Division of Securities
Utah Department of Commerce
160 East 300 South, Second Floor
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801) 530-6980

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:	**ORDER TO SHOW CAUSE**
FREEDOM ASSETS, LLC;	**Docket No.** SD-06-0091
EXECUTIVE ASSETS, LLC;	**Docket No.** SD-06-0092
KERRY D. PIPKIN;	**Docket No.** SD-06-0093
LAURIE ANN PIPKIN;	**Docket No.** SD-06-0094
Respondents.	

It appears to the Director of the Utah Division of Securities (Director) that Freedom Assets, LLC, Executive Assets, LLC, Kerry D. Pipkin, and Laurie Ann Pipkin, may have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the investigation of this matter by the Utah Division of Securities (Division), the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20 (1) of the Act.

STATEMENT OF JURISDICTION

1. Jurisdiction over the Respondents and subject matter is appropriate in this matter based

on allegations that the Respondents violated §§ 61-1-1 (Securities Fraud), 61-1-3 (Sale by Unlicensed Agent / Employing an Unlicensed Agent), and 61-1-7 (Sale of Unregistered Securities) of the Act while engaged in the offer and sale of securities in Utah.

STATEMENT OF FACTS

THE PARTIES

2. Freedom Assets, LLC (Freedom Assets) was registered as a Utah limited liability company on October 2, 2000, but its status expired on February 9, 2005. Freedom Assets was located at 3725 South Washington Boulevard, Suite 1, in South Ogden, Utah, and Kerry D. Pipkin was its registered agent, sole manager and member.

3. Executive Assets, LLC (Executive Assets) was registered as a Utah limited liability company on May 13, 2002, and its status is currently "active." Executive Assets is located at 3725 South Washington Boulevard, Suite 1, in South Ogden, Utah, and Kerry D. Pipkin is its registered agent, sole manager and member.

4. Kerry D. Pipkin (Kerry) resides in Weber County, Utah.

5. Laurie Ann Pipkin (Laurie) resides in Weber County, Utah.

GENERAL ALLEGATIONS

6. In January 2002, Kerry and Laurie Pipkin (the Pipkins) introduced Idaho residents S. T. and V. T. to an investment opportunity, while they visited at the Pipkins' home in Utah.

7. The Pipkins (both were actively involved in the discussion) described the investment as

the factoring of accounts receivable. They told S. T. and V. T. there was a company (the name of the company was not disclosed) which purchased the accounts receivable of Asian latex glove manufacturers for a discount. The Pipkins said, by selling the accounts receivable, the glove manufacturers did not have to wait three months to get paid for their product, which was in transit to a purchaser in the United States.

8. The Pipkins told S. T. and V. T. that the company then collected the full purchase price of the gloves from the purchaser, which enabled the company to pay individuals who loaned them money a 15% return in three months.

9. The Pipkins told S. T. and V. T. that the investment opportunity was "a sure thing," and that any investment of money was secured by the product being shipped, i. e., the latex gloves.

10. The Pipkins told S. T. and V. T. that many people were investing in the program, including relatives of the Pipkins, that everyone seemed very pleased with the returns they were making, and that investors were paying off their homes and purchasing expensive cars.

11. The Pipkins said that most people were investing at least $10,000, although they did not say that was the minimum required to invest. The Pipkins said they wanted to be able to add money to their total investment in $100,000 increments, so they would hold S. T.'s and V. T.'s investment until they had acquired $100,000, and then place the money in the investment opportunity.

12. The Pipkins failed to tell S. T. and V. T. that the company from whom the investor would supposedly purchase accounts receivable was under investigation by the SEC, and was not purchasing accounts receivables from any latex glove manufacturers; it was running a large ponzi scheme.

13. The company, J. T. Wallenbrock & Associates (Wallenbrock), was a California based company.

14. In late January 2002, as a result of their investigation, the SEC froze the assets of Wallenbrock.

15. In Utah, investments in Wallenbrock were being promoted by the Pipkins, among others, through Freedom Assets. In August 2002 the Pipkins began promoting the program through Executive Assets.

