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DISTRICT COURT

CLARK COUNTY, NEVADA

12 THE STATE OF NEVADA,

13 Plaintiff,

14 v.

15 HANS SEIBT, #217772, d/b/a HSLV
 16 DEVELOPMENT CORPORATION and/or
 17 CLARK AND NYE COUNTY DEVELOPMENT
 CORPORATION and/or SWN LAND
 18 CORPORATION,

19 Defendants.

Case No.: C-11-277247-1

Dept. No.: XIV

C-11-277247-1
 IND
 Indictment
 1680698



INDICTMENT

20 Defendant HANS SEIBT d/b/a HSLV DEVELOPMENT CORPORATION and/or CLARK
 21 AND NYE COUNTY DEVELOPMENT CORPORATION and/or SWN LAND CORPORATION
 22 ("SEIBT") is accused by the Grand Jury of the County of Clark, of the crimes of sixteen (16)
 23 Counts of **SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER**, all Class B
 24 Felonies in violation of NRS 90.570 and NRS 193.167(2); ten (10) Counts of **SECURITIES**
 25 **FRAUD**, a category B Felony in violation of NRS 90.570; and one (1) Count of **THEFT**, a Class
 26 B Felony in violation of NRS 205.0832(1)(c), NRS 205.0833.

28 All the above-described acts alleged herein have been committed on or between April 13,

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1 2007 and August 25, 2008, by the above-named Defendants, within the County of Clark, State
2 of Nevada, in the following manner:

3 COUNT I

4 SECURITIES FRAUD

5 (A Category B Felony – NRS 90.570)

6 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
7 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
8 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
9 fact or omit to state a material fact necessary in order to make the statements made not
10 misleading in the light of the circumstances under which they are made, and/or engage in an
11 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
12 person, to wit: That on or about June 23, 2008, **SEIBT** offered to sell and/or sold investment
13 contract to purchase an undivided interest in a joint venture to acquire and hold unimproved
14 land, a security pursuant to NRS 90.295, to Janet Brinkley ("Brinkley") for the amount of
15 \$11,000.00, and in so doing utilized one or more of the following misrepresentations, omissions,
16 and/or acts or practices which were fraudulent:

17 UNTRUE STATEMENTS OF MATERIAL FACTS

- 18 • **SEIBT** issued Brinkley a Joint Venture Agreement that stated her investment
19 would be placed into a common fund with other investors' money for the purpose
20 of acquiring and holding 10 acres of unimproved land located at 191 E. Aardvark in
21 the County of Nye, State of Nevada. Contrary to these representations, **SEIBT**
22 intended and did use some or all of Brinkley's money to further his "Ponzi" style
23 investment scheme, including paying \$3000.00 to another HSLV investor and
24 transferring \$5000.00 to an account of another business controlled by **SEIBT**.

25 OMISSIONS OF MATERIAL FACTS

- 26 • **SEIBT** failed to inform Brinkley that he operated HSLV as a "Ponzi" style
27 investment scheme, using money he collected from investors to pay other
28 investors.

- **SEIBT** failed to inform Brinkley that he intended to use the money she invested to further his "Ponzi" style investment scheme.
- **SEIBT** failed to inform Brinkley that on or about June 4, 2008, he signed Real Estate Offer and Acceptance Contract to purchase the subject 10 acres of unimproved land located at 191 E. Aardvark in the County of Nye, State of Nevada for \$117,000.00 – which works out to \$11,700.00 per acre or nearly half of the price he charged Brinkley.
- **SEIBT** failed to inform Brinkley that at the time of her investment HSLV DEVELOPMENT COMPANY ("HSLV") was in such poor financial condition that it was unable to meet its financial obligations, as evidenced by the fact that the HSLV bank account where she deposited her \$11,000.00 had been overdrawn numerous times in the month preceding the day that **SEIBT** deposited Brinkley's money.

FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS

- **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud or deceit that HSLV was a successful land development company when in fact it was a "Ponzi" style investment scheme.

These actions by **SEIBT** constitute the crime of Securities Fraud, a Class B Felony in violation of NRS 90.570.

COUNT II

THEFT – OBTAINING MONEY IN THE AMOUNT OF \$2,500 OR MORE

(A Category B Felony – NRS 205.0832, NRS 205.0833, NRS 205.0835(4))

That Defendant, **SEIBT**, in Clark County, State of Nevada, did knowingly, and without lawful authority, obtain real, personal or intangible property or the services of another person having a value of \$2,500.00 or more by material misrepresentation(s) with the intent to deprive that person of the property or services, and/or did convert, make an unauthorized transfer of an interest in or without authorization control any property of another person, or use the services or property of another person entrusted to him or placed in his possession for a limited, authorized

1 period of determined or proscribed duration or for a limited use, a Felony in violation of NRS
2 205.0832, NRS 205.0833 and NRS 205.0835(4), to wit: That on or about June 24, 2008, **SEIBT**
3 made one or more material misrepresentations, including, without limitation, those referenced in
4 Count I, and incorporated by reference as though fully set forth herein, and as a result obtained
5 from Brinkley the sum of \$11,000.00 which she entrusted to **SEIBT** for the limited purpose of
6 investing in an investment contract to purchase an undivided interest in a joint venture to acquire
7 and hold 10 acres of unimproved land located at 191 E. Aardvark, Nye County, Nevada. **SEIBT**
8 did not complete the acquisition of the property, and instead converted this money and used it
9 for unauthorized purposes, including transferring \$5,000.00 to an account for another business
10 controlled by **SEIBT** and using \$3,000.00 to pay other investors in a "Ponzi" style investment
11 scheme. **SEIBT** did not refund any of the money to Brinkley.

12 These actions of **SEIBT** constitute the crime of Theft, a Class B Felony in violation of
13 NRS 205.0832(1), 205.0833, and 205.0835 (4).

14 **COUNT III**

15 **SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER**

16 **(A Category B Felony – NRS 90.570 and NRS 193.167(2))**

17 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
18 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
19 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
20 fact or omit to state a material fact necessary in order to make the statements made not
21 misleading in the light of the circumstances under which they are made, and/or engage in an
22 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
23 person, to wit: That on or about April 17, 2007, **SEIBT** offered to sell and/or sold a note or
24 investment contract secured by first trust deed, a security pursuant to NRS 90.295, to Donald
25 Worpell ("Worpell"), a person 60 years of age or older, for the amount of \$20,000.00, and in so
26 doing utilized one or more of the following misrepresentations, omissions, and/or acts or
27 practices which were fraudulent:
28

1 **UNTRUE STATEMENTS OF MATERIAL FACTS**

- 2 • **SEIBT** told Worpell that his investment would be safe because it would be secured
3 by a first trust deed when in fact he did not issue a trust deed naming Worpell as a
4 beneficiary.

