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**FILED DISTRICT COURT**  
Third Judicial District

**AUG 05 2008**

SALT LAKE COUNTY

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

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

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THE STATE OF UTAH. : Bail \$ 100,000<sup>00</sup>  
Plaintiff, :  
vs. : **CRIMINAL INFORMATION**  
TALI JAMES HALEUA, : Case No. 001905051  
DOB: November 30, 1960 :  
Defendant. : Judge \_\_\_\_\_

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The undersigned, DIANA PARRISH, upon oath, states on information and belief that the defendant has committed the following crimes:

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

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

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

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

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

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

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

Commencing on or about May 2006, in the State of Utah, County of Salt Lake, and elsewhere, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **DEREK COON**, 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 second degree felony**

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

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

Commencing on or about April 2006, in the State of Utah, County of Salt Lake, and elsewhere, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **KIM MICHAEL DICKSON**, 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 5**  
**SECURITIES FRAUD**  
**a second degree felony**

Commencing on or about November 2005, in the State of Utah, County of Salt Lake, and

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

**COUNT 6**  
**SECURITIES FRAUD**  
**a third degree felony**

Commencing on or about Spring 2006, in the State of Utah, County of Salt Lake, and elsewhere, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **JEFF MILLAR**, 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 7**  
**SECURITIES FRAUD**  
**a third degree felony**

Commencing on or about February 2005, in the State of Utah, County of Salt Lake, and elsewhere, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **ANTHONY MORRISON**, 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 8**  
**SECURITIES FRAUD**  
**a second degree felony**

Commencing on or about May 2006, in the State of Utah, County of Salt Lake, and elsewhere, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **JASON WEIDENBENNER**, 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**  
**COMMUNICATIONS FRAUD**  
**a second degree felony**

Commencing on or about March 2006, in Salt Lake County, State of Utah, and elsewhere, the defendant devised a scheme or artifice to defraud **DAVID ROBBINS**, 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 10**  
**PATTERN OF UNLAWFUL ACTIVITY**  
**a second degree felony**

Commencing on or about March 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 (1995). The defendant: (1) received proceeds derived, directly or indirectly, from a pattern of unlawful activity as more fully defined in Counts 1 through 9 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 and communications fraud. This is a violation of Utah Code Ann. §76-10-1601 and § 76-10-1603(5) (1995), et seq. 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 \$100,000.00. Although this Defendant currently resides in the State of Utah, his prior criminal history from the States of Hawaii and Colorado indicates his ability to relocate. In addition, the Defendant has previously been charged with unlawful flight by the State of Hawaii while criminal charges were pending in that State. The Defendant's prior

history also indicates charges for probation violations within the State of Utah. The State believes this defendant is not only a flight risk; but also represents a financial danger to the community where he will continue to engage in criminal activities.

DATED this 5 day of August, 2008.

*Diana L Parrish*

DIANA PARRISH, Affiant

SUBSCRIBED AND SWORN to before me on this 5 day of August, 2008.

*William T. Barrett*

JUDGE, Third District Court



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

1. Brent Carlson
2. Derek Coon
3. Michael Crouch
4. Kim Michael Dickson
5. Richard Keene
6. Jeff Millar
7. Anthony Morrison
8. Steve Wallace Jr.
9. Jason Weidenbenner
10. Kristy Donovan
11. Marjorie Kummer
12. David Politis
13. David Robbins
14. Lawson Smith
15. and others.

AUTHORIZED for presentment and filing this 4<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 05 2008**

SALT LAKE COUNTY

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

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THE STATE OF UTAH, :  
 :  
 Plaintiff, : **AFFIDAVIT OF PROBABLE CAUSE**  
 :  
 vs. :  
 :  
 TALI JAMES HALEUA : Case No: 001905051  
 DOB: November 30, 1960 :  
 : Judge: \_\_\_\_\_  
 :  
 Defendant. :

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STATE OF UTAH )  
 :ss  
 COUNTY OF SALT LAKE )

I, DIANA PARRISH, being first duly sworn upon oath, depose and state as follows:

1. I am a certified law enforcement officer of 26 years and am currently employed as a Securities Compliance Investigator for the Utah Department of Commerce, Division of Securities. Prior to my employment with the Division of Securities, I was employed by

the Utah Attorney General's Office as an investigator and the South Salt Lake Police Department in various capacities. I am currently investigating possible violations of securities fraud statutes and related criminal code violations by TALI JAMES HALEUA.

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 Brent Carlson, Derek Coon, Michael Crouch, Kim Michael Dickson, Richard Keene, Jeff Millar, Anthony Morrison, Steve Wallace Jr., Jason Weidenbenner, Kristy Donovan, Marjorie Kummer, David Politis, David Robbins, Lawson Smith and others.

