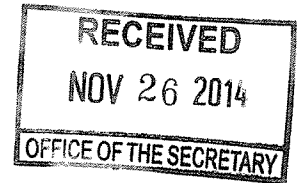


HARD COPY

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-16167



In the Matter of

RANDAL KENT HANSEN

Respondent.

MOTION FOR SUMMARY
DISPOSITION PURSUANT TO
RULE 250 OF THE COMMISSION
RULES OF PRACTICE

The Division of Enforcement hereby files its Motion for Summary Disposition against Respondent Randal Kent Hansen.

I. PRELIMINARY STATEMENT

Pursuant to the Exchange Act and the Advisors Act, the Division seeks permanent collateral bars against Hansen based on his federal criminal conviction for mail and wire fraud. At the time of his misconduct, Hansen was acting as an unregistered broker-dealer, was acting as an unregistered investment adviser, and was an associated person of an investment adviser. Each of the facts necessary for such bars is readily established without a hearing. Similarly, the facts underlying Hansen's criminal conviction establish that sanctions are warranted under the *Steadman* factors and in light of the need for deterrence. Because all the necessary facts can be established without a hearing, summary disposition is appropriate.

II. FACTS

On September 29, 2014, the Commission issued an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940 and Notice of Hearing ("OIP").

A. Hansen's Conviction

As alleged in the OIP, on January 22, 2014, Hansen was convicted of mail and wire fraud in *United States v. Randal Kent Hansen*, Case No. 4:13CR40053-1, before the United States District Court for the District of South Dakota. OIP § II.2; *see also* Minute Entry, attached as Ex. 1. On May 19, 2014 and June 10, 2014, Judgment and Amended Judgment in the criminal case was entered against Hansen. OIP § II.2; *see also* Judgments, attached as Ex. 2. As set forth in those Judgments, Hansen was convicted of twenty-one counts of mail fraud in violation of Title 18 United States Code, Section 1341, four counts of wire fraud in violation of Title 18 United States Code, Section 1343, and one count of conspiracy to commit wire fraud and mail fraud in violation of Title 18 United States Code, Section 1349. *Id.* Hansen was sentenced to a prison term of 108 months followed by three years of supervised release and ordered to make restitution in the amount of \$17,514,258.89. *Id.*

B. Hansen's Ponzi Scheme

The counts of the indictment under which Hansen was convicted alleged, *inter alia*, that from March 2006 to May 2011 Hansen was operating the RAHFCO Hedge Funds (“RAHFCO Funds”) as a Ponzi scheme. OIP § II.3; *see also* Indictment, attached as Ex. 3. Hansen solicited old and new investors for new money to be invested in the RAHFCO Funds, which Hansen falsely represented would be invested according to the investment strategy. Ex. 3 at ¶ 10. Instead of investing the funds as he had represented, Hansen used some of the funds collected to pay existing RAHFCO investors who requested withdrawals. *Id.*

C. Hansen's Offering Fraud

Using the RAHFCO Funds, Hansen engaged in a scheme to defraud investors and obtain money by means of materially false and fraudulent pretenses, representations, and promises, and used the United States Postal Service and other interstate carriers and made interstate wire

communications in furtherance of the scheme. *Id.* Hansen made false and fraudulent representations to individuals to convince them to purchase securities of the RAHFCO Funds.

Ex. 3 at ¶¶ 4 – 6, 8.

D. Hansen's Unjust Enrichment

Hansen misappropriated funds received from investors. Ex. 3 at ¶ 8. In addition, Hansen used the proceeds from his illicit scheme to enrich himself and his co-conspirators. Ex. 3 at ¶ 2.

E. Hansen's Actions as an Unregistered Broker-Dealer and Investment Advisor

While committing his criminal offenses, Hansen acted as an unregistered broker-dealer by raising money and soliciting investors to purchase securities in the form of the limited partnership interests in the RAHFCO Funds. *See* Ex. 3 at ¶ 4. He participated in the offering at key points, received and handled investor funds, and held himself out as the intermediary between investors and the funds. *See Id.* He regularly participated in securities transactions by raising money for the RAHFCO Funds through solicitation of investors. *Id.*

In addition, while committing his criminal offenses, Hansen acted as an investment adviser in connection with his management of the RAHFCO Funds. Hansen controlled all of the RAHFCO Funds' operations and activities. *See* Ex. 3.

III. ARGUMENT

A. Summary Disposition is Appropriate.

Rule 250(b) of the Commission's Rules of Practice provides for motions for summary disposition. The hearing officer may grant the motion for summary disposition if there is no genuine issue with regard to any material fact and the party making the motion is entitled to a summary disposition as a matter of law. The Commission has regularly upheld use of summary disposition in cases where a respondent has been enjoined or convicted and the sole determination concerns the appropriate sanction. *See Jeffrey L. Gibson*, Rel. No. 34-57266,

2008 WL 294717 at * 5 (Feb. 4, 2008) (collecting cases), petition for review denied, 561 F. 3d 548 (6th Cir. 2009).

This case is appropriate for summary disposition. As discussed below, the predicate facts for the requested bars can be established through Hansen's Indictment and Criminal Judgments. The hearing officer can take official notice of these records pursuant to Rule 323 of the Commission's Rules of Practice [17 C.F.R. § 201.323]. In addition, since this proceeding is based on Hansen's criminal conviction, considering the records of that conviction is appropriate under the circumstances. *See Joseph Contorinis*, Rel. No. 34-72031, 2014 WL 1665995, at *2 & n.5 (Apr. 25, 2014) (citing *Eric S. Butler*, Rel. No. 34-64204, 2011 WL 3792730, at *1 n.2 (Aug. 26, 2011)).

B. The Statutory Bases for the Requested Bars Are Established.

Exchange Act Section 15(b)(6)(A)(ii) authorizes the Commission to bar a person from being associated with a broker or dealer if such sanctions are in the public interest, the person has been convicted of an offense which involves a violation of 18 U.S.C. § 1343, and the criminal offense occurred while the person was associated or seeking to become associated with a broker or dealer. The predicate facts are established for a broker dealer bar: his indictment and the judgments against him establish that Hansen acted as an unregistered broker-dealer by raising money and soliciting investors to purchase securities in the form of the limited partnership interests in the RAHFCO Funds and by participating in the offering at key points and receiving and handling investor funds. *See Ex. 3.*

Similarly, Advisers Act Section 203(f) authorizes the Commission to bar a person from being associated with an investment adviser if such sanctions are in the public interest, the person has been convicted of an offense which involves a violation of 18 U.S.C. § 1343, and the criminal offense occurred while the person was associated or seeking to become associated with

an investment adviser. The predicate facts are also established for an investment adviser bar by his indictment and judgments against him: Hansen acted as an investment adviser in connection with his management of the RAHFCO Funds by controlling all of the funds' operations and activities. *See* Ex. 3.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), enacted on July 21, 2010, added collateral bar sanctions to Exchange Act Section 15(b) and Adviser Act Section 203(f). Collateral bars under the Dodd-Frank Act are appropriate given that some of Hansen's criminal conduct occurred after July 21, 2010. In any event, the Commission has stated that collateral bars under the Dodd-Frank Act are not impermissibly retroactive when addressing pre-Dodd-Frank conduct since they are prospective remedies "whose purpose is to protect the investing public from future harm." *John W Lawton*, Rel. No. 3513, 2012 WL 6208750 at *7 (Dec. 13, 2012). Accordingly, a collateral bar against Hansen is appropriate.

C. The Requested Sanctions Are in the Public Interest.

The Commission considers the following factors when determining whether sanctions are in the public interest: the egregiousness of the respondent's actions; the isolated or recurrent nature of the infraction; the degree of scienter involved; the sincerity of the respondent's assurances against future violations; the respondent's recognition of the wrongful nature of his or her conduct; and the likelihood that the respondent's occupation will present opportunities for future violations (the *Steadman* factors). *See Vladimir Boris Bugarski*, Rel. No. 34-66842, 2012 WL 1377357 at * 4 & n. 18 (Apr. 20, 2012) (citing *Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979), *affd* on other grounds, 450 U.S. 91 (1981)). The Commission also considers the extent to which the sanction will have a deterrent effect. *See Shield Management Company*, Rel. No. 34-53201, 2006 WL 231642 at * 8 & n.46 (Jan. 31, 2006). Consideration of the *Steadman* factors demonstrates that Hansen's conduct warrants a severe sanction. The Commission has

stated that “conduct that violates the antifraud provisions of the federal securities laws is especially serious and subject to the severest of sanctions.” *Chris G. Gunderson*, Release No. 34-61234, 2009 WL 4981617 at * 5 (Dec. 23, 2009) (internal citation omitted). Moreover, considerations of both specific and general deterrence support the imposition of permanent bars.

1. Hansen’s violations are egregious.

Hansen was convicted of twenty-six counts of mail and wire fraud for stealing over \$17 million of investors’ funds in a Ponzi scheme. *See* Exs. 2, 3. Hansen’s fraudulent scheme was egregious: it violated bedrock antifraud principles that apply throughout the securities industry, including the ““philosophy of full disclosure” of accurate and non-misleading information to investors; the obligation to deal fairly with investors; and the prohibition on self-dealing.” *See Ross Mandell*, Rel. No. 34-71668, 2014 WL 907416 at * 4 (March 7, 2014) (internal citations omitted); Ex. 3. In addition, Hansen was convicted of scienter-based conduct that violated antifraud prohibitions that apply to all securities professionals. *Id.* Accordingly, Hansen’s conduct was egregious.

2. Hansen’s violations were recurrent.

Hansen conducted his violative scheme for over five years, resulting in over \$17 million in investor losses. Exs. 2, 3. His conviction for twenty-six separate counts related to his scheme demonstrates that his violations were not isolated. *See* Ex. 2.

3. Hansen’s conduct showed a high degree of scienter.

Hansen’s violations were knowing and intentional. Ex. 3 at ¶ 1. Intentional conduct demonstrates a high degree of scienter. *See, e.g., Toby G. Scammell*, Rel. No. 3961, 2014 WL 5493265 at *6 (March 17, 2014).

4. Hansen’s failure to recognize the wrongful nature of his conduct.

Hansen has not provided any assurance against future violations or indication that he has

recognized the wrongful nature of his conduct. In fact, Hansen's Answer shows that, despite his criminal conviction, he fails to accept any responsibility for investor losses or his part in them.

