

SO # OTN
DAO # 10015149

FILED
THIRD DISTRICT COURT
10 APR 29 PM 3:43

IN THE THIRD DISTRICT COURT, SALT LAKE COUNTY DEPARTMENT
IN AND FOR THE COUNTY OF SALT LAKE, STATE OF UTAH
DEPUTY CLERK

THE STATE OF UTAH,

Plaintiff,

vs.
DENNY ROGER PEHRSON
DOB: 10/04/1960,
8492 South Mesa Drive
Sandy, UT
AKA: NONE
SS# 529213954

Defendant.

Before: _____

Magistrate

WARRANT OF ARREST

Case No. 10 / 19 03 163

THE STATE OF UTAH;

To any Peace Officer in the State of Utah, Greetings:

An Information, based upon a written affidavit having been declared by Jeff Nielson - DIVISION OF HOMELAND SECURITY, Agency Case No. 09-0005, and it appears from the Information or Affidavit filed with the Information, that there is probable cause to believe that the public offenses of;

SECURITIES FRAUD, second degree felony, THEFT, second degree felony, SECURITIES FRAUD, second degree felony, THEFT, second degree felony, SECURITIES FRAUD, second degree felony, THEFT, second degree felony, SECURITIES FRAUD, second degree felony, PATTERN OF UNLAWFUL ACTIVITY, second degree felony, has been committed, and that DENNY ROGER PEHRSON has committed them.

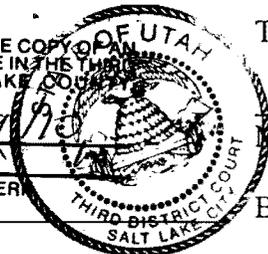
YOU ARE THEREFORE COMMANDED to arrest the above-named defendant forthwith and bring the defendant before this Court, or before the nearest or most accessible magistrate for setting bail. If the defendant has fled justice, you shall pursue the defendant into any other county of this state and there arrest the defendant. The Court finds reasonable grounds to believe defendant will not appear upon a summons.

Bail is set in the amount of \$10,000.

Dated this 29 day of April A.D. 2010.

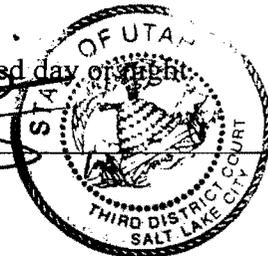
I CERTIFY THAT THIS IS A TRUE COPY OF AN ORIGINAL DOCUMENT ON FILE IN THE THIRD DISTRICT COURT, SALT LAKE COUNTY, STATE OF UTAH.

DATE: April 29 2010
DEPUTY COURT CLERK



This Warrant may be served day or night.

MAGISTRATE



SERVED: DATE: _____

BY: _____

LOHRA L. MILLER
District Attorney for Salt Lake County
STEVEN GIBBON, Bar No. 9717
Deputy District Attorney
111 EAST BROADWAY, SUITE #400
SALT LAKE CITY, UT 84111
Telephone: (801)363-7900

FILED
THIRD DISTRICT COURT
10 APR 29 PM 3:42
SALT LAKE DEPARTMENT
BY _____
DEPUTY CLERK

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

THE STATE OF UTAH
Plaintiff,
vs.

DENNY ROGER PEHRSON
DOB: 10/04/1960,
AKA: NONE
8492 South Mesa Drive
Sandy, UT
OTN
SO#
Defendant.

Screened by: STEVEN GIBBON
Assigned to: STEVEN
GIBBON(TUESDAY)
DAO# 10015149

Bail: \$10,000
Warrant/Release: NON-JAIL

INFORMATION

Case No. *10 19 03163*

The undersigned Jeff Nielson - ^{Securities, UT} ~~DIVISION OF HOMELAND SECURITY~~, Agency Case No. 09-0005, upon a written affidavit states on information and belief that the defendant, DENNY ROGER PEHRSON, committed the crime of:

COUNT 1

SECURITIES FRAUD, (941) 61-1-1 UCA, second degree felony, as follows: That on or about July 01, 2007 at Salt Lake County, in Salt Lake County, State of Utah the defendant, in connection with the offer, sale, or purchase of a security, directly or indirectly, did:

- (1) employ a device, scheme, or artifice to defraud;
- (2) make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or
- (3) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and
 - (i) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth \$10,000 or more; or
 - (ii) (A) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth less than \$10,000; and
 - (B) in connection with that violation, the violator knowingly accepted any money representing:
 - (I) equity in a person's home;
 - (II) a withdrawal from any individual retirement account; or
 - (III) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 2

THEFT, (320) 76-6-404 UCA, second degree felony, as follows: That on or about August 01, 2008 at Salt Lake County, in Salt Lake County, State of Utah the defendant obtained or exercised unauthorized control over the property of another with a purpose to deprive him thereof, and the

- (i) value of the property or services was or exceeded \$5,000;
- (ii) property stolen is a firearm or an operable motor vehicle;
- (iii) actor was armed with a dangerous weapon, as defined in Section 76-1-601, at the time of the theft; or
- (iv) property was stolen from the person of another.