#### **PARTIES**

3. TALI JAMES HALEUA at all pertinent times maintained a residence in Utah. Utah Division of Securities records reveal that HALEUA is not licensed as an agent, broker-dealer, issuer-agent, or investment advisor.
4. HALEUA's last known address is 59 Wanderwood Way, Sandy, Utah.
5. Utah court records reveal that:
  - a. Records of the Department of Corrections indicate that HALEUA admitted he had a criminal record in Hawaii for auto theft. Hawaii Bureau of Criminal Identification computer records reveal HALEUA was arrested six times between April 1980 and March 1987 primarily for Unauthorized Control of a Vehicle.
  - b. On or about October 6, 1982, HALEUA was arrested in Colorado for theft and

forgery (Case #82CR948). HALEUA was placed on probation. On April 4, 1989, a judge from Arapahoe County sent a letter to the Utah Department of Corrections indicating HALEUA's sentence had been reduced from six years to five years.

- c. On August 12, 1986, HALEUA was charged with three counts of theft, a second degree felony (Case #860213657). On October 1, 1986, HALEUA waived his preliminary hearing and the case was bound over to the district court.
- d. On October 3, 1986, HALEUA was charged with three second degree felony counts of theft and three class A misdemeanor counts of theft (Case #861914911). According to Utah State Prison documents, on July 27, 1987, HALEUA entered into a plea bargain agreement and was ordered to pay \$112,609.59 in restitution and sentenced to prison for one to fifteen years.
- e. On October 3, 1986, HALEUA was charged with one count of fraudulent handling of recordable writings, a third degree felony, and one count of theft by deception, a second degree felony (Case #861914921). On December 29, 1986, HALEUA pleaded not guilty to fraud and the theft count was dismissed.
- f. On May 18, 1987, HALEUA was charged with being a fugitive from another state, a third degree felony (Case #871004209). The case was dismissed on July 27, 1987.
- g. According to Utah Department of Corrections documents, a warrant of arrest was

issued on October 17, 1995 for HALEUA's arrest for parole violation.

- h. On December 19, 1995, HALEUA was charged with one count of Theft by Receiving Stolen Property, a third degree felony and one count of Theft by Deception, a class A misdemeanor Case #951024771). On December 12, 1996, HALEUA pleaded guilty to Theft by Deception. On January 7, 1997, HALEUA was sentenced to 1 year.
- i. On April 17, 2000, the Utah State Tax Commission filed a judgement against HALEUA for \$56,436.69 which was not dismissed until December 8, 2003 (Case #006905075 Tax Lien).
- j. On December 18, 2002, Jeff Fratello sued HALEUA resulting in a \$3,604 judgment on March 10, 2003 (Case #038900790).
- k. On August 21, 2003, John Webb sued HALEUA and that the case was settled on September 01, 2004 (Case #030918495).
- l. On April 12, 2007, Express Recover sued HALEUA and received a judgment for \$573.40 resulting in a garnishment (Case #010103049).
- m. On January 31, 2004, Federal Communications sued HALEUA and Broadband Central USA and on July 17, 2005 a judgment was entered against HALEUA and Conklin for \$11,084.55 (Case #040404558).
- n. On March 23, 2004, 48<sup>th</sup> Avenue Realty Company sued Broadband Central and HALEUA (Case #040906032). The case is still pending.

- o. On March 14, 2005, 2825 East Cottonwood Parkway LC sued Colt Investment Group and HALEUA (Case #050904848) and the case was settled by stipulation on April 5, 2005.
- p. On March 15, 2005, Andrew Stucky filed a foreign judgment against HALEUA for \$28,333.90 (Case #056905744) and on April 21, 2005 garnished Colt Technologies.
- q. On August 29, 2005, the Utah State Tax Commission filed a tax lien against HALEUA for \$817.40 (Case 056918054).
- r. On August 29, 2005, the Utah State Tax Commission filed a tax lien against HALEUA for \$5,646.84 (Case 056918055).
- s. On August 29, 2005, the Utah State Tax Commission filed a tax lien against HALEUA for \$62,312.72 (Case 056918056).
- t. On October 3, 2005, the Utah State Tax Commission filed a tax lien against HALEUA for \$1,392.41 (Case 056922565).
- u. On December 14, 2005, Christopher Derrington sued HALEUA for eviction (Case #050921958) and that on January 11, 2007 the parties came to a settlement and the case was dismissed without prejudice.
- v. On December 16, 2005, Dimitri Golexis sued Colt Investments Group (Case #040926671). On February 7, 2007, an Order of Restitution was signed by the judge ordering HALEUA to vacate the premises located at 3279 East Seven

Springs Drive, Sandy, Utah.

