

**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 Motion and Motion for Order:

- (1) Approving and Authorizing Payment of Receiver's and Professionals' Fees and Expenses from February 1, 2012 Through May 31, 2012;
and**
- (2) Granting Relief from Local Rule 66-5 Pertaining to Notice to Creditors**

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

Filed August 22, 2012

1 RANDOLPH L. HOWARD (Nev. SBN 006688)
rhoward@klnevada.com
2 KOLESAR & LEATHAM, CHTD.
400 South Rampart Boulevard, Suite 400
3 Las Vegas, NV 89145
Telephone: (702) 362-7800
4 Direct: (702) 889-7752
Facsimile: (702) 362-9472
5

6 GARY OWEN CARIS (Cal. SBN 088918)
gcaris@mckennalong.com
7 LESLEY ANNE HAWES (Cal. SBN 117101)
lhawes@mckennalong.com
MCKENNA LONG & ALDRIDGE LLP
8 300 South Grand Avenue, 14th Floor
Los Angeles, CA 90071-3124
9 Telephone: (213) 688-1000
Facsimile: (213) 243-6330
10

Attorneys for Receiver

11 **ROBB EVANS OF ROBB EVANS & ASSOCIATES**
12 **LLC**

13 **UNITED STATES DISTRICT COURT**

14 **DISTRICT OF NEVADA**

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16 FEDERAL TRADE COMMISSION,

17 Plaintiff,

18 v.

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

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

**NOTICE OF MOTION AND MOTION
FOR ORDER (1) APPROVING AND
AUTHORIZING PAYMENT OF
RECEIVER'S AND PROFESSIONALS'
FEES AND EXPENSES FROM
FEBRUARY 1, 2012 THROUGH MAY 31,
2012; AND (2) 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 an order for the following relief:

4 1. An order approving and authorizing payment of receivership fees and expenses
5 incurred for the four-month period from February 1, 2012 through May 31, 2012 (“Expense
6 Period”), including payment of the fees of the Receiver, the Receiver’s deputies, agents, staff and
7 professionals, and reimbursement of costs incurred during the Expense Period in the total sum of
8 \$697,503.80. The fees of the Receiver, his deputies, agents and staff total \$263,821.46 and the
9 Receiver’s expenses total \$14,167.57 during the Expense Period. The Receiver’s legal fees and
10 expenses total \$419,514.77 during the Expense Period, including fees and expenses incurred to
11 the Receiver’s lead counsel McKenna Long & Aldridge LLP in the sum of \$415,716.91, fees and
12 expenses of the Receiver’s local counsel in Nevada, Kolesar & Leatham, Chtd., in the sum of
13 \$891.90, and fees and expenses of the Receiver’s special litigation counsel in Utah, Law Offices
14 of Hatch, James & Dodge, A Professional Corporation, in the sum of \$2,905.96; and

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

20 This Motion is made pursuant to Local Civil Rules 7-2 and 66-5 and is based upon this
21 notice of motion and motion, the separate notice of filing of the Motion served concurrently
22 herewith, the accompanying memorandum of points and authorities and the Declarations of Brick
23 Kane and Gary Owen Caris in support hereof, the separate Appendix of Exhibits filed
24 concurrently herewith in support hereof, any reply, upon the pleadings, files and records of the
25 Court in this case of which the Receiver requests the Court take judicial notice, including without
26 limitation the Report of Temporary Receiver’s Activities filed February 8, 2011 (Doc. No. 127)
27 and the Report of Receiver’s Financial Reconstruction dated January 31, 2012 and four volumes
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1 of supporting Appendices filed on February 3, 2012 (Doc. Nos. 464, 465-468) and upon all other
2 pleadings and documentary evidence as may be presented to the Court by the Receiver.

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Dated: August 22, 2012

Respectfully submitted,

RANDOLPH L. HOWARD
KOLESAR & LEATHAM, CHTD.

MCKENNA LONG & ALDRIDGE LLP
GARY OWEN CARIS
LESLEY ANNE HAWES

By: /s/ Gary Owen Caris

Gary Owen Caris
Lesley Anne Hawes

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

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

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
7 (“Preliminary Injunction”), the Receiver has been appointed permanent receiver over the
8 Receivership Defendants.

9 The Receiver’s first fee motion covered the period from the inception of the receivership
10 through March 31, 2011, and the Receiver’s second fee motion covered the ten-month period
11 from April 1, 2011 through January 31, 2012. This is the Receiver’s third motion for approval
12 and payment of fees and expenses, covering a four-month period from February 1, 2012 through
13 May 31, 2012.

14 **A. Receiver’s First Report**

15 On February 8, 2011, the Receiver filed his Report of Temporary Receiver’s Activities for
16 the period of January 13, 2011 through February 4, 2011 (“Receiver’s First Report”) as
17 Document 127. The Receiver’s First Report prepared within less than one month of the
18 Receiver’s initial appointment describes the 61 named corporate Receivership Defendants, the
19 assets of Jeremy Johnson and numerous subsidiaries, affiliates and fictitious business entities
20 related to the corporate defendants and Jeremy Johnson (“Johnson”). The Receiver’s First Report
21 includes certain preliminary analyses of the pre-receivership financial transactions of the
22 Receivership Defendants, including the assets and funds of Johnson obtained from the corporate
23 Receivership Defendants, and concluded that approximately \$50.4 million was transferred from
24 the corporate Receivership Defendants to or for the benefit of Johnson and used to fund, for
25 example, his purchase of numerous aircraft through Zibby Flight Service, LLC, his purchase and
26 improvement of numerous real properties through Zibby, LLC, and for many other purposes. The
27 Receiver at that time had identified a total of 115 entities, including the 61 named corporate
28 Receivership Defendants and more than 50 other entities that appeared to be related or affiliated

1 with the Receivership Defendants. At the time of the Receiver's First Report, the Receiver had
2 not yet issued any records subpoenas, and his asset investigation and analysis of financial
3 transactions of Jeremy Johnson and his related and affiliated entities was at its incipient stages.

4 As of the filing of the initial fee motion, the Receiver's investigation had begun to
5 uncover numerous entities in addition to the 61 named corporate Receivership Defendants, the
6 entities identified on the Johnson financial statements submitted to plaintiff Federal Trade
7 Commission ("FTC"), and other entities and potential Receivership Defendants that were being
8 evaluated by the Receiver. The number of entities being investigated by the Receiver at the time
9 of the first fee motion had been expanded to more than 132 entities and at that time the Receiver
10 had received and was analyzing more than 65,000 pages of records, including records from the
11 Receivership Defendants' bank accounts, documents produced under records subpoenas and
12 documents from other sources.

