

CHARLENE BARLOW, Bar No. 0212
Assistant Attorney General
MARK L. SHURTLEFF, Bar No. 4666
Utah Attorney General
5272 South College Drive, #302
Murray, UT 84123
Telephone: (801) 284-6341

FILED DISTRICT COURT
Third Judicial District
MAY 24 2001
By _____
SALT LAKE COUNTY
Deputy Clerk *[Signature]*

IN THE THIRD JUDICIAL DISTRICT COURT IN AND FOR
SALT LAKE COUNTY, STATE OF UTAH

THE STATE OF UTAH, : Bail \$ \$200,000.00
 :
Plaintiff, :
 :
vs. : **CRIMINAL INFORMATION**
 : **0119 07522 FS**
 :
ROBERT L. KIME, : Case No. _____
DOB: January 22, 1948 :
 : Judge: WILLIAM W. BARRETT
 :
Defendant. :

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

- SECURITIES FRAUD, an unclassified felony, 13 counts
- SECURITIES FRAUD, a second degree felony, 3 counts
- SECURITIES FRAUD, a third degree felony, 1 count
- SALE OF AN UNREGISTERED SECURITY
a third degree felony, 1 count
- SALES BY AN UNLICENSED BROKER-DEALER OR AGENT,
a third degree felony, 1 count
- PATTERN OF UNLAWFUL ACTIVITY (RACKETEERING)
a second degree felony, 1 count

COUNT 1
SECURITIES FRAUD
an unclassified felony F2

Commencing on or about September 1996, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Lee Porter**, 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 an unclassified felony under Utah Law.

COUNT 2
SECURITIES FRAUD
a second degree felony

Commencing on or about March 1998, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Lee Porter**, 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 3
SECURITIES FRAUD
an unclassified felony

Commencing on or about April 1996, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL SERVICES**, directly or indirectly, to **Dennis Hoskins**, 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 an unclassified felony under Utah Law.

COUNT 4
SECURITIES FRAUD
an unclassified felony

Commencing on or about September 1996, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Norman Erekson**, 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 an unclassified felony under Utah Law.

COUNT 5
SECURITIES FRAUD
an unclassified felony

Commencing on or about July 1996, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Edith H. Amundson**, 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 an unclassified felony under Utah Law.

COUNT 6
SECURITIES FRAUD
an unclassified felony

Commencing on or about April 1997, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer

or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Sandy Banks**, 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 an unclassified felony under Utah Law.

COUNT 7
SECURITIES FRAUD
a second degree felony

Commencing on or about June 1997, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **H. Keith Barton**, 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 8
SECURITIES FRAUD
an unclassified felony

Commencing on or about August 1996, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Mary Jane Gordon**, 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 an unclassified felony under Utah Law.

COUNT 9
SECURITIES FRAUD
a second degree felony

Commencing on or about November 1997, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Mary Jane Gordon**, 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 10
SECURITIES FRAUD
an unclassified felony

Commencing on or about June 1996, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Jean Coleman MacDonald**, 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 an unclassified felony under Utah Law.

COUNT 11
SECURITIES FRAUD
an unclassified felony

Commencing on or about September 1996, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **R.M. Eastmond**, 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 an unclassified felony under Utah Law.

COUNT 12
SECURITIES FRAUD
an unclassified felony

Commencing on or about September 1996, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Robert R. Walker**, 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 an unclassified felony under Utah Law.

COUNT 13
SECURITIES FRAUD
an unclassified felony

Commencing on or about November 1996, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer

or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Todd R. Walker**, 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 an unclassified felony under Utah Law.

COUNT 14
SECURITIES FRAUD
an unclassified felony

Commencing on or about November 1996, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Jack N. Webster**, 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 an unclassified felony under Utah Law.

COUNT 15
SECURITIES FRAUD
an unclassified felony

Commencing on or about July 1996, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Rex W. Orgill**, 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 an unclassified felony under Utah Law.

COUNT 16
SECURITIES FRAUD
a third degree felony

Commencing on or about March 1998, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Cameron L. Porter**, 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 third degree felony under Utah Law.

COUNT 17
SECURITIES FRAUD
an unclassified felony

Commencing on or about October 1996, in the State of Utah, County of Salt Lake, the defendant, in connection with the offer or sale of an investment in **PACIFIC RIM FINANCIAL GROUP**, directly or indirectly, to **Karen Berthold and Sarah Berthold Hatch**, 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 an unclassified felony under Utah Law.

COUNT 18
SALE OF UNREGISTERED SECURITIES
a third degree felony

From on or about June 1996, in the State of Utah, County of Salt Lake and elsewhere, 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 in

PACIFIC RIM FINANCIAL GROUP. This violation is a third degree felony under Utah Law.

COUNT 19
SALES BY AN UNLICENSED BROKER-DEALER OR AGENT
a third degree felony

From on or about June 1996, the defendant, in connection with the offer or sale of an unregistered security in **PACIFIC RIM FINANCIAL GROUP**, 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(1), (2) and 61-1-21, a third degree felony under Utah Law.

COUNT 20
PATTERN OF UNLAWFUL ACTIVITY (RACKETEERING)
a second degree felony

Commencing on or about 1988, the defendant engaged in conduct which constituted the commission of at least three episodes of unlawful activity as defined in Utah Code Ann. § 76-¹⁶⁰³10-1601 (1995). The defendant: (1) received proceeds derived, directly or indirectly, from a pattern of unlawful activity as more fully defined in Counts 1 through 19 above, in which he participated as a principal, or he used or invested, directly or indirectly, any part of that income, or the proceeds of the income, or the proceeds derived from the investment or use of

those proceeds, in the acquisition of any interest in, or establishment or operation of, any enterprise; (2) through a pattern of unlawful activity acquired or maintained, directly or indirectly, any interest in or control of any enterprise; or (3) was employed by, or associated with any enterprise and conducted or participated, whether directly or indirectly, in the conduct of that enterprise's affairs through a pattern of unlawful activity. The unlawful activity included three or more violations of securities fraud. This is a violation of Utah Code Ann. §76-10-1601 and § 76-10-1603(5) (1995), et seq. a second degree felony.


