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Department of Finance
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**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

STATE OF IDAHO, DEPARTMENT OF)
FINANCE, SECURITIES BUREAU,)
)
Complainant,)
)
vs.)
)
IFM HUMANITARIAN FUND, LLC,)
formerly an Idaho limited liability)
company, and KEITH EUGENE)
MITCHELL, an individual,)
)
Respondents.)
_____)

Docket No. 2002-7-26

**ORDER TO CEASE AND DESIST
AND IMPOSING SANCTIONS
AGAINST RESPONDENTS, AND
NOTICE OF OPPORTUNITY
FOR A HEARING**

Gavin M. Gee, Director of the Idaho Department of Finance (Director), being authorized and directed to administer and enforce the Idaho Securities Act, Chapter 14, Title 30, Idaho Code (the Act), hereby alleges the following facts that constitute a basis for the issuance of an order requiring IFM Humanitarian Fund, LLC (IFM), and Keith Eugene Mitchell (Mitchell), Respondents herein, to cease and desist from violating the Act, and imposing sanctions, pursuant to Idaho Code § 30-1442(2).

RESPONDENTS

(KEITH EUGENE MITCHELL)

1. At all times relevant hereto, Mitchell was an Idaho resident. Mitchell is married to Karla Y. Mitchell. The Mitchells' last known address is 5040 Stonehenge, Coeur d'Alene, Idaho 83815. Mitchell has never been licensed by the Idaho Department of Finance (Department) to sell securities in the state of Idaho, nor has he been licensed to sell securities in any other state.

2. Mitchell was licensed as a National Futures Association (NFA) member from April 28, 1999 until March 1, 2000 and from July 6, 2000 until July 15, 2000. NFA is a self-regulatory organization (SRO) for the futures and commodities industry. During those same time periods, Mitchell was registered with the Commodities Futures Trading Commission (CFTC), the federal regulator of the commodities futures trading industry. Mitchell has not been a member of the NFA or registered with the CFTC since July 15, 2000.

3. On or about January 10, 2001, Mitchell established Investing for Missions, Inc., as an Idaho non-profit corporation. Mitchell and his wife Karla were directors of such non-profit corporation. The corporate purpose of Investing for Missions, Inc., according to its Articles of Incorporation, was "to supply the needs of missionaries throughout the world."

(IFM HUMANITARIAN FUND, LLC)

4. In or about September of 2001, Mitchell formed IFM. IFM was registered as a limited liability company with the Idaho Secretary of State's Office on September 12, 2001, with Mitchell as its manager. IFM's business address was 2005 Ironwood Parkway, Suite 105, Coeur d'Alene, Idaho 83814. IFM also conducted business from 5040 Stonehenge, Coeur d'Alene, Idaho 83815, Mitchell's residence. IFM was purportedly engaged in the business of investing the

assets of its members in commodity futures and options. Interests in IFM have never been registered with the Department as a security for offer or sale to Idaho residents. IFM was administratively dissolved by the Idaho Secretary of State's Office on December 5, 2002.

FACTS

5. Beginning on or about September 10, 2001, Mitchell offered and sold interests in IFM to Idaho investors and investors residing elsewhere, constituting the offer and sale of securities in the form of investment contracts. Mitchell represented to investors that the assets of IFM would be invested in commodity futures and options. Mitchell also represented to investors that 37% of the profits from their investments would be paid to Mitchell as the funds manager for use in funding humanitarian work in third world countries, purportedly through Investing for Missions, Inc., referenced in paragraph 3 above.

6. Mitchell was not registered with the Department as a broker-dealer or securities salesman when the offer and sale of securities referenced in paragraph 5 above took place, nor were such securities registered with the Department. Mitchell raised a total of at least approximately \$66,361.25 from investors, who purchased interests in IFM. In or about April of 2002, Mitchell apparently refunded some or all investment monies to investors in IFM.

