

**ROBB EVANS OF
ROBB EVANS & ASSOCIATES LLC
Receiver of I Works, Inc., et al. and
the Assets of Jeremy Johnson**

11450 Sheldon Street
Sun Valley, California 91352-1121
Telephone No.: (818) 768-8100
Facsimile No.: (818) 768-8802

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

Notice of Third Omnibus Motion and Third Omnibus Motion for Order:

- (1) Approving and Confirming Sales of Aircraft and for Related Relief;**
- (2) Authorizing Receiver to List and Offer for Sale Aircraft; and**
- (3) Granting Relief from Local Rule 66-5 Pertaining to Notice to Creditors;**

**Memorandum of Points and Authorities in Support Thereof;
Declaration of Kenton Johnson in Support Thereof;**

Filed August 28, 2012

1 RANDOLPH L. HOWARD (Nev. SBN 006688)
rhoward@knevada.com
2 KOLESAR & LEATHAM, CHTD.
400 South Rampart Boulevard, Suite 400
3 Las Vegas, NV 89145
Telephone: (702) 362-7800
4 Facsimile: (702) 362-9472

5 GARY OWEN CARIS (Cal. SBN 088918)
gcaris@mckennalong.com
6 LESLEY ANNE HAWES (Cal. SBN 117101)
lhawes@mckennalong.com
7 MCKENNA LONG & ALDRIDGE LLP
300 South Grand Avenue, 14th Floor
8 Los Angeles, CA 90071-3124
Telephone: (213) 688-1000
9 Facsimile: (213) 243-6330

10 Attorneys for Receiver
ROBB EVANS OF ROBB EVANS & ASSOCIATES
11 **LLC**

12 **UNITED STATES DISTRICT COURT**

13
14 **DISTRICT OF NEVADA**

15
16 FEDERAL TRADE COMMISSION,

17 Plaintiff,

18 v.

19 JEREMY JOHNSON, etc., et al.,

20 Defendants.
21
22
23
24
25
26
27
28

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

**NOTICE OF THIRD OMNIBUS
MOTION AND THIRD OMNIBUS
MOTION FOR ORDER (1) APPROVING
AND CONFIRMING SALE OF
AIRCRAFT AND FOR RELATED
RELIEF; (2) AUTHORIZING
RECEIVER TO LIST AND OFFER FOR
SALE AIRCRAFT; AND (3) GRANTING
RELIEF FROM LOCAL RULE 66-5
PERTAINING TO NOTICE TO
CREDITORS; MEMORANDUM OF
POINTS AND AUTHORITIES IN
SUPPORT THEREOF**

1 PLEASE TAKE NOTICE that Robb Evans of Robb Evans & Associates LLC
2 (“Receiver”), the Receiver pursuant to the Court’s Preliminary Injunction Order issued February
3 10, 2011, hereby moves the Court for the following relief:
4

5 **SALE OF 2008 ROBINSON (N41286) HELICOPTER**

6 1. An order approving the Receiver’s proposed procedures for the sale of that certain
7 2008 Robinson R44 Raven II helicopter bearing Registration No. N41286 (“N41286 Helicopter”)
8 and authorizing and confirming the sale of the N41286 Helicopter to an arms’ length, third party
9 buyer, on an “as is and where is” basis either (a) to California Aviation Services, Inc. (“Proposed
10 N41286 Helicopter Buyer”), for a cash payment in the sum of \$327,200 pursuant to that certain
11 Helicopter Purchase Agreement dated as of July 13, 2012 (“Proposed N41286 Purchase
12 Contract”), a true and correct copy of which is attached as Exhibit 3 to the Declaration of Kenton
13 Johnson in support of this Motion, or (b) to such higher qualified overbidder who hereafter
14 submits the highest qualified overbid at a subsequent overbid session to be conducted under the
15 terms and conditions more fully set forth herein and approved by the Court, which sale the
16 Receiver requests be approved and confirmed without further notice, hearing or order. The
17 overbid procedures, terms and conditions for which the Receiver seeks approval, include the
18 following:

19 A. The overbid session shall be conducted within 20 days of the date of entry of the
20 order granting this Motion. The overbid session will be conducted at the offices of Quantum
21 Helicopters (“Broker”) located at 2401 S. Heliport Way, Chandler, AZ 85286;

22 B. The Receiver will cause to be published a notice of the proposed sale of the
23 N41286 Helicopter to a qualified bidder at the overbid session to be conducted under paragraph
24 1.A. above, which notice shall state the date, time and place of the overbid session, and the
25 requirement for pre-qualification by overbidders, and will include a summary of the terms and
26 conditions of the overbidding and sale of the property, as described below (“N41286 Overbid
27 Notice”). A detailed description of the terms and conditions of the overbid session will be
28 provided to interested parties who contact the Receiver. The Receiver will cause the N41286

1 Overbid Notice to be published on two web sites, Controller and Trade-A-Plane, two times prior
2 to the scheduled overbid session, and in the Controller and Trade-A-Plane print magazines at least
3 one time prior to the scheduled overbid session, and with the first publication date to be at least
4 10 days prior to the scheduled overbid session date. Controller and Trade-A-Plane are aircraft
5 internet web sites on which aircraft are advertised for sale in a uniform format and are widely
6 used and reviewed by aircraft dealers and buyers across the country.

7 C. Any person wishing to overbid at the overbid session shall be required to pre-
8 qualify with the Receiver no later than 10:00 a.m. P.D.T. on the business day preceding the
9 overbid session by delivering to the Receiver's office located at 11450 Sheldon Street, Sun
10 Valley, California 91352: (a) notice in writing of the prospective overbidder's intent to overbid
11 together with (b) written verification from a financial institution demonstrating to the Receiver's
12 satisfaction, in the Receiver's sole opinion and judgment, the prospective overbidder's ability to
13 complete and close a purchase of the N41286 Helicopter through sufficient funds or credit
14 facilities within 20 days of the date of the overbid session, and (c) a cashier's check in the sum of
15 \$30,000 payable to I Works Inc. Receivership QSF, which cashier's check shall become non-
16 refundable upon acceptance of the overbidder's overbid at the conclusion of the overbid session.

17 D. Overbidders bidding at the overbid session will be deemed to have completed all
18 inspections of the N41286 Helicopter and will be deemed to have waived and/or removed all
19 contingencies in favor of the buyer under the Proposed N41286 Purchase Contract, and will be
20 required to complete a cash purchase of the N41286 Helicopter and close escrow for the purchase
21 of the N41286 Helicopter within 20 days of the date of the overbid session. The successful
22 overbidder will be required to execute a purchase agreement for the N41286 Helicopter
23 substantially in the form of the Proposed N41286 Purchase Contract together with a waiver of all
24 buyer contingencies promptly after conclusion of the overbid session.

25 E. The initial overbid shall be in the amount of \$357,200 (an amount that is \$30,000
26 higher than the purchase price under the Proposed N41286 Purchase Contract), and all subsequent
27 overbids shall be in an amount at least \$10,000 higher than the preceding bid.

28

1 F. Pursuant to the Proposed N41286 Purchase Contract and the Receiver's listing
2 agreement with his Broker, a sales commission in the amount of 5% of the final sales price paid
3 for the N41286 Helicopter by the Proposed N41286 Helicopter Buyer, or if a higher overbid is
4 received and accepted at the overbid session, by the winning overbidder, shall be paid from the
5 proceeds of sale of the N41286 Helicopter at close of escrow and shall be paid to the Broker as
6 listing agent under the exclusive listing agreement ("N41286 Helicopter Listing Agreement")
7 between the Receiver and Quantum Helicopters dated as of June 19, 2012, a true and correct copy
8 of which is attached as Exhibit 1 to the Declaration of Kenton Johnson in support of this Motion,
9 and the Sale Authorization Order entered by the Court on August 26, 2011 (Doc. No. 288).

10 G. That the sale of the N41286 Helicopter by private sale to the Proposed N41286
11 Helicopter Buyer under the Proposed N41286 Purchase Contract, or to the person who submits
12 the highest qualified overbid at the overbid session to be conducted pursuant to the foregoing
13 procedures, will be deemed confirmed by Order on this Motion without further notice or hearing
14 and without the necessity of any subsequent motion for confirmation of the sale;

15 2. An order authorizing the Receiver to pay at the closing of the sale of the N41286
16 Helicopter from the final gross sales proceeds any other ordinary and customary closing costs,
17 taxes and/or fees for which the seller is responsible;

18 3. An order authorizing the Receiver to execute all documents and instruments
19 necessary or convenient to complete, implement, and effectuate the sale of the N41286
20 Helicopter, including without limitation any documents necessary or convenient to transfer title
21 thereto;

22 **SALE OF 2005 ROBINSON (N321WT) HELICOPTER**

23 4. An order approving the Receiver's proposed procedures for the sale of that certain
24 2005 Robinson R44 Raven II helicopter bearing Registration No. N321WT ("N321WT
25 Helicopter") and authorizing and confirming the sale of the N321WT Helicopter to an arms'
26 length, third party buyer, on an "as is and where is" basis either (a) to RV Aviation, LLC
27
28

1 (“Proposed N321WT Helicopter Buyer”), for a cash payment in the sum of \$150,000¹ “pursuant
2 to that certain Helicopter Purchase Agreement dated as of July 10, 2012 (“Proposed N321WT
3 Purchase Contract”), a true and correct copy of which is attached as Exhibit 4 to the Declaration
4 of Kenton Johnson in support of this Motion, or (b) to such higher qualified overbidder who
5 hereafter submits the highest qualified overbid at a subsequent overbid session to be conducted
6 under the terms and conditions more fully set forth herein and approved by the Court, which sale
7 the Receiver requests be approved and confirmed without further notice, hearing or order. The
8 overbid procedures, terms and conditions for which the Receiver seeks approval include the
9 following:

10 A. The overbid session shall be conducted within 20 days of the date of entry of the
11 order granting this Motion. The overbid session will be conducted at the offices of Quantum
12 Helicopters located at 2401 S. Heliport Way, Chandler, AZ 85286;

13 B. The Receiver will cause to be published a notice of the proposed sale of the
14 N321WT Helicopter to a qualified bidder at the overbid session to be conducted under paragraph
15 4.A. above, which notice shall state the date, time and place of the overbid session, and the
16 requirement for pre-qualification by overbidders, and will include a summary of the terms and
17 conditions of the overbidding and sale of the property, as described below (“N321WT Overbid
18 Notice”). A detailed description of the terms and conditions of the overbid session will be
19 provided to interested parties who contact the Receiver. The Receiver will cause the N321WT
20 Overbid Notice to be published on two websites, Controller and Trade-A-Plane, two times prior
21 to the scheduled overbid session, and in the Controller and Trade-A-Plane print magazines at least
22 one time prior to the scheduled overbid session, and with the first publication date to be at least
23 10 days prior to the scheduled overbid session date.

24 C. Any person wishing to overbid at the overbid session shall be required to pre-
25 qualify with the Receiver no later than 10:00 a.m. P.D.T. on the business day preceding the
26 overbid session by delivering to the Receiver’s office located at 11450 Sheldon Street, Sun

27
28 ¹ The offer to purchase was for \$150,100 and the Receiver is attempting to correct the
typographical error that resulted in the purchase contract listing \$150,000 as the sale amount.

1 Valley, California 91352: (a) notice in writing of the prospective overbidder's intent to overbid
2 together with (b) written verification from a financial institution demonstrating to the Receiver's
3 satisfaction, in the Receiver's sole opinion and judgment, the prospective overbidder's ability to
4 complete and close a purchase of the N321WT Helicopter through sufficient funds or credit
5 facilities within 20 days of the date of the overbid session, and (c) a cashier's check in the sum of
6 \$15,000 payable to I Works Inc. Receivership QSF, which cashier's check shall become non-
7 refundable upon acceptance of the overbidder's overbid at the conclusion of the overbid session.

8 D. Overbidders bidding at the overbid session will be deemed to have completed all
9 inspections of the N321WT Helicopter and will be deemed to have waived and/or removed all
10 contingencies in favor of the buyer under the Proposed N321WT Purchase Contract, and will be
11 required to complete a cash purchase of the N321WT Helicopter and close escrow for the
12 purchase of the N321WT Helicopter within 20 days of the date of the overbid session. The
13 successful overbidder will be required to execute a purchase agreement for the N321WT
14 Helicopter substantially in the form of the Proposed N321WT Purchase Contract together with a
15 waiver of all buyer contingencies promptly after conclusion of the overbid session.

16 E. The initial overbid shall be in the amount of \$165,000 (an amount that is
17 approximately \$15,000 higher than the purchase price under the Proposed N321WT Purchase
18 Contract), and all subsequent overbids shall be in an amount at least \$5,000 higher than the
19 preceding bid.

20 F. Pursuant to the Proposed N321WT Purchase Contract and the Receiver's listing
21 agreement with his Broker, a sales commission in the amount of 5% of the final sales price paid
22 for the N321WT Helicopter by the Proposed N321WT Helicopter Buyer, or if a higher overbid is
23 received and accepted at the overbid session, by the winning overbidder, shall be paid from the
24 proceeds of sale of the N321WT Helicopter at close of escrow and shall be paid to the Broker as
25 listing agent under the exclusive listing agreement ("N321WT Helicopter Listing Agreement"),
26 Exhibit 2 to the Declaration of Kenton Johnson in support of this Motion, and the Sale
27 Authorization Order entered by the Court on August 26, 2011 (Doc. No. 288).

28

1 G. That the sale of the N321WT Helicopter by private sale to the Proposed N321WT
2 Helicopter Buyer under the Proposed N321WT Purchase Contract, or to the person who submits
3 the highest qualified overbid at the overbid session to be conducted pursuant to the foregoing
4 procedures, will be deemed confirmed by Order on this Motion without further notice or hearing
5 and without the necessity of any subsequent motion for confirmation of the sale;

6 5. An order authorizing the Receiver to pay at the closing of the sale of the N321WT
7 Helicopter from the final gross sales proceeds any other ordinary and customary closing costs,
8 taxes and/or fees for which the seller is responsible;

9 6. An order authorizing the Receiver to sell and transfer the N321WT Helicopter free
10 and clear of liens, including specifically any liens of SunFirst Bank, now in receivership with the
11 Federal Deposit Insurance Corporation as Receiver (“SunFirst”), which are disputed, including
12 without limitation the lien reflected in that Notice of Aircraft Security Agreement and Aircraft
13 Security Agreement dated as of May 19, 2010 in favor of SunFirst, and recorded with the Federal
14 Aviation Administration (“FAA”) on or about June 15, 2010 as Conveyance No. TM007392, and
15 the UCC-1 Financing Statement filed with the Utah Department of Commerce as File No.
16 380044201032, with such liens to attach to the proceeds of sale in the same amount, and with the
17 same validity, extent and priority as said liens had against the N321WT Helicopter, and subject to
18 further order of the Court determining the amount, validity, extent and priority of such liens;

19 7. An order authorizing the Receiver to execute all documents and instruments
20 necessary or convenient to complete, implement, and effectuate the sale of the N321WT
21 Helicopter, including without limitation any documents necessary or convenient to transfer title
22 thereto;

23 **AUTHORIZATION TO SELL AND MARKET 2005 ROBINSON (N74367)**

24 **HELICOPTER**

25 8. An order authorizing the Receiver to engage Quantum Helicopters as Broker to list
26 for sale that certain 2005 Robinson R44 Raven II helicopter bearing Registration No. N74367
27 (“N74367 Helicopter”) and in connection therewith, an order authorizing the Receiver to enter
28

1 into an exclusive written listing agreement (“N74367 Helicopter Listing Agreement”) with
2 Quantum Helicopters as Broker, a true and correct copy of which is attached as Exhibit 5 to the
3 Declaration of Kenton Johnson, which provides for payment of a sales commission of 5% of the
4 final gross sales price for the N74367 Helicopter and for the Broker to provide ordinary and
5 customary advertising for the aircraft at the Broker’s expense; and

6 **OTHER RELATED RELIEF**

7 9. An order deeming notice of this Motion to be sufficient under Local Civil Rule 66-
8 5 based on the service of a notice of the filing of this Motion and the Motion on all parties and
9 service of a notice of the filing of the Motion on all known non-consumer creditors of the estate,
10 and on all known taxing authorities with a potential claim in the receivership estate concurrent
11 with the filing of this Motion with the Court, but not on the tens of thousands of potential
12 consumer creditors.