6. United States Bankruptcy court records reveal that:
  - a. On February 17, 1994, HALEUA filed for Chapter 13 bankruptcy protection (94-20823). The case was terminated July 2, 1994.
  - b. On April 22, 1994, HALEUA filed a Chapter 7 bankruptcy (94-22022). The bankruptcy was discharged on August 8, 1994 and the case terminated August 15, 1994.
7. Colt Technologies, LLC, is a Utah limited liability company. Colt registered with the Utah Department of Commerce, Division of Corporations, on January 1, 2004. Colt's status is Active. Colt's business address is 685 North Main, North Salt Lake, Utah, 84054. John F. Bates (Haleua's attorney) is listed as Colt's registered agent and HALEUA is listed as Colt's manager. HALEUA is listed as Colt's Director of Business Development and the former CEO and cofounder in Colt's June 2006 Executive Summary. Colt has not registered with the Utah Division of Securities as a securities issuer.
8. On June 21, 2004, Colt issued a press release announcing its formation as a technology development company focused on creating and producing wireless technologies for use in the livestock industry. On June 30, 2004, Colt issued a press release announcing "it ha[d] completed the first live animal tests of its TekVet System, an automated radio frequency (RF) wireless solution designed to constantly monitor the core temperatures of



within 365 days).

12. In connection with the offer and sale of a security to at least eight Utah investors, HALEUA failed to disclose material information normally found in a prospectus, including, but not limited to the following: information regarding the business and operating history of Colt, TekVet and CCS; the true identities all Colt, TekVet and CCS's principals; Colt, TekVet and CCS's financial statements; the track record of Colt, TekVet and CCS to prior and current investors; the risks associated with investing; whether HALEUA had been involved in certain legal proceedings, such as civil law suits, bankruptcies, and/or violation of state or federal law; any conflicts of interest that HALEUA may have with regard to the investment.
13. In connection with the offer and sale of a security to at least eight Utah investors, HALEUA made material misrepresentation, including, but not limited to the following: that the devices were being produced; that HALEUA would use investor money to attend conventions in Argentina and Hawaii; that Colt had received full FCC approval of a proprietary radio frequency; that investors would make a lot of money on their investment; that there was little or no risk because Colt had pre sold millions of devices; and that 1.5 million devices would be shipped within three to six months.
14. Investment agreements and promissory notes are securities as defined by Utah Code Annotated §61-1-13.

**COUNT 1**  
**SECURITIES FRAUD, a second degree felony**  
**(Brent Carlson)**

15. Brent Carlson first heard about Colt from Steve Wallace, Sr., who arranged for Carlson to meet with HALEUA in May or June 2006 at Colt's offices in Davis County, Utah.  
Present were Carlson, HALEUA, Wallace, Sr., and Bret Smith.
16. At the meeting, HALEUA said TekVet's technology involved ear tags placed on cattle. HALEUA said they recently placed tags on 1,000 head at a feed lot in Delta, Utah and transmitted data from the cattle to a database. HALEUA said feed lots which purchased the tags would need to subscribe to the database which would be a profit center.  
HALEUA said they sold one million tags to a feed lot in Kansas and three million tags to someone in South America and they needed to deliver 1.5 million tags ASAP. HALEUA said the tag sold for \$23 and cost \$9 to manufacture. HALEUA said they had a manufacturing company lined up but it would be three to six months before the tags shipped. HALEUA said he would sell a 1¢ royalty agreement for \$4,000 and money invested would be used for operating expenses related to the installation of the tags.
17. At the meeting, Carlson asked if it would be possible to get a 5¢ royalty for \$20,000. HALEUA said Carlson's request would be "no problem" and that royalty holders would be paid before the company took its profit.
18. HALEUA did not provide Carlson with the information normally found in a prospectus or offering document including but not limited to:

- a. Colt and TekVet's business and operating history and the identities of the principals along with their experience;
  - b. Financial statements for Colt and TekVet;
  - c. Information about risk and liquidity;
  - d. The number of investors or royalty holders;
  - e. The company's track record to its investors;
  - f. Whether the investment was registered or exempt from registration; and
  - g. The involvement of the principals in any legal proceedings including bankruptcy, prior violations of state or federal laws, liens, judgments etc.
19. On May 30, 2006, Carlson hand-delivered his \$20,000 investment check to Colt's office and gave the check to HALEUA's assistant. Carlson said he invested for profit and had no managerial responsibilities in Colt or TekVet.
  20. After August 2006, Carlson learned of HALEUA's criminal history and prior business failures from Steve Wallace, Jr.
  21. Carlson called HALEUA and asked for his royalty agreement and sent an email asking HALEUA to return Carlson's funds. HALEUA said he would send Carlson another agreement and told Carlson, "At this point, you are a very rich man."
  22. Carlson said he continued to call HALEUA until he was told by HALEUA's son, "TekVet is going dark" and "there will be no further communication."