Answer at ¶¶ 2 – 4.

5. The likelihood that Hansen will engage in future violations is high.

In his Answer, Hansen attempts to blame others for his fraudulent conduct and claims to be a victim. Answer at ¶¶ 1, 5, and unnumbered paragraphs. Hansen's "attempts to deflect responsibility for his fraudulent scheme demonstrate either a fundamental misunderstanding of his responsibilities as a securities professional or that he "hold[s] those obligations in contempt.'" *Ross Mandell*, 2014 WL 907416 at * 5 (internal citations omitted). In either case, these attempts reveal a serious risk he would commit further misconduct if permitted in any area of the industry. *Id.*

IV. CONCLUSION

For the foregoing reasons, the Division requests that permanent collateral bars be entered against Hansen under Exchange Act Section 15(b) and Advisers Act Section 203(f) barring him from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

Respectfully submitted this 25th day of November, 2014.

s/ Polly Atkinson
Polly Atkinson
Division of Enforcement
Securities and Exchange Commission
Denver Regional Office
1961 Stout Street, Ste. 1700
Denver, CO 80294

Exhibit 1

**UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH DAKOTA
SOUTHERN DIVISION**

Karen E. Schreier United States District Judge Presiding

Courtroom Deputy - DJP
Courtroom - SF #2

Court Reporter – Connie
Heckenlaible/Jill Connelly
Start Date – January 13, 2014

4:13-CR-40053-01

UNITED STATES OF AMERICA

Plaintiff,

vs.

RANDAL KENT HANSEN,

Defendant.

Jeff Clapper

Maurice H. Sercarz, Richard L. Travis

TIME TRIAL SCHEDULED TO BEGIN: 9:00 AM

TIME:

Connie Heckenlaible Court Reporter only for 1/13/14; Jill Connelly reporter for rest of trial.

9:00 AM Enter jury trial proceedings before the Hon. Karen E. Schreier, United States District Judge, Sioux Falls, SD.

Jurors are given the Affirmation to Veniremen by the Courtroom Deputy.

Court conducts voir dire.

10:20 AM Court in recess for 15 minutes.

10:40 AM Jurors return and trial resumes.

Mr. Clapper, on behalf of the United States, conducts voir dire.

Mr. Sercarz, on behalf of the Defendant, conducts voir dire.

Counsel exercise their peremptory challenges.

Comes now the jury consisting of 13 jurors chosen to try the case.

Counsel agree these are the jurors chosen to try the case.

Jurors are given the Affirmation to try the case.
Court excuses jurors still in the back of the courtroom.

11:55 AM Jurors admonished and Court in recess until 1:00 PM.

Outside the presence of the jury and in the presence of counsel, the following proceedings were held: Attorney Sercarz makes a sequestration motion as to all witnesses except the government agents. Granted.

11:56 AM Court in recess until 1:00 PM.

1:00 PM Comes now Mr. Clapper, AUSA, and reads the charges to the jury.

Court reads preliminary instructions to the jury.

Mr. Clapper, on behalf of Plaintiff, makes opening statement to the jury.
Mr. Sercarz, on behalf of Defendant, makes opening statement to the jury.

Matt Miller is called and affirmed as a witness on behalf of the Plaintiff. Direct by Attorney Clapper. No cross.

James Keller is called and affirmed as a witness on behalf of the Plaintiff. Direct by Attorney Clapper.

3:00 PM Jurors admonished and Court in recess for 20 minutes.

Outside the presence of the jury and in the presence of counsel, the following proceedings were held: Discussion regarding objection raised by Attorney Sercarz.

3:02 PM Court in recess until 3:20 PM.

3:20 PM Jurors return and trial resumes. James Keller resumes the stand. Attorney Clapper resumes direct. Cross by Attorney Travis. Redirect by Attorney Clapper.

Pamela Dunn is called and sworn as a witness on behalf of the Plaintiff. Direct by Attorney Clapper. Cross by Attorney Sercarz. Redirect by Attorney Clapper. Recross by Attorney Sercarz.

4:55 PM Jurors admonished and Court in recess until 9:00 AM.

TUESDAY JANUARY 14, 2014:

8:50 AM Outside the presence of the jury and in the presence of counsel, the following proceedings were held: Discussion regarding an issue that has come up overnight with one of the jurors. The Court recommends the juror be excused. No objection by either side. The juror is excused..

8:54 AM Jurors return and trial resumes.

Dan Harvey is called and affirmed as a witness on behalf of the Plaintiff. Direct by Attorney Clapper. Cross by Attorney Travis. Redirect by Attorney Clapper.

Donna Harvey is called and affirmed as a witness on behalf of the Plaintiff. Direct by Attorney Clapper. Cross by Attorney Travis.

Kevin Dettler is called and affirmed as a witness on behalf of the Plaintiff. Direct by Attorney Clapper. Cross by Attorney Sercarz.

Kuprian Frolov is called and affirmed as a witness on behalf of the Plaintiff. Direct by Attorney Clapper.

10:27 AM Jurors excused and Court in recess for 15 minutes.

Outside the presence of the jury and in the presence of counsel, the following proceedings were held: Discussion regarding an objection to testimony.

10:37 AM Court in recess.

10:48 AM Jurors return and trial resumes.

Mr. Frolov resumes the stand. Mr. Clapper resumes direct. Cross by Attorney Sercarz. Redirect by Attorney Clapper. Recross by Attorney Sercarz.

11:30 AM Jurors excused and Court in recess until 1:00 PM.

1:00 PM Jurors return and trial resumes.

Harold Rodenbiker is called and affirmed as a witness on behalf of the Plaintiff. Direct by Attorney Clapper. Cross by Attorney Travis. Redirect by Attorney Clapper.

2:10 PM Jurors admonished and Court in recess for 10 minutes.

2:30 PM Jurors return and trial resumes.

Harold Rodenbiker resumes the stand. Attorney Clapper resumes direct. Cross by Attorney Travis.

Tom Schneider is called and affirmed as a witness on behalf of the Plaintiff. Direct by Attorney Clapper.

3:22 PM Jurors admonished and Court in recess for 10 minutes.

3:34 PM Jurors return and trial resumes. Tom Schneider resumes the stand. Attorney Clapper resumes direct. Cross by Attorney Travis.

Ronald Starr is called and affirmed as a witness on behalf of the Plaintiff. Direct by Attorney Clapper. Cross by Attorney Sercarz. Redirect by Attorney Clapper.

4:25 PM Jurors admonished and Court in recess until 9:00 AM.

WEDNESDAY, JANUARY 15, 2014:

9:00 AM **Annette Johnson** is called and affirmed as a witness on behalf of the Plaintiff. Direct by Attorney Clapper. Cross by Attorney Sercarz. Redirect by Attorney Clapper. Recross by Attorney Sercarz.

Terra Jo Hansen-Leinen is called and affirmed as a witness on behalf of the Plaintiff. Direct by Attorney Clapper. Cross by Attorney Sercarz. Redirect by Attorney Clapper. Recross by Attorney Sercarz.

10:12 AM Jurors admonished and Court in recess for 15 minutes.

10:28 AM Jurors return and trial resumes.

Dietmar Rose is called and sworn as a witness on behalf of the Plaintiff. Direct by Attorney Clapper.

11:50 AM Jurors admonished and Court in recess until 1:00 PM

1:00 PM Jurors return and trial resumes.

Dietmar Rose resumes the stand. Attorney Clapper resumes direct. Cross by Attorney Sercarz. Redirect by Attorney Clapper.

2:02 PM Jurors admonished and Court in recess for 10 minutes.

2:20 PM Jurors return and trial resumes.

Russell Clement is called and affirmed as a witness on behalf of the Plaintiff via videoconference from Denver, CO. Direct by Attorney Clapper. Cross by Attorney Sercarz. Redirect by Attorney Clapper.

3:45 PM Jurors admonished and court in recess for 10 minutes.

4:00 PM Jurors return and trial resumes.

Sarathi Giridhar is called and affirmed as a witness on behalf of the Plaintiff. Direct by Attorney Clapper. Cross by Attorney Sercarz. Redirect by Attorney Clapper. Recross by Attorney Sercarz. Redirect by Attorney Clapper.

5:20 PM Jurors admonished and Court in recess until 9:00 AM.

Outside the presence of the jurors and in the presence of counsel, the following proceedings were held: Attorney Clapper gives the Court an update as to the timing of the rest of the government's case.

5:25 PM Court in recess.

THURSDAY, JANUARY 16, 2014:

9:00 AM Outside the presence of the jury and in the presence of counsel, the following proceedings were held: Counsel for the USA moves to amend the Indictment as to Counts 12, 18, 21, 23, 27, and 29 regarding origination of K1's being from Aberdeen instead of Sioux Falls. No objection by the Defendant. The Motion is granted.

9:03 AM Jurors return and trial resumes.

Susan Meidinger is called and sworn as a witness on behalf of the Plaintiff. Direct by Attorney Clapper. Cross by Attorney Sercarz. Redirect by Attorney Clapper. Recross by Mr. Sercarz.

10:00 AM Jurors admonished and Court in recess for 15 minutes.

10:20 AM Jurors return and trial resumes.

Erin McIntyre is called and sworn as a witness on behalf of the Plaintiff. Direct by Attorney Clapper. Cross by Attorney Travis. Redirect by Attorney Clapper.

Anthony Johnson is called and sworn as a witness on behalf of the Plaintiff. Direct by Attorney Clapper.

12:00 PM Jurors admonished and Court in recess until 1:05 PM.

- 1:10 PM Outside the presence of the jury and in the presence of counsel, the following proceedings were held: Discussion regarding weather and remainder of the day.
- 1:12 PM Jurors return and trial resumes.
Anthony Johnson resumes the stand. Attorney Clapper resumes direct.
- 2:27 PM Jurors admonished and court in recess for 15 minutes.
- 2:43 PM Jurors return and trial resumes.
Anthony Johnson resumes the stand. Cross by Attorney Sercarz.
- 4:22 PM Jurors admonished and Court in recess until 9:00 AM.
Court in recess for five minutes.
- 4:30 PM Outside the presence of the jurors and in the presence of counsel, the following proceedings were held: Discussion regarding impeachment of witness. Discussion regarding remainder of trial. Discussion regarding closing statements. Each side gets 1 ½ hours. Discussion regarding proposed jury instructions.
- 4:45 PM Court in recess.