SUSAN JONES

Subscribed and sworn to before me on
this 29th day of March, 2001


JUDGE, THIRD DISTRICT COURT

WILLIAM W. BARRETT

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

1. Lee Porter
2. Dennis Hoskins
3. Norman T. Erekson
4. Edith H. Amundsen
5. Sandy Banks
6. H. Keith Barton
7. Mary Jane Gordon
8. Jean MacDonald

9. R. M. Eastmond
10. Robert R. Walker
11. Todd R. Walker
12. Jack N. Webster
13. LeRoy Yancy
14. Carma Yancy
15. Rex W. Orgill
16. Cameron L. Porter
17. Richard W. Kletting
18. Karen Berthold
19. Sarah Berthold Hatch
20. Richard A. Hadlock
21. Dave Clive, Jr.
22. Karen Gregory
23. Michael Warner
24. Timothy R. Schmitz
25. Adam M. West
26. Michael R. Packer
27. Lance A. Hone
28. S. Anthony Taggart
29. And Others

AUTHORIZED FOR PRESENTMENT AND FILING this 24th day of May, 2001.

MARK L. SHURTLEFF
Utah Attorney General

By: Charlene Barlow
CHARLENE BARLOW
Assistant Attorney General

securities fraud statutes and related criminal code violations by ROBERT L. KIME.

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 interviewed the following individuals: Lee Porter; Dennis Hoskins; Norman T. Erekson; Edith H. Amundsen; Sandy Banks; H. Keith Barton; Mary Jane Gordon; Jean MacDonald; R. M. Eastmond; Robert R. Walker; Todd R. Walker; Jack N. Webster; LeRoy Yancy; Carma Yancy; Rex W. Orgill; Cameron L. Porter; Richard W. Kletting; Karen Berthold; Sarah Berthold Hatch; Richard A. Hadlock; Dave Clive, Jr.; Karen Gregory; Michael Warner; Timothy R. Schmitz; Adam M. West; Michael R. Packer; Lance A. Hone and S. Anthony Taggart.

PARTIES

3. ROBERT L. KIME, at all pertinent times, resided at 366 West 2300 South, Bountiful, Utah 84010.

4. Pacific Rim Financial Group, at all pertinent times, maintained an office at 136 South Main, Salt Lake City, Utah 84111.

5. Records of the Utah Division of Corporations reveal that Robert L. Kime was president and director of several corporations, as follows: Pacific Rim Financial Services Corporation, registered June 20, 1990, involuntarily dissolved September 1, 1999; Pacific Rim Mortgage Services, Inc., registered July 13, 1995,

involuntarily dissolved October 1, 1999; Murray - Loans Inc., registered November 24, 1992, involuntarily dissolved February 1, 1999; Redwood Fast Loan Corporation, registered September 2, 1993, involuntarily dissolved December 1, 1998; Murray Fast Loans Inc., registered May 5, 1994, involuntarily dissolved August 1, 1999; State Street Fast Loans Inc., registered May 24, 1994, involuntarily dissolved August 1, 1999; Logan Fast Loans Inc., registered August 25, 1994, involuntarily dissolved November 1, 1999; Kearns Fast Loans Inc., registered January 31, 1996, involuntarily dissolved April 1, 1999; and Pacific Rim Mobile Home Loans, Inc., registered September 24, 1996, involuntarily dissolved December 1, 1998.

6. Records of the Utah Division of Corporations reveal Robert L. Kime was the registered agent for the following DBAs: Pacific Rim Fast Loan Corporation, registered April 1, 1991; Pacific Rim Financial Group, registered December 30, 1996; Pacific Rim Fast Loans - Ogden, registered May 22, 1997; Pacific Rim Fast Loans - Orem, registered May 22, 1997; and Pacific Rim Fast Loans - Redwood, registered May 22, 1997.

7. Records of the Utah Division of Securities reveal that Robert L. Kime is not licensed as a broker-dealer or agent.

8. Records of the Utah Division of Securities reveal that Pacific Rim Financial Group has not filed any security

registrations. Filings in 1993 by Pacific Rim Fund One Limited and Pacific Rim Fund Two Limited were withdrawn.

BACKGROUND

9. Pacific Rim Financial Group originally was in the business of mortgage lending, extending second mortgages to individuals with poor credit ratings at a high interest rate. The entities which conducted mortgage lending were called Pacific Rim Loan Corporation and Murray Loans, Inc. The mortgages, and the investment money used to fund them, were to be secured by trust deeds on the mortgaged property. With this arrangement, the default rate was represented to be relatively low and foreclosure on the real property was to result in recoupment of the loaned funds. Investors in these loan companies were informed by paragraph 7 of their promissory notes that they would receive an assignment of the trust deeds used to secure the loans. Over time, Pacific Rim began loaning money to high risk individuals.

10. Solicitation for investors in the loan companies occurred by means of newspaper ads, television ads, and by word of mouth. Interested investors all met face-to-face with Robert L. Kime, at which time he explained the benefits of investing in trust deeds. Most investors were given a pamphlet titled "Investing in Trust Deeds: Opening the Door to Higher Returns on Secure Investments," prepared by Pacific Rim Financial Group. Kime's verbal statements

always emphasized the low risk of the investment because of the trust deeds that secured it.

11. When someone invested with Pacific Rim, Robert L. Kime issued a Promissory Note to the individual which outlined the terms and repayment schedule for the note. The notes paid simple interest. The notes also contained a paragraph that stated the note was secured by an assignment of trust deed. That paragraph read as follows:

7. Security. This note is secured by an assignment of Trust Deeds, the value of which will be reviewed quarterly and adjusted as needed for the benefit and protection of the assignee. Occasional replacement instruments are subject to the same review.

12. In 1992, and continuing through 1993 and 1994, Robert L. Kime began creating new entities, the "fast loan" companies. These entities were named Kearns Fast Loans, Inc.; Logan Fast Loans, Inc.; Murray Fast Loans, Inc.; Redwood Fast Loan Corporation; and State Street Fast Loan. These companies extended loans for a variety of purposes, again to individuals with poor credit ratings at a high rate of interest. These loans were secured by little or no collateral. The default rate on these loans was high and there was no cost effective way to recoup loaned funds. It was also difficult to find investors willing to put money into the fast loan companies since there was no security for the investment as there was for the mortgage loan investments. Kime told investors that

these loans were secured by collateral worth three times the amount loaned; that they were more secure than the loans secured by trust deed mortgages; and that they were low risk. Again, these investments were evidenced by promissory notes signed by Robert Kime as president of the Pacific Rim entities; the promissory notes for the "fast loans" did not contain paragraph 7 regarding security of the investment by assignment of trust deeds.