23. Carlson said he never received a royalty agreement nor his money back. Carlson's loss is \$20,000.

**COUNT 2**  
**SECURITIES FRAUD, a third degree felony**  
**(Derek Coon)**

24. Derek Coon first learned of the opportunity to invest with HALEUA from Steve Wallace, Jr., who said Coon should contact HALEUA to get in on the ground floor.
25. Sometime in May 2006, Coon met with HALEUA and four or five others at Mimi's Café, Draper, Salt Lake County, Utah. HALEUA said Colt's device is designed to monitor the body temperature of cattle and will save beef producers a lot of money. HALEUA said Colt had already sold a lot of product and the plant could produce six million devices per month. HALEUA said Coon could purchase a 1¢ royalty agreement for \$4,000 and if Coon invested, Coon would make a lot of money.
26. Coon met with HALEUA three or four times. Coon had lunch with HALEUA, attended a gathering at HALEUA's home, and met with HALEUA at his office. During those meetings, HALEUA said he was the CEO of Colt / TekVet; HALEUA sold his previous business and invested the profit into Colt; Colt had made sales all over the world; no other product on the market was comparable to TekVet's; and there were other investors
27. HALEUA did not provide Coon with the information normally found in a prospectus or offering document including but not limited to:
- a. Colt and TekVet's business and operating history and the identities of the

- principals along with their experience;
- b. Financial statements for Colt and TekVet;
  - c. Information about risk and liquidity;
  - d. The number of investors or royalty holders;
  - e. The company's track record to its investors;
  - f. Whether the investment was registered or exempt from registration;
  - g. The involvement of the principals in any legal proceedings including bankruptcy, prior violations of state or federal laws, liens, judgments etc.; and
  - h. How Coon's money would be used.
28. Coon purchased an \$8,000 cashier's check payable to Colt Technologies on May 15, 2006 and delivered the check to Lee Price at Colt's office. Price wrote a receipt, "\$8,000 received in consideration for royalty position of .02." After he invested, Coon said he received a copy of an unsigned royalty agreement.
29. Coon said on September 22, 2006, he signed a Royalty Grant Agreement at Colt's office but was not provided with a copy.
30. During the summer 2007, Coon and Jeff Millar confronted HALEUA at HALEUA's home after hearing rumors HALEUA used investor money for personal expenses. HALEUA offered to cash out Coon and Millar and began assuring Coon the company would be a success. Coon said HALEUA never confirmed or denied the accusation about using investor funds for personal expenses.

31. Coon said he has not received any money back from HALEUA. Coon said he invested for profit and had no managerial responsibilities with regard to Colt. Coon's loss is \$8,000.

**COUNT 3**  
**SECURITIES FRAUD, a second degree felony**  
**(Michael Crouch)**

32. Michael Crouch heard about the opportunity to invest in Colt from Steve Wallace, Sr.
33. Sometime during June 2006, Crouch met with HALEUA and Wallace, Sr., at Colt. HALEUA explained Colt's ear tag technology and said he planned to attend conventions in Argentina and Hawaii. HALEUA said D. Bret Smith was the number two man at Colt; the market for the technology was "huge"; feed lots in Argentina were ready to buy and Kansas feed lots were ready to go; there was little or no competition because Colt's product was head and shoulders above the others and a company with similar technology had run out of money; the ear tags would sell for \$20 each with a profit of \$10 per unit sold; the company was a start up so there was no track record to investors; Colt was capitalized with money raised from private investors and HALEUA's own money; he would give Crouch additional royalties if Crouch could bring in other investors; and Crouch would be paid back quickly, possibly in six to eight months. HALEUA said if Crouch invested, Crouch's money would be used by HALEUA to attend trade shows in Hawaii and Argentina and he would offer Crouch a "really sweet deal" because he needed the money for the trade shows. HALEUA said he would give Crouch 2% equity

in Colt and a 15¢ royalty agreement. Crouch said he was willing to invest \$50,000 but HALEUA said he needed \$100,000 for the conventions.