5 **OMISSIONS OF MATERIAL FACTS**

- 6 • **SEIBT** failed to inform Worpell that he operated HSLV as a "Ponzi" style
7 investment scheme, using money he collected from investors to pay other
8 investors.
9 • **SEIBT** failed to inform Worpell that he intended to use the money he invested to
10 further his "Ponzi" style investment scheme.
11 • **SEIBT** failed to inform Worpell that the money he invested would not be deposited
12 into an escrow account until the trust deed was issued.
13 • **SEIBT** failed to inform Worpell that some of the money he invested would be
14 diverted by **SEIBT** into other companies owned by **SEIBT**.
15 • **SEIBT** failed to inform Worpell of an appraisal of the fair market value of the
16 unimproved land located at 700 S. Raindance, Nye County, Nevada that would be
17 used to secure his investment.
18 • **SEIBT** failed to inform Worpell that he would not issue a trust deed naming
19 Worpell as a beneficiary.
20 • **SEIBT** failed to inform Worpell that the loan to value ratio he intended to use would
21 not fully secure Worpell investment.

22 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 23 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
24 or deceit that HSLV was a successful land development company when in fact it
25 was a "Ponzi" style investment scheme.

26 These actions by **SEIBT** constitute the crime of Securities Fraud – Victim 60 Years of Age
27 or Older, a Class B Felony in violation of NRS 90.570 and NRS 193.167(2).
28

COUNT IV

SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER

(A Category B Felony – NRS 90.570 and NRS 193.167(2))

That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security, employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made not misleading in the light of the circumstances under which they are made, and/or engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon a person, to wit: That on or about June 18, 2008, **SEIBT** offered to sell and/or sold a subscription agreement for a subordinate note, a security pursuant to NRS 90.295, to Donald Worpell (“Worpell”), a person 60 years of age or older, for the amount of \$10,000.00, and in so doing utilized one or more of the following misrepresentations, omissions, and/or acts or practices which were fraudulent:

OMISSIONS OF MATERIAL FACTS

- **SEIBT** failed to inform Worpell that he operated HSLV as a “Ponzi” style investment scheme, using money he collected from investors to pay other investors.
- **SEIBT** failed to inform Worpell that he intended to use the money he invested to further his “Ponzi” style investment scheme.
- **SEIBT** failed to inform Worpell that at the time of his investment HSLV was at or near insolvency and unable to meet its financial obligations, including its obligations to Worpell, as evidenced by the fact that, without limitation, that in the weeks prior to June 18, 2008, the HSLV bank account was overdrawn almost \$34,000.00 prior to the deposit of Worpell’s funds.

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1 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 2 • SEIBT engaged in acts, practices, and/or course of business maintaining the fraud
- 3 or deceit that HSLV was a successful land development company when in fact it
- 4 was a "Ponzi" style investment scheme.

5 These actions by SEIBT constitute the crime of Securities Fraud – Victim 60 Years of Age
 6 or Older, a Class B Felony in violation of NRS 90.570 and NRS 193.167(2).

7 **COUNT V**

8 **SECURITIES FRAUD -VICTIM 60 YEARS OF AGE OR OLDER**

9 **(A Category B Felony – NRS 90.570 and NRS 193.167(2))**

10 That Defendant, SEIBT, in the County of Clark, State of Nevada, did feloniously and
 11 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
 12 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
 13 fact or omit to state a material fact necessary in order to make the statements made not
 14 misleading in the light of the circumstances under which they are made, and/or engage in an
 15 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
 16 person, to wit: That on or about August 18, 2008, SEIBT offered to sell and/or sold a
 17 subscription agreement for a subordinate note, a security pursuant to NRS 90.295, to Donald
 18 Worpell ("Worpell"), a person 60 years of age or older, for the amount of \$15,000.00, and in so
 19 doing utilized one or more of the following misrepresentations, omissions, and/or acts or
 20 practices which were fraudulent:

21 **OMISSIONS OF MATERIAL FACTS**

- 22 • SEIBT failed to inform Worpell that he operated HSLV as a "Ponzi" style
- 23 investment scheme, using money he collected from investors to pay other
- 24 investors.
- 25 • SEIBT failed to inform Worpell that he intended to use the money he invested to
- 26 further his "Ponzi" style investment scheme.
- 27 • SEIBT failed to inform Worpell that he had retained or was on the verge of
- 28 retaining a bankruptcy lawyer to file bankruptcy on behalf of HSLV, Clark and Nye

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1 County Development, and **SEIBT** personally which, if successful, would discharge
2 all or part of the debt obligation under the subscription agreement.

3 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 4 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
5 or deceit that HSLV was a successful land development company when in fact it
6 was a "Ponzi" style investment scheme.

7 These actions by **SEIBT** constitute the crime of Securities Fraud – Victim 60 Years of Age
8 or Older, a Class B Felony in violation of NRS 90.570 and NRS 193.167(2).

9 **COUNT VI**

10 **SECURITIES FRAUD -VICTIM 60 YEARS OF AGE OR OLDER**

11 **(A Category B Felony – NRS 90.570 and NRS 193.167(2))**

12 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
13 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
14 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
15 fact or omit to state a material fact necessary in order to make the statements made not
16 misleading in the light of the circumstances under which they are made, and/or engage in an
17 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
18 person, to wit: That on or about August 22, 2008, **SEIBT** offered to sell and/or sold a
19 subscription agreement for a subordinate note, a security pursuant to NRS 90.295, to Donald
20 Worpell ("Worpell"), a person 60 years of age or older, for the amount of \$20,692.52, and in so
21 doing utilized one or more of the following misrepresentations, omissions, and/or acts or
22 practices which were fraudulent:

23 **OMISSIONS OF MATERIAL FACTS**

- 24 • **SEIBT** failed to inform Worpell that he operated HSLV as a "Ponzi" style
25 investment scheme, using money he collected from investors to pay other
26 investors.
27 • **SEIBT** failed to inform Worpell that he intended to use the money he invested to
28 further his "Ponzi" style investment scheme.

1 **OMISSIONS OF MATERIAL FACTS**

- 2 • **SEIBT** failed to inform Schuler that he operated HSLV as a “Ponzi” style
3 investment scheme, using money he collected from investors to pay other
4 investors.
- 5 • **SEIBT** failed to inform Schuler that he intended to use the money he invested to
6 further his “Ponzi” style investment scheme.
- 7 • **SEIBT** failed to inform Schuler that the money he invested would not be deposited
8 into an escrow account until the trust deed was issued.
- 9 • **SEIBT** failed to inform Schuler that some of the money he invested would be
10 diverted by **SEIBT** into other companies owned by **SEIBT**.
- 11 • **SEIBT** failed to inform Schuler of an appraisal of the fair market value of the 40
12 acres of unimproved land located in Crystal, Nye County, Nevada that would be
13 used to secure his investment.
- 14 • **SEIBT** failed to inform Schuler that he would issue a second trust deed instead of
15 a first trust deed.
- 16 • **SEIBT** failed to inform Schuler of an existing trust deed in the amount of
17 \$690,000.00 naming the previous owners of the 40 acres of unimproved land in
18 Crystal as beneficiaries.
- 19 • **SEIBT** failed to inform Schuler that the loan to value ratio he intended to use would
20 not fully secure Schuler investment.