FRIDAY, JANUARY 17, 2014:

- 9:00 AM Jurors return and trial resumes.
Anthony Johnson resumes the stand. Attorney Sercarz resumes cross.
Redirect by Attorney Clapper. Recross by Attorney Sercarz.
- 10:06 AM Jurors admonished and Court in recess for 15 minutes.
- 10:21 AM Jurors return and trial resumes.
Scott Abdallah is called and affirmed as a witness on behalf of the Plaintiff. Direct by Attorney Clapper. Cross by Attorney Sercarz.

GOVERNMENT RESTS.

10:36 AM Jurors admonished and Court in recess for 10 minutes.

Outside the presence of the jury and in the presence of counsel, the following proceedings were held: Attorney Sercarz, on behalf of the Defendant, makes a motion pursuant to Rule 29(a) for an order of acquittal and states the reasons therefore. Response by Attorney Clapper. The Court denies the motion and states the reasons therefore.

Attorney Clapper addresses the Court regarding one of the Defendant's potential witnesses and a corresponding exhibit. Response by Attorney Sercarz. Response by Attorney Clapper. Further discussion. The Court rules on the admission of the exhibit and addresses redactions. Clarifications by Attorney Sercarz. Further discussion.

11:05 AM Jurors return and trial resumes.

Garrett Dykstra is called and affirmed as a witness on behalf of the Defendant. Direct by Attorney Sercarz. No cross.

Darroll Remily is called and affirmed as a witness on behalf of the Defendant. Direct by Attorney Sercarz. No cross.

Randal Hansen is called and affirmed as a witness on behalf of the Defendant. Direct by Attorney Sercarz.

12:00 PM Jurors admonished and court in recess until 1:15 PM.

1:20 PM Jurors return and trial resumes.

Randal Hansen resumes the stand. Attorney Sercarz resumes direct.

Cross by Attorney Clapper.

3:00 PM Jurors admonished and Court in recess for 15 minutes.

3:20 PM Jurors return and trial resumes.

Randal Hansen resumes the stand. Attorney Clapper resumes cross. Redirect by Attorney Sercarz. Recross by Attorney Clapper.

Jason Zanderson is called and affirmed as a witness on behalf of the Defendant. Direct by Attorney Sercarz. No cross.

DEFENDANT RESTS.

NO REBUTTAL.

4:25 pm Jurors admonished and excused until 9:00 AM on Tuesday, January 21.

Outside the presence of the jury and in the presence of counsel, the following proceedings were held: Attorney Sercarz, on behalf of the Defendant, renews his motion pursuant to Rule 29(a). Denied.

4:25 PM Court in recess for 10 minutes.

4:35 PM Outside the presence of the jury and in the presence of counsel, the following proceedings were held: Settling of jury instructions.

Discussion regarding closing statements.

5:10 PM Court in recess until Tuesday, January 21, at 9:00 AM.

TUESDAY, JANUARY 21, 2014:

8:35 AM Outside the presence of the jury and in the presence of counsel, the following proceedings were held:

Attorney Sercarz addresses the Court regarding additional proposed jury instruction. Response by Attorney Clapper. Comments by the Court. Further discussion. The Court refuses Defendant's proposed instruction 15. The Court will give Pattern 4.02. The Court notes a change to instruction no. 5.

8:50 AM Court in recess.

9:10 AM Jurors return and trial resumes.

The Court now instructs the jury as to the law applicable in this case.

9:45 AM Jurors admonished and Court in recess for 10 minutes

9:57 AM Jurors return and trial resumes.

Attorney Clapper, on behalf of Plaintiff, makes initial closing argument to the jury.

11:00 AM Jurors admonished and Court in recess for 10 minutes.

11:16 AM Jurors return and trial resumes.

Attorney Sercarz, on behalf of Defendant, makes closing argument to the jury. Attorney Clapper makes final closing argument to the jury.

Court Security Officer is affirmed by the courtroom deputy.

1:15 PM Jury retires to jury room to begin deliberations.

Outside the presence of the jury and in the presence of counsel, the following proceedings were held.

Counsel for both parties agree the exhibits in the possession of the Clerk are the proper exhibits to go to the jury. Exhibits and jury instructions are brought to the jury.

1:25 PM Court in recess.

2:58 PM Comes now the jury with a question re: clarification on page 5 of the jury instructions. Counsel are provided with a copy of the question and the Court's proposed response.

Discussion regarding response. Proposed response handed to CSO to give to jurors.

3:12 PM Court in recess.

4:53 PM Jurors return. Jurors are admonished and sent home for the day, and will resume deliberations at 9:00 AM.

4:55 PM Court in recess.

WEDNESDAY, JANUARY 22, 2014:

12:25 PM Comes now the jury with a verdict: Guilty on all counts. The Court polls all jurors and they indicate they have reached a unanimous verdict on all counts. Neither side desires the jury to be individually polled.

The Court goes over the PSR process with the Defendant and notes the Court will send out a sentencing schedule.

Attorney Clapper does not oppose release pending sentencing under the same terms and conditions Defendant is currently released on. The Court orders the Defendant released until sentencing, and Defendant agrees to abide by all of his current terms and conditions of release.

Discussion regarding open Court.

12:35 PM Court in recess.

Exhibit 2

FILED

MAY 21 2014

[Signature]
CLERK

AO 245B (Rev. 09/11) Judgment in a Criminal Case
Sheet 1

UNITED STATES DISTRICT COURT

District Of South Dakota, Southern Division

UNITED STATES OF AMERICA

v.

Randal Kent Hansen

JUDGMENT IN A CRIMINAL CASE

Case Number: 4:13CR40053-1

USM Number: 12872-273

Richard L. Travis, Maurice H. Sercarz
Defendant's Attorney

THE DEFENDANT:

- pleaded guilty to count(s)
- pleaded nolo contendere to count(s) which was accepted by the Court.
- was found guilty on count(s) 1ss - 13ss and 17ss -- 29ss of the Second Superseding Indictment. after a plea of not guilty.

The defendant is adjudicated guilty of these offenses:

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
18 U.S.C. § 1349	Conspiracy to Commit Wire Fraud and Mail Fraud	05/31/2011	1ss
18 U.S.C. § 1343	Wire Fraud	04/08/2011	2ss-5ss
18 U.S.C. § 1341	Mail Fraud	09/30/2010	6ss
18 U.S.C. § 1341	Mail Fraud	04/20/2009	7ss
18 U.S.C. § 1341	Mail Fraud	08/23/2010	8ss
18 U.S.C. § 1341	Mail Fraud	12/31/2010	9ss, 13ss, 17ss, 20ss, 26ss, 28ss

The defendant is sentenced as provided in this Judgment. The sentence is imposed pursuant to the statutory and constitutional authority vested in this Court.

- The defendant has been found not guilty on count(s) _____
- Count(s) 14ss-16ss and 30ss of the Second Superseding Indictment were are dismissed on the motion of the United States.

It is ordered that the defendant must notify the United States attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this Judgment are fully paid. If ordered to pay restitution, the defendant must notify the Court and United States attorney of material changes in economic circumstances.

05/19/2014

Date of Imposition of Judgment

Karen E. Schreier

Signature of Judge

Karen E. Schreier, United States District Judge

Name and Title of Judge

May 21, 2014

Date

AO 245B (Rev. 09/11) Judgment in a Criminal Case
Sheet 1A

DEFENDANT: Randal Kent Hansen
CASE NUMBER: 4:13CR40053-1

ADDITIONAL COUNTS OF CONVICTION

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
18 U.S.C. § 1341	Mail Fraud	10/27/2008	10ss
18 U.S.C. § 1341	Mail Fraud	10/20/2009	11ss
18 U.S.C. § 1341	Mail Fraud	04/08/2011	12ss, 18ss, 21ss, 23ss, 27ss, 29ss
18 U.S.C. § 1341	Mail Fraud	07/14/2008	19ss
18 U.S.C. § 1341	Mail Fraud	02/17/2009	22ss
18 U.S.C. § 1341	Mail Fraud	07/22/2008	24ss-25ss

AO 245B (Rev. 09/11) Judgment in Criminal Case
Sheet 2 --- Imprisonment

DEFENDANT: Randal Kent Hansen
CASE NUMBER: 4:13CR40053-1

IMPRISONMENT

- The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of: 108 months on each count. All terms of custody shall run concurrently.
- The Court makes the following recommendations to the Bureau of Prisons:
The Court recommends the defendant be able to serve his term of imprisonment at the Yankton Federal Prison Camp in Yankton, SD.
- The defendant is remanded to the custody of the United States Marshal.
- The defendant shall surrender to the United States Marshal for this district or the U.S. Bureau of Prisons as directed:
 - at on or before 10:00 a.m. p.m. on 06/06/2014
 - as notified by the United States Marshal.
- The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons:
 - before 2 p.m. on _____
 - as notified by the United States Marshal.
 - as notified by the Probation or Pretrial Services Office.

RETURN

I have executed this Judgment as follows:

Defendant delivered on _____ to _____
at _____, with a certified copy of this Judgment.

UNITED STATES MARSHAL

By

DEPUTY UNITED STATES MARSHAL

AO 245B (Rev. 09/11) Judgment in a Criminal Case
Sheet 3 — Supervised Release

DEFENDANT: Randal Kent Hansen
CASE NUMBER: 4:13CR40053-1

SUPERVISED RELEASE

Upon release from imprisonment, the defendant shall be on supervised release for a term of : 3 years on each count. The terms of supervised release shall run concurrently.

The defendant must report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

The defendant shall not commit another federal, state, or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the Court.

- The above drug testing condition is suspended based on the Court's determination the defendant poses a low risk of future substance abuse. *(Check, if applicable.)*
- The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon. *(Check, if applicable.)*
- The defendant shall cooperate in the collection of DNA as required by statute. *(Check, if applicable.)*
- The defendant shall comply with the requirements of the Sex Offender Registration and Notification Act (42 U.S.C. § 16901, et seq.) as directed by the probation officer, the Bureau of Prisons, or any state sex offender registration agency in which the defendant resides, works, is a student, or was convicted of a qualifying offense. *(Check, if applicable.)*
- The defendant shall participate in an approved program for domestic violence. *(Check, if applicable.)*

If this Judgment imposes a fine or restitution, it is a condition of supervised release that the defendant pays in accordance with the Schedule of Payments sheet of this Judgment.