34. HALEUA did not provide Crouch with the information normally found in a prospectus or offering document including but not limited to:
- a. Colt and TekVet’s business and operating history and the identities of the principals along with their experience;
  - b. Financial statements for Colt and TekVet;
  - c. Information about risk and liquidity;
  - d. The number of investors or royalty holders;
  - e. The company’s track record to its investors;
  - f. Whether the investment was registered or exempt from registration; and
  - g. The involvement of the principals in any legal proceedings including bankruptcy, prior violations of state or federal laws, liens, judgments etc.
35. On or about June 15, 2006, Steve Wallace, Jr., emailed Crouch a copy of Colt’s June 2006 Executive Summary in which Colt states it “received full FCC approval of a proprietary radio frequency (RF/wireless) network system that is designed to monitor the health condition of livestock . . .” The Executive Summary did not contain disclosure information usually found in a prospectus.
36. On or about June 20, 2006, John Bates emailed Crouch and HALEUA an unsigned “interim document for the royalty and equity grant.”

37. On June 21, 2006, Crouch invested \$100,000 by giving HALEUA a check at Red Robin Restaurant near Fashion Place Mall in Salt Lake County. HALEUA did not give Crouch any documents or paperwork. Present at the meeting were D. Bret Smith, Steve Wallace Jr., Lee Price and HALEUA.
38. Crouch said he wanted proof of his investment and called John Bates who said, "I can get you a temporary document." Later Crouch received a document titled Grant of Royalty and Membership of Interest. The June 20, 2006 document was signed by D. Bret Smith and entitles Crouch to "a royalty interest in and to the TekVet technology, which is to be calculated as follows: Grantee shall be entitled to \$0.15 (15 cents) per SmartSensor sold" and "a two percent (2.0%) membership interest in and to Colt Technologies, LLC." The document does not mention Crouch's \$100,000 investment.
39. Crouch learned from Dave Robbins, someone who was considering purchasing Colt, that HALEUA had not attended the conventions in Argentina and Hawaii. Crouch learned from Steve Wallace, Sr., that HALEUA had a criminal history and problems with his last company, Broadband Central.
40. Crouch said he invested for profit and had no managerial responsibilities in Colt. Crouch said his only role was to provide funds. Crouch said he has not asked for his money back because Randy Conklin told him Colt was out of money and not paying bills.
41. Crouch's loss is \$100,000.

**COUNT 4**  
**SECURITIES FRAUD, a third degree felony**  
**(Kim Michael Dickson)**

42. Kim Michael Dickson said he first heard about the opportunity to invest in Colt from Richard Keene, a colleague of Dickson's at Intermountain Health Care.
43. In about April 2006, Dickson said Keene and HALEUA told him about the opportunity at The Little World Chinese Restaurant in Salt Lake County. Keene and HALEUA said Dickson would make about \$25,000 per year on a 1¢ royalty agreement. Keene and HALEUA said royalty payments would start in October 2006 and pay out every quarter; there was no risk because they had already pre sold millions of devices; investor funds would be used to manufacture the devices; and the minimum investment was \$5,000.
44. HALEUA did not provide Dickson with the information normally found in a prospectus or offering document including but not limited to:
- a. Colt and TekVet's business and operating history and the identities of the principals along with their experience;
  - b. Financial statements for Colt and TekVet;
  - c. Information about risk and liquidity;
  - d. The number of investors or royalty holders;
  - e. The company's track record to its investors;
  - f. Whether the investment was registered or exempt from registration; and
  - g. The involvement of the principals in any legal proceedings including bankruptcy,

prior violations of state or federal laws, liens, judgments etc.

45. Dickson invested \$5,000 on June 28, 2006.
46. Dickson said he never received a royalty payment and has asked for his money back without success. Dickson's loss is \$5,000.

**COUNT 5**  
**SECURITIES FRAUD, a second degree felony**  
**(Richard Keene)**

47. On or about November 2005, Richard Keene, a software engineer, met with HALEUA, Randy Conklin, and Larry Roberts at a restaurant in Salt Lake County. HALEUA said they had been working for a year on an ear tag system which monitors the body temperature of cattle and transmits the information to a computer. HALEUA said the product just needed to be put in plastic and the back-end software written. HALEUA said his company, Colt, had customers lined up to purchase the product and had no competition. HALEUA said he had done a patent search and there was no one working on anything like this. HALEUA said he made a lot of money on his prior company, Broadband Central, and had invested that money into Colt. HALEUA said he had a few investors.
48. Keene worked on the ear tag software from his home and without pay from November 2005 through February 2006.
49. On or about January 2006, Keene said HALEUA recruited Keene to become the Chief

Technical Officer for Colt and to invest in the company. HALEUA said there was some risk involved in investing but focused on profit. HALEUA said the per unit production cost was \$5 but the product would sell for \$20. HALEUA projected sales of 20,000 units per month translating to \$15 million in monthly profits. HALEUA said Colt didn't need Keene's money but that if Keene invested, it would make Keene a more dedicated employee. Keene said he offered to take out a home equity loan to invest.