13 B. Report of Receiver's Financial Reconstruction

14 On February 3, 2012, after almost one year of investigation, the Receiver filed with the
15 Court his Report of Receiver's Financial Reconstruction dated January 31, 2012 ("Second
16 Report") (Doc. No. 464) and four volumes of supporting appendices of exhibits (Doc. Nos. 465-
17 468). The Second Report describes an additional \$51.4 million in funds and assets representing
18 processing revenues from the Receivership Defendants I Works, Inc. and Elite Debit, Inc. that the
19 Receiver demonstrated were improperly transferred to at least five entities under the nominal
20 ownership or control of Todd Vowell and Jason Vowell (individually and collectively the
21 "Vowells"), including Triple Seven LLC, formerly Triple Seven LP, Powder Monkeys, LLC,
22 Mastery Merchant, LLC, Cerberus Management, LLC and Flying High Enterprises, LLC (the
23 "Processors"). As the Second Report further explains, the Processors as well as numerous other
24 entities nominally owned or controlled by the Vowells received, and were used to purchase,
25 conceal and transfer, assets of the Receivership Defendants, including assets of Johnson. The
26 Receiver's First and Second Reports, together with additional documents and information
27 obtained through the Receiver's ongoing investigation into the location and status of receivership
28

1 assets, were the foundation for the Receiver's Motion to Clarify filed on May 30, 2012, discussed
2 below.

3 C. Complex Corporate Web, Inexplicable Business Transactions, and Motion to
4 Clarify

5 This receivership involves an extremely complex web of corporate and other entities and
6 is exceptionally complicated from an accounting standpoint. As of the date of the Second Report,
7 the Receiver's investigation included eleven full-day depositions of third party witnesses,
8 including five individuals associated with the former SunFirst Bank, as well as two lengthy
9 witness interviews of third parties,¹ and an extensive analysis of more than 265 bank accounts and
10 other records from 35 financial institutions and 25 other businesses. Many of the third party
11 witnesses who were deposed invoked their Fifth Amendment privilege against self-incrimination
12 and refused to answer at least some of the questions posed by the Receiver's counsel during their
13 examinations, although many witnesses answered an extensive amount of questions. Other
14 defendants and third party witnesses whom the Receiver has attempted to depose have informed
15 the Receiver that they are under criminal investigation and have advised the Receiver they would
16 not respond to substantive questions if deposed or would not attend the deposition at all.

17 Throughout the case, the Receiver has made demands for turnover of bank records and
18 other documents for all Receivership Defendants to at least 30 financial institutions and through
19 counsel has issued at least 220 records subpoenas, including approximately 68 subpoenas issued
20 during the current Expense Period. Those subpoenas and document demands, along with
21 discovery provided by the parties to the FTC, have now produced a total of approximately
22 350,000 pages² or more of records to be analyzed by the Receiver, his deputies, his forensic
23 accounting staff and his counsel since the case commenced.

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25
26 ¹ To protect the Receiver's ongoing investigation, the Receiver has not identified in this motion
27 or the billing statements, which have been redacted, the names of these witnesses.

28 ² The records consist of approximately 70 to 75 banker's boxes of documents, with each box
containing approximately 5,000 pages.

1 The Receiver's investigatory activities, with the assistance of counsel, culminated in the
2 Receiver's filing of a Motion to Clarify the entities and individuals whose assets constitute
3 Receivership Property under the Preliminary Injunction on May 30, 2012. *See* Motion to Clarify
4 and supporting pleadings and exhibits, Doc. Nos. 580-584. The Motion to Clarify builds on the
5 evidence submitted to the Court in the Receiver's First and Second Reports, and includes new
6 evidence of unusual and unexplained transfers of title to assets, ongoing formation of new
7 entities, and sales of precious metals which may constitute additional Receivership Property. On
8 July 9, 2012, the FTC filed a response in support of the Receiver's Motion to Clarify, providing
9 additional documentation and evidence supporting the relief sought by the Receiver. The
10 deadline for most of the Defendants and many third parties named in the Motion to Clarify to
11 respond to the motion has been extended to July 16, 2012, and many opposition pleadings to the
12 Motion to Clarify were received on that date.

13 D. Recoveries of Over \$3.1 Million During Expense Period

14 The receivership estate is also complex because of the large number and varied nature of
15 the assets subject to the Receiver's administration. During this expense period, the Receiver
16 administered a trailer park, sold multiple parcels of raw land, a commercial property and a
17 valuable single family residence in California, sold vehicles and aircraft, liquidated precious
18 metals, and disposed of interests in two companies. The Receiver has also issued a series of
19 demand letters for recovery of sums owed to the estate. The services rendered by the Receiver
20 and counsel thus included the administration, recovery, marketing, sale or other disposition of
21 numerous different assets which collectively generated receipts for the estate of over \$3,119,000
22 during this expense period. These receipts bring total funds collected from the inception of the
23 case through May 31, 2012 to \$6,933,805.20.

24 E. Numerous Court Filings

25 In the four months covered by the Expense Period, the Receiver has filed numerous
26 motions, with almost every request for substantive relief being contested by one or more of the
27 defendants but with virtually all relief sought by the Receiver being granted by the Court. Many
28 of the Receiver's nine motions filed during this Expense Period, which are described in further

1 detail below, requested multiple items of relief to promote judicial efficiency and minimize
2 expense for the receivership estate. The Receiver also responded to five motions filed by
3 defendant Jeremy Johnson.

4 The Receiver's investigation is still continuing, and the Receiver is still actively marketing
5 numerous real properties and other assets of the estate. The Receiver continues to receive
6 banking and other financial records that provide additional, essential detail to understand the large
7 and complex network of companies and transactions comprising both the \$50.4 million in funds
8 paid to or for the benefit of Johnson from the Receivership Defendants' assets described in the
9 Receiver's First Report and to uncover the additional at least \$181 million in gross processing
10 revenue, of which \$51.4 million in net processing revenue funds were discussed at length in the
11 Second Report. The services rendered by the Receiver, his deputies and staff and his counsel
12 during this Expense Period have been extensive, necessary and appropriate under the
13 circumstances. The services have preserved and realized significant value for the estate's assets.
14 The services have also culminated in the Motion to Clarify which, if granted, is expected to bring
15 significant assets within the scope of the Preliminary Injunction under the control of the Court
16 and the Receiver's supervision for the benefit of potential injured parties.

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

19 This motion is the Receiver's third motion for approval and payment of receivership fees
20 and expenses and covers the period from February 1, 2012 through May 31, 2012 ("Expense
21 Period"). The fees and expenses for which the Receiver seeks approval, and the services rendered
22 by the Receiver and his counsel during this Expense Period, are summarized hereafter and
23 described in detail in the billing records attached to the supporting Declarations of Brick Kane
24 and Gary Owen Caris.

25 The Receiver seeks payment of the Receiver's fees and expenses summarized in the
26 Administrative Expenses and Fund Balance spreadsheet ("Financial Summary") attached as
27 Exhibit 1 to the Declaration of Brick Kane in support of this Motion and detailed in the billing
28 summaries set forth in the separate Appendix of Exhibits as Exhibits 2 through 5. During the

1 Expense Period, the Receiver has incurred fees for the Receiver and his deputies of \$72,054.10,
2 Senior Staff fees of \$175,330.10, Information Technology fees of \$11,793.26 and Support Staff
3 fees of \$4,644.00, for total Receiver fees of \$263,821.46 for the period. The Receiver has
4 incurred Receiver's expenses of \$14,167.57, including the costs of obtaining production of
5 subpoenaed records, investigative search costs and postage and delivery for mailings and service
6 of documents, notices and other communications issued by the Receiver, and travel for
7 investigation and preservation of assets.

