern of unlawful activity. The unlawful activity included three or more violations of securities fraud. This is a violation of Utah Code Ann. §76-

10-1603, a second degree felony.

**SUMMARY**

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

**SECURITIES FRAUD**  
a second degree felony, 4 counts

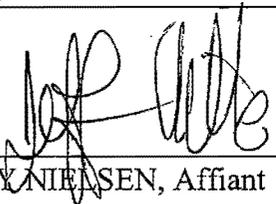
**SECURITIES FRAUD**  
a third degree felony, 3 counts

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

**THEFT**  
a second degree felony, 1 count

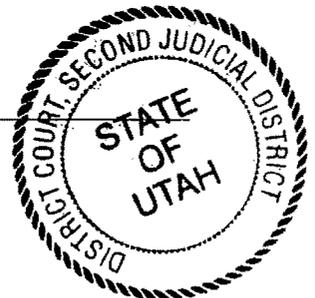
**PATTERN OF UNLAWFUL ACTIVITY**  
a second degree felony, 1 count

DATED this 12 day of May, 2009.

  
\_\_\_\_\_  
JEFFERY NIELSEN, Affiant

SUBSCRIBED AND SWORN before me this  
12 day of May, 2009.

  
\_\_\_\_\_  
JUDGE, SECOND DISTRICT COURT



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

---

THE STATE OF UTAH, : Bail \$ \_\_\_\_\_  
 :  
 Plaintiff, :  
 : **CRIMINAL INFORMATION**  
 vs. :  
 :  
 **JONATHAN JAY REYES,** : Case No: 091700732  
 DOB: August 12, 1973 :  
 : Judge \_\_\_\_\_  
 Defendant. :

---

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

**SECURITIES FRAUD, a second degree felony (4 counts)**

**SECURITIES FRAUD, a third degree felony (3 counts)**

**COMMUNICATIONS FRAUD, a second degree felony (2 counts)**

**THEFT, a second degree felony (1 count)**

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

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

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

**COUNT 2**  
**SECURITIES FRAUD**  
**a third degree felony**

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

**COUNT 3**  
**SECURITIES FRAUD**  
**a third degree felony**

Commencing on or about January 2006, in the State of Utah, Weber County, and elsewhere, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Jason Peterson**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a third degree felony under Utah Law.

**COUNT 4**  
**SECURITIES FRAUD**  
**a second degree felony**

Commencing on or about August 2006, in the State of Utah, Davis County, and elsewhere, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Jason Peterson**, 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 April 2005, in the State of Utah, Davis County, and elsewhere, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Nicholas Trujillo**, 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**  
**COMMUNICATIONS FRAUD**  
**a second degree felony**

Commencing on or about February 2006, in the State of Utah, Davis County, and elsewhere, the defendant devised a scheme or artifice to defraud **Nicholas Trujillo**, or to obtain from him money, property, or anything of value by means of false or fraudulent pretenses, representations, promises, or material omissions, and he communicated directly or indirectly with any person by any means for the purpose of executing or concealing the scheme or artifice, in violation of Utah Code Ann. § 76-10-1801 (1953 as amended). The total value of the property, money or thing obtained or sought to be obtained by the scheme or artifice was more than \$5,000.00, a second degree felony.

**COUNT 7**  
**COMMUNICATIONS FRAUD**  
**a second degree felony**

Commencing on or about March 2006, in the State of Utah, Davis County, and elsewhere, the defendant devised a scheme or artifice to defraud **Nicholas Trujillo**, or to obtain from him money, property, or anything of value by means of false or fraudulent pretenses, representations, promises, or material omissions; and he communicated directly or indirectly with any person by any means for the purpose of executing or concealing the scheme or artifice, in violation of Utah Code Ann. § 76-10-1801 (1953 as amended). The total value of the property, money or thing obtained or sought to be obtained by the scheme or artifice was more than \$5,000.00, a second degree felony.

**COUNT 8**  
**SECURITIES FRAUD**  
**a second degree felony**

Commencing on or about April 2006, in the State of Utah, Davis County, and elsewhere, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Nicholas Trujillo**, 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**  
**SECURITIES FRAUD**  
**a second degree felony**

Commencing on or about August 2007, in the State of Utah, Davis County, and elsewhere, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **April Blackwelder**, 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 10**  
**THEFT, a second degree felony**

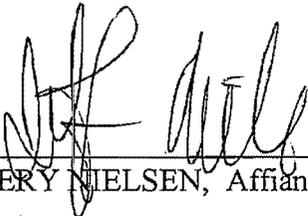
Commencing on or about August 2007, the defendant obtained or exercised unauthorized control over the property of **April Blackwelder**, with a purpose to deprive her thereof. The value of the property is or exceeds \$5,000.00. This is a violation of Utah Code Ann. § 76-6-404, a second degree felony.

**COUNT 11**  
**PATTERN OF UNLAWFUL ACTIVITY**  
**a second degree felony**

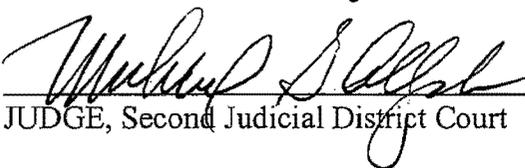
Commencing on or about January 2005, the defendant has engaged in conduct which constituted the commission of at least three episodes of unlawful activity as defined in Utah Code Ann. § 76-10-1601. The defendant: (1) received proceeds derived, directly or indirectly, from a pattern of unlawful activity as more fully defined in Counts 1 through 10 above, in which

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

DATED this 12 day of May, 2009.

  
\_\_\_\_\_  
JEFFERY NIELSEN, Affiant

SUBSCRIBED AND SWORN to before me on this  
12<sup>th</sup> day of May, 2009.

  
\_\_\_\_\_  
JUDGE, Second Judicial District Court



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

1. Jonathan Reyes
2. Jason Peterson
3. Gwen Peterson
4. Nicholas Trujillo
5. April Blackwelder
6. Kethvilay Kounthong
7. Erica Trujillo
8. and others.

AUTHORIZED for presentment and filing this 2<sup>th</sup> day of May,  
2009.

MARK L. SHURTLEFF  
Utah Attorney General

By: Charlene Barlow  
CHARLENE BARLOW  
Assistant Attorney General

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

---

THE STATE OF UTAH,

Bail \$ 100,000.00

Plaintiff,

WARRANT OF ARREST

vs.

JONATHAN JAY REYES,

Case No 091700732

DOB: August 12, 1973

Judge MBR

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(s) of: **Securities Fraud, a second degree felony, 4 counts; Securities Fraud, a third degree felony, 3 counts; Communications Fraud, a second degree felony, 2 counts; Theft, a second degree felony, 1 count; and, Pattern of**

Unlawful Activity, a second degree felony, 1 count, has been committed, and that the defendant, JONATHAN JAY REYES, 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 \$ 100,000.00

DATED this 12<sup>th</sup> day of May, 2009.

  
HONORABLE,  
JUDGE, SECOND DISTRICT COURT



Defendant's Last Known Address:

3551 W. Overlook Drive  
Layton, UT  
OR  
1926 Deere View Drive  
Layton, UT

STATE OF UTAH }  
COUNTY OF DAVIS } SS.

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

DATED THIS 12 DAY OF May 20 09  
ALYSON E. BROWN  
CLERK OF THE COURT

BY Kelly Kogler DEPUTY

PAGE 2 OF 02