50. HALEUA did not provide Keene with the information normally found in a prospectus or offering document including but not limited to:
- a. Colt and TekVet's business and operating history and the identities of the principals along with their experience;
  - b. Financial statements for Colt and TekVet;
  - c. Information about risk and liquidity;
  - d. The number of investors or royalty holders;
  - e. The company's track record to its investors;
  - f. Whether the investment was registered or exempt from registration;
  - g. The involvement of the principals in any legal proceedings including bankruptcy, prior violations of state or federal laws, liens, judgments etc.; and
  - h. How Keene's investment would be used.
51. On March 28, 2006, Keene invested \$50,000 via a check payable to Colt Technologies; this was money Keene borrowed against his home. Keene wrote on the check "2% share

in Colt.” In exchange for his investment, Keene was given 3% ownership in TekVet and a 10¢ royalty on each ear tag sold.

52. Keene said that contemporaneously to his investment, HALEUA made many statements about the company. HALEUA said the company would bring in 50% profit on a \$20 ear tag; customers were already lined up; they would start by making one million tags a month; they had done a full patent search and there was nothing close to what they were doing; and they had made an application for a patent.
53. Keene started receiving a paycheck and working at Colt’s office in April 2006. On April 19, 2006, at a meeting at Colt, Keene and others signed an Amended and Restated Operating Agreement identifying Colt’s members as HALEUA (57% participation); Darin M. Smith (17.5% participation); Randy M. Conklin (10% participation); Keene (5% participation); and D. Bret Smith (10% participation).
54. Keene said in May 2006, the company had trouble meeting its payroll.
55. Keene helped set up a product demonstration at a feed lot in Delta. HALEUA was present with potential investors. After the demonstration, HALEUA congratulated Keene for rescuing the company. Keene said he questioned the success of the demonstration because only half the tags worked due to algorithm problems in the transmitters. HALEUA became furious.
56. On or about June or July 2006, Dave Robbins made an offer to purchase Colt from HALEUA for 1.5 million dollars. Keene said HALEUA was “all for the deal” until he

realized Robbins intended to do his due diligence before handing over the money.

Keene said Robbins found HALEUA had many judgments against him and his companies and had spent time in jail. Keene said he first learned of HALEUA's past from Robbins.

57. In about July 2006, Keene said there were "basic operational problems with the ear tags" which only worked 50% of the time. In spite of this, "HALEUA vehemently stated that they had many tags working in actual cattle yards and in cows" and "they all worked."
58. On or about August 30, 2006, when Colt was about two months behind in paying his salary, Keene walked out as did many other employees.
59. After investing, Keene learned the product design was flawed and the product only worked 50% of the time; the information provided by the tag to the user would have been meaningless for health diagnosis; no patent application had been made; there were conflicting patents by other companies; HALEUA had a criminal history and a history of failed businesses.
60. On September 15, 2006, John Bates wrote a letter to David Ross, Keene's attorney. In the letter Bates stated Colt had no financial statements or tax returns.
61. On October 12, 2006, Keene filed a civil law suit against Colt Technologies for lost wages.
62. Keene has not received the return of any principal. Keene's loss is \$100,000.

**COUNT 6**  
**SECURITIES FRAUD, a third degree felony**  
**(Jeff Millar)**

63. Jeff Millar said he first heard about the opportunity to invest with HALEUA from Steve Wallace, Jr., who said HALEUA had a product for monitoring the body temperature of farm animals. Wallace, Jr., said if Millar wanted to get in on the ground floor, Millar should contact HALEUA.
64. Millar attended a gathering at HALEUA's home in the Spring of 2006. Present were Steve Wallace, Jr., Derek Coon, and Jason Weidenbenner. Millar said HALEUA made the following statements about Colt they were actively testing a working prototype; users could watch data being transmitted from livestock to the online data base; investors would get a 1¢ royalty on each unit sold for each \$4,000 invested; and some monitoring units were pre sold but had not shipped because they had not yet been manufactured.
65. Millar said he met with HALEUA six to eight times before deciding to invest. Millar said he had lunch with HALEUA in Draper; visited HALEUA at HALEUA's home in Sandy, Utah; met with HALEUA at Colt's office where he was shown a Power Point presentation; and met with HALEUA at Millar's home in Salt Lake County, Utah.
- During the meetings, HALEUA made the following statements: Colt/TekVet had been in business for 12 to 18 months; HALEUA was the CEO/President; D. Bret Smith was the expert on cattle; Lee Price was in charge of financials; Randy Conklin was in charge of technology; Richard Keene was the engineer; D. Bret Smith was a second generation