8 The Receiver has incurred fees and expenses for the services of the Receiver's attorneys,
9 including the Receiver's lead counsel, McKenna Long & Aldridge LLP ("McKenna Firm"), the
10 Receiver's local counsel, Kolesar & Leatham Chtd. ("Kolesar Firm") and the Receiver's local
11 counsel in Utah, Hatch, James & Dodge ("Hatch Firm"). During the current Expense Period, the
12 Receiver specifically has incurred attorneys' fees of \$377,232.75 and costs of \$38,484.16 to the
13 McKenna Firm, legal fees of \$127.50 and costs of \$764.40 to the Kolesar Firm, and legal fees of
14 \$2,739.00 and costs of \$166.96 to the Hatch Firm, for total legal fees and costs in this period of
15 \$419,514.77. The redacted billing records describing the services of the McKenna Firm, the
16 Kolesar Firm and the Hatch Firm are attached as Exhibits 6 through 11 to the separate Appendix
17 of Exhibits filed in support of this motion.

18 The redacted invoices for both the Receiver and his counsel provide detailed, itemized
19 descriptions of the extensive services rendered to develop the Receiver's Second Report and to
20 achieve the more than \$6.9 million in recoveries obtained for the estate to date. The key activities
21 during the Expense Period and services of the Receiver and counsel are summarized below.

22 A. Asset Analysis, Administration and Sales

23 The Receiver's First Report detailed numerous entities and assets of the Receivership
24 Defendants, many held in the names of related and affiliated entities such as Orange Cat
25 Investments, LLC ("Orange Cat"), Zibby, LLC ("Zibby"), Zibby Flight Service, LLC (Zibby
26 Flight") and others. Pursuant to the Sale Authorization Order issued on August 26, 2011 (Doc.
27 No. 288), the Receiver has listed for sale the real properties, aircraft and two houseboats subject
28 to that order. The Receiver has sold with Court approval the Hollister Property and the Richfield

1 Property in transactions that closed in February 2012 and produced net proceeds of over \$1.3
2 million for the estate.³ The sale of the Hollister Property required notice of a public overbidding
3 session, publication of the notice and the Receiver's conduct of the overbidding session.
4 Although an additional bidder qualified to overbid, when the Receiver appeared to conduct the
5 overbid session, that overbidder withdrew and the Receiver later closed the sale to the stalking
6 horse buyer.

7 During this Expense Period, the Receiver also proposed sales of five parcels of raw land
8 in Washington County, Utah, three of which were subject to a Right of Way Contract with the
9 State of Utah Department of Transportation ("UDOT Property") and two of which (the "103
10 Acres") were subject to a sale to a private party. The UDOT Property sale closed during the
11 current Expense Period, and the 103 Acres sale closed in June 2012. The sale of the 103 Acres
12 property also involved a sale of water rights associated with that property. These properties are
13 subject to liens in favor of the former SunFirst Bank, now in receivership under the control of the
14 Federal Deposit Insurance Corporation, and the properties were sold free and clear of the disputed
15 SunFirst lien, with the lien attaching to the proceeds of sale but subject to the Receiver's claims
16 and objections regarding the validity, priority and extent of the SunFirst lien.

17 With Court approval, the Receiver also disposed of certain gold, silver and other precious
18 metals of the Corporate Defendants. The Receiver concluded the sale of that personal property
19 and recovered over \$393,000 from the sale.

20 The Receiver also liquidated multiple fixed wing aircraft during the current Expense
21 Period. The aircraft sold include a Cessna P210 and a Beech aircraft. The Receiver also sought
22 and obtained approval to sell a Piper Navajo aircraft.⁴ The Receiver is continuing to market the
23 helicopters approved for sale under the Sale Authorization Order.

24
25 ³ The Hollister Property was subject to a second trust deed in favor of Triple Seven LLC,
26 formerly known as Triple Seven L.P. ("Triple Seven"). Triple Seven is one of the entities subject
27 to the Motion to Clarify. The proceeds of sale of the Hollister Property are being held subject to
the lien of Triple Seven and the Receiver's dispute as to the nature, validity, extent and priority of
that lien.

28 ⁴ The sale of the Piper Navajo, however, may not close because of an inability of the buyer to
obtain a required operating permit and the aircraft may be re-sold to the next highest bidder.

1 The Receiver’s administration of the assets of the estate included addressing a fire that
2 burned down a house in Rockville, Utah that is part of the receivership estate. The Receiver has
3 had to address insurance claims issues concerning the property, access to and securing of the
4 property and develop information on the options available to the estate for the disposition of the
5 property. The Receiver has also administered a note secured by a deed of trust in favor of
6 Receivership Defendant Elite Debit, Inc. executed by defendant Loyd Johnston. The Receiver
7 has pursued foreclosure proceedings under the note and recently responded to a motion by Loyd
8 Johnston to delay foreclosure of that note obligation.

9 During this period, the Receiver continued to monitor and recover funds from financial
10 institutions holding funds frozen by service by the Receiver of the Temporary Restraining Order
11 and/or Preliminary Injunction through ongoing turnover demands. The Receiver recovered
12 additional funds from accounts of the Corporate Defendants totaling \$69,133.15 during this
13 Expense Period.

14 The Receiver took over management of the Mendon trailer park in or about July 2011 and
15 has obtained additional revenues from that asset of \$10,762.50 during the Expense Period,
16 bringing total gross receipts from the trailer park to over \$31,000 since the Receiver began its
17 administration of that asset.

18 The Receiver concluded a disposition of Johnson’s 50% interest in Brockman Ranch, LLC
19 (“Brockman”), an entity which owned land in Idaho. The disposition was the result of extensive
20 negotiation and based on appraisals and other investigation of the value of the interest by the
21 Receiver. The Receiver obtained a cash recovery of \$750,000 for the interest. The Receiver also
22 disposed of an interest held by Johnson in a closely-held corporation, Amber Lyn Chocolates,
23 Inc., for \$10,000 cash during this expense period.

24 Johnson also holds a 50% interest in a separate entity, Brockman Mountain, LLC, which
25 owns ranchland in Montana. During the Expense Period, the Receiver and his counsel have also
26 investigated the Brockman Mountain entity, any liens encumbering its assets and the potential
27 value of Johnson’s interest in that entity. The Receiver’s efforts to realize value from Johnson’s
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1 interest in Brockman Mountain are ongoing, primarily by consulting with the managing member
2 concerning an appropriate sale price for the ranchland.

3 The Receiver also completed negotiations with Far West Bank to address an aircraft
4 identified as the EC 135 Eurocopter in which the estate may have an interest. The Receiver and
5 counsel reviewed and negotiated a settlement of the estate's potential claims to that aircraft with
6 Far West Bank, and the settlement was subsequently approved by the Court.

7 The Receiver has also administered an oceanfront real property located in Belize and
8 addressed administrative issues concerning a receivership entity organized under the laws of
9 Belize that is the owner of that property, Belize Beach Holdings, Ltd. The Receiver is trying to
10 market and sell the Belize property and has addressed corporate issues concerning the status of
11 the Belize entity during this Expense Period.

