

BRIAN WILLIAMS, Bar No. 10779
Assistant Attorney General
TOM MELTON, Bar No. 4999
Assistant Attorney General
SEAN REYES, Bar No. 7969
Utah Attorney General
5272 South College Drive, #200
Murray, Utah 84123
Telephone: (801) 281-1220
Facsimile: (801) 281-1224
bwilliams@utah.gov
Attorneys for the State of Utah

FILED DISTRICT COURT
Third Judicial District
MAY 13 2015
SALT LAKE COUNTY
by _____
Deputy Clerk

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

THE STATE OF UTAH, : **CRIMINAL INFORMATION**
Plaintiff, :
vs. :
DWIGHT SHANE BALDWIN, : Case No. 151905774
DOB: August 21, 1980 :
Defendant. : Judge Kelly

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

DWIGHT SHANE BALDWIN

SECURITIES FRAUD
A Second Degree Felony, 4 counts

SECURITIES FRAUD
A Second Degree Felony, 5 counts
Or in the alternative
COMMUNICATIONS FRAUD

A Second Degree Felony, 5 counts

**COMMUNICATIONS FRAUD
A Second Degree Felony, 1 count**

**THEFT
A Second Degree Felony, 1 count**

**UNLAWFUL DEALING WITH PROPERTY BY A FIDUCIARY
A Second Degree Felony, 2 counts
Or in the alternative**

**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
(Ken Murdock)**

Commencing on or about June 2010, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Ken Murdock**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

**COUNT 2
SECURITIES FRAUD
A Second Degree Felony
(Ken Murdock)**

Commencing on or about December 2010, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Ken Murdock**, made untrue statements of material facts or omitted to state material facts necessary in

order to make the statements made, in 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 3
SECURITIES FRAUD
A Second Degree Felony
(Terry McEwen)

Commencing on or about March 2011, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Terry McEwen**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

COUNT 4
SECURITIES FRAUD
A Second Degree Felony
(Steve Blaser)

Commencing on or about March 2011, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Steve Blaser**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in 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 5
UNLAWFUL DEALING WITH PROPERTY BY A FIDUCIARY
A Second Degree Felony
(Kingswick Holdings)

Commencing on or about December 19, 2011, in the State of Utah, the defendant, dealt with property of **Kingswick Holdings** that had been entrusted to him as a fiduciary, in a manner which the person knows is a violation of the person's duty and which involves substantial risk of loss or detriment to the owner or to a person for whose benefit the property was entrusted, in violation of Utah Code Ann. §76-6-513. This violation is a second degree felony under Utah law.

OR IN THE ALTERNATIVE
THEFT
A Second Degree Felony
(Kingswick Holdings)

Commencing on or about December 19, 2011, in the State of Utah, the defendant, obtained or exercised unauthorized control over the property of **Kingswick Holdings** with a purpose to deprive him thereof, in violation of Utah Code Ann. §76-6-404. This violation is a second degree felony under Utah law.

COUNT 6
UNLAWFUL DEALING WITH PROPERTY BY A FIDUCIARY
A Second Degree Felony
(Kingswick Holdings)

Commencing on or about December 19, 2011, in the State of Utah, the defendant, dealt with property of **Kingswick Holdings** that had been entrusted to him as a fiduciary, in a manner which the person knows is a violation of the person's duty and which involves substantial risk of loss or detriment to the owner or to a person for whose benefit the property was entrusted, in violation of Utah Code Ann. §76-6-513.

This violation is a second degree felony under Utah law.

OR IN THE ALTERNATIVE
THEFT
A Second Degree Felony
(Kingswick Holdings)

Commencing on or about December 19, 2011, in the State of Utah, the defendant, obtained or exercised unauthorized control over the property of **Kingswick Holdings** with a purpose to deprive him thereof, in violation of Utah Code Ann. §76-6-404. This violation is a second degree felony under Utah law.

COUNT 7
SECURITIES FRAUD
A Second Degree Felony
(Steve Blaser, Steven Burke Blaser and Shane Honey)

Commencing on or about September 2011, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Steve Blaser, Steven Burke Blaser and Shane Honey**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in 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.

OR IN THE ALTERNATIVE
COMMUNICATIONS FRAUD
A Second Degree Felony

Commencing on or about September 2011, in the State of Utah, the defendant devised a scheme or artifice to defraud **Steve Blaser, Steven Burke Blaser and Shane Honey**, or to obtain from them 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. The total value of the property, money, or thing obtained or sought to be obtained by the scheme or artifice was more than \$5,000.00, a second degree felony.

**COUNT 8
SECURITIES FRAUD
A Second Degree Felony
(Terry McEwen)**

Commencing on or about September 2011, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Terry McEwen**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in 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.

**OR IN THE ALTERNATIVE
COMMUNICATIONS FRAUD
A Second Degree Felony**

Commencing on or about September 2011, in the State of Utah, the defendant devised a scheme or artifice to defraud **Terry McEwen**, or to obtain from him money, property, or anything of value by means of false or fraudulent pretenses, representations, promises, or material omissions, and he communicated directly or indirectly with any person by any means for the purpose of executing or concealing the scheme or artifice, in violation of Utah Code Ann. §76-10-1801. The total value of the property, money, or thing obtained or sought to be obtained by the scheme or artifice

was more than \$5,000.00, a second degree felony.

**COUNT 9
SECURITIES FRAUD
A Second Degree Felony
(Donald Tapia)**

Commencing on or about September 2011, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Donald Tapia**, made untrue statements of materials facts or omitted to state material facts necessary in order to make the statements made, in 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.

**OR IN THE ALTERNATIVE
COMMUNICATIONS FRAUD
A Second Degree Felony**

Commencing on or about September 2011, in the State of Utah, the defendant devised a scheme or artifice to defraud **Donald Tapia**, or to obtain from him money, property, or anything of value by means of false or fraudulent pretenses, representations, promises, or material omissions, and he communicated directly or indirectly with any person by any means for the purpose of executing or concealing the scheme or artifice, in violation of Utah Code Ann. §76-10-1801. The total value of the property, money, or thing obtained or sought to be obtained by the scheme or artifice was more than \$5,000.00, a second degree felony.

**COUNT 10
SECURITIES FRAUD
A Second Degree Felony
(Steve Burke Blaser and Shane Honey)**

Commencing on or about September 2011, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Steve Burke Blaser and Shane Honey**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in 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.

**OR IN THE ALTERNATIVE
COMMUNICATIONS FRAUD
A Second Degree Felony**

Commencing on or about September 2011, in the State of Utah, the defendant devised a scheme or artifice to defraud **Steve Burk Blaser and Shane Honey**, or to obtain from them 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. The total value of the property, money, or thing obtained or sought to be obtained by the scheme or artifice was more than \$5,000.00, a second degree felony.

**COUNT 11
SECURITIES FRAUD
A Second Degree Felony
(Steve Blaser)**

Commencing on or about December 2011, in the State of Utah, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Steve Blaser**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in 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.

**OR IN THE ALTERNATIVE
COMMUNICATIONS FRAUD
A Second Degree Felony**

Commencing on or about December 2011, in the State of Utah, the defendant devised a scheme or artifice to defraud **Steve Blaser**, or to obtain from him money, property, or anything of value by means of false or fraudulent pretenses, representations, promises, or material omissions, and he communicated directly or indirectly with any person by any means for the purpose of executing or concealing the scheme or artifice, in violation of Utah Code Ann. §76-10-1801. The total value of the property, money, or thing obtained or sought to be obtained by the scheme or artifice was more than \$5,000.00, a second degree felony.

COUNT 12
COMMUNICATIONS FRAUD
A Second Degree Felony
(SAH)

Commencing on or about November 2012, in the State of Utah, the defendant devised a scheme or artifice to defraud **the investors of SAH**, or to obtain from them 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. The total value of the property, money, or thing obtained or sought to be obtained by the scheme or artifice was more than \$5,000.00, a second degree felony.

COUNT 13
THEFT
A Second Degree Felony
(SAH)

Commencing on or about November 2012, in the State of Utah, the defendant, obtained or exercised unauthorized control over the property of **the investors of SAH** with a purpose to deprive him thereof, in violation of Utah Code Ann. §76-6-404. This violation is a second degree felony under Utah law.

COUNT 14
PATTERN OF UNLAWFUL ACTIVITY
A Second Degree Felony

Commencing in or about June 2010, 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. The defendant: (1) received any proceeds

derived, directly or indirectly, from a pattern of unlawful activity in which he participated as a principal, to 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; (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 to conduct or participate, directly or indirectly, in the conduct of that enterprise's affairs through a pattern of unlawful activity. The alleged unlawful acts which constitute the pattern of unlawful activity include, but are not limited to: (1) the acts as described above in Counts 1 through 13. These acts include three or more acts of unlawful activity as defined by Utah Code Ann. §76-10-1601, §76-10-1602(4), and §76-10-1603.5, et. seq., a Second Degree Felony.

BAIL REQUEST

The State is requesting that bail be set in this case at \$500,000. This bail comes for several reasons. First, the facts of this case require a high bail to be set. Dwight Shane Baldwin ("BALDWIN") is alleged to have stolen over \$14 million from investors as outlined in Counts 1 through 13 of the Information. In addition, there are other investors who lost additional millions who may testify as part of count 14. The affidavit of probable cause filed along with the Criminal Information details multiple occasions that BALDWIN deliberately deceived investors in order to complete the financial transactions he was involved in. BALDWIN also withheld pertinent facts, and at all times acted only in his own best interest, not that of his investors. BALDWIN is an ongoing financial threat to the Utah public if released. During the investigation of these

charges it was revealed BALDWIN continued to contact the investors he had defrauded, in an attempt to convince them he would repay their funds. He has never followed through with any of his promises for repayment. There are also multiple civil suits proceeding through various stages of litigation due to the chaos BALDWIN created by his deceitful conduct.

Second, this is the third case the Utah Attorney General's Office has filed against BALDWIN in the last 30 days, all in the Third Judicial District Court. While the conduct in this case is alleged to have occurred between June 2010 and January 2013, the other two cases allege more recent conduct. The first case filed against BALDWIN alleged conduct which occurred in March 2015. BALDWIN solicited a loan of \$500,000 from various individuals. He offered notes he had purchased during his time running Silverleaf Financial in 2010 through 2013 as collateral. BALDWIN represented the value of the notes as being more than the amount he was seeking to be loaned. An investigation revealed the notes BALDWIN was offering were essentially worthless. He had already arranged a settlement payment on the most valuable note and sold his interest in most, if not all, of the notes. BALDWIN did not mention this to potential lenders when he met with them to obtain a loan.

Third, BALDWIN was arrested on three counts of Communications Fraud as a result of these solicitations on April 9, 2015. BALDWIN was given bail of \$100,000 to be released from custody. BALDWIN obtained a bail bond through 1st Out Bail Bonds. BALDWIN wrote 1st Out Bail Bonds a check to cover the \$10,000 fee for the bond. 1st Out Bail Bonds cashed the check at Horizon Credit Union on April 13, 2015. After the check was cashed, Horizon discovered BALDWIN did not have sufficient money in his

account to cover the check. BALDWIN had deposited a check from Zions Bank into his Horizon account on April 9, 2015 in the amount of \$15,000. An investigation revealed BALDWIN opened the Zions Bank account on April 7, 2015 and deposited \$100. He never placed any other money in the account. Horizon Credit Union contacted BALDWIN on April 14, 2015 and asked him to pay for the \$10,000. BALDWIN responded he would wire the money to Horizon, he has not done so as of this date. In essence, BALDWIN wrote a check he knew was not covered by sufficient funds so he could be released from custody. BALDWIN was charged with 1 count of Communications Fraud and 1 count of Theft in the Third District Court for this new conduct on April 24, 2015. He was given bail in the amount of \$100,000, cash only, for these charges.