COUNT 3

SECURITIES FRAUD, (941) 61-1-1 UCA, second degree felony, as follows: That on or about January 01, 2008 at Salt Lake County, in Salt Lake County, State of Utah the defendant , in connection with the offer, sale, or purchase of a security, directly or indirectly, did:

- (1) employ a device, scheme, or artifice to defraud;
- (2) make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or
- (3) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and

- (i) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth \$10,000 or more; or
- (ii) (A) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth less than \$10,000; and
- (B) in connection with that violation, the violator knowingly accepted any money representing:
 - (I) equity in a person's home;
 - (II) a withdrawal from any individual retirement account; or
 - (III) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 4

THEFT, (320) 76-6-404 UCA, second degree felony, as follows: That on or about June 01, 2008 at Salt Lake County, in Salt Lake County, State of Utah the defendant obtained or exercised unauthorized control over the property of another with a purpose to deprive him thereof, and the

- (i) value of the property or services was or exceeded \$5,000;
- (ii) property stolen is a firearm or an operable motor vehicle;
- (iii) actor was armed with a dangerous weapon, as defined in Section 76-1-601, at the time of the theft; or
- (iv) property was stolen from the person of another.

COUNT 5

SECURITIES FRAUD, (941) 61-1-1 UCA, second degree felony, as follows: That on or about September 01, 2007 at Salt Lake County, in Salt Lake County, State of Utah the defendant , in connection with the offer, sale, or purchase of a security, directly or indirectly, did:

- (1) employ a device, scheme, or artifice to defraud;
- (2) make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or
- (3) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and
 - (i) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth \$10,000 or more; or
 - (ii) (A) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth less than \$10,000; and
 - (B) in connection with that violation, the violator knowingly accepted any money representing:
 - (I) equity in a person's home;
 - (II) a withdrawal from any individual retirement account; or
 - (III) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 6

THEFT, (320) 76-6-404 UCA, second degree felony, as follows: That on or about October 01, 2008 at Salt Lake County, in Salt Lake County, State of Utah the defendant obtained or exercised unauthorized control over the property of another with a purpose to deprive him thereof, and the

- (i) value of the property or services was or exceeded \$5,000;
- (ii) property stolen is a firearm or an operable motor vehicle;
- (iii) actor was armed with a dangerous weapon, as defined in Section 76-1-601, at the time of the theft; or
- (iv) property was stolen from the person of another.

COUNT 7

SECURITIES FRAUD, (941) 61-1-1 UCA, second degree felony, as follows: That on or about February 01, 2009 at Salt Lake County, in Salt Lake County, State of Utah the defendant , in connection with the offer, sale, or purchase of a security, directly or indirectly, did:

- (1) employ a device, scheme, or artifice to defraud;
- (2) make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or

- (3) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and
 - (i) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth \$10,000 or more; or
 - (ii) (A) at the time the crime was committed, the property, money, or thing unlawfully obtained or sought to be obtained was worth less than \$10,000; and
 - (B) in connection with that violation, the violator knowingly accepted any money representing:
 - (I) equity in a person's home;
 - (II) a withdrawal from any individual retirement account; or
 - (III) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 8

PATTERN OF UNLAWFUL ACTIVITY, (98) 76-10-1603 UCA, second degree felony, as follows: That on or about July 01, 2007 at Salt Lake County, in Salt Lake County, State of Utah the defendant having received any proceeds derived, whether directly or indirectly, from a pattern of unlawful activity in which he has participated as a principal, did use or invest, 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 the establishment or operation of, any enterprise; or did, through a pattern of unlawful activity, acquire or maintain, directly or indirectly, any interest in or control of any enterprise; or, having been employed by or associated with any enterprise, conduct or participate, whether directly or indirectly, in the conduct of that enterprise's affairs through a pattern of unlawful activity; or conspired to violate any of the above provisions.

THIS INFORMATION IS BASED ON EVIDENCE OBTAINED FROM THE FOLLOWING WITNESSES:

Jeff Nielson, Debbie Esplin, Michael Hines, Jory Jelte, David Martinsen, Paola Martinsen, Jeff Nielsen, Dartene Somerby, Dele Somerby

AFFIDAVIT OF PROBABLE CAUSE:

Between about July 2007 and October 2008, PEHRSON offered at least four Utah investors the opportunity to invest with PEHRSON and Tamarin. PEHRSON knew most, if not all, of the investors through an investment group called Tashi, which met at the Prosperity Learning Center, located in Midvale, Utah. PEHRSON represented he would use investment funds for options trading, and offered investors unsecured promissory notes with rates of 4-8%

per month in return for the funds. Promissory notes are securities as defined by Utah Code Annotated §61-1-13.

Between about October 2007 and October 2008, PEHRSON collected about \$469,300.94 from the four investors, and the funds were deposited into Tamarin's Zions Bank account. Based on the Zions Bank records, it appears PEHRSON sent about \$350,250 to an OptionsHouse trading account held at Penson Financial Services.¹ Penson records show PEHRSON lost about \$125,159.46 in options trading between October 2007 and October 2008. Zions Bank and Penson records reveal about \$227,825 was sent from the Penson trading account back to Tamarin's Zions Bank account. Penson records also show no trades were made in the Tamarin account during July and August 2008, and from November 2008 to March 2009.

