

**ROBB EVANS OF  
ROBB EVANS & ASSOCIATES LLC**

**Receiver of I Works, Inc., et al. and  
the Assets of Jeremy Johnson**

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**Federal Trade Commission v. Jeremy Johnson, I Works, Inc., et al.  
CASE No. 2:10-CV-02203-MMD-GWF**

**Notice of Motion and Motion for Order:**

- (1) Approving and Authorizing Payment of Receiver's and Professionals' Fees and Costs from August 1, 2017 Through June 30, 2018; and**
- (2) Granting Relief from Local Rule 66-5 Pertaining to Notice to Creditors**

**Memorandum of Points and Authorities in Support Thereof  
Declaration of Gary Owen Caris in Support Thereof  
Declaration of Brick Kane in Support Thereof**

**Filed October 9, 2018**

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12 UNITED STATES DISTRICT COURT  
13 DISTRICT OF NEVADA  
14

15 FEDERAL TRADE COMMISSION,

16 Plaintiff,

17 v.

18 JEREMY JOHNSON, individually, as officer  
of Defendants I Works, Inc., etc., et al.,

20 Defendants.  
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Case No. 2:10-CV-02203-MMD-GWF

**NOTICE OF MOTION AND MOTION FOR  
ORDER (1) APPROVING AND  
AUTHORIZING PAYMENT OF  
RECEIVER’S AND PROFESSIONALS’  
FEES AND COSTS FROM AUGUST 1, 2017  
THROUGH JUNE 30, 2018;  
AND (2) GRANTING RELIEF FROM  
LOCAL RULE 66-5 PERTAINING TO  
NOTICE TO CREDITORS;  
MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT THEREOF**

22  
23 PLEASE TAKE NOTICE that Robb Evans of Robb Evans & Associates LLC  
24 (“Receiver”), the Receiver pursuant to the Court’s Preliminary Injunction Order issued  
25 February 10, 2011, hereby moves the Court for an order for the following relief:

26 1. An order approving and authorizing payment of receivership fees and costs  
27 incurred for the eleven-month period from August 1, 2017 through June 30, 2018 (“Expense  
28 Period”), including payment of the fees of the Receiver, the Receiver’s deputies, agents, staff and

1 professionals, and reimbursement of costs incurred during the Expense Period in the total sum of  
2 \$163,424.70, comprised of the following: (1) the fees of the Receiver, his deputies, agents and  
3 staff of \$52,301.83, and the Receiver's costs incurred during the Expense Period of \$17,222.21,  
4 **for a total of \$69,524.04 for the Receiver's fees and costs;** (2) the Receiver's legal fees and  
5 costs during the Expense Period, including (a) fees of \$28,639.80 and costs of \$1,211.48, **for a**  
6 **total of \$29,851.28 for Receiver's former lead counsel Diamond McCarthy LLP,** (b) fees of  
7 \$21,598.20 and costs of \$324.87, **for a total of \$21,923.07 for the Receiver's lead counsel**  
8 **Barnes & Thornburg LLP,** (c) fees of \$2,082.50 and costs of \$1,585.91, **for a total of**  
9 **\$3,668.41 for the Receiver's local counsel, Kolesar & Leatham, Chtd.,** and (d) fees of  
10 \$36,924.00 and costs of \$1,533.90 **for a total of \$38,457.90 for the Receiver's special real**  
11 **estate foreclosure counsel in Utah, Hatch, James & Dodge, A Professional Corporation;** and

12 2. An order deeming notice of this Motion to be sufficient under Local Civil Rule 66-  
13 5 based on the service of the notice of the filing of this Motion and the Motion on all parties and  
14 service of the notice of the filing of the Motion on all known non-consumer creditors of the estate  
15 concurrent with the filing of this Motion with the Court, but not the tens of thousands of potential  
16 consumer creditors of the estate.

17 3. This Motion is made pursuant to Local Civil Rules 7-2 and 66-5 and is based upon  
18 this notice of motion and motion, the separate notice of filing of the Motion served concurrently  
19 herewith, the accompanying memorandum of points and authorities and the Declarations of Brick  
20 Kane and Gary Owen Caris in support hereof, the separate Appendix of Exhibits filed  
21 concurrently herewith in support hereof, upon the pleadings, files and records of the Court in this  
22 case of which the Receiver requests the Court take judicial notice, including without limitation  
23 the Report of Temporary Receiver's Activities filed February 8, 2011 (Doc. No. 127) and the  
24 Report of Receiver's Financial Reconstruction dated January 31, 2012 and four volumes of  
25 supporting Appendices filed on February 3, 2012 (Doc. Nos. 464, 465-468), the Order Granting  
26 Motion for Order Clarifying Preliminary Injunction Order and for Further Instructions Regarding  
27 Scope of Receivership Defendants under Preliminary Injunction Order and Report of Receiver's  
28 Financial Reconstruction and Granting Relief from Local Rule 66-5 Pertaining to Notice to

1 Creditors After Hearing (“Clarifying Order”) entered March 25, 2013 and upon all other  
2 pleadings and documentary evidence as may be presented to the Court by the Receiver.

3 Dated: October 8, 2018

BART K. LARSEN  
SCOTT D. FLEMING  
KOLESAR & LEATHAM, CHTD.

5 GARY OWEN CARIS  
6 BARNES & THORNBURG LLP

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By: /s/ Gary Owen Caris

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Gary Owen Caris  
Attorneys for Receiver  
ROBB EVANS of ROBB EVANS &  
ASSOCIATES LLC

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**MEMORANDUM OF POINTS AND AUTHORITIES****I. INTRODUCTION**

On January 13, 2011, the Receiver was appointed Temporary Receiver over I Works, Inc. (“I Works”), numerous other Corporate Defendants as defined in the Temporary Restraining Order and over the assets of defendant Jeremy Johnson (collectively the “Receivership Defendants”). Pursuant to the Preliminary Injunction Order entered February 10, 2011 (“Preliminary Injunction”), the Receiver has been appointed permanent receiver over the Receivership Defendants. On March 25, 2013, the Court issued the Clarifying Order which clarified the scope of the Receivership Defendants and receivership property as including over 60 additional entities and assets of individuals based on overwhelming proof that those assets and entities were beneficially owned by Jeremy Johnson and/or were subsidiaries, affiliates, successors and assigns of the named Corporate Defendants.

During the more than seven years in which the receivership has been pending, the Receiver has filed fourteen prior fee motions which in the aggregate cover the period from the inception of the receivership through July 31, 2017. All of the prior fee motions have been granted as requested, except that the Receiver’s counsel modified one prior fee motion to reduce the fees sought by the Receiver’s former lead counsel, Dentons US LLP, by \$2,000. This is the Receiver’s fifteenth motion for approval and payment of fees and expenses, covering an eleven-month period from August 1, 2017 through June 30, 2018 (“Expense Period”).

In addition to the Receiver's fee motions, which contain a comprehensive summary of the Receiver's activities in the case during the period covered by each motion as well as a financial report regarding the receipts and expenses of the receivership estate, the Receiver has filed two reports in the case. The Report of Temporary Receiver's Activities (“First Report”) was filed February 8, 2011 prior to the hearing on the Preliminary Injunction and reported on the Receiver's initial findings and investigation into I Works and \$50.4 million in net profits transferred from the I Works enterprise to or for the benefit of Jeremy Johnson. The Report of Receiver's Financial Reconstruction (“Second Report”) was filed on February 3, 2012 and detailed an additional \$51.4 million in funds from payment processing transferred to or for the benefit of Jeremy Johnson

1 through a complex web of entities and persons to conceal and remove valuable assets of the  
2 receivership estate from the reach of the Receiver and the creditors of Jeremy Johnson and the  
3 other named Receivership Defendants. Based on the Receiver's findings in the Second Report and  
4 his ongoing investigation, the Receiver filed a Motion to Clarify to confirm the status of those  
5 numerous entities and assets nominally held by third parties but beneficially owned and  
6 controlled by Jeremy Johnson, which was granted by the Court after extensive briefing and  
7 evidence through the Clarifying Order.