13. A majority of the Pacific Rim entities filed for bankruptcy protection on April 17, 1998 (Kearns Fast Loans, Inc.) and April 22, 1998 (Murray Loans, Inc. fka Pacific Rim Loans, Inc.; Logan Fast Loans, Inc. fka Pacific Rim Fast Loans-Logan; Murray Fast Loans, Inc fka Pacific Rim Fast Loans-Murray; Redwood Fast Loan Corporation fka Pacific Rim Fast Loan Corp., and State Street Fast Loan, Inc. fka Pacific Rim Loans-State Street, Inc.).

14. On July 16, 1990, Robert Leslie Kime II and Barbara B. Kime filed for Chapter 7 bankruptcy; the debtor was discharged May 24, 1993 and the bankruptcy closed May 26, 1993. Kime never disclosed this bankruptcy to the investors he solicited and received investment money from.

15. Employees of the company state that during their employment, which ranged from February 1994 through February 1998, they observed investor monies being pooled so that more than one investor's money would be put into larger loans. They became

concerned when they reviewed trust deeds and found that there were not enough trust deeds to secure all of the investors' money. When one employee brought that to Kime's attention, Kime told him it was none of the employee's concern.

16. A review of the bank records for all of the entities established by Kime involved in Pacific Rim Financial Group show that Kime transferred funds between the different entities without regard to whether the money was invested in secured notes or in "fast loans." Kime never told investors that he intended to transfer money between the entities.

17. In March or April of 1996, S. Anthony Taggart, who was then Chief of Corporate Finance for the Division of Securities, received a visit from an attorney representing Pacific Rim Fast Loans. The attorney wanted to discuss how Pacific Rim Fast Loans was set up and discuss ways in which the company could change in order to not run afoul of the securities laws of the state. Mr. Taggart informed the attorney that Pacific Rim Fast Loans would need to discontinue certain activities in order to comply with securities law; he was assured that the company would comply. Shortly thereafter, Mr. Taggart received a phone call from a securities attorney in Salt Lake who told Mr. Taggart that Pacific Rim Financial had advertised for investors in notes used to finance mortgages. The attorney was concerned that the advertisement may

constitute an unregistered offer of securities. Mr. Taggart listened to the sales pitch and also became concerned that Pacific Rim was offering unregistered securities. He contacted Pacific Rim's counsel and advised him of the concern. On April 29, 1996, Mr. Taggart met with Kime and counsel for Pacific Rim and advised them about the concerns; they assured him that they had structured the offer so that it was not a security. Mr. Taggart warned Kime that if he deviated from the structure he had explained to Mr. Taggart the promissory notes would be securities and would need to be registered.

SECURITIES FRAUD

18. My investigation has revealed that ROBERT L. KIME offered or sold investments in Pacific Rim Financial Group to at least 87 investors. The transactions involve the issuance of promissory notes which are securities as defined by Utah Code Annotated §61-1-13(24)(a)(1) (1953 as amended). Each of the notes called for payment of simple interest on a monthly basis, initially with no date given for payment of the principal. Before June 11, 1996, the principal was payable on demand plus 60 days; on that date, Kime began sending letters indicating that the Pacific Rim Loans Company (not the "Fast Loans") notes would be adjusted according to one of the options offered in the letter. Those options were: Five year maturity 20%; Four year maturity 19%; Three year maturity 18%; Two

year maturity 17%; One year maturity 16%; and Demand plus 30 days 15%. The investors were required to select one or more of the options for their invested funds and they could select how much money was to be allocated toward each option.

19. ROBERT L. KIME made certain misrepresentations of material facts to one or more investors in connection with the offer or sale of a security, to-wit: that investment funds in Pacific Rim Loans were secured by an assignment of trust deed; that investment funds in Pacific Rim Fast Loans were secured by collateral worth three times the amount of the loans and were more secure than the mortgage loans secured by trust deeds; and that investing with Pacific Rim Financial Group was secure and low risk.

20. ROBERT L. KIME also made certain omissions of material facts to one or more investors in connection with the offer or sale of a security, to-wit: investment funds were being transferred between the various loan companies controlled by Kime; the risk factors involved in the investment; investors had not received assignments of trust deeds as promised by Kime and indicated in the promissory notes; that Kime had declared personal bankruptcy in 1990, discharged in 1993; that the security was not registered nor was it exempt from registration; and that Kime was an unlicensed broker-dealer or agent.

COUNT 1
SECURITIES FRAUD, an unclassified felony
(Lee Porter)

21. In 1992, **Lee Porter** was introduced to Pacific Rim by a mutual friend of his and Robert Kime's. Mr. Porter met with Kime at the Pacific Rim offices at 136 South Main, Salt Lake City, Utah. At that time, Kime was only offering loans secured by trust deeds. When Kime began offering the "Fast Loans" (i.e., those not secured by trust deed mortgages) in 1993 and 1994, Mr. Porter invested in some of the fast loans because the interest rate was higher (21%). The investments are evidenced by promissory notes signed by Robert Kime as president of the various Pacific Rim entities. Mr. Porter invested with Pacific Rim as follows: Note #15, October 10, 1994 for \$20,000; Note #28, November 21, 1994 for \$9,000 (these first two notes do not indicate which corporation was promising to repay the Porters; they merely have "Pacific Rim Financial Group" as the heading on the page); Note #37, December 15, 1994 for \$40,000; Note #46, January 23, 1995 for \$26,000; Note #52, February 17, 1995 for \$1,500; Note #59, March 8, 1995 for \$4,000; Note #72, April 4, 1995 for \$5,000; and Note #82, May 2, 1995 for \$13,500; Note #83R, July 2, 1995 for \$13,500; Note #102, July 10, 1995 for \$7,500; Note #141, October 16, 1995 for \$10,000; Note #143, November 1, 1995 for \$10,000; Note #168, February 22, 1996 for \$15,000; Note #185, April 24, 1996 for \$20,000; Note #2006, August 23, 1996 for \$10,000 for

a term of three years at 22% interest; Note #2060, November 13, 1996 for \$10,000 for a term of three years at 22% interest (these notes all indicate that "Pacific Rim Fast Loans" or "Pacific Rim Fast Loans Corporation" promise to repay the investments); Note #217, July 2, 1996 for \$15,000; and Note #222, July 30, 1996 for \$10,000 (these two notes indicate the "Pacific Rim Loans Corporation" promises to repay the investment). Even though these notes did not include paragraph 7 regarding security for the investment by assignment of trust deeds, Kime assured Mr. Porter that his investments were more secure than the mortgage-backed investments that he had previously been investing in. In fact, Kime told Porter, they were secured by three times the value of the loans.

