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IN THE SECOND JUDICIAL DISTRICT COURT IN AND FOR

WEBER COUNTY, STATE OF UTAH

THE STATE OF UTAH,	:	
Plaintiff,	:	**CRIMINAL INFORMATION**
vs.	:	
KERRY D. PIPKIN DOB: December 25, 1958	:	Case No. _____
	:	
LAURIE ANN PIPKIN DOB: December 18, 1967	:	Case No. 061904243
	:	Judge Jones
Defendants.		

The undersigned, SUSAN JONES, upon oath, states on information and belief that the defendants have committed the following crimes:

SECURITIES FRAUD, a second degree felony, 1 count

THEFT, a second degree felony, 1 count

SALES BY AN UNLICENSED BROKER-DEALER OR AGENT
a third degree felony, 1 count

SALE OF AN UNREGISTERED SECURITY
a third degree felony, 1 count

COUNT 1
SECURITIES FRAUD
a second degree felony

Commencing on or about January 2002, in the State of Utah, County of Weber, the defendant, in connection with the offer or sale of a security, directly or indirectly, to **Brian "Scott" Thompson and Vickie Thompson**, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit, in violation of Utah Code Ann. §§61-1-1 and 61-1-21. This violation is a second degree felony under Utah Law.

COUNT 2
THEFT, a second degree felony

Commencing on or about January 2002, the defendants obtained or exercised unauthorized control over the property of **Brian "Scott" Thompson and Vickie Thompson**, with a purpose to deprive them thereof. The value of the property exceeds $5,000.00. This is a violation of Utah Code Ann. § 76-6-404, a second degree felony.

COUNT 3
SALES BY AN UNLICENSED BROKER-DEALER OR AGENT
a third degree felony

Commencing on or about January 2002, the defendants, in connection with the offer or sale of a security, willfully engaged in the offer or sale of a security without being licensed to transact business in this state. It is unlawful for any person to transact business in this state as a

broker-dealer or agent unless the person is licensed. This is a violation of Utah Code Ann. §§61-1-3(3) and 61-1-21, a third degree felony under Utah Law.

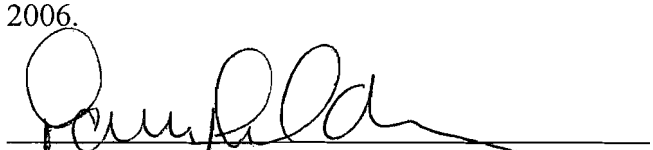
COUNT 4
SALE OF AN UNREGISTERED SECURITY
a third degree felony

Commencing on or about January 2002, in the State of Utah, County of Weber, the defendant willfully engaged in violations of Utah Code Ann. §§61-1-7 and 61-1-21 in connection with the offer or sale of an unregistered security. This violation is a third degree felony under Utah Law.

DATED this 21st day of November, 2006

SUSAN JONES, Affiant

SUBSCRIBED AND SWORN to before me
On this 21 day of NOV,
2006.



JUDGE, SECOND DISTRICT COURT

This CRIMINAL INFORMATION is based upon evidence from the following witnesses:

1. Vickie Thompson
2. Peter B. Driscoll
3. Wayne Klein, Director, Division of Securities
4. And others.

AUTHORIZED FOR PRESENTMENT AND FILING this 20th day of November, 2006.

MARK L. SHURTLEFF
Utah Attorney General

By: Charlene Barlow
CHARLENE BARLOW
Assistant Attorney General

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IN THE SECOND JUDICIAL DISTRICT COURT IN AND FOR

WEBER COUNTY, STATE OF UTAH

THE STATE OF UTAH,	:	
Plaintiff,	:	**AFFIDAVIT OF PROBABLE CAUSE**
vs.	:	
KERRY D. PIPKIN DOB: December 25, 1958	:	Case No. —
	:	
LAURIE ANN PIPKIN DOB: December 18, 1967	:	Case No. 061904243
Defendants.	:	Judge Jones

STATE OF UTAH)
:ss
COUNTY OF WEBER)

I, SUSAN JONES, being first duly sworn upon oath, depose and state as follows:

1. I am a certified law enforcement officer of 29 years and am currently employed as a Securities Compliance Investigator for the Utah Department of Commerce, Division of Securities.

Prior to my employment with the Division of Securities, I was employed by the Criminal Investigations Bureau of the Department of Public Safety. I am currently investigating possible violations of securities fraud statutes and related criminal code violations by KERRY D. PIPKIN and LAURIE ANN PIPKIN.

2. The facts set forth in this affidavit are based upon the results of an investigation during which I have collected and reviewed business and personal records from witnesses and other sources. I have received information from the following individuals: Vickie Thompson; Peter B. Driscoll and Wayne Klein.

PARTIES

3. KERRY D. PIPKIN, at all pertinent times, resided in Weber County, Utah.

4. LAURIE ANN PIPKIN, at all pertinent times, resided in Weber County, Utah.

5. Records of the Utah Division of Corporations and Commercial Code reveal that Freedom Assets, LLC was registered October 2, 2000 and expired February 9, 2005. Kerry Pipkin was the manager, member, and registered agent. Executive Assets, LLC was registered May 13, 2002 and is active. Kerry Pipkin is the manager, member, and registered agent.