13 This Motion is made pursuant to 28 U.S.C. §§ 2001 and 2004 and Local Civil Rules 7-2
14 and 66-5 and other applicable law and is based upon this notice of motion and motion, the
15 separate notice of filing of the Motion served concurrently herewith, the accompanying
16 memorandum of points and authorities filed in support hereof, and the Declaration of Kenton
17 Johnson filed in support hereof and served concurrently herewith, any reply, and upon all other
18 pleadings, documentary evidence and argument as may be presented to the Court by the Receiver.
19
20
21
22
23
24
25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Dated: August 28, 2012

Respectfully submitted,

RANDOLPH L. HOWARD
KOLESAR & LEATHAM, CHTD.

MCKENNA LONG & ALDRIDGE LLP
GARY OWEN CARIS
LESLEY ANNE HAWES

By: /s/ Lesley Anne Hawes

Gary Owen Caris
Lesley Anne Hawes

Attorneys for Receiver
**ROBB EVANS OF ROBB EVANS &
ASSOCIATES LLC**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

TABLE OF CONTENTS

	Page
I. INTRODUCTION AND SUMMARY OF RELEVANT FACTS	9
A. Proposed Sale of Helicopters	10
(1) Marketing and Proposed Sale of the N41286 Helicopter.....	12
(2) N41286 Helicopter Overbid Session Procedures.....	13
(3) Marketing and Proposed Sale of the N321WT Helicopter.....	15
(4) Proposed Sale of the N321WT Helicopter Free and Clear of SunFirst Lien	16
(5) N321WT Helicopter Overbid Session Procedures	18
B. Listing for Sale the N74367 Helicopter Subject to Subsequent Court Approval of Sale.....	20
II. SALE OF THE N41286 HELICOPTER AND N321WT HELICOPTER SHOULD BE APPROVED UNDER 28 U.S.C. §§ 2001 AND 2004 AND RECEIVERSHIP LAW.....	22
III. THE COURT HAS AUTHORITY TO PERMIT THE RECEIVER TO MARKET AND SELL RECEIVERSHIP ASSETS, SUBJECT TO SUBSEQUENT COURT APPROVAL OF SPECIFIC SALES	26
IV. NOTICE OF THIS MOTION IS SUFFICIENT UNDER THE CIRCUMSTANCES AND SHOULD BE APPROVED	26
V. CONCLUSION.....	28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

TABLE OF AUTHORITIES

Page(s)

CASES

Diners Club v. Bumb,
421 F. 2d 396 (9th Cir. 1970)..... 25

In re First Alliance Mortgage Co.,
269 B.R. 428 (C.D. Cal. 2001) 28

Murphy v. John Hofman Co.,
211 U.S. 562 (1909)..... 25

Riehle v. Margolies,
279 U.S. 218 (1929)..... 25

Securities and Exchange Commission v. Black,
163 F.3d 188 (3rd Cir. 1998)..... 23

Securities and Exchange Commission v. Elliot,
953 F.2d 1560 (11th Cir. 1992) 23

Securities and Exchange Commission v. Hardy,
803 F.2d 1034 (9th Cir. 1986)..... 23, 24

United States v. Branch Coal Corp.,
390 F.2d 7 (3rd Cir. 1968) *cert. den. Sun Protection Co. v. U.S.*, 391 U.S. 966, 88 S.Ct.
2034, 20 L.Ed. 2d 878 (1968)..... 22, 24

United States v. Taber,
943 F. 2d 335 (3rd Cir. 1991)..... 25

STATUTES

United States Code, Title 11

§ 102(1)(A)..... 28

§ 105(a) 28

§ 105(d) 28

§ 363(f)..... 25

§ 363(f)(4) 26

United States Code, Title 28

§ 2001..... 22

§ 2001(a) 22

§ 2001(b) 16, 22, 23

§ 2004..... 22

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

RULES

Federal Rules of Bankruptcy Procedure
 Rule 2002(m)..... 28

Federal Rules of Civil Procedure
 Rule 5(a) 27
 Rule 5(c)..... 27

Local Rules
 Rule 66-5 26, 27
 Rule 66-10 25, 27

OTHER AUTHORITIES

1 *Clark on Receivers* Chapter IX § 280(a) (3rd ed. 1992)..... 25

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION AND SUMMARY OF RELEVANT FACTS**

3 On January 13, 2011, the Receiver was appointed Temporary Receiver over I Works, Inc.
4 (“I Works”), numerous other Corporate Defendants as defined in the Temporary Restraining
5 Order and over the assets of defendant Jeremy Johnson (collectively the “Receivership
6 Defendants”). Pursuant to the Preliminary Injunction Order entered February 10, 2011, the
7 Receiver has been appointed permanent Receiver over the Receivership Defendants.

8 Under the Preliminary Injunction Order, the Receiver is directed to maintain and preserve
9 assets of the receivership estate. On May 27, 2011, the Receiver filed a motion seeking authority
10 from the Court to sell certain personal property and to list and market for sale various real
11 property, aircraft and houseboats. (*See* Doc. Nos. 227, 227-1, 227-3 and 228). The Court granted
12 the Receiver’s motion and on August 26, 2011 entered its order authorizing the Receiver’s listing
13 and sale of the assets described in that order. (*See* Doc. No. 288 (“Sale Authorization Order”)).²

14 Since the Sale Authorization Order was entered, the Receiver has marketed and sold with
15 Court approval many assets of the receivership estate, including multiple aircraft. This Motion
16 seeks Court approval for specific sales of two of the aircraft which the Receiver was authorized to
17 market and sell under the Sale Authorization Order, specifically the N41286 Helicopter, title to
18 which is held by Trigger, LLC, and the N321WT Helicopter, title to which is held by Zibby
19 Flight Service, LLC (“Zibby Flight”), an entity owned and controlled by Jeremy Johnson
20 (“Johnson”) and used by Johnson to take title to his various aircraft.³

21 In addition, this Motion seeks authorization from the Court for the Receiver to market and
22 sell another aircraft owned by Zibby Flight, the N74367 Helicopter, which was only recently
23 recovered by the Receiver from the Dominican Republic after the Receiver was forced to bring a
24 _____

25 ² Jeremy Johnson appealed the Sale Authorization Order and unsuccessfully sought to stay the
26 Sale Authorization Order on appeal.

27 ³ Zibby Flight is owned nominally 50% by Jeremy Johnson and 50% by Sharla Johnson. The
28 Receiver has deemed Zibby Flight a receivership entity based on the fact that funding for Zibby
Flight came entirely from I Works and other named receivership entities and Sharla Johnson had
no role in funding the entity.

1 Motion to Compel Turnover for that aircraft against Johnson and others. (*See* Doc. Nos. 423 and
2 477). For the same reasons the Receiver sought approval to market and sell the other aircraft,
3 which was granted under the Sale Authorization Order, the Receiver seeks authority to market
4 and sell the N74367 Helicopter pursuant to his duty to preserve assets of the estate. The N74367
5 Helicopter is a wasting asset, declining in value based on market forces, depreciation and the
6 expenses of insurance, maintenance and storage that diminish the value of the asset for the estate.
7 Because it is in the best interests of the estate to liquidate the N74367 Helicopter to preserve its
8 value for the estate and avoid ongoing expenses associated with the aircraft that diminish its
9 value, the Receiver seeks authorization to list that aircraft for sale with the Broker and with the
10 specific sale of that aircraft to be approved by subsequent motion.

11 **A. Proposed Sale of Helicopters**

12 Pursuant to the Sale Authorization Order, the Receiver has engaged the company
13 Quantum Helicopters (hereinafter the “Broker”) located in Chandler, Arizona as a broker to list
14 and market for sale the N41286 Helicopter and N321WT Helicopter. The N41286 Helicopter
15 Listing Agreement and the N321WT Helicopter Listing Agreement between the Receiver and
16 Broker, each dated as of June 19, 2012 provide that the Broker will market the helicopters and
17 will receive a commission of 5% of the final gross sales price of the helicopters sold. This
18 commission structure is consistent with the Sale Authorization Order which authorized the
19 Receiver to agree to a sales commission of 6% to 8% of the gross sales price of the aircraft with a
20 minimum commission of up to \$10,000 on each aircraft sale.

21 The Broker is a company founded approximately 19 years ago by Neil Jones, a former
22 Chief Pilot of one of the largest civilian helicopter schools, and who has been involved in
23 helicopter and airplane flight training for approximately 29 years. The Broker specializes in the
24 sale of Robinson helicopters and has been a Robinson factory-authorized dealer since 1997. The
25 N41286 Helicopter and N321WT Helicopter were thoroughly inspected by an independent
26 Certified Senior Aircraft Appraiser, Jeffrey Matar. The Receiver also had valuation calculations
27 prepared for the N41286 Helicopter and N321WT Helicopter using VREF Publishing, Inc. (the
28 “VREF”), an aircraft valuation service that is regularly used by aircraft dealers to analyze the

1 anticipated wholesale and retail value of specific aircraft based on the aircraft's make, model, age,
2 features and condition, similar to the Kelley Blue Book for motor vehicles. The VREF valuations
3 are based on reported sales during the prior quarter of similar aircraft, with some adjustments in
4 estimated value being made based on condition of the aircraft and how the aircraft is equipped.
5 In addition, the Receiver had valuation calculations prepared for the N41286 Helicopter and
6 N321WT Helicopter using HeliValue\$, Inc., a helicopter specific valuation service that publishes
7 the "Official Helicopter Blue Book," another valuation source customarily used by helicopter
8 buyers and sellers.⁴

9 The Receiver relied on the appraisals generated by the independent appraiser, and as
10 discussed below, the conditions of the N41286 Helicopter and N321WT Helicopter. These
11 valuations, along with the advice of the Broker given his 19 years' experience in helicopter sales,
12 were used by the Receiver to determine the prices at which the Receiver listed for sale the
13 N41286 Helicopter and N321WT Helicopter.

14 Since its engagement, the Broker has listed both the N41286 Helicopter and N321WT
15 Helicopter on Controller, an aircraft internet web site on which aircraft are advertised for sale in a
16 uniform format and that is widely used and reviewed by aircraft dealers and buyers across the
17 country. Controller is similar to the internet web site Auto Trader for motor vehicles. In
18 addition, the Broker advertised both helicopters on its own website and with Jetnet, which is a
19 subscription service that aircraft dealers use.

20 Both the N41286 Helicopter and N321WT Helicopter have been listed for sale in "as is"
21 condition with no representations or warranties. The Broker has received multiple offers for both
22 the N41286 Helicopter and N321WT Helicopter, as detailed below, and the Receiver has
23 _____

24 ⁴ For each of the two aircraft, the Receiver has obtained three valuations as discussed in the
25 Motion, including the valuations under an independent, formal appraisal, the VREF and
26 valuations from HeliValue\$, Inc. The Motion generally describes the valuations and their
27 relationship to the purchase prices in the proposed sale contracts. However, the Receiver has not
28 attached copies of the valuations in order to avoid public disclosure of this information which
could adversely affect the Receiver's ability to market and sell the helicopters if the Court were to
deny approval of the current proposed sales and also could adversely affect the results of the
proposed publicly noticed overbid sessions. The Receiver will make the valuations available to
the Court for *in camera* inspection if requested.

1 accepted the highest offers received which are reflected in the Proposed N41286 Purchase
2 Contract and the Proposed N321WT Purchase Contract.

3 (1) Marketing and Proposed Sale of the N41286 Helicopter

4 The N41286 Helicopter is titled to Trigger, LLC, and is unencumbered. Trigger, LLC is
5 an entity owned 50% by Jeremy Johnson and 50% by Duane Fielding, who is named as an
6 individual defendant in this case.⁵ The N41286 Helicopter was inspected and appraised by an
7 independent appraiser, Jeffrey Matar, in September 2011 and found to be in very good condition
8 with no apparent damage issues. However, certain of the log books and maintenance records for
9 this helicopter were missing at the time of the appraisal. These log books and records were the
10 subject of the Receiver's Motion to Compel Turnover, etc. (Doc. No. 423) which was granted by
11 the Court (Doc. No. 477) on February 13, 2012. The missing log books and records for this
12 helicopter have since been turned over to the Receiver. As a result, the N41286 Helicopter was
13 listed for an asking price of \$327,200. The purchase price under the Proposed N41286 Purchase
14 Contract equals or exceeds the value of that aircraft.

15 After placing the listings for the N41286 Helicopter, the Broker received several inquiries,
16 however, at least a few of the calls were not from serious buyers and from persons trying to
17 purchase the helicopter at an extremely low, discounted price. Further, the Broker had two
18 parties inspect the N41286 Helicopter in person at the Broker's facilities, but these showings did
19 not result in any offers. Ultimately, the Broker received a total of two reasonable offers from
20 different parties to purchase the N41286 Helicopter which were submitted to the Receiver for
21 review. The offers were in the amounts of \$310,000 and \$327,200. The highest of the two offers
22 at \$327,200 was for the full amount of the Receiver's asking price, and provided all cash terms as
23 set forth in the Proposed N41286 Purchase Contract, which the Receiver accepted subject to
24 Court approval. The Proposed N41286 Helicopter Buyer is an arm's length, third party buyer
25 with no known affiliation with any of the parties in the case. The proposed sale price equals or

26 _____
27 ⁵ Trigger, LLC was the nominal owner of the N41286 Helicopter, however, the Receiver has
28 obtained evidence that the source of funding for the helicopter, was a deposit of funds from the
named Receivership Defendant Network Agenda, LLC. *See* Declaration of Brick Kane in
Support of Motion to Clarify (Doc. No. 581), para. 79, and Exh. 33 thereto (Doc. No. 581-2).

1 exceeds the value of the N41286 Helicopter, is a favorable, all cash, “as is” sale and should be
2 approved, subject to overbidding.

3 (2) N41286 Helicopter Overbid Session Procedures

4 The Receiver seeks approval of the Proposed N41286 Purchase Contract and the sale of
5 the N41286 Helicopter to the Proposed N41286 Helicopter Buyer under the terms and conditions
6 set forth therein. The Receiver seeks approval to solicit overbids for the sale of the N41286
7 Helicopter, and seeks an order on this Motion that confirms the sale of the N41286 Helicopter to
8 the Proposed N41286 Helicopter Buyer, or such higher qualified overbidder who may make the
9 highest overbid accepted by the Receiver at the overbid session to be conducted under the
10 proposed sale procedures set forth in this Motion. Under the circumstances, including the fact the
11 sale to the Proposed N41286 Helicopter Buyer is all cash for an amount that equals or exceeds the
12 market value of the N41286 Helicopter, and the Receiver’s desire to avoid unnecessary
13 administrative expense through multiple motions to conclude the sale, the Receiver requests that
14 the Court approve the following notice and overbid procedures, terms and conditions:

15 A. The overbid session shall be conducted within 20 days of the date of entry of the
16 order granting this Motion. The overbid session will be conducted at the offices of Quantum
17 Helicopters located at 2401 S. Heliport Way, Chandler, AZ 85286;

18 B. The Receiver will cause to be published a notice of the proposed sale of the
19 N41286 Helicopter to a qualified bidder at the overbid session to be conducted under paragraph
20 A. above, which notice shall state the date, time and place of the overbid session, and the
21 requirement for pre-qualification by overbidders, and will include a summary of the terms and
22 conditions of the overbidding and sale of the property, as described below (“N41286 Overbid
23 Notice”). A detailed description of the terms and conditions of the overbid session will be
24 provided to interested parties who contact the Receiver. The Receiver will cause the N41286
25 Overbid Notice to be published on two web sites, Controller and Trade-A-Plane, two times prior
26 to the scheduled overbid session, and in the Controller and Trade-A-Plane print magazines at least
27 one time prior to the scheduled overbid session, and with the first publication date to be at least
28 10 days prior to the scheduled overbid session date. Controller and Trade-A-Plane are aircraft

1 internet web sites on which aircraft are advertised for sale in a uniform format and are widely
2 used and reviewed by aircraft dealers and buyers across the country.