Prior to any investments, PEHRSON 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.

PEHRSON did not disclose other material facts to investors, including but not limited to: PEHRSON did not provide any information regarding Tamarin; PEHRSON did not provide any statements on PEHRSON's trading history; PEHRSON did not discuss suitability factors for the investment; PEHRSON did not discuss the possibility of a complete loss of investment principal; PEHRSON did not discuss a track record of Tamarin to its investors; PEHRSON did not say how many other people invested with Tamarin; PEHRSON did not say how much money Tamarin had collected from investors; PEHRSON did not discuss a minimum investment amount or did not disclose why the minimum investment amount had changed; PEHRSON did not disclose if investor funds would be pooled or if funds would be placed in a segregated account; PEHRSON did not disclose if the promissory note offered was registered or exempt from registration; and, PEHRSON did not say if he was licensed to sell securities.

PEHRSON also failed to disclose other material facts pertaining to his trading history in the Penson account, including but not limited to: PEHRSON did not disclose he only had two profitable months of trading (November and December 2007) since Tamarin's account opened in October 2007; PEHRSON did not disclose his account had a net loss of about \$17,650.32 as of February 1, 2008; PEHRSON did not disclose his account had a net loss of about \$29,034.98 as of May 1, 2008; PEHRSON did not disclose his account had a net loss of about \$110,100.06 by September 25, 2008; PEHRSON did not disclose he used some of the investor funds for purposes other than options trading; and, PEHRSON failed to disclose he had been constantly reducing the

¹Zions Bank records show there was one other couple who may have invested about \$100,000 with Tamarin, but the Division has not received any information from them. It appears \$74,000 of the \$350,250 sent to Penson may have come from this couple.

trading principal through periodic withdrawals, with some of the funds used to make interest payments to Tamarin's investors and to cover some of PEHRSON's personal expenses.

Third District Court records show PEHRSON was involved in numerous civil legal proceedings between December 1997 and September 2004, with about \$7,142.08 in judgments entered against PEHRSON from the proceedings. PEHRSON failed to disclose this information to investors.

PEHRSON filed a Chapter 7 bankruptcy in 1999. PEHRSON failed to disclose this information to investors.

Zions Bank records show PEHRSON and Tamarin paid investors about \$181,376.43 in interest payments through December 2008. Investors are still owed about \$287,924.51 in principal alone.

COUNT 1
SECURITIES FRAUD, a second degree felony
(Jory Jelte and Debbie Esplin)

On or about July 30, 2007, Jory Jelte received an email from PEHRSON regarding an offer of unsecured promissory notes in return for investment funds. PEHRSON wrote he would be "guaranteeing a monthly rate" between 4% and 8% depending on the amount invested, and the email includes which amounts qualify for each percentage. PEHRSON wrote he "researched the Utah Code Annotated about Promissory Notes," and PEHRSON would not be able to raise more than \$500,000 from investors "without going into further regulatory steps." The email states PEHRSON would use investment proceeds to buy Certificates of Deposit (CDs), borrow against the CDs, then use the borrowed funds for options trading using a strategy called the Iron Condor.² PEHRSON said he was "taking on the majority of the risk of fluctuating returns," and this created "value for [investors] since [investors] can plan on a set return." PEHRSON said he was "all about empowering energy" and was "not going to compromise the authenticity about the use of proceeds." PEHRSON wrote the email was not a solicitation, but information for future use.

Jelte said he contacted PEHRSON about the investment a few times over the next couple of months. Jelte said PEHRSON did not provide a lot of specifics about the investment during the discussions, but PEHRSON said he felt comfortable enough to manage the investment, which would go through Tamarin.

In or about October 2007, Jelte and his aunt, Debbie Esplin, met with PEHRSON at the Prosperity Learning Center located in Salt Lake County, Utah. Esplin said this was the only time she met with PEHRSON. During the meeting, PEHRSON said he was collecting money from

²PEHRSON talked about purchasing CDs in this email, but Jelte said PEHRSON did not discuss this plan any further in subsequent discussions and PEHRSON did not mention why he changed from this initial model.

investors to trade stocks and options. PEHRSON talked about calls and puts in options trading, and PEHRSON discussed some of the trading strategies he employed, such as the Iron Condor and other hedging strategies, in order to mitigate trading risk. PEHRSON said he also diversified the funds into different stocks and market accounts. PEHRSON said he had a couple of college degrees, had taken some business and finance classes, and had learned the trading techniques from other individuals and studying market trends. PEHRSON said he also had prior experience with securities. Esplin said she could not recall if PEHRSON mentioned holding a securities license in the past.