BACKGROUND

6. J. T. Wallenbrock & Associates ("Wallenbrock") is a California based company that was purportedly in the business of factoring accounts receivable for latex glove manufacturers in Asia. They alleged they purchased the receivables of the manufacturers for 70% to 80% of the balance due, then collected 100% from the glove purchaser. To fund this factoring business, they offered three-month promissory notes promising a 20% return on the investment. At the end of the three-

month period, investors had the option to roll all or part of the principal and interest into a new promissory note.

7. An investigation by the SEC revealed that Wallenbrock was not purchasing accounts receivables from any latex glove manufacturers; it was running a large ponzi scheme. Between at least 1999 and January 2002, over $230 million was raised in the scheme. Of that amount, in excess of $100 million was used to pay other investors to create the illusion there was a receivables business. At least $130 million of investors funds was transferred to a sister company run by the same individuals, Citadel Capital Management Group, to invest in high-risk start-up businesses. As a result of their investigation, the SEC, through Court action, froze the assets of Wallenbrock in late January 2002.

8. In Utah, investment in Wallenbrock was being promoted by Kerry D. Pipkin and Laurie Ann Pipkin, through their locally organized LLC, Freedom Assets. Sometime in or before August 2002 the Pipkins began using the name Executive Assets, LLC for this program.

9. The Pipkins described the investment as the factoring of accounts receivable. They told potential investors there was a large California company (without providing a name) which purchased the accounts receivable of Asian latex glove manufacturers for a discount. This way the 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. The company then collected the full purchase price of the gloves from the purchaser. This enabled the company to pay individuals who loaned them money a 15% return in three months. The investment was safe because it was secured by the product being shipped.

10. Individuals who invested in the program received a Promissory Note for their principal plus 15% interest due three months from date of issue. The investor had the option to have all the money paid to them when the note came due, receiving part of the money and rolling the rest into a new three month promissory note, or rolling all of the principal and interest into a new note. If the investor failed to give instructions before the note came due, the principal and interest automatically rolled into a new note.

11. When the SEC obtained an injunction against Wallenbrock and froze its assets, the Pipkins did not disclose any information about this action to investors.

SECURITIES FRAUD

12. My investigation has revealed that KERRY D. PIPKIN and LAURIE ANN PIPKIN offered or sold investments in Freedom Assets, LLC and Executive Assets, LLC to at least one investor. The transactions cited above involve promissory notes which are securities as defined by Utah Code Annotated 1953 as amended §61-1-13.

13. KERRY D. PIPKIN and LAURIE ANN PIPKIN made certain misrepresentations of material facts to one or more investors in connection with the offer or sale of a security, to-wit: that invested funds would be used to factor accounts receivable of Asian latex glove manufacturers, when in fact, there were no accounts receivable being factored; and that the investment was safe because it was secured by the product being shipped.

14. KERRY D. PIPKIN and LAURIE ANN PIPKIN also made certain omissions of material facts to one or more investors in connection with the offer or sale of a security, to-wit: the name of the company factoring accounts receivable; the business and operating history of that company; the

identity and backgrounds of the principals in that company; that the company was running a ponzi scheme; that the SEC had frozen the assets of the company and had a receiver appointed; that the Pipkins were using invested funds for personal expenses and to run another business; that the securities were not registered nor were they exempt from registration; that the Pipkins were unlicensed issuer agents; and that Laurie Pipkin had an ongoing child support lien.

COUNT 1
SECURITIES FRAUD, a second degree felony

15. In January 2002, the Pipkins approached Brian "Scott" and Vickie Thompson about the investment program. Scott Thompson and Laurie Pipkin are cousins. The Pipkins (both were actively involved in the discussion) described the investment as the factoring of accounts receivable. At meetings held at the Pipkins' home in Riverdale, they told the Thompsons 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. This way the 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. The company then collected the full purchase price of the gloves from the purchaser. This enabled the company to pay individuals who loaned them money a 15% return in three months. It was reported by the Pipkins to be a "sure thing" investment.

16. The Pipkins told the Thompsons that a lot of people were investing in this program, including relatives of both Kerry and Laurie. Everyone seemed very pleased with the returns they were making. People were reported to be using their returns to pay for their homes and expensive cars.

17. The Pipkins said that most people were investing at least $10,000, although they did not say that was a minimum required to invest. They further said that they wanted to be able to add money to their total investment in $100,000 increments, so they would hold the Thompsons' investment until they had acquired that amount, then place the money in the program.

18. On January 27, 2002, Vickie Thompson wrote a check for $10,000 payable to Freedom Assets to invest in the latex glove program. The first Promissory Note issued to Scott and Vickie Thompson was dated April 23, 2002, signed by Kerry Pipkin on behalf of Freedom Assets. The Note promised to pay $11,500 on July 12, 2002. The Note was sent by the Pipkins to the Thompsons from the Pipkins' office in Ogden, Utah.