22. In September of 1996, Mr. Porter received several promissory notes from Pacific Rim Loans Corporation which contained paragraph 7 indicating security by assignment of trust deeds. These notes were: Note #1140, September 10, 1996 for \$34,000 with a term of "Demand plus 30 days" at 15% interest; Note #1135, September 11, 1996 for \$3,500 for five years at 20% interest; Note #1136, September 15, 1996 for \$5,000 for five years at 20% interest; Note #1134, September 16, 1996 for \$12,000 for five years at 20% interest; Note #1138, September 17, 1996 for \$8,500 for five years at 20% interest; Note #1137, September 23, 1996 for \$6,000

for five years at 20% interest; Note #1141, September 23, 1996 for \$15,000 for five years at 20% interest; Note #1132, September 27, 1996 for \$16,000 with a term of "Demand plus 30 days" at 15% interest; Note #1133, September 27, 1996 for \$3,600 for five years at 20% interest; and Note #1139, September 30, 1996 for \$4,000 for five years at 20% interest. Although these notes include paragraph 7 stating that the investment is backed by the assignment of trust deeds, Mr. Porter never received any assignments of trust deeds to secure these specific investments.

23. These notes evidence money given to the Pacific Rim Financial Group totaling \$343,100.00. Mr. Porter had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to his investments.

COUNT 2
SECURITIES FRAUD, a second degree felony
(Lee Porter)

24. On or about March 22, 1998, **Lee Porter** received a promissory note number 1131A from Pacific Rim Financial Group in the amount of \$20,600.00. This evidences money invested with Pacific Rim Loans for five years at 20% interest. In April of 1998, Kime filed bankruptcy in the name of all of the "fast loan" entities he had established but informed investors that the filing did not affect Pacific Rim Financial Services nor any money invested in trust deeds. At the first meeting of creditors in the

bankruptcy case, Kime acknowledged telling investors in the fast loans that their investment were secured when in fact, he admitted, many were not. Kime subsequently filed Chapter 7 bankruptcy in the name of Pacific Rim Financial Services on March 5, 1999. Mr. Porter had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to his investments.

COUNT 3
SECURITIES FRAUD, an unclassified felony
(Dennis Hoskins)

25. In early 1996, **Dennis Hoskins** learned about Pacific Rim Financial Services and Robert L. Kime from his mother-in-law, Jean Coleman MacDonald. Mr. Hoskins went to Kime's office on Main Street in Salt Lake to discuss the investment program. Kime told him that his investment was secure and gave him the pamphlet "Investing in Trust Deeds."

26. Mr. Hoskins gave Kime a check for \$14,000 on April 18, 1996 and subsequently received a promissory note for repayment of the \$14,000 at 20% interest. On June 11, 1996, Kime sent a letter to Mr. Hoskins informing him that Pacific Rim Financial was going to "re-structure" the notes according to years to maturity and asked him to select which type of note he wanted. In response to Mr. Hoskins' selection, Kime sent Mr. Hoskins Note #1001 on June 19, 1996 in which Pacific Rim Loans Corporation promised to pay Mr.

Hoskins 20% interest on \$14,000 over five years. Mr. Hoskins received monthly interest payments on the loan for two years.

27. The note contained paragraph 7 indicating that the note was secured by assignment of trust deeds; however, Mr. Hoskins never received an assignment of trust deed from Pacific Rim Financial for this investment. Mr. Hoskins received a copy of a promissory note and trust deed in which two individuals promised to pay Pacific Rim Financial Services \$2,465 and one of the individuals signed a trust deed with Pacific Rim Loans Corporation listed as beneficiary. Nothing in the documents assigns the trust deed to Mr. Hoskins. Mr. Hoskins had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to his investments.

COUNT 4
SECURITIES FRAUD, an unclassified felony
(Norman T. Erekson)

28. Kime was a neighbor of **Norman T. Erekson** in Bountiful Utah. In January 1988, Kime told Mr. Erekson that Kime was in the financial lending business doing second mortgages. He sought investment money from Mr. Erekson and promised 18-20% interest in return. From 1988 to 1992, Mr. Erekson invested money with Kime and these investments were paid off. In 1992, Kime began shifting Mr. Erekson's investments to what Kime called "Fast Loans."

29. Beginning in 1994, Mr. Erekson received promissory notes evidencing his investments as follows: Note #21, November 9, 1994 for \$12,000 at 21% interest (this note indicates that "the undersigned" Robert Kime, president of Pacific Rim Financial Group, promised to pay the principal and interest on the note); Note #88, May 15, 1995 for \$3,035.01 at 21% interest (Pacific Rim Fast Loans is the promissor); and Note #151R, February 12, 1996 for \$5,000 at 21% interest (Pacific Rim Fast Loans Corporation is the promissor). None of these notes contain paragraph 7 regarding security for the note.

30. On September 7, 1996, Mr. Erekson received several notes signed by Kime as president of Pacific Rim Loans Corporation evidencing Mr. Erekson's investments in that corporation. Their terms are as follows: Note #1106, \$1,000 for five years at 20% interest; Note #1107, \$2,000 for five years at 20% interest; Note #1108, \$2,000 for two years at 17% interest; Note #1109, \$5,000 for two years at 17% interest; and Note #1110, \$15,000 with the term of "Demand plus 30 days" at 15% interest. These notes replace earlier notes issued to Mr. Erekson before Kime "re-structured" the promissory notes based on the length of term of the note. All of Mr. Erekson's notes contained paragraph 7 regarding security for the notes, however Mr. Erekson never received any information about what, if any, trust deeds secured these notes.

