

FILED DISTRICT COURT
Third Judicial District

JUL 19 2006

SALT LAKE COUNTY

By _____
Deputy Clerk

CHARLENE BARLOW (0212)
Assistant Attorney General
MARK L. SHURTLEFF (4666)
Utah Attorney General
5272 South College Drive, #200
Murray, Utah 84123
Telephone: (801) 281-1221
Facsimile: (801) 281-1224
Attorneys for Plaintiff

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

STATE OF UTAH, : **AFFIDAVIT OF**
 : **PROBABLE CAUSE**
 Plaintiff, :
 :
 vs. :
 :
 THOMAS MITCHELL JOHNSON, : Case No. 02190488
 DOB: December 22, 1954 :
 : Judge _____
 Defendant. :

STATE OF UTAH)
 : ss
 COUNTY OF SALT LAKE)

I, MICHAEL HINES, being first duly sworn upon oath, depose
and state as follows:

1. I am the Director of Enforcement for the Utah Division
of Securities and have held that position since June 1995.

2. As the Director of Enforcement I supervise
investigators, attorneys and support staff in the enforcement of

securities rules, regulations and laws.

3. I am the investigator for a complaint filed by Nelson Moyle which alleged that Thomas Johnson sold him an investment in Telsecure which Johnson had no authority to sell and that Johnson kept the money.

4. I have interviewed Nelson Moyle, Rashid Qajar, Mark Holden, Bill Blue and others.

PARTIES

5. Thomas Mitchell Johnson's last known address is 637 N. Fairview Street, Unit 102, Burbank, California. Johnson's date of birth is December 22, 1954, he possesses Massachusetts drivers license # A07850181 and his United State Passport number is 036588791 which expires in September 2008. On December 1, 1983, Johnson was arrested for forgery and on October 12, 1984 Johnson was arrested for grand theft auto in Los Angeles, California. On June 18, 1986, Johnson was convicted of grand theft and forgery in Los Angeles, California and ordered to serve 120 days in jail and 60 months probation. On July 14, 1988, Johnson was charged with grand theft in Los Angeles, California and on August 15, 1988, his probation was revoked and he was ordered to serve 16 months in the California state prison.

Johnson was released from prison on July 20, 1989. On January 16, 1994, Johnson was arrested in Florida for grand theft and flight to avoid prosecution. A disposition of the Florida arrest is being researched.

6. Andrea McGowan, according to a deposition taken of Johnson in December 2003, is his girlfriend and mother of their child.

7. Dana Perry (AKA Dayna Mayo) is the sister of Andrea McGowan.

8. Nelson Moyle is a resident of Utah who invested money with Johnson.

9. "DANSCO, Inc." is a corporation owned by Perry and her husband, Scott Mayo, and the company is located at 425 Parrish Place Burbank, California. DANSCO maintains bank account #7864041145 at CALFED/Citibank in Burbank, California.

10. Zurich Capital Holding, Inc., (ZCH) is represented by Johnson to be a private banking firm located at 468 North Camden Drive, Suite 300, Beverley Hills California. Johnson claimed to be the CEO of ZCH.

11. Telsecure Europe is incorporated in the United Kingdom to deploy technology for verifying and authenticating debit card

transactions.

12. M. Rashid Qajar is the founder of Telsecure.

13. Mark Holden is the Chief Operating Officer of Telsecure.

14. JATO China Capital Limited (JATO) is located at the same address as ZCH, is operated by Johnson and is represented to be an "Offshore Investment Banking Firm."

15. Global Business Centers (GBC) is located at 468 N. Camden Drive, Suite 200, Beverly Hills, California and is the landlord for the office of ZCH and JATO.

BACKGROUND

16. Johnson approached Qajar in April 2005 to purchase between \$2 million and \$3 million worth of Telsecure stock. As part of his due diligence Qajar had Johnson provide a copy of his passport. A copy of the passport was provided to the Division of Securities.

17. Johnson completed and signed a purchaser subscription agreement; however he did not purchase any stock nor provide any money for any Telsecure stock. Telsecure stock is not publically traded and is not available to purchase except through the company. Johnson was not an agent of Telsecure and did not have

the right to represent Telsecure in any capacity or to sell any Telsecure stock.

18. Moyle met with Johnson in Salt Lake City, Utah and in California in early 2005. Johnson offered Moyle the opportunity to invest in Telsecure.

19. Johnson represented that he had all the rights to sell Telsecure stock in the United States.

20. Johnson offered Moyle a 1% interest in Telsecure, which Johnson represented to be worth \$100,000, for an investment of \$50,000.

21. Johnson assured Moyle he could get back his principal and interest within 3 to 4 months and that this was possible because Telsecure was scheduled to "get funded" within a few months.

