

STATE OF MAINE
CUMBERLAND, ss

SUPERIOR COURT
CRIMINAL ACTION
DOCKET NO. CR-09-9716

STATE OF MAINE)
)
 v.)
 KAILE R. WARREN, JR.)
 (DOB: 7/26/1959))
 ATN: 774455A)
 CTN: 001 (Count I) (008431))
 002 (Count II) (011015))
 003 (Count III) (011015))
)
)

**SUPERSEDING INDICTMENT
FOR ONE COUNT OF THEFT
BY DECEPTION (17-A M.R.S.A. § 354)
[COUNT I (CLASS B)], ONE COUNT
OF SECURITIES FRAUD (32 M.R.S.A.
§§ 10201, 10604, 16501, 16508, 16702)
[COUNT II (CLASS C)], AND ONE
COUNT OF SALE OF
UNREGISTERED SECURITIES
(32 M.R.S.A. §§ 10401, 10604, 16301,
16508, 16702) [COUNT III (CLASS C)]**

THE GRAND JURY CHARGES:

COUNT I
(Theft by Deception)

From on or about December 17, 2003, through on or about August 20, 2009, in the County of Cumberland, State of Maine, Defendant Kaile R. Warren, Jr. did commit theft pursuant to one scheme or course of conduct by obtaining or exercising control over the property of Lori and Ray Johnson and the persons listed in Exhibit A, which exhibit is attached to this indictment and incorporated into this count by reference, such property consisting of money having an aggregate value in excess of \$10,000, with intent to deprive the owners of the property and as a result of deception, in that Defendant did intentionally create or reinforce the false impression that Defendant's business, Rent-A-Husband, LLC, was financially sound, which impression was false and which Defendant did not believe to be true. Among the ways Defendant created or reinforced this false impression are the following:

- A. Misrepresenting to viewers of the CNBC show, the Big Idea, including the Johnsons and Amy Brimicomb, that Rent-A-Husband was an \$18 million a year business;

- B. Misrepresenting to the Johnsons that, as late as January of 2009, Rent-A-Husband had a deal with Ace Hardware Corporation to expand;
- C. Misrepresenting to persons listed in Exhibit A who purchased non-negotiable convertible promissory notes issued by Rent-A-Husband, LLC or KW Enterprises, Inc. in or before May of 2005 that the issuer had a valuation of at least \$7,000,000;
- D. Misrepresenting to persons listed in Exhibit A who purchased non-negotiable convertible promissory notes issued by Rent-A-Husband, LLC or KW Enterprises, Inc., after May of 2005 through January of 2008 that the issuer had a valuation of at least \$10,000,000;
- E. Failing to disclose the following material facts:
 1. To the Johnsons and the persons listed in Exhibit A, that (a) Defendant's business already had existing debt to prior note holders in excess of \$240,000 as of December 17, 2003, and growing steadily to more than \$1.6 million by August 20, 2009; (b) Defendant's business could not meet its obligations without continuously selling promissory notes; and (c) A substantial portion of the money raised from the sale of prior notes had been used to pay for restaurant meals and other personal expenses of Defendant, and Defendant intended to use a substantial portion of the proceeds from the sale of new notes in the same way;
 2. To the Johnsons and those persons listed in Exhibit A who purchased notes after August of 2004, that Defendant's business had been unable to repay prior notes as they matured;
 3. To those persons listed in Exhibit A who purchased notes after 2003, that Defendant's business had an annual net loss in excess of \$400,000 in 2003 and every year thereafter;
 4. That Defendant had been sued for securities fraud for failing to disclose the true financial condition of Rent-a-Husband, LLC and for sale of unregistered securities; and
 5. To the persons listed in Exhibit A who purchased notes after 2007, that Defendant's attorney had advised him that he could not lawfully sell further notes and that he should cease selling notes.

All of the above in this Count was in violation of 17-A M.R.S.A. §§ 352(5)(E), 354(1)(B)(1) (2006).

COUNT II
(Securities Fraud)

From on or about December 17, 2003, through on or about August 20, 2009, in the County of Cumberland, State of Maine, and pursuant to one scheme or course of conduct, Defendant Kaile R. Warren, Jr., acting intentionally or knowingly and in connection with the offer, sale or purchase of a security, did, directly or indirectly,

- A. Employ a device, scheme or artifice to defraud;
- B. Make an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- C. Engage in an act, practice or course of business which operates or would operate as a fraud or deceit upon another person.