PEHRSON said he would issue promissory notes with terms of nine months in return for investment funds, but PEHRSON said Jelte and Esplin could get their funds back sooner by giving PEHRSON 15 days written notice. PEHRSON said Jelte and Esplin could reinvest their funds at the end of the term, but they would have to control their funds before reinvesting. PEHRSON said the notes offered between 4% and 8% interest per month, which was dependant on the amount invested with Tamarin. PEHRSON said a minimum of \$5,000 was needed to invest, and investments of \$100,000 or more qualified for 8% per month. PEHRSON said he could only accept a total of \$500,000 from 10 or 15 investors (Jelte and Esplin were unsure of the number) in order to avoid further regulation. PEHRSON said he had some of his personal funds invested as well.

PEHRSON said he averaged between 15% and 20% returns per month through options trading. PEHRSON said he would keep whatever amount of money he earned above the interest amount paid to investors each month. PEHRSON said there were months where he earned less than what would be paid to investors, but PEHRSON said he had a "rainy day fund" to cover the interest payments to investors.

During the meeting, PEHRSON provided Esplin with two documents. The first document was a promissory note to be provided in return for funds. The second document, entitled *Investor Questionnaire*, was provided, but PEHRSON did not request Esplin to complete it.

While at the meeting, Jelte and Esplin talked about combining their funds to invest about \$75,000 with PEHRSON. PEHRSON offered Jelte and Esplin 6% per month in return for the funds. Jelte told PEHRSON he was taking out a second mortgage on his home in order to make the investment.

Based on PEHRSON's representations, Jelte and Esplin invested by giving PEHRSON a \$74,750 cashier's check made payable to Tamarin and dated October 11, 2007. Jelte said the check was given to PEHRSON in person while in Salt Lake County, Utah. Jelte and Esplin said Jelte invested about \$55,000 and Esplin invested about \$20,000. Jelte and Esplin said PEHRSON was only authorized to invest the funds in the stock and options market. Jelte said he

received a promissory note in return for the \$74,750, but Jelte has been unable to find a copy of the note.

Prior to the investment and subsequent investments, PEHRSON failed to provide Jelte and Esplin with any disclosure documents. PEHRSON also failed to provide some of the information found in paragraphs 10, 11, 12, 13, and 14 of this affidavit.

Jelte, Esplin, and Esplin's sister, Sharen Newton, placed additional funds with Tamarin after the initial investment. Jelte said when Esplin and Newton wanted to add funds, Esplin and Newton would provide the funds to Jelte, who would forward the funds to PEHRSON, usually in the form of cashier's checks. PEHRSON provided Jelte with promissory notes in Jelte's name after each investment. Esplin said she wanted a paper trail on her investment, so Esplin had Jelte provide her with a subsequent note showing the amount of funds Esplin had invested.

In or about Spring or Summer 2008, Jelte asked PEHRSON how PEHRSON's trading strategy was working with the unstable markets. PEHRSON told Jelte he was not trading options at the time because PEHRSON's trading strategy did not work well with market instability, so PEHRSON was waiting until there was more predictability before trading. PEHRSON did not discuss how he and Tamarin were able to make interest payments while PEHRSON was not trading options at the time. Jelte said additional funds were invested after this discussion. Before adding the funds, PEHRSON said things were going fine when Jelte asked, so Jelte had assumed PEHRSON started trading again.

Jelte invested the final portion of funds on or about September 25, 2008, bringing the total investment amount to about \$190,000. Jelte and Esplin said Jelte invested about \$60,000, Esplin invested about \$80,000, and Newton invested \$50,000.

Jelte said monthly payments from PEHRSON were paid to Jelte, and Jelte provided both Esplin and Newton with their portions of the interest. Jelte said PEHRSON made monthly payments until about November 2008, when PEHRSON sent a partial payment. On or about December 3, 2008, PEHRSON sent an email to Jelte stating PEHRSON would be unable to continue making payments.

Jelte said he made a request for the investment funds to be returned in or about December 2008 or January 2009, but PEHRSON has not paid back the principal. To date, Jelte has received about \$112,284.80 in interest payments for Esplin, Newton, and himself.

COUNT 2
THEFT, a second degree felony
(Jory Jelte and Debbie Esplin)

PEHRSON represented to Jelte and Esplin that he would use Jelte and Esplin's funds for stock and options trading. A first in first out analysis of Tamarin's Zions Bank records shows all

of Jelte and Esplin's initial investment and a majority of additional investments were sent to Tamarin's Penson trading account. Tamarin's Zions Bank records show Jelte's final investment of \$50,000 was deposited on or about September 25, 2008, bringing the account balance to \$52,600.42. A first in first out analysis shows the \$50,000 was used in the following manner: \$4,000 sent to PEHRSON's personal Zions Bank account, about \$1,100 spent on travel related expenses, \$8,000 paid to a couple who were possible investors, \$11,379.31 paid to Jelte, \$16,000 paid to Ballmedia Communications (another investor discussed below), a \$2,125 check written to PEHRSON, about \$5,338.57 sent to Tamarin's Penson trading account, and about \$1,600 spent on other miscellaneous expenses.

Jelte and Esplin authorized PEHRSON to use the funds for stock and options trading. Jelte and Esplin did not authorize their funds to be used for any other purpose. PEHRSON obtained money from Jelte and Esplin and exercised unauthorized control of the money with the purpose to deprive them thereof.

