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FIFTH JUDICIAL DISTRICT COURT
2014 MAR 18 AM 9:23
WASHINGTON COUNTY
BY _____

Attorneys for Plaintiff

IN THE FIFTH JUDICIAL DISTRICT COURT IN AND FOR
WASHINGTON COUNTY, STATE OF UTAH

THE STATE OF UTAH, : Bail \$ 100,000.00
Plaintiff, :
vs. : **CRIMINAL INFORMATION**
RICHARD A. LOVEDAY, : Case No: 141500541
DOB: May 8, 1966 :
Defendant. : Judge Ludlow

The undersigned, DEE JOHNSON, upon oath, states on information and belief that the above-named defendant has committed the following crimes:

- SECURITIES FRAUD**
a second degree felony, 1 count1
- THEFT**
a second degree felony, 1 count
- COMMUNICATIONS FRAUD**
a second degree felony, 1 count

COUNT 1
SECURITIES FRAUD
a second degree felony

Commencing on or about April 2013, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Bettylou Knaak**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

COUNT 2
THEFT
a second degree felony

Commencing on or about April 2013, the defendant obtained or exercised unauthorized control over the property of another, **(Bettylou Knaak)** 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.

COMMUNICATIONS FRAUD
a second degree felony

Commencing on or about September 2013, in the State of Utah,

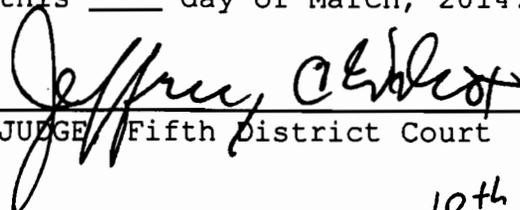
the defendant devised a scheme or artifice to defraud **Bettylou Knaak**, or to obtain from her money, property, or anything of value by means of false or fraudulent pretenses, representations, promises, or material omissions, and he communicated directly or indirectly with any person by any means for the purpose of executing or concealing the scheme or artifice, in violation of Utah Code Ann. § 76-10-1801 (1953 as amended). The total value of the property, money or thing obtained or sought to be obtained by the scheme or artifice exceeded \$5,000.00, a second degree felony.

DATED this 18th day of March, 2014.



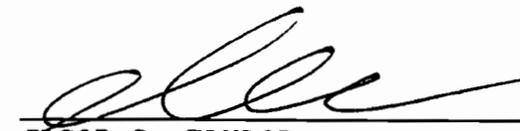
DEE JOHNSON, Affiant

SUBSCRIBED AND SWORN to before me on this 18th day of March, 2014.



JUDGE Fifth District Court

AUTHORIZED FOR PRESENTMENT AND FILING this 18th day of March, 2014.

By: 

JACOB S. TAYLOR
Assistant Attorney General

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Attorneys for Plaintiff

IN THE FIFTH JUDICIAL DISTRICT COURT IN AND FOR
WASHINGTON COUNTY, STATE OF UTAH

STATE OF UTAH, :
 :
 Plaintiff, : **AFFIDAVIT OF PROBABLE CAUSE**
 :
 vs. :
 :
 Richard A. Loveday : Case No: 141500541
 :
 Defendant. : Judge: Ladlow

STATE OF UTAH)
 :ss
 COUNTY OF WASHINGTON)

I, DEE JOHNSON, 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 Department of Commerce,

Division of Securities. I have investigated possible violations of securities fraud statutes and related criminal code violations by Richard A. Loveday ("Loveday").

2. The facts set forth in this affidavit are based upon the results of an investigation during which I have collected information and reviewed records from witnesses including Bettylou Knaak ("Knaak").

PARTIES

3. Loveday, at all pertinent times, resided in Utah. His last known address is 297 North Bald Mountain Way, Alpine, Utah 84004. At all pertinent times, he was a principal of CGI Global Management, LLC ("CGI"). He has never held a securities license. According to the Federal Bureau of Investigation, he has dual US/Canadian citizenship and lived in Calgary, Alberta as recently as October 2008.
4. CGI is a Nevada Domestic Limited Liability Company. CGI filed as an entity on April 11, 2013. Loveday is the manager of CGI. No other officers are recorded by the State of Nevada.
5. Knaak at all pertinent times resided in Washington, County, Utah. She is eighty-eight (88) years of age.