31. Finally, on December 11, 1996, Mr. Erekson received Note #2071 from Kime as president of Pacific Rim Fast Loans promising to pay \$5,000 at 18% interest. This note did not contain a paragraph 7 indicating that it was secured by an assignment of trust deed. Mr. Erekson had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to his investments.

COUNT 5
SECURITIES FRAUD, an unclassified felony
(Edith H. Amundson)

32. In 1992, Kime was introduced to **Edith H. Amundson** by her friend, Anne Erekson. Kime went to the Amundsons' home in Roy and solicited investments from them. Ms. Amundson invested for her IRA account and received promissory notes in return. The Amundsons received no information about previous business or operating history of Pacific Rim Financial and were told nothing about risks involved in lending to high risk individuals. Kime merely told the Amundsons that their money would be safe.

33. Ms. Amundson received the June 11, 1996 letter from Kime outlining the options she had to reinvest her money with Pacific Rim Loans Corporation. In response to the letter, Ms. Amundson reinvested her money and received the following promissory notes from Kime as president of Pacific Rim Loans Corporation: Note #1047, July 4, 1996 for \$5,500 for five years at 20% interest; Note

#1048, July 13, 1996 for \$16,000 for four years at 19% interest; Note #1046, July 30, 1996 for \$31,950 for five years at 20%; and Note #1058, \$4,300 for five years at 20% interest. All of these notes had paragraph 7 indicating that the investments were secured by an assignment of trust deed. Ms. Amundson received documents which showed that Note #1048 was secured by a trust deed; she received no additional documents showing that the other notes had trust deeds. Mrs. Amundson had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to her investments.

COUNT 6
SECURITIES FRAUD, an unclassified felony
(Sandy Banks)

34. **Sandy Banks** was introduced to Pacific Rim Financial in 1997 through a personal friend, Jean MacDonald. Ms. Banks met with Kime at the Pacific Rim offices on Main Street in Salt Lake City. Kime told her that Pacific Rim made loans to people who were high risk, charging high interest rates and using their homes for collateral. He told Ms. Banks Pacific Rim paid its investors a portion of the interest rate charged to the borrowers and kept the rest of the interest to pay investors in case any of the borrowers defaulted on their loans.

35. On April 28, 1997, Ms. Banks gave a personal check to Pacific Rim in the amount of \$12,000. In return she received a

promissory note from Kime as president of Pacific Rim Loans Corporation; Note #1274 in the amount of \$12,000 for five years at 14% interest. The note contained paragraph 7 but Ms. Banks received no documentation regarding trust deeds which would have secured her note. Ms. Banks had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to her investments.

COUNT 7
SECURITIES FRAUD, a second degree felony
(H. Keith Barton)

36. On October 28, 1992 a personal friend introduced **H. Keith Barton** to Kime. Mr. Barton met with Kime at Kime's office and was told about Pacific Rim's business of loaning money to individuals who wanted to consolidate their debts. Kime told Mr. Barton that the loans were low or minimal risk because they were secured by second mortgages and contracts while leaving at least a 30% equity position above the first and second mortgages in case of foreclosure due to non-payment. Mr. Barton made several investments between 1992 and 1997 with Pacific Rim.

37. The last investment Mr. Barton made with Pacific Rim was June 4, 1997 when he gave Pacific Rim \$20,000 and received two promissory notes signed by Kime as president of Pacific Rim Loans Corporation. Note #1294 was for \$10,000 for one year at 10% interest; Note #1295 was for \$10,000 for two years at 11% interest.

Mr. Barton had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to his investments.

COUNT 8
SECURITIES FRAUD, an unclassified felony
(Mary Jane Gordon)

38. In 1993, **Mary Jane Gordon** was introduced to Kime by Richard Hadlock, a personal friend. She had asked Mr. Hadlock about investments and he told her about Pacific Rim and introduced her to Kime. At her first meeting with Kime, he took her and Mr. Hadlock to Orem, Utah to show her a warehouse on which Pacific Rim had loaned money. Kime told her that any monies she invested would be loaned as second mortgages with 60% collateral on the loans.

39. Between 1993 and 1997, Ms. Gordon received six promissory notes and 10 investment contracts evidencing her investments totaling \$330,000. Ms. Gordon received assignments of trust deeds only on some of the investment contracts (see Count 9). Included in those investments were the following promissory notes: Note #1061, August 23, 1996 for \$1,100 for five years at 20% interest; and Note #1062, August 23, 1996 for \$3,600 for five years at 20% interest. These notes both contained paragraph 7; however, Ms. Gordon did not receive an assignment of trust deeds for these notes. Mrs. Gordon had not been informed about the

misrepresentations or omissions identified in paragraphs 19 and 20 above prior to her investments.

COUNT 9
SECURITIES FRAUD, a second degree felony
(Mary Jane Gordon)

40. **Mary Jane Gordon** received ten investment contracts between January of 1996 and August of 1998. Eight of the contracts had assignments of trust deeds attached; two did not. The two investment contracts which did not have assignments of trust deeds were: Contract #1213, November 24, 1997 for \$12,000 for five years at 14% interest; and Contract #1247, December 12, 1997, for \$1,000 for five years at 14% interest. Mrs. Gordon had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to her investments.

COUNT 10
SECURITIES FRAUD, an unclassified felony
(Jean Coleman MacDonald)

41. In 1993, **Jean Coleman MacDonald** was looking for an investment opportunity and learned from her neighbor, Anne Erekson, about Pacific Rim. Ms. MacDonald telephoned Kime and, on November 17, 1993, Kime and an associate went to her home in Roy, Utah and solicited an investment from her. Kime told Ms. MacDonald that his company, Pacific Rim, loaned money to high risk individuals at a high interest rate. He told her that the loans were secured and, when she asked if she would lose her money, he responded by

explaining his loan practices. He told her that he loaned the money at 36% interest and paid the investors 20% of that interest "right off the top." Of the 16% difference in interest charged and paid, 5% was put in a fund and, if someone defaulted on a loan, the investors would be repaid out of this fund. Ms. MacDonald decided to invest; Kime went with her to her credit union where she withdrew \$36,800 in a cashier's check and gave the money to Kime.