21 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 22 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
23 or deceit that HSLV was a successful land development company when in fact it
24 was a “Ponzi” style investment scheme.

25 These actions by **SEIBT** constitute the crime of Securities Fraud – Victim 60 Years of Age
26 or Older, a Class B Felony in violation of NRS 90.570 and NRS 193.167(2).

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COUNT VIII

SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER

(A Category B Felony – NRS 90.570 and NRS 193.167(2))

That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security, employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made not misleading in the light of the circumstances under which they are made, and/or engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon a person, to wit: That on or about February 19, 2008, **SEIBT** offered to sell and/or sold a note or investment contract secured by first trust deed, a security pursuant to NRS 90.295, to Russell Schuler, Jr. ("Schuler"), a person 60 years of age or older, for the amount of \$50,000.00, and in so doing utilized one or more of the following misrepresentations, omissions, and/or acts or practices which were fraudulent:

UNTRUE STATEMENTS OF MATERIAL FACTS

- **SEIBT** informed Schuler that his investment would be safe because it would be fully secured by a first trust deed when in fact he intended and did in fact issue a trust deed that over-leveraged the .661 acres of unimproved land located at 6591 N. Nevada Hwy 160, Nye County, Nevada to the extent that Schuler's investment was not fully secured.

OMISSIONS OF MATERIAL FACTS

- **SEIBT** failed to inform Schuler that he operated HSLV as a "Ponzi" style investment scheme, using money he collected from investors to pay other investors.
- **SEIBT** failed to inform Schuler that he intended to use the money he invested to further his "Ponzi" style investment scheme.
- **SEIBT** failed to inform Schuler that the money he invested would not be deposited into an escrow account until the trust deed was issued.

- 1 • **SEIBT** failed to inform Schuler of an appraisal of the fair market value of the .661
2 acres of unimproved land located at 6591 N. Nevada Hwy 160, Nye County,
3 Nevada that would be used to secure his investment.
- 4 • **SEIBT** failed to inform Schuler that he would issue a second trust deed instead of
5 a first trust deed.
- 6 • **SEIBT** failed to inform Schuler that he would issue a trust deed in the amount of
7 \$434,739.06 on the .661 acres of unimproved land located at 6591 N. Nevada Hwy
8 160, Nye County, Nevada, an amount that far exceeded the fair market value of
9 the land.
- 10 • **SEIBT** failed to inform Schuler that the loan to value ratio he intended to use would
11 not fully secure Schuler investment.

12 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 13 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
14 or deceit that HSLV was a successful land development company when in fact it
15 was a "Ponzi" style investment scheme.

16 These actions by **SEIBT** constitute the crime of Securities Fraud – Victim 60 Years of Age
17 or Older, a Class B Felony in violation of NRS 90.570 and NRS 193.167(2).

18 **COUNT IX**

19 **SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER**

20 **(A Category B Felony – NRS 90.570 and NRS 193.167(2))**

21 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
22 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
23 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
24 fact or omit to state a material fact necessary in order to make the statements made not
25 misleading in the light of the circumstances under which they are made, and/or engage in an
26 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
27 person, to wit: That on or about April 16, 2008, **SEIBT** offered to sell and/or sold a note or
28 investment contract secured by first trust deed, a security pursuant to NRS 90.295, to Russell

1 Schuler, Jr. ("Schuler"), a person 60 years of age or older, for the amount of \$25,250.00, and in
2 so doing utilized one or more of the following misrepresentations, omissions, and/or acts or
3 practices which were fraudulent:

4 **UNTRUE STATEMENTS OF MATERIAL FACTS**

- 5 • **SEIBT** informed Schuler that his investment would be safe because it would be
6 fully secured by a first trust deed when in fact he intended and did in fact issue a
7 trust deed that over-leveraged the .340 acres of unimproved land located at 670 S.
8 Raindance Drive, Nye County, Nevada to the extent that Schuler's investment was
9 not fully secured.

10 **OMISSIONS OF MATERIAL FACTS**

- 11 • **SEIBT** failed to inform Schuler that he operated HSLV as a "Ponzi" style
12 investment scheme, using money he collected from investors to pay other
13 investors.
- 14 • **SEIBT** failed to inform Schuler that he intended to use the money he invested to
15 further his "Ponzi" style investment scheme.
- 16 • **SEIBT** failed to inform Schuler that the money he invested would not be deposited
17 into an escrow account until the trust deed was issued.
- 18 • **SEIBT** failed to inform Schuler of an appraisal of the fair market value of the .340
19 acres of unimproved land located at 670 S. Raindance Drive, Nye County, Nevada
20 that would be used to secure his investment.
- 21 • **SEIBT** failed to inform Schuler that he would issue a trust deed in the amount of
22 \$598,577.79 on the .340 acres of unimproved land located at 670 S. Raindance
23 Drive, Nye County, Nevada, an amount that far exceeded the fair market value of
24 the land.
- 25 • **SEIBT** failed to inform Schuler that the loan to value ratio he intended to use would
26 not fully secure Schuler investment.

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1 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 2 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
3 or deceit that HSLV was a successful land development company when in fact it
4 was a "Ponzi" style investment scheme.

5 These actions by **SEIBT** constitute the crime of Securities Fraud – Victim 60 Years of Age
6 or Older, a Class B Felony in violation of NRS 90.570 and NRS 193.167(2).

7 **COUNT X**

8 **SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER**

9 **(A Category B Felony – NRS 90.570 and NRS 193.167(2))**

10 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
11 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
12 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
13 fact or omit to state a material fact necessary in order to make the statements made not
14 misleading in the light of the circumstances under which they are made, and/or engage in an
15 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
16 person, to wit: That on or about July 16, 2008, **SEIBT**, either directly indirectly, offered to sell
17 and/or sold a subscription agreement/subordinated note, a security pursuant to NRS 90.295, to
18 Sharon Cole ("Cole"), a person 60 years of age or older, for the amount of \$20,000.00, and in so
19 doing utilized one or more of the following misrepresentations, omissions, and/or acts or
20 practices which were fraudulent:

21 **UNTRUE STATEMENTS OF MATERIAL FACTS**

- 22 • **SEIBT** informed Cole that he would use the money she invested to make material
23 improvements to **SEIBT's** Desert Retreat RV Park, specifically that he would build
24 an office and apartment on the premises. Contrary to these representations,
25 **SEIBT** used Cole's money to further his "Ponzi" style investment scheme by
26 making payments to other investors.

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1 **OMISSIONS OF MATERIAL FACTS**

- 2 • **SEIBT** failed to inform Cole that he operated HSLV as a "Ponzi" style investment
3 scheme, using money he collected from investors to pay other investors.
- 4 • **SEIBT** failed to inform Cole that he intended to use the money he invested to
5 further his "Ponzi" style investment scheme.
- 6 • **SEIBT** failed to inform Cole that at the time of her investment, **SEIBT** and his
7 business entities (HSLV, Clark and NYE COUNTY DEVELOPMENT) were at or
8 near insolvency and unable to satisfy their financial obligations, as evidenced by
9 the fact that the HSLV bank account where Cole's invested money was deposited
10 was overdrawn multiple times in the weeks prior to July 16, 2008.