COUNT 3
SECURITIES FRAUD, a second degree felony
(Ballmedia Communications)

Paola and David Martinsen met PEHRSON through Tashi. Paola said she learned about an investment opportunity with PEHRSON when a friend forwarded her an email from PEHRSON on or about January 9, 2008. In the email, PEHRSON offered promissory notes with a maturity rate between 5% and 8% per month depending on the amount invested. PEHRSON wrote there were "13 openings still with \$350k left before hitting the State limits." PEHRSON said if people were "involved in a legal entity (LLC, Corp), [PEHRSON could] count that entity as one person." Attached to the email was a promissory note to be issued by PEHRSON through Tamarin in return for funds. The email ends with the following:

This is for informational purposes only and is not a solicitation. This is a financial instrument, not a a (sic) security. Nor is it secured by any assets. All investments incur risk. Past performance does not guarantee future performance.

Between about January and March 2008, David and another individual, Clay Lemmon, spoke with PEHRSON after a Tashi meeting in Salt Lake County, Utah. During the discussion between PEHRSON, David, and Lemmon, PEHRSON said he raised funds for options trading. PEHRSON said the options market was going well, but an options trader needed to know what they were doing. PEHRSON said he had traded options for a couple of years. PEHRSON said he would make monthly interest payments to investors through the profits earned from trading, and PEHRSON would keep the profits made above what he owed to investors each month.

PEHRSON said a minimum of \$25,000 was needed to invest. PEHRSON said he could only raise \$500,000 from no more than 15 investors, and PEHRSON said he was trading about \$150,000 from three investors at the time. PEHRSON said the investment offered between 5%

and 8% per month depending on the amount invested. PEHRSON said he completed his private placement memorandum (PPM) and could accept funds. David said he understood this to mean all legal documents were in place and PEHRSON was ready to accept funds, but PEHRSON never provided David with a copy of a PPM or any other disclosure documents at any time. David said he liked PEHRSON's knowledge and ideas about the market, and found this important in his decision to invest.

Sometime after speaking with PEHRSON, David and Lemmon discussed combining their funds to invest with PEHRSON. Paola said she and David, Lemon, some other Tashi members who knew of the investment, and a couple of Paola and David's family members and friends decided to pool their funds together in order to earn a higher monthly return from the investment. Paola said everybody, along with Paola and David, placed investment funds into a bank account set up for Paola and David's company, Ballmedia Communications, LLC, to invest with PEHRSON. David said they never told PEHRSON the funds from Ballmedia were pooled funds.

In about mid-May 2008, Paola sent PEHRSON an email expressing interest in the investment. PEHRSON responded by sending Paola a copy of a promissory note to be provided in return for investment funds. PEHRSON asked David and Paola to make a cashier's check payable to Tamarin.

On or about May 21, 2008, Paola and David invested by giving PEHRSON a \$56,000 cashier's check made payable to Tamarin while at a Wells Fargo Bank in Midvale, Utah. While at the bank, PEHRSON provided Paola and David with a pre-signed \$56,000 promissory note dated May 21, 2008.

Prior to the investment and subsequent investments, PEHRSON failed to provide Paola and David with any disclosure documents. PEHRSON also failed to provide some of the information found in paragraphs 10, 11, 12, 13, and 14 of this affidavit.

Paola said between May and October 2008, Ballmedia invested about \$261,000 with Tamarin and PEHRSON.³ David and Paola said they only authorized PEHRSON to use investment funds for options trading. Paola said additional funds were either given to PEHRSON in person or by Paola depositing funds directly into Tamarin's Zions Bank account. Paola said PEHRSON provided Ballmedia with a new pre-signed promissory note after each addition of funds, either in person or by mail. The last promissory note issued to Ballmedia by Tamarin is for \$200,000, offers 96% per annum, and is dated August 6, 2008. PEHRSON appears to have signed the note. Paola said PEHRSON did not provide a promissory note after the last investment (\$61,000) was made. In all, Ballmedia received four different promissory notes from Tamarin and PEHRSON.

³The \$261,000 includes about \$250,000 in deposits with Tamarin, and about \$11,000 of interest rolled back into the investment.

On or about November 10, 2008, Paola requested a return of \$60,000 in principal, which PEHRSON did not provide. PEHRSON made a partial payment in December 2008, and in an email dated December 9, 2008, PEHRSON said he no longer had funds available to pay Ballmedia. In a subsequent email, dated December 10, 2008, PEHRSON wrote there was no principal left for trading.

On or about December 16, 2008, Paola and David met with PEHRSON in Salt Lake County, Utah. During the discussion, PEHRSON said he stopped trading options in about April 2008, because the market was going wild. PEHRSON said he had been paying investors' interest payments from the investment principal, and PEHRSON said he also paid himself about \$6,000 per month from the principal. PEHRSON said he had expected to be able to trade and make up the lost principal, but PEHRSON said he lost about \$50,000 in October 2008. Paola and David requested to see PEHRSON's trading account records and bank records. PEHRSON agreed to provide the documents, but failed to deliver them.