42. In return for her investment, Ms. MacDonald received a promissory note paying 20% interest. She received assignments of trust deeds to secure the note; over the next two-and-a-half years she received and re-conveyed several assignments of trust deeds as Pacific Rim made loans with her money and the loans were paid off. Ms. MacDonald also received monthly checks which represented payment of the simple interest on her investment.

43. Ms. MacDonald received the June 11, 1996 letter from Kime regarding the new options for promissory notes. Based on that letter, Ms. MacDonald decided to withdraw \$4,800 of her principal and invest the rest in three different options. Pursuant to her request as to how she wanted her investment structured, she received the following promissory notes: Note #1102R, September 17, 1996 for \$20,000 for five years at 20% interest; Note #1103R, September 17, 1996 for \$10,000 for three years at 18% interest; and Note #1104R, September 17, 1996 for \$2,000 for the term of "Demand

plus 30 days" at 15% interest. All of these notes contained paragraph 7 regarding security by assignment of trust deeds; however, no trust deeds were ever assigned to Ms. MacDonald for these notes. Ms. MacDonald had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to her investment.

COUNT 11
SECURITIES FRAUD, an unclassified felony
(R. M. Eastmond)

44. **R. M. Eastmond** became aware of Pacific Rim through an advertisement. He understood that his investment would be used to make short-term loans to individuals. In September of 1996, Mr. Eastmond gave \$40,000 to Kime to invest in Pacific Rim. He received two promissory notes: Note #1069, September 18, 1996 for \$20,000 for five years at 20% interest was from Pacific Rim Loans Corporation and had paragraph 7 indicating the assignment of trust deeds as security; Note #2029, September 18, 1996 for \$20,000 for three years at 22 % interest was with Pacific Rim Fast Loans Corporation and did not have a paragraph 7 indicating an assignment of trust deeds. Mr. Eastmond never received any assignment of trust deeds on either note. Mr. Eastmond had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to his investments.

COUNT 12
SECURITIES FRAUD, an unclassified felony
(Robert R. Walker)

45. In approximately 1987, **Robert R. Walker** had an office in the same building as Pacific Rim Financial. Kime telephoned Mr. Walker with a proposal to invest in Pacific Rim. Kime told Mr. Walker that his money would be used to make loans which would be secured by assignment of trust deeds on property of the borrowers. Kime told Mr. Walker that the loan to value ratio was normally 50-60%. Mr. Walker decided to invest both individually and as General Partner of the Daystar Investments Limited Partnership and initially he received assignments of trust deeds securing his investment; he also received the simple interest payments on his investment.

46. Mr. Walker received a letter from Kime dated July 1, 1996, which told him about restructuring of investments he had made and giving him the option of notes with five, four, three, two, or one year maturity or demand plus 30 days. The interest rates varied from 20% to 15% depending on the length of time of the investment. In his own name, Mr. Walker received the following notes evidencing his investment: Note #1072, September 15, 1996 for \$9,300 for five years at 20% interest; Note #1073, September 24, 1996, for \$8,000 for five years at 20% interest; Note #1074, September 14, 1996 for \$1,500 for one year at 16% interest; Note

#1075, September 6, 1996 for \$24,000 for five years at 20% interest; Note #1076, September 17, 1996 for \$10,857.60 for five years at 20% interest; Note #1077, September 1, 1996 for \$4,200 for five years at 20% interest; Note #1078, September 13, 1996 for \$6,000 for five years at 20% interest; and Note #1079, September 30, 1996 for \$22,000 for five years at 20% interest. All of these notes included paragraph 7 regarding being secured by assignment of trust deeds; however, Mr. Walker never received any trust deed assignments on these notes. When Kime filed bankruptcy for the "fast loan" companies, Mr. Walker learned that his money had been transferred to some of the fast loan companies without his knowledge or permission. The total of investments in Mr. Walker's name is \$84,857.60.

47. In addition to his own investment, Mr. Walker invested \$57,300 on behalf of Daystar Investments. The first investment for Daystar also occurred in 1987 and Mr. Walker received an assignment of trust deed for that investment. However, the investments were restructured after the July 1, 1996 letter as follows: Note #1085, September 8, 1996 for \$8,400 for two years at 17% interest; Note #1086, September 12, 1996 for \$7,000 for two years at 17% interest; Note #1087, September 28, 1996 for \$8,800 for two years at 17% interest; Note #1088, September 5, 1996 for \$4,000 for four years at 19% interest; Note #1089, September 29, 1996 for \$2,500 for four

years at 19% interest; Note #1090, September 28, 1996 for \$3,600 for four years at 19% interest; Note #1091, September 1, 1996 for \$2,100 for four years at 19% interest; Note #1092, September 6, 1996 for \$7,500 for four years at 19% interest; Note #1093, September 22, 1996 for \$4,100 for four years at 19% interest; Note #1094, September 7, 1996 for \$3,800 for four years at 19% interest; and Note #1095, September 24, 1996 for \$5,500 for four years at 19% interest. Each of these notes contained paragraph 7 regarding assignment of trust deeds; however, no assignments were ever given Mr. Walker or Daystar on these notes. Mr. Walker had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to his investments.

COUNT 13
SECURITIES FRAUD, an unclassified felony
(Todd R. Walker)

48. In 1995, Robert R. Walker placed money in an IRA account in Olympus Bank (which later became Washington Mutual Bank) in the name of his son, **Todd R. Walker**. In April of 1996, Robert Walker directed the bank to transfer funds to Pacific Rim for investment purposes; the simple interest from the two Pacific Rim promissory notes evidencing this investment was to be deposited in the bank IRA account. After Robert Walker received the July 1, 1996 letter concerning restructuring, he directed Kime to place the funds in five year maturity notes. Mr. Walker received the following

promissory notes after exercising the investment options directed in the July letter: Note #1271, November 20, 1996 for \$1,950 for five years at 20% interest; and Note #1272, November 3, 1996 for \$2,300 for five years at 20% interest. Both notes contain paragraph 7 but no assignments of trust deeds were ever received on these notes. Mr. Walker's investments with Pacific Rim Financial Group totaled \$4,250.00. Mr. Walker had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to his investments.