The defendant must comply with the standard conditions that have been adopted by this Court, as well as with any additional conditions on the attached page.

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without the permission of the Court or probation officer;
- 2) the defendant shall report to the probation officer in a manner and frequency directed by the Court or probation officer;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training, or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity and shall not associate with any person convicted of a felony, unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the Court; and
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

AO245B (Rev. 09/11) Judgment in a Criminal Case
Sheet 3C — Supervised Release

DEFENDANT: Randal Kent Hansen
CASE NUMBER: 4:13CR40053-1

SPECIAL CONDITIONS OF SUPERVISION

1. The defendant shall provide the probation office with access to any requested financial information.
2. The defendant shall apply all monies received from income tax refunds, judgments, and any other anticipated or unexpected financial gains to the outstanding court-ordered financial obligation.
3. The defendant shall not incur new credit charges or open additional lines of credit without the approval of the probation office unless the defendant is in compliance with any payment schedule established.

AO245B (Rev. 09/11) Judgment in a Criminal Case
Sheet 5 — Schedule of Payments

DEFENDANT: Randal Kent Hansen
CASE NUMBER: 4:13CR40053-1

SCHEDULE OF PAYMENTS

Having assessed the defendant’s ability to pay, payment of the total criminal monetary penalties is due as follows:

- A Lump sum payment of \$ 2,600.00 due immediately, balance due
 - not later than _____, or
 - in accordance with C, D, E, or F below; or
- B Payment to begin immediately (may be combined with C, D, or F below); or
- C Payment in equal _____ (e.g., weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (e.g., 30 or 60 days) after the date of this Judgment; or
- D Payment in equal _____ (e.g., weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (e.g., 30 or 60 days) after release from imprisonment to a term of supervision; or
- E Payment of the total restitution and other criminal monetary penalties shall be due in regular quarterly installments of \$25 or 25% of the deposits in the defendant’s inmate trust account while the defendant is in custody, or 10% of the defendant’s inmate trust account while serving custody at a Residential Reentry Center. Any portion of the monetary obligation(s) not paid in full prior to the defendant’s release from custody shall be due in monthly installments of \$20,000, such payments to begin 60 days following the defendant’s release.
- F Special instructions regarding the payment of criminal monetary penalties:

Unless the Court has expressly ordered otherwise, if this Judgment imposes imprisonment, payment of criminal monetary penalties is due during imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons’ Inmate Financial Responsibility Program, are made to the Clerk of the Court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

- Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.
- The defendant shall pay the cost of prosecution.
- The defendant shall pay the following court cost(s):
- The defendant shall forfeit the defendant’s interest in the following property to the United States:

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.

UNITED STATES DISTRICT COURT

District Of South Dakota, Southern Division

UNITED STATES OF AMERICA

AMENDED JUDGMENT IN A CRIMINAL CASE

V.

Randal Kent Hansen

Case Number: 4:13CR40053-1

USM Number: 12872-273

Date of Original Judgment: 05/19/2014 (Or Date of Last Amended Judgment)

Richard L. Travis, Maurice H. Sercarz Defendant's Attorney

Reason for Amendment:

- Modification of Resitution Order (18 U.S.C. § 3664)

THE DEFENDANT:

- pleaded guilty to count(s)
pleaded nolo contendere to count(s) which was accepted by the Court.
was found guilty on count(s) 1ss - 13ss and 17ss -- 29ss of the Second Superseding Indictment after a plea of not guilty.

The defendant is adjudicated guilty of these offenses:

Table with 4 columns: Title & Section, Nature of Offense, Offense Ended, Count. Rows include 18 U.S.C. § 1349, 1343, 1341, 1341 with corresponding offenses and counts.

The defendant is sentenced as provided in this Judgment. The sentence is imposed pursuant to the statutory and constitutional authority vested in this Court.

- The defendant has been found not guilty on count(s)
Count(s) 14ss-16ss and 30ss of the Second Superseding Indictment were are dismissed on the motion of the United States.

It is ordered that the defendant must notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this Judgment are fully paid.

06/10/2014 Date of Imposition of Judgment
Signature of Judge Karen E. Schreier, United States District Judge
Date June 10, 2014

FILED JUN 10 2014 [Signature] CLERK

AO 245C (Rev. 09/11) Amended Judgment in a Criminal Case
 Sheet 1A

(NOTE: Identify Changes with Asterisks (*))

DEFENDANT: Randal Kent Hansen
 CASE NUMBER: 4:13CR40053-1

ADDITIONAL COUNTS OF CONVICTION

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
18 U.S.C. § 1341	Mail Fraud	08/23/2010	8ss
18 U.S.C. § 1341	Mail Fraud	12/31/2010	9ss, 13ss, 17ss, 20ss, 26ss, 28ss
18 U.S.C. § 1341	Mail Fraud	10/27/2008	10ss
18 U.S.C. § 1341	Mail Fraud	10/20/2009	11ss
18 U.S.C. § 1341	Mail Fraud	04/08/2011	12ss, 18ss, 21ss, 23ss, 27ss, 29ss
18 U.S.C. § 1341	Mail Fraud	07/14/2008	19ss
18 U.S.C. § 1341	Mail Fraud	02/17/2009	22ss
18 U.S.C. § 1341	Mail Fraud	07/22/2008	24ss-25ss

AO 245C (Rev. 09/11) Amended Judgment in a Criminal Case
Sheet 2 — Imprisonment

(NOTE: Identify Changes with Asterisks (*))

DEFENDANT: Randal Kent Hansen
CASE
NUMBER: 4:13CR40053-1

IMPRISONMENT

- The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of : 108 months on each count. All terms of custody shall run concurrently.

- The Court makes the following recommendations to the Bureau of Prisons:
The Court recommends the defendant be able to serve his term of imprisonment at the Yankton Federal Prison Camp in Yankton, SD.

- The defendant is remanded to the custody of the United States Marshal.

- The defendant shall surrender to the United States Marshal for this district or the U.S. Bureau of Prisons as directed:
 - at on or before 10:00 a.m. p.m. on 06/06/2014
 - as notified by the United States Marshal.

- The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons:
 - before 2 p.m. on _____
 - as notified by the United States Marshal.
 - as notified by the Probation or Pretrial Services Office.

RETURN

I have executed this Judgment as follows:

Defendant delivered on _____ to _____
at _____ with a certified copy of this Judgment.

UNITED STATES MARSHAL

By _____
DEPUTY UNITED STATES MARSHAL

AO 245C (Rev. 09/11) Amended Judgment in a Criminal Case
Sheet 3 — Supervised Release

(NOTE: Identify Changes with Asterisks (*))

DEFENDANT: Randal Kent Hansen
CASE NUMBER: 4:13CR40053-1

SUPERVISED RELEASE

Upon release from imprisonment, the defendant shall be on supervised release for a term of : 3 years on each count. The terms of supervised release shall run concurrently.

The defendant must report to the probation office in the district to which the defendant is released within 72 hours of release from the custody of the Bureau of Prisons.

The defendant shall not commit another federal, state, or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the Court.

- The above drug testing condition is suspended based on the Court's determination the defendant poses a low risk of future substance abuse. (Check, if applicable.)
- The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon. (Check, if applicable.)
- The defendant shall cooperate in the collection of DNA as required by statute. (Check, if applicable.)
- The defendant shall comply with the requirements of the Sex Offender Registration and Notification Act (42 U.S.C. § 16901, *et seq.*) as directed by the probation officer, the Bureau of Prisons, or any state sex offender registration agency in which the defendant resides, works, is a student, or was convicted of a qualifying offense. (Check, if applicable.)
- The defendant shall participate in an approved program for domestic violence. (Check, if applicable.)

If this Judgment imposes a fine or restitution, it is a condition of supervised release that the defendant pay in accordance with the Schedule of Payments sheet of this Judgment.

The defendant must comply with the standard conditions that have been adopted by this Court as well as with any additional conditions on the attached page.

STANDARD CONDITIONS OF SUPERVISION

- 1) the defendant shall not leave the judicial district without the permission of the Court or probation officer;
- 2) the defendant shall report to the probation officer in a manner and frequency directed by the Court or probation officer;
- 3) the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 4) the defendant shall support his or her dependents and meet other family responsibilities;
- 5) the defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training, or other acceptable reasons;
- 6) the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
- 7) the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
- 8) the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
- 9) the defendant shall not associate with any persons engaged in criminal activity and shall not associate with any person convicted of a felony, unless granted permission to do so by the probation officer;
- 10) the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
- 11) the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 12) the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the Court; and
- 13) as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record, personal history, or characteristics and shall permit the probation officer to make such notifications and confirm the defendant's compliance with such notification requirement.

AO 245C (Rev. 09/11) Amended Judgment in a Criminal Case
Sheet 3C --- Supervised Release

(NOTE: Identify Changes with Asterisks (*))

DEFENDANT: Randal Kent Hansen
CASE NUMBER: 4:13CR40053-1

SPECIAL CONDITIONS OF SUPERVISION

1. The defendant shall provide the probation office with access to any requested financial information.
2. The defendant shall apply all monies received from income tax refunds, judgments, and any other anticipated or unexpected financial gains to the outstanding court-ordered financial obligation.
3. The defendant shall not incur new credit charges or open additional lines of credit without the approval of the probation office unless the defendant is in compliance with any payment schedule established.