3 C. Any person wishing to overbid at the overbid session shall be required to pre-
4 qualify with the Receiver no later than 10:00 a.m. P.D.T. on the business day preceding the
5 overbid session by delivering to the Receiver's office located at 11450 Sheldon Street, Sun
6 Valley, California 91352: (a) notice in writing of the prospective overbidder's intent to overbid
7 together with (b) written verification from a financial institution demonstrating to the Receiver's
8 satisfaction, in the Receiver's sole opinion and judgment, the prospective overbidder's ability to
9 complete and close a purchase of the N41286 Helicopter through sufficient funds or credit
10 facilities within 20 days of the date of the overbid session, and (c) a cashier's check in the sum of
11 \$30,000 payable to I Works Inc. Receivership QSF,⁶ which cashier's check shall become non-
12 refundable upon acceptance of the overbidder's overbid at the conclusion of the overbid session.

13 D. Overbidders bidding at the overbid session will be deemed to have completed all
14 inspections of the N41286 Helicopter and will be deemed to have waived and/or removed all
15 contingencies in favor of the buyer under the Proposed N41286 Purchase Contract, and will be
16 required to complete a cash purchase of the N41286 Helicopter and close escrow for the purchase
17 of the N41286 Helicopter within 20 days of the date of the overbid session. The successful
18 overbidder will be required to execute a purchase agreement for the N41286 Helicopter
19 substantially in the form of the Proposed N41286 Purchase Contract together with a waiver of all
20 buyer contingencies promptly after conclusion of the overbid session.

21 E. The initial overbid shall be in the amount of \$357,200 (an amount that is \$30,000
22 higher than the purchase price under the Proposed N41286 Purchase Contract), and all subsequent
23 overbids shall be in an amount at least \$10,000 higher than the preceding bid.

24 F. Pursuant to the Proposed N41286 Purchase Contract and the Receiver's listing
25 agreement with his Broker, a sales commission in the fixed amount of 5% of the final sales price
26 _____

27 ⁶ The Receiver has established a Qualified Settlement Fund ("QSF") for this receivership to
28 receive the proceeds of liquidated assets and minimize tax on the assets, for the benefit of the
creditors and other beneficiaries of the estate, designated as the I Works Inc. Receivership QSF.

1 paid for the N41286 Helicopter by the Proposed N41286 Helicopter Buyer, or if a higher overbid
2 is received and accepted at the overbid session, by the winning overbidder, shall be paid from the
3 proceeds of sale of the N41286 Helicopter at close of escrow and shall be paid to the Broker as
4 listing agent under the N41286 Helicopter Listing Agreement and the Sale Authorization Order
5 entered by the Court on August 26, 2011 (Doc. No. 288).

6 G. That the sale of the N41286 Helicopter by private sale to the Proposed N41286
7 Helicopter Buyer under the Proposed N41286 Purchase Contract, or to the person who submits
8 the highest qualified overbid at the overbid session to be conducted pursuant to the foregoing
9 procedures, will be deemed confirmed by Order on this Motion without further notice or hearing
10 and without the necessity of any subsequent motion for confirmation of the sale.

11 (3) Marketing and Proposed Sale of the N321WT Helicopter

12 The N321WT Helicopter is encumbered by a lien in favor of SunFirst Bank (“SunFirst”),
13 presently in receivership under the control of the FDIC. The N321WT Helicopter was evaluated
14 by the Broker and the Receiver and also was appraised in October 2011 by Jeffrey Matar, an
15 independent appraiser engaged by the Receiver. The appraiser found the N321WT Helicopter to
16 be in very good condition. However, the N321WT Helicopter is in need of an expensive major
17 overhaul before it can be flown again due to having reached its “Time Before Overhaul”
18 maximum of 2200 hours. As a result, and based on discussions between the Receiver and the
19 Broker, the N321WT Helicopter was listed for an asking price of \$159,000.

20 Similar to the N41286 Helicopter, the Broker received several inquiries on the listing for
21 the sale of the N321WT Helicopter, and again a number of the calls were buyers simply trying to
22 offer extremely low prices for the helicopter. In addition, the Broker also showed the N321WT
23 Helicopter to two parties, but these showings did not result in any offers. Ultimately, the Broker
24 received a total of two serious offers from different parties to purchase the N321WT Helicopter
25 which were submitted to the Receiver for review. The offers received were for \$144,000 and
26 \$150,100. The highest of the two offers provided all cash terms as set forth in the Proposed
27 N321WT Purchase Contract, which the Receiver accepted subject to Court approval. The
28

1 N321WT Helicopter Buyer is an arm's length, third party buyer with no known affiliation with
2 any of the parties.

3 The purchase price under the Proposed N321WT Purchase Contract is at an amount equal
4 to 85% of the average of the appraised value, the Helivalu\$, Inc. Blue Book value, and the
5 VREF value, and above the minimum two-thirds of the average appraised value required to
6 approve a private sale of the aircraft under 28 U.S.C. §2001(b). Based on the three valuations of
7 the N321WT Helicopter, the proposed sale of the N321WT Helicopter is a favorable, all cash, "as
8 is" sale that exceeds the statutory requirements and should be approved.

9 (4) Proposed Sale of the N321WT Helicopter Free and Clear of SunFirst Lien

10 The Receiver also proposes that the sale of the N321WT Helicopter be ordered to be made
11 free and clear of the disputed SunFirst lien on that helicopter. The Court has previously
12 authorized sales free and clear of SunFirst's disputed liens on five parcels of real property and
13 another aircraft, as set forth below.

14 SunFirst's loan secured by the N321WT Helicopter, as well as two other aircraft and five
15 parcels of undeveloped land in Washington County, Utah was described in a motion for relief
16 from stay filed by SunFirst in March 2011, which was subsequently withdrawn. (See Doc. Nos.
17 157, 205). SunFirst's lien secures a debt in the original principal sum of \$1,100,000. The
18 Receiver filed a motion for approval of sales of the five parcels of raw land, which was granted
19 by the Court's Order entered April 3, 2012 (Doc. No. 516). In addition, the Receiver filed a
20 motion for approval of sale of the 1978 Cessna P210 fixed-wing aircraft, Registration/Tail No.
21 N4827P MC Serial No. P210 00119 to a third party buyer, which was granted by the Court's
22 Order entered May 10, 2012 (Doc. No. 564). The net proceeds of those sales totaled
23 \$508,940.09. The Receiver estimates that the net proceeds from the sale of the N321WT
24 helicopter will be at least \$140,000. The SunFirst lien remains secured by one other aircraft, a
25 2009 Piper PA (Registration No. N32ED) which alone was valued at \$889,359 in April 2012.
26 SunFirst has sufficient collateral to fully secure its lien to the extent it has a valid and enforceable
27 debt obligation and security interest in these assets.

1 The SunFirst lien is disputed by the Receiver based on documentary evidence and
2 depositions of five former SunFirst officers conducted by the Receiver that indicate there were a
3 number of irregularities in the transactions between SunFirst, on one hand, and Johnson and his
4 affiliates. As described in the Report of Receiver's Financial Reconstruction filed February 3,
5 2012 (Doc. No. 464), the Receiver's discovery indicates, among other things, that Johnson
6 colluded with SunFirst to disguise his acquisition of a controlling interest in SunFirst by obtaining
7 a home equity line of credit in the sum of \$3.1 million secured by Johnson's residence the
8 proceeds of which were transferred to Johnson's relatives (his brother Andy Johnson and his
9 parents Kerry and Barbara Johnson through the KB Family Limited Partnership) to fund
10 substantially the acquisition of the stock nominally held by those relatives but beneficially owned
11 and controlled by Johnson, with the remaining funds to acquire the stock coming from reserve
12 accounts at SunFirst funded by Elite Debit, I Works and Money Harvest. That stock acquisition
13 nominally by Andy Johnson and KB Family Limited Partnership occurred shortly after Elite
14 Debit, Inc. and other Johnson-owned and controlled entities opened accounts and began payment
15 processing through SunFirst, which provided SunFirst significant revenue (over \$1.5 million until
16 SunFirst was ordered by the FDIC to cease payment processing and to freeze the accounts). In
17 violation of the Bank's policies and procedures, the \$3.1 million home equity line of credit used
18 to fund Johnson's hidden acquisition of SunFirst Corporation stock apparently was never
19 formally approved at a Director's Loan Committee meeting and is not reflected anywhere on
20 SunFirst's Director's Loan Committee's minutes. In fact, two former bank officers testified that
21 they were unaware that the proceeds of the home equity line of credit would be the primary
22 source of funding the stock acquisition before the loan was made. Another former SunFirst
23 officer, John Campos, who was paid a \$20,000 "consulting fee" by Johnson, was one of the
24 individuals indicted in the Southern District of New York action by the United States against
25 certain officers and directors of the online poker websites Pokerstars and Full Tilt Poker. Further,
26 the Receiver has learned that over \$1.3 million in funds from accounts held at SunFirst that were
27 frozen by the FDIC and the Preliminary Injunction in this case based on the estate's interest in
28 those funds were improperly and unilaterally used by SunFirst to make reimbursement payments

1 for consulting fees and attorneys' fees of its counsel as well as other attorneys representing Mr.
2 Campos in connection with the criminal charges brought against him and attorneys representing
3 senior officers of SunFirst without notice to the Receiver or approval of this Court. These
4 payments are subject to pending investigation and demands by the Receiver. Converting
5 SunFirst's collateral into cash proceeds to which its disputed lien attaches based on sales of the
6 collateral at fair value by the Receiver is appropriate given the disputed claim and the protection
7 afforded SunFirst by the retention of the proceeds, subject to further order of the Court.

8 (5) N321WT Helicopter Overbid Session Procedures

9 The Receiver seeks approval of the Proposed N321WT Purchase Contract and the sale of
10 the N321WT Helicopter to the Proposed N321WT Helicopter Buyer under the terms and
11 conditions set forth therein. The Receiver seeks approval to solicit overbids for the sale of the
12 N321WT Helicopter, and seeks an order on this Motion that confirms the sale of the N321WT
13 Helicopter to the Proposed N321WT Helicopter Buyer, or such higher qualified overbidder who
14 may make the highest overbid accepted by the Receiver at the overbid session to be conducted
15 under the proposed sale procedures set forth in this Motion. Under the circumstances, including
16 the fact the sale to the Proposed N321WT Helicopter Buyer is all cash for an amount that is
17 roughly 85% of the average of the appraisals equals or exceeds the market value of the N321WT
18 Helicopter, and the Receiver's desire to avoid unnecessary administrative expense through
19 multiple motions to conclude the sale, the Receiver requests that the Court approve the following
20 notice and overbid procedures, terms and conditions:

21 A. The overbid session shall be conducted within 20 days of the date of entry of the
22 order granting this Motion. The overbid session will be conducted at the offices of Quantum
23 Helicopters located at 2401 S. Heliport Way, Chandler, AZ 85286;

24 B. The Receiver will cause to be published a notice of the proposed sale of the
25 N321WT Helicopter to a qualified bidder at the overbid session to be conducted under paragraph
26 A. above, which notice shall state the date, time and place of the overbid session, and the
27 requirement for pre-qualification by overbidders and will include a summary of the terms and
28 conditions of the overbidding and sale of the property, as described below ("N321WT Overbid

1 Notice”). A detailed description of the terms and conditions of the overbid session will be
2 provided to interested parties who contact the Receiver. The Receiver will cause the N321WT
3 Overbid Notice to be published on two websites, Controller and Trade-A-Plane, two times prior
4 to the scheduled overbid session, and in the Controller and Trade-A-Plane print magazines at least
5 one time prior to the scheduled overbid session, and with the first publication date to be at least
6 10 days prior to the scheduled overbid session date.

7 C. Any person wishing to overbid at the overbid session shall be required to pre-
8 qualify with the Receiver no later than 10:00 a.m. the business day preceding the overbid session
9 by delivering to the Receiver’s office located at 11450 Sheldon Street, Sun Valley, California
10 91352: (a) notice in writing of the prospective overbidder’s intent to overbid together with (b)
11 written verification from a financial institution demonstrating to the Receiver’s satisfaction, in the
12 Receiver’s sole opinion and judgment, the prospective overbidder’s ability to complete and close
13 a purchase of the N321WT Helicopter through sufficient funds or credit facilities within 20 days
14 of the date of the overbid session, and (c) a cashier’s check in the sum of \$15,000 payable to I
15 Works Inc. Receivership QSF, which cashier’s check shall become non-refundable upon
16 acceptance of the overbidder’s overbid at the conclusion of the overbid session.

17 D. Overbidders bidding at the overbid session will be deemed to have completed all
18 inspections of the N321WT Helicopter and will be deemed to have waived and/or removed all
19 contingencies in favor of the buyer under the Proposed N321WT Purchase Contract, and will be
20 required to complete a cash purchase of the N321WT Helicopter and close escrow for the
21 purchase of the N321WT Helicopter within 20 days of the date of the overbid session. The
22 successful overbidder will be required to execute a purchase agreement for the N321WT
23 Helicopter substantially in the form of the Proposed N321WT Purchase Contract together with a
24 waiver of all buyer contingencies promptly after conclusion of the overbid session.

25 E. The initial overbid shall be in the amount of \$165,000 (an amount that is
26 approximately \$15,000 higher than the purchase price under the Proposed N321WT Purchase
27 Contract), and all subsequent overbids shall be in an amount at least \$5,000 higher than the
28 preceding bid.

1 F. Pursuant to the Proposed N321WT Purchase Contract and the Receiver's listing
2 agreement with his Broker, a sales commission in the amount of 5% of the final sales price paid
3 for the N321WT Helicopter by the Proposed N321WT Helicopter Buyer, or if a higher overbid is
4 received and accepted at the overbid session, by the winning overbidder, shall be paid from the
5 proceeds of sale of the N321WT Helicopter at close of escrow and shall be paid to the Broker as
6 listing agent under the N321WT Helicopter Listing Agreement and the Sale Authorization Order
7 entered by the Court on August 26, 2011 (Doc. No. 288).

8 G. That the sale of the N321WT Helicopter by private sale to the Proposed N321WT
9 Helicopter Buyer under the Proposed N321WT Purchase Contract, or to the person who submits
10 the highest qualified overbid at the overbid session to be conducted pursuant to the foregoing
11 procedures, will be deemed confirmed by Order on this Motion without further notice or hearing
12 and without the necessity of any subsequent motion for confirmation of the sale.

13 **B. Listing for Sale the N74367 Helicopter Subject to Subsequent Court Approval**
14 **of Sale**

15 The Receiver seeks to sell the N74367 Helicopter. In or about September 2011, the
16 Receiver discovered that the N74367 Helicopter was registered in the name of Zibby Flight
17 (based on the handwritten registration, it originally appeared to have been registered to "Libby"
18 Flight Service); however, the N74367 Helicopter had not been turned over to the receivership
19 estate. Beginning in October 2011, the Receiver made numerous demands on Jeremy Johnson
20 and Sharla Johnson and defendant Kevin Pilon (the Receiver had information that in October
21 2011 Pilon was attempting to lease the N74367 Helicopter to third parties) to disclose to the
22 Receiver the location of the aircraft and the contact information for the person in possession of
23 the aircraft and to cause the aircraft to be turned over to the Receiver. Despite numerous
24 demands to turn over the N74367 Helicopter, Jeremy Johnson, Sharla Johnson and Kevin Pilon
25 all failed to take steps to turn over control of the N74367 Helicopter until ordered by the Court
26 pursuant to the Court's Order dated February 13, 2012 (Doc. No. 477).