11 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 12 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
13 or deceit that HSLV was a successful land development company when in fact it
14 was a "Ponzi" style investment scheme.

15 These actions by **SEIBT** constitute the crime of Securities Fraud – Victim 60 Years of Age
16 or Older, a Class B Felony in violation of NRS 90.570 and NRS 193.167(2).

17 **COUNT XI**

18 **SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER**

19 **(A Category B Felony – NRS 90.570 and NRS 193.167(2))**

20 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
21 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
22 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
23 fact or omit to state a material fact necessary in order to make the statements made not
24 misleading in the light of the circumstances under which they are made, and/or engage in an
25 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
26 person, to wit: That on or about July 16, 2008, **SEIBT**, either directly indirectly, offered to sell
27 and/or sold a subscription agreement/subordinated note, a security pursuant to NRS 90.295, to
28 Sharon Cole ("Cole"), a person 60 years of age or older, for the amount of \$30,000.00, and in so

1 doing utilized one or more of the following misrepresentations, omissions, and/or acts or
2 practices which were fraudulent:

3 **UNTRUE STATEMENTS OF MATERIAL FACTS**

- 4 • **SEIBT** informed Cole that he would use the money she invested to make material
5 improvements to **SEIBT's** Desert Retreat RV Park, specifically that he would build
6 an office and apartment on the premises. Contrary to these representations,
7 **SEIBT** used Cole's money to further his "Ponzi" style investment scheme by
8 making payments to other investors.

9 **OMISSIONS OF MATERIAL FACTS**

- 10 • **SEIBT** failed to inform Cole that he operated HSLV as a "Ponzi" style investment
11 scheme, using money he collected from investors to pay other investors.
- 12 • **SEIBT** failed to inform Cole that he intended to use the money he invested to
13 further his "Ponzi" style investment scheme.
- 14 • **SEIBT** failed to inform Cole that at the time of her investment, **SEIBT** and his
15 business entities (HSLV, Clark and NYE COUNTY DEVELOPMENT) were at or
16 near insolvency and unable to satisfy their financial obligations, as evidenced by
17 the fact that the HSLV bank account where Cole's invested money was deposited
18 was overdrawn multiple times in the weeks prior to July 16, 2008.

19 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 20 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
21 or deceit that HSLV was a successful land development company when in fact it
22 was a "Ponzi" style investment scheme.

23 These actions by **SEIBT** constitute the crime of Securities Fraud – Victim 60 Years of Age
24 or Older, a Class B Felony in violation of NRS 90.570 and NRS 193.167(2).

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COUNT XII

SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER

(A Category B Felony – NRS 90.570 and NRS 193.167(2))

That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security, employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made not misleading in the light of the circumstances under which they are made, and/or engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon a person, to wit: That on or about June 25, 2007, **SEIBT**, either directly indirectly, offered to sell and/or sold a note or investment contract secured by first trust deed, a security pursuant to NRS 90.295, to Marilyn Benoit ("Benoit") for the amount of \$30,000.00, and in so doing utilized one or more of the following misrepresentations, omissions, and/or acts or practices which were fraudulent:

UNTRUE STATEMENTS OF MATERIAL FACTS

- **SEIBT** told Benoit her investment would be safe because it would be secured by a first trust deed when in fact he did not issue or record a trust deed naming Benoit as a beneficiary.

OMISSIONS OF MATERIAL FACTS

- **SEIBT** failed to inform Benoit that he operated HSLV as a "Ponzi" style investment scheme, using money he collected from investors to pay other investors.
- **SEIBT** failed to inform Benoit that he intended to use the money he invested to further his "Ponzi" style investment scheme.
- **SEIBT** failed to inform Benoit the money he invested would not be deposited into an escrow account until the trust deed was issued.
- **SEIBT** failed to inform Benoit of an appraisal of the fair market value of the unimproved land located at 6461 N. Hwy 160, Pahrump, Nye County, Nevada that would be used to secure his investment.

1 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 2 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
- 3 or deceit that HSLV was a successful land development company when in fact it
- 4 was a "Ponzi" style investment scheme.

5 These actions by **SEIBT** constitute the crime of Securities Fraud, a Class B Felony in
 6 violation of NRS 90.570).

7 **COUNT XIII**

8 **SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER**

9 **(A Category B Felony – NRS 90.570 and NRS 193.167(2))**

10 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
 11 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
 12 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
 13 fact or omit to state a material fact necessary in order to make the statements made not
 14 misleading in the light of the circumstances under which they are made, and/or engage in an
 15 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
 16 person, to wit: That on or about March 1, 2008, **SEIBT**, either directly indirectly, offered to sell
 17 and/or sold a note or investment contract secured by first trust deed, a security pursuant to NRS
 18 90.295, to Marilyn Benoit ("Benoit"), a person 60 years of age or older, for the amount of
 19 \$154,000.05, and in so doing utilized one or more of the following misrepresentations,
 20 omissions, and/or acts or practices which were fraudulent:

21 **UNTRUE STATEMENTS OF MATERIAL FACTS**

- 22 • **SEIBT** told Benoit his investment would be safe because it would be secured by a
- 23 first trust deed when in fact he did not issue or record a trust deed on 621 S.
- 24 Rainsdance Drive, Nye County, Nevada naming Benoit as a beneficiary.

25 **OMISSIONS OF MATERIAL FACTS**

- 26 • **SEIBT** failed to inform Benoit that he operated HSLV as a "Ponzi" style investment
- 27 scheme, using money he collected from investors to pay other investors.

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- 1 • **SEIBT** failed to inform Benoit that he intended to use the money he invested to
2 further his "Ponzi" style investment scheme.
- 3 • **SEIBT** failed to inform Benoit the money he invested would not be deposited into
4 an escrow account until the trust deed was issued.
- 5 • **SEIBT** failed to inform Benoit of an appraisal of the fair market value of the
6 unimproved land located at 621 S. Raindance Drive, Nye County, Nevada that
7 would be used to secure his investment.
- 8 • **SEIBT** failed to inform Benoit that he did not intend to issue or record a trust deed
9 naming her as a beneficiary despite his assurance to her that he would do so.
- 10 • **SEIBT** failed to inform Benoit that the trust deed he intended to issue would over-
11 leverage unimproved land located at 621 S. Raindance Drive, Pahrump, Nye
12 County, Nevada to such an extent that the trust deed would not fully secure
13 Lauria's investment.

14 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 15 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
16 or deceit that HSLV was a successful land development company when in fact it
17 was a "Ponzi" style investment scheme.

18 These actions by **SEIBT** constitute the crime of Securities Fraud – Victim 60 Years of Age
19 or Older, a Class B Felony in violation of NRS 90.570 and NRS 193.167(2).