16. On January 27, 2002, one day before the SEC froze Wallenbrock's assets, S. T. and V. T. invested in the latex glove program by personal check for $10,000 made payable to Freedom Assets. S. T. and V. T. did not receive a promissory note at the time of the investment. Their investment remained in Freedom Assets' account until April, 2002, well after the Pipkins learned of the SEC freeze on Wallenbrock's assets.

17. On April 23, 2002, Freedom Assets gave S. T. and V. T. a promissory note. The note was signed by Kerry Pipkin on behalf of Freedom Assets. The note promised to pay $11,500 on July 12, 2002.

18. Instead of receiving their principal and interest on the maturity date, S. T. and V. T.

decided to roll over their investment. S. T. and V. T. rolled their note over three times, and received a new note each time, issued by Executive Assets, LLC and signed by Kerry Pipkin, as follows:

Date Signed	Amount	Date Due
August 9, 2002	$13,225.00	October 12, 2002
November 27, 2002	$15,208.75	January 12, 2003
February 21, 2003	$17,490.06	April 12, 2003

19. In a letter dated February 20, 2003, addressed "To all lenders in the glove program:" and signed "Executive Assets, LLC", the Pipkins advised investors they had decided to withdraw all funds from the program. The reason for this action cited in the letter was "the Political environment between China and the U.S. and the rest of the world, as well as, recent events that have been purported to us concerning our government's possible intentions to cause great delays and possible discontinuance of the program itself."

20. After receiving the above information, V. T. did some research on her own. She discovered that the glove factoring program company was J. T. Wallenbrock & Associates. Further, she learned about the SEC action taken a full year earlier, none of which was disclosed by the Pipkins.

21. V. T. asked the Pipkins for the money due on the last note on February 10, 2004.

22. S. T. and V. T. have received nothing from the Pipkins, nor from the bankruptcy Kerry Pipkin filed in August 2004.

23. Bank records for the Freedom Assets account at America First Credit Union revealed S. T. and V. T.'s investment was used by the Pipkins to pay for personal expenses and to run two separate businesses called Crazy Cash, LLC, and Crazy Money, LLC.

24. The personal expenses paid by the Pipkins using S. T. and V. T.'s money include payments to Rosehill Dairy, American Express, Nextel Communications, South Ogden City, First USA Card, Chase Manhattan, US West Communications, AT&T Broadband, Conti Mortgage, as well as child support payments, and payments on multiple loans to Kerry Pipkin from America First Credit Union.

CAUSES OF ACTION

COUNT I
Securities Fraud under § 61-1-1 of the Act
(Freedom Assets, Executive Assets, Kerry D. Pipkin, and Laurie Ann Pipkin)

25. The Division incorporates and re-alleges paragraphs 1 through 24.

26. The promissory notes offered and sold by the Respondents are securities under § 61-1-13 of the Act.

27. In connection with the offer and sale of securities to the investors, Respondents, directly or indirectly, made false statements, including, but not limited to, the following:

    a. That invested funds would be used to factor accounts receivable for Asian latex glove manufacturers, when, in fact, there were no accounts receivable being factored; and

    b. That the investment was safe because is was secured by the product being

shipped, when, in fact, there was no product being shipped.

28. In connection with the offer and sale of securities to the investors, Respondents failed to disclose material information, including, but not limited to, the following:

a. The name of the company factoring accounts receivable.

b. The business and operating history of that company (Wallenbrock).

c. The identity and backgrounds of the principals in Wallenbrock.

d. That Wallenbrock was running a ponzi scheme.

e. That the SEC had frozen the assets of Wallenbrock and caused a receiver to be appointed, following the SEC's investigation of Wallenbrock.

f. That the Pipkins were using invested funds for personal expenses and to run another business.

g. That the securities were not registered nor were they exempt from registration.

h. That the Pipkins were unlicensed broker-dealers or agents.

i. That Laurie Pipkin had an ongoing child support lien.

29. Based on the above, Freedom Assets, LLC, Executive Assets, LLC, Kerry D. Pipkin, and Laurie Ann Pipkin willfully violated § 61-1-1 of the Act.

