

FILED DISTRICT COURT
Third Judicial District

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SALT LAKE COUNTY
Deputy Clerk

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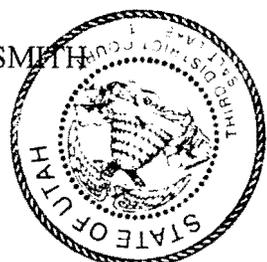
IN THE THIRD JUDICIAL DISTRICT COURT IN AND FOR
SALT LAKE COUNTY, STATE OF UTAH

THE STATE OF UTAH, :
 :
 Plaintiff, : **AFFIDAVIT OF PROBABLE CAUSE**
 :
 vs. :
 :
 JOSHUA MICAH SMITH, : Case No. 111908601
 DOB: December 12, 1980 :
 :
 Defendant. : Judge _____

STATE OF UTAH)
 :SS
COUNTY OF SALT LAKE)

I, DOUGLAS WAWRZYNSKI, being first duly sworn upon oath, depose and state as follows:

1. I am currently employed as a full time securities compliance investigator with the Utah Division of Securities. I am currently investigating possible violations of securities fraud statutes and related criminal code violations by JOSHUA MICAH SMITH ("JMS").



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 JMS, Romala Rassel, Ryan Berindean, Sharlene Bell-Hunt, James White, Jared Zitting, Joy Pratt, Jeff Case, Lee Camblin, Amy Maddocks and others.

PARTIES

3. JMS, at all relevant times, resided in Utah. JMS's last known address is 1052 White Sands Drive, Washington, UT 84780. At all relevant times, JMS was the Director of The Equity Advantage, Incorporated. JMS has never held a securities license.
4. The Equity Advantage, Incorporated ("TEA") registered with the Utah Department of Commerce, Division of Corporations on November 15, 2007 as a Utah Corporation. The status of the registration is expired for failure to file renewal as of March 2, 2009
5. Isaac Nathan Smith ("INS"), at all pertinent times, resided in Utah. INS's last known address is 1046 East 650 North, Orem, UT 84094. At all relevant times, INS was listed as Incorporator, Officer and Registered Agent for TEA in TEA's corporate documents filed with the Division of Corporations. INS has never held a securities license.
6. Lee Camblin ("Camblin"), at all relevant times, resided in Utah. Camblin's last known address is 11548 Sage Mesa, Sandy, UT 84094. Camblin invested \$20,000 in the form of promissory notes with TEA.
7. Sharlene Hunt-Bell ("Bell"), at all relevant times, resided in Utah. Bell's last known address is 13878 South 1835 West, Bluffdale, UT 84065. Bell invested \$10,000 in the

form of promissory notes with TEA.

8. Jared Zitting (“Zitting”), at all relevant times, resided in Utah. Zitting’s last known address is 735 West Earl, Hildale, UT. Zitting invested \$30,000 in the form of promissory notes with TEA.
9. Jeff Case (“Case”), at all relevant times, resided in Utah. Case’s last known address is 5208 Holder Drive, West Valley City, UT 84120. Case invested \$110,000 in the form of promissory notes with TEA.
10. James White (“White”), at all relevant times, resided in Arizona. White’s last known address is 446 S. Red Rock St., Gilbert, AZ 85296. White invested \$100,000 in the form of promissory notes with TEA.
11. Romala Rassel (“Rassel”), at all relevant times, resided in Missouri. Rassel’s last known address is 1504 NW Weatherstone Drive, Blue Springs, MO 64015. Rassel invested \$15,000 in the form of promissory notes with TEA.
12. Ryan Berindean (“Berindean”), at all relevant times, resided in Kansas. Berindean’s last known address is 3306 North 103rd Place, Kansas City, KS 66109. Berindean invested \$30,000 in the form of promissory notes with TEA.
13. Joy Pratt (“Pratt”), at all relevant times, resided in Utah. Pratt’s last known address is 1877 East Sycamore Lane, Salt Lake City, UT 84117. Pratt invested \$50,000 in the form of promissory notes with TEA.

BACKGROUND

14. Between November 2007 and August 2008, JMS raised, directly or indirectly, no less

than \$365,000 from no less than eight (8) investors and issued promissory notes to those investors.

15. Promissory notes are securities as defined by Utah Code 61-1-13.
16. In connection with the offer and/or sale of securities, JMS either directly or indirectly, made material omissions and/or misstatements of material facts that a reasonable investor would rely on when deciding whether to invest.

COUNT 1
SECURITIES FRAUD, a second degree felony
(Investor Lee Camblin)

17. In or about October 2007, while employed with the Investors Paradigm (“IP) in Salt Lake City, UT, Camblin participated in a conference call with JMS. Also, present were other IP employees. During this conversation, JMS made the following statements: TEA was investing with a pay-day loan company, the pay-day loan company needed lending capital, the particular pay-day loan company TEA was investing with employed risk reducing controls to reduce the risk of default which included obtaining borrowers’ credit card information or establishing automatic repayments, each investment was in increments of \$10,000 and investors could choose to be paid interest monthly or quarterly, if paid monthly, the rate of return was 3.5% per month, and if paid quarterly, the rate of return was 5% per month.
18. In or about November 2007, Camblin and JMS had a second telephone conversation in which JMS made the following statements: TEA had been formed primarily for this investment opportunity, JMS and INS were the principals of TEA, and Investor funds

would be used to invest with the pay-day loan company and would be used to make loans to customers.