12 B. Subpoenas and Records Investigation

13 During this Expense Period, the Receiver noticed the deposition of Jason Vowell pursuant
14 to subpoena. As his deposition date approached, Johnson filed a motion for authorization for him
15 to videotape Jason Vowell's deposition, although the Receiver's notice indicated the deposition
16 would be recorded only stenographically. The Receiver opposed Johnson's motion to videotape
17 the deposition. The deponent then advised the Receiver's counsel in response to the deposition
18 subpoena that he intended to assert his Fifth Amendment privilege and would not provide
19 substantive responses to the Receiver's questions. Later, Jason Vowell advised counsel for the
20 Receiver that he would not appear for the deposition at all, and the Receiver filed a supplemental
21 response to Johnson's motion advising that the motion was effectively moot as a result of the
22 deponent's refusal to appear. After the Receiver cancelled Jason Vowell's deposition, the
23 corporate defendants represented by John Christian Barlow served a notice of taking deposition of
24 Jason Vowell, but they too subsequently cancelled the scheduled deposition.

25 The Receiver has also continued his investigation of receivership property and the estate
26 through additional records subpoenas issued during this period. The Receiver, through counsel,
27 has issued 68 records subpoenas during the Expense Period to financial institutions, precious
28 metals dealers, jewelers, aircraft title companies, and real property title and escrow companies,

1 among others. Issuance of the subpoenas requires investigation of the entities to be subpoenaed
2 to obtain agents for service of process and obtaining locations for local production to comply with
3 the provisions of F.R. Civ. P. 45. The documentation and processing of the subpoenas, cover
4 letters, instructions, and follow up, including the supplemental records requests discussed below,
5 are handled primarily by a paralegal at the McKenna Firm with supervision and direction by
6 counsel.

7 To try to avoid overproduction of potentially irrelevant or unnecessary records, the
8 Receiver's subpoenas, cover letters and instructions request copies of account opening documents
9 and statements from financial institutions for the responsive accounts. Based on the analysis of
10 those records and instructions from the Receiver's accounting staff, the Receiver's counsel then
11 submits supplemental records requests for specific transactions identified through the initial
12 production. Obtaining the records responsive to the subpoenas has required ongoing follow up
13 with the financial institutions, responding to inquiries from the subpoenaed entities, and
14 maintaining detailed records of contacts with the subpoenaed entities to confirm the status of
15 production and information on the persons involved in the production.

16 The Receiver's investigation, analysis and review of financial records, escrow and title
17 records and numerous other documents obtained through subpoena have continued since the
18 Second Report was filed as reflected in the billing summaries filed in support of this Motion.

19 C. Motion to Clarify

20 The Second Report addresses over \$51 million in additional processing revenues that were
21 handled by entities the Receiver has concluded were nominally owned by the Vowells and others
22 but beneficially owned and controlled by Johnson. It also addresses the transfer of those millions
23 of dollars in revenues to a myriad of entities formed nominally by the Vowells as to which there
24 is no reasonable business or financial justification other than an attempt to transfer and conceal
25 assets through a complex web of companies and individuals and through dozens of bank
26 accounts, whose sole purpose for being established appears to have been to act as a conduit to
27 conceal and transfer funds.

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1 During the current Expense Period, the Receiver with counsel utilized the information
2 developed in the Second Report, along with the additional records obtained after the Second
3 Report was filed, to prepare an extensive Motion to Clarify the nature and extent of the
4 receivership and to confirm that the receivership includes numerous entities and the assets of
5 several individuals identified in Exhibit A to the Motion to Clarify, most of which are identified
6 and discussed in the Second Report. The Receiver's investigation supporting the Motion to
7 Clarify has involved an extensive review of documents, including thousands of individual checks,
8 wire transfer records, bank statements, and real property records, among other documents. The
9 Receiver's ongoing investigation during this Expense Period has disclosed the creation of new
10 entities, rapid and unusual transfers of assets among individuals and entities associated with the
11 Vowells that appear to have no legitimate explanation, and unusual financial transactions,
12 including Todd Vowell's recent one-time withdrawal of \$270,000 in cash from a bank account
13 funded primarily from the proceeds of a loan to his wife Sheree Vowell from a refinance of real
14 estate believed to be receivership property.

15 D. Court Filings, Motions, Responses and Court Appearances

16 During this Expense Period, the Receiver's counsel filed a total of nine motions, most of
17 which were lengthy, detailed and sought multiple items of relief. During this period, the Receiver
18 filed four separate motions to obtain orders authorizing the Receiver to sell assets of the
19 receivership estate. Certain of the sale motions were opposed by Johnson, and the Receiver's
20 counsel filed reply papers addressing Johnson's objections and contentions. The four sale
21 motions were all granted. The motions sought approval from the Court to sell three separate real
22 properties, including the Richfield Property, the UDOT Property and the 103 Acres, coins and
23 precious metals, two motor vehicles, investment interests in Brockman Ranch and Amber Lyn
24 Chocolates discussed above, and three fixed wing aircraft. Included in one of the sale motions
25 was a motion for approval of the settlement by the Receiver with Far West Bank concerning the
26 EC 135 Eurocopter.

27 The sales of assets have required the Receiver and his counsel to work together on the
28 documentation of the sale agreements, review the purchase and sale contracts, review preliminary

1 title reports, address title issues and address the appropriate terms and conditions of the sales
2 which vary depending on the circumstances of the sale, the nature of the asset, time constraints
3 that may affect the sale and other relevant matters. The sales also require discussions, negotiation
4 and coordination by the Receiver and/or his counsel with the buyer or the buyer's attorney or
5 sales agent as well as any broker for the estate, as applicable.

6 Jeremy Johnson filed a notice of appeal of one of the Court's sale orders during this
7 period along with an emergency motion to stay a portion of the Court's sale order, specifically the
8 portion of the order that authorized the disposition of certain precious metals by the Receiver.
9 The Receiver opposed the emergency motion for a stay pending appeal, and the Court denied the
10 motion.

11 The Receiver through his counsel also filed a motion and responses to motions filed by
12 Johnson addressing discovery by Johnson. Johnson made motions to allow him to videotape the
13 deposition of Jason Vowell, a motion that became moot when the deposition was cancelled based
14 on Jason Vowell's refusal to appear, and to compel the Receiver to turn over documents which
15 supported the Receiver's Second Report. The Receiver did not oppose the turnover of records to
16 Johnson reviewed by the Receiver in preparing his Second Report but sought to define the scope
17 of the records to be produced, to have the protective order provisions applied to the documents
18 produced, and to address the timing and cost of the production. The Magistrate Judge scheduled
19 a hearing to address Johnson's Motion to Compel and the issues raised by the Receiver's limited
20 opposition to that motion which the Receiver's counsel attended in April 2012. The Receiver
21 also filed a successful motion to quash a subpoena served on the Receiver by Johnson which
22 contained broad requests for documents in violation of the discovery stay, in circumvention of the
23 orders issued concerning the production of records reviewed by the Receiver in preparing his
24 Second Report and otherwise without relevance to the issues on which discovery is permitted
25 under the discovery stay.

26 The Receiver also filed two procedural motions, both of which were granted, including a
27 motion to expedite the determination of the motion to approve the Richfield Property sale which
28 would otherwise have been lost based on an outside closing deadline in the sale contract and a

1 motion to allow the Receiver to file a memorandum supporting the Motion to Clarify in excess of
2 the normal page limits of the Local Rules. The Receiver also opposed motions by many of the
3 Corporate Defendants for a second extension of the deadline to oppose the Receiver's First
4 Omnibus Sale Motion. Ultimately, those defendants withdrew their second extension motion and
5 filed a non-opposition to that sale motion.

