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Third Judicial Distric
APR 18 2013
SALT LAKE COUNTY

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. **MICHAEL HANSEN** **DOB: 08/16/1950,** **AKA:** **463 E Perrine Drive** **Midvale, UT 84047** **D.L.#** **OTN** **SO#** Defendant.	Screened by: JAMES WATABE Assigned to: JAMES WATABE **TUESDAY PH** **INFORMATION** DAO # 12025578 ECR Status: **NON ECR** Initial Appearance: SUMMONS TO BE ISSUED Warrant/Release: Non Jail Case No. 131903769
KENNETH DAY DOB: 07/27/1949, Co-Defendant	DAO # 13007594

The undersigned Matt Edwards - UTAH DIVISION OF SECURITIES, Agency Case No. 12-0026, upon a written declaration states on information and belief that the defendant, MICHAEL HANSEN, committed the crime(s) of:

COUNT 1
SECURITIES FRAUD, 61-1-1 UCA, Second Degree Felony, as follows: That on or about July 07, 2009 at Salt Lake County, in Salt Lake County, State of Utah, the defendant did , in connection with the offer, sale, or purchase of a security, directly or indirectly,
(1)(a) employ a device, scheme, or artifice to defraud;
(b) 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 were made, not misleading; or

(c) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and
(2)(a) 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
(b)(i) 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
(ii) in connection with that violation, the violator knowingly accepted any money representing:
(A) equity in a person's primary residence;
(B) a withdrawal from any individual retirement account; or
(C) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 2
SECURITIES FRAUD, 61-1-1 UCA, Second Degree Felony, as follows: That on or about August 28, 2009 at Salt Lake County, in Salt Lake County, State of Utah, the defendant did , in connection with the offer, sale, or purchase of a security, directly or indirectly,
(1)(a) employ a device, scheme, or artifice to defraud;
(b) 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 were made, not misleading; or
(c) engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person; and
(2)(a) 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
(b)(i) 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
(ii) in connection with that violation, the violator knowingly accepted any money representing:
(A) equity in a person's primary residence;
(B) a withdrawal from any individual retirement account; or
(C) a withdrawal from any qualified retirement plan as defined in the Internal Revenue Code.

COUNT 3
THEFT, 76-6-404 UCA, Second Degree Felony, as follows: That on or about July 07, 2009 at Salt Lake County, in Salt Lake County, State of Utah, the defendant did obtain or exercise unauthorized control over the property of another person with a purpose to deprive the person thereof, and
(i) the value of the property or services was or exceeded $5,000.

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

Matt Edwards, Austin Day, Larry McDougal, Joseph Monson,

DECLARATION OF PROBABLE CAUSE:

Your declarant bases this information upon the following:

The statement of Utah Division of Securities Investigator Matt Edwards that KENNETH DAY (DAY) lives in Salt Lake County. Day-ly Fresh Farms (DFF) is a Utah limited liability company and DAY is listed as a member and as the registered agent. MICHAEL HANSEN (HANSEN) lives in Salt Lake County. CEMAGROUP, LLC (CEMA) is a Utah limited liability company and HANSEN is listed as a member and as the registered agent.

Investigator Edwards spoke to Larry McDougal (McDougal), a Cache County, Utah, resident. McDougal stated that his brother-in-law, Joseph Monson (Monson), told McDougal about an investment opportunity in HANSEN S business CEMA, and DAY S business DFF. Monson told McDougal that HANSEN told Monson the investment was a solid investment and that HANSEN had found the building that CEMA and DFF wanted and just needed McDougal s investment to secure the funding required to purchase the building. Monson told McDougal that HANSEN told Monson that the LDS church and its leaders were also involved in the investment. On July 8, 2009, McDougal received an email from HANSEN for an investment in the form of a loan contract, stating that if McDougal would pay DFF and CEMA $75,000, DFF and CEMA would pay McDougal back in 15 banking days with an interest of an additional $75,000 dollars. The contract purported to be signed by DAY and HANSEN on July 7, 2009. On July 9, 2009, McDougal had Monson wire DFF $75,000 from McDougal's bank account. On July 10, 2009, $37,500 of that $75,000 was transferred from the DFF account to an account belonging to HANSEN. McDougal told Investigator Edwards that his funds were only to be used to cover the costs of the funding agreement between DFF and CEMA, to act as a security deposit to obtain a larger amount of funding, or to potentially be used to acquire a building in West Jordan, Utah.