20 **COUNT XIV**

21 **SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER**

22 **(A Category B Felony – NRS 90.570 and NRS 193.167(2))**

23 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
24 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
25 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
26 fact or omit to state a material fact necessary in order to make the statements made not
27 misleading in the light of the circumstances under which they are made, and/or engage in an
28 act, practice, or course of business which operates or would operate as a fraud or deceit upon a

1 person, to wit: That on or about June 20, 2008, **SEIBT**, either directly indirectly, offered to sell
2 and/or sold a subscription agreement/subordinated note, a security pursuant to NRS 90.295, to
3 Marilyn Benoit ("Benoit"), a person 60 years of age or older, for the amount of \$20,000.00, and
4 in so doing utilized one or more of the following misrepresentations, omissions, and/or acts or
5 practices which were fraudulent:

6 **OMISSIONS OF MATERIAL FACTS**

- 7 • **SEIBT** failed to inform Benoit that he operated HSLV as a "Ponzi" style investment
8 scheme, using money he collected from investors to pay other investors.
- 9 • **SEIBT** failed to inform Benoit that he intended to use the money he invested to
10 further his "Ponzi" style investment scheme.
- 11 • **SEIBT** failed to inform Benoit that at the time of her investment HSLV was
12 insolvent or nearly so and unable to meet its financial obligations, including
13 payment of principal and interest due under the terms of the subscription
14 agreement, as evidenced by the fact that in the weeks prior and leading up to June
15 20, 2008, the HSLV bank account into which Benoit's investment was deposited
16 was overdrawn several times and was overdrawn almost \$34,000.00 just prior to
17 the deposit of Benoit's money.

18 **FRAUDULENT SCHEME, ARTIFICE, OR ACTS**

- 19 • **SEIBT** maintained the artifice that HSLV was a successful land development
20 company when in fact it was a "Ponzi" style investment scheme.

21 These actions by **SEIBT** constitute the crime of Securities Fraud – Victim 60 Years of Age
22 or Older, a Class B Felony in violation of NRS 90.570 and NRS 193.167(2).

23 **COUNT XV**

24 **SECURITIES FRAUD**

25 **(A Category B Felony – NRS 90.570)**

26 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
27 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
28 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material

1 fact or omit to state a material fact necessary in order to make the statements made not
2 misleading in the light of the circumstances under which they are made, and/or engage in an
3 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
4 person, to wit: That on or about May 22, 2007, **SEIBT**, either directly indirectly, offered to sell
5 and/or sold a subscription agreement/subordinated note, a security pursuant to NRS 90.295, to
6 Kenneth M. Dombrowski ("Dombrowski") for the amount of \$30,000.00, and in so doing utilized
7 one or more of the following misrepresentations, omissions, and/or acts or practices which were
8 fraudulent:

9 **OMISSIONS OF MATERIAL FACTS**

- 10 • **SEIBT** failed to inform Dombrowski that he operated HSLV as a "Ponzi" style
11 investment scheme, using money he collected from investors to pay other
12 investors.
- 13 • **SEIBT** failed to inform Dombrowski that he intended to use the money he invested
14 to further his "Ponzi" style investment scheme.

15 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 16 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
17 or deceit that HSLV was a successful land development company when in fact it
18 was a "Ponzi" style investment scheme.

19 These actions by **SEIBT** constitute the crime of Securities Fraud, a Class B Felony in
20 violation of NRS 90.570.

21 **COUNT XVI**

22 **SECURITIES FRAUD**

23 **(A Category B Felony – NRS 90.570)**

24 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
25 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
26 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
27 fact or omit to state a material fact necessary in order to make the statements made not
28 misleading in the light of the circumstances under which they are made, and/or engage in an

1 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
2 person, to wit: That on or about August 22, 2008, **SEIBT**, either directly indirectly, offered to sell
3 and/or sold a subscription agreement/subordinated note, a security pursuant to NRS 90.295, to
4 Kenneth M. Dombrowski ("Dombrowski") for the amount of \$10,000.00, and in so doing utilized
5 one or more of the following misrepresentations, omissions, and/or acts or practices which were
6 fraudulent:

7 **UNTRUE STATEMENTS OF MATERIAL FACTS**

- 8 • On or about August 22, 2008, **SEIBT** provided Dombrowski with a written
9 Subscription Agreement that states "On September 22, 2008, the total investment
10 (principal and interest) of \$10,400.00 will be repaid in a lump sum payment."
11 Contrary to this representation, **SEIBT** knew that he had neither the intent nor the
12 resources to make the payment to Dombrowski. In fact, he had either retained or
13 was on the verge of retaining a lawyer to file bankruptcy on behalf of HSLV, Clark
14 & Nye County Development, and **SEIBT** personally which, if successful, would
15 have had the effect of discharging all or part of the obligation to Dombrowski.

16 **OMISSIONS OF MATERIAL FACTS**

- 17 • **SEIBT** failed to inform Dombrowski that he operated HSLV as a "Ponzi" style
18 investment scheme; using money he collected from investors to pay other
19 investors.
- 20 • **SEIBT** failed to inform Dombrowski that he intended to use the money he invested
21 to further his "Ponzi" style investment scheme.
- 22 • **SEIBT** failed to inform Dombrowski that he had retained or was on the verge of
23 retaining a bankruptcy lawyer to file bankruptcy on behalf of HSLV, Clark and Nye
24 County Development, and **SEIBT** personally which, if successful, would discharge
25 all or part of the debt obligation under the subscription agreement.

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1 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 2 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
- 3 or deceit that HSLV was a successful land development company when in fact it
- 4 was a "Ponzi" style investment scheme.

5 These actions by **SEIBT** constitute the crime of Securities Fraud, a Class B Felony in
 6 violation of NRS 90.570.

7 **COUNT XVII**

8 **SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER**

9 **(A Category B Felony – NRS 90.570 and NRS 193.167(2))**

10 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
 11 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
 12 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
 13 fact or omit to state a material fact necessary in order to make the statements made not
 14 misleading in the light of the circumstances under which they are made, and/or engage in an
 15 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
 16 person, to wit: That on or about August 25, 2008, **SEIBT**, either directly indirectly, offered to sell
 17 and/or sold a subscription agreement/subordinated note, a security pursuant to NRS 90.295, to
 18 Ronald L. Bryant ("Bryant"), a person 60 years of age or older, for the amount of \$10,000.00,
 19 and in so doing utilized one or more of the following misrepresentations, omissions, and/or acts
 20 or practices which were fraudulent:

21 **UNTRUE STATEMENTS OF MATERIAL FACTS**

- 22 • On or about August 22, 2008, **SEIBT** provided Bryant with a written Subscription
- 23 Agreement that states that HSLV would repay principal of \$10,000.00 and interest
- 24 at the rate of 16% per annum (monthly payments of \$133.33) within 12 months.
- 25 Contrary to this representation, **SEIBT** knew that he had neither the intent nor the
- 26 resources to make the payment to Bryant. In fact, he had either retained or was
- 27 on the verge of retaining a lawyer to file bankruptcy on behalf of HSLV, Clark &

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1 Nye County Development, and **SEIBT** personally which, if successful, would have
2 had the effect of discharging all or part of the obligation to Bryant.