Fourth, BALDWIN has also had an upheaval in his personal life recently. He had a domestic incident with his wife in March 2015. BALDWIN's wife separated from BALDWIN and took their four children. Immediately after this happened BALDWIN fled the jurisdiction temporarily before returning to seek mental health treatment. BALDWIN's wife is currently seeking a divorce in Davis County. BALDWIN is currently staying with his parents somewhere in Davis County.

BALDWIN is unstable, desperate, and given his ongoing conduct is a financial danger to Utah consumers. On the day BALDWIN was arrested on his second set of criminal charges, the State received evidence in the form of emails that BALDWIN was continuing to solicit loans. He was once again offering as collateral, notes he previously purchased. While this new conduct is not per se criminal, it is troubling given the current allegations against BALDWIN. Given all of this evidence of criminal activity, the facts of

the current case, and BALDWIN's current mental state, the State feels this case is ripe for the court to issue a high amount of bail for BALDWIN's release. The State of Utah needs to be protected from the harm BALDWIN will cause if he is unrestrained.

Executed on this 13 day of May, 2015.


Agent MATTHEW EDWARDS, Affiant

EXECUTED and signed before me on this 13th day of May, 2015


JUDGE, Third Judicial District Court

AUTHORIZED for presentment and filing this 13th day of May, 2015.

SEAN REYES
Utah Attorney General

By: 
BRIAN WILLIAMS
Assistant Attorney General

FILED DISTRICT COURT
Third Judicial District

MAY 13 2015

SALT LAKE COUNTY

By _____
Deputy Clerk

BRIAN WILLIAMS, Bar No. 10779
Assistant Attorney General
TOM MELTON, Bar No. 4999
Assistant Attorney General
SEAN D. REYES, Bar No. 7969
Utah Attorney General
5272 South College Drive, #200
Murray, UT 84123
Telephone: (801) 281-1221
Facsimile: (801) 281-1224
Email: bwilliams@utah.gov

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

STATE OF UTAH, Plaintiff, vs. DWIGHT SHANE BALDWIN, DOB: August 21, 1980 Defendant.	Bail: \$500,000 WARRANT OF ARREST Case No. <u>151905774</u> Judge <u>Kelly</u>
---	--

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 Agent Matthew Edwards, and it appearing from the Information, or Affidavit filed with the Information, that there is probable cause to believe that the public offense(s) of: **Securities Fraud, A Second Degree Felony, 4 counts; Securities Fraud or in the alternative Communications Fraud, A Second Degree Felony, 5 counts;**

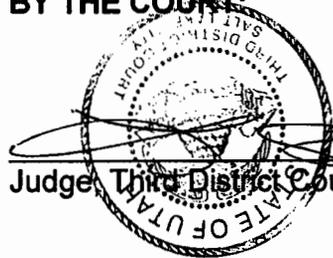
Communications Fraud, A Second Degree Felony, 1 count; Theft, A Second Degree Felony, 1 count; Unlawful Dealing with Property by a Fiduciary, or in the alternative Theft, A Second Degree Felony, 2 counts; and Pattern of Unlawful Activity, 1 count; have been committed, and that the defendant, DWIGHT SHANE BALDWIN, 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: \$500,000.

DATED this 13th day of May, 2015.

BY THE COURT:



Judge, Third District Court

BRIAN WILLIAMS, Bar No. 10779
Assistant Attorney General
TOM MELTON, Bar No. 4999
Assistant Attorney General
SEAN D. REYES, Bar No. 7969
Utah Attorney General
5272 South College Drive, #200
Murray, Utah 84123
Telephone: (801)281-1221
Fax: (801) 281-1224

FILED DISTRICT COURT
Third Judicial District

MAY 13 2015

SALT LAKE COUNTY

by _____ Deputy Clerk

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. :
 :
 DWIGHT SHANE BALDWIN : Case No: 151905774
 DOB: August 21, 1980 :
 :
 :
 Defendant. : Judge: Kelly
 :
 :

The undersigned, AGENT MATTHEW EDWARDS, Utah Division of Securities, upon oath, states as follows:

1. I am an investigator for the Enforcement Section of the Utah Division of Securities. I have been employed in this position since July 2012 and am currently certified through the Utah Peace Officers Standards and Training. I am currently investigating violations of securities fraud statues and related criminal code violations committed by

DWIGHT SHANE BALDWIN ("BALDWIN").

2. The facts set forth in this affidavit are based upon the results of joint investigation between the Utah Division of Securities and the Federal Bureau of Investigation. During this investigation I have collected and reviewed records and information provided from various witness and other sources, including, but not limited to: Ken Murdock, Terry McEwen, Donald Tapia, Stephen L. Blaser, Stephen "Burke" Blaser, Shane A. Honey, and others.

PARTIES

3. BALDWIN was a resident of Utah during this investigation.

4. BALDWIN's last known address was 170 North 200 East Centerville, UT 84014.

5. Utah Division of Securities records reveal BALDWIN (CRD #4790167) was not licensed as a broker-dealer agent, issuer-agent, investment adviser, or investment adviser representative during the time period covered in this investigation. However, BALDWIN was licensed in Utah as a broker-dealer agent and as an investment adviser representative with Merrill Lynch from March 2004 until April 2007. BALDWIN attempted to license a company he controlled, Silverleaf Capitol Partners, LLC, as an investment adviser, but that license was denied by the Utah Division of Securities in 2008.

6. Silverleaf Financial, LLC ("Silverleaf") was a Utah corporation registered on September 15, 2008. Its address was listed as 224 South 200 West, Suite 110, Salt Lake City, UT 84101. Its registered principals were Heston Neilson, Ross Baldwin, Silverleaf Companies, LLC, and Jon Roberts. Jon Roberts and Heston Neilson were listed as

registered agents and Silverleaf Companies, LLC was listed as manager. On July 30, 2009 the registration was updated and Cary Clark replaced Jon Roberts as a member. On August 12, 2009 the Articles of Organization for Silverleaf were updated. Silverleaf Ventures, LLC was listed as the manager of Silverleaf. The President/CEO of Silverleaf was listed as BALDWIN. On March 25, 2010, Mark Staples was added as a manager of Silverleaf and he was also named President and CEO. On August 12, 2010 Silverleaf Ventures was removed as a manager of Silverleaf. On August 16, 2011 Heston Neilson was removed as the registered agent for Silverleaf and replaced with Julia Roper. On May 18, 2012 Julia Roper was replaced by Casey Jones as a registered agent. On June 22, 2012 BALDWIN was named manager and President/ CEO of Silverleaf. Silverleaf's corporate registration expired on December 30, 2013 and has not been renewed. At all times throughout this time period BALDWIN was running the operations of Silverleaf.

7. Oviedo in the Park, LLC ("Oviedo in the Park") was the name of a supposed Utah corporation that BALDWIN represented to Ken Murdock. The purpose of Oviedo in the Park was to act as the controlling entity for the purchase of a note secured by a piece of undeveloped land in Oviedo, FL. On July 20, 2010 BALDWIN emailed Murdock a copy of an operating agreement for Oviedo in the Park, which Murdock signed. Murdock later discovered Oviedo in the Park had never been incorporated in Utah or any other state.

8. Henderson Promenade Holdings, LLC ("Henderson Promenade") was a Utah Corporation first registered on November 23, 2010. Its registered agent was listed as Heston Neilson, and its corporate address was listed as 224 South 200 West, Suite 110, Salt Lake City, UT 84101. Henderson Promenade's manager was listed as Silverleaf. On May 18, 2012 the registered agent of Henderson Promenade was changed to Casey

Jones. On January 4, 2013 the registered agent for Henderson Promenade was changed to BALDWIN. Henderson Promenade's corporate registration expired on February 25, 2014 and has not been renewed. Henderson Promenade was a single purpose entity established to purchase the Henderson Promenade shopping center in Henderson, NV.

9. Kingswick Holdings, LLC ("Kingswick Holdings") was a Utah corporation first registered on March 28, 2011. The original registered agent was Heston Neilson, and its corporate address was listed as 224 South 200 West, Suite 110, Salt Lake City, UT 84101. The original listed manager of Kingswick was Silverleaf. On May 18, 2012 the registration was updated and Heston Neilson was replaced as the registered agent of Kingswick with Casey Jones. On December 17, 2012 Silverleaf was replaced as the manager of Kingswick with Ross Baldwin. Broe Grasteit also replaced Casey Jones as the registered agent. Kingswick remains an active Utah corporation. Kingswick was a single purpose entity established to purchase debt secured to the Kingsland building located in St. Louis, MO and the Wicks Building located in Illinois.

10. Silverleaf Acquisition Holdings, LLC ("SAH"), was a Utah corporation registered on March 22, 2011. The registered agent was Heston Neilson and the manager was listed as Silverleaf. The corporate address was listed as 224 South 200 West, Suite 110, Salt Lake City, UT 84101. On August 16, 2011 the registered agent was updated to be Julia Roper. On May 18, 2012 the agent was changed to Casey Jones. On January 4, 2013 the registered agent was changed to BALDWIN. On September 27, 2013 the manager and registered agent of SAH was changed. The managers were changed to S E Blaser, LLC, KAM SAH Management, LLC and Geddes Advisors. The corporate agent was changed to Steve Blaser. SAH was originally established as a single purpose entity to

acquire, manage and liquidate loan(s) and/or real estate purchased from Mission Capital Advisors on behalf of Johnson Bank. This included the Pine Canyon property, which was a golf course resort located in Flagstaff, AZ.

11. Trailhead Lodge Acquisitions, LLC ("Trailhead") was a Utah corporation registered on September 26, 2011. Its registered address was 224 South 200 West, Suite 110, Salt Lake City, UT 84101. Its registered agent was Mark Staples, and its manager was listed as Silverleaf. Trailhead was a single purpose entity established to purchase Trailhead Lodge, a group of condominiums located in Steamboat Springs, CO. Its registration expired on December 30, 2013.

12. Bixby Bridge Capital LLC ("Bixby Illinois") was a financial organization established in 1991 as a buyer of defaulted loans. Bixby is located in Northbrook, IL. Its two principal owners were David Williams and David Rotenberg. In 2009, Bixby Illinois began providing loans to others who were purchasing defaulted loans. These loans were typically what are known as "bridge" or "hard money" loans. The typical terms of the loans are two interest points plus 13% annual interest for a short time period, typically a year. Bixby Illinois provided multiple loans to BALDWIN for his various transactions, including a loan of \$28.7 million to BALDWIN and SAH for the purchase of a group of assets from Johnson Bank.

13. Bixby Bridge Fund, LLC ("Bixby Utah") was an entity which was incorporated in Utah on or about October 30, 2012. Jody Rasmussen was listed as the agent for Bixby Utah, and BALDWIN was the payee of the registration fees for the corporation. Jody Rasmussen is a known associate of BALDWIN. BALDWIN also established a bank account at Wells Fargo Bank associated with the Bixby Utah name on the account and

made himself a signatory, along with Jody Rasmussen.