AO 245C (Rev. 09/11) Amended Judgment in a Criminal Case
Sheet 5 — Criminal Monetary Penalties

(NOTE: Identify Changes with Asterisks (*))

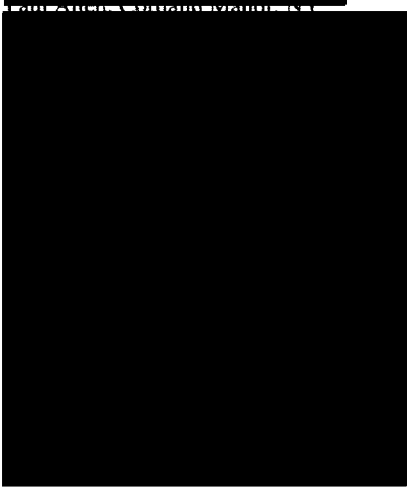
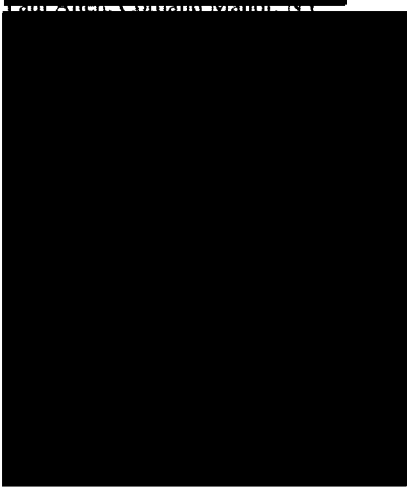
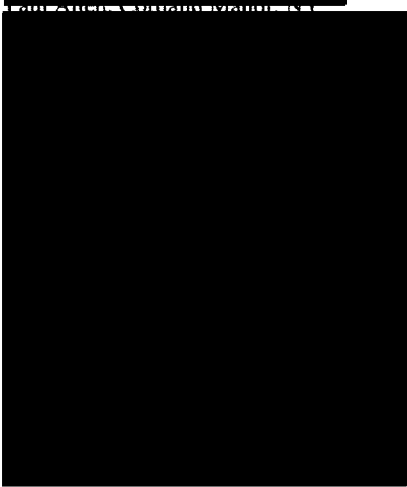
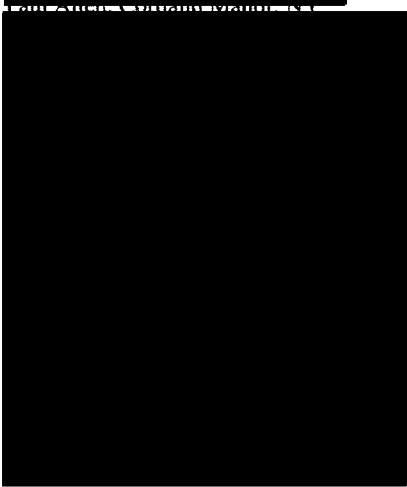
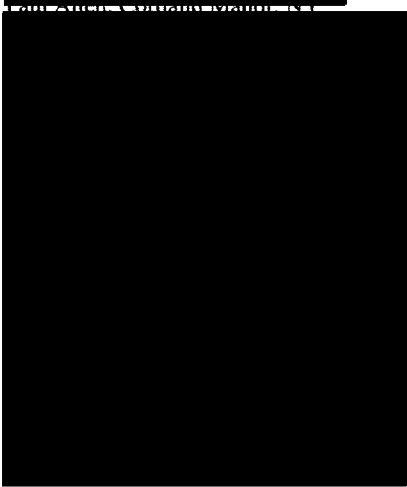
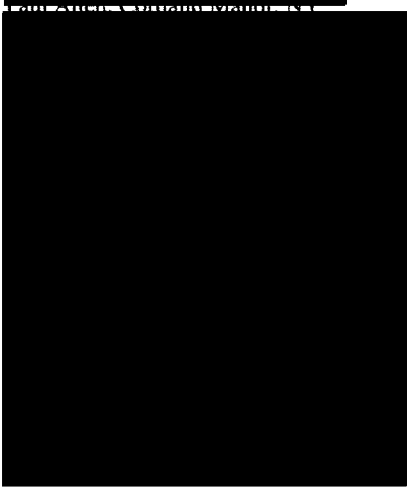
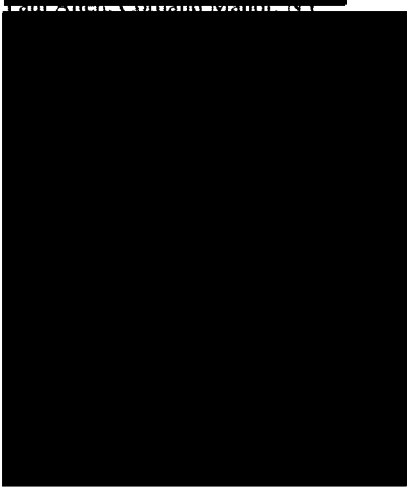
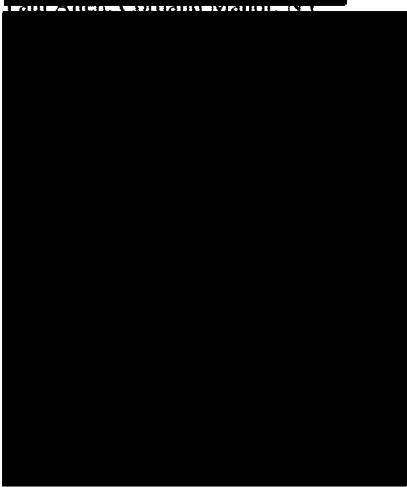
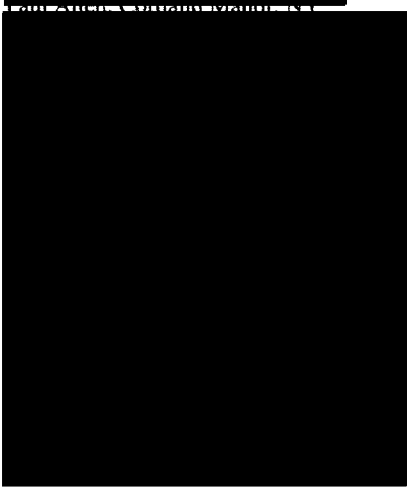
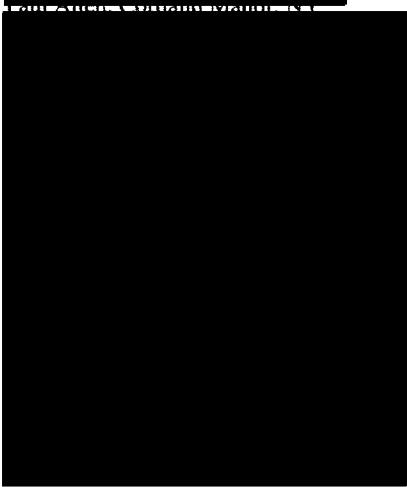
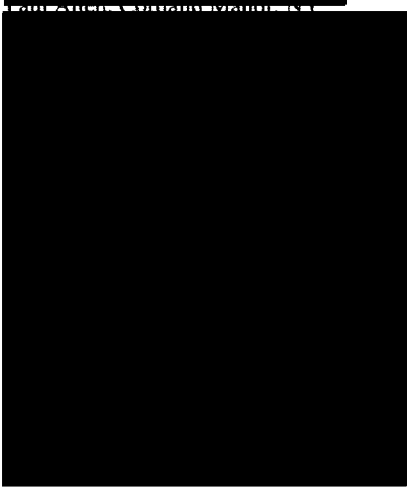
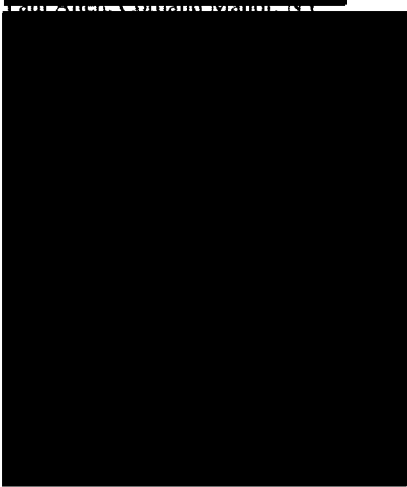
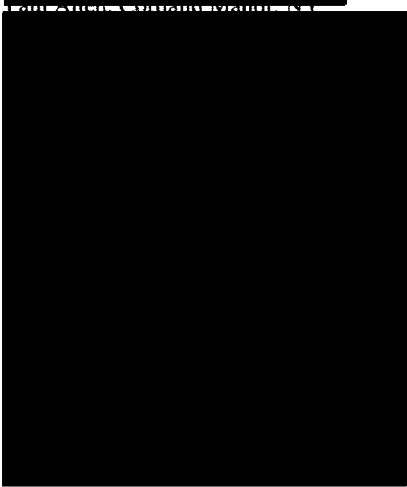
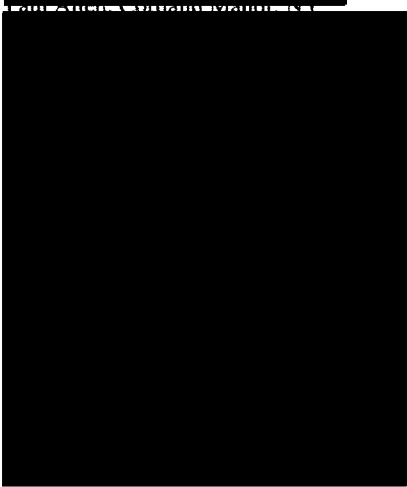
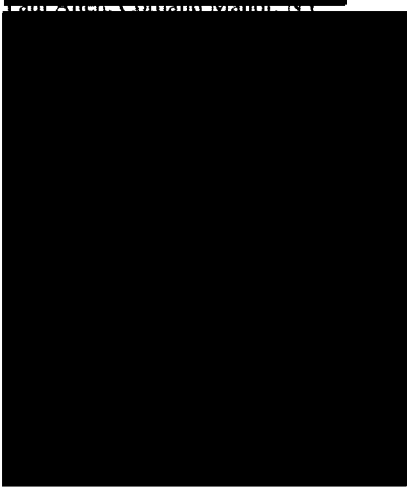
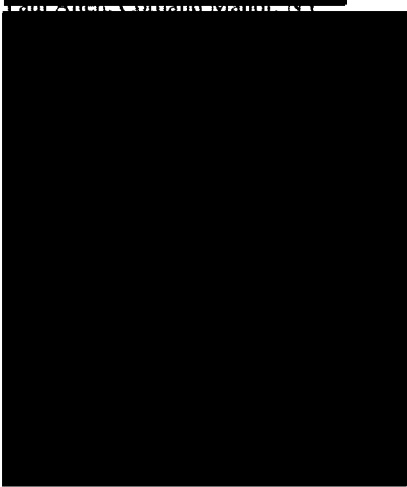
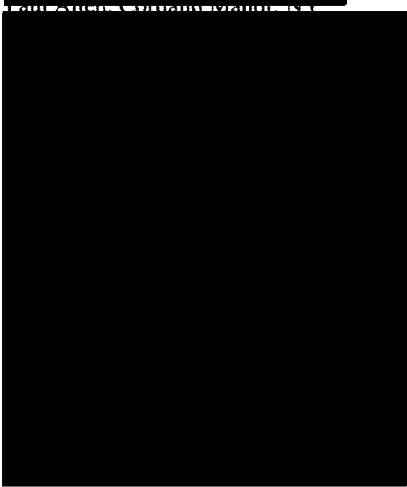
DEFENDANT: Randal Kent Hansen
CASE NUMBER: 4:13CR40053-1

CRIMINAL MONETARY PENALTIES

The defendant must pay the following total criminal monetary penalties under the Schedule of Payments on Sheet 6.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
TOTALS	\$2,600	Waived	\$17,514,258.89

- The determination of restitution is deferred until
An Amended Judgment in a Criminal Case (AO 245C) will be entered after such determination.
- The defendant shall make restitution (including community restitution) to the following payees in the amount listed below.
- If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid before the United States is paid.