6 The Receiver through counsel also filed his second fee motion during this Expense Period.
7 The second fee motion covered the Receiver's and counsel's extensive services over a ten-month
8 period from April 1, 2011 through January 31, 2012 culminating in the filing of the Second
9 Report as well as many other services and activities of the Receiver and counsel. The second fee
10 motion was opposed by Johnson, and the Receiver filed a detailed reply responding to all points
11 raised by Johnson in opposition to the motion. The Court granted the motion and awarded all
12 fees sought.

13 The Receiver and counsel have also continued to monitor and address developments in the
14 two related lawsuits pending in the state court in Utah and in the Southern District of New York
15 affecting the estate's potential claim to approximately \$13.5 million in funds from processing by
16 Triple Seven, Powder Monkeys and Mastery Merchant plus additional sums in two domestic bank
17 accounts held in the name of Triple Seven and Kombi Capital LP, two entities subject to the
18 Motion to Clarify, and an overseas account in Andorra held in the name of Triple Seven, Inc..
19 Specifically, certain of the Corporate Defendants performed payment processing for certain
20 entities associated with the online poker companies Pokerstars and Full Tilt, using SunFirst as the
21 merchant processing bank. The United States has filed a criminal indictment in the Southern
22 District of New York in the case *United States of America v. Scheinberg*, Case No. S3 10 Cr. 336
23 (LAK) ("New York Criminal Action"), naming as defendants a former SunFirst officer, John
24 Campos, along with at least one of Jeremy Johnson's close business associates. There is
25 approximately \$13.5 million in processing revenues held at SunFirst, and now by the FDIC as its
26 successor. The New York Criminal Action commenced, and those funds were subsequently
27 frozen by a separate restraining order issued in a civil forfeiture action related to the New York
28 Criminal Action. The Receiver filed an answer and a verified claim to the funds in the civil

1 forfeiture action to preserve the estate's claims to those funds through the McKenna Firm's New
2 York office. A status conference was held in May 2012 which the Receiver attended through an
3 attorney in the McKenna Firm's New York office, and dates and deadlines were set in connection
4 with the civil forfeiture action.

5 E. Demand Letters, Sole Group/Black Litigation and Investigation and Assertion of
6 Claims Against Third Parties

7 The Receiver with the assistance of counsel also analyzed potential claims by the estate
8 against third parties, including various counsel and accounting firms which received payments
9 from SunFirst for which funds in frozen accounts subject to the receivership estate's claims were
10 released to reimburse those payments. Based on the Receiver's findings and conclusions as set
11 forth in the Receiver's Second Report, the Receiver also identified a number of third parties
12 believed to be holding assets of the receivership estate, including the Vowells and others. The
13 Receiver's counsel prepared and sent six demand letters to attorneys and accountants relating to
14 the payments by SunFirst and an additional nine demand letters to third parties, including the
15 Vowells and others. The Receiver reviewed and approved the property, claims and sums
16 identified in the various third party demand letters. In some instances, the third parties provided
17 responses explaining the payments and providing additional records and source documents which
18 allowed the Receiver to further investigate the transfers and to analyze the rights, claims and
19 remedies available to the estate to pursue recoveries. Other third parties either failed to respond
20 or denied liability without documents or evidence to support their position. Many of those parties
21 who denied liability are the subject of the Motion to Clarify.

22 The Receiver and counsel have also addressed numerous pending lawsuits and unfiled
23 claims arising out of the purported day trading activities of Arvin Lee Black, Jr. ("Black")
24 individually and through the entity Sole Group, LLC. As explained in the Second Report, the
25 Receiver identified over \$25 million in receivership funds transferred to multiple trading accounts
26 at TD Ameritrade. Black conducted trading in these accounts, which suffered aggregate losses of
27 almost \$8 million. The Receiver has determined that Black also obtained funds from other third
28 parties as loans or investments and that those third parties who were not repaid have filed

1 multiple lawsuits against Black and Sole Group in Arizona and Utah and that there are additional
2 parties who assert they have similar claims against Black and Sole Group as to which lawsuits
3 have not yet been filed. The Receiver contends that the stay of actions and non-interference
4 provisions of the Preliminary Injunction in this case preclude the continued prosecution of those
5 lawsuits and that an orderly disposition of the various claims of the receivership estate and those
6 third parties concerning the funds paid to Black and Sole Group is necessary to avoid interference
7 with the Receiver's administration of estate assets and the competing claims of all parties to any
8 assets available to satisfy the claims against Black and Sole Group.

9 During this Expense Period, the Receiver through counsel has located and contacted all
10 counsel for parties who have commenced litigation against Black and Sole Group, has conducted
11 multiple telephone conferences among counsel, and has prepared and circulated a draft stipulation
12 to provide an agreed stay of litigation and a mechanism for bringing all claimants before the
13 receivership court to address the parties' competing claims. Other unrepresented parties with
14 similar claims have also contacted the Receiver and counsel during this period to discuss their
15 claims. After the end of the Expense Period, the Receiver obtained comments on the draft
16 stipulation and has sent a revised stipulation to counsel and other unrepresented parties which was
17 executed and approved by Court order entered August 21, 2012.

18 The Receiver was also in contact with counsel for defendant Terrason Spinks concerning
19 the receivership entity Jett Processing and possible claims that Spinks and Jett Processing assert
20 that entity may have for recovery of funds of over \$1 million from a third party payment
21 processor, Swipe Solutions. The Receiver's counsel has had multiple calls and exchanged letters
22 with counsel for Spinks and has investigated those claims and any rights or remedies the
23 receivership estate may have to recover additional funds for the estate.

24 F. Ongoing Administrative and Other Activities by the Receiver and Counsel

25 The Receiver's services and those of its counsel include numerous other administrative
26 and legal activities during this Expense Period. The Receiver's deputies and staff respond to and
27 cooperate with law enforcement inquiries and activities as required under the Preliminary
28 Injunction. The Receiver's deputies and staff respond to inquiries from creditors, prepare and

1 reconcile the Receiver's accounting records for the case, address tax issues concerning the estate,
2 deal with banks and other financial institutions which may have receivership funds or
3 documentation for accounts of Receivership Defendants and perform other similar administrative
4 tasks. The Receiver's counsel reviews and monitors the Court filings in the case and in the
5 related New York Criminal Action as they may pertain to the interests of the estate, responds to
6 inquiries received from creditors and others, including taxing authorities, issues demand letters to
7 protect and investigate assets of the estate, files notices of pending actions to protect real estate
8 assets if deemed appropriate, and also performs numerous other tasks in advising the Receiver
9 and rendering services as Receiver's counsel to protect the estate, pursue claim enforcement,
10 enforce the Preliminary Injunction and advance the interests of the estate.

11 Numerous and varied issues arise in the supervision and administration of the estate by the
12 Receiver which are detailed in the billing records of the Receiver and counsel filed in support of
13 this Motion. The Receiver performs regular accounting and bank reconciliations for the
14 receivership accounts and through counsel provides copies of the monthly bank statements to the
15 parties pursuant to the Preliminary Injunction. The Receiver maintains and updates creditor lists
16 for the case and responds to creditor and other inquiries.