14. Annexus Capital Partners, LLC (“Annexus”) was a group of investors who purchased a 20% position in SAH for approximately \$3.2 million. Chief counsel for Annexus was David Rauch.

15. Geddes & Company, Inc. (“Geddes”) is the name of an entity founded in the 1970’s or 1980’s to manage the assets of Mike Geddes. The manager of Geddes is Mark Truxal, who is based in Phoenix, AZ. Geddes began investing with Silverleaf in 2010. Geddes was an investor in Henderson Promenade, LLC and also an investor in Henderson Promenade Holdings and in SAH.

16. Cobalt Companies, LLC (“Cobalt”) was a Utah corporation registered on July 2, 2009. Its address was listed as 1864 West 12600 South Suite 1 Riverton, UT 84065. Its registered agent was Michael D. Roberts. Cobalt is still an actively licensed corporation in the State of Utah.

17. BALDWIN also established or was the corporate agent for other entities with the name Silverleaf associated during 2010- 2013. At all times during the period alleged herein BALDWIN was ultimately responsible for directing the operations of Silverleaf and its listed subsidiaries.

BACKGROUND

18. BALDWIN conducted business by, among other things, entering into verbal and written contracts with individuals who made investments in various finance and real estate projects controlled and managed by BALDWIN through his various companies.

19. During these projects BALDWIN solicited funds from various investors including, but not limited to: Terry McEwen, Stephen L. Blaser, Ken Murdock, Donald

Tapia, Stephen "Burke" Blaser, Shane Honey; Annexus Capital Partners, LLC; and Geddes & Company. This investigation revealed BALDWIN was responsible for obtaining through various forms of fraud across multiple transactions approximately \$14 million from these investors. BALDWIN has not repaid over 90% of the funds he obtained from these investors.

20. During his time as manager of Silverleaf BALDWIN employed or worked with several individuals in the various entities related to Silverleaf who provided information for this investigation, including but not limited to: Mark Staples, Heston Neilson, Ross Baldwin, BJ Blaser, Brooke Noack, Julia Roper and Jennifer Sagers.

21. The Utah Division of Securities previously investigated BALDWIN and Silverleaf for alleged violations of the Utah Uniform Securities Act which occurred in and around 2008. Charges of Securities Fraud and Theft were filed against BALDWIN as a result of the investigation. After the criminal charges were filed BALDWIN accepted a plea in abeyance to two counts of Attempted Theft and two counts of Securities Fraud. BALDWIN paid over \$200,000 in restitution to the two victims in the case. The charges against BALDWIN were ultimately dismissed on April 8, 2010 pursuant to the terms of the plea in abeyance agreement.

22. On June 17, 2010 BALDWIN was contacted by Special Agent Todd Thompson of the Federal Bureau of Investigations. He was told there had been reports of his possible involvement in questionable investment activity. BALDWIN was given a letter prepared by the FBI warning BALDWIN of the consequences of engaging in fraudulent investment activities. The letter also warned BALDWIN of possible criminal prosecution if it was reported he was engaged in these activities. The letter was signed and acknowledged

by BALDWIN in Thompson's presence.

23. During this investigation it was discovered that BALDWIN had committed the following violations of Utah Law:

**COUNT 1
SECURITIES FRAUD
A Second Degree Felony
(Murdock)**

A) Oviedo

24. Ken Murdock ("Murdock") is a businessman and a resident of the State of Utah. Previous to 2010 Murdock invested in projects that also involved BALDWIN, but had never invested money with BALDWIN or Silverleaf directly.

25. Murdock was approached by BALDWIN in 2010 as a potential investor in the various asset purchases BALDWIN and Silverleaf were participating in. Murdock met with BALDWIN and Cary Clark, a Silverleaf employee, for a lunch meeting. At the lunch meeting BALDWIN outlined a variety of investment opportunities for Murdock to participate in. BALDWIN told Murdock these investments would include the purchase of distressed, secured loans. Silverleaf would then sell the loans at a profit.

26. On or about June 21, 2010, BALDWIN approached Murdock seeking his investment as an equity partner in Oviedo in the Park. Oviedo in the Park was being established as an entity to control a note secured by a development property in Oviedo, FL ("Oviedo note").

27. BALDWIN had actually bid on the Oviedo note as part of a larger purchase of the debt secured by several properties from M&I Bank for approximately \$13,307,500. Silverleaf attributed \$3,520,033 of its bid to the Oviedo note. Silverleaf's bid to purchase

the properties was accepted on June 21, 2010 by M&I Bank. On June 29, 2010 Silverleaf entered into a loan sale agreement to purchase the various loans for \$13,307,500. The agreement required payment of a deposit of \$1,330,750 by 2:00pm on June 29th with the remainder due by June 30, 2010 at 2:00pm.

28. BALDWIN told Murdock on or about June 21, 2010 Silverleaf would be contributing \$1 million to the purchase of the Oviedo note, but Silverleaf was seeking an additional \$2.8 million to complete the purchase. BALDWIN further represented to Murdock he had an offer to purchase the Oviedo note within 90 days of the closing for \$12 million.

29. On or about June 25, 2010 BALDWIN sent an email to Murdock concerning the Oviedo note. He identified three potential exit strategies for selling the Oviedo note in his email. These were: 1) selling the note to the original investment group to allow them to protect equity in the original investment; 2) selling the note to an unidentified party which had offered to purchase the Oviedo note for \$10 million; or 3) complete a foreclosure on the Oviedo note and sell the property to American Land Corp. for \$13 million to \$15 million. BALDWIN claimed in the email there was an offer for the Oviedo property in 2009 for \$22.5 million. BALDWIN continued to tell Murdock he would only be purchasing the Oviedo note and not any of the other assets purchased from M&I Bank.

30. On or about July 1, 2010 BALDWIN obtained an extension from M&I Bank, allowing more time to fund Silverleaf's purchase. To gain the extension BALDWIN had to pay an extension fee of \$1 million. He did not tell Murdock that he obtained this extension.

31. On or about July 1, 2010 BALDWIN sent an email to Murdock attaching a letter of intent dated June 30, 2010 showing a purchase price of \$12 million for the Oviedo note. BALDWIN or his representatives continued to email Murdock information about the

Oviedo property, leading Murdock to believe the purchase was going to happen.

32. On or about July 8, 2010 Silverleaf was able to wire the entire amount needed to purchase the assets that included the Oviedo note to M&I Bank. None of these funds came from Murdock.

33. On or about July 8, 2010 BALDWIN and Silverleaf entered into two loan sale agreements selling the assets purchased from M&I Bank, including the Oviedo note. The assets were sold to an entity known as GAHA formed by Kelly Capital. Entities known as GARE and Hacienda were also involved in the purchase. BALDWIN did not inform Murdock Silverleaf was entering into this loan sale agreement.

34. Silverleaf also signed a profit sharing agreement with GAHA, GARE and Hacienda. The agreement assigned any profits from sale of the assets acquired from M&I Bank to Silverleaf only after each of the other parties had been paid. The agreement also divested Silverleaf and BALDWIN from any management control over the assets purchased from M&I Bank. BALDWIN did not inform Murdock about the profit sharing agreement.

35. Murdock continued to believe he would be investing \$2 million dollars in exchange for an interest in Oviedo after July 8, 2010. BALDWIN continued to solicit investment from Murdock in the project. On July 19, 2010 BALDWIN emailed Murdock wiring instructions for his investment in the Oviedo in the Park entity. He was told to wire the money to commercial purchase account FL 5 BSP at M&I Bank.

36. On July 20, 2010 BALDWIN forwarded Murdock an email indicating the purchaser of a piece of property contiguous to the Oviedo property may be interested in purchasing the Oviedo note. BALDWIN also emailed Murdock an operating agreement for

“Oviedo in the Park, LLC,” which Murdock signed and returned to BALDWIN.

37. The operating agreement also contained an exhibit which demonstrated the ownership interest KAM Financial, which was Murdock’s entity, would possess. According to the exhibit Murdock would own a 51.94% interest in Oviedo in the Park in exchange for his \$2 million investment. The exhibit also contained ownership interests of other investors, including a \$1 million capital contribution by Silverleaf. Murdock was not informed Oviedo in the Park had not been filed as a corporation in Utah or any other state.

38. On or about July 20, 2010 Murdock wired \$2 million dollars to M&I Bank for what he thought was the transaction to purchase the Oviedo note. BALDWIN never refunded the money paid by Murdock, and Murdock did not receive an interest in Oviedo in the Park as it did not exist.

39. BALDWIN continued to lead Murdock to believe he held an interest in Oviedo in the Park. On or about May 2, 2011 Murdock attended a meeting with BALDWIN and others. BALDWIN told Murdock at the meeting the Oviedo note had been foreclosed upon and Silverleaf controlled the property.

40. Murdock confronted BALDWIN at a later date about his loss in the Oviedo investment, along with other investments with BALDWIN. BALDWIN replied Murdock made money overall on his investments with Silverleaf so he should be happy. Murdock estimates he had actually lost over \$7 million in total from the various investments he made with BALDWIN and Silverleaf.

41. BALDWIN made untrue statements of a material fact to Murdock including, but not limited to the following:

- a. Murdock would own a 51.94% preferred membership share in Oviedo

in the Park in exchange for his \$2 million investment, when in fact, Oviedo in the Park was an unregistered company that did not exist;

- b. If Murdock invested and became an equity partner in Oviedo in the Park, Silverleaf and BALDWIN would transfer the Oviedo note to Oviedo in the Park, when in fact, as of July 8, 2010 the Oviedo debt asset had already been acquired by another party from BALDWIN and could not be transferred to, owned, possessed, or controlled by Oviedo in the Park;
- c. Silverleaf made capital contributions to Oviedo in the Park, in the amount of \$1 million for a 25.97% of preferred membership interest, when in fact, Silverleaf made no such capital contribution;
- d. Other investors made capital contributions to Oviedo in the Park, in the amount of \$851,000.00, when in fact, no other investors had made any capital contributions to Oviedo in the Park;
- e. Murdock's investment in Oviedo in the Park, would provide him with an equity share in the profits from the sale of Oviedo, when in fact, Murdock's investment did not provide him with any equity share in the profit from the sale of Oviedo because BALDWIN had relinquished any control over the Oviedo debt asset as of July 8, 2010;
- f. At a meeting with Murdock on or about May 2, 2011 BALDWIN told Murdock Silverleaf had foreclosed on the Oviedo note and now owned the Oviedo property, which was not true; and
- g. BALDWIN told Murdock that Murdock had made money on his investments with Silverleaf when Murdock had actually lost millions of dollars due to his investments with Silverleaf.

42. BALDWIN made omissions of material fact including, but not limited to the following:

- a. On or about July 8, 2010 BALDWIN had entered into a loan sale agreement for the assets, including the Oviedo note, purchased from M&I Bank with GAHA, GARE and Hacienda. This agreement relinquished Silverleaf's ownership and management interest in the assets;
- b. On or about July 8, 2010 BALDWIN had entered into a profit sharing agreement with GAHA and other investors, not including Murdock, that allowed BALDWIN to retain only a small percentage of potential

profits realized from the eventual liquidation of Oviedo;

- c. Murdock would have no ownership interest in the Oviedo note whatsoever despite his \$2 million investment;
- d. The articles of organization for Oviedo in the Park, LLC were never filed in the State of Utah and the company did not exist; and
- e. Murdock's \$2 million investment would not be used to acquire the Oviedo note.