8           Judgments have now been entered against all defendants in the case, most by stipulation.  
9 *See*, Stipulated Order for Permanent Injunction and Monetary Judgment as to Defendants Jeremy  
10 Johnson; Blue Streak, et al. (Doc. No. 1941) (“I Works Stipulated Order”); Stipulated Final Order  
11 for Disgorgement as to Relief Defendants Kerry Johnson, et al. (Doc. No. 1939) (“Kerry Johnson  
12 Stipulated Final Order”); Stipulated Final Order for Disgorgement as to Relief Defendants Sharia  
13 Johnson; Zibby, LLC, et al. (Doc. No. 1940) (“Sharia Johnson Stipulated Final Order”);  
14 Stipulated Final Order for Permanent Injunction and Monetary Judgment as to Defendants Scott  
15 Leavitt and Employee Plus, Inc. (Doc. No. 1981) (“Leavitt Stipulated Final Order”); Stipulated  
16 Final Order for Permanent Injunction and Monetary Relief as to Defendant Duane Fielding,  
17 Anthon Holdings, Inc. and Nework Agenda, LLC (Doc. No. 1991) (“Fielding Stipulated Final  
18 Order”); and Order for Permanent Injunction and Monetary Judgment as to Defendants Terrason  
19 Spinks and Jet Processing, Inc. (Doc. No. 2022 (“Spinks Judgment”).

20           The Receiver's focus continues to be on maximizing value for the estate by locating and  
21 recovering receivership assets and liquidating assets to protect the estate from loss or dissipation  
22 of the value of those assets. Through the efforts of the Receiver and its attorneys during this  
23 Expense Period, the receivership estate recovered an additional \$513,811.55 and has paved the  
24 way for a sale of Jeremy and Sharla Johnson’s former mansion. As discussed below, the  
25 recoveries during this Expense Period were obtained from multiple sources, including the  
26 liquidation of stock in People’s Utah Bancorp., recovery from the proceeds of a tax sale on  
27 property in Plumas County, California, and the sale of property in Belize.

1 The total gross receipts of the estate from the inception of the receivership to June 30,  
2 2018 were \$28,429,705.96. Of that sum, over \$14.4 million in recoveries are directly attributable  
3 to assets recovered under the Clarifying Order.

4 The services rendered by the Receiver, his deputies, staff and counsel during this Expense  
5 Period have been extensive, necessary and appropriate under the circumstances. The services  
6 have preserved and realized value for the estate and its creditors. The services of the Receiver and  
7 his professionals are summarized below.

8 **II. SUMMARY OF RECEIVER'S AND PROFESSIONALS' SERVICES AND**  
9 **ACTIVITIES DURING THE EXPENSE PERIOD**

10 The fees and costs for which the Receiver seeks approval, and the services rendered by  
11 the Receiver and his counsel during this Expense Period, are summarized hereafter and described  
12 in detail in the billing records attached to the Appendix of Exhibits and in the supporting  
13 Declarations of Brick Kane and Gary Owen Caris.

14 The Receiver seeks payment of the Receiver's fees and costs summarized in the  
15 Administrative Expenses and Fund Balance spreadsheet ("Financial Summary") attached as  
16 Exhibit 1 to the Declaration of Brick Kane in support of this Motion and detailed in the billing  
17 summaries included in the separate Appendix of Exhibits marked collectively as Exhibit 2.  
18 During the Expense Period, the Receiver has incurred fees for the Receiver and his deputies of  
19 \$34,481.70, Senior Staff fees of \$16,634.30, Information Technology (IT) fees of \$150.83, and  
20 Support Staff fees of \$1,035.00, for total Receiver fees of \$52,301.83 for the period. The Receiver  
21 has incurred Receiver's costs of \$17,222.21 during this Expense Period, which includes  
22 \$7,690.22 for tax return preparation fees.

23 The Receiver has incurred fees and costs for the services of the Receiver's attorneys,  
24 including the Receiver's former lead counsel, Diamond McCarthy, LLP ("Diamond McCarthy"),  
25 the Receiver's current lead counsel, Barnes & Thornburg LLP ("Barnes & Thornburg"),<sup>1</sup> the  
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27 <sup>1</sup> Caris, the Receiver's lead attorney, moved his practice from Diamond McCarthy to Barnes &  
28 Thornburg on November 13, 2017 and Barnes & Thornburg became lead counsel for the Receiver  
on or about that date.

1 Receiver's local counsel, Kolesar & Leatham Chtd. ("Kolesar"), and the Receiver's special real  
2 estate foreclosure counsel in Utah, Hatch, James & Dodge, A Professional Corporation ("Hatch").  
3 Specifically, during the current Expense Period, the Receiver has incurred legal fees of  
4 \$28,639.80 and costs of \$1,211.48 to Diamond McCarthy, legal fees of \$21,598.20 and costs of  
5 \$324.87 to Barnes & Thornburg, legal fees of \$2,082.50 and costs of \$1,585.91 to Kolesar, and  
6 legal fees of \$36,294.00 and costs of \$1,533.90 to Hatch, for total legal fees and costs in this  
7 eleven-month period of \$93,900.66. The redacted billing records describing the services of  
8 Diamond McCarthy, Barnes & Thornburg, Kolesar, and Hatch are attached as Exhibits 3 through  
9 6 in the separate Appendix of Exhibits filed in support of this motion.

10 The redacted invoices for both the Receiver and his counsel provide detailed, itemized  
11 descriptions of the services rendered during the Expense Period. The primary activities during the  
12 Expense Period and services of the Receiver and counsel are summarized below.

13 A. Receiver's Principal Services During the Expense Period

14 1. Administration and Sale of Belize Property

15 The Receiver continued his efforts to administer and sell the real property titled to the  
16 entity Belize Beach Holdings Ltd. located on Ambergris in Belize which is the entity's sole asset.  
17 During the prior expense period, with the assistance of local counsel in Belize and its real estate  
18 agent, the Receiver marketed the Belize property and negotiated with prospective buyers. This  
19 ultimately resulted in the Receiver entering into a sale contract after lengthy negotiations pursuant  
20 to which the purchaser paid \$330,000 in an all-cash offer. These negotiations spanned the prior  
21 expense period and this Expense Period. In addition to closely working with Belize counsel to  
22 consummate the sale contract, the Receiver addressed numerous issues leading to the successful  
23 sale closing. These included addressing title and tax issues and removal of the occupant from the  
24 Belize property. The Receiver also assisted Diamond McCarthy in presenting facts to support the  
25 motion to approve the sale filed in this Court, which was granted. The Receiver also addressed  
26 and resolved whether the sale proceeds would be paid in U.S. dollars or Belize dollars. These  
27 efforts, in conjunction with Belize counsel and Diamond McCarthy, resulted in the estate

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1 obtaining \$303,478.68, net of sale expenses, for the sale of the Belize property during the  
2 Expense Period.