19. Camblin received a private placement memorandum (“PPM”), promissory note and subscription agreement.
20. Camblin decided to invest \$20,000. Camblin sent the funds via bank wire to TEA’s account on November 28, 2007.
21. In connection with the offer or sale of a security JMS made omissions of material facts, including but not limited to paragraphs 22 through 23.
22. JMS told investors TEA would be investing in a pay-day loan company. However, JMS did not disclose the name of the pay-day loan company, the names of the pay-day loan company’s principals, the operating history for the pay-day loan company or the basis on which JMS chose to invest with the company.
23. JMS distributed a PPM for TEA which stated, “The Notes will have an annual rate of return of twelve (12%) percent simple interest over the term thereof, with a maturity date of twelve (12) months from the Commencement Date of each Note. Interest shall be paid annually. All principal shall be paid at maturity.” Contemporaneously with the PPM, JMS distributed a document titled “The Equity Advantage Program Agreement” which invited investors to “Please check the corresponding box to acknowledge which program you would like to invest in:” The document then provided three different interest rates an investor could place their money in. The first provided a 3.5% monthly return if interest was received monthly, the second provided a 5% monthly return if interest was received

quarterly and the third provided a 6% monthly return if interest was received yearly. JMS omitted any information that would reconcile these conflicting statements, including but not limited to that the higher interest schedule was dependant on the profitability of the loans made by TEA to pay-day loan companies.

24. In connection with the offer or sale of a security, JMS made misstatements of material facts, including but not limited to paragraph 25.
25. JMS stated funds would be used to invest in a pay day loan company and provided a PPM disclosing 100% of investor funds would be invested. However, JMS did not invest any of Camblin's funds in a pay day loan company.

COUNT 2
THEFT, a second degree felony
(Investor Lee Camblin)

26. JMS stated investor funds would be invested to be used as lending capital for a pay-day loan company.
27. JMS obtained money from Camblin and exercised unauthorized control of the money with the purpose to deprive Camblin thereof.
28. The value of the money obtained was in excess of \$5,000.
29. Using a First-in First-out analysis, bank records indicate Camblin's \$20,000 investment was deposited to an TEA Equity Advantage account on November 28, 2007 and was spent in the following manner:
 - a) \$9,992 via check to JMS,
 - b) \$30.66 to Mail N More,

- c) \$25 to bank fee,
- d) \$3,700 via check to Amy Maddocks for loan repayment,
- e) \$15.91 to Steamroller,
- f) \$60 to Utah Division of Securities for filing fee,
- g) \$5,000 via check to JMS for salary,
- h) \$350 to Lee Camblin for interest payment,
- I) \$2,000 to INS for "Bonus & Credit Card".

COUNT 3
SECURITIES FRAUD, a second degree felony
(Investor Sharlene Hunt-Bell)

- 30. In or about December, 2007, Bell had one or two telephone conversations with JMS regarding investing with TEA. JMS inquired into Bell's investment goals. Bell responded she was trying to build up her retirement savings.
- 31. During these telephone conversation JMS made the following statements regarding investing with TEA: JMS was gathering money to invest in a pay day loan company, JMS's brother, INS, was working with him, promissory notes required a one year investment. investors could choose an interest payment schedule that included monthly or quarterly distributions, and JMS stated Bell could get her money out early if she needed it, however he did not discuss how to do it or if there would be any early withdrawal penalty.
- 32. Bell received a PPM, promissory note and subscription agreement.
- 33. On January 8, 2008, Bell invested by wiring \$10,000 from her account at Bank of

American Fork to TEA's account held at Mountain America Credit Union's St. George branch.

34. In connection with the offer or sale of a security JMS made omissions of material facts, including but not limited to paragraphs 35 through 40.
35. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose that he had told a prior investor his funds would be used to invest in a pay day loan company, but instead exercised unauthorized control over the funds.
36. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose he was drawing a salary directly from investor funds.
37. JMS provided a PPM with an application of proceeds section. However, JMS did not disclose that there were two versions of the PPM given to investors. One version stated 100% of investor funds would be applied to the business venture. The second version stated 72.9% of investor funds would be applied to the business venture, while 27.1% would be deducted from investor funds for specific over business overhead costs.
38. JMS stated TEA was investing with a pay-day loan company and the investors return on investment was generated by using investor funds as lending capital. However, JMS did not disclose that TEA was paying IP a portion of the return on investment as a finders fee for generating sales leads.
39. JMS told investors TEA would be investing in a pay-day loan company. However, JMS

did not disclose the name of the pay-day loan company, the names of the pay-day loan company's principals, the operating history for the pay-day loan company or the basis on which JMS chose to invest with the company.