43. Murdock invested his \$2 million with the assumption he would receive an ownership interest in Oviedo in the Park, LLC. This interest is a security as defined by Utah Code Ann. §61-1-13.

**COUNT 2
SECURITIES FRAUD
A Second Degree Felony
(Murdock)**

B) Henderson Promenade

44. In and around December 2010, BALDWIN asked Murdock to invest in the purchase of a note secured to a shopping center in Henderson, NV. The investment was to be in two phases, with Phase I being the purchase of the note secured by the shopping center and Phase II being the purchase of adjacent land for development.

45. Murdock was provided with an operating agreement for Henderson Promenade Holdings, LLC by BALDWIN. Henderson Promenade was established to control a note secured to the Henderson Promenade property. Included in the operating agreement was an Exhibit B, which detailed the membership interests of the various investors in Henderson Promenade Holdings. According to Exhibit B, Murdock would own 12.38% of Henderson Promenade Holdings by making a \$500,000 investment.

46. On December 15, 2010 Murdock wired \$500,000 to a Merrill Lynch account. It was his belief he was wiring the money to purchase his interest in Henderson Promenade Holdings.

47. On May 2, 2011 Murdock met with BALDWIN at Silverleaf Financial, along with others. BALDWIN gave an update about Henderson Promenade to Murdock, telling him Silverleaf Financial had foreclosed on the Henderson Promenade note and now owned the property. He also provided Murdock with documents relating to the transaction. BALDWIN never told Murdock that Murdock's funds were not directed to Henderson Promenade.

48. Geddes was an original investor in Henderson Promenade. In or around May 2012, Mark Truxal ("Truxal") who was the Chief Financial Officer for Geddes, purchased the debt on Henderson Promenade from the lender Bixby Illinois. This purchase came because Truxal discovered Silverleaf had defaulted on the loan payments for Henderson Promenade to Bixby Illinois. Truxal wanted to protect the interest of Geddes in Henderson Promenade. After the transaction was completed, Truxal contacted the investors listed in the Henderson Promenade operating agreement Schedule B he possessed. Murdock was not listed in the Schedule B Truxal possessed and so he was not counted as an investor.

49. Truxal asked all of the Henderson Promenade investors listed in the Schedule B to provide funds to reimburse him for the purchase of the debt, proportionate to their investment in Henderson Promenade Holdings. All investors chose to participate.

50. Truxal was later contacted by Murdock, who claimed he had invested \$500,000 into Henderson Promenade Holdings and should own a 12.38% interest. Truxal examined the tax documents he received for Henderson Promenade. Murdock was not

included in any of these documents. Murdock's money also did not appear to Truxal to have been included in the escrow account to purchase Henderson Promenade. Truxal sold the Henderson Promenade properties in June or July of 2013. Murdock did not receive any of the proceeds.

51. BALDWIN made untrue statements of material fact including, but not limited to the following:

- a. If Murdock invested \$500,000, he would become an equity partner owning a 12.38% preferred share in Henderson Promenade, when in fact, BALDWIN did not include Murdock in the ownership documents despite accepting the payment, leaving Murdock with no ownership interest.
- b. Murdock's investment in Henderson Promenade would provide him with an equity share in the profits from the sale of Henderson Promenade, when in fact, Murdock's investment did not provide him with any equity share in the profit from the sale of Henderson Promenade because BALDWIN did not create any ownership interest; and
- c. Murdock's \$500,000 would be used for the purchase of the Henderson Promenade, when in fact; Murdock's funds were not included in the escrow account to purchase the Henderson Promenade properties.

52. BALDWIN made omissions of material fact including, but not limited to the following:

- a. Murdock would have no ownership interest in Henderson Promenade despite his \$500,000 investment; and
- b. Murdock's \$500,000 investment would not specifically be used to acquire Henderson Promenade.

53. Murdock invested his money with the knowledge he would receive a 12.38% interest in Henderson Promenade Holdings, LLC. This interest is a security as defined by Utah Code Ann. §61-1-13.

**COUNT 3
SECURITIES FRAUD
A Second Degree Felony
(McEwen)**

C) Kingswick

54. In and around March of 2011 BALDWIN began soliciting investments in a single purpose entity entitled Kingswick Holdings. The purpose of Kingswick Holdings was the purchase of loans secured by two buildings, the Wicks Building located in Illinois and the Kingsland building near St. Louis, MO.

55. The funding to purchase the two loans would be a combination of debt and equity from investors. The debt was funded through Bedrock Kingswick Fund LLC, a California entity. Bedrock took a collateral assignment of the two loans during the transaction. Seven investors were solicited to provide funds for Kingswick Holdings before the loans were purchased. Two of the investors solicited were Terry McEwen ("McEwen") and Steve Blaser ("Blaser"), both of whom were Utah residents.

56. McEwen first met BALDWIN through mutual acquaintances in real estate. BALDWIN began meeting with McEwen as a potential investor in the various investments that Silverleaf was participating in. BALDWIN had conversations with McEwen about their shared faith in the Church of Jesus Christ of Latter Day Saints (LDS). BALDWIN also spoke to McEwen about Silverleaf's manager, Mark Staples ("Staples"), and how he had the position of Bishop within the church and had worked with the LDS church to handle business transactions. BALDWIN described himself to McEwen as the "smartest 30 year old around."

57. When McEwen asked BALDWIN about his prior criminal conviction within the State of Utah, BALDWIN claimed he was innocent and accepted a plea deal to avoid legal fees and “just get on with his life.”

58. BALDWIN solicited McEwen to invest in Kingswick Holdings in March 2011 at the Silverleaf offices in Salt Lake City. BALDWIN told McEwen Kingswick Holdings would be a single purpose entity set up only to control the Wicks note and the Kingsland note.

59. BALDWIN told McEwen that he had a buyer for both units and would be under contract within 40 days. BALDWIN said the “quick flip” would earn investors a return of approximately 70%.

60. McEwen eventually invested \$1 million of his own funds and an additional \$250,000 of his wife's funds. In return for his investment McEwen was given a 37.01% interest in Kingswick Holdings. His wife was given a 9.35% interest in Kingswick Holdings.

61. The purchase of the two loans occurred in April 2011, for approximately \$3.7 million. Once the transaction was completed, the two buildings did not sell as quickly as BALDWIN had claimed to McEwen.

62. In December 2011, Kingswick was able to sell the Wicks Building for approximately \$3.2 million. One week prior to the sale of the building, BALDWIN called McEwen on the phone. BALDWIN told McEwen he would pay back the investors 70% of their original investment from the proceeds of the sale of the Wicks Building. BALDWIN also said all loans on the Wicks and Kingsland building would be paid off and the investors would own the Kingsland building free and clear of all encumbrances.

63. After the Wicks building was sold, McEwen discovered approximately \$225,000 of the proceeds from the sale of the Wicks Building had gone to Dayco Funding

to pay off a lien placed on Kingswick Holdings. McEwen was not informed of this obligation placed on the Kingswick buildings. When McEwen confronted BALDWIN concerning this lien BALDWIN replied he had the right as manager through Silverleaf to place debt on Kingswick Holdings.

64. In January 2012 McEwen met in person with BALDWIN at Silverleaf. McEwen had heard that BALDWIN had used some of the proceeds from the sale of the Wicks Building for another project, known as Broadway. When McEwen asked BALDWIN about this, BALDWIN replied he had thought about using the money for Broadway but had decided not to. BALDWIN also told McEwen he would disburse funds from the sale of the Wicks Building once he had a bid to fix the roof of the Kingsland building, which had been damaged. After the meeting McEwen emailed BALDWIN with all of the claims made by BALDWIN during the transaction. McEwen asked BALDWIN to respond to him if any of the claims were untrue. BALDWIN did not respond to McEwen's email.

65. McEwen was able to review the Kingswick Holdings financial records contained at Silverleaf at a date after this meeting. He discovered BALDWIN had taken \$300,000 from the proceeds of the Wicks Building sale to use on Broadway. McEwen confronted BALDWIN about this action and BALDWIN claimed he had authority as the manager of Kingswick Holdings to divert the funds for another project.

66. In August of 2012, Ross Baldwin ("Ross") took over management of Kingswick Holdings. Ross had previously been an equity partner in Silverleaf but had resigned. Ross was also an investor in Kingswick Holdings.

67. Ross was contacted by Real Source Commercial Real Estate ("Real Source") in December 2012. Real Source revealed to Ross that BALDWIN had assigned the note on

the remaining Kingswick asset, the Kingsland building, to Real Source in a Loan Sale Agreement on December 20, 2011. The agreement was in exchange for a loan of \$700,000 to Silverleaf. BALDWIN had not repaid the loan and Real Source was looking to foreclose on the Kingsland note. BALDWIN had not told any of the investors in Kingswick Holdings he made this assignment.

68. McEwen was paid approximately \$30,000 from BALDWIN as proceeds from the sale of the Wicks Building after confronting BALDWIN about his many misrepresentations. He has not received any other payments from BALDWIN.

69. BALDWIN made untrue statements of material fact including, but not limited to the following:

- a. BALDWIN told McEwen he would have the Kingswick Holdings buildings sold within 40 days of purchase;
- b. BALDWIN told McEwen that the investors would earn approximately a 70% return on their investment;
- c. BALDWIN told McEwen he would pay the investors 70% of their investment within one week of the sale of the Wicks Building;
- d. BALDWIN told McEwen the investors would own the Kingsland building free and clear after the sale of the Wicks Building, when he actually encumbered the Kingsland building with a \$700,000 lien as part of a loan BALDWIN entered into with Real Source on December 19, 2011;
- e. When confronted about diverting \$300,000 from the sale of the Wicks Building to another Silverleaf project, BALDWIN told McEwen he had decided not to use the funds for Broadway;
- f. BALDWIN told McEwen he had the right as manager of Kingswick Holdings to use \$300,000 from the Wicks Building for another project; and
- g. BALDWIN told McEwen he had the right as manager to obtain the loan through Dayco Funding.

70. BALDWIN made omissions of material fact including, but not limited to the following:

- a. BALDWIN did not tell McEwen about a lien on Kingswick Holdings from Dayo Funding until McEwen discovered the lien upon the sale of the Wicks Building;
- b. BALDWIN did not inform McEwen that he had diverted \$300,000 of the proceeds from the sale of the Wicks Building to another project; and
- c. BALDWIN did not tell McEwen he received a loan for \$700,000 from Real Source and had given Real Source the Kingsland note as collateral in a Loan Sale Agreement.

71. In exchange for his investment of \$1 million McEwen received an interest of 37.01% in Kingswick Holdings. This interest is a security as defined in Utah Code Ann. §61-1-13.

**COUNT 4
SECURITIES FRAUD
A Second Degree Felony
(Blaser)**

72. Previous to March 2011, Blaser had invested in several projects with BALDWIN. Blaser had made money on the previous investments. Blaser's son, BJ Blaser ("BJ"), worked for BALDWIN as a real estate agent at Silverleaf Real Estate. Silverleaf Real Estate was a venture co-owned by BALDWIN that operated out of the same headquarters as Silverleaf. The practice had been for BALDWIN to approach BJ with an investment opportunity for Blaser, and BJ would report to his father about the opportunity. Blaser would then meet with BALDWIN in person to hear about the investment and decide whether he would contribute money.