COUNT 14
SECURITIES FRAUD, an unclassified felony
(Jack N. Webster)

49. In 1986, **Jack N. Webster** responded to an advertisement soliciting investment funds and met with Kime. Kime told Mr. Webster that Pacific Rim was in the business of loaning money to individuals who did not have good credit rating, resulting in loans carrying a high rate of interest. Pacific Rim's source of capital was investors who would be paid a higher than normal rate of return because the risk of default from these borrowers was higher than normal. Kime told Mr. Webster that the investment would always be backed by trust deeds on real property which could be sold in case of default. Kime said that there was very little risk unless the real estate market crashed. He told Mr. Webster that the loan to value ratio was always low enough to cover defaults that occurred.

Kime told Mr. Webster that investors in Pacific Rim Financial Services were issued a promissory note along with the assignment of a single trust deed as collateral. These were normally larger loans which matched a single borrower with a single investor; however, a single borrower would sometimes be split to more than one investor. When the borrower paid off the note the whole principal would be returned to the investor or rolled over to another trust deed if requested by the investor. Kime told Mr. Webster that investors in Pacific Rim Loans (a.k.a. Murray Loans) received a promissory note from Pacific Rim for the amount invested along with the assignment of several trust deeds in smaller amounts which Pacific Rim had received from the borrowers as collateral. The total of these assignments was at least the amount of the promissory note issue by Pacific Rim to the investor. As the borrowers paid off their loans, a reconveyance was signed by the investor and that collateral was released. According to Kime, Pacific Rim would replace these trust deeds at least quarterly. Kime told Mr. Webster that investors in the five Fast Loan companies received a promissory note from the applicable company for the amount invested but no collateral was issued. Mr. Webster invested in mortgage loans, not in "fast loans."

50. In 1995, Mr. Webster received three promissory notes as follows: Note #371R, February 9, 1995 for \$50,000 at 19% interest;

Note #380, February 17, 1995 for \$13,247.64 at 18% interest; and Note #413, April 6, 1995 for \$74,000 at 18% interest. All of these notes contained paragraph 7 promising an assignment of trust deeds as security; however, Mr. Webster only received two trust deeds both recorded March 7, 1995 and with a total value of \$6,140.

51. Mr. Webster received a letter dated July 6, 1996 regarding restructuring his investment. Subsequently, he received promissory Note #1253 dated November 21, 1996 in the amount of \$10,000 for the term of five years at 20% interest. This note contained paragraph 7 promising the assignment of trust deeds as security. Mr. Webster received three assignments of trust deeds dated January 28, 1997 and totaling \$11,025. Mr. Webster's total investment was \$147,247.64; however, he received assignments of trust deeds totaling only \$17,165. Mr. Webster had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to his investments.

COUNT 15
SECURITIES FRAUD, an unclassified felony
(Rex W. Orgill)

52. In 1993, a personal friend referred **Rex W. Orgill** to Pacific Rim for investment opportunities; Mr. Orgill telephoned and set up an appointment with Kime. Kime told him that his investment would be used to provide short term loans at high interest rates and would be secured by trust deeds. Mr. Orgill invested as

follows: Note #87, May 15, 1995 for \$2,000 at 21% interest; Note #112, July 31, 1995 for \$1,000 at 21% interest; Note #125, September 7, 1995 for \$2,000 at 21% interest; Note #139, October 16, 1995 for \$2,000 at 21% interest; and Note #152, December 21, 1995 for \$1,000 at 21% interest. These notes were all with Pacific Rim Fast Loans Corporation, did not contain paragraph 7 regarding assignments of trust deeds, and Mr. Orgill did not receive any assignments for them.

53. In late 1995 and early 1996, Mr. Orgill received three promissory notes from Pacific Rim Loans. They were: Note #522, November 7, 1995 for \$1,000 at 19% interest; Note #581, May 9, 1996 for \$1,000 at 19% interest; and Note #595, June 25, 1996 for \$5,000 at 19% interest. All of these notes contained paragraph 7; however, Mr. Orgill did not received any assignments of trust deeds to secure these investments.

54. Mr. Orgill received a letter dated July 2, 1996 which informed him of the reorganization of the notes with Pacific Rim Loans Company (which specifically did not affect the "fast loan" companies). Based on the information in this letter, Mr. Orgill reinvested his money and received the following promissory notes: Note # 1162, September 3, 1996 for \$1,900 for five years at 20% interest; Note #1164, September 4, 1996 for \$3,000 for five years at 20% interest; Note #1161, September 8, 1996 for \$4,000 for five

years at 20% interest; Note #1071, September 19, 1996 for \$1,000 for five years at 20% interest; Note #1163, September 22, 1996 for \$8,200 for five years at 20% interest; and Note #1229, October 7, 1996 for \$1,000 for five years at 20% interest. These notes all contained paragraph 7; however, Mr. Orgill did not receive any assignments of trust deeds to secure these notes. Mr. Orgill had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to his investments.

COUNT 16
SECURITIES FRAUD, a third degree felony
(Cameron L. Porter)

55. **Cameron L. Porter** was introduced to Pacific Rim Financial Services by his father, Lee Porter, who had already invested with the company. He was told that the loans from his investment would be secured by an assignment of a trust deed. Mr. Cameron Porter gave a check for \$2,600 to Pacific Rim and received Note #1131B in return. Mr. Porter's note was with Pacific Rim Loans, was dated March 22, 1998, and was for \$2,600 for five years at 20% interest. The note contains paragraph 7 regarding assignment of trust deeds; however, Mr. Porter never received any assignment of trust deeds. Mr. Porter had not been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to his investments.

COUNT 17
SECURITIES FRAUD, an unclassified felony
(Karen Berthold and Sarah Berthold Hatch)

56. **Karen Berthold** was introduced to Kime by a friend in October 1996. Kime met with Ms. Berthold and her daughter, Sarah, in his office in Salt Lake City. Kime told them that he could give a high rate of interest on their investment because he loaned money to high risk people to whom he charged a high rate of interest. He told them that the interest they earned would be enough to pay for Sarah's room and board at Utah State University. Kime told them that people had been investing with him for years and had done very well; he made everything seem very positive. Kime assured them that the loans were secured by liens on homes, cars, etc.