Edwards subpoenaed bank records for HANSEN and DAY and using a source and use analysis, Investigator Edwards found that DAY used over $5000 of the money received from McDougal for purposes other than for the terms of the agreement made with McDougal including using the money for DAY'S personal use. Using a source and use analysis Investigator Edwards found that Hansen used over $5000 of the money received from McDougal for purposes other than for the terms of the agreement made with McDougal including using the money for HANSEN'S personal use.

DAY made the following untrue statement of material fact: McDougal's funds would be used to cover costs of the funding agreement between CEMA and DFF, when in fact the funds were used for other purposes, including DAY'S personal use.

DAY told McDougal the following predicate statements:

CEMA and DFF had entered into an agreement in which CEMA would obtain funding in the amount of $30 million for DFF;

McDougal's funds would be used to cover costs of the funding agreement between CEMA and DFF, when in fact; the funds were used for other purposes, including Day's personal use;

CEMA and DFF would double McDougal's money within 15 banking days;

DFF reserved the right to pay McDougal any amount over and above the agreed amount; and

DFF agreed to pay penalty charges of 25% of the principal owed in the event of a late payment to McDougal.

Based on these predicate statements the following would be omissions of material fact:

DAY failed to disclose that he filed for Chapter 7 Bankruptcy in 1987;

DAY failed to disclose a civil judgment of $858.08;

DAY failed to disclose judgments on tax liens totaling $1,682.59;

DAY failed to disclose any financial statements associated with the investment;

DAY failed to disclose risk factors associated with the investment;

DAY failed to disclose whether the investment was a registered security or exempt from registration; and

DAY failed to disclose whether he was licensed to sell securities.

HANSEN made the following untrue statement of material fact: McDougal's funds would be used to cover costs of the funding agreement between CEMA and DFF, when in fact the funds were used for other purposes, including HANSEN'S personal use.

HANSEN made the following predicate statements:

CEMA and DFF had entered into an agreement in which CEMA would obtain funding in the amount of $30 million for DFF;

McDougal's funds would be used to cover costs of the funding agreement between CEMA and DFF, when in fact; the funds were used for other purposes, including Day s personal use;

CEMA and DFF would double McDougal's money within 15 banking days;

DFF reserved the right to pay McDougal any amount over and above the agreed amount; and

DFF agreed to pay penalty charges of 25% of the principal owed in the event of a late payment to McDougal.

CEMA was looking to purchase the DFF building in West Jordan, Utah;

CEMA was working closely with the LDS church and its officials to expand the hydroponic business into a humanitarian service;

HANSEN was in contact with President Monson and Elder Oaks of the LDS church regarding this new hydroponic technology and its potential use in the Church's humanitarian and farming efforts throughout the world; and

HANSEN was in regular contact with high ranking LDS church officials concerning this effort and was making great progress in his partnership efforts with the LDS Church.

Based on these predicate statements, the following are omissions of material fact:

HANSEN filed for Chapter 13 Bankruptcy in 2005;

HANSEN failed to disclose financial statements associated with the investment;

HANSEN failed to disclose risk factors associated with the investment;

HANSEN failed to disclose whether the investment was a registered security or exempt from registration; and

HANSEN failed to disclose whether Hansen was licensed to sell securities.

On or around August 28, 2009, HANSEN sent an offer to McDougal via email to extend the loan contract with new terms. At the time of the email, HANSEN was working out of an office in Salt Lake County. HANSEN made the following written statements which offered McDougal to allow additional time for repayment of his initial investment with DAY, DFF, HANSEN, and CEMA:

CEMA would pay McDougal a cash payment of $8,750 upon completion of contract funding;

The balance of $160,000 would be placed into a private funding contract in Hong Kong, which would return a total of ten times the principal amount over a period of 24 months;

As of August 28, 2009, it was anticipated that the Hong Kong funding would be finalized within a few days; and

The new contract would start approximately 60 days from the date of contract funding, and pay out $66,666.67 per month.