3 2. Administration of 529 S. Woodsvie Property

4 The Receiver has continued to administer the estate's interest in the residence at 529 S.  
5 Woodsvie Circle, St. George, Utah ("Woodsvie Property") after Jeremy and Sharla Johnson  
6 vacated the property pursuant to their respective Stipulated Final Orders. During the Expense  
7 Period, the Receiver addressed numerous maintenance, repair and security issues. The Receiver  
8 had many meetings and other communications with vendors, and maintenance, repair and service  
9 personnel concerning landscaping, plumbing, and air conditioning issues, as well as the  
10 property's sprinkler system, water pump, pool, and elevator. The Receiver also had  
11 communications with officials of the City of St. George in connection with various issues  
12 pertaining to the Woodsvie Property.

13 In the prior expense period, the Receiver began foreclosure proceedings under the first  
14 deed of trust assigned to the receivership estate by the FDIC in its capacity as receiver for  
15 SunFirst Bank which encumbered the Woodsvie Property. As previously reported, issues arose  
16 with the title company over the legal description, which led to the Receiver commencing a  
17 judicial foreclosure action to foreclose on the first trust deed lien and clarify the legal description  
18 of the property. During the Expense Period, the Receiver assisted Hatch, its Utah counsel in the  
19 judicial foreclosure action, and its lead receivership counsel (Diamond McCarthy until November  
20 10, 2017 and thereafter Barnes & Thornburg). During the process, as more particularly described  
21 below, the Receiver consulted with its attorneys and addressed strategies leading to the successful  
22 resolution of the various liens and encumbrances against the Woodsvie Property, notably the  
23 lien of the Internal Revenue Service ("IRS") and the mechanics lien of Shearwall Development  
24 LLC ("Shearwall"). Both of these liens were successfully resolved whereby the IRS lien against  
25 the Woodsvie Property in the face amount of \$2,625,893.00 was satisfied by the Receiver for  
26 only \$50,000 and Shearwall's mechanics lien in the face amount of \$120,000 was satisfied by the  
27 Receiver for only \$40,000. The judicial foreclosure action resulted in a prompt and successful  
28 final judgment clarifying the legal description of the property and permitting a judicial

1 foreclosure sale. A judicial foreclosure sale was conducted by the Washington County, Utah  
2 Sheriff on June 14, 2018, at which the Receiver was the successful credit bidder.

3 Prior to completion of the foreclosure sale, the Receiver commissioned and analyzed an  
4 appraisal obtained on the Woodsvie Property to develop bidding strategies and for the purpose  
5 of developing a post-foreclosure marketing plan in the event it was the successful bidder. After  
6 successfully acquiring the property at the foreclosure sale, the Receiver has begun the process of  
7 marketing the Woodsvie Property for sale after the Expense Period. The Receiver is in the  
8 process of marketing the Woodsvie Property with a highly regarded broker in Southern Utah at  
9 a \$3.6 million listing price.

10 3. People's Utah Bancorp Stock

11 Another receivership asset administered and liquidated by the Receiver during the  
12 Expense Period was stock in People's Utah Bancorp. I Works originally held 10,000 shares in  
13 Town & Country Bank, which appeared to have no market value for a substantial period of time  
14 during the receivership. However, Town & Country Bank was acquired by People's Utah  
15 Bancorp in November 2017. As a result of that acquisition, the Receiver obtained 2,916 shares in  
16 the acquiring bank plus \$47,632.11 in cash. The Receiver determined that People's Utah Bancorp  
17 stock had realizable market value and the Receiver retained a brokerage company, DA Davidson,  
18 to liquidate the stock. The Receiver addressed issues concerning its interest in Town & Country  
19 Bank with the transfer agent for People's Utah Bancorp stock to facilitate receipt of cash and  
20 stock from People's Utah Bancorp and discussed stock sale strategies with DA Davidson. During  
21 the Expense Period, the stock was successfully liquidated at market value and the Receiver  
22 obtained \$88,123.47 from the sale, net of brokerage costs. Including the cash received from the  
23 acquiring bank and the net proceeds from the liquidation of the stock, the Receiver obtained a  
24 total of \$136,018.02.

25 4. Other Asset Issues

26 The Receiver also addressed the administration and disposition of certain properties  
27 turned over to the Receiver by Kerry and Barbara Johnson under the Kerry Johnson Stipulated  
28 Final Order. The Receiver, through Diamond McCarthy, filed a claim to proceeds from a tax sale

1 of one of the properties subject to that final order, specifically certain property in Plumas County,  
2 California. During the Expense Period, the Receiver was paid \$41,069.88 from those sale  
3 proceeds. During the Expense Period, the Receiver continued to address the disposition of two  
4 lots in Santa Cruz, California and vacant land in Lake Isabella, California which was burned  
5 during a major wildfire in Kern County in mid-2016. There are practical limitations on the  
6 Receiver's ability to dispose of these properties which the Receiver has reviewed with counsel  
7 and is continuing to address what, if anything, should be done with respect to those properties as  
8 they do not appear to have any value for the receivership estate.

9 Additionally, based on information it received from third parties, the Receiver took steps  
10 to search for precious metals alleged to have been hidden by Jeremy Johnson in wilderness areas  
11 in Utah. The Receiver addressed this issue with numerous third parties, including the Bureau of  
12 Land Management and a real estate broker, and organized and participated in a search of various  
13 terrain on horseback in an effort to locate the precious metals, but these efforts proved  
14 unsuccessful.

15 5. Other Administrative Matters

16 Numerous and varied issues arise in the supervision and administration of the estate by  
17 the Receiver which are detailed in the billing records of the Receiver filed in support of this  
18 Motion. The Receiver performs regular accounting and bank reconciliations for the receivership  
19 accounts and through counsel provides copies of the monthly bank statements to the parties. The  
20 Receiver also maintains and updates creditor lists for the case.

21 B. Counsel's Principal Services During the Expense Period

22 1. Lead Receiver's Counsel, Diamond McCarthy and Barnes & Thornburg

23 Receiver's lead counsel, Diamond McCarthy through November 10, 2017 and Barnes &  
24 Thornburg thereafter (sometimes referred to individually and collectively in this section as "Lead  
25 Counsel") had numerous and various assignments during the Expense Period. Lead Counsel  
26 analyzed and consulted with the Receiver and the FTC on the Receiver's ongoing responsibilities  
27 in light of the various judgments obtained by the FTC, including remaining asset administration  
28 and liquidation duties as a result of those judgments. This included analyzing options with

1 respect to the two lots in Santa Cruz, California and the vacant land in Lake Isabella, California.  
2 During the Expense Period, Diamond McCarthy successfully brought a motion to approve the  
3 sale of the Belize property. It also successfully brought a motion to approve the last fee motion  
4 for the prior expense period. During this Expense Period, Barnes & Thornburg began preparation  
5 for the instant fee motion, but it was decided that the fee motion be postponed until various  
6 developments in the receivership had concluded before a new fee motion was brought.

