

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd 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:

**FOURTH DIMENSION FINANCIAL GROUP
RICHARD CLARK JOHNSON III**

Respondents.

ORDER TO SHOW CAUSE

Docket No. SD-08-0069

Docket No. SD-08-0070

It appears to the Director of the Utah Division of Securities (Director) that Fourth Dimension Financial Group and Richard Clark Johnson III 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 Utah Division of Securities' (Division's) investigation of this matter, 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 the subject matter is appropriate because the Division alleges that they violated § 61-1-1 (securities fraud) of the Act, while engaged in

the offer and sale of a security in or from Utah.

STATEMENT OF FACTS

THE RESPONDENTS

2. Richard Clark Johnson III (Johnson) is a resident of Utah County. Johnson does business as Fourth Dimension Financial Group (4DFG). 4DFG was registered as an assumed business name of Johnson and Justin Pehrson on September 20, 2007. Johnson is the registered agent of 4DFG and the status of the d.b.a. registration is currently "active."

GENERAL ALLEGATIONS

Investor KK

3. In November 2007, via e-mail, Johnson asked KK if he wanted to participate in a hard money lending deal. At all times relevant to the matters asserted herein, Johnson was in Utah and KK was in Idaho. The majority of their communication was done via e-mail.
4. Johnson told KK the following regarding the investment opportunity:
 - a. Johnson's clients came from referrals;
 - b. Johnson received interest of 5-7 % per month or higher on hard money lending deals, and Johnson would pass on 3-4 % to KK;
 - c. Johnson would use KK's investment to make a loan to a client who was remodeling a home in Alpine, Utah;
 - d. The client needed \$30,000 and Johnson was going to lend him \$15-20,000 of

Johnson's own money, and the loan would be secured by a first position lien on the client's property;

- e. Johnson had six other investors in various deals; and
 - f. Johnson paid an attorney \$3,000 to draft his promissory notes, and Johnson hasn't had a title company turn them down yet.
5. On December 7, 2007, Johnson sent KK an unsigned promissory note via e-mail, that Johnson had purportedly issued to an investor (DJ) in September 2007. Johnson told KK he would not be able to prepare KK's note until Monday, but it would be similar to DJ's note.
 6. Johnson also said in the December 7, 2007 e-mail, "we are in a great position if they default (1st position) . . . to protect our investment, however [the note between Johnson and his client in Alpine] will be a 120 day note." Johnson also told KK that after the 120-day note had matured, Johnson would invest KK's money in another yet-to-be-determined project for the remainder of the 240 days left on KK's note with Johnson.
 7. Johnson failed to tell KK, among other things, that Johnson and his wife filed for bankruptcy in June 2007, and that Johnson had several unpaid civil judgments against him.
 8. On December 11, 2007, Johnson sent KK, via e-mail, a promissory note and instructed KK to initial all three pages, sign and date it, and send it back to Johnson.

9. The e-mail also contained instructions for KK to wire the money to Johnson's US Bank account and asked that it be done before Friday so Johnson could wire the funds by 2 p.m. on Friday.
10. On December 11, 2007, KK signed the promissory note. Johnson as 4DFG promised to pay KK \$20,000 plus interest of 36 % per year, in monthly payments of \$600, starting January 15, 2008 and ending December 15, 2008. The note states that it is secured by any and all assets owned by "4DFG."
11. On December 14, 2007, KK sent, via wire transfer, \$20,000 to 4DFG's bank account at US Bank.
12. Bank records reveal that prior to KK's investment, 4DFG's account balance was approximately \$21. The bank records also reveal that KK's funds were not loaned to anyone, but were used instead to pay Johnson's personal expenses.
13. Shortly after KK invested, Johnson started soliciting additional funds from KK.
14. Johnson told KK he wanted to raise a total of \$1 million to be used to purchase real estate in North Carolina.
15. While discussing the investment opportunity in North Carolina with Johnson, Johnson told KK that he had not secured KK's December 2007 investment as promised.
16. KK also noticed that Johnson's story about KK's investment and about the various deals Johnson alleged to be involved in began to change.

17. On December 31, 2007, KK told Johnson, via e-mail, “I haven’t liked what I’ve seen with this program and many things have changed or are different from what I was told originally to get me to invest . . . You said you have enough investors with enough money to finance all the deals you take . . . I need you to assign one of them my note and take me off of it.”
18. Johnson responded and asked KK to give Johnson until the end of the week to pay him.
19. On January 5, 2007, Johnson told KK, via e-mail, that if Johnson could find another investor to take over the note, he would, and if not, Johnson would repay the note plus interest by February 10, 2008.
20. In January 2008, KK received one interest payment from Johnson in the amount of \$607.
21. KK has received no additional payment of principal or interest from Johnson, and is still owed \$20,000 in principal alone.
22. On February 26, 2008, KK, through his attorney, sued “Ric” Johnson d.b.a. 4DFG for breach of contract in Fourth Judicial District Court, Case No. 080400587, and on May 6, 2008, KK obtained a judgment of \$62,550 against Johnson. KK has recovered no money from Johnson despite the civil judgment.