73. In March of 2011 BALDWIN told BJ about an opportunity to invest in Kingswick Holdings. Blaser met with BALDWIN in person at the Silverleaf office with BJ present.

74. BALDWIN told Blaser Kingswick Holdings would involve the purchase of the notes secured to two buildings, the Wicks Building and the Kingsland building. Blaser understood the buildings to be located somewhere near St. Louis.

75. Blaser understood the investment to be short term, with BALDWIN representing he could sell the two properties quickly. BALDWIN represented that he had a buyer ready to purchase the two buildings quickly and the investors would make a profit from the sale of the two buildings.

76. Blaser eventually invested \$360,000 in Kingswick Holdings, receiving a 13.33% interest.

77. When the Wicks Building was sold in December 2011, Blaser expected the money to be distributed to the investors. He was eventually paid around \$30,000 by BALDWIN, which BALDWIN represented came from Kingswick Holdings. Blaser believes BALDWIN paid him on this building so he would invest in another project.

78. BALDWIN did not inform Blaser that he diverted \$300,000 of the proceeds from the sale of the Wicks building to another purpose.

79. BALDWIN did not inform Blaser he had taken out a loan from Dayco Funding that was the responsibility of Kingswick Holdings.

80. BALDWIN did not inform Blaser he encumbered the Kingsland building with a note in exchange for a \$700,000 loan. Blaser believed the Kingsland building would be sold and the investors would receive the proceeds.

81. BALDWIN made untrue statements of material fact including, but not limited to the following:

- a. BALDWIN told Blaser that the investment in the Kingswick Holdings buildings would be short-term and result in a profit. The Kingsland building still has not sold due to BALDWIN assigning the note as part of a loan;
- b. BALDWIN told Blaser the investors would own the Kingsland building free and clear after the sale of the Wicks Building, when he actually encumbered the Kingsland building with a \$700,000 lien as part of a loan BALDWIN entered into with Real Source Funds on December 19, 2011;

82. BALDWIN made omissions of material fact including, but not limited to the following:

- a. BALDWIN did not tell Blaser he had converted \$300,000 of the funds from the sale of the Wicks Building to his own use on another project;
- b. BALDWIN did not tell Blaser he had obtained a loan for \$700,000 using the Kingsland note as collateral;
- c. BALDWIN did not tell Blaser he had obtained a loan from Dayco Funding that was the responsibility of Kingswick Holdings.

83. In exchange for his investment of \$360,000 Blaser received an interest of 13.33% in Kingswick Holdings, which is a security as defined in Utah Code Ann. §61-1-13.

**COUNT 5
UNLAWFUL DEALING WITH PROPERTY BY A FIDUCIARY
OR IN THE ALTERNATIVE
THEFT
A Second Degree Felony
(Kingswick Holdings)**

84. A Private Placement Memorandum (PPM) was created for Kingswick Holdings and was dated April 7, 2011. The PPM stated that Silverleaf was the manager, and gave as the contacts for Silverleaf either BALDWIN or Mark Staples.

85. A document entitled "Amended and Restated Operating Agreement" for Kingswick Holdings was created on May 11, 2011. The terms of this agreement governed the powers of Silverleaf while it acted as a manager for Kingswick Holdings during the period of 2011- 2012. The operating agreement granted broad powers to the manager of Kingswick Holdings. However, the operating agreement also gave Silverleaf as manager a fiduciary duty to act in the best interests of the corporation. The agreement also required the manager to account to the members of Kingswick Holdings for any actions undertaken as manager.

86. In or around December 2011, the Wicks Building was sold and approximately \$346,050.84 was to flow to Kingswick Holdings as proceeds of the sale. Instead of acting to distribute the money to the Kingswick Holdings investors, BALDWIN diverted \$300,000 of the funds to Silverleaf for use in another project. BALDWIN did not inform the investors of Kingswick Holdings that he was diverting the money.

87. On or around December 19, 2011 BALDWIN signed a promissory note where he diverted \$300,000 to Broadway Park Lofts, LLC from Kingswick Holdings. Broadway was an entity established by BALDWIN to purchase another property. BALDWIN signed the promissory note in his capacity as manager for Kingswick Holdings and also as manager for Broadway Park Lofts.

88. Before BALDWIN took the funds Ross confronted BALDWIN. Ross told BALDWIN he did not feel BALDWIN had the authority to divert the funds from Kingswicks Holdings to Silverleaf. BALDWIN replied he felt he had the authority due to the Operating Agreement. Ross later sent an email to BALDWIN detailing all the reasons he felt BALDWIN should not divert the funds, but BALDWIN went forward. BALDWIN did not

inform the Kingswick Holdings investors he was diverting the funds.

89. McEwen later reviewed Silverleaf's financial records and discovered BALDWIN had diverted \$300,000 to Broadway. When McEwen confronted BALDWIN about taking the money BALDWIN admitted to taking the money because BALDWIN felt he had the authority to do so. McEwen felt Kingswick Holdings was a single purpose entity and any attempt to use its funds for another purpose was not in the spirit of the original investment.

90. The loan from Kingswick Holdings to Silverleaf was not repaid.

**COUNT 6
UNLAWFUL DEALING WITH PROPERTY BY A FIDUCIARY
OR IN THE ALTERNATIVE
THEFT
A Second Degree Felony
(Kingswick Holdings)**

91. On December 20, 2011 BALDWIN and Silverleaf obtained a loan from Real Source Commercial LLC for \$700,000.

92. In support of the loan BALDWIN signed a Loan Sale and Assignment Agreement. BALDWIN signed the agreement in his capacity as manager of Silverleaf, which managed Kingswick Holdings. The Assignment agreement provided the note secured by the Kingsland property to Real Source Commercial LLC as collateral for the loan. The loan sale documents allowed Kingswick Holdings to repurchase the note from Real Source Commercial if \$4.5 million was paid by February 14, 2012.

93. BALDWIN did not tell the investors of Kingswick Holdings that he was obtaining this loan. The loan was not discovered until December 2012. Ross had taken over management of Kingswick Holdings from Silverleaf Financial. He received a phone

call from Real Source Commercial. BALDWIN had not repaid the loan he had obtained, and Real Source was looking to foreclose on the Kingsland note to obtain payment on the loan. When Ross Baldwin confronted BALDWIN about the loan BALDWIN claimed it was a mistake and BALDWIN would fix it within 15 days.

94. The Real Source loan is currently the source of an ongoing civil suit and the Kingsland building has still not been sold due to BALDWIN's actions.

**COUNT 7
SECURITIES FRAUD
OR IN THE ALTERNATIVE
COMMUNICATIONS FRAUD
A Second Degree Felony
(Blaser, Burke and Honey)**

D) Trailhead

95. On September 26, 2011 Silverleaf formed Trailhead Lodge Acquisitions, LLC. Trailhead was a single purpose entity whose goal was to purchase the note secured to a group of condominiums near Steamboat Springs, CO known as Trailhead Lodge ("Trailhead note"). The corporate agent was listed as Staples and the manager was listed as Silverleaf.

96. BALDWIN was able to win the bid to purchase the Trailhead note from the bank that was holding it. In order to complete the transaction BALDWIN would be required to obtain investors or loans to fund the purchase.

97. In and around September 2011, BALDWIN approached Blaser to invest in Trailhead. BALDWIN told Blaser that the investment would be short term. He also told Blaser he had an immediate buyer for the project. When Blaser pressed BALDWIN to reveal the identity of the buyer, BALDWIN would not reveal it. BALDWIN promised Blaser

he would be paid before BALDWIN received any money from Trailhead.

98. Blaser mentioned the investment to his son Steve Burke Blaser ("Burke"), and a family friend named Shane Honey ("Honey"). Both Burke and Honey were Utah residents. Burke and Honey owned a business together by the name of Care Free Homes LLC ("Care Free Homes"). Burke and Honey agreed to include \$500,000 with Blaser's investment. Together Blaser, Burke and Honey agreed to invest \$1.2 million in Trailhead. They had a "gentleman's agreement" to share in whatever profits were produced by Trailhead.

99. BALDWIN prepared a document entitled "Promissory Note" which contained the terms of Blaser's investment, which was dated September 2011. The promissory note called for an investment of \$1.2 million for a period of 60 days, with Blaser, Burke and Honey earning a 15% fee. There was also a clause allowing for a three week extension of the loan for an additional 10% fee if necessary.

100. On September 22, 2011 Blaser wired \$1 million to an escrow account he believed was for the Trailhead purchase. On September 30, 2011 Blaser wired an additional \$200,000.

101. On October 4, 2011, BALDWIN received a letter of intent to purchase Trailhead from Cobalt dated September 29, 2011. Cobalt was a Utah company managed by Jon Roberts ("Roberts"). Roberts had worked with BALDWIN at Silverleaf before leaving to form his own company in December 2008. Cobalt had participated in several deals with BALDWIN previous to September 2011.

102. BALDWIN had spoken with Cobalt about Cobalt purchasing the Trailhead note from Silverleaf. Cobalt had reviewed the note and declined to purchase it because

they felt the price BALDWIN was paying was too high, leaving Cobalt insufficient profit if they were to buy the note. Roberts told BALDWIN about Cobalt's refusal.

103. BALDWIN requested that even though Cobalt refused to purchase the property they prepare a non-binding letter of intent to purchase the Trailhead note. BALDWIN offered to pay Cobalt \$5,000 to produce the letter.

104. The Cobalt letter of intent ("LOI") to purchase the property was prepared by Adam Adams("Adams"), an employee of Cobalt. The letter was signed using Roberts' signature stamp. Adams was then directed by Roberts to email the letter to BALDWIN.

105. The LOI was dated September 29, 2011. The LOI claimed Cobalt would purchase the Trailhead note for \$33.2 million.

106. Adams emailed BALDWIN with a copy of the LOI attached on October 4, 2011. In the text of the email Adams clearly told BALDWIN that Cobalt would not act on the LOI and buy the Trailhead note at the quoted price.

107. BALDWIN immediately forwarded the LOI to BJ by email. BALDWIN did not include the text of Adams' email explaining Cobalt would not honor the LOI. BJ emailed a copy of the LOI to Blaser, Burke and Honey on October 4, 2011.

108. BALDWIN did not repay Blaser pursuant to the terms of the promissory note, and Blaser has not received any money in exchange for his investment in Trailhead.

109. BALDWIN made untrue statements of material fact including, but not limited to the following:

- a. BALDWIN claimed he had a committed investor in Trailhead that would allow for the return of Blaser's investment within sixty days, when in fact, no investor had committed any such funds that would allow for the return of Blaser's loan;

- b. That BALDWIN would pay a 15% return on Blaser's loan for three weeks and a 10% return for an additional three weeks if needed, when in fact, BALDWIN never repaid any money to Blaser;
- c. BALDWIN had BJ forward a letter of intent to Blaser that purported to show Cobalt was ready to purchase Trailhead, when in fact Cobalt had indicated it would not purchase Trailhead.

110. BALDWIN made omissions of material fact including, but not limited to the following:

- a. BALDWIN did not tell Blaser that Cobalt never intended to act on the letter of intent it provided to BALDWIN;
- b. BALDWIN did not tell Blaser he had in fact agreed to pay Cobalt \$5,000 for the LOI.