27 The N74367 Helicopter had apparently been used for earthquake relief in Haiti after the
28 earthquake in January 2010 and was housed in the Dominican Republic. As a result, after the

1 Court's February 13 Order, it took a number of months for the Receiver to gain control of the
2 N74367 Helicopter from overseas. It took the Receiver time to communicate with the individual
3 in the Dominican Republic who was in possession of the aircraft and was storing the N74367
4 Helicopter in that country and to transfer custody of the N74367 Helicopter to an agent for the
5 Receiver. Once the Receiver's agent obtained custody of the aircraft, it took additional time for
6 the Receiver to arrange to have the N74367 Helicopter transported and delivered to the United
7 States to the custody of the Broker as the Receiver's agent in Arizona.

8 Once the Receiver had control of the N74367 Helicopter in the United States, the Receiver
9 obtained an independent certified appraisal of that aircraft by Jeffrey Matar, who previously
10 appraised other aircraft of Zibby Flight on behalf of the Receiver in connection with other
11 motions and administration of assets by the Receiver. The Receiver has not attached a copy of
12 the appraisal, in order to avoid public disclosure of this information which could affect the
13 Receiver's ability to market and sell the N74367 Helicopter. The appraisal indicates that the
14 N74367 Helicopter may have value for the receivership estate if liquidated. The Receiver
15 performed a national lien search⁷ on the N74367 Helicopter and no liens were discovered.

16 The N74367 Helicopter is currently being housed and maintained in Chandler, Arizona,
17 with the Broker. The Receiver intends to use the Broker to sell the N74367 Helicopter. The
18 Receiver seeks approval of the N74367 Helicopter Listing Agreement with the Broker providing
19 for ordinary and customary terms and conditions for the listing of similar helicopters, including a
20 sales commission of 5% of the final gross sales price of the N74367 Helicopter and providing for
21 advertising of the N74367 Helicopter for sale. The Receiver will seek Court approval of the
22 specific sale of the N74367 Helicopter by subsequent motion with notice to the parties and an
23 opportunity for hearing.

24 The Receiver believes that it is in the best interest of the receivership estate to liquidate
25 the N74367 Helicopter to minimize ongoing storage, maintenance and preservation expenses, and

26 ⁷ The Receiver attempted to run an international lien search on the N74367 Helicopter because of
27 its location in the Dominican Republic for a period of time. However, the N74367 Helicopter
28 does not qualify for registration on the International Registry and therefore an international title
search could not be completed.

1 other administrative expenses and maximize value based on potential depreciation over time and
2 risks of market price volatility. The Receiver's request is consistent with the prior requests to
3 market other aircraft that were granted by the Court through the Sale Authorization Order.

4 **II. SALE OF THE N41286 HELICOPTER AND N321WT HELICOPTER SHOULD**
5 **BE APPROVED UNDER 28 U.S.C. §§ 2001 AND 2004 AND RECEIVERSHIP**
6 **LAW**

7 Title 28 U.S.C. § 2001 sets forth the procedures pertaining to the sale of real property.
8 Subsection (a) governs procedures for the public sale of real property and provides for the sale of
9 real property by public sale at the courthouse where the Receiver was first appointed, at the
10 courthouse where most of the property is located or at such other premises as the Court directs.
11 28 U.S.C. § 2001(a). Section 2001(b) of Title 28 governs the sale of real property at private sale
12 and among other things provides for a private sale of real property after notice and a hearing if the
13 Court finds that it is in the best interests of the estate and sets a minimum price of two-thirds of
14 the appraised value. 28 U.S.C. § 2001(b). There are four general components for the approval of
15 a private sale under § 2001(b), including (1) three appraisals to value the property, (2) a minimum
16 sale price of two-thirds of the average value of the three appraisals, (3) publication of notice ten
17 days prior to confirmation, and (4) a provision that a private sale cannot be confirmed if there is
18 an overbid at least 10 percent higher than the proposed sale price under the private sale. As to
19 sales of personal property, section 2004 of Title 28 provides that "Any personal property sold
20 under order or decree of any court of the United States shall be sold in accordance with Section
21 2001 of this title, unless the court orders otherwise."

22 The District Court has wide latitude in adopting a procedure for the sale of property and
23 except in cases where abuse is shown, appellate courts will not disturb the exercise of the District
24 Court's discretion in setting the terms and conditions for a judicial sale or the confirmation
25 thereof. *See United States v. Branch Coal Corp.*, 390 F.2d 7 (3rd Cir. 1968) *cert. den.* *Sun*
26 *Protection Co. v. U.S.*, 391 U.S. 966, 88 S.Ct. 2034, 20 L.Ed. 2d 878 (1968). The discretion
27 granted in connection with sales of assets is consistent with the broad discretion accorded to the
28 Court sitting in equity in receivership proceedings to make orders concerning the administration

1 and supervision of the estate that will promote equity, efficiency and cost-effectiveness in the
2 estate's administration. *See generally Securities and Exchange Commission v. Hardy*, 803 F.2d
3 1034 (9th Cir. 1986); *Securities and Exchange Commission v. Black*, 163 F.3d 188, 199 (3rd Cir.
4 1998); *Securities and Exchange Commission v. Elliot*, 953 F.2d 1560 (11th Cir. 1992).

5 The Receiver's proposed sales of the N41286 Helicopter and N321WT Helicopter
6 substantially comply with § 2001(b). The Receiver has obtained three valuations for the
7 helicopters, including valuations under independent, formal appraisals, the VREF and valuations
8 from HeliValue\$, Inc. In addition, the sales to the Proposed N41286 Helicopter Buyer at
9 \$327,200 and Proposed N321WT Helicopter Buyer at \$150,000⁸ exceed the minimum threshold
10 for the price that must be achieved for a private sale in relation to the valuations of the helicopters
11 obtained by the Receiver.

12 Moreover, the Receiver's sale procedures include a provision for publication of notices of
13 the opportunity for overbids to be made for the N41286 Helicopter and N321WT Helicopter. The
14 overbid notices will be published in recognized publications where property of this type is
15 marketed and sold, and providing the opportunity for overbidding will ensure that the value of the
16 aircraft has been maximized. The published notices will give notice of a summary of the terms
17 and conditions for overbids to be made, such as pre-qualification of overbidders. The Receiver
18 proposes to publish the notices two times, on the aircraft web sites Controller and Trade-A-Plane,
19 prior to the overbid sessions, and one time in the aircraft print magazines published by Controller
20 and Trade-A-Plane, and the first published overbid notice for each aircraft will be published more
21 than 10 days prior to overbid session for the aircraft. The ultimate sales of the N41286 Helicopter
22 and N321WT Helicopter will only be confirmed at the conclusion of the overbid session, when
23 the Receiver has determined if a higher, qualified overbid in excess of the original offers by the
24 Proposed N41286 Helicopter Buyer and Proposed N321WT Helicopter Buyer has been submitted
25 and accepted by the Receiver for the aircraft.

26
27
28 ⁸ As discussed in the Notice of Motion, the Receiver is attempting to correct the typographical
error in the Proposed N321WT Purchase Contract to revise the sale price to \$150,100.

1 The Court is authorized to confirm the private sales of the N41286 Helicopter and the
2 N321WT Helicopter so long as the Receiver sells the helicopters to the current Proposed N41286
3 Helicopter Buyer at \$327,200 and the Proposed N321WT Helicopter Buyer at \$150,000 or if
4 overbids are made at the overbid sessions, to the highest bidders at the overbid session. The
5 statute permits the Court to authorize the private sales at the current prices in the sale contracts
6 unless an overbid of at least 10% higher than that price is offered by a qualified buyer. Under the
7 Receiver's proposed sale procedures for the N41286 Helicopter, the Receiver proposes that the
8 initial overbid for the N41286 Helicopter shall be in the amount of \$357,200, an amount that is
9 \$30,000 higher than the purchase price under the Proposed N41286 Purchase Contract and
10 slightly less than 10% more than the current contract price in order to encourage possible
11 overbids. Nothing in the statute prohibits the court from confirming a sale to a higher bidder at an
12 overbid amount that is less than 10% in excess of the price in the Proposed N41286 Purchase
13 Contract. The Receiver's proposed initial overbid amount for the N321WT Helicopter is 10
14 percent higher than the proposed sale price. The Receiver requests that the Court confirm the
15 sales to the Proposed N41286 Helicopter Buyer and Proposed N321WT Helicopter Buyer, or to
16 the successful overbidders at the overbid sessions for the helicopters if qualified overbids are
17 received.

18 As the Ninth Circuit noted in *Securities and Exchange Commission v. Hardy*, 803 F. 2d at
19 1037: "A district court's power to supervise an equity receivership and to determine the
20 appropriate action to be taken in the administration of the receivership is extremely broad" and
21 subject to review under an abuse of discretion standard. *See also United States v. Branch Coal*
22 *Corp.*, 390 F. 2d 7 (3rd Cir. 1968) (courts granted discretion in setting the terms and conditions for
23 judicial sales and the court's discretion will not be disturbed on appeal except absent abuse of
24 discretion).

25 With respect to the approval of the sale of the N321WT Helicopter free and clear of liens,
26 this Court as a court of equity has *in rem* jurisdiction over the N321WT Helicopter as an asset of
27 the receivership estate and the power to adjudicate the claims asserted in connection with that
28 asset. An order creating a receivership places property of the receivership *in custodia legis* and

1 confers on the court appointing the receiver “federal jurisdiction to decide all questions incident
2 to the preservation, collection and distribution of such assets whether such questions are raised in
3 the original suit or ancillary proceedings.” *United States v. Taber*, 943 F. 2d 335, 341 (3rd Cir.
4 1991), citing *Riehle v. Margolies*, 279 U.S. 218, 223 (1929). *See also, e.g., Diners Club v. Bumb*,
5 421 F. 2d 396, 398 (9th Cir. 1970) (finding that ancillary jurisdiction to issue injunctions and
6 writs to protect the estate from interference is based in part on “the inherent power of a court of
7 equity to protect its control of a *res* in its custody”).

8 In *Murphy v. John Hofman Co.*, 211 U.S. 562 (1909), the Supreme Court addressed the
9 inherent authority of the court to deal with property over which the court has assumed jurisdiction
10 through an equitable proceeding such as an equity receivership or bankruptcy proceeding. The
11 Court explained, “Where a court of competent jurisdiction has taken property into its possession,
12 through its officers, the property is thereby withdrawn from the jurisdiction of all other courts.
13 The court having possession of the property, has ancillary jurisdiction to hear and determine all
14 questions respecting the title, possession or control of the property.” *Murphy v. John Hofman*
15 *Co.*, 211 U.S. at 568-69. As explained in the leading treatise, *Clark on Receivers*:

16 Ordinary processes of the law cannot reach and appropriate
17 property *in custodia legis*. Neither attachment nor execution may
18 appropriate any part of it, and all controversies concerning the
19 property, all claims to it, must be adjudicated upon application to
20 the court which appointed the receiver and holds the dominion of
21 the property for those who may at the termination of the suit be held
22 entitled to it.

23 1 *Clark on Receivers* Ch. IX § 280(a), p. 446 (3rd ed. 1992).

24 Local Rule 66-10 provides for receivership estates to be administered in a manner similar
25 to bankruptcy estates. By analogy to bankruptcy law, a court of equity may authorize the sale
26 free and clear of liens, claims and interests to this property. *See* 11 U.S.C. § 363(f) (“the trustee
27 may sell property under subsection (b) or (c) of this section free and clear of any interest in such
28 property of an entity other than the estate”). The Bankruptcy Code authorizes such a sale free and

1 clear of liens and interests where any one of five conditions is met, including that “such interest is
2 in bona fide dispute.” 11 U.S.C. § 363(f)(4). Authorization to sell the N321WT Helicopter free
3 and clear of liens and interests is therefore appropriate in this case because the liens of SunFirst
4 are clearly in bona fide dispute. Further, the Receiver proposes that the liens of SunFirst be
5 transferred to the proceeds of sale in the same amount, and with the same validity, extent and
6 priority, as the liens had against the N321WT Helicopter. Given that this is a favorable sale, all
7 cash at 85% of the average of its appraised value, there is no prejudice to SunFirst if the N321WT
8 Helicopter is sold free and clear of its liens under these terms and conditions.

9 **III. THE COURT HAS AUTHORITY TO PERMIT THE RECEIVER TO**
10 **MARKET AND SELL RECEIVERSHIP ASSETS, SUBJECT TO**
11 **SUBSEQUENT COURT APPROVAL OF SPECIFIC SALES**

12 By this Motion, the Receiver seeks the Court’s authority to market the N74367 Helicopter
13 and to conditionally accept the highest and best offer received for the asset, but not to approve
14 and confirm any specific sale. The Receiver also does not seek approval of specific sale
15 procedures at this time in order to retain flexibility based on the response by the market and
16 potential buyers to the helicopter and so that the Receiver in consultation with his broker can
17 make specific recommendations for procedures based on the nature and extent of the interest in
18 the asset by prospective purchasers when specific offers are received. This relief is consistent
19 with relief previously granted by the Court as reflected in the Sale Authorization Order.

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

22 Local Civil Rule 66-5 provides for service of notice of the hearing on various motions by
23 a Receiver concerning the administration of the estate. That rule provides for service of the
24 notice of hearing on such motions on all creditors of the receivership estate. No hearing has been
25 set on this Motion and the provisions of Local Civil Rule 66-5 do not specifically apply.
26 Nevertheless, the Receiver has served a notice of filing of the Motion on the parties and on all
27 known non-consumer creditors of the estate and on known taxing authorities with a potential
28 claim in the receivership estate (“Notice Parties”), to provide them notice and an opportunity to

1 be heard concerning the Motion. This notice is consistent with notice previously approved by the
2 Court in this case.

3 There are believed to be an extremely large number of potential consumer creditors who
4 may have claims against the Receivership Defendants arising out of the business operations of the
5 Receivership Defendants prior to the Receiver's appointment, although the precise number,
6 identity and location of such consumer creditors have not been determined by the Receiver at this
7 time. Given the Receiver's determination that more than \$332.5 million⁹ in sales revenues were
8 generated by I Works and the related and affiliated entities, the number of consumer creditors is
9 likely in the tens of thousands. It is not realistically possible or beneficial to the estate and its
10 creditors for the Receiver to attempt to identify and serve the potential consumer creditors with
11 notice of this and other similar administrative motions, and the expense and burden on the estate
12 of attempting to effectuate such service would drain the estate's resources and cause undue
13 administrative expense.

14 To the extent that Local Rule 66-5 applies to this Motion, the Receiver seeks an order that
15 notice of this Motion is sufficient if notice of the filing of the Motion is given by serving copies
16 of all motion papers on the parties to the action and by serving copies of the notice of filing of the
17 motion on the Notice Parties identified above. The Receiver submits that such service provides
18 sufficient notice and an opportunity for hearing to the interested parties and should be approved
19 as adequate.

20 There is ample authority for approval of the scope and method of notice as set forth above.
21 This Court, as a court of equity supervising the receivership estate, may make appropriate
22 administrative orders governing the receivership, including limitations on and changes in notice
23 and other procedures. *See* F.R.Civ.P. 5(a) and (c) (authorizing the court to modify service
24 procedures when numerous defendants are involved in litigation). In addition, pursuant to Local
25 Rule 66-10, a receiver is directed to administer receivership estates "as nearly as may be in
26 accordance with the practice in the administration of estates in Chapter 11 bankruptcy cases."

27
28 ⁹ This figure does not include tens of millions of dollars in additional sales revenues addressed by
the Receiver in the Report of Receiver's Financial Reconstruction filed on February 3, 2012.