22. Before Moyle invested he told Johnson that he needed a 100% guarantee that he would get the \$100,000 within 3 to 4 months after investing and Johnson assured him that would not be a problem.

23. In a sworn statement of Thomas M. Johnson taken on December 12, 2003, in Santa Monica, California, Johnson admitted the following;

- a. His DOB is December 22, 1954 and his SSN is 014-42-7233;
- b. That previous to the deposition, his American Express card was cancelled for unsatisfactory payments;
- c. He had been placed on Check Systems in California, which barred him from having a California bank account;
- e. Financial statements were never prepared for ZCH;
- f. His home, which was located at 15405 Vose Street, Van Nuys, California, was repossessed in 1999 or 2000 for failing to make the monthly payments;
- g. In 1999 he had a \$500,000 judgment against himself and ZI Industries, a company in which he was the founder and sole owner;
- h. He never paid the \$500,000 judgment listed in g. above;
- i. He was getting notices from the district attorney's office for delinquent child support;
- j. He borrowed \$40,000 on a 1997 Porsche he owned which was repossessed in 1998 because of his failure to repay the loan;
- k. He borrowed \$5.6 million from Luke Castaway and was only able to repay \$4 million leaving \$1.6 million unpaid;
- l. He borrowed unknown amounts from ZCH and none of the

debt was repaid;

m. He possesses a valid United States passport and had traveled to Zurich and Geneva Switzerland; Frankfurt and Bremen Germany; London, England; Panama, and Mexico;

n. That he has developed banking relationships in Romania and Hungary;

o. That he maintained a Merrill Lynch account in Panama at one time.

24. Research conducted by attorneys representing Bill Britt revealed that Johnson used money taken from Britt to travel to Las Vegas, Hong Kong, Nassau, Europe, Germany, Switzerland and China. Britt's money was also used to purchase a \$2.38 million home in Beverly Hills, a \$210,000 condominium and to purchase many luxury cars including a \$400,000 Bentley, a \$210,000 Bentley, and at least five Mercedes Benz cars of which two cost in excess of \$100,000 each. After extensive investigation and litigation, the attorneys concluded that in excess of \$4 million of Britt's money could not be accounted for or located.

25. At no time did Johnson tell Moyle of any of the admitted facts listed in paragraph 23 above.

26. At no time did Johnson provide any written disclosure

material.

27. At no time did Johnson tell Moyle whether or not Johnson had any civil or criminal history. Johnson did not tell Moyle that he knew on April 7, 2003 that Britt was reporting the theft of \$10 million to the Federal Bureau of Investigations and that Johnson's conduct would be investigated. Johnson did not tell Moyle he had a Federal tax lien against him filed in May 1997 in the amount of \$101,917; that he had a California state tax lien filed against him in the amount of \$15,734; that he had a judgment filed against him in on September 24, 2003 in the amount of \$8,725,000 or that McGowan had a \$5.107 million judgment against her which stemmed from fraudulent transfers from Johnson.

28. Moyle said that at no time did Johnson inform him of or provide him with:

- a. The relationship of Telsecure, Dansco, and ZCH;
- b. Identities of principals of Dansco and ZCH along with their experience in this type of business;
- c. Whether Johnson was licensed to sell securities;
- d. Johnson's agent commissions or compensation for selling the investment;

- e. Financial statements for the companies involved;
- f. The market for the product of the companies;
- g. The nature of the competition for the product;
- h. Current capitalization of the issuer of the securities;
- i. A description of how the investment would be used by
the business;
- j. Risk factors for the investors;
- k. The number of other investors;
- l. The minimum capitalization needed to participate in the
investment;
- m. The disposition of any investments received if the
minimum capitalization was not achieved;
- n. Discussion of pertinent suitability factors for the
investment;
- o. Any conflicts of interest the issuer, the principals,
or the agent may have with regard to the investment; or
- p. Whether the investment was a registered security or
exempt from registration.

COUNT 1
SECURITIES FRAUD
Second Degree Felony

29. On April 15, 2005, Nelson Moyle invested \$10,000 with

Johnson by issuing check # 1040, which was drawn on Moyle's E-Trade account. At the request of Johnson, Moyle made the check payable to Dansco.

30. On April 28, 2005, Nelson Moyle invested \$35,000 with Johnson by issuing check # 1043, which was drawn on Moyle's E-Trade account. At the request of Johnson, Moyle made the check payable to Dansco.

31. The transactions listed in paragraphs 29 and 30 are securities as defined by Utah Code Ann. §61-1-13.

COUNT 2
THEFT
Second Degree Felony

32. Source and use analysis revealed that Moyle's check # 1040 in the amount of \$10,000 was deposited to the account of Dansco on April 15, 2005. On May 5, 2005 a check was written on the Dansco account which was made payable to Global Business Centers in the amount of \$2,500 for rent for ZCH and JATO and a second check on that date was written to Loan Mart in the amount of \$9,900. Also on May 5 a check was written on the Dansco account made payable to Andrea McGowan in the amount of \$3,000. On May 12, 2005 two checks were written on the Dansco account, one was payable to Andrea Johnson in the amount of \$3,000 and one

payable to Tom Johnson in the amount of \$4,000.