7       Lead Counsel worked closely with Hatch with respect to the successful judicial  
8 foreclosure sale on the Woodsvie Property. This included review of and suggested revisions to  
9 numerous pleadings, developing and implementing strategies as to lienholders on the property,  
10 and negotiating or assisting in negotiating resolutions with various lienholders. The two  
11 lienholders of principal concern to the Receiver in the litigation were the IRS and Shearwall.  
12 Lead Counsel assisted Hatch in negotiating with the IRS to resolve its lien against the property  
13 and Lead Counsel prepared the settlement agreement which ultimately resolved the lien. Lead  
14 Counsel took the lead negotiating the settlement with Shearwall and also prepared the settlement  
15 agreement which resolved the Shearwall lien. Barnes & Thornburg assisted Hatch in working  
16 with the Receiver's new title insurer to make certain that the foreclosure judgment and related  
17 documents would enable the Receiver to resell the property in the event the Receiver was the  
18 successful bidder at the foreclosure sale. In preparation for the foreclosure judgment, Lead  
19 Counsel worked with the Receiver to provide proper calculations of the debt amount secured by  
20 the Receiver's lien. Lead Counsel also worked closely with the Receiver in developing strategies  
21 for bidding at the foreclosure sale. Lead Counsel has continued to advise and consult with the  
22 Receiver regarding its potential claim against First American Title Company which necessitated  
23 the Receiver proceeding by way of judicial foreclosure on the Woodsvie Property instead of  
24 proceeding by way of non-judicial foreclosure.

25               2.       Hatch's Successful Prosecution of the Judicial Foreclosure Action on the  
26                               Woodsvie Property

27       The Hatch firm was litigation counsel that successfully prosecuted through judgment the  
28 action for judicial foreclosure on the Woodsvie Property. Hatch successfully resolved the

1 litigation without the need for time consuming or expensive summary judgment or trial  
2 proceedings. Hatch took the lead in getting several lienholders of record to disclaim any interest  
3 in the property, was principally responsible for negotiating a favorable resolution with the IRS on  
4 its multi-million dollar lien and assisted Lead Counsel in obtaining a highly favorable settlement  
5 with the mechanic's lien claimant, Shearwall. The judicial foreclosure action resulted in  
6 successfully clarifying the legal description of the Woodsvew Property and enabling the  
7 Receiver to purchase the property at the judicial foreclosure sale conducted by the Sheriff of  
8 Washington County, Utah, in June 2018, at which Hatch appeared and bid on behalf of the  
9 Receiver. All of its services have paved the way for the Receiver to begin marketing the  
10 Woodsvew Property which, when sold, will generate substantial proceeds for the receivership  
11 estate.

12 3. Local Counsel

13 Kolesar's fees and costs have continued to be very modest during the Expense Period. It  
14 has assisted Lead Counsel in service and filing of pleadings and ensuring that the papers that are  
15 filed conform to the Local Rules and customary local practice.

16 **III. THE FEES AND EXPENSES OF THE RECEIVER AND HIS PROFESSIONALS**  
17 **SHOULD BE APPROVED**

18 It is a fundamental tenet of receivership law that expenses of administration incurred by  
19 the receiver, including those of the receiver, its counsel and others employed by the receiver,  
20 constitute priority expenses for which compensation should be paid from the assets of the  
21 receivership. As explained in the leading treatise *Clark on Receivers*:

22 The obligations and expenses which the court creates in its  
23 administration of the property are necessarily burdens on the  
24 property taken possession of, and this, irrespective of the question  
25 who may be the ultimate owner, or who may have the preferred  
26 lien, or who may invoke the receivership. The appointing court  
27 pledges its good faith that all duly authorized obligations incurred  
28 during the receivership shall be paid.

1 2 Clark, Ralph Ewing, *A Treatise on the Law and Practice of Receivers* § 637, p. 1052 (3<sup>rd</sup> ed.  
2 1992).

3 The Motion establishes that the Receiver, his deputies, staff and counsel rendered  
4 extensive services and obtained significant and excellent results for the receivership estate during  
5 the Expense Period. *See Federal Trade Commission v. Capital Acquisitions & Management*  
6 *Corp.*, 2005 U.S. Dist. LEXIS 18504 (N.D. 111. August 26, 2005). The activities in the  
7 receivership by both the Receiver and his counsel are wide-ranging and varied. The billing rates  
8 charged in this case reflected in the billing records filed in support of the Motion for the Receiver,  
9 the Receiver's members and senior accounting staff are discounted at 10% from the rates charged  
10 by the Receiver's firm in private sector cases as of the time of the Receiver's appointment.

11 Because the Receiver does not raise the rates charged for his professionals during the case,  
12 and because the Receiver established discounted rates in this case based on its 2010 private sector  
13 rates even though the Receiver did not commence work until January 2011, the Receiver's overall  
14 rates in effect in this case are discounted materially more than 10% compared to the Receiver's  
15 rates for 2017 and 2018.

16 The rates charged by the Receiver's former lead counsel for this case were discounted by  
17 10% from the standard hourly billing rates charged as of 2011. Dentons, original lead counsel,  
18 agreed not to raise its hourly rates for this matter for the duration of the receivership. The rates for  
19 the Receiver's lead counsel when Caris moved his practice to Diamond McCarthy and then when  
20 Caris moved his practice to Barnes & Thornburg remained unchanged from the rates charged for  
21 his services at Dentons, namely 10% off his standard hourly rates for 2011. The Receiver submits  
22 the fees and expenses are reasonable in light of the services rendered and the results obtained, and  
23 that the fees and expenses requested should be awarded in their entirety.

24 **IV. NOTICE OF THIS MOTION IS SUFFICIENT UNDER THE CIRCUMSTANCES**  
25 **AND SHOULD BE APPROVED**

26 Local Civil Rule 66-5 provides for service of notice of the hearing on various motions by  
27 a receiver concerning the administration of the estate. That rule provides for service of the notice  
28 of hearing on such motions on all creditors of the receivership estate. No hearing has been set on

1 this Motion and the provisions of Local Civil Rule 66-5 do not specifically apply. Consistent with  
2 the Receiver's practices throughout the case which have previously been approved by the Court,  
3 the Receiver has served a notice of filing of the Motion on the parties and on all known non-  
4 consumer creditors of the estate to provide them notice and an opportunity to be heard concerning  
5 the Motion.

6 In this case, there are believed to be an extremely large number of potential consumer  
7 creditors who may have claims against the Receivership Defendants arising out of the business  
8 operations of the Receivership Defendants prior to the Receiver's appointment, although the  
9 precise number, identity and location of such consumer creditors have not been determined by the  
10 Receiver. Given the Receiver's determination that more than \$332.5 million in sales revenues  
11 were generated by I Works and the related and affiliated entities, and given that the money  
12 judgment in the I Works Stipulated Order exceeds \$280 million, the number of potential  
13 consumer creditors is likely in the tens of thousands. It is not realistically possible or beneficial to  
14 the estate and its creditors for the Receiver to attempt to identify and serve the potential consumer  
15 creditors with notice of this and other similar administrative motions, and the expense and burden  
16 on the estate of attempting to effectuate such service would drain the estate's resources and cause  
17 undue administrative expense.