17 G. Costs

18 Much of the costs incurred during the four months of this Expense Period by both the
19 Receiver and the McKenna Firm pertain to the Receiver's asset-related discovery and
20 investigation. The Financial Summary attached as Exhibit 1 to the Declaration of Brick Kane in
21 support of this Motion summarizes the categories of expenses incurred in connection with the
22 Receiver's activities and services. The costs incurred by the McKenna Firm consist primarily of
23 costs incurred for the transcript of the deposition of one former SunFirst officer conducted in
24 January 2012, process server fees for service of the approximate 68 records subpoenas during this
25 Expense Period, costs incurred for publication of the sale notices pertaining to the sale and
26 overbidding session for the Hollister Property sale, costs incurred to third parties for the costs for
27 production of the thousands of pages of records produced by financial institutions, escrow and
28 title companies and other businesses during this period, and travel expenses for the Receiver's

1 counsel to appear at the April 16, 2012 hearing before Magistrate Judge Foley during this period.
2 These expenses are out-of-pocket expenses incurred by the McKenna Firm to third parties and
3 passed through to the Receiver without mark up or modification.

4 **III. THE FEES AND EXPENSES OF THE RECEIVER AND HIS PROFESSIONALS**
5 **SHOULD BE APPROVED**

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

10 The obligations and expenses which the court creates in its
11 administration of the property are necessarily burdens on the
12 property taken possession of, and this, irrespective of the question
13 who may be the ultimate owner, or who may have the preferred
14 lien, or who may invoke the receivership. The appointing court
15 pledges its good faith that all duly authorized obligations incurred
16 during the receivership shall be paid.

17 2 Clark, Ralph Ewing, A Treatise on the Law and Practice of Receivers § 637, p. 1052 (3rd ed.
18 1992).

19 The Motion establishes that the Receiver, his deputies, staff and counsel rendered
20 extensive and complex services and obtained significant and beneficial results for the receivership
21 estate during the Expense Period. *See Federal Trade Commission v. Capital Acquisitions &*
22 *Management Corp.*, 2005 U.S. Dist. LEXIS 18504 (N.D. Ill. August 26, 2005). The activities in
23 the receivership by both the Receiver and counsel are wide-ranging and varied as the Receiver
24 has taken control of and obtained information regarding scores of entities in numerous locations,
25 protected and preserved records, taken control of and liquidated assets, and obtained voluminous
26 banking, financial and business records from many different sources, and prepared a detailed
27 Motion to Clarify to address the individuals and dozens of entities that have received, transferred
28 and/or concealed valuable assets of the receivership estate. The billing rates charged in this case

1 reflected in the billing records filed in support of the Motion for the Receiver, the Receiver's
2 members and senior accounting staff are discounted at 10% from the rates charged by the
3 Receiver's firm in private sector cases as of the time of the Receiver's appointment. Because the
4 Receiver does not raise the rates charged for its professionals during the case, and because the
5 Receiver established discounted rates in this case based on its 2010 private sector rates even
6 though the Receiver did not commence work until January 2011, the rates being charged for the
7 Receiver, the Receiver's members and senior accounting staff are not only 10% below the firm's
8 current 2012 rates but overall the rates in effect in this case are discounted materially more than
9 10%. The rates charged by the McKenna Firm for its attorneys and paralegals are also discounted
10 by 10% from the standard hourly billing rates charged as of 2011. The McKenna Firm's hourly
11 rates for its attorneys and paralegals increased in 2012, but the McKenna Firm continues to bill
12 for the services rendered in this receivership at a 10% discount off the 2011 billing rates for those
13 attorneys and paralegals. The Receiver submits the fees and expenses are reasonable in light of
14 the services rendered and the results obtained and that the fees and expenses requested should be
15 awarded in their entirety.

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

18 Local Civil Rule 66-5 provides for service of notice of the hearing on various motions by
19 a Receiver concerning the administration of the estate. That rule provides for service of the
20 notice of hearing on such motions on all creditors of the receivership estate. No hearing has been
21 set on this Motion and the provisions of Local Civil Rule 66-5 do not specifically apply.
22 Consistent with the Receiver's practices throughout the case which have previously been
23 approved by the Court, the Receiver has served a notice of filing of the Motion on the parties and
24 on all known non-consumer creditors of the estate to provide them notice and an opportunity to
25 be heard concerning the Motion.

26 In this case, there are believed to be an extremely large number of potential consumer
27 creditors who may have claims against the Receivership Defendants arising out of the business
28 operations of the Receivership Defendants prior to the Receiver's appointment, although the

1 precise number, identity and location of such consumer creditors have not been determined by the
2 Receiver at this time. Given the Receiver's determination that more than \$332.5 million in sales
3 revenues were generated by I Works and the related and affiliated entities, the number of
4 potential consumer creditors is likely in the tens of thousands. It is not realistically possible or
5 beneficial to the estate and its creditors for the Receiver to attempt to identify and serve the
6 potential consumer creditors with notice of this and other similar administrative motions, and the
7 expense and burden on the estate of attempting to effectuate such service would drain the estate's
8 resources and cause undue administrative expense.

9 Based on the foregoing, to the extent that Local Rule 66-5 applies to this Motion, the
10 Receiver seeks an order providing that the notice requirement of that rule shall be deemed
11 satisfied if notice of the filing of the Motion is given by serving copies of all motion papers on the
12 parties to the action and by serving copies of the notice of filing of the motion on all known non-
13 consumer creditors. The Receiver submits that such service provides sufficient notice and an
14 opportunity for hearing to the interested parties and should be approved as adequate. The Court's
15 authority, as a court of equity supervising a federal equity receivership, to issue such an
16 administrative order approving this form of notice has been previously detailed in the Receiver's
17 memoranda supporting many of the Receiver's prior motions and is summarized herein. *See* F.R.
18 Civ. P. 5(a) and (c) (authorizing the court to modify service procedures when numerous
19 defendants are involved in litigation); Local Rule 66-10 (receiver to administer receivership
20 estates "as nearly as may be in accordance with the practice in the administration of estates in
21 Chapter 11 bankruptcy case"); *In re First Alliance Mortgage Co.*, 269 B.R. 428, 442 (C.D. Cal.
22 2001) (referencing in dicta in the court's recitation of facts the bankruptcy court's order limiting
23 notice issued in that case); 11 U.S.C. section 102(1)(A) (defining the phrase "after notice and a
24 hearing" to mean "after such notice as is appropriate in the particular circumstances, and such
25 opportunity for hearing as is appropriate in the particular circumstances"); 11 U.S.C. section
26 105(a) and (d) (granting broad equitable powers to the court to issue orders "necessary or
27 appropriate to carry out the provisions" of title 11 including "prescribing such limitations and
28 conditions as the court deems appropriate to ensure the case is handled expeditiously and

1 economically"); and F. R. Bankr. P. 2002(m) (authorizing the court to enter "orders designating
2 the matters in respect to which, the entity to whom, and the form and manner in which notices
3 shall be sent except as otherwise provided by these rules").

