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

IN THE MATTER OF: **FOURTH DIMENSION FINANCIAL GROUP,** and **RICHARD CLARK JOHNSON,** **Respondents.**	**AFFIDAVIT OF SERVICE AND NON RESPONSE** **Docket No. SD 08-0069** **Docket No. SD 08-0070**

I, Pam Radzinski, first being duly sworn, depose and state as follows:

1. I am the Executive Secretary for the Department of Commerce Division of Securities (the Division).

2. As executive secretary for the Division, I am responsible for supervising the mailing of the Division's Orders to Show Cause and for receiving any responses filed by respondents.

3. On July 11, 2008, the Division mailed, by regular and certified mail, an Order to Show Cause dated July 9, 2008, to Richard Clark Johnson and Fourth Dimension Financial

Group along with a Notice of Agency Action (Notice), advising them that a default order would be entered if they failed to appear at a hearing set for Tuesday September 9, 2008, or file a written response to the Order to Show Cause. The Notice designated the adjudicative proceeding as formal.

4. On July 17, 2008, the return receipt portion of the certified mailing was returned to the Division, showing it was signed for as received by Ric Johnson on July 16, 2008.

5. As of the date of this Affidavit, the Respondents have not filed the required response.

DATED this 9TH day of DECEMBER, 2008.

PAM RADZINSKI
Executive Secretary

SALT LAKE COUNTY)
) ss
STATE OF UTAH)

Signed and subscribed to before me this 9th day of December, 2008.

Notary Public

NOTARY PUBLIC
SUSAN M. JONES
160 East 300 South 2nd Floor
Salt Lake City, Utah 84111
COMMISSION EXPIRES
March 12, 2010
STATE OF UTAH

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IN THE MATTER OF: **FOURTH DIMENSION FINANCIAL GROUP, and** **RICHARD CLARK JOHNSON,** **Respondents.**	**NOTICE OF ENTRY OF DEFAULT AND ORDER** **Docket No. SD 08-0069** **Docket No. SD 08-0070**

I. BACKGROUND

A formal adjudicative proceeding was initiated by the Division's Order to Cease and Desist, and Order to Show Cause (OSC) and Notice of Agency Action (Notice) dated July 9, 2008, against Fourth Dimension Financial Group and Richard Clark Johnson along with a Notice of Agency Action (Notice), advising them to file an answer or appear at a hearing set for Tuesday September 9, 2008 or default would be entered against them. At the September 9, 2008 administrative hearing, Liisa Hancock, an attorney with the law firm of Jeffs & Jeffs in Provo, Utah, contacted counsel for the Division, saying she represented Mr. Johnson in a civil matter

and asked for a continuance of the administrative hearing so he could retain counsel for the administrative action. As of the date of this Notice of Entry of Default and Order, Mr. Johnson and Fourth Dimension Financial Group have not retained counsel or filed the required response to the OSC.

II. FINDINGS OF FACT

1. On July 11, 2008, the Division mailed, by regular and certified mail, an Order to Show Cause dated July 9, 2008, to Richard Clark Johnson (Johnson) and Fourth Dimension Financial Group (4DFG) along with a Notice of Agency Action (Notice), advising them that a default order would be entered if they failed to appear at a hearing set for Tuesday September 9, 2008, or file a written response to the Order to Show Cause. The Notice designated the adjudicative proceeding as formal.
2. On July 17, 2008, the return receipt portion of the certified mailing was returned to the Division, showing it was signed for as received by Johnson on July 16, 2008.
3. Liisa Hancock, an attorney with the law firm of Jeffs & Jeffs in Provo, Utah, contacted counsel for the Division, saying she represented Johnson in a civil matter and asked for a continuance of the administrative hearing to allow Johnson time to retain counsel for the administrative action.
4. The Division agreed to a continuance. Johnson subsequently contacted the law firm of Fillmore & Spencer. In the meantime, the State of Utah filed criminal charges against Johnson based on the same conduct alleged in the administrative action.

5. Johnson was appointed counsel in the criminal action, but Johnson never retained counsel for the administrative action.

6. The Respondents have not filed a response to the OSC and no request for another extension to file a response has been made.

7. Richard Clark Johnson III resides in Utah County, Utah. Johnson does business as Fourth Dimension Financial Group. 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."

Investor KK

8. 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.

9. 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.

10. 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.

11. 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 invested KK's money in another yet-to-be-determined project for the remainder of the 240 days left on KK's note with Johnson.

12. 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.

13. 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.

14. 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.

15. 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."

16. On December 14, 2007, KK sent, via wire transfer, $20,000 to 4DFG's bank account at US Bank.

17. 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.

18. Shortly after KK invested, Johnson started soliciting additional funds from KK.

19. Johnson told KK he wanted to raise a total of $1 million to be used to purchase real estate in North Carolina.

20. 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.

21. 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.

22. 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."

23. Johnson responded and asked KK to give Johnson until the end of the week to pay him.

24. 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.

25. In January 2008, KK received one interest payment from Johnson in the amount of $607.

26. KK has received no additional payment of principal or interest from Johnson, and is still owed $20,000 in principal alone.

27. 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.

III. CONCLUSIONS OF LAW

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

29. 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.

30. 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.

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

IV. ORDER

Based on the above, the Director hereby:

1. Declares Fourth Dimension Financial Group and Richard Clark Johnson in default for failing to file a written response to the OSC dated July 9, 2008.

2. Enters, as its own findings, the Finding of Fact described in Section II above.

3. Enters, as its own conclusions, the Conclusions of Law described in Section III above.

4. Finds that Respondents violated the Utah Uniform Securities Act by misrepresenting material facts in connection with the offer of a security in or from Utah in violation of § 61-1-1(2).

5. Orders Respondents to permanently CEASE and DESIST from any violations of the Act.

6. Orders Fourth Dimension Financial Group to pay a fine of twenty five thousand dollars ($25,000) to the Division within 30 days of the entry of this Order.

7. Orders Richard Clark Johnson III to pay a fine of twenty five thousand dollars ($25,000) to the Division within 30 days of the entry of this Order.

DATED this 10th day of December, 2008.

KEITH WOODWELL
Director, Division of Securities

Pursuant to § 63G-4-209, Respondents may seek to set aside the Default Order entered in this proceeding by filing such a request with the Division consistent with the procedures outlined in the Utah Rules of Civil Procedure.

Certificate of Mailing/Service

I, Pam Radzinski, certify that on the 11TH day of DECEMBER, 2008, I mailed, via certified mail, a true and correct copy of the Notice of Entry of Default and Order to:

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

Certified Mailing # 70041160000301963687

PAM RADZINSKI
Executive Secretary