18 Based on the foregoing, to the extent that Local Rule 66-5 applies to this Motion, the  
19 Receiver seeks an order providing that the notice requirement of that rule shall be deemed  
20 satisfied if notice of the filing of the Motion is given by serving copies of all motion papers on the  
21 parties to the action and by serving copies of the notice of filing of the motion on all known non-  
22 consumer creditors. The Receiver submits that such service provides sufficient notice and an  
23 opportunity for hearing to the interested parties and should be approved as adequate. The Court's  
24 authority, as a court of equity supervising a federal equity receivership, to issue such an  
25 administrative order approving this form of notice has been previously detailed in the Receiver's  
26 memoranda supporting many of the Receiver's prior motions and is summarized herein. *See* F.R.  
27 Civ. P. 5(a) and (c) (authorizing the court to modify service procedures when numerous  
28 defendants are involved in litigation); Local Rule 66-10 (receiver to administer receivership

1 estates “as nearly as may be in accordance with the practice in the administration of estates in  
2 Chapter 11 bankruptcy case”); *In re First Alliance Mortgage Co.*, 269 B.R. 428, 442 (C.D. Cal.  
3 2001) (referencing in *dicta* in the court's recitation of facts the bankruptcy court's order limiting  
4 notice issued in that case); 11 U.S.C. section 102(1)(A) (defining the phrase “after notice and a  
5 hearing” to mean “after such notice as is appropriate in the particular circumstances, and such  
6 opportunity for hearing as is appropriate in the particular circumstances”); 11 U.S.C. section  
7 105(a) and (d) (granting broad equitable powers to the court to issue orders “necessary or  
8 appropriate to carry out the provisions” of title 11 including “prescribing such limitations and  
9 conditions as the court deems appropriate to ensure the case is handled expeditiously and  
10 economically”); and F. R. Bankr. P. 2002(m) (authorizing the court to enter “orders designating  
11 the matters in respect to which, the entity to whom, and the form and manner in which notices  
12 shall be sent except as otherwise provided by these rules”).

13 **V. CONCLUSION**

14 For the foregoing reasons, it is respectfully requested that the Court grant relief as  
15 requested in the Motion.

16 Dated: October 8, 2018

BART K. LARSEN  
SCOTT D. FLEMING  
KOLESAR & LEATHAM, CHTD.

GARY OWEN CARIS  
BARNES & THORNBURG LLP

21 By: /s/ Gary Owen Caris  
22 Gary Owen Caris  
23 Attorneys for Receiver  
24 ROBB EVANS of ROBB EVANS &  
25 ASSOCIATES LLC

26  
27  
28 13319629



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10 Attorneys for Receiver  
ROBB EVANS of ROBB EVANS & ASSOCIATES LLC

11  
12 UNITED STATES DISTRICT COURT  
13 DISTRICT OF NEVADA

14  
15 FEDERAL TRADE COMMISSION,

16 Plaintiff,

17 v.

18 JEREMY JOHNSON, individually, as officer  
of Defendants I Works, Inc., etc., et al.,

19  
20 Defendants.

Case No. 2:10-CV-02203-MMD-GWF

**DECLARATION OF GARY OWEN CARIS  
IN SUPPORT OF MOTION FOR ORDER  
(1) APPROVING AND AUTHORIZING  
PAYMENT OF RECEIVER’S AND  
PROFESSIONALS’ FEES AND COSTS  
FROM AUGUST 1, 2017 THROUGH JUNE  
30, 2018; AND (2) GRANTING RELIEF  
FROM LOCAL RULE 66-5 PERTAINING  
TO NOTICE TO CREDITORS**

21  
22  
23  
24 I, Gary Owen Caris, declare:

25 1. I am an attorney at law duly licensed to practice before all courts of the State of  
26 California and I have been admitted to practice *pro hac vice* before the United States District  
27 Court for the District of Nevada in the subject litigation. I am a partner in the firm of Barnes &  
28 Thornburg LLP (“Barnes & Thornburg”). I was formerly a partner at Diamond McCarthy LLP

1 (“Diamond McCarthy”) until November 10, 2017 when I moved my practice to Barnes &  
2 Thornburg and Diamond McCarthy was substituted out of the case with Court approval. I am the  
3 attorney primarily responsible for representing Robb Evans of Robb Evans & Associates LLC,  
4 the Receiver in this matter ("Receiver") and have been the lead attorney for the Receiver since the  
5 inception of the receivership. I have personal knowledge of the matters set forth in this  
6 declaration, and if I were called upon to testify in these matters, I could and would competently  
7 testify thereto.

8           2.       This declaration is submitted in support of the Receiver’s fifteenth fee motion.  
9 The motion seeks, among other relief, approval and authorization for payment of the Receiver’s  
10 legal fees and costs for the eleven-month period from August 1, 2017 through June 30, 2018  
11 (“Expense Period”). The legal fees and costs incurred during the Expense Period total \$93,900.66,  
12 including (a) fees of \$28,639.80 and costs of \$1,211.48 for Diamond McCarthy, (b) fees of  
13 \$21,598.20 and costs of \$324.87 for Barnes & Thornburg, (c) fees of \$2,082.50 and costs of  
14 \$1,585.91 for the Receiver’s local counsel in, Kolesar & Leatham, Chtd. (“Kolesar”), and (d) fees  
15 of \$36,924.00 and costs of \$1,533.90 for the Receiver’s special real estate foreclosure counsel in  
16 Utah, Hatch, James & Dodge, A Professional Corporation (“Hatch”).

17           3.       Since approximately November 13, 2017, Barnes & Thornburg has been lead  
18 counsel for the Receiver, replacing Diamond McCarthy as former lead counsel for the Receiver in  
19 this case. Throughout the case, I have coordinated with Kolesar so that Kolesar as local counsel  
20 has been primarily responsible for assisting the Receiver in obtaining copies of pleadings from  
21 the Court, assisting the Receiver in filing and service of pleadings and assisting the Receiver in  
22 complying with the Court’s local rules and procedures. Kolesar assisted the Receiver in filing and  
23 serving two motions during this period, including serving the lengthy list of non-consumer  
24 creditors and taxing agencies who receive notice of the Receiver’s motions.

25           4.       Attached to the Appendix of Exhibits as Exhibits 3 through 6, inclusive, are true  
26 and correct copies of the detailed, redacted time records of Diamond McCarthy, Barnes &  
27 Thornburg, Kolesar and Hatch. The time records, Exhibits 3 through 6, as well as the time records

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1 for the Receiver, his deputies, accountants and staff, Exhibit 2, have been redacted by me where  
2 appropriate to preserve descriptions containing confidential, sensitive, tactical, strategic, attorney-  
3 client privileged and/or attorney work-product information.

4 5. Receiver's lead counsel, Diamond McCarthy through November 10, 2017 and  
5 Barnes & Thornburg thereafter (sometimes referred to individually and collectively as "Lead  
6 Counsel") had numerous and various assignments during the Expense Period. Lead Counsel  
7 analyzed and consulted with the Receiver and the FTC on the Receiver's ongoing responsibilities  
8 in light of the various judgments obtained by the FTC, including remaining asset administration  
9 and liquidation duties as a result of those judgments. This included analyzing options with  
10 respect to the two lots in Santa Cruz, California and the vacant land in Lake Isabella, California.  
11 During the Expense Period, Diamond McCarthy successfully brought a motion to approve the  
12 sale of the Belize property. It also successfully brought a motion to approve the last fee motion  
13 for the prior expense period. During this Expense Period, Barnes & Thornburg began preparation  
14 for the instant fee motion, but it was decided that the fee motion be postponed until various  
15 developments in the receivership had concluded before a new fee motion was brought.