Also during the meeting, PEHRSON talked about HyperNova and a movie project he was starting. PEHRSON said the movie project would allow PEHRSON to make Ballmedia whole. PEHRSON said he wanted to convert Ballmedia's promissory notes into stock in the movie project, but Paola and David declined to do so. PEHRSON said he could start paying Paola and David 1% per month starting in January 2009. PEHRSON said he was going to raise investor funds for the movie deal, use some of the funds to pay himself and Ballmedia, then leave enough funds to start the movie production.

On or about January 6, 2009, Paola sent a letter to PEHRSON by express mail requesting the return of Ballmedia's investment principal, but PEHRSON did not return the principal as requested. PEHRSON has paid back about \$67,229.56 through monthly interest payments. To date, David and Paola have been unable to recover any additional funds.

COUNT 4
THEFT, a second degree felony
(Ballmedia Communications)

PEHRSON represented to Paola and David that he would use Ballmedia's funds for options trading. Tamarin's Zions Bank records show about \$144,000 of Ballmedia's funds were sent to Tamarin's Penson trading account based on a first in first out analysis of Ballmedia's deposits. Tamarin's Zions Bank records show a \$37,000 deposit of Ballmedia funds was made on or about June 24, 2008, bringing the Tamarin account balance to \$37,330.51. The next deposit made into the Tamarin account was for \$45,550.94, also from Ballmedia, on or about July 22, 2008, bringing the account balance to \$51,051.75. A first in first out analysis of these two deposits show PEHRSON used these Ballmedia funds in the following manner: about \$14,420 sent to PEHRSON's personal Zions Bank account, a \$2,125 check paid to PEHRSON, \$16,000 paid to a couple who were possible investors, about \$22,600 paid to Jelte, about \$13,500

paid to Ballmedia, about \$4,500 spent on travel expenses, a \$2,150 check written for cash, and about \$7,000 spent on other miscellaneous expenses.

Paola and David authorized PEHRSON to use Ballmedia's funds for options trading. Paola and David did not authorize Ballmedia's funds to be used for any other purpose. PEHRSON obtained money from Paola and David and exercised unauthorized control of the money with the purpose to deprive them thereof.

COUNT 5
SECURITIES FRAUD, a second degree felony
(Dale and Darlene Somerby)

Dale and Darlene Somerby said they met PEHRSON through Tashi in or about August 2007, but said they learned about an investment opportunity with PEHRSON from Jelte in or about September 2007. Jelte told Dale and Darlene about an investment he made with PEHRSON, including the range of interest offered based on the amount invested. Jelte said he had been paid by PEHRSON on time up to that point.

Between or about April 2008 and October 2008, Dale and Darlene talked with PEHRSON about the investment about once a month after Tashi meetings, all of which occurred in Salt Lake County, Utah. During the discussions, PEHRSON said he used investment funds for options trading. PEHRSON said he provided investors with a promissory note in return for funds, and the interest rate on the note was dependant on the amount invested. PEHRSON said the notes had a term of nine months, but PEHRSON said Dale and Darlene could get their money back within about a month of notifying PEHRSON.

PEHRSON said he was able to pay the monthly interest through profits earned from trading. PEHRSON said he would keep whatever amount of profit he earned above what was owed to investors. PEHRSON said he had protections while trading, through employing stop loses, hedging, and a trading strategy called the butterfly. PEHRSON said he was working on building up the options trading account, and was looking to build up a second trading account to cover investor funds. PEHRSON said he looked forward to trading when companies reported their earnings, because PEHRSON could make up to 30% on trades.

PEHRSON said it was legal for him to raise up to \$500,000 from investors without having to hold a securities license or go through the SEC, and PEHRSON said he had raised about \$400,000. After deciding to invest, Dale and Darlene talked to PEHRSON about investing \$30,000, and in return, PEHRSON offered a 5% per month return on the investment.

Based on PEHRSON's representations, Dale and Darlene invested by giving PEHRSON a \$30,000 cashier's check made payable to PEHRSON on or about October 10, 2008. Darlene said she gave the check to PEHRSON in person at a fast food restaurant parking lot located in Sandy, Utah. Dale and Darlene said PEHRSON requested to have the check made payable to

PEHRSON. Dale and Darlene said they only authorized PEHRSON to use the investment funds for options trading.

Prior to the investment, PEHRSON failed to provide Dale and Darlene with any disclosure documents. PEHRSON also failed to provide some of the information found in paragraphs 10, 11, 12, 13, and 14 of this affidavit.

Dale and Darlene said PEHRSON sent them an email about a week after investing with a copy of an unsigned \$30,000 promissory note and summary document of the investment attached. Dale and Darlene said the markets started having problems at about this time, so they asked PEHRSON about the trading. PEHRSON said things were fine. Dale and Darlene received a \$1,862.07 check from PEHRSON in or about December 2008. Dale and Darlene said this is the only payment they received from PEHRSON to date.