COUNT 1
SECURITIES FRAUD
a second degree felony

6. Knaak met Loveday's wife at a health exposition in St. George. Subsequently, on April 29, 2013, Loveday and his wife arrived unannounced at Knaak's residence in Washington County where she lives alone.
7. Loveday offered a \$70,000 investment to Knaak. He told her that her investment would be pooled with other investors and the money would be lent to companies and individuals for small loans. He also said that he was very experienced making these types of loans.
8. Loveday promised: 1) a 14% return to Knaak on her investment, 2) a monthly income of \$875 payable within the first six business days of each month, and 3) a \$15,000 bonus for her investment. He also promised to provide her with a written agreement specifying the terms of her investment.
9. Based on Loveday's promises and assurances, Knaak decided to invest. On or about April 29, 2013, she gave a \$70,000 cashier's check to Loveday.
10. In connection with the offer and/or sale of the investment, Loveday did not explain the risk factors of making small

business loans or how he would be able to pay such a high rate of return on the investment to Knaak. He also did not explain: 1) whether the investment was a registered security or exempt from registration and 2) that he was not licensed to sell securities.

11. In addition, Loveday did not provide any financial information on himself or his company, CGI. Moreover, he did not tell Knaak that he would convert the money to his own personal and family use.
12. Furthermore, Loveday did not inform Knaak of: 1) an eviction action filed against him on January 24, 2012 in Utah County and 2) a debt collection action filed against him in Utah County on January 25, 2013.
13. Loveday made payments of \$875 in May, June and July of 2013.
14. The investment contract offered and sold to Knaak meets the definition of a security found in Utah Code § 61-1-13.

COUNT 2
THEFT
a second degree felony

15. Loveday stated that Knaak's investment would be used to make loans to small businesses and individuals.

16. According to bank records obtained by the Division of Securities through subpoena, Loveday was the only person who possessed the money from the time Knaak gave the money to Loveday until the money was spent from Loveday's personal account. The bank records demonstrate that Loveday spent the money on his own personal and family purposes including:

▪ Restaurants/food	\$1,016.22
▪ Entertainment/sports	\$324.50
▪ Personal care	\$2,279.00
▪ Health/fitness	\$872.00
▪ Cash withdrawals	\$41,200.00
▪ Seven Point 2 (Loveday's wife's business)	\$5,342.63
▪ Utilities	\$429.88
▪ Travel (hotel/gas/tires)	\$1,360.52
▪ Clothing/personal items	\$882.82
▪ Rent (Alpine residence)	\$5,100.00

In addition, there were no fewer than 51 miscellaneous debit card charges each under \$25.

COUNT 3
COMMUNICATIONS FRAUD
a second degree felony

17. Loveday returned to Knaak's residence on or about September 26, 2013. He told her that he had learned that the Division of Securities was investigating his receipt of the \$70,000 from her. He also told her that she had created problems for him and that "she opened her big mouth" by telling an acquaintance that she had invested with him. He acknowledged that he had not provided her with any written promissory notes or signed agreements.
18. Loveday told Knaak that the Division of Securities had put him out of business, frozen his accounts, and confiscated his money. He went on to tell her that this was all her fault and that he couldn't feed and care for his family because of her actions. He also told her that he would have to rely on his church and the state to provide for his family.
19. Loveday made Knaak feel guilty and convinced her that she needed to lend him money. Feeling pressured and guilty, she wrote-out a check for \$25,000. In addition, Loveday put Knaak in his vehicle and drove her to her credit union

where she drew out \$5,000 in cash and gave it to Loveday. At this time, he gave her approximately \$875 of her own money as a payment from her \$70,000 investment.

20. Knaak had returned to her residence within the past three weeks from a care center where she was recovering from a broken hip that she suffered on July 24, 2013. She had been hospitalized prior to spending time at the care center. She was taking medication and required assistance at home.
21. Knaak had previously informed Loveday about her broken hip and hospitalization. While at her residence on September 26, 2013, Loveday told Knaak that he did not make an August payment to her because he did not know whether she would live or die. He has not made any additional payments to her.
22. Loveday did not inform Knaak that he had used the \$70,000 for personal and family expenses. Moreover, he did not disclose anything about the eviction and debt collection actions against filed against him in Utah County, including another eviction action filed against him in Utah County on

September 24, 2013. Service for this action was made on September 25, 2013.

23. As of September 26, 2013, the Division of Securities had not undertaken any actions, administrative or otherwise, against Loveday. Moreover, the Division of Securities had not frozen or seized any assets belonging to Loveday, nor does the Division have any capability to do so.
24. The only activity that the Division of Securities performed regarding Loveday was to seek his response to a complaint that Knaak's acquaintance had filed against him. Loveday informed the undersigned investigator that he had not taken or received any money from Knaak.

SUMMARY

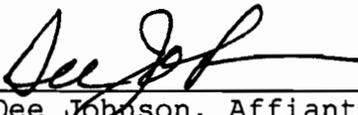
25. Based on my review of the evidence, there is probable cause to believe that Loveday committed the crimes of:

SECURITIES FRAUD
a second degree felony, 1 count

THEFT
a second degree felony, 1 count

COMMUNICATIONS FRAUD
a second degree felony, 1 count

Dated this 18th day of March, 2014.


Dee Johnson, Affiant

SUBSCRIBED AND SWORN before me this 18th day of March,
2014.


JUDGE, FIFTH DISTRICT COURT