<u>Name of Payee</u>	<u>Total Loss*</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
	\$133,929.00	\$133,929.00	
	\$600,000.00	\$600,000.00	
	\$9,013.00	\$9,013.00	
	\$349,314.00	\$349,314.00	
	\$77,000.00	\$77,000.00	
	\$35,374.00	\$35,374.00	
	\$146,921.00	\$146,921.00	
	\$777,666.00	\$777,666.00	
	\$112,268.00	\$112,268.00	
	\$60,585.00	\$60,585.00	
	\$66,249.00	\$66,249.00	
	\$251,358.00	\$251,358.00	
	\$100,000.00	\$100,000.00	
	\$835,564.00	\$835,564.00	
	\$29,959.00	\$29,959.00	
	\$74,421.00	\$74,421.00	
	\$254,761.00	\$254,761.00	
TOTALS	\$ 17,514,258.89	\$ 17,514,258.89	

- Restitution amount ordered pursuant to Plea Agreement _____
- The defendant must pay interest on restitution and a fine of more than \$2,500, unless the restitution or fine is paid in full before the fifteenth day after the date of this Judgment, pursuant to 18 U.S.C. § 3612(f). All of the payment options on Sheet 6 may be to penalties for delinquency and default, pursuant to 18 U.S.C. § 3612(g).
- The Court determined that the defendant does not have the ability to pay interest, and it is ordered that:
 - the interest requirement is waived for the fine restitution.
 - the interest requirement for the fine restitution is modified as follows:

* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

AO 245C (Rev. 09/11) Amended Judgment in a Criminal Case
 Sheet 5B — Criminal Monetary Penalties

(NOTE: Identify Changes with Asterisks (*))

DEFENDANT: Randal Kent Hansen
 CASE NUMBER: 4:13CR40053-1

ADDITIONAL RESTITUTION PAYEES

<u>Name of Payee</u>	<u>Total Loss*</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
	\$105,163.00	\$105,163.00	
	\$187,905.00	\$187,905.00	
	\$520,879.86	\$520,879.86	
	\$45,641.00	\$45,641.00	
	\$228,471.00	\$228,471.00	
	\$201,000.00	\$201,000.00	
	\$127,142.00	\$127,142.00	
	\$63,022.00	\$63,022.00	
	\$100,000.00	\$100,000.00	
	\$325,153.00	\$325,153.00	
	\$477,814.00	\$477,814.00	
	\$50,000.00	\$50,000.00	
	\$142,870.00	\$142,870.00	
	\$71,368.00	\$71,368.00	
	\$428,122.00	\$428,122.00	
	\$382,708.00	\$382,708.00	
	\$167,640.00	\$167,640.00	
	\$195,137.00	\$195,137.00	
	\$217,323.00	\$217,323.00	
	\$34,646.00	\$34,646.00	
	\$55,587.00	\$55,587.00	
	\$246,693.00	\$246,693.00	
	\$1,496,811.00	\$1,496,811.00	
	\$175,877.00	\$175,877.00	
	\$901,273.00	\$901,273.00	
	\$42,741.00	\$42,741.00	
	\$48,804.00	\$48,804.00	
	\$283,338.00	\$283,338.00	
	\$1,050,190.00	\$1,050,190.00	
	\$45,655.00	\$45,655.00	
	\$94,063.00	\$94,063.00	
	\$53,773.00	\$53,773.00	
	\$38,170.00	\$38,170.00	
	\$139,275.00	\$139,275.00	
	\$76,063.00	\$76,063.00	
	\$39,104.00	\$39,104.00	
	\$435,000.00	\$435,000.00	
	\$52,268.00	\$52,268.00	
	\$200,235.00	\$200,235.00	
	\$5,000.00	\$5,000.00	
	\$499,920.00	\$499,920.00	
	\$287,500.00	\$287,500.00	
	\$5,000.00	\$5,000.00	