40. JMS distributed a PPM for TEA which stated, "The Notes will have an annual rate of return of twelve (12%) percent simple interest over the term thereof, with a maturity date of twelve (12) months from the Commencement Date of each Note. Interest shall be paid annually. All principal shall be paid at maturity." Contemporaneously with the PPM, JMS distributed a document titled "The Equity Advantage Program Agreement" which invited investors to "Please check the corresponding box to acknowledge which program you would like to invest in:" The document then provided three different interest rates an investor could place their money in. The first provided a 3.5% monthly return if interest was received monthly, the second provided a 5% monthly return if interest was received quarterly and the third provided a 6% monthly return if interest was received yearly. JMS omitted any information that would reconcile these conflicting statements, including but not limited to that the higher interest schedule was dependant on the profitability of the loans made by TEA to pay-day loan companies.
41. In connection with the offer or sale of a security, JMS made misstatements of material facts, including but not limited to paragraph 42.
42. JMS stated investor funds would be invested to be used as lending capital for a pay-day loan company. However, JMS spent Bell's funds on other expenses.

COUNT 4
THEFT, a second degree felony
(Investor Sharlene Hunt-Bell)

43. JMS stated investor funds would be invested to be used as lending capital for a pay-day loan company.
44. JMS obtained money from Bell and exercised unauthorized control of the money with the purpose to deprive Bell thereof.
45. The value of the money obtained was in excess of \$5,000.
46. Using a First-in First-out analysis, bank records indicate Bell's \$10,000 investment was deposited to an Equity TEA Advantage account on January 8, 2008, and was spent in the following manner:
 - a) \$3,500 to INS,
 - b) \$3,476.30 to Boulevard Home Furnishing,
 - c) \$2,699 to Space Vu,
 - d) \$2,699 to Space Vu,
 - e) \$265.48 to Staples, Inc,
 - f) \$5,000 to JMS.

COUNT 5
SECURITIES FRAUD, a second degree felony
(Investor Jared Zitting)

47. On or about the end of January, 2008, Zitting called JMS by cell phone from St. George, Utah. JMS stated he was also in St. George, Utah. JMS stated he was investing in a check

cashing company. JMS was able to pay approximately five percent per month, but the actual return was based on what interest payout schedule Zitting chose.

48. Zitting stated he spoke with JMS approximately two more times before investing.
49. JMS made the following statements: JMS and his brother INS were running the company as partners, JMS was just barely out of college and had paired up with Investment Paradigm, JMS stated this market was “wide open” for investing in pay day loans, JMS stated he could only handle five to ten million dollars and he was close to being maxed out, so Zitting needed to hurry to get in, JMS stated the funds would be invested in payday lending and money would be used to cash checks, profit on interest charged was split with the pay day company and the investor, JMS stated he had his own money invested and was making a return on the profits of his own money, the minimum investment was \$10,000, and the investment required a one year minimum commitment.
50. Ziting received a PPM, promissory note and subscription agreement.
51. On or about February 6, 2008, Zitting hand delivered to JMS a personal check for \$30,000 at JMS’s office in St. George. Also present were INS and Ashley Cottam. JMS signed three promissory notes, each for \$10,000 and provided Zitting with a signed copy of the PPM.
52. In connection with the offer or sale of a security JMS made omissions of material facts, including but not limited to paragraphs 53 through 56.
53. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose that he had

told a prior investor his funds would be used to invest in a pay day loan company, but instead exercised unauthorized control over the funds.

54. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose he was drawing a salary directly from investor funds.
55. JMS provided a PPM with an application of proceeds section. However, JMS did not disclose that there were two version of the PPM given to investors. One version stated 100% of investor funds would be applied to the business venture. The second version stated 72.9% of investor funds would be applied to the business venture, while 27.1% would be deducted from investor funds for specific over business overhead costs.
56. JMS told investors TEA would be investing in a pay-day loan company. However, JMS did not disclose the name of the pay-day loan company, the names of the pay-day loan company's principals, the operating history for the pay-day loan company or the basis on which JMS chose to invest with the company.
57. In connection with the offer or sale of a security, JMS made misstatements of material facts, including but not limited to paragraph 58.
58. JMS stated the worse case scenario would be JMS would pay the 1% monthly minimum. However, the investment was a "sure bet" and JMS would "sell his house to make payments if necessary."