3 **OMISSIONS OF MATERIAL FACTS**

- 4 • **SEIBT** failed to inform Bryant that he operated HSLV as a "Ponzi" style investment
5 scheme, using money he collected from investors to pay other investors.
- 6 • **SEIBT** failed to inform Bryant that he intended to use the money he invested to
7 further his "Ponzi" style investment scheme.
- 8 • **SEIBT** failed to inform Bryant that he had retained or was on the verge of retaining
9 a bankruptcy lawyer to file bankruptcy on behalf of HSLV, Clark and Nye County
10 Development, and **SEIBT** personally which, if successful, would discharge all or
11 part of the debt obligation under the subscription agreement.

12 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 13 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
14 or deceit that HSLV was a successful land development company when in fact it
15 was a "Ponzi" style investment scheme.

16 These actions by **SEIBT** constitute the crime of Securities Fraud – Victim 60 Years of Age
17 or Older, a Class B Felony in violation of NRS 90.570 and NRS 193.167(2).

18 **COUNT XVIII**

19 **SECURITIES FRAUD**

20 **(A Category B Felony – NRS 90.570)**

21 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
22 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
23 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
24 fact or omit to state a material fact necessary in order to make the statements made not
25 misleading in the light of the circumstances under which they are made, and/or engage in an
26 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
27 person, to wit: That on or about June 4, 2007, **SEIBT**, either directly indirectly, offered to sell
28 and/or sold a note or investment contract secured by first trust deed, a security pursuant to NRS

1 90.295, to Kenneth C. Lauria ("Lauria") for the amount of \$50,000.00, and in so doing utilized
2 one or more of the following misrepresentations, omissions, and/or acts or practices which were
3 fraudulent:

4 **UNTRUE STATEMENTS OF MATERIAL FACTS**

- 5 • SEIBT told Lauria his investment would be safe because it would be secured by a
6 first trust deed when in fact he intended and did in fact issue a trust deed for an
7 amount in excess of the fair market value of the unimproved land.

8 **OMISSIONS OF MATERIAL FACTS**

- 9 • SEIBT failed to inform Lauria that he operated HSLV as a "Ponzi" style investment
10 scheme, using money he collected from investors to pay other investors.
- 11 • SEIBT failed to inform Lauria that he intended to use the money he invested to
12 further his "Ponzi" style investment scheme.
- 13 • SEIBT failed to inform Lauria the money he invested would not be deposited into
14 an escrow account until the trust deed was issued.
- 15 • SEIBT failed to inform Lauria of an appraisal of the fair market value of the
16 unimproved land located at 6451 N. Hwy 160, Pahrump, Nye County, Nevada that
17 would be used to secure his investment.
- 18 • SEIBT failed to inform Lauria that the trust deed he intended to issue would over-
19 leverage unimproved land located at 6451 N. Hwy 160, Pahrump, Nye County,
20 Nevada to such an extent that the trust deed would not fully secure Lauria's
21 investment.

22 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 23 • SEIBT engaged in acts, practices, and/or course of business maintaining the fraud
24 or deceit that HSLV was a successful land development company when in fact it
25 was a "Ponzi" style investment scheme.

26 These actions by SEIBT constitute the crime of Securities Fraud, a Class B Felony in
27 violation of NRS 90.570).

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COUNT XIX

SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER

(A Category B Felony – NRS 90.570 and NRS 193.167(2))

That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security, employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made not misleading in the light of the circumstances under which they are made, and/or engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon a person, to wit: That on or about July 15, 2008, **SEIBT**, either directly indirectly, offered to sell and/or sold a note or investment contract secured by first trust deed, a security pursuant to NRS 90.295, to Kenneth C. Lauria ("Lauria"), a person 60 years of age or older, for the amount of \$50,000.00, and in so doing utilized one or more of the following misrepresentations, omissions, and/or acts or practices which were fraudulent:

UNTRUE STATEMENTS OF MATERIAL FACTS

- **SEIBT** told Lauria his investment would be safe because it would be secured by a first trust deed when in fact he intended and did in fact issue a trust deed for an amount in excess of the fair market value of the unimproved land.

OMISSIONS OF MATERIAL FACTS

- **SEIBT** failed to inform Lauria that he operated HSLV as a "Ponzi" style investment scheme, using money he collected from investors to pay other investors.
- **SEIBT** failed to inform Lauria that he intended to use the money he invested to further his "Ponzi" style investment scheme.
- **SEIBT** failed to inform Lauria the money he invested would not be deposited into an escrow account until the trust deed was issued.

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- 1 • **SEIBT** failed to inform Lauria of an appraisal of the fair market value of the
2 unimproved land located at 6451 N. Hwy 160, Pahrump, Nye County, Nevada that
3 would be used to secure his investment.
- 4 • **SEIBT** failed to inform Lauria that the trust deed he intended to issue would over-
5 leverage unimproved land located at 6451 N. Hwy 160, Pahrump, Nye County,
6 Nevada to such an extent that the trust deed would not fully secure Lauria's
7 investment.

8 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 9 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
10 or deceit that HSLV was a successful land development company when in fact it
11 was a "Ponzi" style investment scheme.

12 These actions by **SEIBT** constitute the crime of Securities Fraud – Victim 60 Years of Age
13 or Older, a Class B Felony in violation of NRS 90.570 and NRS 193.167(2).

14 **COUNT XX**

15 **SECURITIES FRAUD**

16 **(A Category B Felony – NRS 90.570)**

17 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
18 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
19 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
20 fact or omit to state a material fact necessary in order to make the statements made not
21 misleading in the light of the circumstances under which they are made, and/or engage in an
22 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
23 person, to wit: That on or about July 10, 2007, **SEIBT**, either directly indirectly, offered to sell
24 and/or sold a note or investment contract secured by first trust deed, a security pursuant to NRS
25 90.295, to Kenneth C. Lauria ("Lauria") for the amount of \$67,970.00, and in so doing utilized
26 one or more of the following misrepresentations, omissions, and/or acts or practices which were
27 fraudulent:

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1 **UNTRUE STATEMENTS OF MATERIAL FACTS**

- 2 • **SEIBT** told Lauria his investment would be safe because it would be secured by a
3 first trust deed when in fact he intended and did in fact issue a trust deed for an
4 amount in excess of the fair market value of the unimproved land.

5 **OMISSIONS OF MATERIAL FACTS**

- 6 • **SEIBT** failed to inform Lauria that he operated HSLV as a "Ponzi" style investment
7 scheme, using money he collected from investors to pay other investors.
8 • **SEIBT** failed to inform Lauria that he intended to use the money he invested to
9 further his "Ponzi" style investment scheme.
10 • **SEIBT** failed to inform Lauria the money he invested would not be deposited into
11 an escrow account until the trust deed was issued.
12 • **SEIBT** failed to inform Lauria of an appraisal of the fair market value of the
13 unimproved land located at 690 S. Raindance Drive, Pahrump, Nye County,
14 Nevada that would be used to secure his investment.
15 • **SEIBT** failed to inform Lauria that the trust deed he intended to issue would over-
16 leverage unimproved land located at 690 S. Raindance Drive, Pahrump, Nye
17 County, Nevada to such an extent that the trust deed would not fully secure
18 Lauria's investment.