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

14 **V. CONCLUSION**

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

17
18 Dated: August 28, 2012

RANDOLPH L. HOWARD
KOLESAR & LEATHAM, CHTD.

MCKENNA LONG & ALDRIDGE LLP
GARY OWEN CARIS
LESLEY ANNE HAWES

19
20
21
22
23 By: /s/ Lesley Anne Hawes

Gary Owen Caris
Lesley Anne Hawes

24
25 Attorneys for Receiver
**ROBB EVANS OF ROBB EVANS &
ASSOCIATES LLC**

1 RANDOLPH L. HOWARD (Nev. SBN 006688)
rhoward@knevada.com
2 KOLESAR & LEATHAM, CHTD.
400 South Rampart Boulevard, Suite 400
3 Las Vegas, NV 89145
Telephone: (702) 362-7800
4 Facsimile: (702) 362-9472

5 GARY OWEN CARIS (Cal. SBN 088918)
gcaris@mckennalong.com
6 LESLEY ANNE HAWES (Cal. SBN 117101)
lhawes@mckennalong.com
7 MCKENNA LONG & ALDRIDGE LLP
300 South Grand Avenue, 14th Floor
8 Los Angeles, CA 90071-3124
Telephone: (213) 688-1000
9 Facsimile: (213) 243-6330

10 Attorneys for Receiver
ROBB EVANS OF ROBB EVANS & ASSOCIATES
11 **LLC**

12 **UNITED STATES DISTRICT COURT**

13
14 **DISTRICT OF NEVADA**

15
16 FEDERAL TRADE COMMISSION,

17 Plaintiff,

18 v.

19 JEREMY JOHNSON, etc., et al.,

20 Defendants.
21
22
23
24
25
26
27
28

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

**DECLARATION OF KENTON
JOHNSON IN SUPPORT OF THIRD
OMNIBUS MOTION FOR ORDER (1)
APPROVING AND CONFIRMING SALE
OF AIRCRAFT AND FOR RELATED
RELIEF; (2) AUTHORIZING
RECEIVER TO LIST AND OFFER FOR
SALE AIRCRAFT; AND (3) GRANTING
RELIEF FROM LOCAL RULE 66-5
PERTAINING TO NOTICE TO
CREDITORS**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

DECLARATION OF KENTON JOHNSON

I, Kenton Johnson, declare:

1. I am a member of Robb Evans & Associates LLC and am a deputy to Robb Evans of Robb Evans & Associates LLC, appointed as Receiver in this case. I am one of the deputies to the Receiver responsible for the day-to-day supervision of the receivership estate. If called upon to testify as to the facts set forth in this declaration, I could and would testify competently thereto as the facts are true and within my personal knowledge or I have gained knowledge of such facts from the books and records of the receivership proceeding, including the books and records of the entities subject to the receivership.

2. 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, the Receiver has been appointed permanent Receiver over the Receivership Defendants. I am one of the deputies to the Receiver responsible for the administration of the receivership estate, including the investigation of assets and potential assets of the receivership estate, review of the books and records of the receivership estate and the analysis of receivership assets, including the status of loans encumbering those assets. I have been one of the Receiver’s deputies primarily responsible for the marketing and sale of the aircraft of the estate.

3. Under the Preliminary Injunction Order, the Receiver is directed to maintain and preserve assets of the receivership estate. On May 27, 2011, the Receiver filed a motion seeking authority from the Court to sell certain personal property and to list and market for sale various real property, aircraft and houseboats. (*See* Doc. Nos. 227, 227-1, 227-3 and 228). The Court granted the Receiver’s motion and on August 26, 2011 entered its order authorizing the Receiver’s listing and sale of the assets described in that order. (*See* Doc. No. 288 (“Sale Authorization Order”)). Jeremy Johnson appealed the Sale Authorization Order and unsuccessfully sought to stay the Sale Authorization Order on appeal.

1 4. Since the Sale Authorization Order was entered, the Receiver has marketed and
2 sold with Court approval many assets of the receivership estate, including multiple aircraft. The
3 Motion seeks Court approval for specific sales of two of the aircraft which the Receiver was
4 authorized to market and sell under the Sale Authorization Order, specifically the N41286
5 Helicopter, title to which is held by Trigger, LLC and N321WT Helicopter, title to which is held
6 by Zibby Flight Service, LLC (“Zibby Flight”), an entity owned and controlled by Jeremy
7 Johnson (“Johnson”) and used by Johnson to take title to his various aircraft. Zibby Flight is
8 owned nominally 50% by Jeremy Johnson and 50% by Sharla Johnson. The Receiver has
9 deemed Zibby Flight a receivership entity based on the fact that funding for Zibby Flight came
10 entirely from I Works and other named receivership entities and Sharla Johnson had no role in
11 funding the entity.

12 5. In addition, the Motion seeks authorization from the Court for the Receiver to
13 market and sell another aircraft owned by Zibby Flight, the N74367 Helicopter, which was only
14 recently recovered by the Receiver from the Dominican Republic after the Receiver was forced to
15 bring a Motion to Compel Turnover for that aircraft against Johnson and others. (*See* Doc. Nos.
16 423 and 477). For the same reasons the Receiver sought approval to market and sell the other
17 aircraft, which was granted under the Sale Authorization Order, the Receiver seeks authority to
18 market and sell the N74367 Helicopter pursuant to his duty to preserve assets of the estate. The
19 N74367 Helicopter is a wasting asset, declining in value based on market forces, depreciation and
20 the expenses of insurance, maintenance and storage that diminish the value of the asset for the
21 estate. Because it is in the best interests of the estate to liquidate the N74367 Helicopter to
22 preserve its value for the estate and avoid ongoing expenses associated with the aircraft that
23 diminish its value, the Receiver seeks authorization to list that aircraft for sale with the Broker
24 and with the specific sale of that aircraft to be approved by subsequent motion.

25 6. Pursuant to the Sale Authorization Order, the Receiver has engaged the company
26 Quantum Helicopters (hereinafter the “Broker”) located in Chandler, Arizona as a broker to list
27 and market for sale the N41286 Helicopter and N321WT Helicopter. The N41286 Helicopter
28 Listing Agreement and the N321WT Helicopter Listing Agreement between the Receiver and

1 Broker, each dated as of June 19, 2012 provide that the Broker will market the helicopters and
2 will receive a commission of 5% of the final gross sales price of the helicopters sold. This
3 commission structure is consistent with the Sale Authorization Order which authorized the
4 Receiver to agree to a sales commission of 6% to 8% of the gross sales price of the aircraft with a
5 minimum commission of up to \$10,000 on each aircraft sale. True and correct copies of the
6 N41286 Helicopter Listing Agreement and the N321WT Helicopter Listing Agreement are
7 attached hereto as Exhibits 1 and 2, respectively.

8 7. The Broker is a company founded approximately 19 years ago by Neil Jones, a
9 former Chief Pilot of one of the largest civilian helicopter schools, and who has been involved in
10 helicopter and airplane flight training for approximately 29 years. The Broker specializes in the
11 sale of Robinson helicopters and has been a Robinson factory-authorized dealer since 1997. The
12 N41286 Helicopter and N321WT Helicopter were thoroughly inspected by an independent
13 Certified Senior Aircraft Appraiser, Jeffrey Matar. The Receiver also had valuation calculations
14 prepared for the N41286 Helicopter and N321WT Helicopter using VREF Publishing, Inc. (the
15 "VREF"), an aircraft valuation service that is regularly used by aircraft dealers to analyze the
16 anticipated wholesale and retail value of specific aircraft based on the aircraft's make, model, age,
17 features and condition, similar to the Kelley Blue Book for motor vehicles. The VREF valuations
18 are based on reported sales during the prior quarter of similar aircraft, with some adjustments in
19 estimated value being made based on condition of the aircraft and how the aircraft is equipped.
20 In addition, the Receiver had valuation calculations prepared for the N41286 Helicopter and
21 N321WT Helicopter using HeliValue\$, Inc., a helicopter specific valuation service that publishes
22 the "Official Helicopter Blue Book," another valuation source customarily used by helicopter
23 buyers and sellers. The Receiver has not attached copies of the valuations but will make them
24 available to the Court for in camera inspection if requested, in order to avoid public disclosure of
25 this information which could affect the Receiver's ability to market and sell the helicopters if the
26 Court were to deny approval of the current proposed sales.

27 8. The Receiver relied on the appraisals generated by the independent appraiser, and
28 as discussed below, the conditions of the N41286 Helicopter and N321WT Helicopter. These

1 valuations, along with the advice of the Broker given his 19 years' experience in helicopter sales,
2 were used by the Receiver to determine the prices at which the Receiver listed for sale the
3 N41286 Helicopter and N321WT Helicopter.

4 9. Since its engagement, the Broker has listed both the N41286 Helicopter and
5 N321WT Helicopter on Controller, an aircraft internet web site on which aircraft are advertised
6 for sale in a uniform format and that is widely used and reviewed by aircraft dealers and buyers
7 across the country. Controller is similar to the internet web site Auto Trader for motor vehicles.
8 In addition, the Broker advertised both helicopters on its own website and with Jetnet, which is a
9 subscription service that aircraft dealers use.

10 10. Both the N41286 Helicopter and N321WT Helicopter have been listed for sale in
11 "as is" condition with no representations or warranties. The Broker has received multiple offers
12 for both the N41286 Helicopter and N321WT Helicopter, as detailed below, and the Receiver has
13 accepted the highest offers received which are reflected in the Proposed N41286 Purchase
14 Contract and the Proposed N321WT Purchase Contract.

15 11. The N41286 Helicopter is titled to Trigger, LLC, and is unencumbered. Trigger,
16 LLC is an entity owned 50% by Jeremy Johnson and 50% by Duane Fielding, who is named as an
17 individual defendant in this case. Trigger, LLC was the nominal owner of the N41286
18 Helicopter, however, the Receiver has obtained evidence that the source of funding for the
19 helicopter, was a deposit of funds from the named Receivership Defendant Network Agenda,
20 LLC. (*See* Declaration of Brick Kane in Support of Motion to Clarify (Doc. No. 581), para. 79,
21 and Exh. 33 thereto (Doc. No. 581-2)). The N41286 Helicopter was inspected and appraised by
22 an independent appraiser, Jeffrey Matar, in September 2011 and found to be in very good
23 condition with no apparent damage issues. However, certain of the log books and maintenance
24 records for this helicopter were missing at the time of the appraisal. These log books and records
25 were the subject of the Receiver's Motion to Compel Turnover, etc. (Doc. No. 423) which was
26 granted by the Court (Doc. No. 477) on February 13, 2012. The missing log books and records
27 for this helicopter have since been turned over to the Receiver. As a result, the N41286
28

1 Helicopter was listed for an asking price of \$327,200. The purchase price under the Proposed
2 N41286 Purchase Contract equals or exceeds the value of that aircraft.

3 12. After placing the listings for the N41286 Helicopter, the Broker received several
4 inquiries, however, at least a few of the calls were not from serious buyers and from persons
5 trying to purchase the helicopter at an extremely low, discounted price. Further, the Broker had
6 two parties inspect the N41286 Helicopter in person at the Broker's facilities, but these showings
7 did not result in any offers. Ultimately, the Broker received a total of two reasonable offers from
8 different parties to purchase the N41286 Helicopter which were submitted to the Receiver for
9 review. The offers were in the amounts of \$310,000 and \$327,200. The highest of the two offers
10 at \$327,200 was for the full amount of the Receiver's asking price, and provided all cash terms as
11 set forth in the Proposed N41286 Purchase Contract, which the Receiver accepted subject to
12 Court approval. The Proposed N41286 Helicopter Buyer is an arm's length, third party buyer
13 with no known affiliation with any of the parties in the case. The proposed sale price equals or
14 exceeds the value of the N41286 Helicopter, is a favorable, all cash, "as is" sale and should be
15 approved, subject to overbidding. A true and correct copy of the Proposed N41286 Purchase
16 Contract is attached hereto as Exhibit 3.

17 13. The Receiver seeks approval of the Proposed N41286 Purchase Contract and the
18 sale of the N41286 Helicopter to the Proposed N41286 Helicopter Buyer under the terms and
19 conditions set forth therein. The Receiver seeks approval to solicit overbids for the sale of the
20 N41286 Helicopter, and seeks an order on the Motion that confirms the sale of the N41286
21 Helicopter to the Proposed N41286 Helicopter Buyer, or such higher qualified overbidder who
22 may make the highest overbid accepted by the Receiver at the overbid session to be conducted
23 under the proposed sale procedures set forth in the Motion. Under the circumstances, including
24 the fact the sale to the Proposed N41286 Helicopter Buyer is all cash, "as is" for an amount that
25 equals or exceeds the market value of the N41286 Helicopter, and the Receiver's desire to avoid
26 unnecessary administrative expense through multiple motions to conclude the sale, the Receiver
27 requests that the Court approve the notice and overbid procedures, terms and conditions set forth
28 in the foregoing Motion and supporting memorandum.

1 14. The N321WT Helicopter is encumbered by a lien in favor of SunFirst
2 Bank(“SunFirst”), presently in receivership under the control of the FDIC. The N321WT
3 Helicopter was evaluated by the Broker and the Receiver and also was appraised in October 2011
4 by Jeffrey Matar, an independent appraiser engaged by the Receiver. The appraiser found the
5 N321WT Helicopter to be in very good condition. However, the N321WT Helicopter is in need
6 of an expensive major overhaul before it can be flown again due to having reached its “Time
7 Before Overhaul” maximum of 2200 hours. As a result, and based on discussions between the
8 Receiver and the Broker, the N321WT Helicopter was listed for an asking price of \$159,000.

9 15. Similar to the N41286 Helicopter, the Broker received several inquiries on the
10 listing for the sale of the N321WT Helicopter, and again a number of the calls were buyers
11 simply trying to offer extremely low prices for the helicopter. In addition, the Broker also
12 showed the N321WT Helicopter to two parties, but these showings did not result in any offers.
13 Ultimately, the Broker received a total of two serious offers from different parties to purchase the
14 N321WT Helicopter which were submitted to the Receiver for review. The offers received were
15 for \$144,000 and \$150,100. The highest of the two offers provided all cash terms as set forth in
16 the Proposed N321WT Purchase Contract, which the Receiver accepted subject to Court
17 approval. The Proposed N321WT Helicopter Buyer is an arm’s length, third party buyer with no
18 known affiliation with any of the parties.

19 16. The purchase price under the Proposed N321WT Purchase Contract is at an
20 amount equal to 85% of the average of the appraised value, the Helivalue\$, Inc. Blue Book value,
21 and the VREF value. Based on the three valuations of the N321WT Helicopter, the proposed sale
22 of the N321WT Helicopter is a favorable, all cash, “as is” sale that exceeds the statutory
23 requirements and should be approved. A true and correct copy of the Proposed N321WT
24 Helicopter Purchase Contract is attached hereto as Exhibit 4.

25 17. The Receiver also proposes that the sale of the N321WT Helicopter be ordered to
26 be made free and clear of the disputed SunFirst lien on that helicopter. The Court has previously
27 authorized sales free and clear of SunFirst’s disputed liens on five parcels of real property and
28 another aircraft, as set forth below.