111. In exchange for his investment with BALDWIN for the purchase of Trailhead Blaser was given a promissory note, which is defined as a security by Utah Code Ann. §61-1-1.

**COUNT 8
SECURITIES FRAUD
OR IN THE ALTERNATIVE
COMMUNICATIONS FRAUD
A Second Degree Felony
(McEwen)**

112. Around September 2011, BALDWIN met with McEwen in person. BALDWIN asked McEwen for a short term investment of \$1 million to assist with the purchase of the Trailhead note.

113. BALDWIN told McEwen that in exchange for the investment BALDWIN would pay him \$100,000 within 10 days plus McEwen's original \$1 million, i.e. McEwen would receive a 10% return for a 10 day investment.

114. BALDWIN claimed to have another investor who would buy McEwen out

within one week. BALDWIN also told McEwen he had negotiated with a buyer for the Trailhead note and that transaction would close within 30 days. BALDWIN showed McEwen a letter of intent from a buyer for the property.

115. BALDWIN further told McEwen that recent sales of the condominium units in the Trailhead property indicated the units were selling at \$900 per square foot. BALDWIN claimed he was buying the property at a price of \$400 per square foot and he would be selling the units at a price of \$600 per square foot.

116. McEwen requested collateral for the investment from BALDWIN. BALDWIN said Silverleaf Financial and BALDWIN personally would back the loan. McEwen asked for the financial statements of Silverleaf and BALDWIN, and BALDWIN said McEwen did not need the financial statements.

117. When asked about the buyer of Trailhead, BALDWIN said the buyer had previously worked for Silverleaf Financial and BALDWIN had completed a number of transactions with him. BALDWIN said the buyer had a good track record.

118. BALDWIN promised to pledge 2.1 million preferred shares Silverleaf owned in another project known as SAH. McEwen learned after he had invested that the SAH preferred shares had been offered as collateral to another party before McEwen, making the shares essentially worthless to McEwen.

119. McEwen wired \$1 million to an escrow account at 1st American Title with the name of Silverleaf. BALDWIN and McEwen signed a promissory note on September 28, 2011 which detailed the terms of the transaction.

120. On October 4, 2011 BALDWIN send an email to McEwen in which BALDWIN claimed

Terry, This is turning into a quick flip rather than a long term sell out. We just got an offer from a group that has purchased other assets from us in the past. I am still looking for 870K to get the deal wrapped up and closed. I have several guys lined up to come in post closing. This LOI is less than a 30 day close. Let me know what you can or can't do. I have two guys lined up to take you out of your loan by next Wed. if you want. Let me know your thoughts.

121. BALDWIN sent the email to attempt to have McEwen convert his investment into preferred shares of Trailhead Lodge instead of having the money be paid back quickly. McEwen proposed in an email on October 5, 2011 to have \$500,000 converted to Trailhead shares but wanted \$500,000 returned for another investment. BALDWIN told McEwen he would try to repay him by Monday October 10, 2011.

122. McEwen never received the \$500,000, or any other return of his \$1 million investment.

123. BALDWIN made untrue statements of material fact including, but not limited to the following:

- a. BALDWIN promised to pay McEwen \$100,000 within 10 days in exchange for an investment of \$1 million and placed these terms in a promissory note, and BALDWIN never honored the terms;
- b. BALDWIN claimed he had a committed investor in Trailhead that would allow for the return of McEwen's \$1 million loan within 10 days or less;
- c. That McEwen's investment would be secured by the preferred units of SAH stock held by Silverleaf, when in fact, BALDWIN had sold these preferred shares on August 18, 2011 and these preferred shares had been foreclosed upon by another interested party on September 9, 2011;
- d. On October 4, 2011 BALDWIN sent an email to McEwen containing a LOI to purchase Trailhead for around \$33 million when BALDWIN had actually paid Cobalt \$5,000 to produce the letter and Cobalt had no intention of buying Trailhead at the price contained within the letter;

- e. In an email dated October 4, 2011 BALDWIN told McEwen there were several buyers lined up to come in after the closing of Trailhead so the money McEwen invested could be returned.

124. BALDWIN made omissions of material fact including, but not limited to the following:

- a. BALDWIN did not inform McEwen that Cobalt had no intention of purchasing Trailhead at the price quoted in the LOI they prepared;
- b. BALDWIN did not inform McEwen that the preferred shares in SAH promised by BALDWIN as collateral had already been promised to another person.

125. McEwen invested \$1 million with BALDWIN expecting a certain return pursuant to the terms contained the promissory note drafted by McEwen and BALDWIN. There was collateral offered by BALDWIN in exchange for the investment which turned out to be worthless. The promissory note is a security as defined by Utah Code Ann. §61-1-13.

**COUNT 9
SECURITIES FRAUD
OR IN THE ALTERNATIVE
COMMUNICATIONS FRAUD
A Second Degree Felony
(Donald Tapia)**

126. Donald R. Tapia ("Tapia"), is a resident of Paradise Valley, AZ. He started an electrical supply company that he sold in 2008. Tapia first met BALDWIN in and around 2011 through an employee he knew at Silverleaf. BALDWIN first met with Tapia to induce him to invest in SAH. Tapia ended up investing \$1.5 million in SAH after talking with BALDWIN.

127. In September 2011, BALDWIN and Staples called Tapia on the telephone with a new investment opportunity. They described the opportunity as the purchase of a

bank note held by Bank of America on a condominium complex in Steamboat Springs, CO known as Trailhead. Tapia never visited Trailhead, but he did view pictures of the property.

128. BALDWIN did not tell Tapia he had a prior felony case that ended in a plea abeyance to attempted theft and other related charges. Tapia found out about the conviction after his investment in May 2012. Tapia would not have invested with BALDWIN had he known about the prior case.

129. BALDWIN told Tapia the Trailhead note had an unpaid balance of approximately \$41 million and the purchase price was \$23 million. BALDWIN said the opportunity was a quick flip that would turn a profit for Tapia within 90-180 days. BALDWIN initially asked Tapia for a \$3 million equity investment into Trailhead.

130. BALDWIN also told Tapia there was a company committed to purchasing Trailhead within the 90-180 day period. BALDWIN said he had worked with the company in the past and had already performed due diligence on the company as well. BALDWIN described the purchase as a “done deal.”

131. On October 4, 2011 BALDWIN sent an email to Tapia, with the Cobalt LOI attached. Tapia believed this was the offer BALDWIN was referring to that was a “done deal.” Tapia based his decision to invest heavily on the Cobalt LOI and its stated intent to purchase Trailhead quickly. Tapia would not have invested in Trailhead without being shown the LOI.

132. Tapia also claims BALDWIN later showed him another letter of intent that came from a different company based in Austin, TX which had an interest in purchasing Trailhead for \$29 million. BALDWIN represented this letter as a back-up in case the purchase by Cobalt did not happen.

133. Tapia was also given the names of other investors in Trailhead by BALDWIN. One of these was Blaser, who Tapia knew had done other deals with BALDWIN which had turned a profit.

134. BALDWIN also told Tapia that after the sale of Trailhead to Cobalt he would be "first out," or repaid his investment before any other investor because he invested the largest amount.

135. Tapia was not shown a copy of the Trailhead operating agreement until after he had made his investment.

136. Tapia later met with Staples in person at Tapia's Arizona home. Tapia believes Staples showed him a hard copy of the LOI at this meeting. Tapia initially invested \$3 million in Trailhead. In exchange for this investment he was to receive 3 million preferred shares in Trailhead Lodge Acquisitions, LLC.

137. BALDWIN reached out to Tapia later and asked if Tapia would invest an additional \$2 million, bringing the total investment to \$5 million. This investment was to be short-term and Tapia's money would be returned quickly. BALDWIN told Tapia if this did not work the \$2 million would be rolled over into equity in Trailhead.

138. On October 12, 2011 Tapia wired \$5 million to an escrow account at First American Title Insurance Company.

139. When Tapia invested the additional \$2 million he had his attorneys draft an agreement between himself and Silverleaf entitled "Side Agreement." This agreement was dated October 18, 2011. Tapia understood that the Side Agreement required Silverleaf to inform him if Trailhead Lodge Acquisitions, LLC spent more than \$50,000 using Trailhead funds.

140. The Side Agreement required the repayment of Tapia's \$2 million short term investment by November 17, 2011, with an exit fee of \$400,000. The additional \$3 million would remain as an equity investment in Trailhead. If Tapia was not repaid by November 17, 2011 then the exit fee would still attach and instead Trailhead would owe Tapia an asset management fee of \$1,155,000. Tapia's \$2 million would convert to equity in Trailhead.

141. To date, Tapia has not received any money repaid as a result of his investment in Trailhead.

142. BALDWIN made the following untrue statements of material fact including, but not limited to the following:

- a. That a company had committed to purchasing Trailhead within 90-180 days, when in fact, no known company had committed to any such purchase;
- b. That BALDWIN had performed his due diligence in researching the company which had committed to purchase Trailhead, when in fact, BALDWIN offered to pay the company \$5,000 to prepare a false LOI setting forth a commitment to purchase Trailhead;
- c. That the transaction was a "done deal," referring to the commitment of the company to purchase Trailhead, when in fact, the company made clear to BALDWIN it had no intention of purchasing Trailhead;
- d. BALDWIN informed Tapia he would be "first out" of the transaction, meaning his money would be the first to be repaid, when in fact Tapia was not repaid for his investment;
- e. On October 4, 2011 BALDWIN sent an email to Tapia containing a LOI to purchase Trailhead for around \$33 million when BALDWIN had actually paid Cobalt \$5,000 to produce the letter and Cobalt had no intention buying Trailhead at the price contained within the letter.

143. BALDWIN made omissions of material fact including, but not limited to the following:

- a. Cobalt had produced its letter of intent after BALDWIN offered to pay \$5,000 to have them produce the letter;
- b. Cobalt never had any intention of buying Trailhead at the price quoted in its letter of intent
- c. BALDWIN never informed Tapia of a previous criminal case which resulted in a guilty plea to two counts of Attempted Theft and a plea in abeyance;
- d. BALDWIN never informed Tapia of the risks of investing in Trailhead, including that he did not actually have an initial buyer for Trailhead.

144. Tapia's initial investment of \$3 million was in exchange for preferred shares in Trailhead. This investment is a security as defined by Utah Code Ann. §61-1-13. Tapia's additional \$2 million short term investment was in exchange for an exit fee and was quantified in the document entitled "Side Agreement." Such an investment is also a security as defined by Utah Code Ann. §61-1-13.

**COUNT 10
SECURITIES FRAUD
OR IN THE ALTERNATIVE
COMMUNICATIONS FRAUD
A Second Degree Felony
(Burke and Honey)**

145. In September 2011, Burke and Honey had participated with Burke's father, Blaser, by investing \$500,000 in Trailhead.

146. On or around October 6, 2011, Burke received a call from his brother BJ, who worked for Silverleaf. BJ had been told by BALDWIN to call Burke and ask for additional funds for the Trailhead transaction. BALDWIN had told BJ Trailhead had needed additional money to purchase Trailhead.

147. Burke called BALDWIN on the phone with Honey present. BALDWIN told

Burke he needed an additional \$500,000 immediately to close the Trailhead transaction. BALDWIN said if he did not get the money Silverleaf would not be able to close the Trailhead deal and the deposit of \$1.2 million would be lost.