COUNT 6
SECURITIES FRAUD, a second degree felony
(Investor Jeff Case)

59. On or about January 21, 2008, Case called JMS to inquire about investing in TEA. JMS stated he had received Case's contact information from Marvin Curtis of IP and was planning on calling Case. Case states he used his cell phone to call JMS and was in Salt Lake City, UT when he made the call.
60. Case states he and JMS spoke approximately six times between January 21, 2008 and when he first invested on February 20, 2008. Case informed JMS he was an accredited investor who was looking for an investment with a long term outlook but offered liquidity.
61. Case received a PPM, promissory note and subscription agreement.
62. Prior to receiving Case's investment funds, JMS made the following statements: the minimum investment was \$10,000, JMS already had other investors and personally invested \$250,000, JMS had been successful in real estate, the PPM was limited in terms of a formal writing to be more conservative as a fall back but TEA had been paying investors a higher interest rate than the PPM offers, investor funds would be invested in a pay-day loan company and used as working capital to issue loans, there was a minimal risk of loss because the pay-day loan company established automatic withdrawals to receive borrowers' payments and loaned money at a high interest rate, investors could get their money out at any time with thirty days notice, and JMS's income was derived from

a spread on interest rates on what TEA was collecting and what was being paid to investors.

63. Case invested a total of \$110,000 by bank wires to TEA's account held at Mountain America Credit Union's St. George branch as follows:
 - a) From Case's entity, The Investment Income Source: 2/20/2008 - \$10,000, 3/27/2008 - \$40,000, 4/21/2008 - \$40,000.
 - b) From Case's entity, The Cash Connection, LLC: 4/16/2008 - \$20,000.
64. In connection with the offer or sale of a security JMS made omissions of material facts, including but not limited to paragraphs 65 through 69.
65. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose that he had told a prior investor his funds would be used to invest in a pay day loan company, but instead exercised unauthorized control over the funds.
66. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose he was drawing a salary directly from investor funds.
67. JMS provided a PPM with an application of proceeds section. However, JMS did not disclose that there were two versions of the PPM given to investors. One version stated 100% of investor funds would be applied to the business venture. The second version stated 72.9% of investor funds would be applied to the business venture, while 27.1% would be deducted from investor funds for specific over business overhead costs.

68. JMS told investors TEA would be investing in a pay-day loan company. However, JMS did not disclose the name of the pay-day loan company, the names of the pay-day loan company's principals, the operating history for the pay-day loan company or the basis on which JMS chose to invest with the company.
69. JMS distributed a PPM for TEA which stated, "The Notes will have an annual rate of return of twelve (12%) percent simple interest over the term thereof, with a maturity date of twelve (12) months from the Commencement Date of each Note. Interest shall be paid annually. All principal shall be paid at maturity." Contemporaneously with the PPM, JMS distributed a document titled "The Equity Advantage Program Agreement" which invited investors to "Please check the corresponding box to acknowledge which program you would like to invest in:" The document then provided three different interest rates an investor could place their money in. The first provided a 3.5% monthly return if interest was received monthly, the second provided a 5% monthly return if interest was received quarterly and the third provided a 6% monthly return if interest was received yearly. JMS omitted any information that would reconcile these conflicting statements, including but not limited to that the higher interest schedule was dependant on the profitability of the loans made by TEA to pay-day loan companies.

COUNT 7
SECURITIES FRAUD, a second degree felony
(Investor James White)

70. On or about February 13, 2008, White called JMS from his home in Arizona.
71. During this conversation, White asked JMS how safe White's principal would be. JMS responded that most of his investors were "older people" who were looking for high interest income to pay bills and mortgages.
72. White asked JMS if White could get his principal out early if he needed to. JMS responded that most people don't.
73. JMS asked how TEA was able to generate such a high return. JMS responded pay-day loan companies are always looking for more capital. Capital investments are loaned out at very high rates over short periods of time with a high turnover. The pay-day loan companies then pass on that kind of return to investors.
74. White received a private placement memorandum, promissory note and subscription agreement.
75. White and JMS had two subsequent telephone conversations and an email exchange.
76. On or about February 29, 2008, White invested \$100,000 with TEA which was deposited to TEA's account held at Mountain America Credit Union's St. George branch.
77. In connection with the offer or sale of a security JMS made omissions of material facts, including but not limited to paragraphs 78 through 82.
78. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose that he had

told a prior investor his funds would be used to invest in a pay day loan company, but instead exercised unauthorized control over the funds.

79. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose he was drawing a salary directly from investor funds.
80. JMS provided a PPM with an application of proceeds section. However, JMS did not disclose that there were two version of the PPM given to investors. One version stated 100% of investor funds would be applied to the business venture. The second version stated 72.9% of investor funds would be applied to the business venture, while 27.1% would be deducted from investor funds for specific over business overhead costs.
81. JMS told investors TEA would be investing in a pay-day loan company. However, JMS did not disclose the name of the pay-day loan company, the names of the pay-day loan company's principals, the operating history for the pay-day loan company or the basis on which JMS chose to invest with the company.
82. JMS distributed a PPM for TEA which stated, "The Notes will have an annual rate of return of twelve (12%) percent simple interest over the term thereof, with a maturity date of twelve (12) months from the Commencement Date of each Note. Interest shall be paid annually. All principal shall be paid at maturity." Contemporaneously with the PPM, JMS distributed a document titled "The Equity Advantage Program Agreement" which invited investors to "Please check the corresponding box to acknowledge which program you would like to invest in:" The document then provided three different interest rates an

investor could place their money in. The first provided a 3.5% monthly return if interest was received monthly, the second provided a 5% monthly return if interest was received quarterly and the third provided a 6% monthly return if interest was received yearly. JMS omitted any information that would reconcile these conflicting statements, including but not limited to that the higher interest schedule was dependant on the profitability of the loans made by TEA to pay-day loan companies.