CAUSES OF ACTION

COUNT I

Securities Fraud under § 61-1-1 of the Act

23. The Division incorporates and re-alleges paragraphs 1 through 22.

24. The promissory notes offered and sold by Respondents to KK are securities under § 61-1-13 of the Act.
25. In connection with the offer and sale of a security to KK, the Respondents, directly or indirectly, made false statements, including, but not limited to, the following:
 - a. KK's investment would be loaned to one of Johnson's clients who was remodeling a home in Alpine, Utah;
 - b. The investment would be secured by a first position lien on the client's home;
 - c. The investment matured in 120 days, and Johnson would invest KK's \$20,000 in another project for 240 days, after which KK would receive \$20,600; and
 - d. KK would receive interest of 3% per month for one year on his \$20,000 investment.
26. In connection with the offer and sale of a security to KK, the Respondents, directly or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make representations made not misleading:
 - a. On June 27, 2007, Johnson and his wife filed for bankruptcy;
 - b. Johnson had several unpaid civil judgments against him;
 - c. Some or all of the information typically provided in an offering circular or prospectus regarding 4DFG, such as:
 - i. 4DFG's business and operating history.

- ii. Identities of principals in the company along with their experience in this type of business.
- iii. Financial statements of the company.
- iv. Current capitalization of the issuer.
- v. The track record of the company to investors.
- vi. Risk factors for investors.
- vii. The number of other investors.
- viii. The liquidity of the investment.
- ix. Discussion of pertinent suitability factors for the investment.
- x. Any involvement of the issuer or the principals in certain legal proceedings, including bankruptcy and prior violation of state or federal securities laws.
- xi. Any conflicts of interest the issuer, the principals, or the agent may have with regard to the investment.
- xii. Whether the investment is a registered security or exempt from registration.
- xiii. Whether the person selling the investment was licensed.

27. Based upon the foregoing, the Respondents violated § 61-1-1 of the Act.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders the 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 Tuesday, September 9, 2008, 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. The purpose of the hearing is to establish a scheduling order and address any preliminary matters. If the Respondents fail to file an answer and 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, the Respondents may show cause, if any they have:

- a. Why Fourth Dimension Financial Group and Richard Clark Johnson III should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;
- b. Why Fourth Dimension Financial Group and Richard Clark Johnson III 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 Fourth Dimension Financial Group should not be ordered to pay a fine of twenty five thousand dollars (\$25,000) to the Division of Securities, which may

be reduced by restitution paid to the victim; and

- d. Why Richard Clark Johnson III should not be ordered to pay a fine of twenty five thousand dollars (\$25,000) to the Division of Securities, which may be reduced by restitution paid to the victim.

DATED this 9th day of July, 2008.



KEITH WOODWELL

Director, Utah Division of Securities



Approved:



JEFF BUCKNER

Assistant Attorney General

A. K.

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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IN THE MATTER OF:

FOURTH DIMENSION FINANCIAL GROUP
RICHARD CLARK JOHNSON III

Respondents.

NOTICE OF AGENCY ACTION

Docket No. SD-08-0069

Docket No. SD-08-0070

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

Within thirty (30) days of the mailing date of this notice, you are required to file an Answer with the Division. The Answer must include the information required by Utah Code § 63-46b-6 (1). In addition, you are required by § 63-46b-6 (3) to state: a) by paragraph, whether

you admit or deny each allegation contained in the Order to Show Cause, including a detailed explanation for any response other than an unqualified admission; b) any additional facts or documents which you assert are relevant in light of the allegations made; and c) any affirmative defenses (including exemptions or exceptions contained within the Utah Uniform Securities Act) which you assert are applicable. To the extent that factual allegations or allegations of violations contained in the Order to Show Cause are not disputed in your Answer, they will be deemed admitted.

Your Answer, 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
Division of Securities
160 E. 300 S., Second Floor
Box 146760
Salt Lake City, UT 84114-6760
(801) 530-6600

A copy to:

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

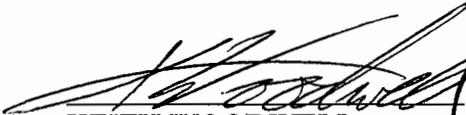
A hearing date has been set for Tuesday, September 9, 2008, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah.

If you fail to file an Answer, as set forth herein, or fail to appear at the hearing, the Division of Securities may hold you in default, and a fine and other sanctions may be imposed

against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing you with any further notice. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may be represented by counsel during these proceedings.

The Administrative Law Judge will be J. Steven Eklund, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6648. Pursuant to U.C.A. Subsection 63-46b-2(1)(h), Mr. Eklund is hereby designated as presiding officer for the purpose of conducting this formal administrative proceeding. Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to the Division's attorney, Jeff Buckner, at (801) 366-0310.

DATED this 9TH day of July, 2008.


KEITH WOODWELL
Director, Division of Securities

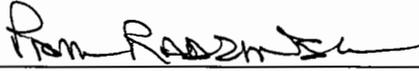


Certificate of Mailing

I certify that on the 11th day of July, 2008, I mailed, via certified and regular mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Richard Clark Johnson, III / Fourth Dimension Financial Group
3347 E. Kennekuk Circle
Eagle Mountain, UT 84005

Certified Mailing # 70070710000302082003



Executive Secretary