16 6. Lead Counsel worked closely with Hatch with respect to the successful judicial  
17 foreclosure sale on the former residence of Jeremy and Sharla Johnson at 529 S. Woodsvie  
18 Circle, St. George, Utah ("Woodsvie Property"). This included review of and suggested  
19 revisions to numerous pleadings, developing and implementing strategies as to lienholders on the  
20 property, and negotiating or assisting in negotiating resolutions with various lienholders. The two  
21 lienholders of principal concern to the Receiver in the litigation were the IRS and Shearwall.  
22 Lead Counsel assisted Hatch in negotiating with the IRS to resolve its lien against the property  
23 and Lead Counsel prepared the settlement agreement which ultimately resolved the lien. Lead  
24 Counsel took the lead negotiating the settlement with Shearwall and also prepared the settlement  
25 agreement which resolved the Shearwall lien. Barnes & Thornburg assisted Hatch in working  
26 with the Receiver's new title insurer to make certain that the foreclosure judgment and related  
27 documents would enable the Receiver to resell the property in the event the Receiver was the

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1 successful bidder at the foreclosure sale. In preparation for the foreclosure judgment, Lead  
2 Counsel worked with the Receiver to provide proper calculations of the debt amount secured by  
3 the Receiver's lien. Barnes & Thornburg also worked closely with the Receiver in developing  
4 strategies for bidding at the foreclosure sale. Barnes & Thornburg has continued to advise and  
5 consult with the Receiver regarding its potential claim against First American Title Company  
6 which necessitated the Receiver proceeding by way of judicial foreclosure on the Woodsviw  
7 Property instead of proceeding by way of non-judicial foreclosure.

8 7. The Hatch firm was litigation counsel that successfully prosecuted through  
9 judgment the action for judicial foreclosure on the Woodsviw Property. Hatch successfully  
10 resolved the litigation without the need for time consuming or expensive summary judgment or  
11 trial proceedings. Hatch took the lead in getting several lienholders of record to disclaim any  
12 interest in the property, was principally responsible for negotiating a favorable resolution with the  
13 IRS on its multi-million dollar lien and assisted Lead Counsel in obtaining a highly favorable  
14 settlement with the mechanic's lien claimant, Shearwall. The judicial foreclosure action resulted  
15 in successfully clarifying the legal description of the Woodsviw Property and enabling the  
16 Receiver to purchase the property at the judicial foreclosure sale conducted by the Sheriff of  
17 Washington County, Utah, in June 2018, at which Hatch appeared and bid on behalf of the  
18 Receiver. All of Hatch's services have paved the way for the Receiver to begin marketing the  
19 Woodsviw Property which, when sold will generate substantial proceeds for the receivership  
20 estate.

21 8. The rates that were charged by Dentons, original lead counsel, for its attorneys and  
22 paralegals in this matter were discounted by 10% from the standard hourly billing rates charged  
23 as of 2011 when this case commenced. Dentons agreed not to raise those rates during the course  
24 of this engagement. The rates for the Receiver's lead counsel when I moved my practice to  
25 Diamond McCarthy and subsequently when I moved my practice to Barnes & Thornburg  
26 remained unchanged from the rates charged for my services at Dentons, namely 10% off of my  
27 standard hourly rates for 2011.

28 ///

1           9.       I am a partner of Barnes & Thornburg and was formerly a partner of Diamond  
2 McCarthy. I am familiar with the methods and procedures used by both of those firms to create,  
3 record and maintain billing records for the firm's clients. The billing summaries attached to the  
4 Appendix of Exhibits as Exhibits 3 and 4 are prepared from computerized time records prepared  
5 contemporaneously with the services rendered by each attorney and paralegal billing time to this  
6 matter. These computerized records are prepared in the ordinary course of business by the  
7 attorneys and paralegals employed by the firm who have a business duty to accurately record their  
8 time spent and services rendered on the matters on which they perform work. The time records  
9 are transferred into a computerized billing program that generates monthly invoices under the  
10 supervision of the firm's respective accounting departments. Based upon my experience with  
11 Diamond McCarthy and Barnes & Thornburg, I believe the methods and procedures for recording  
12 and accounting for time and services for the clients of those firms are reliable and accurate. It is  
13 my understanding that the methods and procedures employed by Kolesar and Hatch for recording  
14 and accounting for time and services to its clients are similar to the methods and procedures  
15 described herein as to Diamond McCarthy and Barnes & Thornburg.

16           10.       I have over 38 years' experience as a business and commercial litigator and also  
17 have extensive experience as a bankruptcy attorney representing creditors in Chapter 11 and  
18 Chapter 7 bankruptcy cases. For more than eighteen years I have also specialized in representing  
19 receivers in federal equity receiverships. I believe the rates and the amount incurred by the  
20 Receiver for legal services rendered during the Expense Period are reasonable and appropriate  
21 based on the nature of the services rendered, the quality and amount of services provided, the  
22 complexity of the issues involved and other factors under the circumstances, including the results  
23 obtained. This specifically includes the work done by Hatch and the work done by the other  
24 firms which assisted Hatch in connection with the judicial foreclosure action on the Woodsvew  
25 Property. Hatch, with the assistance of Lead Counsel, successfully and expeditiously resolved a  
26 complex judicial foreclosure lawsuit involving numerous liens so as to allow the Receiver to  
27 successfully acquire the property and begin marketing it for resale, which ultimately will result in

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1 the receivership estate realizing a substantial additional amount of money for the benefit of  
2 defrauded consumers.

3 I declare under penalty of perjury that the foregoing is true and correct and that this  
4 declaration was executed this 8th day of October 2018 at Los Angeles, California.

5  
6 /s/Gary Owen Caris  
GARY OWEN CARIS

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10 Attorneys for Receiver  
ROBB EVANS of ROBB EVANS & ASSOCIATES LLC

11  
12 UNITED STATES DISTRICT COURT  
13 DISTRICT OF NEVADA

14  
15 FEDERAL TRADE COMMISSION,

16 Plaintiff,

17 v.

18 JEREMY JOHNSON, individually, as officer  
of Defendants I Works, Inc., etc., et al.,

19  
20 Defendants.

Case No. 2:10-CV-02203-MMD-GWF

**DECLARATION OF BRICK KANE IN  
SUPPORT OF MOTION FOR ORDER (1)  
APPROVING AND AUTHORIZING  
PAYMENT OF RECEIVER'S AND  
PROFESSIONALS' FEES AND COSTS  
FROM AUGUST 1, 2017 THROUGH JUNE  
30, 2018; AND (2) GRANTING RELIEF  
FROM LOCAL RULE 66-5 PERTAINING  
TO NOTICE TO CREDITORS**

21  
22  
23  
24 I, Brick Kane, declare:

25 1. I am the President and Chief Operating Officer of Robb Evans & Associates LLC  
26 and a deputy to the Receiver Robb Evans of Robb Evans & Associates LLC ("Receiver"), the  
27 Receiver over the Corporate Defendants as defined in the Preliminary Injunction Order and  
28 Clarifying Order, defined below, and over the assets of Jeremy Johnson ("Johnson") (collectively

1 the Corporate Defendants and Johnson are referred to herein as the “Receivership Defendants”). I  
2 am one of the members of Robb Evans & Associates LLC with primary responsibility for the  
3 daily administration, supervision and management of the receivership estate. I have personal  
4 knowledge of the matters set forth in this declaration or I have gained knowledge of these matters  
5 through other members and deputies of the Receiver during my supervision and management in  
6 this matter. If called upon to testify as to these matters I could and would competently testify  
7 thereto.

8 2. The Receiver was appointed originally as temporary receiver pursuant to the  
9 Court’s Order (Doc. No. 19) (“TRO”) issued January 13, 2011. Thereafter, pursuant to the Court’s  
10 Preliminary Injunction Order issued February 10, 2011, the Receiver became permanent receiver  
11 in this matter.