COUNT 8
SECURITIES FRAUD, a second degree felony
(Investor Romala Rassel)

83. On or about January 10, 2008, Rassel spoke with JMS by phone. During the conversation, JMS made the following statements: JMS was investing with a pay-day loan company, JMS was the CEO of TEA, if Rassel invested she would receive a promissory note that paid an interest rate of return, the promissory notes were unsecured, investor funds would be pooled with other investors, JMS was investing directly in payday loan companies, minimum investment was \$10,000, and investor funds would be put out as loans by a pay day loan company.
84. Rassel received a PPM, promissory note and subscription agreement.
85. On or about May 19, 2008, Rassel's IRA custodian wired \$15,000 to TEA's account held at Mountain America Credit Union's St. George branch.
86. In connection with the offer or sale of a security JMS made omissions of material facts, including but not limited to paragraphs 87 through 91.

87. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose that he had told a prior investor his funds would be used to invest in a pay day loan company, but instead exercised unauthorized control over the funds.
88. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose he was drawing a salary directly from investor funds.
89. JMS provided a PPM with an application of proceeds section. However, JMS did not disclose that there were two version of the PPM given to investors. One version stated 100% of investor funds would be applied to the business venture. The second version stated 72.9% of investor funds would be applied to the business venture, while 27.1% would be deducted from investor funds for specific business overhead costs.
90. JMS told investors TEA would be investing in a pay-day loan company. However, JMS did not disclose the name of the pay-day loan company, the names of the pay-day loan company's principals, the operating history for the pay-day loan company or the basis on which JMS chose to invest with the company.
91. JMS distributed a PPM for TEA which stated, "The Notes will have an annual rate of return of twelve (12%) percent simple interest over the term thereof, with a maturity date of twelve (12) months from the Commencement Date of each Note. Interest shall be paid annually. All principal shall be paid at maturity." Contemporaneously with the PPM, JMS distributed a document titled "The Equity Advantage Program Agreement" which

invited investors to “Please check the corresponding box to acknowledge which program you would like to invest in:” The document then provided three different interest rates an investor could place their money in. The first provided a 3.5% monthly return if interest was received monthly, the second provided a 5% monthly return if interest was received quarterly and the third provided a 6% monthly return if interest was received yearly. JMS omitted any information that would reconcile these conflicting statements, including but not limited to that the higher interest schedule was dependant on the profitability of the loans made by TEA to pay-day loan companies.

COUNT 9
SECURITIES FRAUD, a second degree felony
(Investor Ryan Berindean)

92. In or about March 2008, Berindean called TEA and spoke with JMS. Berindean gave his name and contact information and stated he was interested in investing in a pay-day loan company and receiving a regular rate of return.
93. Berindean received a PPM, promissory note and subscription agreement.
94. Between March and May 2008, Berindean had as many as four or five conversations with JMS regarding investing with TEA. During these conversations, JMS made the following statements: JMS stated TEA had been in business five years, JMS stated he had already raised the minimum \$500,000 necessary to invest directly with a large national pay day loan company that had branches all over the country, JMS stated the company was his. JMS did not mention INS, the minimum investment was \$10,000, JMS stated he had some investors with him for the last year, some had requested their money

back and received it, an investor could get their money back in thirty days by providing written notice, JMS stated the thirty day money return policy was not in his standard contract but he did not want to change it, it actually took six months to get money out of the pay day loan company but he had enough money set aside to pay people out within the thirty days, investor funds are loaned to the pay day loan company and the pay day loan company loans those funds out, when the pay day loan company receives a return on investment, they retain a percentage, TEA retains a percentage and the remainder is passed on to individual investors, the pay day loan company may not have 100% of investor funds loaned out at any time, the interest rate investors received was reduced to account for TEA's risk that it might not receive interest on all investor funds placed with the pay day loan company, all investor funds would be invested with the pay day loan company and because he was selling unsecured promissory notes, they were exempt from securities registration, and JMS drew a salary and paid for company expenses from a percentage of the return on investor funds paid by the pay day loan company.

95. On or about May 13, 2008, Berindean invested \$30,000 with TEA via a check mailed to TEA in St. George, Utah and was deposited to TEA's account held at Mountain America Credit Union's St. George River Road branch on May 13, 2008.
96. In connection with the offer or sale of a security JMS made omissions of material facts, including but not limited to paragraphs 97 through 101.
97. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose that he had

told a prior investor his funds would be used to invest in a pay day loan company, but instead exercised unauthorized control over the funds.

98. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose he was drawing a salary directly from investor funds.
99. JMS provided a PPM with an application of proceeds section. However, JMS did not disclose that there were two version of the PPM given to investors. One version stated 100% of investor funds would be applied to the business venture. The second version stated 72.9% of investor funds would be applied to the business venture, while 27.1% would be deducted from investor funds for specific over business overhead costs.
100. JMS told investors TEA would be investing in a pay-day loan company. However, JMS did not disclose the name of the pay-day loan company, the names of the pay-day loan company's principals, the operating history for the pay-day loan company or the basis on which JMS chose to invest with the company.
101. JMS distributed a PPM for TEA which stated, "The Notes will have an annual rate of return of twelve (12%) percent simple interest over the term thereof, with a maturity date of twelve (12) months from the Commencement Date of each Note. Interest shall be paid annually. All principal shall be paid at maturity." Contemporaneously with the PPM, JMS distributed a document titled "The Equity Advantage Program Agreement" which invited investors to "Please check the corresponding box to acknowledge which program you would like to invest in:" The document then provided three different interest rates an

investor could place their money in. The first provided a 3.5% monthly return if interest was received monthly, the second provided a 5% monthly return if interest was received quarterly and the third provided a 6% monthly return if interest was received yearly. JMS omitted any information that would reconcile these conflicting statements, including but not limited to that the higher interest schedule was dependant on the profitability of the loans made by TEA to pay-day loan companies.

COUNT 10
SECURITIES FRAUD, a second degree felony
(Investor Joy Pratt)

102. Pratt learned of TEA through Marv Curtis at IP. Curits stated TEA was a pay-day loan company that typically generated a return of 5 to 6 percent per month. Pratt expressed an interest in TEA and her contact information was forwarded to TEA.
103. Pratt received a PPM, promissory note and subscription agreement.
104. On or about May 1, 2008, Pratt spoke with JMS by phone. Pratt was at her home in Salt Lake City, UT during the call. Pratt states it was a brief conversation in which JMS encouraged her to wire the funds quickly.
105. On or about May 9, 2008, Pratt wired \$20,000 from her bank account at Wells Fargo to TEA's account at MACU's St. George branch on River Road and sent TEA her signed subscription agreement, investor questionnaire, promissory note and program agreement to TEA's office at 73 N. Shadow Ridge Drive, St. George, UT 84780.
106. Between May 9, 2008 and June 18, 2008, Pratt spoke with JMS two or three times from her home in Salt Lake City. During these conversations, JMS made the following

statements: everything was fine, the notes returned a guaranteed 1% per month but normally paid five or six percent per month based on profitability, TEA made money by earning 17% on funds lent out to pay day loan companies and TEA would take a percentage of those earnings before passing the remaining earnings to investors, and Pratt needed to be sure she could lose her money.

107. On or about June 18, 2008, Pratt invested an additional \$30,000 by wiring funds from her account at Citibank to TEA's account at MACU. Shortly after her second investment, Pratt received a revised copy of her original promissory note with the original amount \$20,000 crossed out and \$50,000 written into the margins.
108. In connection with the offer or sale of a security JMS made omissions of material facts, including but not limited to paragraphs 109 through 113.
109. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose that he had told a prior investor his funds would be used to invest in a pay day loan company, but instead exercised unauthorized control over the funds.
110. JMS stated funds would be invested in a pay day loan company and provided a PPM describing the application of investor funds. However, JMS did not disclose he was drawing a salary directly from investor funds.
111. JMS provided a PPM with an application of proceeds section. However, JMS did not disclose that there were two versions of the PPM given to investors. One version stated 100% of investor funds would be applied to the business venture. The second version

stated 72.9% of investor funds would be applied to the business venture, while 27.1% would be deducted from investor funds for specific over business overhead costs.

112. JMS told investors TEA would be investing in a pay-day loan company. However, JMS did not disclose the name of the pay-day loan company, the names of the pay-day loan company's principals, the operating history for the pay-day loan company or the basis on which JMS chose to invest with the company.
113. JMS distributed a PPM for TEA which stated, "The Notes will have an annual rate of return of twelve (12%) percent simple interest over the term thereof, with a maturity date of twelve (12) months from the Commencement Date of each Note. Interest shall be paid annually. All principal shall be paid at maturity." Contemporaneously with the PPM, JMS distributed a document titled "The Equity Advantage Program Agreement" which invited investors to "Please check the corresponding box to acknowledge which program you would like to invest in." The document then provided three different interest rates an investor could place their money in. The first provided a 3.5% monthly return if interest was received monthly, the second provided a 5% monthly return if interest was received quarterly and the third provided a 6% monthly return if interest was received yearly. JMS omitted any information that would reconcile these conflicting statements, including but not limited to that the higher interest schedule was dependant on the profitability of the loans made by TEA to pay-day loan companies.