19 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 20 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
21 or deceit that HSLV was a successful land development company when in fact it
22 was a "Ponzi" style investment scheme.

23 These actions by **SEIBT** constitute the crime of Securities Fraud, a Class B Felony in
24 violation of NRS 90.570.

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COUNT XXI

SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER

(A Category B Felony – NRS 90.570 and NRS 193.167(2))

That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security, employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made not misleading in the light of the circumstances under which they are made, and/or engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon a person, to wit: That on or about July 15, 2008, **SEIBT**, either directly indirectly, offered to sell and/or sold a note or investment contract secured by first trust deed, a security pursuant to NRS 90.295, to Kenneth C. Lauria ("Lauria"), a person 60 years of age or older, for the amount of \$67,970.00, and in so doing utilized one or more of the following misrepresentations, omissions, and/or acts or practices which were fraudulent:

UNTRUE STATEMENTS OF MATERIAL FACTS

- **SEIBT** told Lauria his investment would be safe because it would be secured by a first trust deed when in fact he intended and did in fact issue a trust deed for an amount in excess of the fair market value of the unimproved land.

OMISSIONS OF MATERIAL FACTS

- **SEIBT** failed to inform Lauria that he operated HSLV as a "Ponzi" style investment scheme, using money he collected from investors to pay other investors.
- **SEIBT** failed to inform Lauria that he intended to use the money he invested to further his "Ponzi" style investment scheme.
- **SEIBT** failed to inform Lauria the money he invested would not be deposited into an escrow account until the trust deed was issued.
- **SEIBT** failed to inform Lauria of an appraisal of the fair market value of the unimproved land located at 690 S. Raindance Drive, Pahrump, Nye County, Nevada that would be used to secure his investment.

- 1 • **SEIBT** failed to inform Lauria that he intended to use the money he invested to
- 2 further his "Ponzi" style investment scheme.
- 3 • **SEIBT** failed to inform Lauria the money he invested would not be deposited into
- 4 an escrow account until the trust deed was issued.
- 5 • **SEIBT** failed to inform Lauria of an appraisal of the fair market value of the 38.43
- 6 acres of unimproved land located at 851 E. Sisson Road, Nye County, Nevada that
- 7 would be used to secure his investment.
- 8 • **SEIBT** failed to inform Lauria that the Joint Venture would own the unimproved
- 9 land subject to an existing trust deed in the amount of \$275,375.00 naming the
- 10 previous owners of the land as beneficiaries.

11 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 12 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
- 13 or deceit that HSLV was a successful land development company when in fact it
- 14 was a "Ponzi" style investment scheme.

15 These actions by **SEIBT** constitute the crime of Securities Fraud, a Class B Felony in

16 violation of NRS 90.570.

17 **COUNT XXIII**

18 **SECURITIES FRAUD**

19 **(A Category B Felony – NRS 90.570)**

20 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and

21 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,

22 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material

23 fact or omit to state a material fact necessary in order to make the statements made not

24 misleading in the light of the circumstances under which they are made, and/or engage in an

25 act, practice, or course of business which operates or would operate as a fraud or deceit upon a

26 person, to wit: That on or about August 20, 2007, **SEIBT**, either directly indirectly, offered to sell

27 and/or sold an investment contract to purchase an undivided interest in a joint venture to acquire

28 and hold, a security pursuant to NRS 90.295, to Kenneth C. Lauria ("Lauria") for the amount of

1 \$175,000.00, and in so doing utilized one or more of the following misrepresentations,
2 omissions, and/or acts or practices which were fraudulent:

3 **OMISSIONS OF MATERIAL FACTS**

- 4 • **SEIBT** failed to inform Lauria that he operated HSLV as a "Ponzi" style investment
5 scheme, using money he collected from investors to pay other investors.
- 6 • **SEIBT** failed to inform Lauria that he intended to use the money he invested to
7 further his "Ponzi" style investment scheme.
- 8 • **SEIBT** failed to inform Lauria the money he invested would not be deposited into
9 an escrow account until the trust deed was issued.
- 10 • **SEIBT** failed to inform Lauria of an appraisal of the fair market value of the 38.43
11 acres of unimproved land located at 8131 N. Linda Street, Nye County, Nevada
12 that would be used to secure his investment.
- 13 • **SEIBT** failed to inform Lauria that the Joint Venture would own the unimproved
14 land subject to an existing trust deed in the amount of \$1,382,517.94.

15 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 16 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
17 or deceit that HSLV was a successful land development company when in fact it
18 was a "Ponzi" style investment scheme.

19 These actions by **SEIBT** constitute the crime of Securities Fraud, a Class B Felony in
20 violation of NRS 90.570.

21 **COUNT XXIV**

22 **SECURITIES FRAUD - VICTIM 60 YEARS OF AGE OR OLDER**

23 **(A Category B Felony – NRS 90.570 and NRS 193.167(2))**

24 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
25 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
26 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
27 fact or omit to state a material fact necessary in order to make the statements made not
28 misleading in the light of the circumstances under which they are made, and/or engage in an

1 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
2 person, to wit: That on or about April 22, 2008, **SEIBT**, either directly indirectly, offered to sell
3 and/or sold a note or investment contract secured by first trust deed, a security pursuant to NRS
4 90.295, to Kenneth C. Lauria ("Lauria"), a person 60 years of age or older, for the amount of
5 \$100,000.00, and in so doing utilized one or more of the following misrepresentations,
6 omissions, and/or acts or practices which were fraudulent:

7
8 **UNTRUE STATEMENTS OF MATERIAL FACTS**

- 9 • **SEIBT** told Lauria his investment would be safe because it would be secured by a
10 first trust deed when in fact he intended and did in fact issue a trust deed for an
11 amount in excess of the fair market value of the unimproved land.

12 **OMISSIONS OF MATERIAL FACTS**

- 13 • **SEIBT** failed to inform Lauria that he operated HSLV as a "Ponzi" style investment
14 scheme, using money he collected from investors to pay other investors.
- 15 • **SEIBT** failed to inform Lauria that he intended to use the money he invested to
16 further his "Ponzi" style investment scheme.
- 17 • **SEIBT** failed to inform Lauria the money he invested would not be deposited into
18 an escrow account until the trust deed was issued.
- 19 • **SEIBT** failed to inform Lauria of an appraisal of the fair market value of the
20 unimproved land located at 6361 N. Hwy 160, Nye County, Nevada that would be
21 used to secure his investment.
- 22 • **SEIBT** failed to inform Lauria that the trust deed he intended to issue would over-
23 leverage unimproved land located at 6361 N. Hwy, Nye County, Nevada to such an
24 extent that the trust deed would not fully secure Lauria's investment.

25 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

- 26 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
27 or deceit that HSLV was a successful land development company when in fact it
28 was a "Ponzi" style investment scheme.

1
2 These actions by **SEIBT** constitute the crime of Securities Fraud – Victim 60 Years of Age
3 or Older, a Class B Felony in violation of NRS 90.570 and NRS 193.167(2).