COUNT II
Sale of Unregistered Securities under § 61-1-7 of the Act
(Freedom Assets, Executive Assets, Kerry D. Pipkin, and Laurie Ann Pipkin)

30. The Division incorporates and re-alleges paragraphs 1 through 24.

31. The promissory notes offered and sold by the Respondents are securities under § 61-1-13

of the Act.

32. The securities were offered and sold in this state.

33. The securities offered and sold by the Respondents were not registered under the Act, and Respondents did not file any claim of exemption relating to the securities.

34. Based on the above information, Freedom Assets, LLC, Executive Assets, LLC, Kerry D. Pipkin, and Laurie Ann Pipkin willfully violated § 61-1-7 of the Act.

COUNT III
Sale by an Unlicensed Agent under § 61-1-3(1) of the Act
(Kerry D. Pipkin, and Laurie Ann Pipkin)

35. The Division incorporates and re-alleges paragraphs 1 through 24.

36. The Pipkins offered or sold securities in Utah.

37. When offering and selling these securities on behalf of Freedom Assets or Executive Assets, Kerry and Laurie Pipkin were acting as agents of an issuer.

38. The Pipkins have never been licensed to sell securities in Utah as agents of this issuer, or any other issuer.

39. Based on the above information, Kerry D. Pipkin and Laurie Ann Pipkin willfully violated § 61-1-3(1) of the Act.

COUNT IV
Employing an Unlicensed Agent under § 61-1-3(2) of the Act
(Freedom Assets, LLC and Executive Assets, LLC)

40. The Division incorporates and re-alleges paragraphs 1 through 24.

41. Freedom Assets and Executive Assets employed or engaged unlicensed agents, Kerry and

Laurie Pipkin, to offer and sell its securities in Utah.

42. Based on the above information, Freedom Assets and Executive Assets willfully violated § 61-1-3(2) of the Act.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on Wednesday, December 27th, 2006, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah. If Respondents fail to file an answer or appear at the hearing, the Division of Securities may hold Respondents in default, and a fine may be imposed in accordance with Utah Code Ann. § 63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, Respondents may show cause, if any they have:

a. Why Freedom Assets, LLC, Executive Assets, LLC, Kerry D. Pipkin, and Laurie Ann Pipkin should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;

b. Why Freedom Assets, LLC, Executive Assets, LLC, Kerry D. Pipkin, and Laurie Ann Pipkin should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act;

c. Why Freedom Assets, LLC and Executive Assets, LLC, should not be ordered to pay a fine, jointly and severally, of fifty thousand dollars ($50,000) to the Division;

d. Why Kerry D. Pipkin should not be ordered to pay a fine of fifteen thousand dollars ($15,000) to the Division; and

e. Why Laurie Ann Pipkin should not be ordered to pay a fine of fifteen thousand dollars ($15,000) to the Division.

DATED this 14TH day of November, 2006.

WAYNE KLEIN
Director, Utah Division of Securities

Approved:

JEFFREY BUCKNER
Assistant Attorney General

S. J.

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
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BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

IN THE MATTER OF:	**NOTICE OF AGENCY ACTION**
FREEDOM ASSETS, LLC;	**Docket No.** SD-06-0091
EXECUTIVE ASSETS, LLC;	**Docket No.** SD-06-0092
KERRY D. PIPKIN;	**Docket No.** SD-06-0093
LAURIE ANN PIPKIN;	**Docket No.** SD-06-0094
Respondents.	

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

You are hereby notified that agency action in the form of an adjudicative proceeding has been commenced against you by the Division of Securities (Division). Utah Code Ann. § 63-46b-2(1)(a). The adjudicative proceeding is to be formal and will be conducted according to statute and rule. See Utah Code Ann. §§ 63-46b-6 through 11; see also Utah Admin. Code R151-46b-1 et seq.; Utah Admin. Code 164–1 et seq. The legal authority under which this formal adjudicative proceeding is to be maintained is Utah Code Ann. §§ 61-1-20. You may be represented by counsel or you may represent yourself in this proceeding. Utah Admin. Code R151-46b-6.