On or about January 13, 2009, Dale and Darlene sent PEHRSON an email stating they learned from Jelte about PEHRSON having a setback in making interest payments. PEHRSON wrote he did not send Dale and Darlene the email he sent to Jelte because PEHRSON thought he "might be able to maintain [Dale and Darlene's] payment...unfortunately, it was not the reality." In the email, PEHRSON copied a couple of emails he had sent to Jelte explaining the problems.

On or about January 21, 2009, Dale and Darlene sent PEHRSON an email to ask if there was any principal left to be returned. Darlene said PEHRSON never answered the question, and Darlene has been unsuccessful in contacting PEHRSON since learning about the problems. Darlene said she has received some emails from PEHRSON since asking about remaining principal, but the emails pertain to an offer for Dale and Darlene, along with other Tashi members, to get involved with a movie project PEHRSON was starting. PEHRSON said people could either invest or receive fees for referring investors. Darlene said the last email she received from PEHRSON was in April 2009.

COUNT 6
THEFT, a second degree felony
(Dale and Darlene Somerby)

PEHRSON represented to Dale and Darlene that he would use their funds for options trading. Tamarin's Zions Bank records show Dale and Darlene's \$30,000 was deposited on or about October 14, 2008, bringing the account balance to \$100,023.52. A first in first out analysis of the bank records shows Dale and Darlene's funds were used in the following manner: about \$1,300 sent to PEHRSON's personal Zions bank account, \$15,200 paid to Jelte, and about \$13,400 paid to Ballmedia.

Dale and Darlene authorized PEHRSON to use their funds for options trading. Dale and Darlene did not authorize their funds to be used for any other purpose. PEHRSON obtained money from Dale and Darlene and exercised unauthorized control of the money with the purpose to deprive them thereof.

COUNT 7
SECURITIES FRAUD, a second degree felony
(Undercover)

On February 18, 2009, Division of Securities investigator Jeff Nielsen met with PEHRSON to discuss an investment opportunity PEHRSON had. Another individual, Alfredo Montoya, one of the Ballmedia investors, was also present at the time of the meeting, which took place at a restaurant in Salt Lake County, Utah.

PEHRSON said he wanted to give an overview of the investment, but was not making a formal offer. PEHRSON said his concept was to make a broadcast quality documentary in the genre of *The Secret* and *What the Bleep*. PEHRSON said *The Secret* took about \$3 million to produce and grossed about \$300 million, and *What the Bleep* took about \$4 million to produce and grossed about \$112 million. PEHRSON said this showed there was a market for these kinds of projects. PEHRSON said the goal of his movie was to help people with personal empowerment and to teach people to take leaps of faith.

PEHRSON discussed offering two-day intensive seminars for additional training on the principles taught in the film to movie viewers. PEHRSON said he got this idea from an author who holds a free seminar in conjunction with book sales. After the seminar, attendees would be sold additional workshops, personal coaching, and boot camps. PEHRSON said the sales model grossed about \$1 million per week.

PEHRSON said he wanted to make the transcript of the movie into a book to be sold, like *The Secret*, and PEHRSON talked about creating a series of books similar to the *Chicken Soup for the Soul* series. PEHRSON also discussed other merchandising ideas, such as calendars, posters, shirts, soundtracks, and a reality show if there was enough interest.

PEHRSON said he had a list of individuals he wanted to participate in the movie, but had not yet contacted all of them at the time. PEHRSON said one individual who had expressed interest in the movie was Chris Gardner, whose story was portrayed by Will Smith in the movie *The Pursuit of Happiness*. PEHRSON said Mark Victor Hansen, a co-creator of the *Chicken Soup for the Soul* series, was also interested.

PEHRSON said he had worked for his father's trucking company, and learned the importance of setting up distribution networks to reduce risk by making products available for consumers. PEHRSON said the people appearing in the movie would already have some distribution channels which could be used to sell the movie and products once the movie was completed.

PEHRSON said the market for the movie and products included multi-level marketing members, marketing companies, athletes, people interested in self empowerment and self improvement, and corporations looking to send employees to motivational workshops.

PEHRSON said the business structure for the project involved a company called Clear Voice Studios, a Wyoming corporation, which would be the parent company for the project. PEHRSON said a subsidiary company, Hypernova Films, a Nevada LLC, would be created to be the general partner to a limited partnership for the Vacuum Law. PEHRSON said the limited partnership would be used as the investment vehicle for the movie project.

PEHRSON described the movie project as a space shuttle, saying the shuttle would never make it into orbit if there was not enough fuel (funds). PEHRSON said he wanted to raise a maximum of \$500,000 through short term promissory notes during the first round offering. PEHRSON said the next phase of funding would be the pre-production phase, where PEHRSON would raise no more than \$1 million in return for limited partnership Class A units. PEHRSON said the third phase, or production phase, would raise money through the offering of limited partnership Class B units. PEHRSON said he thought he might need to raise about \$5 million in the third round offering based on the production costs of *The Secret* and *What the Bleep*.