57. Based on these representations, they gave Kime \$10,000 which represented a settlement from a car accident in which Sarah was involved and received the following promissory notes: Note #1230, October 9, 1996 for \$7,000 for five years at 20% interest; and Note #1231, October 9, 1996 for \$3,000 for three years at 18% interest. Both notes were with Pacific Rim Loans Corporation and contained paragraph 7; however, neither Ms. Berthold nor Ms. Hatch ever received any assignment of trust deeds to secure the notes. In addition, neither had been informed about the misrepresentations or omissions identified in paragraphs 19 and 20 above prior to this investment.

COUNT 18
SALE OF UNREGISTERED SECURITIES
a third degree felony

58. From on or about June 1996, in the State of Utah, County of Salt Lake and elsewhere, 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 in **PACIFIC RIM FINANCIAL GROUP**. This security did not qualify for an exemption from registration. This violation is a third degree felony under Utah Law.

COUNT 19
SALES BY AN UNLICENSED BROKER-DEALER OR AGENT
a third degree felony

59. From on or about June 1996, defendant, in connection with the offer or sale of an unregistered security in **PACIFIC RIM FINANCIAL GROUP**, 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(1) and 61-1-21, a third degree felony under Utah Law.

COUNT 20
PATTERN OF UNLAWFUL ACTIVITY (RACKETEERING)
a second degree felony

60. Commencing on or about 1988, the defendant engaged in conduct which constituted the commission of at least three episodes of unlawful activity as defined in Utah Code Ann. § 76-10-1601 (1995). The defendant: (1) received proceeds derived, directly or indirectly, from a pattern of unlawful activity as more fully defined in Counts 1 through 19 above, in which he participated as a principal, or he used or invested, directly or indirectly, any part of that income, or the proceeds of the income, or the proceeds derived from the investment or use of those proceeds, in the acquisition of any interest in, or establishment or operation of, any enterprise; (2) through a pattern of unlawful activity acquired or maintained, directly or indirectly, any interest in or control of any enterprise; or (3) was employed by, or associated with any enterprise and conducted or participated, whether directly or indirectly, in the conduct of that enterprise's affairs through a pattern of unlawful activity. The unlawful activity included three or more violations of securities fraud. This is a violation of Utah Code Ann. §76-10-1601 and § 76-10-1603(5) (1995), et seq. a second degree felony.

SUMMARY

61. Based on my review of the evidence there is probable cause to believe that ROBERT L. KIME has committed the crimes of :

SECURITIES FRAUD
an unclassified felony, 13 counts

SECURITIES FRAUD
a second degree felony, 3 counts

SECURITIES FRAUD
a third degree felony, 1 count

PATTERN OF UNLAWFUL ACTIVITY
a second degree felony, 1 count

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

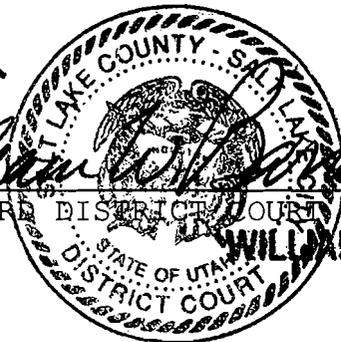
SALE OF AN UNREGISTERED SECURITY
a third degree felony, 1 count

DATED this 24th day of May, 2001.

Susan M. Jones
Susan M. Jones, Affiant

SUBSCRIBED AND SWORN to before me on this 24 day of May, 2001.

William W. Barrett
JUDGE, THIRD DISTRICT COURT
WILLIAM W. BARRETT



FILED DISTRICT COURT
Third Judicial District

MAY 24 2001

By _____
SALT LAKE COUNTY
Deputy Clerk



CHARLENE BARLOW, Bar No. 0212
Assistant Attorney General
MARK L. SHURTLEFF, Bar No. 4666
Utah Attorney General
5272 South College Drive, #302
Murray, UT 84123
Telephone: (801) 284-6341

IN THE THIRD JUDICIAL DISTRICT COURT IN AND FOR
SALT LAKE COUNTY, STATE OF UTAH

THE STATE OF UTAH, : Bail \$ 200,000.00
 :
Plaintiff, :
 :
vs. : WARRANT OF ARREST
 : 0119 01572 FS
 :
ROBERT L. KIME, : Case No. _____
DOB: January 22, 1948 :
 : Judge: WILLIAM W. BARRETT
 :
Defendant. :

THE STATE OF UTAH TO ANY PEACE OFFICER IN THE STATE OF UTAH,
G R E E T I N G S:

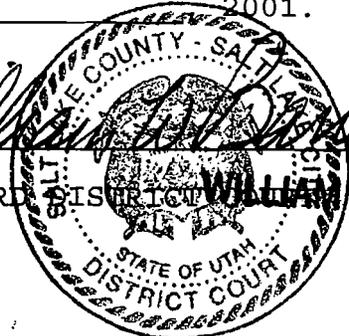
An Information, upon oath, having been this day made before me by Investigator Susan Jones, and it appearing from the Information, or affidavit filed with the Information, that there is probable cause to believe that the public offense of Securities Fraud, an unclassified felony, 13 counts; Securities Fraud, a second degree felony, 3 counts; Securities Fraud, a third degree felony, 1 count; Sale of an Unregistered Security, a

third degree felony, 1 Count, Sales by an Unlicensed Broker-Dealer or Agent, a third degree felony, 1 Count and Pattern of Unlawful Activity (Racketeering), a second degree felony, 1 Count, has been committed, and that the defendant, ROBERT L. KIME, 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.

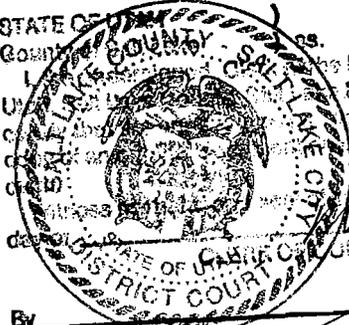
Bail is set in the amount of \$ 200,000.00.

DATED this 5 day of May, 2001.

William W. Barrett
HONORABLE,
JUDGE, THIRD DISTRICT **WILLIAM W. BARRETT**


Defendant's Address:

366 West 2300 South
Bountiful, UT 84010


STATE OF UTAH
COUNTY OF SALT LAKE
DISTRICT COURT, STATE OF UTAH
Department of Justice
Clerk of the Court
COURT ROOM 24
BY [Signature] Deputy