COUNT ONE: FAILURE TO REGISTER SECURITIES

7. The allegations set forth in paragraphs 1 through 6 above are fully incorporated herein by this reference.

8. Beginning on a date uncertain, but at least since September 10, 2001, the Respondents sold or offered for sale, either directly or indirectly, or aided or abetted in the offer for sale, securities in the form of investment contracts to Idaho residents and others.

9. The securities offered or sold by the Respondents were not registered with the Department as required by Idaho Code § 30-1416, and were not exempt from such requirement.

10. The Respondents' failure to register such securities constitutes a violation of Idaho Code § 30-1416.

**COUNT TWO: FAILURE TO REGISTER
AS A BROKER-DEALER OR SALESMAN**

11. The allegations set forth in paragraphs 1 through 10 above are fully incorporated herein by this reference.

12. At all times relevant hereto, Respondents were not registered by the Department as a broker-dealer or salesman to offer for sale securities, as required by Idaho Code § 30-1406. Therefore, the Respondents have either transacted business in the state of Idaho as a broker-dealer or salesman without having been properly registered with the Department, or have acted as broker-dealers or issuers, and employed a salesman who was not registered under the Act.

13. The Respondents' failure to register as a broker-dealer or salesman under the Act constitutes a violation of Idaho Code § 30-1406.

**COUNT THREE: VIOLATIONS OF THE ANTIFRAUD
PROVISIONS OF THE ACT / OMISSIONS**

14. The allegations set forth in paragraphs 1 through 13 above are fully incorporated herein by this reference.

15. The Respondents violated Idaho Code § 30-1403(2), an antifraud provision of the Act, in that in connection with the offer, sale or purchase of a security, directly or indirectly, they omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The Respondents' omissions include, but are not limited to, the following:

- (A) Failing to adequately disclose the risks associated with an investment in a commodity pool or in commodity futures and in options trading;
- (B) Failing to disclose the financial condition and operating history of IFM;

- (C) Failing to disclose that IFM and Mitchell were not licensed to sell commodities or securities in the state of Idaho;
- (D) Failing to disclose that the securities were not registered to be offered or sold in or from Idaho;
- (E) Failing to provide correct and adequate information concerning the use of proceeds of the investment.

**COUNT FOUR: VIOLATIONS OF THE ANTIFRAUD
PROVISIONS OF THE ACT / MISREPRESENTATIONS**

16. The allegations set forth in paragraphs 1 through 15 above are fully incorporated herein by this reference.

17. The Respondents violated Idaho Code § 30-1403(2), an antifraud provision of the Act, in that they made untrue statements of material fact in connection with the offer and sale of securities in Idaho. The Respondents' misrepresentations include, but are not limited to, the following:

- (A) The Respondents represented to investors that IFM was a commodities pool operator and was exempt from registration with the CFTC, when in fact IFM had made none of the required filings for such exemption with the CFTC;
- (B) The Respondents represented to investors that investors' funds would be invested in commodity options and futures, when in fact the funds were not so invested;
- (C) Respondents represented to investors that a portion of the investors' investment profits would be used to fund humanitarian efforts, through entities such as Investing for Missions, Inc., as referenced in paragraph 3 above, when in fact investors either received no profits, or any profits received were not so invested;

- (D) Respondents represented to investors that a monthly and annual accounting of the investors' investment funds would be provided, and that investors would receive monthly and annual account statements, when in fact investors were not provided with such statements and accountings.

**COUNT FIVE: VIOLATION OF THE ANTIFRAUD PROVISIONS OF THE
ACT / ACTS, PRACTICES, COURSES OF BUSINESS**

18. The allegations set forth in paragraphs 1 through 17 above are fully incorporated herein by this reference.

19. The Respondents violated Idaho Code § 30-1403(3), an antifraud provision of the Act, in that in the course of offering or selling securities in Idaho or aiding and abetting in the same, they engaged in acts, practices, and courses of business which operated as a fraud or deceit upon other persons. The Respondents' acts, practices, and courses of business which operated as a fraud or deceit include, but are not limited to, the pattern of acts, omissions, and misrepresentations referenced in Counts One through Four above, constituting violations of the Idaho Securities Act.

