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Carols Gregory Gaytan and  
Pacific Investors, Inc.*

**RECEIVED**  
**JUN 21 2012**  
Utah Department of Commerce  
Division of Securities

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

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IN THE MATTER OF:

CAROLS GREGORY GAYTAN AND  
PACIFIC INVESTORS, INC.

Respondents.

**ANSWER OF RESPONDENTS CAROLS  
GREGORY GAYTAN AND PACIFIC  
INVESTORS, INC.**

Docket No. SD-12-0034

Docket No. SD-12-0035

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Respondents Carols Gregory Gaytan (hereinafter "Gaytan") and Pacific Investors, Inc. (hereinafter "Pacific") (hereinafter collectively referred to as "Respondents"), by and through their counsel of record, Douglas E. Griffith of Kesler & Rust, answers the Order to Show Cause filed by Utah Division of Securities (hereinafter "the Division") as follows:

1. Respondents deny the allegations contained in ¶ 1 of the Order to Show Cause.
2. Respondents admit the allegations contained in ¶¶ 2 and 3 of the Order to Show Cause.

3. Respondents deny the allegations contained in ¶¶ 4, 5 and 6 of the Order to Show Cause.

4. Respondents admit the allegations contained in ¶ 7 of the Order to Show Cause.

5. Respondents deny the allegations contained in ¶ 8 of the Order to Show Cause.

6. Respondents deny any and all allegations that this matter relates to an investment or investing, but admit the remaining allegations contained in ¶ 9 of the Order to Show Cause.

7. Respondents respond to the allegations contained in ¶ 10 by stating that the referenced document speaks for itself. Respondents deny all allegations not consistent with said document.

8. Respondents respond to the allegations contained in ¶¶ 11 and 12 by stating that the referenced document speaks for itself. Respondents deny all allegations not consistent with said document.

9. Respondents deny any and all allegations that this matter relates to an investment or investing, and responds to the remaining allegations contained in ¶ 13 of the Order to Show Cause by stating the referenced document speaks for itself. Respondents deny all allegations not consistent with said document.

10. Respondents admit the allegations contained in ¶ 14 of the Order to Show Cause.

11. Respondents respond to the allegations contained in ¶ 15 by stating that the referenced document speaks for itself. Respondents deny all allegations not consistent with said document.

12. Respondents deny any and all allegations that this matter relates to an investment or investing, and responds to the remaining allegations contained in ¶ 16 of the Order to Show Cause by stating the referenced document speaks for itself. Respondents deny all allegations not consistent with said document.

13. Respondents respond to the allegations contained in ¶ 17 by stating that the referenced document speaks for itself. Respondents deny all allegations not consistent with said document.

14. Respondents are without knowledge or information sufficient to form a belief as to the truthfulness of the allegations contained in ¶ 18 of the Order to Show Cause and therefore deny the same.

15. Respondents deny the allegations contained in ¶ 19 of the Order to Show Cause.

16. Respondents are without knowledge or information sufficient to form a belief as to the truthfulness of the allegations contained in ¶ 20 of the Order to Show Cause and therefore deny the same.

17. Respondents admit the allegations contained in ¶ 21 of the Order to Show Cause.

18. Respondents deny the allegations contained in ¶ 22 of the Order to Show Cause.

19. Respondents answer ¶ 23 to the same extent they have answered ¶¶ 1-22 herein.

20. Respondents deny the allegations contained in ¶¶ 24, 25 and 26 of the Order to Show Cause.

**AFFIRMATIVE DEFENSES**

Respondents asserts the following affirmative defenses to the Division's Order to Show Cause and reserves the right to amend their affirmative defenses as further information becomes available.

**FIRST AFFIRMATIVE DEFENSE**

Respondents alleges that Division has failed to state a claim or cause of action upon which relief may be granted as against the Respondents.

**SECOND AFFIRMATIVE DEFENSE**

Respondents allege that Division's claims are barred by reason of the Division's failure to plead fraud with particularity as to each of the Respondents.

**THIRD AFFIRMATIVE DEFENSE**

Respondents alleges that Division's claims are barred by any other matter constituting an avoidance or affirmative defense.

**PRAYER**

WHEREFORE, Respondents request that this Court dismiss the claims and causes of action filed by Division and deny the relief requested by the Division.

**DATED** this 21<sup>st</sup> day of June, 2012.

KESLER & RUST

  
Douglas E. Griffith  
*Attorney for Respondents*

**CERTIFICATE OF SERVICE**

I hereby certify that I caused to be delivered by the method indicated below a true and correct copy of the foregoing **ANSWER OF RESPONDENTS CAROLS GREGORY GAYTAN AND PACIFIC INVESTORS, INC.**, postage prepaid, this 21 day of June, 2012, to:

FEDERAL EXPRESS  
 U.S. MAIL  
 HAND DELIVERY  
 TELEFAX TRANSMISSION

Administrative Court Clerk  
c/o Julie Price  
Division of Securities  
160 East 300 South, 2<sup>nd</sup> Floor  
Box 146760  
Salt Lake City, Utah 84114-6760

  
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D. Scott Davis  
Assistant Attorney General  
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Salt Lake City, Utah 84114-0872