1 18. SunFirst's loan secured by the N321WT Helicopter, as well as two other aircraft
2 and five parcels of undeveloped land in Washington County, Utah was described in a motion for
3 relief from stay filed by SunFirst in March 2011, which was subsequently withdrawn. (*See* Doc.
4 Nos. 157, 205). SunFirst's lien secures a debt in the original principal sum of \$1,100,000. The
5 Receiver filed a motion for approval of sales of the five parcels of raw land, which was granted
6 by the Court's Order entered April 3, 2012 (Doc. No. 516). In addition, the Receiver filed a
7 motion for approval of sale of the 1978 Cessna P210 fixed-wing aircraft, Registration/Tail No.
8 N4827P MC Serial No. P210 00119 to a third party buyer, which was granted by the Court's
9 Order entered May 10, 2012 (Doc. No. 564). The net proceeds of those sales totaled
10 \$508,940.09. The Receiver estimates that the net proceeds from the sale of the N321WT
11 helicopter will be at least \$140,000. The SunFirst lien remains secured by one other aircraft, a
12 2009 Piper PA (Registration No. N32ED) which alone was valued at \$889,359 in April 2012.
13 SunFirst has sufficient collateral to fully secure its lien to the extent it has a valid and enforceable
14 debt obligation and security interest in these assets.

15 19. The SunFirst lien is disputed by the Receiver based on documentary evidence and
16 depositions of five former SunFirst officers conducted by the Receiver that indicate there were a
17 number of irregularities in the transactions between SunFirst. on one hand, and Johnson and his
18 affiliates. As described in the Report of Receiver's Financial Reconstruction filed February 3,
19 2012 (Doc. No. 464), the Receiver's discovery indicates, among other things, that Johnson
20 colluded with SunFirst to disguise his acquisition of a controlling interest in SunFirst by obtaining
21 a home equity line of credit in the sum of \$3.1 million secured by Johnson's residence the
22 proceeds of which were transferred to Johnson's relatives (his brother Andy Johnson and his
23 parents Kerry and Barbara Johnson through the KB Family Limited Partnership) to fund
24 substantially the acquisition of the stock nominally held by those relatives but beneficially owned
25 and controlled by Johnson, with the remaining funds to acquire the stock coming from reserve
26 accounts at SunFirst funded by Elite Debit, I Works and Money Harvest. That stock acquisition
27 nominally by Andy Johnson and KB Family Limited Partnership occurred shortly after Elite
28 Debit, Inc. and other Johnson-owned and controlled entities opened accounts and began payment

1 processing through SunFirst, which provided SunFirst significant revenue (over \$1.5 million until
2 SunFirst was ordered by the FDIC to cease payment processing and to freeze the accounts). In
3 violation of the Bank's policies and procedures, the \$3.1 million home equity line of credit used
4 to fund Johnson's hidden acquisition of SunFirst Corporation stock apparently was never
5 formally approved at a Director's Loan Committee meeting and is not reflected anywhere on
6 SunFirst's Director's Loan Committee's minutes. In fact, two former bank officers testified that
7 they were unaware that the proceeds of the home equity line of credit would be the primary
8 source of funding the stock acquisition before the loan was made. Another former SunFirst
9 officer, John Campos, who was paid a \$20,000 "consulting fee" by Johnson, was one of the
10 individuals indicted in the Southern District of New York action by the United States against
11 certain officers and directors of the online poker websites Pokerstars and Full Tilt Poker. Further,
12 the Receiver has learned that over \$1.3 million in funds from accounts held at SunFirst that were
13 frozen by the FDIC and the Preliminary Injunction in this case based on the estate's interest in
14 those funds were improperly and unilaterally used by SunFirst to make reimbursement payments
15 for consulting fees and attorneys' fees of its counsel as well as other attorneys representing Mr.
16 Campos in connection with the criminal charges brought against him and attorneys representing
17 senior officers of SunFirst without notice to the Receiver or approval of this Court. These
18 payments are subject to pending investigation and demands by the Receiver. Converting
19 SunFirst's collateral into cash proceeds to which its disputed lien attaches based on sales of the
20 collateral at fair value by the Receiver is appropriate given the disputed claim and the protection
21 afforded SunFirst by the retention of the proceeds, subject to further order of the Court.

22 20. The Receiver seeks approval of the Proposed N321WT Purchase Contract and the
23 sale of the N321WT Helicopter to the Proposed N321WT Helicopter Buyer under the terms and
24 conditions set forth therein. The Receiver seeks approval to solicit overbids for the sale of the
25 N321WT Helicopter, and seeks an order on the Motion that confirms the sale of the N321WT
26 Helicopter to the Proposed N321WT Helicopter Buyer, or such higher qualified overbidder who
27 may make the highest overbid accepted by the Receiver at the overbid session to be conducted
28 under the proposed sale procedures set forth in the Motion. Under the circumstances, including

1 the fact the sale to the Proposed N321WT Helicopter Buyer is all cash, “as is” for an amount
2 equal to 85% of the average of the appraised value of the N321WT Helicopter, and the Receiver’s
3 desire to avoid unnecessary administrative expense through multiple motions to conclude the sale,
4 the Receiver requests that the Court approve the notice and overbid procedures, terms and
5 conditions set forth in the foregoing Motion and supporting memorandum.

6 21. The Receiver seeks to sell the N74367 Helicopter. In or about September 2011,
7 the Receiver discovered that the N74367 Helicopter was registered in the name of Zibby Flight
8 (based on the handwritten registration, it originally appeared to have been registered to “Libby”
9 Flight Service); however, the N74367 Helicopter had not been turned over to the receivership
10 estate. Beginning in October 2011, the Receiver made numerous demands on Jeremy Johnson
11 and Sharla Johnson and defendant Kevin Pilon (the Receiver had information that in October
12 2011 Pilon was attempting to lease the N74367 Helicopter to third parties) to disclose to the
13 Receiver the location of the aircraft and the contact information for the person in possession of
14 the aircraft and to cause the aircraft to be turned over to the Receiver. Despite numerous
15 demands to turn over the N74367 Helicopter, Jeremy Johnson, Sharla Johnson and Kevin Pilon
16 all failed to take steps to turn over control of the N74367 Helicopter until ordered by the Court
17 pursuant to the Court’s Order dated February 13, 2012 (Doc. No. 477).

18 22. The N74367 Helicopter had apparently been used for earthquake relief in Haiti
19 after the earthquake in January 2010 and was housed in the Dominican Republic. As a result,
20 after the Court’s February 13 Order, it took a number of months for the Receiver to gain control
21 of the N74367 Helicopter from overseas. It took the Receiver time to communicate with the
22 individual in the Dominican Republic who was in possession of the aircraft and was storing the
23 N74367 Helicopter in that country and to transfer custody of the N74367 Helicopter to an agent
24 for the Receiver. Once the Receiver’s agent obtained custody of the aircraft, it took additional
25 time for the Receiver to arrange to have the N74367 Helicopter transported and delivered to the
26 United States to the custody of the Broker as the Receiver’s agent in Arizona.

27 23. Once the Receiver had control of the N74367 Helicopter in the United States, the
28 Receiver obtained an independent certified appraisal of that aircraft by Jeffrey Matar, who

1 previously appraised other aircraft of Zibby Flight on behalf of the Receiver in connection with
2 other motions and administration of assets by the Receiver. The Receiver has not attached a copy
3 of the appraisal, in order to avoid public disclosure of this information which could affect the
4 Receiver's ability to market and sell the N74367 Helicopter. The appraisal indicates that the
5 N74367 Helicopter may have value for the receivership estate if liquidated. The Receiver
6 performed a national lien search on the N74367 Helicopter and no liens were discovered. The
7 Receiver attempted to run an international lien search on the N74367 Helicopter due to it being
8 located in the Dominican Republic for a period of time. However, the N74367 Helicopter does
9 not qualify for registration on the International Registry and therefore an international title search
10 could not be completed.

11 24. The N74367 Helicopter is currently being housed and maintained in Chandler,
12 Arizona, with the Broker. The Receiver intends to use the Broker to sell the N74367 Helicopter.
13 The Receiver seeks approval of the N74367 Helicopter Listing Agreement with the Broker
14 providing for ordinary and customary terms and conditions for the listing of similar helicopters,
15 including a sales commission of 5% of the final gross sales price of the N74367 Helicopter and
16 providing for advertising of the N74367 Helicopter for sale. A true and correct copy of the
17 N74367 Helicopter Listing Agreement is attached hereto as Exhibit 5. The Receiver will seek
18 Court approval of the specific sale of the N74367 Helicopter by subsequent motion with notice to
19 the parties and an opportunity for hearing.

20 25. The Receiver believes that it is in the best interest of the receivership estate to
21 liquidate the N74367 Helicopter to minimize ongoing storage, maintenance and preservation
22 expenses, and other administrative expenses and maximize value based on potential depreciation
23 over time and risks of market price volatility. The Receiver's request is consistent with the prior
24 requests to market other aircraft that were granted by the Court through the Sale Authorization
25 Order.

26 ///

27 ///

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

26. The Receiver requests that the Court approve notice of the filing of the Motion as detailed in the Motion and supporting memorandum. The proposed notice requested is consistent with the notice of filing of a number of motions that the Court has previously approved in this case.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed this 27TH day of August 2012 at Sun Valley, California.


KENTON JOHNSON

Exhibit 1

Date: June 19, 2012

THIS AGREEMENT "Agreement" is between Quantum Helicopters ("Broker") and Zibby Flight Services LLC ("Seller")

Seller wishes to sell: ("Aircraft")

Make: Robinson Helicopter Co.
Model: R44 II
Serial Number: 12366
Registration Number: N41286

Seller hereby contracts *exclusively* with Broker to sell the Aircraft. Broker will conduct a global marketing campaign to locate a buyer for Seller. All advertising expenses associated with this marketing campaign will be borne by Broker. All additional expenses incurred (including transportation, delivery, repairs, maintenance, insurance, storage fees, etc. is the responsibility of Seller and will be reimbursed to Broker immediately upon receipt of Broker's invoice if paid by Broker). Upon closing, Seller will pay Broker from escrow or from the proceeds of the sale or as otherwise approved in writing by Broker, a sales commission of 5% of the final gross sales price (excluding any taxes) from the sale of Aircraft. This commission is due immediately at the close of a sale of the Aircraft.

The term of this Agreement is for 180 days from the above date. If a sale of the Aircraft is completed with a buyer located by Broker and communicated to Seller (email identification of buyer from Broker is okay) during the term of the Agreement and closing within one years after the end of the term, the commission will still be due and payable to Broker by Seller at the closing of a sale of the Aircraft.

This Agreement does not obligate Broker to sell Aircraft during the term; Broker will use reasonable commercial efforts to sell the Aircraft. Any amendment to this Agreement must be in writing, signed by all of the parties. The ADDITIONAL TERMS attached to this agreement are agreed to. This Agreement replaces all prior agreements between the parties concerning the Aircraft.

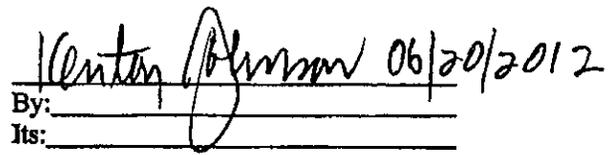
Delta Leasing, Inc.
DBA Quantum Helicopters
2401 S. Heliport Way
Chandler, AZ 85286

Zibby Flight Services LLC
By: Kenton Johnson, Deputy to Robb
Evans & Associates LLC, Receiver
11450 Sheldon Street
Sun Valley, CA 91352-1121

Quantum Helicopters


By: Neil Jones
Its: President

Zibby Flight Services LLC


By: _____
Its: _____

Initial Listing Price :
\$327,200

ADDITIONAL TERMS: (Attach to Listing Agreement)

Governing Law

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California.

Consent to Jurisdiction

This Agreement is entered into by Robb Evans of Robb Evans & Associates LLC in his capacity as Receiver of I Works, Inc. and other entities including Zibby Flight Services LLC and the assets of Jeremy Johnson, all pursuant to the authority vested in him under orders of the United States District Court for the District of Nevada entered in the case of *Federal Trade Commission v. Jeremy Johnson, etc., et al.*, United States District Court Case No. 2:10-cv-02203-RLH-GWF ("Receivership Action"). The parties hereto agree that any dispute regarding this Agreement and any litigation pertaining to the enforcement or interpretation hereof properly belongs in and should be heard by the United States District Court for the District of Nevada in the Receivership Action. Purchaser submits and consents to personal jurisdiction in the United States District Court for the District of Nevada for the enforcement and interpretation of this Agreement.

Right to Seek and Obtain Overbids

In order for Robb Evans of Robb Evans & Associates LLC to faithfully discharge his duties as Receiver, it is understood and agreed by the parties hereto that the Receiver may seek and obtain overbids for the aircraft, even if the executed contract is at or above listing price, in a manner to be determined by Court order in the Receivership Action.

In the event the aircraft is sold pursuant to overbid, Broker shall be entitled to its commission based on the consummated overbid sale price provided that Quantum Helicopters is otherwise entitled to its commission by arranging for a sale of the aircraft during the term of this Agreement.

BROKER:

Quantum Helicopters
2401 South Heliport Way
Chandler, AZ 85268

By:  06/19/2012
Neil Jones
Its: President

Zibby Flight Services LLC

Signature: 
By: Kenton Johnson, Deputy to Robb Evans of
Robb Evans & Associates LLC, Receiver
Address: 11450 Sheldon Street
City/State/Zip: Sun Valley, CA 91352-1121
Phone: (818) 768-8100
Mobile: (626) 831-6649

Exhibit 2

Date: June 19, 2012

THIS AGREEMENT "Agreement" is between Quantum Helicopters ("Broker") and Zibby Flight Services LLC ("Seller")

Seller wishes to sell: ("Aircraft")

Make: Robinson Helicopter Co.
Model: R44 II
Serial Number: 10787
Registration Number: N321WT

Seller hereby contracts *exclusively* with Broker to sell the Aircraft. Broker will conduct a global marketing campaign to locate a buyer for Seller. All advertising expenses associated with this marketing campaign will be borne by Broker. All additional expenses incurred (including transportation, delivery, repairs, maintenance, insurance, storage fees, etc. is the responsibility of Seller and will be reimbursed to Broker immediately upon receipt of Broker's invoice if paid by Broker). Upon closing, Seller will pay Broker from escrow or from the proceeds of the sale or as otherwise approved in writing by Broker, a sales commission of 5% of the final gross sales price (excluding any taxes) from the sale of Aircraft. This commission is due immediately at the close of a sale of the Aircraft.

The term of this Agreement is for **180 days** from the above date. If a sale of the Aircraft is completed with a buyer located by Broker and communicated to Seller (email identification of buyer from Broker is okay) during the term of the Agreement and closing within one years after the end of the term, the commission will still be due and payable to Broker by Seller at the closing of a sale of the Aircraft.

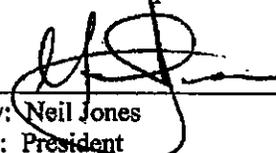
This Agreement does not obligate Broker to sell Aircraft during the term; Broker will use reasonable commercial efforts to sell the Aircraft. Any amendment to this Agreement must be in writing, signed by all of the parties. The **ADDITIONAL TERMS** attached to this agreement are agreed to. This Agreement replaces all prior agreements between the parties concerning the Aircraft.

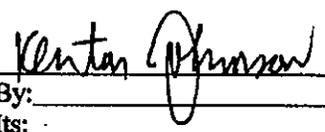
Delta Leasing, Inc.
DBA **Quantum Helicopters**
2401 S. Heliport Way
Chandler, AZ 85286

Zibby Flight Services LLC
By: Kenton Johnson, Deputy to Robb
Evans & Associates LLC, Receiver
11450 Sheldon Street
Sun Valley, CA 91352-1121

Quantum Helicopters

Zibby Flight Services LLC

 06/19/2012
By: Neil Jones
Its: President

 06/20/2012
By: _____
Its: _____

Initial Listing Price:
\$159,000

ADDITIONAL TERMS: (Attach to Listing Agreement)

Governing Law

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California.