12 3. I am one of the deputies to the Receiver who has been responsible for the  
13 Receiver’s review and investigation of assets and analysis of financial and business records  
14 relevant to the receivership and the Receiver’s exercise of his powers and duties under the TRO  
15 and Preliminary Injunction Order. I personally participated in the preparation and review of the  
16 Receiver's initial Report of Temporary Receiver's Activities January 13, 2011 Through February  
17 4, 2011 which was filed with the Court on February 8, 2011 (Doc. No. 127) (“First Report”) and  
18 the Report of Receiver’s Financial Reconstruction dated January 31, 2012 (“Second Report”)   
19 filed with the Court on February 3, 2012 along with four volumes of Appendices of Exhibits to  
20 the Second Report (Doc. Nos. 464, 465-468). I personally participated in the review and  
21 evaluation of many of the documents and records upon which the information contained in the  
22 Receiver’s First Report and Second Report are based. I was extensively involved in the drafting  
23 and revision of the Second Report and in the drafting, revisions or review of the more than 100  
24 tabs (exhibits) to the Second Report. I attended and/or read the transcripts of almost all of the  
25 depositions conducted by the Receiver's counsel to date in this case.

26 4. The Receiver's First Report reported on the Receiver's initial findings and  
27 investigation into I Works and \$50.4 million in net profits transferred from the I Works enterprise  
28 to or for the benefit of Jeremy Johnson. The Second Report was filed on February 3, 2012 and



1 detailed an additional \$51.4 million in funds from payment processing transferred to or for the  
2 benefit of Jeremy Johnson through a complex web of entities and persons. The result of these  
3 transfers was that valuable assets of the receivership estate were concealed from the Receiver and  
4 hidden apparently to try to remove them from the reach of the Receiver and the creditors of  
5 Jeremy Johnson and the other named Receivership Defendants. Based on the Receiver's findings  
6 in the Second Report and his ongoing investigation, the Receiver filed a Motion to Clarify to  
7 confirm the status of those numerous entities and assets nominally held by third parties but  
8 beneficially owned and controlled by Jeremy Johnson. The Motion to Clarify was granted by the  
9 Court after extensive briefing, evidence and oral argument conducted on March 19, 2013 through  
10 the Order Granting Motion for Order Clarifying Preliminary Injunction Order and for Further  
11 Instructions Regarding Scope of Receivership Defendants under Preliminary Injunction Order  
12 and Report of Receiver's Financial Reconstruction and Granting Relief from Local Rule 66-5  
13 Pertaining to Notice to Creditors After Hearing ("Clarifying Order") entered March 25, 2013.  
14 Substantial activities of the Receiver and his counsel during the current expense period have  
15 involved further investigation and location of receivership assets and the disposition of  
16 receivership assets.

17         5. This Declaration is filed in support of the Receiver's motion for approval and  
18 authorization for payment of the fees and costs of the Receiver and his professionals incurred  
19 from August 1, 2017 through June 30, 2018 ("Expense Period"). This is the Receiver's fifteenth  
20 fee motion. During the current Expense Period, the funds collected from all sources totaled  
21 \$513,811.55. Total gross receipts of the estate from the inception of the receivership to June 30,  
22 2018 were \$28,429,705.96. Of that sum, over \$14.4 million in recoveries are directly attributable  
23 to assets recovered under the Clarifying Order.

24         6. The Receiver seeks payment of the Receiver's fees and costs summarized in the  
25 Administrative Expenses and Fund Balance spreadsheet ("Financial Summary") attached hereto  
26 as Exhibit 1 and detailed in the redacted billing summaries which are attached collectively as  
27 Exhibit 2 in the Appendix of Exhibits filed in support of this motion, and the Receiver's counsel's  
28 fees and costs described in the accompanying Declaration of Gary Owen Caris, and Exhibits 3

1 through 6 of the Appendix of Exhibits supporting the motion. The Receiver seeks an order  
2 approving and authorizing payment of receivership fees and costs, including payment of the fees  
3 of the Receiver, the Receiver's deputies, agents, staff and professionals, and reimbursement of  
4 costs incurred during the Expense Period, in the total sum of \$163,424.70, as detailed below.

5 7. During the expense period, the fees of the Receiver, his deputies, agents and staff  
6 totaled \$52,301.83 and the Receiver's costs totaled \$17,222.21, which includes \$7,690.22 for tax  
7 preparation fees. During the Expense Period, the Receiver has incurred fees for the Receiver and  
8 his deputies of \$34,481.70, Senior Staff fees of \$16,634.30, Information Technology (IT) fees of  
9 \$150.83, and Support Staff fees of \$1,035.00.

10 8. The Receiver's legal fees and costs total \$93,900.66 during the Expense Period,  
11 including fees and costs incurred to: (a) the Receiver's former lead counsel, Diamond McCarthy  
12 LLP ("Diamond McCarthy"), in the sum of \$29,851.28, comprised of fees of \$28,639.80 and  
13 costs of \$1,211.48; (b) the Receiver's current lead counsel, Barnes & Thornburg LLP ("Barnes &  
14 Thornburg"), in the sum of \$21,923.07, comprised of fees of \$21,598.20 and costs of \$324.87; (c)  
15 the Receiver's local counsel, Kolesar & Leatham, Chtd. ("Kolesar"), in the sum of \$3,668.41,  
16 comprised of fees of \$2,082.50 and costs of \$1,585.91; and (d) the Receiver's special real estate  
17 foreclosure counsel in Utah, Hatch, James & Dodge, A Professional Corporation ("Hatch"), in the  
18 sum of \$38,457.90, comprised of fees of \$36,924.00 and costs of \$1,533.90. The Financial  
19 Summary attached hereto as Exhibit 1 summarizes the categories of costs incurred in connection  
20 with the Receiver's activities and services.

21 9. The Receiver's focus continues to be on maximizing value for the estate by  
22 locating and recovering receivership assets and liquidating assets to protect the estate from loss or  
23 dissipation of the value of those assets.

24 10. The Receiver continued his efforts to administer and sell the real property titled to  
25 the entity Belize Beach Holdings Ltd. located on Ambergris in Belize which is the entity's sole  
26 asset. During the prior expense period, with the assistance of local counsel in Belize and its real  
27 estate agent, the Receiver marketed the Belize property and negotiated with prospective buyers.

1 This ultimately resulted in the Receiver entering into a sale contract after lengthy negotiations  
2 pursuant to which the purchaser paid \$330,000 in an all-cash offer. These negotiations spanned  
3 the prior expense period and this Expense Period. In addition to closely working with Belize  
4 counsel to consummate the sale contract, the Receiver addressed numerous issues leading to the  
5 successful sale closing. These included addressing title and tax issues and removal of the  
6 occupant from the Belize property. The Receiver also assisted Diamond McCarthy in presenting  
7 facts to support the motion to approve the sale filed in this Court, which was granted. The  
8 Receiver addressed and resolved whether the sale proceeds would be paid in U.S. dollars or  
9 Belize dollars. These efforts, in conjunction with Belize counsel and Diamond McCarthy,  
10 resulted in the estate obtaining \$303,478.68, net of sale expenses, for the sale of the Belize  
11 property during the Expense Period.

12 11. The Receiver has continued to administer the estate's interest in the residence at  
13 529 S. Woodsvie Circle, St. George, Utah ("Woodsvie Property") after Jeremy and Sharla  
14 Johnson vacated the property pursuant to their respective Stipulated Final Orders. During the  
15 Expense Period, the Receiver addressed numerous maintenance, repair and security issues. The  
16 Receiver had many meetings and other communications with vendors, and maintenance, repair  
17 and service personnel concerning landscaping, plumbing, and air conditioning issues, as well as  
18 the property's sprinkler system, water pump, pool, and elevator. The Receiver also had  
19 communications with officials of the City of St. George in connection with various issues  
20 pertaining to the Woodsvie Property.