cattleman with an operation based in Draper, Utah; Lee Price worked with HALEUA in a previous wireless internet provider business owned by HALEUA which HALEUA sold for a multimillion dollar profit; Randy Conklin was involved in HALEUA's previous internet provider business; the monitor Colt/TekVet produced would be sold in South America and there was a worldwide market for the device; no other company was producing the monitors because it was new technology; HALEUA had invested his own money into Colt/TekVet and had raised money from investors; no one had made any money on the technology yet because it was still in the research and development stage; for each \$4,000 invested an investor would receive a 1¢ royalty agreement; Millar's investment money would be used to get the monitor running and to market; and "if you're going to do it, do it now."

66. HALEUA did not provide Millar with the information normally found in a prospectus or offering document including but not limited to:
- a. Colt and TekVet's business and operating history and the identities of the principals along with their experience;
  - b. Financial statements for Colt and TekVet;
  - c. Information about risk and liquidity;
  - d. The number of investors or royalty holders;
  - e. The company's track record to its investors;
  - f. Whether the investment was registered or exempt from registration; and

- g. The involvement of the principals in any legal proceedings including bankruptcy, prior violations of state or federal laws, liens, judgments etc.
67. Millar said he invested for profit and had no managerial responsibilities with regard to Colt.
68. Millar invested \$8,000 on May 15, 2006 via two cashier's checks made payable to Colt. Millar delivered the checks to Lee Price at Colt. Price wrote a receipt "8,000.00 received in consideration for royalty position of .02." After he invested, Millar said he received a copy of a royalty agreement but it was not signed.
69. On or about September 22, 2006, Millar signed a Royalty Grant Agreement with Colt.
70. Millar said he and Derek Coon confronted HALEUA at HALEUA's home because they heard rumors that HALEUA used investor money for personal expenses. HALEUA offered to cash out Millar and Coon and then began praising Colt and offering assurances Colt would be a success.
71. Millar has not received any money back from HALEUA. Millar's loss is \$8,000.

**COUNT 7**  
**SECURITIES FRAUD, a third degree felony**  
**(Anthony Morrison)**

72. Anthony Morrison became acquainted with HALEUA several years ago when HALEUA owned a company called Blue Zone.
73. On or about February 2005, Morrison met with HALEUA at Colt. Morrison said HALEUA wanted \$200,000 to market CCS. HALEUA said in return Morrison would

receive a 100% return on his investment and 10% of Colt, CCS, and Colt Investment Group's assets. HALEUA said it was unlikely but there was a small chance Colt might fail.

74. HALEUA did not provide Morrison with the information normally found in a prospectus or offering document including but not limited to:
- a. CCS, Colt and TekVet's business and operating history and the identities of the principals along with their experience;
  - b. Financial statements for CCS, Colt and TekVet;
  - c. Information about risk and liquidity;
  - d. The number of investors or royalty holders;
  - e. The company's track record to its investors;
  - f. Whether the investment was registered or exempt from registration; and
  - g. The involvement of the principals in any legal proceedings including bankruptcy, prior violations of state or federal laws, liens, judgments etc.
75. Morrison said on or about March 2005 he invested \$200,000: \$25,000 by transferring a car/title to HALEUA and \$175,000 in checks for which he received a Term Sheet on or about March 16, 2005. The sheet, signed by Lee Price and HALEUA, contained the following terms: Repayment of principal within 180 days; 10% equity interest in CCS and Colt; and 100% interest payment within 365 days.
76. Morrison said a week after he invested his wife found HALEUA's criminal history which

- included stealing a car and securities fraud.
77. Morrison said during April 2006, HALEUA returned \$75,000.
  78. In May 2007, Morrison met with HALEUA at Colt. HALEUA said he wanted to get a second mortgage on his home to pay Morrison but said he could not legally do so because he had to distribute the money evenly. HALEUA said he was starting another company called CattleWatch and would “take care of Morrison” with his new company. HALEUA offered Morrison 10% of the assets of Cattle Watch. Morrison told HALEUA he wasn’t interested and wanted the terms of his original agreement met.
  79. On Friday, May 31, 2007, Morrison said he spoke to HALEUA by phone. HALEUA again offered Morrison a percentage of CattleWatch. HALEUA said they were now selling product and offered Morrison a royalty for every device sold in exchange for Morrison’s original contract. Morrison again told HALEUA he wasn’t interested.
  80. Morrison’s loss is \$125,000.