Consent to Jurisdiction

This Agreement is entered into by Robb Evans of Robb Evans & Associates LLC in his capacity as Receiver of I Works, Inc. and other entities including Zibby Flight Services LLC and the assets of Jeremy Johnson, all pursuant to the authority vested in him under orders of the United States District Court for the District of Nevada entered in the case of *Federal Trade Commission v. Jeremy Johnson, et al.*, United States District Court Case No. 2:10-cv-02203-RLH-GWF ("Receivership Action"). The parties hereto agree that any dispute regarding this Agreement and any litigation pertaining to the enforcement or interpretation hereof properly belongs in and should be heard by the United States District Court for the District of Nevada in the Receivership Action. Purchaser submits and consents to personal jurisdiction in the United States District Court for the District of Nevada for the enforcement and interpretation of this Agreement.

Right to Seek and Obtain Overbids

In order for Robb Evans of Robb Evans & Associates LLC to faithfully discharge his duties as Receiver, it is understood and agreed by the parties hereto that the Receiver may seek and obtain overbids for the aircraft, even if the executed contract is at or above listing price, in a manner to be determined by Court order in the Receivership Action.

In the event the aircraft is sold pursuant to overbid, Broker shall be entitled to its commission based on the consummated overbid sale price provided that Quantum Helicopters is otherwise entitled to its commission by arranging for a sale of the aircraft during the term of this Agreement.

BROKER:

Quantum Helicopters
2401 South Heliport Way
Chandler, AZ 85228

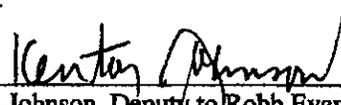
By: _____

Neil Jones
Its: President

06/19/2012

Zibby Flight Services LLC

Signature: _____



By: Kenton Johnson, Deputy to Robb Evans of
Robb Evans & Associates LLC, Receiver

Address: 11450 Sheldon Street

City/State/Zip: Sun Valley, CA 91352-1121

Phone: (818) 768-8100

Mobile: (626) 831-6649

Exhibit 3



QUANTUM HELICOPTERS

July 13, 2012

HELICOPTER PURCHASE AGREEMENT:

This purchase agreement is between Quantum Helicopters (Broker or broker) and California Aviation Services, Inc. (Buyer or buyer). The buyer has offered \$327,200 for the purchase of **Robinson R44 II N41286, serial number 12366**. Buyer understands that this helicopter sale is part of a Receivership court action and buyer acknowledges and agrees to the "Additional Terms" attached as page 2 of this purchase agreement. The Additional Terms require court approval of the purchase agreement and allow the Receiver to seek and obtain overbids for the aircraft, even if the executed purchase agreement is at or above the listing price.

Broker has accepted the offer of \$327,200 contingent on eventual court approval, and subject to the provisions outlined on page 2 of this agreement. Broker cannot guarantee that the court will approve this sale but believes the Court will approve it.

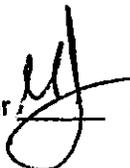
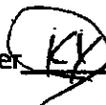
Buyer agrees to submit a \$10,000 refundable deposit to the broker. If helicopter N41286 cannot be presented for an approved sale with clear title by the date of Wednesday August 29th, the broker will immediately, upon request of the buyer, refund this deposit. If the sale of N41286 is approved by the court and the buyer is the successful final bidder if an overbidding session is required, buyer agrees to pay the remaining balance of \$317,200 within 10 working days of said approval.

The buyer acknowledges that helicopter N41286 is currently located at the Quantum Helicopter facility in Chandler, AZ. Buyer has the right to make inspection of this aircraft at this location. Broker will make N41286 available for inspection to the buyer and buyer will remove all contingencies to the sale within 10 days from the date this purchase agreement is accepted. Buyer further acknowledges that this helicopter is being sold "as is" and "where is" with no warranty being provided or implied by either the broker or seller and is further bound by the attached Addendum that details no further representations or warranties by seller, acceptance of aircraft, and release of seller.

This transaction will be conducted through an escrow company to be mutually agreed upon by both buyer and broker.

Any modification to this written purchase agreement must be acknowledged by both parties in writing.

Page 1 of 2

Broker  Buyer 

ADDITIONAL TERMS: (Attach to Purchase Agreement)

Governing Law

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California.

Consent to Jurisdiction

This Agreement is entered into by Robb Evans of Robb Evans & Associates LLC in his capacity as Receiver of I Works, Inc. and other entities including Zibby Flight Services LLC and the assets of Jeremy Johnson, all pursuant to the authority vested in him under orders of the United States District Court for the District of Nevada entered in the case of *Federal Trade Commission v. Jeremy Johnson, etc., et al.*, United States District Court Case No. 2:10-cv-02203-RLH-GWF ("Receivership Action"). The parties hereto agree that any dispute regarding this Agreement and any litigation pertaining to the enforcement or interpretation hereof properly belongs in and should be heard by the United States District Court for the District of Nevada in the Receivership Action. Purchaser submits and consents to personal jurisdiction in the United States District Court for the District of Nevada for the enforcement and interpretation of this Agreement. The contract to sell the aircraft must be approved by United States District Court for the District of Nevada in the Receivership Action before the sale can be completed.

Right to Seek and Obtain Overbids

In order for Robb Evans of Robb Evans & Associates LLC to faithfully discharge his duties as Receiver, it is understood and agreed by the parties hereto that the Receiver may seek and obtain overbids for the aircraft, even if the executed contract is at or above listing price, in a manner to be determined by Court order in the Receivership Action.

In the event the aircraft is sold pursuant to overbid, Broker shall be entitled to its commission based on the consummated overbid sale price provided that Quantum Helicopters is otherwise entitled to its commission by arranging for a sale of the aircraft during the term of this Agreement.

BROKER:

Quantum Helicopters
2401 South Heliport Way
Chandler, AZ 85268

By: _____

Neil Jones
Its: President

BUYER:

California Aviation Services, Inc.

Signature: _____

Title: Secretary

6791 Airport Dr. Suite A

Riverside, CA 92504

Phone: 951 354 5274

Mobile: 626 905 7550

ADDENDUM

NO REPRESENTATIONS OR WARRANTIES BY SELLER;
ACCEPTANCE OF AIRCRAFT; RELEASE OF SELLER

1. DISCLAIMER. SELLER IS SELLING THE AIRCRAFT IN HIS CAPACITY AS RECEIVER. SELLER DID NOT OBTAIN POSSESSION OF THE AIRCRAFT UNTIL MARCH, 2011, AND DURING THE TIME THAT SELLER HAS HAD POSSESSION OF THE AIRCRAFT THE SELLER HAS NOT FLOWN OR OPERATED IT. EXCEPT FOR WARRANTIES EXPRESSLY PROVIDED BY SELLER IN THIS CONTRACT, PURCHASER ACKNOWLEDGES AND AGREES THAT SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO

A. THE VALUE, NATURE, QUALITY OR CONDITION OF THE AIRCRAFT, INCLUDING, WITHOUT LIMITATION;

- i. ANY INCOME TO BE DERIVED FROM THE AIRCRAFT,
- ii. THE SUITABILITY OF THE AIRCRAFT FOR ANY AND ALL ACTIVITIES AND USES WHICH PURCHASER OR ANY PILOT MAY CONDUCT THEREIN,
- iii. THE COMPLIANCE OF OR BY THE AIRCRAFT OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY,
- iv. THE MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE AIRCRAFT (PURCHASER AFFIRMING THAT PURCHASER HAS NOT RELIED ON SELLER'S SKILL OR JUDGMENT TO SELECT OR PROVIDE EQUIPMENT OR AVIONICS FOR THE AIRCRAFT FOR ANY PARTICULAR PURPOSE, AND THAT SELLER MAKES NO WARRANTY THAT THE AIRCRAFT IS FIT FOR ANY PARTICULAR PURPOSE),
- v. THE MANNER OR QUALITY OF THE CONSTRUCTION OR

- vi. MATERIALS, IF ANY, INCORPORATED INTO THE AIRCRAFT, THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE AIRCRAFT,
- vii. COMPLIANCE WITH ANY LAWS, RULES, REGULATIONS, ORDERS OR OTHER REQUIREMENTS,
- viii. THE CONDITION OR USE OF THE AIRCRAFT OR COMPLIANCE OF THE AIRCRAFT WITH ANY OR ALL PAST, PRESENT OR FUTURE FEDERAL, STATE OR LOCAL ORDINANCES, RULES, REGULATIONS OR LAWS;
- ix. ANY OTHER MATTER AFFECTING THE STABILITY OR INTEGRITY OF THE AIRCRAFT, EQUIPMENT OR AVIONICS, OR
- x. ANY OTHER MATTER WITH RESPECT TO THE AIRCRAFT.

ADDITIONALLY, NO PERSON ACTING ON BEHALF OF SELLER IS AUTHORIZED TO MAKE, AND BY EXECUTION HEREOF OF PURCHASER ACKNOWLEDGES THAT NO PERSON HAS MADE, ANY REPRESENTATION, AGREEMENT, WARRANTY, GUARANTY OR PROMISE REGARDING THE AIRCRAFT OR THE TRANSACTION CONTEMPLATED HEREIN; AND NO SUCH REPRESENTATION, WARRANTY, AGREEMENT, GUARANTY, STATEMENT OR PROMISE IF ANY, MADE BY ANY PERSON ACTING ON BEHALF OF SELLER SHALL BE VALID OR BINDING UPON SELLER UNLESS EXPRESSLY SET FORTH HEREIN. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT ALL ASPECTS OF THE AIRCRAFT, INCLUDING WITHOUT LIMITATION, ALL PHYSICAL AND FINANCIAL ASPECTS OF THE AIRCRAFT, PURCHASER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE AIRCRAFT AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER AND AGREES TO ACCEPT THE AIRCRAFT AT THE CLOSING AND WAIVE ALL OBJECTIONS OR CLAIMS AGAINST SELLER (INCLUDING, BUT NOT LIMITED TO, ANY RIGHT OR CLAIM OF CONTRIBUTION) ARISING FROM OR RELATED TO THE AIRCRAFT. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE AIRCRAFT WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO

REPRESENTATIONS AS TO THE ACCURACY, TRUTHFULNESS OR COMPLETENESS OF SUCH INFORMATION. SELLER SHALL NOT BE LIABLE FOR ANY FAILURE TO INVESTIGATE THE AIRCRAFT NOR SHALL SELLER BE LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENT, REPRESENTATION OR INFORMATION PERTAINING TO THE AIRCRAFT, OR THE OPERATION THEREOF, FURNISHED BY ANY AIRCRAFT BROKER, CONTRACTOR, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON, EXCEPT AS TO ANY WRITTEN STATEMENT OR WRITTEN REPRESENTATION MADE BY SELLER THROUGH OR BY KENTON JOHNSON. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE AIRCRAFT AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS, WHERE IS" CONDITION AND BASIS AND "WITH ALL FAULTS." IT IS UNDERSTOOD AND AGREED THAT THE AIRCRAFT IS SOLD BY SELLER AND PURCHASED BY PURCHASER SUBJECT TO THE FOREGOING AND THAT THE PURCHASE PRICE HAS BEEN ADJUSTED BY PRIOR NEGOTIATION TO REFLECT THAT ALL OF THE AIRCRAFT IS SOLD BY SELLER AND PURCHASED BY PURCHASER SUBJECT TO THE FOREGOING. PURCHASER HEREBY AGREES TO INDEMNIFY, PROTECT, DEFEND, SAVE AND HOLD HARMLESS SELLER FROM AND AGAINST ANY AND ALL DEBTS, DUTIES, OBLIGATIONS, LIABILITIES, SUITS, CLAIMS, DEMANDS, CAUSES OF ACTION, DAMAGES, LOSSES, FEES AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND EXPENSES AND COURT COSTS) IN ANY WAY RELATING TO, OR IN CONNECTION WITH OR ARISING OUT OF PURCHASER'S INSPECTION, ACQUISITION, OWNERSHIP, LEASING, USE, OPERATION, MAINTENANCE AND MANAGEMENT OF THE AIRCRAFT. THE PROVISIONS OF THIS SECTION 1 SHALL SURVIVE THE CLOSING OR ANY TERMINATION HEREOF.

2. PURCHASER'S WAIVER. EXCEPT FOR WARRANTIES EXPRESSLY PROVIDED BY SELLER IN THIS CONTRACT, AS PART OF PURCHASER'S AGREEMENT TO PURCHASE AND ACCEPT THE AIRCRAFT "AS-IS WHERE-IS", AND "WITH ALL FAULTS", AND NOT AS A LIMITATION ON SUCH AGREEMENT, PURCHASER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY AND ALL ACTUAL OR POTENTIAL RIGHTS PURCHASER MIGHT HAVE REGARDING ANY FORM OF WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR TYPE, RELATING TO THE

AIRCRAFT OR ANY OF THE MATTERS REFERRED TO IN SECTION 1 ABOVE OF THIS ADDENDUM. SUCH WAIVER IS ABSOLUTE, COMPLETE, TOTAL AND UNLIMITED IN ANY WAY. SUCH WAIVER INCLUDES, BUT IS NOT LIMITED TO, A WAIVER OF EXPRESS WARRANTIES, EXCEPT FOR WARRANTIES EXPRESSLY PROVIDED BY SELLER IN THIS CONTRACT, IMPLIED WARRANTIES, WARRANTIES OF FITNESS FOR A PARTICULAR USE, WARRANTIES OF MERCHANTABILITY, WARRANTIES OF HABITABILITY, STRICT LIABILITY RIGHTS, AND CLAIMS, LIABILITIES, DEMANDS OR CAUSES OF ACTION OF EVERY KIND AND TYPE, WHETHER STATUTORY, CONTRACTUAL OR UNDER TORT PRINCIPLES, AT LAW OR IN EQUITY, INCLUDING, BUT NOT LIMITED TO, CLAIMS REGARDING DEFECTS WHICH MIGHT HAVE BEEN DISCOVERABLE, CLAIMS REGARDING DEFECTS WHICH WERE NOT OR ARE NOT DISCOVERABLE, PRODUCT LIABILITY CLAIMS, PRODUCT LIABILITY TYPE CLAIMS, AND ALL OTHER EXTANT OR LATER CREATED OR CONCEIVED OF STRICT LIABILITY OR STRICT LIABILITY TYPE CLAIMS AND RIGHTS.

SELLER HAS GIVEN PURCHASER MATERIAL CONCESSIONS REGARDING THIS TRANSACTION IN EXCHANGE FOR PURCHASER AGREEING TO THE PROVISIONS OF THIS ADDENDUM. SELLER AND PURCHASER HAVE EACH INITIALLED THIS ADDENDUM TO FURTHER INDICATE THEIR AWARENESS AND ACCEPTANCE OF EACH AND EVERY PROVISION HEREOF.

PURCHASER'S INITIALS: (KY)

SELLER'S INITIALS: Jm

Exhibit 4



QUANTUM HELICOPTERS

July 10, 2012

HELICOPTER PURCHASE AGREEMENT:

This purchase agreement is between Quantum Helicopters (Broker or broker) and RV Aviation, LLC (Buyer or buyer). The buyer has offered \$150,000 for the purchase of **Robinson R44 II N321WT, serial number 10787**. Buyer understands that this helicopter sale is part of a Receivership court action and buyer acknowledges and agrees to the "Additional Terms" attached as page 2 of this purchase agreement. The Additional Terms require court approval of the purchase agreement and allow the Receiver to seek and obtain overbids for the aircraft, even if the executed purchase agreement is at or above the listing price.

Broker has accepted the offer of \$150,000 contingent on eventual court approval, and subject to the provisions outlined on page 2 of this agreement. Broker cannot guarantee that the court will approve this sale but believes the Court will approve it.

Buyer agrees to submit a \$4,500 refundable deposit to the broker. If helicopter N321WT cannot be presented for an approved sale with clear title by the date of Wednesday August 29th, the broker will immediately, upon request of the buyer, refund this deposit. If the sale of N321WT is approved by the court and the buyer is the successful final bidder if an overbidding session is required, buyer agrees to pay the remaining balance of \$145,500 within 10 working days of said approval.