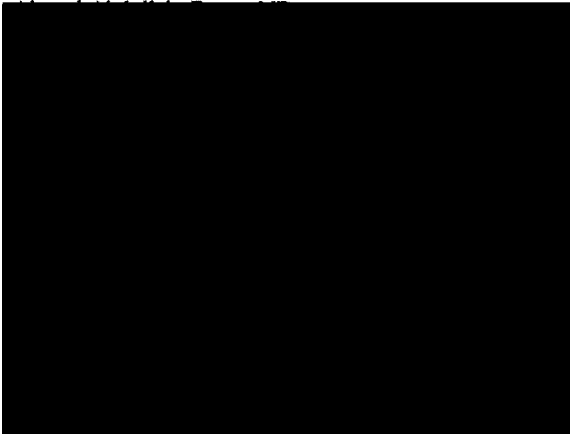
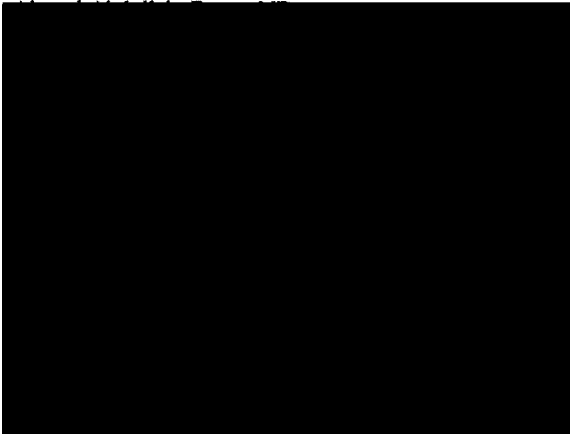
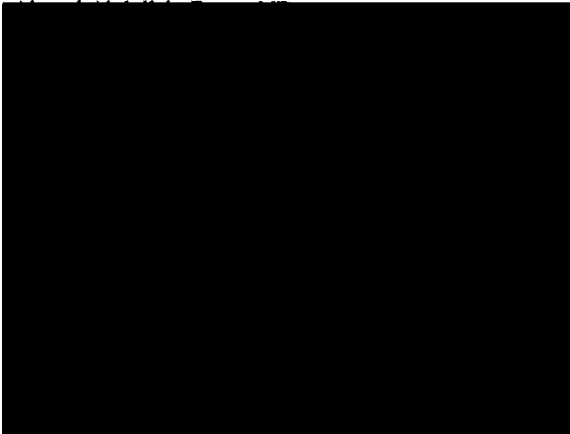
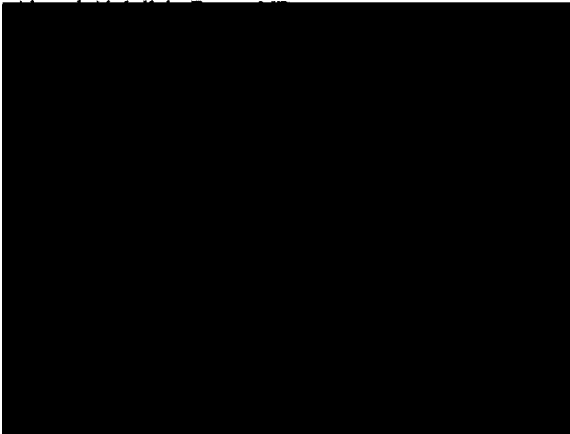
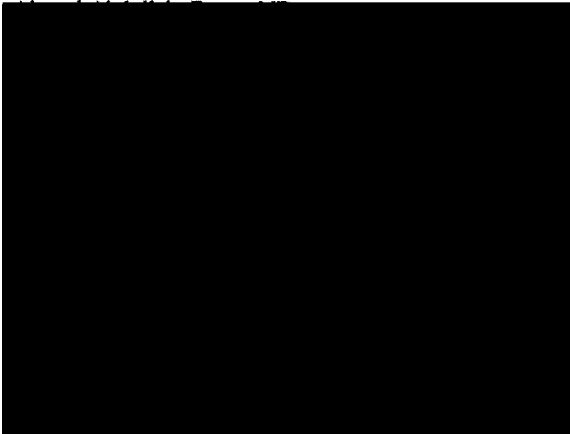
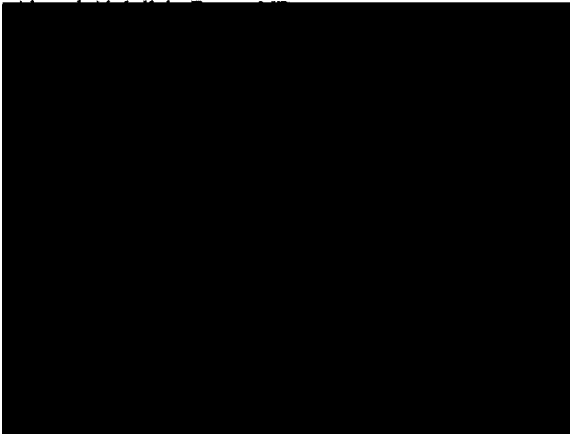
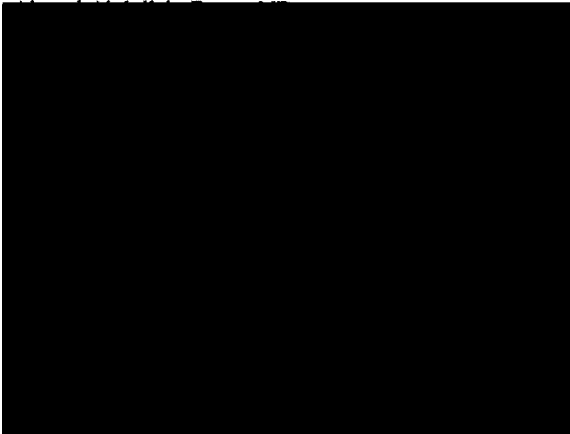
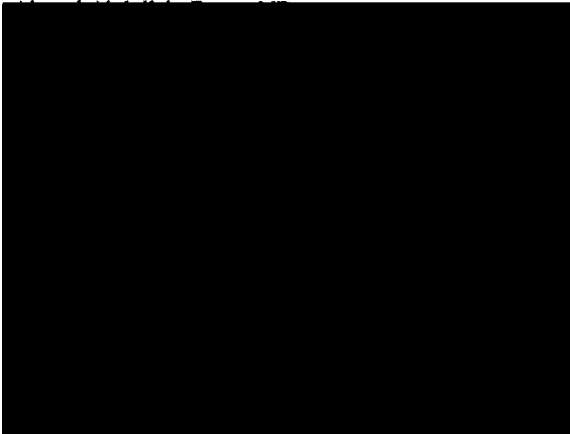
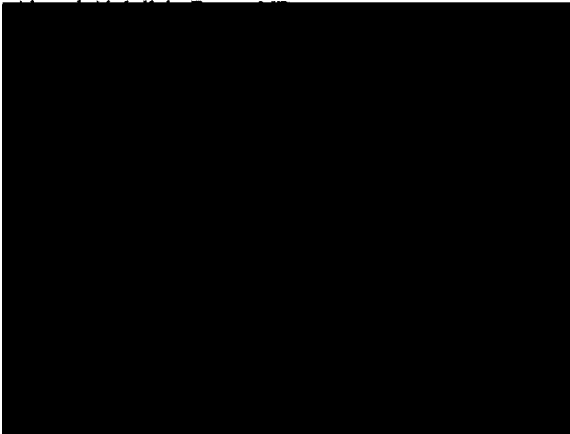
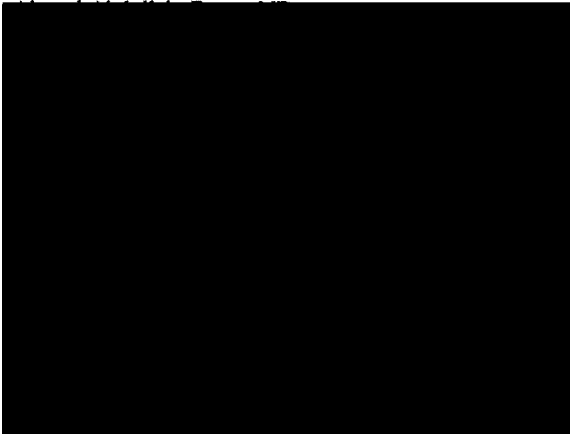
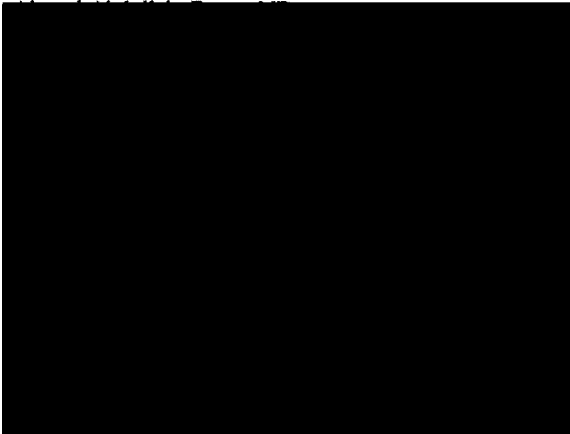
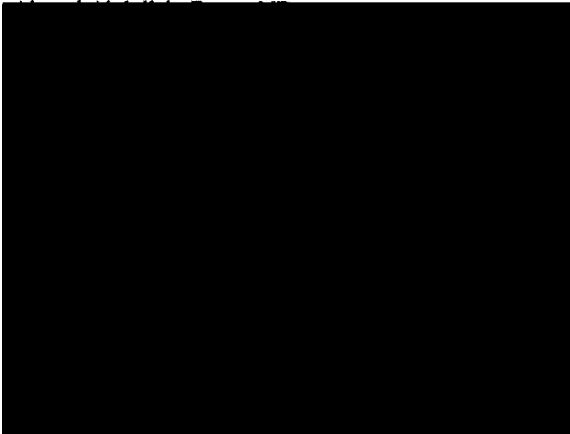
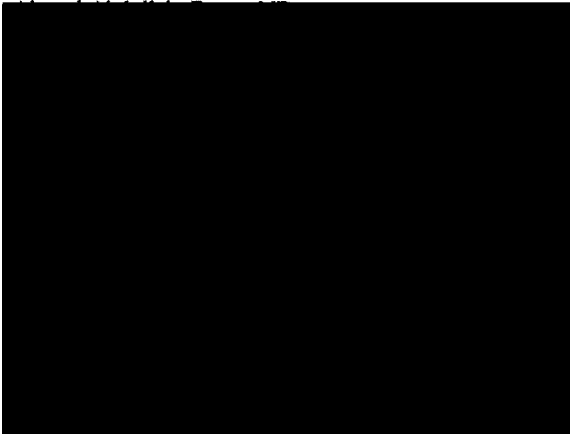
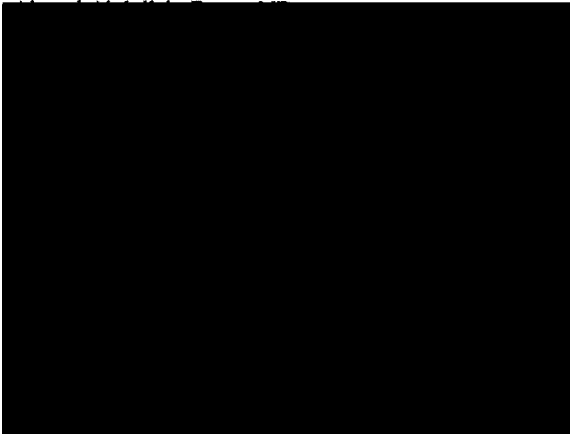
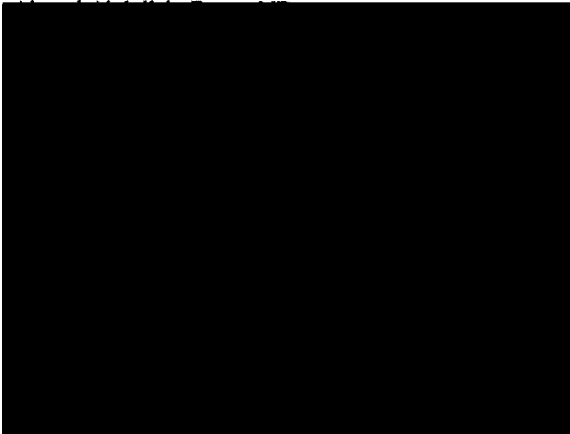
* Findings for the total amount of losses are required by Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

AO 245C (Rev. 09/11) Amended Judgment in a Criminal Case
Sheet 5B — Criminal Monetary Penalties

(NOTE: Identify Changes with Asterisks (*))

DEFENDANT: Randal Kent Hansen
CASE NUMBER: 4:13CR40053-1

ADDITIONAL RESTITUTION PAYEES

<u>Name of Payee</u>	<u>Total Loss*</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
	\$64,479.00	\$64,479.00	
	\$7,731.00	\$7,731.00	
	\$225,000.00	\$225,000.00	
	\$100,000.00	\$100,000.00	
	\$100,000.00	\$100,000.00	
	\$78,500.00	\$78,500.00	
	\$496,046.00	\$496,046.00	
	\$250,000.00	\$250,000.00	
	\$60,000.00	\$60,000.00	
	\$95,690.00	\$95,690.00	
	\$100,000.00	\$100,000.00	
	\$150,000.00	\$150,000.00	
	\$187,507.11	\$187,507.11	
	\$58,000.00	\$58,000.00	
	\$1,282,578.92	\$1,282,578.92	

* Findings for the total amount of losses are required by Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

AO 245C (Rev. 09/11) Amended Judgment in a Criminal Case
Sheet 6 — Schedule of Payments

NOTE: Identify Changes with Asterisks (*)

DEFENDANT: Randal Kent Hansen
CASE NUMBER: 4:13CR40053-1

SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties is due as follows:

- A Lump sum payment of \$ 2,600.00 due immediately, balance due
 - not later than _____, or
 - in accordance with C, D, E, or F below; or
- B Payment to begin immediately (may be combined with C, D, or F below); or
- C Payment in equal _____ (e.g., weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (e.g., 30 or 60 days) after the date of this Judgment; or
- D Payment in equal _____ (e.g., weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (e.g., 30 or 60 days) after release from imprisonment to a term of supervision; or
- E Payment of the total restitution and other criminal monetary penalties shall be due in regular quarterly installments of \$25 or 25% of the deposits in the defendant's inmate trust account while the defendant is in custody, or 10% of the defendant's inmate trust account while serving custody at a Residential Reentry Center. Any portion of the monetary obligation(s) not paid in full prior to the defendant's release from custody shall be due in monthly installments of \$20,000, such payments to begin 60 days following the defendant's release.
- F Special instructions regarding the payment of criminal monetary penalties:

Unless the Court has expressly ordered otherwise, if this Judgment imposes imprisonment, payment of criminal monetary penalties is due during imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the Clerk of the Court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

- Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.
- The defendant shall pay the cost of prosecution.
- The defendant shall pay the following court cost(s):
- The defendant shall forfeit the defendant's interest in the following property to the United States:

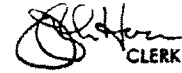
Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.

Exhibit 3

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH DAKOTA
SOUTHERN DIVISION

FILED

DEC 03 2013


CLERK

UNITED STATES OF AMERICA,

CR 13-40053

Plaintiff,

SECOND SUPERSEDING
INDICTMENT

vs.

RANDAL KENT HANSEN,

Conspiracy to Commit Wire Fraud
and Mail Fraud; Wire Fraud; Mail
Fraud; False Statement During
Firearms Purchase

Defendant.