REQUESTED RELIEF

20. Idaho Code § 30-1442(2)(a) through (e) authorizes the Director, when it appears that any person has engaged in or is about to engage in any act or practice constituting a violation of the Idaho Securities Act, to issue the following orders, in his discretion:

- (a) An order restoring to any person in interest any consideration which may have been acquired or transferred in violation of the Act;
- (b) An order that the person violating the Act pay a civil penalty to the Department in an amount not to exceed five thousand dollars (\$5,000) for each violation;

- (c) An order that the person violating this chapter, or any rule or order thereunder pay costs, which in the discretion of the Director may include an amount representing reasonable attorney fees and reimbursements of investigative efforts;
- (d) An order that the person violating the Act not claim the availability of, use, or offer or sell securities under any exemptions under the Act without receiving prior written permission or confirmation from the Director;
- (e) An order granting other appropriate remedies upon a proper showing.

FINDINGS AND ORDER

The Director, having reviewed the foregoing,

THE DIRECTOR HEREBY FINDS that the Respondents have violated the Idaho Securities Act as alleged in paragraphs 1 through 19 above.

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

- (1) The Respondents shall cease and desist from violations of the Idaho Securities Act and rules promulgated thereunder;
- (2) The Respondents are ordered to restore to any person in interest any consideration which may have been acquired or transferred in violation of this chapter and not repaid in full by the Respondents;
- (3) The Respondents are ordered to pay to the Department a civil penalty in the total amount of \$25,000.00, constituting \$5,000.00 for each violation set forth in Counts One through Five above;
- (4) The Respondents are ordered to pay to the Department the amount of five thousand dollars (\$5,000.00), which, in the discretion of the Director, represents reasonable attorney fees and reimbursement of investigative efforts in this matter;

(5) The Respondents are ordered not to claim the availability of, use, or offer or sell securities under any exemptions under the Idaho Securities Act without receiving prior written permission or confirmation from the Director.

NOTICE OF OPPORTUNITY FOR A HEARING

The Respondents shall take notice that if either or both Respondents wish to contest the foregoing ORDER TO CEASE AND DESIST AND IMPOSING SANCTIONS AGAINST RESPONDENTS, such Respondent(s) shall file a request for hearing pursuant to Idaho Code § 30-1442, and an answer responding to the allegations set forth in such ORDER (as prescribed by the Idaho Rules of Administrative Procedure, Rule 270, located at IDAPA 04.11.01.270).

Any such hearing must be requested in writing within twenty-one (21) days of receipt of such ORDER, and sent to:

Marilyn T. Chastain
Securities Bureau Chief
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

A copy of such request for a hearing must also be served on the Department's counsel, A. René Martin, Deputy Attorney General, at the same address.

Should a hearing be timely requested, it shall be promptly set by the Department. If the Respondent(s) require any assistance of any kind the Department provides under the Americans with Disabilities Act (e.g. sign language interpreters, Braille copies of documents) in order to participate in or understand these proceedings, the Department will supply such assistance upon advance request.

This Order is effective beginning twenty-one (21) days from the date of receipt of the Order by Respondents unless a hearing has been timely requested. Once effective, this Order will remain in effect unless modified or vacated by the Director.

IT IS SO ORDERED.

DATED this 4th day of June, 2003.