PEHRSON said investors would have the choice to purchase either cash flow notes or compounded zero coupon notes during the first stage of funding. PEHRSON said the investment would require a minimum of \$5,000. PEHRSON said the notes offered between 1% and 2% per month depending on the amount invested. PEHRSON said cash flow note holders could choose to convert to limited partnership Class A units after maturity, but the zero coupon notes would be an automatic conversion. PEHRSON used an accounting spreadsheet on a laptop to show how much profit a \$100,000 investment would earn based on the type of note purchased. PEHRSON said based on the returns offered, an investor's funds would double in just under three years.

During the meeting, PEHRSON talked about a couple of ways he wanted to structure repayment to investors, including the use of new funds from Class A unit purchasers to pay the previous note holders. PEHRSON said he would have the repayment structure figured out by the time the promissory notes were ready for investors. When asked how the initial investor funds would be used, PEHRSON did not specify a use except to produce the movie script's first draft. PEHRSON said he has a background in business, including four two-year degrees from Salt Lake Community College and a BA in finance. PEHRSON said he had taken the Series 6, 7, 63, and 65 tests in the past and understood compliance with securities laws. PEHRSON said he did not have previous experience in the movie industry.

When asked, PEHRSON said he had previously offered promissory notes to investors in return for funds and it "went well." PEHRSON said he used the investment funds for options trading. Later in the meeting when asked further about options trading, PEHRSON said "[the trading] was working out great" when he started. PEHRSON said he used a strategy called

condors and mentioned other strategies like the butterfly, straddle, strangles, full spread, and bear spread. PEHRSON said the condors were working well for the market volatility, but he ended up losing almost \$50,000 at one point. PEHRSON said he eventually was paying out more on the notes than what he earned through trading. PEHRSON said the note investors were not paid back, but "will be." PEHRSON said the money to pay back the previous note investors was "not going to be any money taken from [this investment]," but from money PEHRSON earned. When asked, PEHRSON said he had a bankruptcy about 10 years prior, but denied being sued in civil court. This was not the truth. At the time of the meeting, PEHRSON had been named in numerous civil suits between 1997 and 2004 and owed \$7,142.08 in judgments from three of the civil suits.

PEHRSON said he was not ready to accept investment funds at the time because he was still working on the offering memorandum and promissory notes. PEHRSON said a risk at the promissory note level was that the investor was "not in at the rate the second stage funding Class A would cover," and PEHRSON said he was still working on what to do if he could not get the second stage of funding covered. PEHRSON said giving up would go against the message of the movie, so PEHRSON was committed to getting the funding. PEHRSON said there was no guarantee or security with the investment. PEHRSON said he could only speculate on how much the movie would earn, but PEHRSON said if the movie were to produce 1/3 of what *The Secret* made, it "would be a mega hit for investors."

After the initial meeting, PEHRSON provided updates regarding the investment by email, including a few documents, such as a list of the "movie's interested participants," a *Confidentiality Agreement*, and a one page press release discussing the promissory note offering. On March 16, 2009, PEHRSON sent an email with a document entitled *Offering Memorandum* and a copy of a zero coupon promissory note attached. In both the *Offering Memorandum* and promissory note, PEHRSON is represented as the President of HyperNova Films. The *Offering Memorandum* fails to disclose PEHRSON's involvement in the previously mentioned legal proceedings. The *Offering Memorandum* also fails to disclose PEHRSON defaulted on promissory notes with investors a few months prior to the HyperNova Films promissory note offering.

On April 1, 2009, Nielsen sent an email to PEHRSON requesting wiring instructions on where to send investment funds. On April 2, 2009, PEHRSON sent an email inquiring what name and address to use when preparing the promissory note.

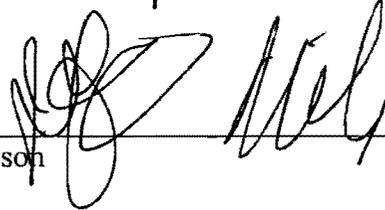
In emails prior to and after April 1, 2009, PEHRSON said a friend might fund the project, and PEHRSON would close the offering if the friend invested. On May 1, 2009, PEHRSON sent an email stating he was going to move forward with the funding offered by his friend, since the "terms from [the friend] are far better than [PEHRSON] could have even asked for."

COUNT 8
PATTERN OF UNLAWFUL ACTIVITY, a second degree felony

Commencing in or about July 2007, PEHRSON engaged in conduct which constituted the commission of at least three episodes of unlawful activity as defined in Utah Code Ann. §76-10-1603. PEHRSON: (1) received proceeds derived, directly or indirectly, from a pattern of unlawful activity as more fully defined in Counts 1 through 7 above, in which PEHRSON 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.

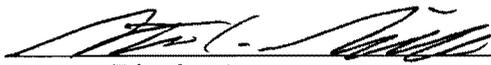
Pursuant to Utah Code Annotated § 46-5-101 (2007) I declare under criminal penalty of the State of Utah that the foregoing is true and correct to the best of my belief and knowledge.

Executed on: April 29, 2010



Jeff Nielson
Affiant

Authorized for presentment and filing
LOHRA L. MILLER, District Attorney



Deputy District Attorney
28th day of April, 2010
/ JLP / DAO # 10015149