**COUNT 8**  
**SECURITIES FRAUD, a second degree felony**  
**(Jason Weidenbenner)**

81. Jason Weidenbenner learned of the opportunity to invest in Colt from Steve Wallace, Sr.
82. On or about May 2006 Weidenbenner met with HALEUA three times: at a restaurant in Salt Lake County, at HALEUA’s home, and at HALEUA’s office. HALEUA said funds invested by Weidenbenner would be used for research and development and general operations of Colt. HALEUA said they were working out the bugs and their sensor was

“just about ready for production.” HALEUA said several high-volume customers were lined-up to purchase the sensors. HALEUA said Weidenbenner would receive a 10¢ royalty agreement on every sensor sold.

83. HALEUA did not provide Weidenbenner with the information normally found in a prospectus or offering document including but not limited to:
  - a. Colt and TekVet’s business and operating history and the identities of the principals along with their experience;
  - b. Financial statements for Colt and TekVet;
  - c. Information about risk and liquidity;
  - d. The number of investors or royalty holders;
  - e. The company’s track record to its investors;
  - f. Whether the investment was registered or exempt from registration; and
  - g. The involvement of the principals in any legal proceedings including bankruptcy, prior violations of state or federal laws, liens, judgments etc.
84. Weidenbenner said he invested \$40,000 on or about May 10, 2006, via a Washington Mutual cashier’s check issued to Colt. In return he received a confidentiality agreement and grant of Royalty Interest (signed by John Bates and notarized by Christa Bates).
85. Weidenbenner has not received any money from HALEUA. Weidenbenner’s loss is \$40,000.

**COUNT 9**  
**COMMUNICATIONS FRAUD, a second degree felony**  
**(David Robbins)**

86. On March 7, 2006, David Robbins purchased a \$500,000 manufacturing contract from Colt (signed by HALEUA). Robbins said the contract states Colt's products, the TekVet System, SmartSensor, and SmartReceiver were trademarked; Robbins also was told verbally by HALEUA and others that the products were patented. Robbins said he learned months later the products were never patented when his attorney, Kevin McNeeley, did a patent search on the United States Patent and Trademark Office's website.

**COUNT 10**  
**PATTERN OF UNLAWFUL ACTIVITY, a second degree felony**

87. Commencing on or about March 2005, HALEUA engaged in conduct which constituted the commission of at least three episodes of unlawful activity as defined in Utah Code Ann. §76-10-1603. HALEUA: (1) received proceeds derived, directly or indirectly, from a pattern of unlawful activity as more fully defined in Counts 1 through 9 above, in which he participated as principal, or he 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(5), a second degree felony.

**SUMMARY**

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

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

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

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

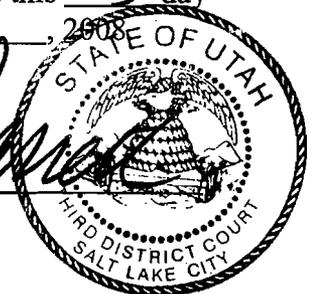
**PATTERN OF UNLAWFUL ACTIVITY**  
**a second degree felony, 1 count**

DATED this 5 day of August, 2008.

*Diana L Parrish*  
DIANA PARRISH, Affiant

SUBSCRIBED AND SWORN before me this 5 day  
of August, 2008

*William T. Barrett*  
JUDGE, THIRD DISTRICT COURT



**FILED DISTRICT COURT**  
Third Judicial District

**AUG 05 2008**

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

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THE STATE OF UTAH, : Bail \$ 100,000<sup>02</sup>  
 :  
Plaintiff, :  
 : **WARRANT OF ARREST**  
vs. :  
 :  
TALI JAMES HALEUA, : Case No 001905051  
DOB: November 30, 1960 :  
 :  
Defendant. : Judge \_\_\_\_\_

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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 Diana Parrish, 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, 4 counts; Communications Fraud, a second degree felony, 1 count; and, Pattern of Unlawful Activity, a second degree felony,**

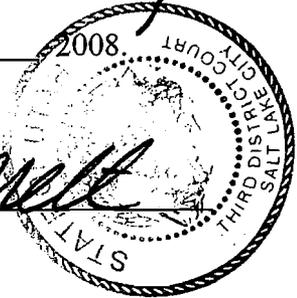
1 count, has been committed, and that the defendant, TALI JAMES HALEUA, has committed these offenses,

**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<sup>00</sup> CASH ONLY

DATED this 5 day of August

William B. Bennett  
HONORABLE,  
JUDGE, THIRD DISTRICT COURT



Defendant's Last Known Address:

59 Wanderwood Way  
Sandy, UT