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

114. Commencing in or about November 2007, JMS engaged in conduct which constituted the commission of at least three episodes of unlawful activity as defined in Utah Code Ann.

§76-10-1603. The unlawful activity included three or more violations of Utah Uniform Securities Act.

SUMMARY

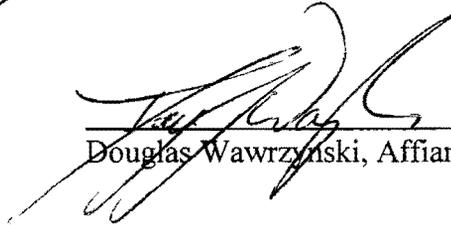
Based on my review of the evidence, there is probable cause to believe that JMS committed the crimes of:

SECURITIES FRAUD, a second degree felony, 8 counts

THEFT, a second degree felony, 2 counts

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

DATED this 16 day of November, 2011.

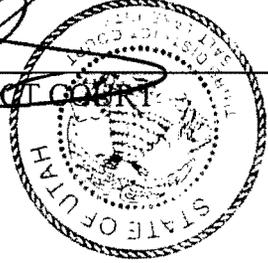


Douglas Wawrzynski, Affiant

SUBSCRIBED AND SWORN before me this 16 day of November 2011,
2011.

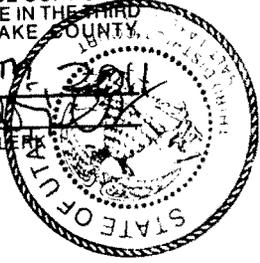


JUDGE, THIRD DISTRICT COURT



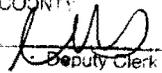
I CERTIFY THAT THIS IS A TRUE COPY OF AN ORIGINAL DOCUMENT ON FILE IN THE THIRD DISTRICT COURT, SALT LAKE COUNTY, STATE OF UTAH.
DATE: Nov 16 2011

DEPUTY COURT CLERK



NOV 16 2011

SALT LAKE COUNTY


Deputy Clerk

JACOB S. TAYLOR, Bar No. 10840
Assistant Attorney General
MARK L. SHURTLEFF, Bar No. 4666
Utah Attorney General
5272 South College Drive, #200
Murray, Utah 84123
Telephone: (801) 281-1221
Facsimile: (801) 281-1224

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

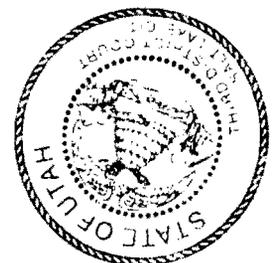
THE STATE OF UTAH, : Bail 25,000
 :
 Plaintiff, :
 : **CRIMINAL INFORMATION**
 vs. :
 :
 JOSHUA MICAH SMITH, : Case No: 111908601
 :
 DOB: December 12, 1980 :
 : Judge _____
 Defendant. :

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

SECURITIES FRAUD
a second degree felony, 8 counts

THEFT
a second degree felony, 2 counts

PATTERN OF UNLAWFUL ACTIVITY
a second degree felony, 1 count



COUNT 1
SECURITIES FRAUD
a second degree felony

Commencing on or about October 2007, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Lee Camblin**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

COUNT 2
THEFT
a second degree felony

From on or about November 2007, the defendant obtained or exercised unauthorized control over the property of another (**Lee Camblin**) with a purpose to deprive him thereof. The value of the property exceeds \$5,000.00. This is a violation of Utah Code Ann. § 76-6-404, a second degree felony.

COUNT 3
SECURITIES FRAUD
a second degree felony

Commencing on or about December 2007, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Sharlene Hunt-Bell**,

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
THEFT
a second degree felony

From on or about January 2008, the defendant obtained or exercised unauthorized control over the property of another (**Sharlene Bell-Hunt**) with a purpose to deprive her thereof. The value of the property exceeds \$5,000.00. This is a violation of Utah Code Ann. § 76-6-404, a second degree felony.

COUNT 5
SECURITIES FRAUD
a second degree felony

Commencing on or about January 2008, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Jared Zitting**, 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 second degree felony

Commencing on or about January 2008, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Jeff Case**, 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 7
SECURITIES FRAUD
a second degree felony

Commencing on or about February 2008, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **James White**, 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 8
SECURITIES FRAUD
a second degree felony

Commencing on or about January 2008, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Romala Rassel**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

COUNT 9
SECURITIES FRAUD
a second degree felony

Commencing on or about March 2008, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Ryan Berindean**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

COUNT 10
SECURITIES FRAUD
a second degree felony

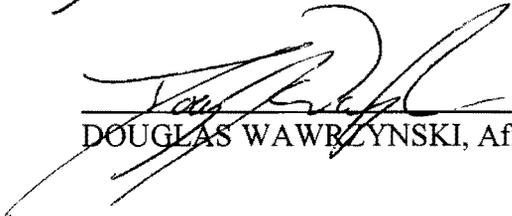
Commencing on or about May 2008, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Joy Pratt**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light 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 11
PATTERN OF UNLAWFUL ACTIVITY
a second degree felony

Commencing on or about November 2007, 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, including but not limited to, the activity defined in Counts 1 through 10 above, in which he participated as a principal, or he used or invested, directly or indirectly, any part of that income, or the proceeds of the income, or the proceeds derived from the investment or use of those proceeds, in the acquisition of any interest in, or establishment or operation of, any enterprise; (2) through a pattern of unlawful activity, including

but not limited to the above, 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/or Theft. This is a violation of Utah Code Ann. §76-10-1601 and § 76-10-1603(5) (1995), et seq. a second degree felony.