To wit, Defendant, in connection with the offer and sale of promissory notes issued by Defendant or entities under his control to the persons listed in Exhibit A, which exhibit is attached to this indictment and incorporated into this count by reference, did intentionally or knowingly:

- A. Misrepresent to persons who purchased non-negotiable convertible promissory notes issued by Rent-A-Husband, LLC or KW Enterprises, Inc. in or before May of 2005 that the issuer had a valuation of at least \$7,000,000;
- B. Misrepresent to persons who purchased non-negotiable convertible promissory notes issued by Rent-A-Husband, LLC or KW Enterprises, Inc. after May of 2005 through January of 2008, that the issuer had a valuation of at least \$10,000,000;
- C. Misrepresent to viewers of the CNBC show, the Big Idea, including Amy Brimicomb, that Rent-A-Husband was an \$18 million a year business;
- D. Fail to disclose the following material facts:
 - 1. That Defendant's business already had existing debt to prior note holders in excess of \$240,000 as of December 17, 2003, and growing steadily to more than \$1.6 million by August 20, 2009;

2. To note purchasers after August of 2004, that Defendant's business had been unable to repay prior notes as they matured;
3. To note purchasers after 2003, that Defendant's business had an annual net loss in excess of \$400,000 in 2003 and every year thereafter;
4. That Defendant's business could not meet its obligations without continuously selling promissory notes;
5. That a substantial portion of the money raised from the sale of prior notes had been used to pay for restaurant meals and other personal expenses of Defendant, and Defendant intended to use a substantial portion of the proceeds from the sale of new notes in the same way;
6. That Defendant had been sued for securities fraud for failing to disclose the true financial condition of Rent-a-Husband, LLC and for sale of unregistered securities; and
7. To the persons listed in Exhibit A who purchased notes after 2007, that Defendant's attorney had advised him that he could not lawfully sell further notes and that he should cease selling notes.

All of the above in this Count was in violation of 32 M.R.S.A §§ 10201, 10604, 16501, 16508
16702 (1999 and Supp. 2008).

COUNT III
(Sale of Unregistered Securities)

From on or about December 17, 2003, through on or about August 20, 2009, in the County of Cumberland, State of Maine, and pursuant to one scheme or course of conduct, Defendant Kaile R. Warren, Jr., acting intentionally or knowingly, offered for sale and sold what were in fact securities, namely promissory notes issued by Rent-A-Husband, LLC, KW Enterprises, Inc. and Defendant, to the individuals listed on Exhibit A, which exhibit is attached to this indictment and incorporated into this count by reference, when such securities were not, in fact, registered under the Revised Maine Securities Act or the Maine Uniform Securities Act, all in violation of 32 M.R.S.A. §§ 10401, 10604, 16301, 16508 16702 (1999 and Supp. 2008).

A TRUE BILL.