The buyer acknowledges that helicopter N321WT is currently located at the Quantum Helicopter facility in Chandler, AZ. Buyer has the right to make inspection of this aircraft at this location. Broker will make N321WT available for inspection to the buyer and buyer will remove all contingencies to the sale within 10 days from the date this purchase agreement is accepted. Buyer further acknowledges that this helicopter is being sold "as is" and "where is" with no warranty being provided or implied by either the broker or seller and is further bound by the attached Addendum that details no further representations or warranties by seller, acceptance of aircraft, and release of seller.

This transaction will be conducted through an escrow company to be mutually agreed upon by both buyer and broker.

Any modification to this written purchase agreement must be acknowledged by both parties in writing.

Page 1 of 2

Broker

Buyer

ADDITIONAL TERMS: (Attach to Purchase Agreement)

Governing Law

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California.

Consent to Jurisdiction

This Agreement is entered into by Robb Evans of Robb Evans & Associates LLC in his capacity as Receiver of I Works, Inc. and other entities including Zibby Flight Services LLC and the assets of Jeremy Johnson, all pursuant to the authority vested in him under orders of the United States District Court for the District of Nevada entered in the case of *Federal Trade Commission v. Jeremy Johnson, etc., et al.*, United States District Court Case No. 2:10-cv-02203-RLH-GWF ("Receivership Action"). The parties hereto agree that any dispute regarding this Agreement and any litigation pertaining to the enforcement or interpretation hereof properly belongs in and should be heard by the United States District Court for the District of Nevada in the Receivership Action. Purchaser submits and consents to personal jurisdiction in the United States District Court for the District of Nevada for the enforcement and interpretation of this Agreement. The contract to sell the aircraft must be approved by United States District Court for the District of Nevada in the Receivership Action before the sale can be completed.

Right to Seek and Obtain Overbids

In order for Robb Evans of Robb Evans & Associates LLC to faithfully discharge his duties as Receiver, it is understood and agreed by the parties hereto that the Receiver may seek and obtain overbids for the aircraft, even if the executed contract is at or above listing price, in a manner to be determined by Court order in the Receivership Action.

In the event the aircraft is sold pursuant to overbid, Broker shall be entitled to its commission based on the consummated overbid sale price provided that Quantum Helicopters is otherwise entitled to its commission by arranging for a sale of the aircraft during the term of this Agreement.

BROKER:

Quantum Helicopters
2401 South Heliport Way
Chandler, AZ 85268

By: 
Nell Jones
Its: President

BUYER:

RV Aviation, LLC

Signature: 
Title: Member
Address: 3626 Church Road
City/State/Zip: Easton, PA 18045
Phone: 610-849-0630
Mobile: 973-229-8379

ADDENDUM

NO REPRESENTATIONS OR WARRANTIES BY SELLER;
ACCEPTANCE OF AIRCRAFT; RELEASE OF SELLER

1. DISCLAIMER. SELLER IS SELLING THE AIRCRAFT IN HIS CAPACITY AS RECEIVER. SELLER DID NOT OBTAIN POSSESSION OF THE AIRCRAFT UNTIL MARCH, 2011, AND DURING THE TIME THAT SELLER HAS HAD POSSESSION OF THE AIRCRAFT THE SELLER HAS NOT FLOWN OR OPERATED IT. EXCEPT FOR WARRANTIES EXPRESSLY PROVIDED BY SELLER IN THIS CONTRACT, PURCHASER ACKNOWLEDGES AND AGREES THAT SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO

A. THE VALUE, NATURE, QUALITY OR CONDITION OF THE AIRCRAFT, INCLUDING, WITHOUT LIMITATION;

- i. ANY INCOME TO BE DERIVED FROM THE AIRCRAFT,
- ii. THE SUITABILITY OF THE AIRCRAFT FOR ANY AND ALL ACTIVITIES AND USES WHICH PURCHASER OR ANY PILOT MAY CONDUCT THEREIN,
- iii. THE COMPLIANCE OF OR BY THE AIRCRAFT OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY,
- iv. THE MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE AIRCRAFT (PURCHASER AFFIRMING THAT PURCHASER HAS NOT RELIED ON SELLER'S SKILL OR JUDGMENT TO SELECT OR PROVIDE EQUIPMENT OR AVIONICS FOR THE AIRCRAFT FOR ANY PARTICULAR PURPOSE, AND THAT SELLER MAKES NO WARRANTY THAT THE AIRCRAFT IS FIT FOR ANY PARTICULAR PURPOSE),
- v. THE MANNER OR QUALITY OF THE CONSTRUCTION OR

- MATERIALS, IF ANY, INCORPORATED INTO THE AIRCRAFT,
- vi. THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE AIRCRAFT,
 - vii. COMPLIANCE WITH ANY LAWS, RULES, REGULATIONS, ORDERS OR OTHER REQUIREMENTS,
 - viii. THE CONDITION OR USE OF THE AIRCRAFT OR COMPLIANCE OF THE AIRCRAFT WITH ANY OR ALL PAST, PRESENT OR FUTURE FEDERAL, STATE OR LOCAL ORDINANCES, RULES, REGULATIONS OR LAWS,
 - ix. ANY OTHER MATTER AFFECTING THE STABILITY OR INTEGRITY OF THE AIRCRAFT, EQUIPMENT OR AVIONICS, OR
 - x. ANY OTHER MATTER WITH RESPECT TO THE AIRCRAFT.

ADDITIONALLY, NO PERSON ACTING ON BEHALF OF SELLER IS AUTHORIZED TO MAKE, AND BY EXECUTION HEREOF OF PURCHASER ACKNOWLEDGES THAT NO PERSON HAS MADE, ANY REPRESENTATION, AGREEMENT, WARRANTY, GUARANTY OR PROMISE REGARDING THE AIRCRAFT OR THE TRANSACTION CONTEMPLATED HEREIN; AND NO SUCH REPRESENTATION, WARRANTY, AGREEMENT, GUARANTY, STATEMENT OR PROMISE IF ANY, MADE BY ANY PERSON ACTING ON BEHALF OF SELLER SHALL BE VALID OR BINDING UPON SELLER UNLESS EXPRESSLY SET FORTH HEREIN. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT ALL ASPECTS OF THE AIRCRAFT, INCLUDING WITHOUT LIMITATION, ALL PHYSICAL AND FINANCIAL ASPECTS OF THE AIRCRAFT, PURCHASER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE AIRCRAFT AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER AND AGREES TO ACCEPT THE AIRCRAFT AT THE CLOSING AND WAIVE ALL OBJECTIONS OR CLAIMS AGAINST SELLER (INCLUDING, BUT NOT LIMITED TO, ANY RIGHT OR CLAIM OF CONTRIBUTION) ARISING FROM OR RELATED TO THE AIRCRAFT. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE AIRCRAFT WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO

REPRESENTATIONS AS TO THE ACCURACY, TRUTHFULNESS OR COMPLETENESS OF SUCH INFORMATION. SELLER SHALL NOT BE LIABLE FOR ANY FAILURE TO INVESTIGATE THE AIRCRAFT NOR SHALL SELLER BE LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENT, REPRESENTATION OR INFORMATION PERTAINING TO THE AIRCRAFT, OR THE OPERATION THEREOF, FURNISHED BY ANY AIRCRAFT BROKER, CONTRACTOR, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON, EXCEPT AS TO ANY WRITTEN STATEMENT OR WRITTEN REPRESENTATION MADE BY SELLER THROUGH OR BY KENTON JOHNSON. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE AIRCRAFT AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS, WHERE IS" CONDITION AND BASIS AND "WITH ALL FAULTS." IT IS UNDERSTOOD AND AGREED THAT THE AIRCRAFT IS SOLD BY SELLER AND PURCHASED BY PURCHASER SUBJECT TO THE FOREGOING AND THAT THE PURCHASE PRICE HAS BEEN ADJUSTED BY PRIOR NEGOTIATION TO REFLECT THAT ALL OF THE AIRCRAFT IS SOLD BY SELLER AND PURCHASED BY PURCHASER SUBJECT TO THE FOREGOING. PURCHASER HEREBY AGREES TO INDEMNIFY, PROTECT, DEFEND, SAVE AND HOLD HARMLESS SELLER FROM AND AGAINST ANY AND ALL DEBTS, DUTIES, OBLIGATIONS, LIABILITIES, SUITS, CLAIMS, DEMANDS, CAUSES OF ACTION, DAMAGES, LOSSES, FEES AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND EXPENSES AND COURT COSTS) IN ANY WAY RELATING TO, OR IN CONNECTION WITH OR ARISING OUT OF PURCHASER'S INSPECTION, ACQUISITION, OWNERSHIP, LEASING, USE, OPERATION, MAINTENANCE AND MANAGEMENT OF THE AIRCRAFT. THE PROVISIONS OF THIS SECTION 1 SHALL SURVIVE THE CLOSING OR ANY TERMINATION HEREOF.

2. PURCHASER'S WAIVER EXCEPT FOR WARRANTIES EXPRESSLY PROVIDED BY SELLER IN THIS CONTRACT, AS PART OF PURCHASER'S AGREEMENT TO PURCHASE AND ACCEPT THE AIRCRAFT "AS-IS WHERE-IS", AND "WITH ALL FAULTS", AND NOT AS A LIMITATION ON SUCH AGREEMENT, PURCHASER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY AND ALL ACTUAL OR POTENTIAL RIGHTS PURCHASER MIGHT HAVE REGARDING ANY FORM OF WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR TYPE, RELATING TO THE

AIRCRAFT OR ANY OF THE MATTERS REFERRED TO IN SECTION 1 ABOVE OF THIS ADDENDUM. SUCH WAIVER IS ABSOLUTE, COMPLETE, TOTAL AND UNLIMITED IN ANY WAY. SUCH WAIVER INCLUDES, BUT IS NOT LIMITED TO, A WAIVER OF EXPRESS WARRANTIES, EXCEPT FOR WARRANTIES EXPRESSLY PROVIDED BY SELLER IN THIS CONTRACT, IMPLIED WARRANTIES, WARRANTIES OF FITNESS FOR A PARTICULAR USE, WARRANTIES OF MERCHANTABILITY, WARRANTIES OF HABITABILITY, STRICT LIABILITY RIGHTS, AND CLAIMS, LIABILITIES, DEMANDS OR CAUSES OF ACTION OF EVERY KIND AND TYPE, WHETHER STATUTORY, CONTRACTUAL OR UNDER TORT PRINCIPLES, AT LAW OR IN EQUITY, INCLUDING, BUT NOT LIMITED TO, CLAIMS REGARDING DEFECTS WHICH MIGHT HAVE BEEN DISCOVERABLE, CLAIMS REGARDING DEFECTS WHICH WERE NOT OR ARE NOT DISCOVERABLE, PRODUCT LIABILITY CLAIMS, PRODUCT LIABILITY TYPE CLAIMS, AND ALL OTHER EXTANT OR LATER CREATED OR CONCEIVED OF STRICT LIABILITY OR STRICT LIABILITY TYPE CLAIMS AND RIGHTS.

SELLER HAS GIVEN PURCHASER MATERIAL CONCESSIONS REGARDING THIS TRANSACTION IN EXCHANGE FOR PURCHASER AGREEING TO THE PROVISIONS OF THIS ADDENDUM. SELLER AND PURCHASER HAVE EACH INITIALLED THIS ADDENDUM TO FURTHER INDICATE THEIR AWARENESS AND ACCEPTANCE OF EACH AND EVERY PROVISION HEREOF.

PURCHASER'S INITIALS: PV

SELLER'S INITIALS: [Signature]

Exhibit 5

Date: August 14, 2012

THIS AGREEMENT "Agreement" is between Quantum Helicopters ("Broker") and Zibby Flight Services LLC ("Seller")

Seller wishes to sell: ("Aircraft")

Make: Robinson Helicopter Co.
Model: R44 II
Serial Number: 10622
Registration Number: N74367

Seller hereby contracts *exclusively* with Broker to sell the Aircraft. Broker will conduct a global marketing campaign to locate a buyer for Seller. All advertising expenses associated with this marketing campaign will be borne by Broker. All additional expenses incurred (including transportation, delivery, repairs, maintenance, insurance, storage fees, etc. is the responsibility of Seller and will be reimbursed to Broker immediately upon receipt of Broker's invoice if paid by Broker). Upon closing, Seller will pay Broker from escrow or from the proceeds of the sale or as otherwise approved in writing by Broker, a sales commission of 5% of the final gross sales price (excluding any taxes) from the sale of Aircraft. This commission is due immediately at the close of a sale of the Aircraft.

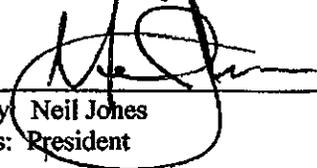
The term of this Agreement is for 180 days from the above date. If a sale of the Aircraft is completed with a buyer located by Broker and communicated to Seller (email identification of buyer from Broker is okay) during the term of the Agreement and closing within one years after the end of the term, the commission will still be due and payable to Broker by Seller at the closing of a sale of the Aircraft.

This Agreement does not obligate Broker to sell Aircraft during the term; Broker will use reasonable commercial efforts to sell the Aircraft. Any amendment to this Agreement must be in writing, signed by all of the parties. The ADDITIONAL TERMS attached to this agreement are agreed to. This Agreement replaces all prior agreements between the parties concerning the Aircraft.

Delta Leasing, Inc.
DBA Quantum Helicopters
2401 S. Heliport Way
Chandler, AZ 85286

Zibby Flight Services LLC
By: Kenton Johnson, Deputy to Robb
Evans & Associates LLC, Receiver
11450 Sheldon Street
Sun Valley, CA 91352-1121

Quantum Helicopters


By: Neil Jones
Its: Resident

Zibby Flight Services LLC


By: KENTON JOHNSON
Its: Deputy to the Receiver

This Agreement is subject to and will not be effective until approved by the U.S. District Court.

*Final Listing Price
will be \$325,000*

ADDITIONAL TERMS: (Attach to Listing Agreement)

Governing Law

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California.

Consent to Jurisdiction

This Agreement is entered into by Robb Evans of Robb Evans & Associates LLC in his capacity as Receiver of I Works, Inc. and other entities including Zibby Flight Services LLC and the assets of Jeremy Johnson, all pursuant to the authority vested in him under orders of the United States District Court for the District of Nevada entered in the case of *Federal Trade Commission v. Jeremy Johnson, etc., et al.*, United States District Court Case No. 2:10-cv-02203-RLH-GWF ("Receivership Action"). The parties hereto agree that any dispute regarding this Agreement and any litigation pertaining to the enforcement or interpretation hereof properly belongs in and should be heard by the United States District Court for the District of Nevada in the Receivership Action. Purchaser submits and consents to personal jurisdiction in the United States District Court for the District of Nevada for the enforcement and interpretation of this Agreement.

Right to Seek and Obtain Overbids

In order for Robb Evans of Robb Evans & Associates LLC to faithfully discharge his duties as Receiver, it is understood and agreed by the parties hereto that the Receiver may seek and obtain overbids for the aircraft, even if the executed contract is at or above listing price, in a manner to be determined by Court order in the Receivership Action.

In the event the aircraft is sold pursuant to overbid, Broker shall be entitled to its commission based on the consummated overbid sale price provided that ~~8/18~~ is otherwise entitled to its commission by arranging for a sale of the aircraft during the term of this Agreement.

* QUANTUM HELICOPTERS *Kj*

BROKER:

Quantum Helicopters
2401 South Heliport Way
Chandler, AZ 85268

By: _____

Neil Jones
Neil Jones
Its: President

Zibby Flight Services LLC

Signature: *Kenton Johnson*
By: Kenton Johnson, Deputy to Robb Evans of
Robb Evans & Associates LLC, Receiver
Address: 11450 Sheldon Street
City/State/Zip: Sun Valley, CA 91352-1121
Phone: (818) 768-8100
Mobile: (626) 831-6649