18 U.S.C. §§ 1349, 1343, 1341,
922(a)(6)

The Grand Jury Charges:

COUNT 1 - CONSPIRACY

1. From on or about and between March of 2006, and May of 2011, in the District of South Dakota and elsewhere, defendant Randal Kent Hansen, did knowingly and intentionally attempt and conspire and agree with other persons known and unknown to the grand jury, to devise and participate in a scheme and artifice to defraud, and for obtaining money by means of materially false and fraudulent pretenses, representations, and promises, and by the omission of material facts, and, in so doing, caused the United States Postal Service and other interstate carriers to be used and interstate wire communications to be made in furtherance of said scheme and artifice to defraud, in violation of 18 U.S.C. §§ 1341 and 1343.

2. The object and purpose of the conspiracy was for the defendant and other co-conspirators to unjustly enrich themselves at the expense of the people they defrauded.

3. As part of the scheme and artifice to defraud, defendant Hansen controlled and operated investment companies known as RAHFCO Funds, Limited Partnership, RAHFCO Growth Fund, Limited Partnership, RAHFCO Management Group, LLC, and RAHFCO Select, LLP.

4. It was part of the scheme and artifice to defraud that defendant Hansen made various false and fraudulent representations to individuals located in South Dakota and elsewhere, to convince individuals to purchase limited partnerships in private hedge funds known as RAHFCO Funds, LP, and RAHFCO Growth Fund, LP.

5. As part of the scheme and artifice to defraud, defendant Hansen solicited some investors using a "confidential private placement memorandum" that contained false and misleading information.

6. As part of the scheme and artifice to defraud, defendant Hansen made false and fraudulent representations including, among others, that:

- a. The purpose of RAHFCO Funds, LP, and RAHFCO Growth Fund, LP, was to "pool investment funds of its investors" for the purpose "of investing and trading in a wide variety of securities and financial instruments."
- b. Investment funds would be used for the trading of options and futures on the S&P 500 Index and in equities;

- c. A majority of investor funds would be invested in United States treasury securities;
- d. RAHFCO Funds, LP, and RAHFCO Growth Fund, LP, and their advisers utilized the auditing services of an independent, professional, and reputable auditing company.
- e. RAHFCO Funds, LP, and RAHFCO Growth Fund, LP, utilized the accounting services of an independent, professional, and reputable accounting firm to provide accurate and reliable information on individual account earning statements sent to investors.
- f. RAHFCO Funds, LP, and RAHFCO Growth Fund, LP, utilized the accounting services of an independent, professional, and reputable accounting firm to provide accurate and reliable information on IRS Form 1065 Schedules K-1 sent to investors.
- g. RAHFCO Funds, LP, and RAHFCO Growth Fund, LP, reported to the SEC (United States Securities and Exchange Commission);
- h. Investments in RAHFCO Funds, LP, and RAHFCO Growth Fund, LP, were protected by the Securities Investor Protection Corporation.

7. Based upon these false and fraudulent representations, among others, these individuals paid money in the form of checks, cashier's checks, and other

means, to RAHFCO in exchange for an ownership interest in RAHFCO Funds, LP, and RAHFCO Growth Fund, LP.

8. As part of the scheme and artifice to defraud, defendant Hansen either misappropriated investors' money or failed to invest it as promised.

9. As part of the scheme and artifice to defraud, defendant Hansen caused the preparation of account statements that reported falsely inflated returns on the investors' funds. Defendant Hansen mailed or emailed, or caused to be mailed or e-mailed, these false account statements to each RAHFCO investor.

10. As part of the scheme and artifice to defraud, defendant Hansen also operated RAHFCO Funds, LP, and RAHFCO Growth Fund, LP, as a Ponzi scheme. Specifically, Hansen solicited old and new investors for new money to be invested in RAHFCO Funds, LP, and RAHFCO Growth Fund, LP, which Hansen falsely represented would be invested according to the investment strategy. Instead of investing the funds as he had represented, Hansen used some of the funds collected to pay existing RAHFCO investors who requested withdrawals.

All of the foregoing occurred in violation of 18 U.S.C. § 1349.

COUNTS 2-5 (Wire Fraud)

11. The allegations contained in paragraphs 1 through 10 of this Indictment are hereby re-alleged as if set out in full and incorporated herein by reference.

12. Beginning on or about April 1, 2008, through and including April 8, 2011, in the District of South Dakota and elsewhere, defendant Hansen, having devised a scheme and artifice to defraud investment account holders of money and property, by means of false and fraudulent pretenses, representations and promises, caused to be transmitted by means of electronic wire communications in interstate commerce, writings, signs, signals, pictures and sounds for the purpose of executing such scheme and artifice to defraud.

13. On or about the dates listed below, in the District of South Dakota, the defendant caused to be transmitted by means of electronic wire communications in interstate commerce, writings, signs, signals, pictures and sounds for the purpose of executing the scheme and artifice to defraud:

Count	Date of Wire	From	To	Item
2	01/08/2009	Cortlandt Manner, New York	Redfield, South Dakota	\$119,000
3	01/12/2009	Houston, Texas	Redfield, South Dakota	\$545,000
4	07/13/2008	Sioux Falls, South Dakota	Albuquerque, New Mexico	email
5	03/31/2009	Sioux Falls, South Dakota	Winger, Minnesota	email

all in violation of 18 U.S.C. § 1343.

COUNTS 6-29 (Mail Fraud)

14. The allegations contained in paragraphs 1 through 10 of this Indictment are hereby re-alleged as if set out in full and incorporated herein by reference.

On or about the dates listed below, in the District of South Dakota and elsewhere, the defendant, for the purpose of executing and attempting to execute the scheme and artifice to defraud, knowingly caused to be delivered in interstate transportation by the United States Postal Service, according to the directions thereon, the matters and things specifically set forth as follows:

Count	Date	Item	From	To
6	09/30/2010	Earnings Statement	Sioux Falls, South Dakota (RAHFCO)	Cortlandt Manor, New York (Robert Johnson)
7	4/20/2009	\$1,000 check	Seneca, Kansas (Community National Bank (Dietmer Rose)	Sioux Falls, South Dakota (RAHFCO)
8	08/23/2010	\$18,951 check	Seneca, Kansas (CNB, Dietmer Rose)	Sioux Falls, South Dakota (RAHFCO)
9	12/31/2010	Earnings Statement	Sioux Falls, South Dakota (RAHFCO)	Albuquerque, New Mexico (Dietmer Rose)
10	10/27/2008	\$31,144 check	Houston, Texas (Entrust, Ron Starr)	Sioux Falls, South Dakota (RAHFCO)
11	10/20/2009	\$46,000 check	Houston, Texas (Entrust, Ron Starr)	Sioux Falls, South Dakota (RAHFCO)
12	04/08/2011	Schedule K-1 (IRS)	Sioux Falls, South Dakota	Doland, South Dakota (Ron Starr)
13	12/31/2010	Earnings Statement	Sioux Falls, South Dakota	Doland, South Dakota (Ron Starr)
14	09/16/2008	\$40,000	Doland, South	Sioux Falls,

		check	Dakota (Aelred Dettler)	South Dakota (RAHFCO)
15	12/31/2008	Earnings statement	Sioux Falls, South Dakota	Doland, South Dakota (Aelred Dettler)
16	04/08/2011	Schedule K-1 (IRS)	Sioux Falls, South Dakota	Doland, South Dakota (Aelred Dettler)
17	12/31/2010	Earnings statement	Sioux Falls, South Dakota	Fargo, North Dakota (Tom Schneider)
18	04/08/2011	Schedule K-1 (IRS)	Sioux Falls, South Dakota	Fargo, North Dakota (Tom Schneider)
19	07/14/2008	\$210,545.69 check	Seneca, Kansas (Community National Bank, Harold Rodenbiker)	Sioux Falls, South Dakota (RAHFCO)
20	12/31/2010	Earnings statement	Sioux Falls, South Dakota (RAHFCO)	Fargo, North Dakota (Harold Rodenbiker)
21	04/08/2011	Schedule K-1 (IRS)	Sioux Falls, South Dakota (RAHFCO)	Fargo, North Dakota (Harold Rodenbiker)
22	02/17/2009	\$250,000 check	Winger, Minnesota (Kuprian Frolov's Smith Barney account)	Sioux Falls, South Dakota (RAHFCO)
23	04/08/2011	Schedule K-1 (IRS)	Sioux Falls, South Dakota (RAHFCO)	Winger, Minnesota (Kuprian Frolov)
24	07/22/2008	\$20,000 check	Boyton Beach, Florida (James Keller)	Sioux Falls, South Dakota (RAHFCO)
25	07/22/2008	\$30,000 check	Boyton Beach, Florida (James	Sioux Falls, South Dakota

			Keller)	(RAHFCO)
26	12/31/2010	Earnings statement	Sioux Falls, South Dakota (RAHFCO)	Medina, Ohio (James Keller)
27	04/08/2011	Schedule K-1 (IRS)	Sioux Falls, South Dakota (RAHFCO)	Medina, Ohio (James Keller)
28	12/31/2010	Earnings statement	Sioux Falls, South Dakota (RAHFCO)	Aberdeen, South Dakota (Donna Harvey)
29	04/08/2011	Schedule K-1 (IRS)	Sioux Falls, South Dakota (RAHFCO)	Aberdeen, South Dakota (Donna Harvey)

all in violation of 18 U.S.C. § 1341.

COUNT 30 – (False Statement During Firearms Purchase)

On or about the 15th day of October, 2013, in Minnehaha County, in the District of South Dakota, the defendant, Randal Kent Hansen, in connection with his attempted acquisition of a firearm, namely, a Browning, model Maxus, .12 gauge shotgun, bearing serial number 115ZX01567, from a federally licensed firearms dealer, Scheels Hardware & Sport Shops, Inc., knowingly made a false and fictitious written statement to gun salesman Lane Mellegard which statement was intended and likely to deceive Lane Mellegard as to a fact material to the lawfulness of such attempted acquisition of the said firearm to the defendant, by representing that he was not under indictment or information in any court for a felony, or any other crime, for which the judge could imprison the defendant for more than one year, when, in fact, as the defendant then well knew, he was subject to an indictment filed in federal court charging the

defendant with a felony for which he could be imprisoned for more than one year,
all in violation of 18 U.S.C. § 922(a)(6).

A TRUE BILL:

NAME REDACTED

Foreperson

BRENDAN V. JOHNSON
UNITED STATES ATTORNEY

By:

