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STATE OF MINNESOTA
COUNTY OF HENNEPIN

HENN. CO. DISTRICT
COURT ADMINISTRATOR

DISTRICT COURT
FOURTH JUDICIAL DISTRICT

COURT FILE NO.
PROSECUTOR CASE NO. 14A25005
SILS ID. 765138
SILS TRACKING. 2739518
CONTROLLING AGENCY. MN062095Y
CONTROL NO. 13000985

State of Minnesota,

Plaintiff,

v.

CRIMINAL COMPLAINT

JEFFREY ALAN PETERSEN (DOB: 01/14/1958)
6213 Hillside Road

Summons Warrant
 Order of Detention

Edina, MN 55436,

Defendant.

Amended
 Tab Charge Previously Filed

The Complainant, being duly sworn, makes complaint to the above-named Court and states that there is probable cause to believe that Defendant committed the following offense(s):

Count I

Charge: **Theft-by Swindle**

Minnesota Statute: **609.52.2(4)**, with reference to: 609.52.3(1)

Offense Level: **Felony**

Maximum Sentence: **20 YEARS AND/OR \$100,000**

Offense Date (on or about): **12/22/2010**

Charge Description: That on or about December 22, 2010, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN obtained property or services from S.O. by swindling him using artifice, trick, device, or other means, and the property or services had a value in excess of Thirty-Five Thousand Dollars (\$35,000.00).

Count II

Charge: **Theft-by Swindle**

Minnesota Statute: **609.52.2(4)**, with reference to: 609.52.3(1)

Offense Level: **Felony**

Maximum Sentence: **20 YEARS AND/OR \$100,000**

Offense Date (on or about): **03/01/2011**

Charge Description: That on or about March 1, 2011, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN obtained property or services from J.S. by swindling him using

artifice, trick, device, or other means, and the property or services had a value in excess of Thirty-Five Thousand Dollars (\$35,000.00).

Count III

Charge: Theft-by Swindle

Minnesota Statute: **609.52.2(4)**, with reference to: 609.52.3(1)

Offense Level: **Felony**

Maximum Sentence: **20 YEARS AND/OR \$100,000**

Offense Date (on or about): **05/06/2011**

Charge Description: That on or about May 6, 2011, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN obtained property or services from R.A. by swindling him using artifice, trick, device, or other means, and the property or services had a value in excess of Thirty-Five Thousand Dollars (\$35,000.00).

Count IV

Charge: Theft-by Swindle

Minnesota Statute: **609.52.2(4)**, with reference to: 609.52.3(1)

Offense Level: **Felony**

Maximum Sentence: **20 YEARS AND/OR \$100,000**

Offense Date (on or about): **08/23/2011**

Charge Description: That on or about August 23, 2011, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN obtained property or services from M.B. by swindling him using artifice, trick, device, or other means, and the property or services had a value in excess of Thirty-Five Thousand Dollars (\$35,000.00).

Count V

Charge: Theft-by Swindle

Minnesota Statute: **609.52.2(4)**, with reference to: 609.52.3(5), 609.52.3(1)

Offense Level: **Felony**

Maximum Sentence: **20 YEARS AND/OR \$100,000**

Offense Date (on or about): **11/29/2011**

Charge Description: That on or about November 29, 2011, through March 2, 2012, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN obtained property or services from J.C., P.G., and D.S. by swindling them using artifice, trick, device, or other means, and the property or services had an aggregate value in excess of Thirty-Five Thousand Dollars (\$35,000.00).

Count VI

Charge: Theft-by Swindle

Minnesota Statute: **609.52.2(4)**, with reference to: 609.52.3(5), 609.52.3(1)

Offense Level: **Felony**

Maximum Sentence: **20 YEARS AND/OR \$100,000**

Offense Date (on or about): **03/30/2012**

Charge Description: That on or about March 30, 2012, through September 9, 2012, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN obtained property or services from D.S., S.P., R.A., and J.S. by swindling them using artifice, trick, device, or other means, and the property or services had an aggregate value in excess of Thirty-Five Thousand Dollars (\$35,000.00).

Count VII

Charge: Theft-By Swindle

Minnesota Statute: **609.52.2(a)(4)**, with reference to: 609.52.3(2)

Offense Level: **Felony**

Maximum Sentence: **10 YEARS AND/OR \$20,000**

Offense Date (on or about): **01/18/2013**

Charge Description: That on or about January 18, 2013, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN obtained property or services from R.R. by swindling him using artifice, trick, device, or other means, and the property or services had a value in excess of Five Thousand Dollars (\$5,000.00).

Count VIII

Charge: Theft-By Swindle

Minnesota Statute: **609.52.2(a)(4)**, with reference to: 609.52.3(3)(a)

Offense Level: **Felony**

Maximum Sentence: **5 YEARS AND/OR \$10,000**

Offense Date (on or about): **02/22/2013**

Charge Description: That on or about February 22, 2013, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN obtained property or services from T.W. by swindling him using artifice, trick, device, or other means, and the property or services had a value of more than One Thousand Dollars (\$1,000.00) but not more than Five Thousand Dollars (\$5,000.00).

Count IX

Charge: Theft-By Swindle

Minnesota Statute: **609.52.2(a)(4)**, with reference to: 609.52.3(2)

Offense Level: **Felony**

Maximum Sentence: **10 YEARS AND/OR \$20,000**

Offense Date (on or about): **03/25/2013**

Charge Description: That on or about March 25, 2013, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN obtained property or services from K.W. by swindling him using artifice, trick, device, or other means, and the property or services had a value in excess of Five Thousand Dollars (\$5,000.00).

Count X

Charge: Theft-By Swindle

Minnesota Statute: **609.52.2(a)(4)**, with reference to: 609.52.3(2)

Offense Level: **Felony**

Maximum Sentence: **10 YEARS AND/OR \$20,000**

Offense Date (on or about): **08/22/2013**

Charge Description: That on or about August 22, 2013, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN obtained property or services from R.P. by swindling him using artifice, trick, device, or other means, and the property or services had a value in excess of Five Thousand Dollars (\$5,000.00).

Count XI

Charge: Securities - Sale or Purchase - Employ Device, Scheme or Artifice to Defraud

Minnesota Statute: 80A.68.(1)

Offense Level: Felony

Maximum Sentence: 0-5 years and/or \$10,000

Offense Date (on or about): 11/29/2011

Charge Description: That on or about November 29, 2011, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN, in connection with the offer, sale, or purchase of a security, directly or indirectly, employed a device, scheme, or artifice to defraud J.C.

Count XII

Charge: Securities - Sale or Purchase - Employ Device, Scheme or Artifice to Defraud

Minnesota Statute: 80A.68.(1)

Offense Level: Felony

Maximum Sentence: 0-5 years and/or \$10,000

Offense Date (on or about): 01/18/2012

Charge Description: That on or about January 18, 2012, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN, in connection with the offer, sale, or purchase of a security, directly or indirectly, employed a device, scheme, or artifice to defraud P.G.

Count XIII

Charge: Securities - Sale or Purchase - Employ Device, Scheme or Artifice to Defraud

Minnesota Statute: 80A.68.(1)

Offense Level: Felony

Maximum Sentence: 5 years and/or \$10,000

Offense Date (on or about): 03/02/2012

Charge Description: That on or about March 2, 2012, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN, in connection with the offer, sale, or purchase of a security, directly or indirectly, employed a device, scheme, or artifice to defraud D.S.

Count XIV

Charge: Securities - Sale or Purchase - Employ Device, Scheme or Artifice to Defraud

Minnesota Statute: 80A.68.(1)

Offense Level: Felony

Maximum Sentence: 5 years and/or \$10,000

Offense Date (on or about): 03/30/2012

Charge Description: That on or about March 30, 2012, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN, in connection with the offer, sale, or purchase of a security, directly or indirectly, employed a device, scheme, or artifice to defraud D.S.

Count XV

Charge: Securities - Sale or Purchase - Employ Device, Scheme or Artifice to Defraud

Minnesota Statute: 80A.68.(1)

Offense Level: Felony

Maximum Sentence: 5 years and/or \$10,000

Offense Date (on or about): 06/07/2012

Charge Description: That on or about June 7, 2012, in Hennepin County, Minnesota, JEFFREY

ALAN PETERSEN, in connection with the offer, sale, or purchase of a security, directly or indirectly, employed a device, scheme, or artifice to defraud S.P.

Count XVI

Charge: Securities - Sale or Purchase - Employ Device, Scheme or Artifice to Defraud
Minnesota Statute: 80A.68.(1)

Offense Level: **Felony**

Maximum Sentence: **5 years and/or \$10,000**

Offense Date (on or about): **06/25/2012**

Charge Description: That on or about June 25, 2012, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN, in connection with the offer, sale, or purchase of a security, directly or indirectly, employed a device, scheme, or artifice to defraud S.P.

Count XVII

Charge: Securities - Sale or Purchase - Employ Device, Scheme or Artifice to Defraud
Minnesota Statute: 80A.68.(1)

Offense Level: **Felony**

Maximum Sentence: **5 years and/or \$10,000**

Offense Date (on or about): **07/24/2012**

Charge Description: That on or about July 24, 2012, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN, in connection with the offer, sale, or purchase of a security, directly or indirectly, employed a device, scheme, or artifice to defraud R.A.

Count XVIII

Charge: Securities - Sale or Purchase - Employ Device, Scheme or Artifice to Defraud
Minnesota Statute: 80A.68.(1)

Offense Level: **Felony**

Maximum Sentence: **5 years and/or \$10,000**

Offense Date (on or about): **09/09/2012**

Charge Description: That on or about September 9, 2012, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN, in connection with the offer, sale, or purchase of a security, directly or indirectly, employed a device, scheme, or artifice to defraud J.S.

Count XIX

Charge: Securities - Sale or Purchase - Employ Device, Scheme or Artifice to Defraud
Minnesota Statute: 80A.68.(1)

Offense Level: **Felony**

Maximum Sentence: **5 years and/or \$10,000**

Offense Date (on or about): **01/18/2013**

Charge Description: That on or about January 18, 2013, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN, in connection with the offer, sale, or purchase of a security, directly or indirectly, employed a device, scheme, or artifice to defraud R.R.

Count XX

Charge: Securities - Sale or Purchase - Employ Device, Scheme or Artifice to Defraud
Minnesota Statute: 80A.68.(1)

Offense Level: Felony

Maximum Sentence: 5 years and/or \$10,000

Offense Date (on or about): 02/22/2013

Charge Description: That on or about February 22, 2013, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN, in connection with the offer, sale, or purchase of a security, directly or indirectly, employed a device, scheme, or artifice to defraud T.W.

Count XXI

Charge: Securities - Sale or Purchase - Employ Device, Scheme or Artifice to Defraud

Minnesota Statute: 80A.68.(1)

Offense Level: Felony

Maximum Sentence: 5 years and/or \$10,000

Offense Date (on or about): 03/25/2013

Charge Description: That on or about March 25, 2013, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN, in connection with the offer, sale, or purchase of a security, directly or indirectly, employed a device, scheme, or artifice to defraud K.W.

Count XXII

Charge: Securities - Sale or Purchase - Employ Device, Scheme or Artifice to Defraud

Minnesota Statute: 80A.68.(1)

Offense Level: Felony

Maximum Sentence: 5 years and/or \$10,000

Offense Date (on or about): 08/22/2013

Charge Description: That on or about August 22, 2013, in Hennepin County, Minnesota, JEFFREY ALAN PETERSEN, in connection with the offer, sale, or purchase of a security, directly or indirectly, employed a device, scheme, or artifice to defraud R.P.

STATEMENT OF PROBABLE CAUSE

The Complainant states that the following facts establish probable cause:

Your complainant, Steve Kritzeck, is a Special Agent in the Fraud Bureau of the Minnesota Department of Commerce, and in that capacity has investigated the facts and circumstances of this case, in cooperation with other investigators. I believe that the following facts establish probable cause to believe that Defendant herein, JEFFREY ALAN PETERSEN, has committed the offenses charged below.

In August of 2013, the Civil Securities Section of the Minnesota Department of Commerce notified me of suspected criminal activity by Defendant. The Section explained that this suspicion arose as a result of its investigation of complaints filed against Defendant by persons who had entrusted their funds to him so that he could invest them. Department records indicate that Defendant lives and conducts business in Edina, Hennepin County, Minnesota. Department records also indicate that his license to transact securities in Minnesota was previously revoked in connection with two previous orders that he cease and desist engaging in unlawful securities transaction activity.

I proceeded to interview Defendant's clients. They told me that Defendant had made numerous misrepresentations in order to induce them to invest significant sums of money with him. These misrepresentations included (1) that he had a long history of successful options trading, (2) that he had developed a trading strategy through which he would engage only in very low risk trades where he was virtually certain of success, (3) that he would ensure the clients online access to their accounts at all times, and (4) that the client's funds would be used for investing purposes, with Defendant receiving as payment for his personal use a portion of only the profits. In fact, records show that Defendant had no history of trading success, instead losing substantial amounts of his own money and his clients' money through highly risky trading activity. Indeed, throughout the course of my investigation I was unable to identify any client for whom Defendant made money. Defendant also failed to disclose to his clients that, although he actively solicited clients, engaged in securities trades on their behalves, provided investment advice, and demanded compensation from them, his securities license had been revoked and that he was subject to two cease and desist orders that he not engage in this conduct.

Each client told me that he provided funds to Defendant as a result of these misrepresentations and omissions. Defendant placed each client's funds into an account at an online stock options trading platform named Options House. Defendant was the named holder of these accounts, controlled access to the accounts, conducted nearly all trading activity in the accounts, regularly withdrew funds from these accounts for his personal use, and lost the bulk of the clients' remaining funds through trading activity. Specifically:

R.V. (\$60,000, 2008; \$20,000 AUGUST 11, 2009)

R.V. told me that his father invested \$60,000 with Defendant shortly before dying in October 2008. R.V. provided \$20,000 to Defendant on August 11, 2009 to be invested in options trading. R.V. explained that his father's trading agreement with Defendant promised a \$1000 per week return. He told me that he did not know of Defendant's revoked securities license and, had he

known, he would not have provided funds to Defendant. He also asserted that he did not give Defendant permission to use the funds for personal benefit.

Defendant did not pay the promised returns, nor did he return R.V.'s money when asked to do so. Records from Options House and Defendant's bank accounts show that, of R.V.'s \$20,000 investment, Defendant diverted \$17,638.74 for his personal use and lost \$1111.26 through trading activity.

S.O. (\$50,000, DECEMBER 22, 2010)

S.O. told me that he first became aware of Defendant due to a Craigslist advertisement placed by Defendant. He explained that they entered into a private trading agreement under which Defendant would invest S.O.'s funds through an account in Defendant's name at Options House. S.O. said that he then provided Defendant \$50,000 to invest pursuant to this agreement on December 22, 2010. S.O. told me that Defendant did not disclose his revoked securities license and that S.O. never gave him permission to use any of the funds for personal expenses.

S.O. said that within three months of their agreement, Defendant notified him that trading losses had consumed \$40,000 of S.O.'s investment. Records from Options House and Defendant's bank accounts show that, of S.O.'s \$50,000 investment, Defendant diverted \$24,960 for his personal use and lost \$11,672 through trading activity.

J.S. (\$50,000, MARCH 1, 2011; \$10,000 SEPTEMBER 9, 2012)

J.S. told me that he met Defendant after responding to a Craigslist advertisement placed by Defendant. J.S. explained that he signed a trading agreement with Defendant, under which Defendant would invest J.S.'s funds. J.S. said that he then provided Defendant \$50,000 to invest pursuant to this agreement on March 1, 2011, and an additional \$10,000 on September 9, 2012. D.S. told me that Defendant invested these funds through an account at Options House. J.S. said that he did not know of Defendant's revoked securities license and, had he known, he would not have provided funds to Defendant. He also asserted that he did not give Defendant permission to use the funds for personal benefit.

J.S. explained that Defendant reported quickly losing these funds. Records from Options House and Defendant's bank accounts show that Defendant took \$11,886.30 from the account for his personal benefit and lost \$43,113.70 through trading activity.

R.A. (\$50,000, MAY 6, 2011; \$5,000, JULY 24, 2012)

R.A. told me that he met Defendant after responding to a Craigslist advertisement placed by Defendant. R.A. told me that Defendant claimed to have been trading successfully for the past ten years and that he showed R.A. an electronic document purporting to show such a history of successful trades. R.A. explained that they entered into a private trading agreement under which Defendant would invest R.A.'s funds through an account in Defendant's name at Options House. R.A. said that he then provided Defendant \$50,000 to invest pursuant to this agreement.

R.A. explained that shortly thereafter Defendant notified him that nearly all of the funds had been lost through trading activity. Records from Options House and Defendant's bank accounts confirm that Defendant lost \$46,049.62 of these funds through trading activity.

R.A. told me that Defendant contacted R.A. again in July 2012, stating that he was again very successful in his options trading due to new advice from an advisor named "Roger" and requesting that R.A. invest another \$5000 with him. R.A. said that he did so on July 24, but that Defendant soon claimed to have lost these funds through trading as well.

R.A. explained that Defendant later attempted to persuade him to sign a document characterizing the investments as a private loan, but he refused. He told me that he did not know of Defendant's revoked securities license and, had he known, he would not have provided funds to Defendant. He also asserted that he did not give Defendant permission to use the funds for personal benefit.

M.B. (\$50,000, AUGUST 23, 2011)

M.B. told me that he met Defendant due to a Craigslist advertisement placed by Defendant. He said that Defendant claimed to be highly skilled in options trading and to have a long history of success. Based on these representations, M.B. entered into a trading agreement with Defendant, pursuant to which he provided Defendant \$50,000. M.B. explained that Defendant did not mention his revoked securities license and that if Defendant had done so, M.B. would not have invested with him. M.B. said that he never gave permission for Defendant to use his funds for personal benefit.

M.B. explained that by the end of 2011 Defendant told him that trading losses had consumed all remaining funds. Records from Options House and Defendant's bank accounts show that Defendant diverted \$7253 for his personal use and lost \$40,999 through trading activity.

J.C. (\$25,000, NOVEMBER 29, 2011)

J.C. told me that he first met Defendant after responding to a Craigslist advertisement placed by Defendant. He said that Defendant claimed to be an expert trader with a long history of success and that Defendant showed him records purporting to be from an Options House trading account showing extreme trading success. Based on these representations, J.C. entered into a trading agreement with Defendant, pursuant to which he provided Defendant \$25,000. J.C. explained that Defendant did not mention his revoked securities license and that if Defendant had done so, J.C. would not have invested with him. J.C. told me that he never gave Defendant permission to use these funds for personal expenses.

J.C. explained that shortly thereafter Defendant reported losing nearly all of J.C.'s investment through trading activity. J.C. said that he also frequently found himself unable to log into the account via the internet and that he believes Defendant was intentionally denying him access by changing the account password in order to conceal certain account activity from J.C. Records from Options House and Defendant's bank accounts show that Defendant diverted \$85 for his personal use and lost \$22,915 through trading activity.

P.G. (\$25,000, JANUARY 18, 2012)

P.G. told me that he first became aware of Defendant due to a Craigslist advertisement placed by Defendant. He said that Defendant claimed to be a highly successful and experienced options trader. He explained that he entered into a trading agreement with Defendant, and, under this agreement, he provided Defendant \$25,000 to invest on his behalf. P.G. told me that he did not

know of Defendant's revoked securities license and, had he known, he would not have provided funds to Defendant. He also asserted that he did not give Defendant permission to use the funds for personal benefit.

P.G. explained that the money was lost very quickly. Records from Options House and Defendant's bank accounts show that Defendant lost \$16,100 of these funds through trading activity.

D.S. (\$10,000, MARCH 2, 2012; \$5,000, MARCH 30, 2012)

D.S. told me that he first met Defendant after responding to a Craigslist advertisement placed by Defendant. D.S. told me that Defendant claimed to be an expert trader with a long history of success and that he showed D.S. an electronic document purporting to show such a history of extremely successful trades, with Defendant purportedly earning \$125,000 in a very short amount of time. D.S. explained that, based on these representations, he invested a total of \$15,000 with Defendant: \$10,000 on March 2, 2012, and \$5,000 on March 30, 2012. D.S. told me that Defendant invested these funds through an account at Options House.

D.S. explained that shortly thereafter he became aware that Defendant was withdrawing funds from the account. He said that although Defendant provided him online login credentials for the account, these credentials frequently did not work. He told me that he suspects Defendant of changing the account access password to conceal certain account activity from him. D.S. said that at some point he demanded Defendant return his second investment, which Defendant did. Records from Options House and Defendant's bank accounts show that Defendant took \$11,780 from the account for his personal benefit.

D.S. explained that Defendant later attempted to persuade him to sign a document backdated to the time of his investments, characterizing the investments as a private loan, but he refused. He told me that he did not know of Defendant's revoked securities license and, had he known, he would not have provided funds to Defendant. He also asserted that he did not give Defendant permission to use the funds for personal benefit.

S.P. (\$10,000, JUNE 7, 2012; \$10,000, JUNE 25, 2012)

S.P. told me that Defendant claimed to be making a significant amount of money trading through Options House. S.P. invested \$10,000 with Defendant on June 7, 2012, and another \$10,000 on June 25, 2012. According to S.P., Defendant promised to guarantee S.P.'s principal against trading losses. He also stated that he never gave Defendant permission to use the funds for personal benefit. However, records from Options House and Defendant's bank accounts show that Defendant diverted \$5,360 for his personal use and lost \$10,890 through trading activity. Defendant never repaid S.P. his lost principal.

R.R. (\$10,000, JANUARY 18, 2013)

R.R. told me that Defendant had claimed to be an expert options trader and to have ended his work as a financial planner to pursue his highly successful options trading career. R.R. explained that they entered into a private trading agreement under which Defendant would invest R.R.'s funds through an account at Options House. R.R. said that he then provided Defendant \$10,000 on January 18, 2013, to invest pursuant to this agreement. He told me that he did not know of

Defendant's revoked securities license and, had he known, he would not have provided funds to Defendant. He also asserted that he did not give Defendant permission to use the funds for personal benefit.

R.R. explained that within two months the account was depleted, with Defendant admitting to using a portion to pay a personal credit card bill and losing the remainder through trading activity. Records from Options House and Defendant's bank accounts show that Defendant commingled the funds from R.R. with those of another investor, T.W., that he then used \$4,061.50 of those commingled funds for his own personal benefit, and that he lost the remainder through trading activity.

T.W. (\$5,000, FEBRUARY 22, 2013)

T.W. told me that he invested \$5000 with Defendant through R.R. on February 22, 2013, based on representations Defendant made to R.R.. Specifically, T.W. said that he learned from R.R. how successful Defendant claimed to be, including Defendant's presentation of a spreadsheet showing years of successful trading activity. T.W. said that he never authorized Defendant to use his funds for personal benefit. He also explained that he was unaware of Defendant's revoked securities license, and that if he had been aware, he would not have provided funds to Defendant.

K.W. (\$10,000, MARCH 25, 2013)

K.W. told me that he first became aware of Defendant due to a Craigslist advertisement placed by Defendant. He said that he spoke to Defendant on the phone in March 2013, and that Defendant claimed to have made \$48,000 through trading activity since the beginning of the year. K.W. told me that he then met Defendant at Defendant's house in Edina, where Defendant showed him a spreadsheet purporting to present Defendant's trading activity in an Options House trading account, which trading activity appeared very successful. According to K.W., Defendant promised that, if K.W. would invest with him, K.W. would realize minimum returns of \$150,000 per year. K.W. told me that he agreed to invest \$10,000 with Defendant as a result of these representations. According to K.W., Defendant promised to use this money to establish an Options House account and that he would provide K.W. the login credentials for the account. K.W. said that Defendant never mentioned Defendant's revoked securities license and that K.W. never agreed to allow Defendant to use the funds for personal benefit.

However, K.W. told me that after providing the funds to Defendant on March 25, 2013, he learned that Defendant had provided him with incorrect login credentials for the account, such that he could not access the account himself. He said that then within three weeks, Defendant notified him that trading losses had consumed the majority of his investment. K.W. said that when he questioned Defendant's trading practices, Defendant attempted to persuade him to sign a document characterizing the investment as an unsecured personal loan. Option House records show that Defendant diverted \$1838.54 of the funds for Defendant's personal use and lost the rest through trading activity.

R.P (\$12,500, AUGUST 22, 2013)

R.P told me that he first met Defendant after responding to a Craigslist advertisement placed by Defendant. He said that he then went to Defendant's residence, where Defendant showed him a spreadsheet purporting to present Defendant's trading activity, which appeared very successful.

He told me that Defendant promised a 20-25% return on any investment that R.P. would make and that Defendant claimed to make \$3000 per day through trading activity. R.P. also said Defendant claimed to have \$60,000 in savings to cover any losses that R.P. might incur. R.P. explained that, based on these representations, he provided Defendant \$12,500. He told me that these funds were an investment, not a loan to Defendant, and that Defendant was to manage all trading activity conducted with the funds.

R.P. explained that Defendant later reported losing all the money. Option House and bank records show that Defendant diverted \$7057 of these funds for his own use and lost \$4843 through trading activity.

UNDERCOVER INVESTIGATION

On September 9, R.C., Special Agent with the Department, responded to a Craigslist advertisement placed by Defendant, posing as a potential investor. Defendant replied that the business in question was a successful stock options trading venture, a business he had been engaged in for over ten years. Defendant also stated that an annual income of \$100,000 would be very achievable. In a subsequent email he stated that, although for most investors, options trading is "gambling," for "professional traders . . . it is a science." He promised that he could "stack the odds strongly in you[r] favor of achieving consistent success." He claimed that he "only enter[s] option trades that [he . . . is] extremely confident . . . will be profitable." Later he wrote, "There's no gambling allowed with my system."

On October 2, 2013, R.C. met Defendant at Defendant's house. Defendant repeated the same set of misrepresentations and omissions described by the clients that I had interviewed. Defendant claimed that he was making over \$20,000 per month from options trading and that R.C. would also make \$5000 per month in profits by investing \$20,000 with Defendant. Defendant explained that he would trade the funds through an account under his control at Options House, and he showed R.C. a spreadsheet on his computer purporting to show a history of uniformly successful trading. Defendant presented R.C. a private trading agreement, under which funds provided by R.C. would be placed in an Options House account, with Defendant "doing the options trading in this account." He also explained that he only would place trades when "100% certain" of their success. Ultimately, Defendant accepted a check from R.C. for \$25,000 to invest pursuant to this trading agreement.

CONFESSION

On October 4, 2013, authorities arrested Defendant. While in custody, he asked to speak with me. I informed him of his constitutional rights under *Miranda v. Arizona*, 384 U.S. 436 (1966) and recorded the interview as required by *State of Minnesota v. Scales*, 518 N.W.2d 587 (Minn. 1994). I spoke with Defendant. He admitted that although he had been engaging in options trading for approximately ten years, his record was generally very poor. In addition to losing the funds invested by his clients, he had lost over \$300,000 that he had inherited. He also admitted that he had used his clients' money to pay for his own personal expenses, including payments on his mortgage and his credit card bills.

TOTAL THEFT AMOUNTS

The total funds taken by Defendant in this manner from various clients from 2008 through


March 25, 2013, equal \$417,500. Defendant took \$50,000 on December 22, 2010; \$50,000 on March 1, 2011; \$50,000 on May 6, 2011; \$50,000 on August 23, 2011; \$60,000 from November 29, 2011, through March 2, 2012; and \$40,000 from March 30 through September 9, 2012. He also took \$10,000 on January 18, 2013; \$5,000 on February 22, 2013; \$10,000 on March 25, 2013; and \$12,500 on August 22, 2013.

Complainant requests that Defendant, subject to bail or conditions of release, be:
(1) arrested or that other lawful steps be taken to obtain Defendant's appearance in court; or
(2) detained, if already in custody, pending further proceedings; and that said Defendant
otherwise be dealt with according to law.

COMPLAINANT'S NAME:

COMPLAINANT'S SIGNATURE:

Steve Kritzeck



Subscribed and sworn to before the undersigned this 18 day of November, 2014

NAME/TITLE:

SIGNATURE:




JILL JAUMAN
Notary Public - Minnesota
My Commission Expires 01/31/2017



Being authorized to prosecute the offenses charged, I approve this complaint.

Date: _____

PROSECUTING ATTORNEY'S SIGNATURE:

 11/13/2014

Name: Benedict J. Schweigert
Assistant County Attorney
C2000 Government Center
300 South Sixth Street
Minneapolis, MN 55487
348-4662
Attorney Registration # 391907

FINDING OF PROBABLE CAUSE

From the above sworn facts, and any supporting affidavits or supplemental sworn testimony, I, the Issuing Officer, have determined that probable cause exists to support, subject to bail or conditions of release where applicable, Defendant's arrest or other lawful steps be taken to obtain Defendant's appearance in court, or Defendant's detention, if already in custody, pending further proceedings. Defendant is therefore charged with the above-stated offense.

SUMMONS

THEREFORE YOU, THE ABOVE-NAMED DEFENDANT, ARE HEREBY SUMMONED to appear on the ___ day of _____, 20__ at _____ a.m./p.m. before the above-named court at _____ to answer this complaint.

IF YOU FAIL TO APPEAR in response to this SUMMONS, a WARRANT FOR YOUR ARREST shall be issued.

WARRANT

To the Sheriff of the above-named county; or other person authorized to execute this warrant: I hereby order, in the name of the State of Minnesota, that the above-named Defendant be apprehended and arrested without delay and brought promptly before the above-named court (if in session), and if not, before a Judge or Judicial Officer of such court without unnecessary delay, and in any event not later than 36 hours after the arrest or as soon as such Judge or Judicial Officer is available to be dealt with according to law.

Execute in MN Only *Execute Nationwide* *Execute in Border States*

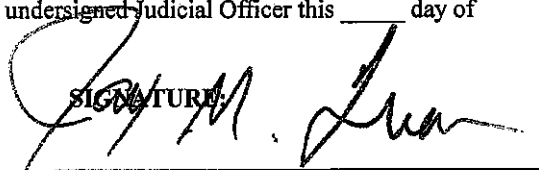
ORDER OF DETENTION

Since the above-named Defendant is already in custody, I hereby order, subject to bail or conditions of release, that the above-named Defendant continue to be detained pending further proceedings.

Bail: \$
Conditions of Release:

This complaint, duly subscribed and sworn to, is issued by the undersigned Judicial Officer this ___ day of _____, 20__.

JUDICIAL OFFICER:
NAME:
TITLE:

SIGNATURE


Sworn testimony has been given before the Judicial Officer by the following witnesses:

<p>COUNTY OF HENNEPIN STATE OF MINNESOTA</p> <p>STATE OF MINNESOTA</p> <p>Plaintiff,</p> <p>vs.</p> <p>Jeffrey Alan Petersen,</p> <p>Defendant</p>	<p>Clerk's Signature or File Stamp:</p> <p>RETURN OF SERVICE</p> <p>I hereby Certify and Return that I have served a copy of this COMPLAINT upon Defendant herein named.</p> <p>Signature of Authorized Service Agent:</p>
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