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STATE AUDITORS OFFICE

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Attorneys for the State

**MONTANA EIGHTH JUDICIAL DISTRICT COURT
CASCADE COUNTY**

STATE OF MONTANA,

Plaintiff,

v.

KENNETH JAMES HATZENBELLER,

Defendant.

Cause No. **DDC - 16 - 319**
INFORMATION

Jesse Laslovich and Barbara C. Harris, Special Assistant Montana Attorneys General and Special Deputy County Attorneys for Cascade County, Montana, allege that the Defendant, KENNETH JAMES HATZENBELLER, committed the following offenses in Cascade County, Montana:

COUNT I: FAILURE TO REGISTER AS A SECURITIES BROKER-DEALER OR SALESPERSON, common scheme, a felony, as specified in Mont. Code Ann. §§ 30-10-201, 30-10-306, 45-2-101(8): On or about and between October 1, 2013, and October 31, 2015, the Defendant willfully transacted business in Montana as a securities broker-dealer or salesperson without having registered as a securities broker-dealer or salesperson with the Montana State Auditor, Commissioner of

1 Securities and Insurance (CSI) as required by Mont. Code Ann. § 30-10-201. The
2 Defendant committed a series of acts or omissions motivated by a common purpose or
3 plan that resulted in the repeated commission of the same offense.

4 A person convicted of this offense shall be imprisoned for not more than ten years,
5 fined not more than \$5,000, or both such imprisonment and fine.

6 **COUNT II: FAILURE TO REGISTER SECURITIES**, common scheme, a
7 felony, as specified in Mont. Code Ann. §§ 30-10-202, 30-10-306, 45-2-101(8): On or
8 about and between October 1, 2013, and October 31, 2015, the Defendant willfully
9 offered or sold securities without having registered the securities with the Montana
10 State Auditor, Commissioner of Securities and Insurance (CSI) as required by Mont.
11 Code Ann. § 30-10-202. Defendant committed a series of acts or omissions motivated
12 by a common purpose or plan that resulted in the repeated commission of the same
13 offense.

14 A person convicted of this offense shall be imprisoned for not more than ten years,
15 fined not more than \$5,000, or both such imprisonment and fine.

16 **COUNT III: FRAUDULENT SECURITIES PRACTICES**, a felony, as
17 specified in Mont. Code Ann. §§ 30-10-301(1)(b), 30-10-306: On or about and between
18 February 19, 2015, and October 31, 2015, Defendant willfully committed fraudulent
19 securities practices by making untrue statements of material fact or omitting a material
20 fact to persons who gave him money in exchange for a security, to-wit: Defendant failed
21 to notify J.H.1 and/or J.H.2 of information, such as would be found in a prospectus,
22 relating to the financial circumstances of the Shoot the Moon endeavors.

23 J.H.1 and J.H.2 are "vulnerable persons" pursuant to Mont. Code Ann. § 30-10-
24 306, because they are over 60 years of age.

25 A person convicted of this offense shall be imprisoned for not more than twenty

1 years, fined not more than \$20,000, or both such imprisonment and fine.

2 **COUNT IV: FRAUDULENT SECURITIES PRACTICES**, a felony, as
3 specified in Mont. Code Ann. §§ 30-10-301(1)(b), 30-10-306: On or about and between
4 February 19, 2015, and October 31, 2015, Defendant willfully committed fraudulent
5 securities practices by making untrue statements of material fact or omitting a material
6 fact to a person who gave him money in exchange for a security, to-wit: Defendant failed
7 to notify R.G. of information, such as would be found in a prospectus, relating to the
8 financial circumstances of the Shoot the Moon endeavors.

9 R.G. is a "vulnerable person" pursuant to Mont. Code Ann. § 30-10-306, because
10 he is over 60 years of age.

11 A person convicted of this offense shall be imprisoned for not more than twenty
12 years, fined not more than \$20,000, or both such imprisonment and fine.

13 **COUNT V: FRAUDULENT SECURITIES PRACTICES**, common scheme,
14 a felony, as specified in Mont. Code Ann. §§ 30-10-301(1)(b), 30-10-306, 45-2-101(8):
15 On or about and between October 1, 2013, and October 31, 2015, Defendant willfully
16 committed fraudulent securities practices by making untrue statements of material fact or
17 omitting a material fact to persons who gave him money in exchange for a security, to-
18 wit: Defendant failed to notify up to thirteen individuals (D.A., L.A., D.C., M.D., J.G.,
19 L.H., T.H., A.H., T.S., K.S., P.W., J.H.1, and J.H.2) of information, such as would be
20 found in a prospectus, relating to the financial circumstances of the Shoot the Moon
21 endeavors.

22 The Defendant committed a series of acts or omissions motivated by a common
23 purpose or plan that resulted in the repeated commission of the same offense. He
24 gathered funds totaling over \$3,400,000 from 13 individuals on over 25 dates. He
25 failed to repay over \$2,398,000.

1 A person convicted of this offense shall be imprisoned for not more than ten
2 years, fined not more than \$5,000, or both such imprisonment and fine.

3 **TOTAL POSSIBLE PENALTIES:** Imprisonment of 60 years
4 Fines of \$45,000
5 Both such imprisonment and fines

6 A list of the possible witnesses now known to the prosecution is as follows:

- 7 Stephanie Aaronson;
- 8 David Anderson, Great Falls, MT;
- 9 Lonnie Anderson, Great Falls, MT;
- 10 Melanie Blake;
- 11 John Bloemendaal, Great Falls, MT;
- 12 Dennis Conner, Great Falls, MT;
- 13 Gary Deschenes, Great Falls, MT;
- 14 Michael Dube, Great Falls, MT;
- 15 Lynne Egan, Helena, MT;
- 16 John Goodnow, Great Falls, MT;
- 17 Robert Goodnow, Great Falls, MT;
- 18 Jan Hall, Great Falls, MT;
- 19 Jerry Hall, Great Falls, MT;
- 20 Carey Hatzenbeller;
- 21 Julie Hatzenbeller, Great Falls, MT;
- 22 Lance Hatzenbeller, Great Falls, MT;
- 23 Lois Hatzenbeller, Atlanta, GA;
- 24 Mitch Hatzenbeller, Great Falls, MT;
- 25 Ted Hatzenbeller, Aberdeen, SD;

- 1 Vickie Hatzenbeller, Great Falls, MT;
- 2 Armond Hill, Atlanta, GA;
- 3 Jeff Hultgren, Billings, MT;
- 4 Neil Jensen, Great Falls, MT;
- 5 Sarah Miller;
- 6 Jeffrey Mora, Great Falls, MT;
- 7 Mark Murray, Helena, MT;
- 8 Andy Patten;
- 9 Jim Purdy, Great Falls, MT;
- 10 Representative from Prairie Mountain Bank, Great Falls, MT;
- 11 Daniel Shannon;
- 12 Mark Sherman, Great Falls, MT;
- 13 Tom Sidor, Great Falls, MT;
- 14 Karen Sidor, Great Falls, MT;
- 15 Robert Swanson;
- 16 Gregory Tierney, Great Falls, MT;
- 17 Peter Willson, Sterling, VA;
- 18 And Joan Yatsko, Stockett, MT.

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20 DATED this 20th day of June, 2016.

JESSE LASLOVICH
BARBARA C. HARRIS
Special Assistant Montana Attorneys General
Special Deputy Cascade County Attorneys

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By: 