You must file a written response with the Division within thirty (30) days of the mailing date of this Notice. Utah Admin. Code R151-46b-8(1). Your response must be in writing and signed by you or your representative. Your response must include the file number or other reference number; the name of the adjudicative proceeding; your version of the facts; a statement of what relief you seek; and a statement summarizing why the relief you seek should be granted. Utah Code § 63-46b-6(1). In addition, the presiding officer requires that your response:

(a) admit or deny the allegations in each numbered paragraph of the Order to Show Cause. Allegations in the Order to Show Cause not specifically denied are deemed admitted;

(b) identify any additional documents which you assert are relevant in light of the allegations made; and

(c) state in short and plain terms your defenses to each allegation in the Order to Show Cause, including affirmative defenses, that were applicable at the time of the conduct (including exemptions or exceptions contained within the Utah Uniform Securities Act).

Shortly after the deadline for filing your response to the Order to Show Cause, an initial pre-hearing conference in this adjudicative proceeding will be held. Utah Admin. Code R151-46b-9(9). The time, date and place for that hearing are given below as well as in the Order to Show Cause. Utah Code Ann. § 61-1-20(1)(b). The purpose of the initial pre-hearing conference is to set a

deadline for the filing of pre-hearing motions, including summary judgment; determine whether to modify the deadlines for disclosures; to order initial disclosures and resolve discovery issues; schedule any additional pre-hearing conferences; schedule a tentative hearing date to adjudicate whether the facts alleged in the Order to Show Cause or agency action accompanying this Notice are true and the relief requested is appropriate; and to deal with any other matters.

Your response, and any future pleadings or filings that should be part of the official files in this matter, should be sent to the following:

Signed originals to:

Administrative Court Clerk
c/o Pam Radzinski
Utah Division of Securities
160 E. 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
(801) 530-6600

A copy to:

Jeffrey Buckner
Assistant Attorney General
160 E. 300 South, Fifth Floor
Box 140872
Salt Lake City, UT 84114-0872
(801) 366-0310

Please note that an initial pre-hearing conference on the Order to Show Cause has been scheduled for Wednesday, December 27th, 2006, at 9:00 a.m. The hearing will take place at the Division of Securities, 160 East 300 South, second floor, Salt Lake City, Utah.

If you fail to file a response or fail to attend or participate in the initial pre-hearing conference, the presiding officer may enter a default order against you without any further notice. Utah Code Ann. § 63-46b-11; Utah Admin. Code R151-46b-11(a). After issuing the default order, the presiding officer may grant the relief sought against you in the Order to Show Cause, and will

conduct any further proceedings necessary to complete the adjudicative proceeding without your participation and determine all issues in the proceeding. Utah Code Ann. § 63-46b-11(4); Utah Admin. Code R151-46b-11(b). In the alternative, the Division may proceed with a hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf.

The presiding officer in this case is Wayne Klein, Director, Director, Division of Securities. An administrative law judge may be assigned after the initial pre-hearing conference. At any hearings, the Division will be represented by the Attorney General's Office.

You may attempt to negotiate a settlement of the matter without filing a response or proceeding to hearing. To do so, please contact the Utah Attorney General's Office. Questions regarding the Order to Show Cause should be directed to Jeffrey Buckner, Assistant Attorney General, 160 E. 300 South, Fifth Floor, Box 140872, Salt Lake City, UT 84114-0872, Tel. No. (801) 366-0310.

Dated this 14TH day of November, 2006.

Wayne Klein, Director
Division of Securities
Utah Department of Commerce

Certificate of Mailing

I certify that on the 14th day of November, 2006, I mailed, by certified mail, a true and correct copy of the Notice of Agency Action and Order to Show Cause to:

Kerry D. Pipkin
Individually, and as Registered Agent for Freedom Assets and Executive Assets
3725 Washington Blvd.
South Ogden, UT 84403

Certified Mail # 7005 1820 0003 7190 3716

Laurie Ann Pipkin
824 West 4250 South
Riverdale, UT 84405

Certified Mail # 7005 1820 0003 7190 3723

Pamela Radzinski
Executive Secretary