33. Source and use analysis revealed that Moyle's check # 1043 in the amount of \$35,000 was deposited to the account of Dansco on April 28, 2005.

34. Moyle said he did not authorize Johnson or anyone to use his money for any purpose other than as a short-term investment in Telsecure.

35. Moyle said he demanded the return of his money from Johnson many times after investing and as the date of this affidavit, he has received no money in return.

COUNT 3
THEFT
Second Degree Felony

36. During the course of this investigation I discovered check #1211 had been drawn on U.S. Bank in the amount of \$35,000 from Nelson Moyle's account and had been deposited to the account of Dansco. I had Mr. Moyle review this check. Mr. Moyle had no knowledge of this check, did not endorse the check, and concluded that it had been taken from his checkbook without his knowledge. Mr. Moyle stated that Johnson had visited Mr. Moyle on several occasions and would have had access to his checkbook.

SUMMARY

37. There is probable cause to believe that Thomas M. Johnson is a flight risk because he has one previous arrest for unlawful flight to avoid prosecution, he has taken in excess of \$5.6 million which has not been properly accounted for from previous fraudulent transactions, he has travelled to numerous foreign countries in the commission of his fraudulent activities, he has developed banking relationships in foreign countries and he possesses a valid passport which does not expire until September 2008.

38. There is probable cause to believe that Thomas M. Johnson is a financial threat if he is not in custody because he has committed criminal and civil fraud violations since December 1983 and there is good cause to believe that he continues to commit fraudulent violations with JATO and ZCH.

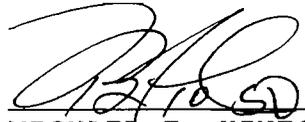
39. Additional probable cause to believe that Thomas M. Johnson is a financial threat is that as of July 10, 2006, Johnson continued to make investment opportunities available to Nelson Moyle who is using an undercover name and address.

40. There is probable cause to believe that Thomas M. Johnson has committed the offenses listed below:

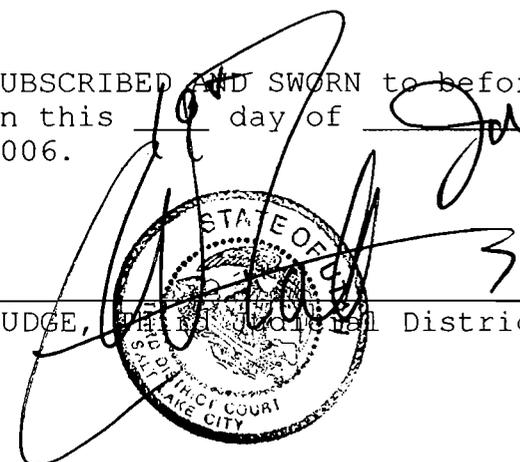
**SECURITIES FRAUD,
a second degree felony, 1 count**

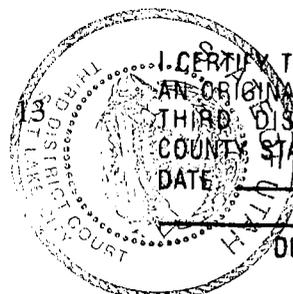
**THEFT
a second degree felony, 2 counts**

DATED this 19 day of July, 2006.


MICHAEL E. HINES, Affiant

SUBSCRIBED AND SWORN to before me
On this 19 day of July,
2006.


JUDGE, Third District Court


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 7/19/06
DEPUTY COURT CLERK

JUL 19 2006

SALT LAKE COUNTY

By _____ Deputy Clerk

CHARLENE BARLOW (0212)
Assistant Attorney General
MARK L. SHURTLEFF (4666)
Utah Attorney General
5272 South College Drive, #200
Murray, Utah 84123
Telephone: (801) 281-1221
Facsimile: (801) 281-1224
Attorneys for Plaintiff

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

STATE OF UTAH,	:	Bail \$ <u>500,000</u> (A)
Plaintiff,	:	
vs.	:	CRIMINAL INFORMATION
THOMAS MITCHELL JOHNSON,	:	Case No. <u>0290488</u>
DOB: December 22, 1954	:	Judge _____
Defendant.	:	

The undersigned, MICHAEL E. HINES, upon oath, states on information and belief that the defendant has committed the following crimes:

SECURITIES FRAUD
a second degree felony (1 count)

THEFT
a third degree felony (2 counts)

COUNT 1
SECURITIES FRAUD
a third degree felony

Commencing on or about April 2005, 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 **Nelson Moyle**, 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

Commencing on or about April 2005, the defendant obtained or exercised unauthorized control over the property of **Nelson Moyle**, with a purpose to deprive him 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 3
THEFT
a second degree felony

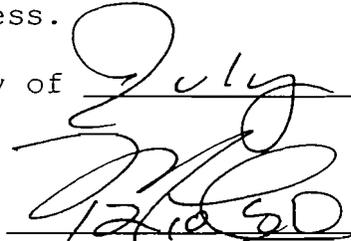
Commencing on or about April 2005, the defendant obtained or exercised unauthorized control over the property of **Nelson Moyle**, with a purpose to deprive him thereof. The value of the property is or exceeds \$5,000.00. This is a violation of Utah Code Ann. § 76-6-404, a second degree felony.

BAIL REQUEST: The State of Utah requests that the Court set initial bail in this matter in the MINIMUM CASH amount of \$500,000.00. There is probable cause to believe that Thomas M. Johnson is a flight risk because he has one previous arrest for unlawful flight to avoid prosecution, he has taken in excess of \$5.6 million which has not been properly accounted for from previous fraudulent transactions, he has travelled to numerous foreign countries in the commission of his fraudulent activities, he has developed banking relationships in foreign countries and he possesses a valid passport which does not expire until September 2008.

In addition, the State considers Thomas M. Johnson a financial threat to the community since he has committed criminal and civil fraud violations since December 1983 and there is good

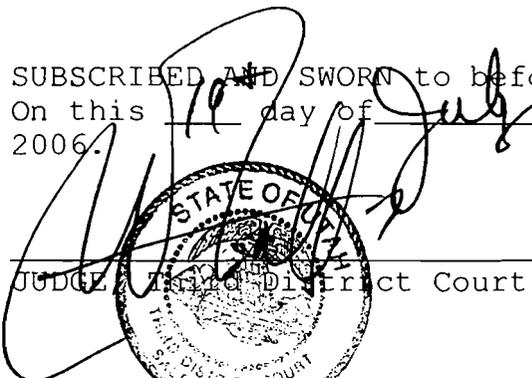
cause to believe that he continues to commit fraudulent violations using JATO and ZCH. Further, as of July 10, 2006, the State is aware that Johnson has continued to make investment opportunities available to Nelson Moyle who is using an undercover name and address.

DATED this 19 day of July, 2006

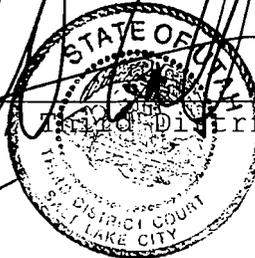


MICHAEL E. HINES, Affiant

SUBSCRIBED AND SWORN to before me
On this 19 day of July,
2006.

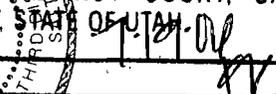


JUDGE, Third District Court

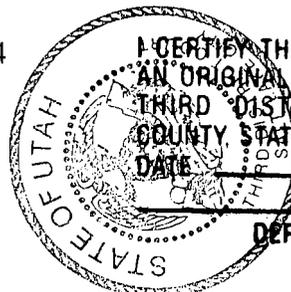


4

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 7/19/06



DEPUTY COURT CLERK



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

1. Nelson Moyle
2. Rashid Qajar
3. Mark Holden
4. Bill Blue
5. And others.

APPROVED FOR PRESENTMENT AND FILING this 18th day of July, 2006

MARK L. SHURTLEFF
Utah Attorney General

By: Charlene Barlow
CHARLENE BARLOW
Assistant Attorney General

FILED DISTRICT COURT
Third Judicial District

JUL 19 2006

SALT LAKE COUNTY

By _____
Deputy Clerk

CHARLENE BARLOW (0212)
Assistant Attorney General
MARK L. SHURTLEFF (4666)
Utah Attorney General
5272 South College Drive, #200
Murray, Utah 84123
Telephone: (801) 281-1221
Facsimile: (801) 281-1224
Attorneys 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. :
 :
THOMAS MITCHELL JOHNSON, : Case No. 0119041086
DOB: December 22, 1954 :
 : 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 Michael E. Hines, 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; and, Theft, a

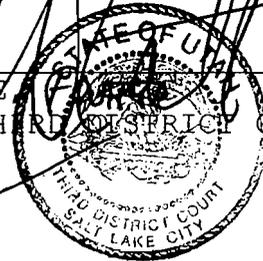
second degree felony, 2 counts, has been committed, and that the defendant, THOMAS MITCHELL JOHNSON, has committed these offenses,

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 \$ 500,000 90.

DATED this 10 day of July, 2006

HONORABLE [Signature]
JUDGE, THIRD DISTRICT COURT



Defendant's Last Known Address:

637 North Fairview Street, Unit 102
Burbank, California