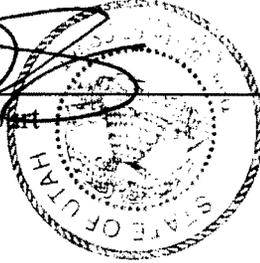
DATED this 16 day of November, 2011.


DOUGLAS WAWRZYNSKI, Affiant

SUBSCRIBED AND SWORN to before me on this 16 day of November, 2011.

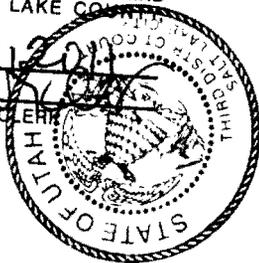


JUDGE, Third District Court



I CERTIFY THAT THIS IS A TRUE COPY OF AN ORIGINAL DOCUMENT ON FILE IN THE THIRD DISTRICT COURT, SALT LAKE COUNTY, STATE OF UTAH.
DATE: Nov 16, 2011


DEPUTY COURT CLERK



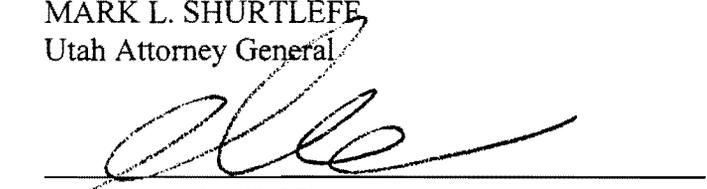
This CRIMINAL INFORMATION is based upon evidence from the following witnesses:

1. Romala Rassel
2. Ryan Berindean
3. Sharlene Bell-Hunt
4. James White
5. Jared Zitting
6. Joy Pratt
7. Jeff Case
8. Lee Camblin
9. Amy Maddocks
10. And Others.

AUTHORIZED for presentment and filing this 14th day of November,
2011.

MARK L. SHURTLEFE
Utah Attorney General

By:



JACOB S. TAYLOR
Assistant Attorney General

JACOB S. TAYLOR, Bar No. 10840
Assistant Attorney General
MARK L. SHURTLEFF, Bar No. 4666
Utah Attorney General
5272 South College Drive, #200
Murray, UT 84123
Telephone: (801) 281-1221
Facsimile: (801) 281-1224

FILED DISTRICT COURT
Third Judicial District

NOV 16 2011

SALT LAKE COUNTY

Deputy Clerk

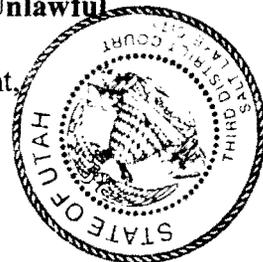
IN THE THIRD JUDICIAL DISTRICT COURT IN AND FOR
SALT LAKE COUNTY, STATE OF UTAH

THE STATE OF UTAH, : Bail \$ 25,000
 :
 Plaintiff, :
 : **WARRANT OF ARREST**
 vs. :
 :
 JOSHUA MICAH SMITH, : Case No 111908601
 DOB: December 12, 1980 :
 : Judge _____
 Defendant. :

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

GREETINGS:

An Information, upon oath, having been this day made before me by Investigator Douglas Wawrzynski, 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, 8 counts; Theft, a second degree felony, 2 counts; and, Pattern of Unlawful Activity, a second degree felony, 1 count,** has been committed, and that the defendant,



JOSHUA MICAH SMITH, has committed these offenses,

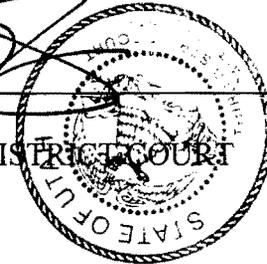
YOU ARE THEREFORE COMMANDED to arrest the above named defendant forthwith and bring the defendant before this court, or before the nearest or most accessible magistrate for setting bail. If the defendant has fled justice, you shall pursue the defendant into any other county of this state and there arrest the defendant. The offenses listed above are felonies.

Bail is set in the amount of \$ 25,000.00

DATED this 16 day of November, 2011.



HONORABLE,
JUDGE, THIRD DISTRICT COURT



Defendant's Last Known Address:

1052 White Sands Drive
Washington, UT 84780

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: Nov 16 2011
[Signature]
DEPUTY COURT CLERK