4 **COUNT XXV**

5 **SECURITIES FRAUD**

6 **(A Category B Felony – NRS 90.570)**

7 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
8 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
9 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
10 fact or omit to state a material fact necessary in order to make the statements made not
11 misleading in the light of the circumstances under which they are made, and/or engage in an
12 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
13 person, to wit: That on or about April 13, 2007, **SEIBT**, either directly indirectly, offered to sell
14 and/or sold a note or investment contract secured by first trust deed, a security pursuant to NRS
15 90.295, to Dennis London ("London") for the amount of \$15,000.00, and in so doing utilized one
16 or more of the following misrepresentations, omissions, and/or acts or practices which were
17 fraudulent:

18 **UNTRUE STATEMENTS OF MATERIAL FACTS**

- 19 • **SEIBT** told London his investment would be safe because it would be secured by a
20 first trust deed when in fact he intended and did in fact issue a trust deed for an
21 amount in excess of the fair market value of the unimproved land.

22 **OMISSIONS OF MATERIAL FACTS**

- 23 • **SEIBT** failed to inform London that he operated HSLV as a "Ponzi" style
24 investment scheme, using money he collected from investors to pay other
25 investors.
26 • **SEIBT** failed to inform London that he intended to use the money he invested to
27 further his "Ponzi" style investment scheme.

28 ///

1 • **SEIBT** failed to inform London the money he invested would not be deposited into
2 an escrow account until the trust deed was issued.

3 • **SEIBT** failed to inform London of an appraisal of the fair market value of the
4 unimproved land located at 700 S. Raindance Drive, Nye County, Nevada that
5 would be used to secure his investment.

6 **FRAUDULENT ACTS, PRACTICES, OR COURSE OF BUSINESS**

7 • **SEIBT** engaged in acts, practices, and/or course of business maintaining the fraud
8 or deceit that HSLV was a successful land development company when in fact it
9 was a "Ponzi" style investment scheme.

10 These actions by **SEIBT** constitute the crime of Securities Fraud, a Class B Felony in
11 violation of NRS 90.570.

12 **COUNT XXVI**

13 **SECURITIES FRAUD**

14 **(A Category B Felony – NRS 90.570)**

15 That Defendant, **SEIBT**, in the County of Clark, State of Nevada, did feloniously and
16 unlawfully, in connection with the offer to sell, sale, offer to purchase or purchase of a security,
17 employ any device, scheme or artifice to defraud, and/or make an untrue statement of a material
18 fact or omit to state a material fact necessary in order to make the statements made not
19 misleading in the light of the circumstances under which they are made, and/or engage in an
20 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
21 person, to wit: That on or about August 10, 2007, **SEIBT**, either directly indirectly, offered to sell
22 and/or sold a note or investment contract secured by first trust deed, a security pursuant to NRS
23 90.295, to Dennis London ("London") for the amount of \$15,000.00, and in so doing utilized one
24 or more of the following misrepresentations, omissions, and/or acts or practices which were
25 fraudulent:

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1 misleading in the light of the circumstances under which they are made, and/or engage in an
2 act, practice, or course of business which operates or would operate as a fraud or deceit upon a
3 person, to wit: That on or about November 20, 2007, **SEIBT**, either directly indirectly, offered to
4 sell and/or sold a note or investment contract secured by first trust deed, a security pursuant to
5 NRS 90.295, to Dennis London ("London") for the amount of \$20,000.00, and in so doing utilized
6 one or more of the following misrepresentations, omissions, and/or acts or practices which were
7 fraudulent:

8 **UNTRUE STATEMENTS OF MATERIAL FACTS**

- 9 • **SEIBT** told London his investment would be safe because it would be secured by a
10 first trust deed when in fact he intended and did in fact issue a trust deed for an
11 amount in excess of the fair market value of the unimproved land.

12 **OMISSIONS OF MATERIAL FACTS**

- 13 • **SEIBT** failed to inform London that he operated HSLV as a "Ponzi" style
14 investment scheme, using money he collected from investors to pay other
15 investors.
- 16 • **SEIBT** failed to inform London that he intended to use the money he invested to
17 further his "Ponzi" style investment scheme.
- 18 • **SEIBT** failed to inform London the money he invested would not be deposited into
19 an escrow account until the trust deed was issued.
- 20 • **SEIBT** failed to inform London of an appraisal of the fair market value of the
21 unimproved land located at 6511 N. Hwy 160, Nye County, Nevada that would be
22 used to secure his investment.

23 **FRAUDULENT SCHEME, ARTIFICE, OR ACTS**

- 24 • **SEIBT** maintained the artifice that HSLV was a successful land development
25 company when in fact it was a "Ponzi" style investment scheme.

26 ///

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1 These actions by SEIBT constitute the crime of Securities Fraud, a Class B Felony in
2 violation of NRS 90.570.

3 All of which is contrary to the form, force and effect of the statutes in such cases made and
4 provided, and against the peace and dignity of the State of Nevada. Furthermore, Complainant
5 makes this declaration upon information and belief and subject to the penalty of perjury.

6 DATED this 1st day of November, 2011.

7 Submitted by:

8 CATHERINE CORTEZ MASTO
9 Attorney General

10 By:



11 JEFFREY SEGAL

12 Deputy Attorney General

13 ADRIANA ESCOBAR

14 Deputy Attorney General

15 Fraud Unit

16 Attorneys for Plaintiff, The State of Nevada

17 ENDORSEMENT: A True Bill



18 FOREPERSON, Clark County Grand Jury
19 11AGJ030X

1 Name of Witnesses testifying before the Grand Jury:

2 1. JANET BRINKLEY
3 2279 Sandstone Cliffs
Las Vegas, NV 89044

4 2. CESAR DELUZURIAGA
5 5343 Progresso Street
Las Vegas, NV 89135

6 3. DONALD WORPELL
7 5825 Knight Avenue
Las Vegas, NV 89107

8 4. RUSSELL SCHULER, JR.
9 2985 Doty
Logandale, NV 89021

10 5. SHARON COLE
11 3801 Robar Street
Las Vegas, NV 89121

12 6. MARILYN BENOIT
13 3461 Point Willow Lane
Las Vegas, NV 89120

14 7. JOHN ARANA, Investigator
15 Office of the Secretary of State
155 E. Washington Ave., Ste. 5200
16 Las Vegas, NV 89101

17 8. JULIEANN DUDENSKI
17 Nye County Assessor's Office
160 N. Floyd Drive
18 Pahrump, NV 89060

19 9. DENNIS LONDON
20 301 W. Leslie Street
Pahrump, NV 89060

21 10. KENNETH LAURIA
22 563 Moon Chase Street
Las Vegas, NV 89110

23 11. WAYNE KLEIN (Expert)
24 299 S. Main, Suite 1300
Salt Lake City, UT 84111

25 12. MARIANN KACZMEREZWK
26 1428 E. Norman Avenue
Las Vegas, NV 89104

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8 2235 Marlboro Drive
9 Henderson, NV 89014

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