DATED: April 9, 2010

Karin Zorn
FOREPERSON

<u>Investor</u>	<u>Note Date (on or about)</u>	<u>Principal</u>	<u>Issuer</u>
Ernest and Anna Edgarly	12/17/2003	\$ 2,000.00	Rent-A-Husband, LLC
Bonnie & Michael Trundy	1/16/2004	\$ 2,000.00	Rent-A-Husband, LLC
Jay Cross	2/26/2004	\$ 5,000.00	Rent-A-Husband, LLC
Penfold Motor Sports	3/23/2004	\$ 5,000.00	Rent-A-Husband, LLC
Kimberly Schofield	4/1/2004	\$ 4,000.00	Rent-A-Husband, LLC
Freda Sherrard	4/3/2004	\$ 5,000.00	Rent-A-Husband, LLC
Blaine Sherrard	4/3/2004	\$ 5,000.00	Rent-A-Husband, LLC
Kevin J. & Esther A. O'Connell	4/9/2004	\$ 30,000.00	Rent-A-Husband, LLC
Kenneth Fill	4/27/2004	\$ 14,000.00	Rent-A-Husband, LLC
Ronald Rabou	5/17/2004	\$ 5,000.00	Rent-A-Husband, LLC
Freda Sherrard	8/6/2004	\$ 24,000.00	Rent-A-Husband, LLC
Kimberly Schofield	8/19/2004	\$ 7,000.00	Rent-A-Husband, LLC
Traciann M. Moscinski	8/20/2004	\$ 3,000.00	Rent-A-Husband, LLC
Freda Sherrard	9/8/2004	\$ 5,000.00	Rent-A-Husband, LLC
Christopher Dickson	9/9/2004	\$ 5,000.00	Rent-A-Husband, LLC
Efthimia Syrta	9/15/2004	\$ 5,000.00	Rent-A-Husband, LLC
Christopher Holliday	9/25/2004	\$ 2,000.00	Rent-A-Husband, LLC
Martha P. Cross	11/9/2004	\$ 5,000.00	Rent-A-Husband, LLC
Lisa Kidd	11/26/2004	\$ 5,000.00	Rent-A-Husband, LLC
Doris A. Baker	11/26/2004	\$ 10,000.00	Rent-A-Husband, LLC
Nancy B. Wilder	3/22/2005	\$ 10,000.00	Rent-A-Husband, LLC
Susan B. Wilder	3/22/2005	\$ 5,000.00	Rent-A-Husband, LLC
William and Warena Forbes	3/29/2005	\$ 10,000.00	Rent-A-Husband, LLC
Fred V. and Cynthia W. Masi	3/31/2005	\$ 15,000.00	Rent-A-Husband, LLC
Fred V. and Cynthia W. Masi	3/31/2005	\$ 1,500.00	Rent-A-Husband, LLC
Lisa Kidd	5/10/2005	\$ 1,000.00	Rent-A-Husband, LLC
Lawrence Gould	5/11/2005	\$ 300,000.00	KW Enterprises, Inc.
Cheryl Carrier	9/19/2005	\$ 40,000.00	KW Enterprises, Inc.
Lyn H. Lemieux	11/16/2005	\$ 25,297.34	KW Enterprises, Inc.
Michael and Lori Paquette	11/28/2005	\$ 10,000.00	KW Enterprises, Inc.
Kimball Parker Rice	12/27/2005	\$ 10,000.00	KW Enterprises, Inc.
Freida Sherrard	3/31/2006	\$ 17,500.00	Rent-A-Husband, LLC
Joanne Grace	4/19/2006	\$ 6,000.00	Rent-A-Husband, LLC
Joe Long	6/19/2006	\$ 50,000.00	Rent-A-Husband, LLC
Joanne Grace	7/26/2006	\$ 150,000.00	Rent-A-Husband, LLC
Patricia Sullivan	10/5/2006	\$ 85,000.00	Rent-A-Husband, LLC
Nancy B. Wilder	11/30/2006	\$ 25,000.00	Rent-A-Husband, LLC
Susan Wilder	11/30/2006	\$ 10,000.00	Rent-A-Husband, LLC
Joseph Belding	12/4/2006	\$ 15,000.00	Rent-A-Husband, LLC
Berta Goetz	2/28/2007	\$ 100,000.00	Rent-A-Husband, LLC
Eric Flachbart and Amy Brimicomb	3/4/2007	\$ 10,000.00	Rent-A-Husband, LLC
Shamos & Gaile Brennan	3/23/2007	\$ 150,000.00	Rent-A-Husband, LLC
Penfold Motor Sports	6/28/2007	\$ 11,000.00	Rent-A-Husband, LLC
Joe Long	8/2/2007	\$ 50,000.00	Rent-A-Husband, LLC

Exhibit A

<u>Investor</u>	<u>Note Date (on or about)</u>	<u>Principal</u>	<u>Issuer</u>
Doris A. Baker	9/14/2007	\$ 20,000.00	Rent-A-Husband, LLC
William and Laurie Hudson	10/4/2007	\$ 45,000.00	Rent-A-Husband, LLC
Lane Hiltunen	1/10/2008	\$ 10,000.00	Rent-A-Husband, LLC
Peter Forbes	5/9/2008	\$ 10,000.00	Kaile R. Warren, Jr.
Cindy and David Doucette	8/1/2008	\$ 20,000.00	KW Enterprises, Inc.
Colleen & Chris Olsen	3/28/2008	\$ 165,000.00	Rent-A-Husband, LLC
Colleen & Chris Olsen	5/28/2008	\$ 10,000.00	Rent-A-Husband, LLC
Colleen & Chris Olsen	10/1/2008	\$ 5,000.00	Kaile R. Warren, Jr.
Lucille Woodis	1/9/2009	\$ 10,000.00	Kaile R. Warren, Jr.
Rick Alspaugh	6/2/2009	\$ 10,000.00	Kaile R. Warren, Jr.
Cindy & David Doucette	8/20/2009	\$ 20,000.00	Kaile R. Warren, Jr.
Russell Bennett	Unknown	\$ 20,000.00	Rent-A-Husband, LLC