148. BALDWIN said he needed the money only as a short-term investment. BALDWIN said he had people lined up to pay the money back. BALDWIN said he had done business with these people in the past and he was confident the money would be paid back within a week to ten days.

149. BALDWIN told Burke and Honey that he specifically "had a guy" who could pay them back the \$500,000 within two weeks. BALDWIN claimed this individual was wealthy from being involved in the oil industry. BALDWIN had referred to this individual in the past by the name "Tommy Boy," a reference to the movie starring Chris Farley.

150. BALDWIN said this "Tommy Boy" needed approval from his family before investing. BALDWIN said "Tommy Boy" and his family had already verbally committed to providing funds for Trailhead. BALDWIN said they were waiting for one more person to sign off, but it was a "done deal."

151. Burke and Honey told BALDWIN the money they provided BALDWIN would come from their company funds and had to be very short-term. BALDWIN confirmed he knew the money was important to Burke and Honey's business and this would be a short-term investment. BALDWIN repeated he would cash out Burke and Honey by the end of the week.

152. Since Burke and Honey had previously invested with Blaser in Trailhead, they had both received a copy of the Cobalt LOI on October 4, 2011. The LOI was contained as an attachment emailed to them by BJ at BALDWIN's instruction. The email they received

did not contain Cobalt's statement that they did not intend to honor the terms of the LOI. This LOI was a material factor in the decision of Burke and Honey to give BALDWIN an additional \$500,000 to protect the Trailhead investment.

153. Later on October 6, 2011 Honey and Burke met with BALDWIN at the Silverleaf office. At the meeting BALDWIN continued to reassure Honey and Burke that they had nothing to worry about. BALDWIN told them he was communicating on his cell phone with "Tommy Boy" at that very moment. BALDWIN repeated that "Tommy Boy" was committed to buying out their investment. BALDWIN also said if "Tommy Boy" did not invest then they always had the Cobalt LOI to fall back on.

154. At the meeting BALDWIN signed a document entitled "Promissory Note" in exchange for the \$500,000 Burke and Honey invested in Trailhead. He also signed a Document entitled "Unconditional Guaranty." The Promissory Note stated it was payable in full by October 25, 2011. It granted Burke and Honey an exit fee of \$125,000 in exchange for their investment. It allowed for one extension of 21 days for an additional \$50,000. The Unconditional Guaranty contained a personal guaranty by BALDWIN of the \$500,000 short-term investment.

155. Burke and Honey were not repaid under the terms of the promissory note. They have not received a return of their principal or the promised "exit fee" contained within the promissory note.

156. BALDWIN did not inform Burke or Honey of his previous criminal case, and both Burke and Honey felt this would have affected their decision to invest in Trailhead. It is possible Burke and Honey received documentation concerning BALDWIN's prior criminal case, but Burke and Honey do not recall discussing the criminal case with BALDWIN. They

also do not remember reviewing information about BALDWIN's criminal case in any of the documents they viewed.

157. BALDWIN made untrue statements of material fact including, but not limited to the following:

- a. BALDWIN told Burke and Honey their investment would be short-term;
- b. BALDWIN told Burke and Honey he had someone lined up to pay Burke and Honey back for their investment within a week to ten days;
- c. BALDWIN told Burke and Honey that "Tommy Boy" was ready to invest in Trailhead, was "a sure thing" and just needed family approval to invest when he in fact never invested in Trailhead; and
- d. BALDWIN stated that if "Tommy Boy" did not work out, Burke and Honey had nothing to worry about because they always had the Cobalt LOI to fall back on, when in fact Cobalt never intended to purchase Trailhead.

158. BALDWIN made omissions of material fact including, but not limited to the following:

- a. BALDWIN did not inform Burke and Honey he had offered to pay Cobalt \$5,000 to produce the LOI;
- b. BALDWIN did not tell Burke and Honey that Cobalt never intended to act on the Cobalt LOI;
- c. BALDWIN did not discuss his prior criminal case Burke and Honey.

159. Burke and Honey gave BALDWIN \$500,000 for what they thought was a short-term investment in Trailhead. In return for their investment they received a promissory note that promised an exit fee of \$125,000 plus their original principle within 19 days. This investment is a security as defined by Utah Code Ann. §61-1-13.

**COUNT 11
SECURITIES FRAUD**

**OR IN THE ALTERNATIVE
COMMUNICATIONS FRAUD
A Second Degree Felony
(Blaser)**

E) The Elevator Building

160. On or around November 7, 2011, Blaser had reconstructive surgery on his knee. He was prescribed pain medication to help with the pain from the surgery. Around this time BALDWIN spoke with BJ about another potential investment opportunity for Blaser involving Silverleaf. BALDWIN told BJ he owned a building referred to as the "Elevator Building." BALDWIN said the building was worth approximately \$1 million and he owned it free and clear. BALDWIN was looking for a short-term "loan" for Silverleaf and he told BJ he would offer first position on the "Elevator Building" as collateral. BJ called and relayed this information to Blaser.

161. On or around December 5, 2011 Blaser met with BALDWIN in the conference room at the Silverleaf office. BJ was also present at the meeting. BALDWIN repeated to Blaser the information about the "Elevator Building." BALDWIN said he owned the building free and clear without any liens or obligations. BALDWIN said "the building is mine." BALDWIN was offering first position on the building in exchange for a short-term investment of \$300,000.

162. BALDWIN led Blaser to believe the money would be used towards the purchase of another property, known as the "Broadway." Blaser also understood he would be given a part ownership in the Broadway property in exchange for his investment.

163. While still at the Silverleaf office Blaser called Tamra Lee ("Lee"), the owner of Mt. Olympus Title Insurance Agency. Blaser asked Lee to perform a title search on the

the Elevator Building. Lee told Blaser an entity named Bixby Bridge Fund I, LLC, owned first position on the building.

164. Blaser confronted BALDWIN with this information and BALDWIN replied "that's me, that's my company," referring to Bixby Bridge Fund I. BALDWIN said other investors were trying to attach their names to the Elevator Building and BALDWIN had left the lien on the building to prevent the other investors from getting it.

165. BALDWIN left the conference room and returned with a document entitled "Deed of Partial Release and Reconveyance Beneficial." BALDWIN said the document demonstrated his ability to sign over first position of the Elevator Building to Blaser.

166. Blaser told BALDWIN he would not make the loan unless he was in first position on the Elevator Building. BALDWIN again stated "I am Bixby," and claimed he could give first position on the Elevator Building to Blaser via a subordination agreement.

167. Blaser called Lee again and asked her to prepare a subordination agreement for the Elevator Building and send it over to Silverleaf. The subordination agreement was emailed by Lee to BJ. It was drafted with the name of Bixby in the signature section. The agreement specified Bixby as the party relinquishing first position on the Elevator Building to Blaser.

168. BALDWIN crossed out the name of Bixby in BJ's presence with his pen and wrote Silverleaf. BALDWIN then signed his name to the agreement underneath Silverleaf.

169. After signing the agreement, BALDWIN called Blaser on the phone and asked if Blaser would increase the amount of the loan to \$400,000. Blaser again confirmed with BALDWIN the Elevator Building was worth \$1 million and BALDWIN owned the building free and clear. Blaser also repeated his demand he have a lien placed in first

position on the building. Blaser then agreed to loan BALDWIN \$400,000.

170. BALDWIN prepared a Promissory Note to detail the terms of the \$400,000 investment by Blaser. The document stated in exchange for Blaser investing \$400,000 with BALDWIN, Blaser would be repaid his principal plus \$100,000 within 30 days as an "exit fee." BALDWIN signed the promissory note in BJ's presence, and BJ took the note to Blaser to sign.

171. BALDWIN did not disclose that the lien on the Elevator Building was actually placed by Bixby Illinois. BALDWIN did not disclose he had taken a loan from Bixby Illinois in early 2011 for \$900,000 and had given Bixby Illinois a lien on the Elevator Building as collateral for the loan. BALDWIN also did not disclose he still owed a large portion of the loan to Bixby Illinois at the time he received \$400,000 from Blaser. BALDWIN also did not disclose he was required to make monthly interest payments of approximately \$10,000 to Bixby Illinois to service the loan secured by the Elevator Building.

172. BALDWIN further did not inform Blaser that the loan agreement he signed with Bixby prohibited the recording of any junior liens on the Elevator Building without Bixby Illinois' consent. BALDWIN did not disclose that he had not informed Bixby Illinois of his negotiations with Blaser concerning the Elevator Building.

173. After providing BALDWIN with the \$400,000 investment, Blaser recorded the Subordination Agreement on the Elevator Building. Blaser was contacted by attorney Larry Moore, who had provided legal services to Blaser previously. He told Blaser he was working for Bixby Illinois in an effort to foreclose on the Elevator Building. Moore told Blaser it appeared Bixby Illinois had a lien which was superior in position to Blaser's. Moore then removed himself from the case due to a conflict of interest.

174. Bixby Illinois contacted Blaser in March or April of 2012 by telephone. Bixby Illinois informed Blaser he needed to release the lien on the Elevator Building or they would institute legal action against him to remove the lien. Blaser was forced to remove his lien from the Elevator Building.

175. In or around June 5, 2012 BALDWIN paid Blaser around \$120,000 as a settlement for the transaction and provided Blaser with ownership interests in two other Silverleaf projects. Blaser has received no other compensation from BALDWIN for the Elevator Building investment. The ownership interests he was given have not provided any additional payment either.

176. The \$400,000 invested by Blaser was wired to the Silverleaf account ending 7094 held at Merrill Lynch. BALDWIN was one of the signatories to the account. The Utah Division of Securities subpoenaed the records of the Merrill Lynch account for the period of approximately April 2009 through January 2013.

177. A source and use analysis of the Merrill Lynch account after the money was wired in was performed by the Utah Division of Securities. The results of the source and use analysis revealed findings including, but not limited to, the following (figures are approximations): \$277,375.86 of the funds were wired to another account labeled USBNA Special Assets Re D. The rest of the funds were used for expenses related to Silverleaf, including but not limited to: \$496.68 for food and dining, \$758.78 for cell phone bills, \$1,409.00 for ATM cash withdrawals, \$11,705.25 for health insurance, \$11,586.50 to Rosensteel and Riley, LLC for legal fees, \$641.69 for air travel, and \$3,325.51 for federal taxes. Blaser stated that knowing the money was used for Silverleaf expenses and not for the Broadway project would have affected his investment decision.