GAVIN M. GEE, Director
Idaho Department of Finance

CERTIFICATE OF SERVICE

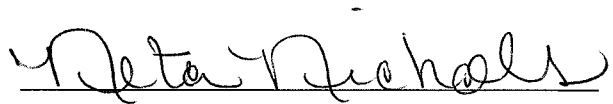
I HEREBY CERTIFY that on this 5th day of June, 2003, I served a true and correct copy of the foregoing ORDER TO CEASE AND DESIST AND IMPOSING SANCTIONS AGAINST RESPONDENTS upon the following by the designated means:

Keith Eugene Mitchell
5040 Stonehenge
Coeur d'Alene, Idaho 83815

U.S. Mail, postage prepaid
 Certified mail

IFM Humanitarian Fund, LLC
2005 Ironwood Parkway, Suite 105
Coeur d'Alene, Idaho 83815

U.S. Mail, postage prepaid
 Certified mail



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A. RENÉ MARTIN
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Attorneys for Department of Finance

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STATE OF IDAHO, DEPARTMENT OF)
FINANCE, SECURITIES BUREAU,)
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Plaintiff,)
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vs.)
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IFM HUMANITARIAN FUND, LLC,)
formerly an Idaho limited liability)
company, and KEITH EUGENE)
MITCHELL, an individual,)
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Respondents.)
_____)

Docket No. 2002-7-26

**STIPULATION FOR PAYMENT
SCHEDULE AND COVENANT
NOT TO EXECUTE**

COME NOW the State of Idaho, Department of Finance, Securities Bureau (Department), by and through its attorney of record, A. René Martin, Deputy Attorney General, and Keith Eugene Mitchell, Respondent herein, and agree and stipulate to a payment schedule to satisfy the money sanctions totaling \$30,000.00 included in the ORDER TO CEASE AND DESIST AND IMPOSING SANCTIONS AGAINST RESPONDENTS, AND NOTICE OF STIPULATION FOR PAYMENT SCHEDULE - Page 1

OPPORTUNITY FOR A HEARING (the Order) issued by the Director of the Idaho Department of Finance (Director) in the above-referenced administrative proceeding on June 4, 2003.

The Department and Keith Eugene Mitchell stipulate and agree to the following terms and conditions:

1. Keith Eugene Mitchell agrees to make monthly payments to the Department in the amount of \$2,500.00 due on the 15th day of each month, beginning on July 15, 2003, and to continue making such payments each and every month thereafter until the sum of \$15,000.00 is paid in full. Keith Eugene Mitchell represents that his current financial resources support his ability to make such monthly payments. Such monthly payments shall be made to the Idaho Department of Finance, and addressed as follows:

Attn: A. René Martin, Deputy Attorney General
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

2. If Keith Eugene Mitchell timely makes all payments pursuant to this stipulation and the sum of \$15,000.00 is paid in full by no later than January 15, 2004, the Department will accept that sum in full payment of all money sanctions set forth in the Order, and will waive the additional \$15,000.00 in such sanctions included in the Order.

3. If Keith Eugene Mitchell fails to make any payment when due, this agreement shall become void and of no effect, and the Department is entitled to seek from Keith Eugene Mitchell the amount due on the full \$30,000.00 in money sanctions set forth in the Order.

4. Keith Eugene Mitchell agrees to keep the Department informed of his current address and employer.

5. The Department agrees that it will not issue a further press release in this matter, assuming there are no further violations of the Idaho Securities Act by Keith Eugene Mitchell and IFM Humanitarian Fund, LLC.

6. Keith Eugene Mitchell understands that he has the right to timely request a hearing to contest the allegations included in the Order, but knowingly and voluntarily agrees to waive such right and enter into this agreement in resolution of this matter.


DATED this 7 day of July, 2003.



KEITH EUGENE MITCHELL

DATED this 17th day of July, 2003.

STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL



A. RENÉ MARTIN
Deputy Attorney General

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 17th day of July, 2003, I served a true and correct fully-executed copy of the foregoing STIPULATION FOR PAYMENT SCHEDULE upon the following by the designated means:

Keith Eugene Mitchell
5040 Stonehenge
Coeur d'Alene, Idaho 83815

U.S. Mail, postage prepaid
 certified mail

Neta Nicholls