4 **V. CONCLUSION**

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

7
8 Dated: August 22, 2012

Respectfully submitted,

9
10 RANDOLPH L. HOWARD
KOLESAR & LEATHAM, CHTD.

11 MCKENNA LONG & ALDRIDGE LLP
12 GARY OWEN CARIS
LESLEY ANNE HAWES

13
14 By: /s/ Gary Owen Caris

15 Gary Owen Caris
Lesley Anne Hawes

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

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1 RANDOLPH L. HOWARD (Nev. SBN 006688)
rhoward@klnevada.com
2 KOLESAR & LEATHAM, CHTD.
400 South Rampart Boulevard, Suite 400
3 Las Vegas, NV 89145
Telephone: (702) 362-7800
4 Direct: (702) 889-7752
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

11 **ROBB EVANS OF ROBB EVANS & ASSOCIATES**
12 **LLC**

13 **UNITED STATES DISTRICT COURT**

14 **DISTRICT OF NEVADA**

15 FEDERAL TRADE COMMISSION,

16 Plaintiff,

17 v.

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

20 Defendants.

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

**DECLARATION OF GARY OWEN
CARIS IN SUPPORT OF MOTION FOR
ORDER (1) APPROVING AND
AUTHORIZING PAYMENT OF
RECEIVER'S AND PROFESSIONALS'
FEES AND EXPENSES FROM
FEBRUARY 1, 2012 THROUGH MAY 31,
2012; AND (2) GRANTING RELIEF
FROM LOCAL RULE 66-5
PERTAINING TO NOTICE TO
CREDITORS**

21 I, Gary Owen Caris, declare:

22 1. I am an attorney at law duly licensed to practice before all courts of the State of
23 California and I have been admitted to practice *pro hac vice* before the United States District
24

1 Court for the District of Nevada in the subject litigation. I am a partner in the firm of McKenna
2 Long & Aldridge LLP (“McKenna Firm”) and am one of the attorneys primarily responsible for
3 representing Robb Evans of Robb Evans & Associates LLC, the Receiver in this matter
4 (“Receiver”). I have personal knowledge of the matters set forth in this declaration and if I were
5 called upon to testify in these matters, I could and would competently testify thereto.

6 2. This declaration is submitted in support of the Receiver’s third fee motion. The
7 motion seeks, among other relief, approval and authorization for payment of the Receiver’s legal
8 fees and expenses for the four-month period from February 1, 2012 through May 31, 2012
9 (“Expense Period”). The legal fees and expenses incurred during the Expense Period total
10 \$419,514.77, including fees and expenses incurred to the McKenna Firm in the sum of
11 \$415,716.91, fees and expenses of the Receiver’s local counsel in Nevada, Kolesar & Leatham,
12 Chtd. (“Kolesar Firm”), in the sum of \$891.90, and fees and expenses of the Receiver’s special
13 litigation counsel in Utah, Law Offices of Hatch, James & Dodge, A Professional Corporation
14 (“Hatch Firm”), in the sum of \$2,905.96.

15 3. The McKenna Firm is lead counsel for the Receiver in this case. The McKenna
16 Firm and the Kolesar Firm coordinated their activities so that the Kolesar Firm as local counsel
17 was primarily responsible for assisting the Receiver in obtaining copies of pleadings from the
18 Court, assisting the Receiver in filing and service of pleadings and assisting the McKenna Firm in
19 complying with the Court’s local rules and procedures. The amounts incurred to the Kolesar
20 Firm for these services over the Expense Period have been very modest. The Hatch Firm is
21 located in Salt Lake City, Utah. During this Expense Period, the Hatch Firm has assisted the
22 Receiver in pursuing enforcement and foreclosure of a deed of trust in favor of one of the
23 Receivership Defendants secured by real property in Utah owned by one of the defendants, Loyd
24 Johnston.

25 4. Attached to the Appendix of Exhibits as Exhibits 6, 7, 8 and 9 are true and correct
26 copies of the detailed, redacted time records of the McKenna Firm for the Expense Period.
27 Attached to the Appendix of Exhibits as Exhibits 10 and 11, respectively, are the billing records
28 of the Kolesar Firm and the Hatch Firm for the Expense Period. The time records, Exhibits 6

1 through 11, as well as the time records for the Receiver, his deputies, accountants and staff, have
2 been redacted by my firm where appropriate to preserve descriptions containing confidential,
3 sensitive, tactical, strategic, attorney-client privileged and/or attorney work-product information.
4 In particular, as detailed in the fee motion, the Receiver is still investigating a large number of
5 entities and individuals comprising and/or associated with the Receivership Defendants, and the
6 Receiver has redacted information in the time entries that the Receiver deems confidential or
7 sensitive, tactical or strategic information related to his ongoing investigation and potential
8 litigation activities that could be compromised if disclosed at this time.

9 5. During this Expense Period, the Receiver noticed the deposition of Jason Vowell
10 pursuant to subpoena. As his deposition date approached, Johnson filed a motion for
11 authorization for him to videotape Jason Vowell's deposition, although the Receiver's notice
12 indicated the deposition would be recorded only stenographically. The Receiver opposed
13 Johnson's motion to videotape the deposition. The deponent then advised the Receiver's counsel
14 in response to the deposition subpoena that he intended to assert his Fifth Amendment privilege
15 and would not provide substantive responses to the Receiver's questions. Later, Jason Vowell
16 advised counsel for the Receiver that he would not appear for the deposition at all, and the
17 Receiver filed a supplemental response to Johnson's motion advising that the motion was
18 effectively moot as a result of the deponent's refusal to appear. After the Receiver cancelled
19 Jason Vowell's deposition, the corporate defendants represented by John Christian Barlow served
20 a notice of taking deposition of Jason Vowell, but they too subsequently cancelled the scheduled
21 deposition.

22 6. The McKenna Firm has issued 68 records subpoenas during the Expense Period to
23 financial institutions, precious metals dealers, jewelers, aircraft title companies, and real property
24 title and escrow companies, among others. The activities of the Receiver and the McKenna Firm
25 in coordinating the issuance of records subpoenas, monitoring compliance with the records
26 subpoenas and preparing supplemental requests for records to the subpoenaed parties are
27 discussed in the accompanying Declaration of Brick Kane.

28

1 7. The McKenna Firm reviews and monitors the Court filings in the case and in the
2 related litigation as they may pertain to the interests of the estate, responds to inquiries received
3 from creditors and others, including taxing authorities, issues demand letters to protect and
4 investigate assets of the estate, files notices of pending actions to protect real estate assets if
5 deemed appropriate, and also performs numerous other tasks in advising the Receiver and
6 rendering services as Receiver’s counsel to protect the estate, pursue claim enforcement, enforce
7 the Preliminary Injunction and advance the interests of the estate.