178. **BALDWIN made untrue statements of material fact including, but not limited**

to the following:

- a. **BALDWIN claimed he owned the Elevator Building in North Salt Lake free and clear of encumbrances, when in fact, the Elevator Building had a \$900,000 trust deed on it in the name of Bixby Bridge Fund I, LLC;**
- b. **BALDWIN claimed he would secure Blaser's \$400,000 loan with a first position lien on the Elevator Building, when in fact, BALDWIN did not have the legal right to grant Blaser a first position lien on the Elevator Building without the express written consent of Bixby Illinois;**
- c. **When Blaser ran a title search and discovered Bixby Illinois' first position lien on the Elevator Building, defendant BALDWIN claimed that Bixby Bridge Fund I, LLC was his company, when in fact, neither BALDWIN nor Silverleaf ever had any affiliation with Bixby Illinois other than a lender/borrower relationship;**
- d. **BALDWIN said he had retained his Bixby lien on the Elevator Building to prevent other investors from attaching their names to the Elevator Building, when in fact, neither BALDWIN nor Silverleaf ever had any affiliation with Bixby Illinois other than a lender/borrower relationship;**
- e. **BALDWIN represented he had authority to sign a document entitled, "Deed of Partial Release and Partial Reconveyance Beneficial," representing that the document showed BALDWIN had the ability to sign over first position of the Elevator Building to Blaser, when in fact, BALDWIN had no authority to create the document or sign over first position to Blaser;**
- f. **That BALDWIN had the authority to sign a document to be recorded in the State of Utah entitled, "Subordination Agreement" stipulating that Bixby Bridge Fund I, LLC agreed that the trust deed it held for the Elevator Building was subordinated to the trust deed held by Blaser, when in fact, Bixby Bridge Fund I, LLC did not agree to or authorize the Subordination Agreement or the stipulations provided therein;**
- g. **BALDWIN claimed he had been duly authorized to issue a Promissory Note and that no third-party consent was required to carry out his obligations under the terms of the Note, when in fact, BALDWIN needed written consent from Bixby Bridge Fund I, LLC to allow Blaser to record any lien against the Elevator Building; and**

- h. BALDWIN said he would repay the \$400,000 loan principal plus a \$100,000 exit fee within thirty calendar days after the execution of the Promissory Note, when in fact BALDWIN did not make this payment.

179. BALDWIN made omissions of material fact including, but not limited to the following:

- a. BALDWIN did not disclose that a portion of Blaser's funds would be used for Silverleaf expenses and not the Broadway project specifically;
- b. BALDWIN did not disclose he had obtained a \$900,000 loan against the Elevator Building in early 2011 from Bixby Illinois;
- c. BALDWIN did not tell Blaser he was required to make interest payments to Bixby Illinois of approximately \$10,000 per month for the loan against the Elevator Building;
- d. BALDWIN did not tell Blaser he still owed the majority of the \$900,000 loan to Bixby Illinois; and
- e. BALDWIN did not tell Blaser that the loan agreement between BALDWIN and Bixby Illinois prohibited the recording of any junior liens on the Elevator Building without the express consent of Bixby Illinois.

180. When Blaser invested \$400,000, he was given a promissory note in exchange for his investment. While the promissory note was supposedly collateralized by the Elevator Building, in reality the collateral tied to the Elevator Building was worthless. Bixby Illinois' lien was superior in position to any lien Blaser could place on the building. This promissory note was a security as defined by Utah Code Ann. §61-1-13.

**COUNT 12
COMMUNICATIONS FRAUD
A Second Degree Felony
(SAH)**

F) SAH

181. In and around 2011, SAH was formed by Silverleaf Financial to purchase a group of loans, which were secured by various assets, from Johnson Bank at a discount. SAH acquired funds from equity investors and obtained a loan from Bixby Illinois in order to fund the purchase. The eight loans held by Johnson Bank were purchased for \$34,500,000. The outstanding unpaid principal balance on all of the loans was approximately \$79,626,113.

182. One of the loans acquired by SAH from Johnson Bank was secured by a 619 acre residential community with a private golf course known as Pine Canyon in Flagstaff, AZ.

183. The SAH investors initiated a sale of Pine Canyon on or about November 2, 2012 for approximately \$10 million.

184. At the close of the sale of Pine Canyon SAH still owed a debt of over \$5 million to Bixby Illinois for the original asset purchase from Johnson Bank. The investors in SAH were anxious to remove the Bixby Illinois loan as an impediment for the other assets they still possessed.

185. Annexus, represented by David Rauch ("Rauch"), and Geddes, represented by Mark Truxal ("Truxal"), acting on behalf of the investors of SAH signed a document with Silverleaf, represented by Staples, entitled "An Amendment to Loan Fee Agreement" relating to the sale of Pine Canyon. This document stated, *inter alia*, "SAH and Lender agree, and SAH irrevocably instructs the Escrow Agent, that the Proceeds . . . shall be retained in Escrow until a mutual written direction to Escrow Agent by SAH and is provided. The parties contemplate that such Proceeds will be reduced due to the direct payment from Escrow to Bixby Bridge Fund I, LLC ("Bixby") of the sum of \$1,000,000 in order to

reduce the obligations of SAH to Bixby.”

186. Staples kept BALDWIN informed of the negotiations throughout this process. BALDWIN expressed to Staples his disapproval of the agreement to give \$1 million to Bixby Illinois. BALDWIN told Staples he felt Silverleaf was owed money for expenses relating to its management of SAH. Ultimately, BALDWIN told Staples he would allow \$1 million to be disbursed to Bixby Illinois.

187. On or about October 31, 2012 BALDWIN requested wiring instructions from Bixby Illinois in an email. Bixby Illinois sent BALDWIN the wiring instructions, anticipating \$1 million to \$1.5 million was going to be sent to them soon. Staples requested wiring instructions from BALDWIN for Bixby Illinois. In or around November 2, 2012, BALDWIN emailed wiring instructions to Staples, who forwarded them to Stewart Title and Trust of Phoenix (“Stewart Title”), the title company handling the escrow for the sale of Pine Canyon.

188. BALDWIN did not email wiring instructions to Staples for Bixby Illinois as Staples requested. BALDWIN instead gave wiring instructions for a different Wells Fargo account with the name “Bixby” attached to it.

189. Based on the emailed escrow instructions provided by BALDWIN, on or about November 2, 2012, \$1,000,000 was wire transferred from the account of Stewart Title to the account of Bixby Bridge Fund LLC, Wells Fargo Bank account number xxxxxx2991 in Utah.

190. BALDWIN did not tell Staples, the SAH investors or Bixby Illinois that he had reserved the name Bixby Bridge 1, LLC (“Bixby Utah”) with the Utah Department of Corporations on or about October 30, 2012.

191. BALDWIN also failed to disclose to anyone that rather than provide the correct wiring instructions to wire the \$1 million to Bixby Illinois, he diverted the money to the Bixby Utah business account at Wells Fargo Bank, to which he had access.

192. On or about November 26, 2012, Rauch tried to have his accountant contact Bixby Illinois to see why the \$1 million meant to go to Bixby had not been credited to the balance owed by Annexus and the other SAH investors to Bixby Illinois. Bixby Illinois informed Rauch they had not received \$1 million.

193. When Rauch confronted BALDWIN regarding his diversion of the \$1 million to an account he controlled, BALDWIN claimed the funds were in fact sent to Bixby Illinois.

194. Rauch called Wells Fargo Bank upon discovering the wiring information provided by BALDWIN was for a Utah bank account. Rauch discovered the account had \$1 million wired into the account, and by November 27, 2012 the majority of the funds had been wired out.

195. On or about November 28, 2012 Rauch contacted the Salt Lake Police Department to report the \$1 million as stolen. On November 29, 2012 Investigator Kirkwood of the Salt Lake City Police Department met with BALDWIN. BALDWIN claimed the dispute was a civil matter and BALDWIN claimed he had the right to disburse the funds where ever he wanted.

196. On or about December 26, 2012 Blaser, who was an investor in SAH, spoke with BALDWIN on another matter. While on the telephone Blaser asked BALDWIN about the \$1 million that was supposed to be sent to Bixby Illinois. Blaser told BALDWIN there were accusations BALDWIN had sent the funds to a fake bank account. BALDWIN responded he would definitely not do that and that BALDWIN had the proof.

197. On or about December 27, 2012 BALDWIN had his employee Julia Roper email Blaser with a copy of a spreadsheet. BALDWIN was cc'd on the email. The spreadsheet showed a principal payment of \$1,033,877.82 to Bixby Illinois on November 29, 2012 by Silverleaf. Blaser forward the email to Truxal, who forwarded the email to Rauch.

198. Rauch contacted Bixby Illinois, who stated they had sent a similar spreadsheet to BALDWIN. The spreadsheet Bixby Illinois sent contained a payment of \$283,877.42 from Silverleaf Financial dated November 29, 2012. Bixby Illinois claimed the spreadsheet provided by BALDWIN had been altered.

COUNT 13
THEFT
A Second Degree Felony
(SAH)

199. The FBI obtained access to the account set up by BALDWIN at Wells Fargo Bank. It was opened under the name of Bixby Bridge Fund, LLC with a business address of 224 South 200 West, Suite 110, Salt Lake City, UT 84101. This is the address of Silverleaf. The account was opened on October 30, 2012 with BALDWIN and Jody Rasmussen listed as co-signers on the account.

200. James Wood of the FBI performed a financial analysis on the account for the period of October 30, 2012 through November 30, 2012. On November 2, 2012 \$1 million was wired into the Bixby Utah account from Stewart Title and Trust. The analysis revealed that of the \$1 million wired into the Bixby Utah account, \$111,015 was paid to individuals, \$120,000 went to pay for a jet plane, \$29,022 went to fund the purchase of a Land Rover SUV, \$255,100 went to pay various legal fees, \$25,000 went to real estate, and \$94,388

went to other personal expenses. Approximately \$377,422 remained or was transferred to other accounts. The other accounts were all associated with either BALDWIN or Silverleaf.

201. BALDWIN never returned any of the funds to the investors of SAH. BALDWIN also never transferred any of the funds in the Wells Fargo Bixby account directly to Bixby Illinois as was intended by the SAH investors.

COUNT 14
PATTERN OF UNLAWFUL ACTIVITY
A Second Degree Felony
(Silverleaf Financial)

202. Beginning in and around 2010, and continuing into 2013, BALDWIN engaged in conduct which constituted multiple episodes of unlawful activity. These episodes were not isolated, and were interrelated by distinguishing characteristics. These episodes constituted continuing unlawful conduct and were all related to the business of Silverleaf.

203. In his capacity as the head of Silverleaf BALDWIN engaged in multiple acts of fraud involving various victims in order to conduct financial transactions and raise funds for Silverleaf's activities. His conduct constituted multiple violations of the Utah Uniform Securities Act and/ or Theft and/or Unlawful Dealing with Property by a Fiduciary and/or Communications Fraud.

SUMMARY

204. Based on my review of the evidence, there is probable cause to believe Dwight Shane Baldwin committed the crimes of:

SECURITIES FRAUD
A Second Degree Felony, 4 counts

SECURITIES FRAUD
Or in the alternative

**COMMUNICATIONS FRAUD,
A Second Degree Felony, 5 counts**

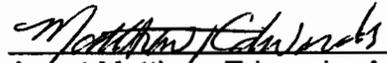
**COMMUNICATIONS FRAUD
A Second Degree Felony, 1 count**

**THEFT
A Second Degree Felony, 1 count**

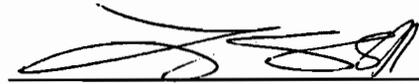
**UNLAWFUL DEALING WITH PROPERTY BY FIDUCIARY
Or in the alternative
THEFT
A Second Degree Felony, 2 counts**

**PATTERN OF UNLAWFUL ACTIVITY
A Second Degree Felony, 1 count**

Dated this 13 day of ~~April~~^{May}, 2015.


Agent Matthew Edwards, Affiant

SUBSCRIBED AND SWORN before me this 17th day of May, 2015.


JUDGE, THIRD DISTRICT COURT