19. The Thompsons did not ask for any money to be paid out to them from the notes, so new notes were issued by Executive Assets, LLC, all 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

20. In a letter dated February 20, 2003, addressed "To all lenders in the glove program:" and signed "Executive Assets, LLC", 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."

21. After receiving the above information, Vickie Thompson 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 this information was disclosed by the Pipkins. Vickie asked for a the money due on the last note on February 10, 2004. She has received nothing from the Pipkins, nor from the bankruptcy Kerry Pipkin filed in August 2004.

COUNT 2
THEFT, a second degree felony

22. Bank records for the Freedom Assets account at America First Credit Union reveal the investment check from the Thompsons was deposited on February 1, 2002. The next transactions in the account took place on April 1, 2002 when there were two offsetting transactions of $600 in the form of a transfer from the Freedom Assets account to a Crazy Cash, LLC (Crazy Cash) account then back to Freedom Assets account (or vice versa). Crazy Cash, LLC is another one of Kerry Pipkin's companies. There was also a transfer of $6,000 from the Freedom Assets account to the Crazy Cash account on April 1, 2002. The next transaction in the Freedom Assets account was the deposit of $2,900 on May 6, 2002, followed by the transfer of $6,800 to a personal account of Kerry Pipkin's on May 7, 2002.

23. The balance of the Crazy Cash account just prior to the $6,000 deposit on April 1, 2002 was $2,194.88. Transactions in this account for the next year following the deposit involve transfers back and forth between this account and two accounts for Crazy Money, LLC (another of Kerry Pipkin's companies). The April 1, 2003 balance of the Crazy Cash account was $9,040.89. At no time during the year was the Crazy Cash account balance below the balance before the $6,000

deposit on April 1, 2002.

24. The balance of Kerry Pipkin's personal account prior to the $6,800 deposit on May 6, 2002 was $279.27. Expenditures from the account include payments to Rosehill Dairy, American Express, Nextel Communications, South Ogden City, First USA Card, Chase Manhattan, US West Communication, AT&T Broadband, Conti Mortgage, as well as child support and payments on multiple loans to Kerry Pipkin from the same bank. In spite of additional deposits during the month of May, the balance in Pipkin's account on May 30, 2002 was $43.67.

COUNT 3
SALES BY AN UNLICENSED BROKER DEALER OR AGENT,
a third degree felony

25. Records of the Utah Division of Securities reveal that KERRY D. PIPKIN and LAURIE ANN PIPKIN are not licensed as broker-dealers or agents.

COUNT 4
SALE OF AN UNREGISTERED SECURITY, a third degree felony

26. Records of the Utah Division of Securities reveal that Freedom Assets, LLC and Executive Assets, LLC have not filed any security registrations.

SUMMARY

27. Based on my review of the evidence there is probable cause to believe that KERRY D. PIPKIN and LAURIE ANN PIPKIN have committed the crimes of:

SECURITIES FRAUD
a second degree felony, 1 count

THEFT
a second degree felony, 1 count

SALES BY AN UNLICENSED BROKER-DEALER OR AGENT
a third degree felony, 1 count

SALE OF AN UNREGISTERED SECURITY
a third degree felony, 1 count

DATED this 21st day of November, 2006.

Susan M Jones
SUSAN M. JONES, Affiant

SUBSCRIBED AND SWORN to before me on this 21 day of NOV, 2006.

JUDGE, SECOND DISTRICT COURT

CHARLENE BARLOW, Bar No. 0212
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IN THE SECOND JUDICIAL DISTRICT COURT IN AND FOR

WEBER COUNTY, STATE OF UTAH

THE STATE OF UTAH,	:	Bail $ 30,000.00
Plaintiff,	:	**WARRANT OF ARREST**
vs.	:	
LAURIE ANN PIPKIN DOB: December 18, 1967	:	Case No. 061904243
	:	Judge Jones
Defendant.		

THE STATE OF UTAH TO ANY PEACE OFFICER IN THE STATE OF UTAH,

GREETINGS:

An Information, upon oath, having been this day made before me by Investigator Susan Jones, and it appearing from the Information, or affidavit filed with the Information, that there is probable cause to believe that the public offense(s) of: **Securities Fraud, a second degree felony, 1 count; Theft, a second degree felony, 1 count; Sales by an Unlicensed Broker-Dealer or Agent, a third degree felony, 1 count; and Sales of an Unregistered Security, a**

third degree felony, 1 count, has been committed, and that the defendant, LAURIE ANN PIPKIN, has committed these offenses,

YOU ARE THEREFORE COMMANDED to arrest the above named defendant forthwith and bring the defendant before this court, or before the nearest or most accessible magistrate for setting bail. If the defendant has fled justice, you shall pursue the defendant into any other county of this state and there arrest the defendant. The offenses listed above are felonies.

Bail is set in the amount of $ 30,000.00.

DATED this 21 day of NOV, 2006

HONORABLE,
JUDGE, SECOND DISTRICT COURT

Defendant's Address:

824 West 4250 South
Riverdale, UT 84405