Between July 9, 2009, and August 28, 2009, HANSEN and McDougal had telephone conversations discussing McDougal's investment. At the time of these conversations, HANSEN had been working out of an office in Salt Lake County. HANSEN told McDougal that CEMA would use McDougal's funds to secure a larger loan from a financial institution and keep the hydroponic project and efforts afloat until a larger loan was approved and released to CEMA and DFF. Based on HANSEN'S representations, on August 28, 2009, McDougal left his investment of $75,000 with CEMA and DFF. In exchange for recommitting his $75,000 investment, McDougal received a loan contract extension dated August 28, 2010, listing CEMA and DFF as the borrowers and McDougal as the payee. The contract was signed and executed by HANSEN.

HANSEN made the following untrue statement of material fact:

CEMA would use McDougal's finds to secure a larger loan from a financial institution and keep the hydroponic project and efforts afloat until a larger loan was approved and funds released to CEMA and DFF, when in fact the funds were used for other purposes, including HANSEN'S personal use.

HANSEN made the following predicate statements:

CEMA would pay McDougal a cash payment of $8,750 upon completion of contract funding;

The balance of $160,000 would be placed into a private funding contract in Hong Kong, which would return a total of ten times the principal amount over a period of 24 months;

As of August 28, 2009, it was anticipated that the Hong Kong funding would be finalized within a few days;

The new contract would start approximately 60 days from the date of contract funding, and pay out $66,666.67 per month; and

CEMA would use McDougal's funds to secure a larger loan from a financial institution and keep the hydroponic project and efforts afloat until a larger loan was approved and funds released to CEMA and DFF.

Based on these predicate statements HANSEN made, the following are omissions of material facts:

HANSEN filed for Chapter 13 Bankruptcy in 2005;

HANSEN misused McDougal's investment funds related to the first agreement/promissory note;

Financial statements associated with the investment;

Risk factors associated with the investment;

Whether the investment was a registered security or exempt from registration; and

Whether HANSEN was licensed to sell securities.

The statement of the Director of Corporate Finance for the Utah Division of Securities, Benjamin Johnson, that he reviewed the case summary prepared by Investigator Edwards, the loan contract, and the letter dated August 28, 2009 signed by HANSEN. Mr. Johnson has the opinion that the loan contract and the letter dated August 28, 2009 are securities.

Pursuant to Utah Code Annotated § 78B-5-705 (2008) 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: 4-17-13

Matt Edwards
Declarant

Authorized for presentment and filing

SIM GILL, District Attorney

Deputy District Attorney
17th day of April, 2013
JC /GG/ DAO # 12025578

SO # OTN
DAO # 12025578

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. **MICHAEL HANSEN** **DOB: 08/16/1950,** **463 E Perrine Drive** **Midvale, UT 84047** **AKA:** **SS#** Defendant.	Magistrate: **SUMMONS** Case No. 131903769

THE STATE OF UTAH TO MICHAEL HANSEN :

YOU ARE HEREBY SUMMONED to appear before a magistrate of the District Court at the time and place shown below:

DATE: June 3, 2013 TIME: 8:30 AM Room 531

PLACE: THIRD DISTRICT COURT, SALT LAKE DEPARTMENT
450 SOUTH STATE
SLC UT, 84114-0210

To answer to a charge made against you upon the information of Matt Edwards - UTAH DIVISION OF SECURITIES, Agency Case No. 12-0026, for SECURITIES FRAUD, Second Degree Felony, SECURITIES FRAUD, Second Degree Felony, THEFT, Second Degree Felony, in violation of Utah Code Annotated, 1953, as amended.

Before your court appearance, you are ordered to appear at the Salt Lake County Jail Booking Area, 3415 South 900 West, Salt Lake City, Utah, between the hours of 7:00 a.m. through 10:00 a.m. Wednesday, Saturday or Sunday, to be booked and thereafter immediately released on your own recognizance to appear as above required.

Dated this 18th day of April A.D. 2013

Magistrate

Defendant Booked: Date: _____ Time _____
Offense Tracking No: _____
Booking Officer: _____