21 12. In the prior expense period, the Receiver began foreclosure proceedings under the  
22 first deed of trust assigned to the receivership estate by the FDIC in its capacity as receiver for  
23 SunFirst Bank which encumbered the Woodsvie Property. As previously reported, issues arose  
24 with the title company over the legal description, which led to the Receiver commencing a  
25 judicial foreclosure action to foreclose on the first trust deed lien and to clarify the legal  
26 description of the property. During the Expense Period, the Receiver assisted Hatch, its Utah  
27 counsel in the judicial foreclosure action, and its lead receivership counsel (Diamond McCarthy  
28

1 until November 10, 2017 and thereafter Barnes & Thornburg). During the process, the Receiver  
2 consulted with its attorneys and addressed strategies leading to the successful resolution of the  
3 various liens and encumbrances against the Woodsvie Property, notably the lien of the Internal  
4 Revenue Service (“IRS”) and the mechanics lien of Shearwall Development LLC (“Shearwall”).  
5 Both of these liens were successfully resolved whereby the IRS lien against the Woodsvie  
6 Property in the face amount of \$2,625,893.00 was satisfied by the Receiver for only \$50,000 and  
7 Shearwall’s mechanics lien in the face amount of \$120,000 was satisfied by the Receiver for only  
8 \$40,000. The judicial foreclosure action resulted in a prompt and successful final judgment  
9 clarifying the legal description of the property and permitting a judicial foreclosure sale. A  
10 judicial foreclosure sale was conducted by the Washington County, Utah Sheriff on June 14,  
11 2018, at which the Receiver was the successful credit bidder.

12 13. Prior to completion of the foreclosure sale, the Receiver commissioned and  
13 analyzed an appraisal obtained on the Woodsvie Property to develop bidding strategies and for  
14 the purpose of developing a post-foreclosure marketing plan in the event it was the successful  
15 bidder. After successfully acquiring the property at the foreclosure sale, the Receiver has begun  
16 the process of marketing the Woodsvie Property for sale after the Expense Period. The  
17 Receiver is in the process of marketing the Woodsvie Property with a highly regarded broker in  
18 Southern Utah at a \$3.6 million listing price.

19 14. Another receivership asset administered and liquidated by the Receiver during the  
20 Expense Period was stock in People’s Utah Bancorp. I Works originally held 10,000 shares in  
21 Town & Country Bank, which appeared to have no market value for a substantial period of time  
22 during the receivership. However, Town & Country Bank was acquired by People’s Utah  
23 Bancorp in November 2017. As a result of that acquisition, the Receiver obtained 2,916 shares in  
24 the acquiring bank plus \$47,632.11 cash. The Receiver determined that People’s Utah Bancorp  
25 stock had realizable market value and the Receiver retained a brokerage company, DA Davidson,  
26 to liquidate the stock. The Receiver addressed issues concerning its interest in Town & Country  
27 Bank with the transfer agent for People’s Utah Bancorp stock to facilitate receipt of the cash and  
28

1 stock from People's Utah Bancorp and discussed stock sale strategies with DA Davidson. During  
2 the Expense Period, the stock was successfully liquidated at market value and the Receiver  
3 obtained \$88,123.47 from the sale, net of brokerage costs. Including the cash received from the  
4 acquiring bank and the net proceeds from the liquidation of the stock, the Receiver obtained a  
5 total of \$136,018.02.

6 15. The Receiver also addressed the administration and disposition of certain  
7 properties turned over to the Receiver by Kerry and Barbara Johnson under the Kerry Johnson  
8 Stipulated Final Order. The Receiver, through Diamond McCarthy, filed a claim to proceeds from  
9 a tax sale of one of the properties subject to that final order, specifically certain property in  
10 Plumas County, California. During the Expense Period, the Receiver was paid \$41,069.88 from  
11 those sale proceeds. During the Expense Period, the Receiver continued to address the  
12 disposition of two lots in Santa Cruz, California and vacant land in Lake Isabella, California  
13 which was burned during a major wildfire in Kern County in mid-2016. There are practical  
14 limitations on the Receiver's ability to dispose of these properties which the Receiver has  
15 reviewed with counsel and is continuing to address what, if anything, should be done with respect  
16 to those properties as they do not appear to have any value for the receivership estate.

17 16. Based on information it received from third parties in the course of its  
18 investigation in this receivership, the Receiver took steps to search for precious metals alleged to  
19 have been hidden by Jeremy Johnson in wilderness areas in Utah. The Receiver addressed this  
20 issue with numerous third parties, including the Bureau of Land Management and a real estate  
21 broker, and organized and participated in a search of various terrain on horseback in an effort to  
22 locate the precious metals, but these efforts proved unsuccessful.

23 17. Numerous and varied issues arise in the supervision and administration of the  
24 estate by the Receiver which are detailed in the billing records of the Receiver filed in support of  
25 this Motion. The Receiver performs regular accounting and bank reconciliations for the  
26 receivership accounts and through counsel provides copies of the monthly bank statements to the  
27 parties. The Receiver also maintains and updates creditor lists for the case.  
28

1           18.     The billing rates charged in this case reflected in the billing records filed in  
2 support of the Motion for the Receiver, the Receiver's members and senior accounting staff are  
3 discounted at 10% from the rates charged by the Receiver's firm in private sector cases as of the  
4 time of the Receiver's appointment. Because the Receiver does not raise the rates charged for his  
5 professionals during the case, and because the Receiver established discounted rates in this case  
6 based on its 2010 private sector rates even though the Receiver did not commence work until  
7 January 2011, the rates being charged for the Receiver, the Receiver's members and senior  
8 accounting staff are discounted materially more than 10% from the Receiver's rates for 2017 and  
9 2018.

10           19.     In this case, there are an unknown but believed to be a very large number of  
11 consumer creditors who may have claims against the Receivership Defendants arising out of the  
12 business operations of the Receivership Defendants prior to the Receiver's appointment. The  
13 identity and location of such consumer creditors have not been determined by the Receiver. Given  
14 the Receiver's determination that more than \$332.5 million in sales revenues was generated by I  
15 Works and the related and affiliated entities, and given that the money judgment in the I Works  
16 Stipulated Order exceeds \$280 million, the amount of consumer creditors could number in the  
17 tens of thousands. It is not realistically possible or beneficial for the estate for the Receiver to  
18 attempt to serve the potential consumer creditors with this and other similar administrative  
19 motions, and the expense and burden on the estate of attempting to effectuate such service would  
20 drain the estate's resources and cause undue administrative expense.

21           20.     As a member of Robb Evans & Associates LLC, I am familiar with the methods  
22 and procedures used by the Receiver and his staff and employees to record the time spent  
23 rendering services to receivership estates over which Robb Evans or Robb Evans & Associates  
24 LLC have been appointed. The records included as Exhibits 2 through 8 of the Appendix of  
25 Exhibits filed in support of this motion are regularly prepared by the members, staff and  
26 employees of Robb Evans & Associates LLC at or about the time of the services rendered and  
27 each of whom has a business duty to accurately record the information regarding their services set  
28 forth in these records. The records are reviewed by the Receiver's accounting staff and

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summarized in the Receiver's Financial Summary, Exhibit 1 attached hereto. Based upon my experience with Robb Evans & Associates LLC, I believe the Receiver's methods and procedures for recording and accounting for time and services for the receivership estates over which Robb Evans or Robb Evans & Associates LLC have been appointed are reliable and accurate.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed this 3 day of October 2018 at Sun Valley, California.

  
\_\_\_\_\_  
BRICK KANE

13319498v1