8 8. The McKenna Firm has continued to monitor and participate in the two related
9 lawsuits pending in the state court in Utah and in the Southern District of New York affecting the
10 estate’s potential claim to approximately \$13.5 million in funds from processing by Triple Seven,
11 Powder Monkeys and Mastery Merchant plus additional sums in two domestic bank accounts
12 held in the name of Triple Seven and Kombi Capital LP, two entities subject to the Motion to
13 Clarify, and an overseas account in Andorra held in the name of Triple Seven, Inc. Specifically,
14 certain of the Corporate Defendants performed payment processing for certain entities associated
15 with the online poker companies Pokerstars and Full Tilt, using SunFirst as the merchant
16 processing bank. The United States has filed a criminal indictment in the Southern District of
17 New York in the case *United States of America v. Scheinberg*, Case No. S3 10 Cr. 336 (LAK)
18 (“New York Criminal Action”), naming as defendants a former SunFirst officer, John Campos,
19 along with at least one of Jeremy Johnson’s close business associates. There is approximately
20 \$13.5 million in processing revenues held at SunFirst, and now by the FDIC as its successor. The
21 New York Criminal Action commenced, and those funds were subsequently frozen by a separate
22 restraining order issued in a civil forfeiture action related to the New York Criminal Action. The
23 Receiver filed an answer and a verified claim to the funds in the civil forfeiture action to preserve
24 the estate’s claims to those funds through the McKenna Firm’s New York office. A status
25 conference was held in May 2012 which the Receiver attended through an attorney in the
26 McKenna Firm’s New York office, and dates and deadlines were set in connection with the civil
27 forfeiture action.

28

1 9. During this Expense Period, my firm filed a total of nine motions. Most of the
2 motions were lengthy, detailed and sought multiple items of relief. Four of the motions filed
3 during this period involved the Receiver's sales or other disposition of assets of the receivership
4 estate. Certain of the sale motions were opposed by Johnson, and the McKenna Firm filed reply
5 papers addressing Johnson's objections and contentions. The four sale motions were all granted.
6 The motions sought approval from the Court to sell three separate real properties, including the
7 Richfield Property, the UDOT Property and the 103 Acres, coins and precious metals, two motor
8 vehicles, investment interests in Brockman Ranch and Amber Lyn Chocolates, and three fixed
9 wing aircraft. Included in one of the sale motions was a motion for approval of the settlement by
10 the Receiver with Far West Bank concerning the EC 135 Eurocopter.

11 10. Jeremy Johnson filed a notice of appeal of one of the Court's sale orders during
12 this period along with an emergency motion to stay a portion of the Court's sale order,
13 specifically the portion of the order that authorized the disposition of certain precious metals by
14 the Receiver. The Receiver opposed the emergency motion for a stay pending appeal, and the
15 Court denied the motion.

16 11. The Receiver through his counsel also filed a motion and responses to motions
17 filed by Johnson addressing discovery by Johnson. Johnson made motions to allow him to
18 videotape the deposition of Jason Vowell, a motion that became moot when the deposition was
19 cancelled based on Jason Vowell's refusal to appear, and to compel the Receiver to turn over
20 documents which supported the Receiver's Second Report. The Receiver did not oppose the
21 turnover of records to Johnson reviewed by the Receiver in preparing his Second Report but
22 sought to define the scope of the records to be produced, to have the protective order provisions
23 applied to the documents produced, and to address the timing and cost of the production. The
24 Magistrate Judge scheduled a hearing to address Johnson's Motion to Compel and the issues
25 raised by the Receiver's limited opposition to that motion which I attended on behalf of the
26 Receiver in April 2012. My firm also filed a successful motion to quash a subpoena served on the
27 Receiver by Johnson which contained broad requests for documents in violation of the discovery
28 stay, in circumvention of the orders issued concerning the production of records reviewed by the

1 Receiver in preparing his Second Report and otherwise without relevance to the issues on which
2 discovery is permitted under the discovery stay.

3 12. The McKenna Firm also filed two procedural motions, both of which were
4 granted, including a motion to expedite the determination of the motion to approve the Richfield
5 Property sale which would otherwise have been lost based on an outside closing deadline in the
6 sale contract and a motion to allow the Receiver to file a memorandum supporting the Motion to
7 Clarify in excess of the normal page limits of the Local Rules. On behalf of the Receiver, the
8 McKenna Firm also prepared and filed oppositions to motions by many of the Corporate
9 Defendants for a second extension of the deadline to oppose the Receiver's First Omnibus Sale
10 Motion. Ultimately, those defendants withdrew their second extension motion and filed a non-
11 opposition to that sale motion.

12 13. The McKenna Firm also filed the Receiver's second fee motion during this
13 Expense Period. The second fee motion covered the Receiver's and counsel's extensive services
14 over a ten-month period from April 1, 2011 through January 31, 2012 culminating in the filing of
15 the Second Report as well as many other services and activities of the Receiver and counsel. The
16 second fee motion was opposed by Johnson, and the Receiver filed a detailed reply responding to
17 all points raised by Johnson in opposition to the motion. The Court granted the motion and
18 awarded all fees sought.

19 14. The McKenna Firm also analyzed potential claims by the estate against third
20 parties, including various counsel and accounting firms which received payments from SunFirst
21 for which funds in frozen accounts subject to the receivership estate's claims were released to
22 reimburse those payments. Based on the Receiver's findings and conclusions as set forth in the
23 Receiver's Second Report, the Receiver also identified a number of third parties believed to be
24 holding assets of the receivership estate, including the Vowells and others. The McKenna Firm
25 prepared and sent six demand letters to attorneys and accountants relating to the payments by
26 SunFirst and an additional nine demand letters to third parties, including the Vowells and others.

27 15. My firm has also worked with the Receiver to investigate and address numerous
28 pending lawsuits and unfiled claims arising out of the purported day trading activities of Arvin

1 Lee Black, Jr. ("Black") individually and through the entity Sole Group, LLC. As explained in
2 the Second Report, the Receiver identified over \$25 million in receivership funds transferred to
3 multiple trading accounts at TD Ameritrade. Black conducted trading in these accounts, which
4 suffered aggregate losses of almost \$8 million. Third parties who transferred or invested funds
5 with Black and Sole Group who were not repaid have filed multiple lawsuits against Black and
6 Sole Group in Arizona and Utah, and there are additional parties who assert they have similar
7 claims against Black and Sole Group as to which lawsuits have not yet been filed. During this
8 Expense Period, the McKenna Firm has located and contacted all counsel for parties who have
9 commenced litigation against Black and Sole Group. I have advised those attorneys and
10 unrepresented parties of the Receiver's position that the stay of actions and non-interference
11 provisions of the Preliminary Injunction in this case preclude the continued prosecution of those
12 lawsuits and that an orderly disposition of the various claims of the receivership estate and those
13 third parties concerning the funds paid to Black and Sole Group is necessary to avoid interference
14 with the Receiver's administration of estate assets. I have conducted multiple telephone
15 conferences among counsel, and have prepared and circulated a draft stipulation to provide an
16 agreed stay of litigation and a mechanism for bringing all claimants before the receivership court
17 to address the parties' competing claims. After the end of the Expense Period, my firm obtained
18 comments on the draft stipulation and sent a revised stipulation to counsel and other
19 unrepresented parties which was executed and approved by Court order entered August 21, 2012.

20 16. I have also been in contact with counsel for defendant Terrason Spinks concerning
21 the receivership entity Jett Processing and possible claims that Spinks and Jett Processing assert
22 that entity may have for recovery of funds of over \$1 million from a third party payment
23 processor, Swipe Solutions. I have had multiple calls and exchanged letters with counsel for
24 Spinks and have investigated those claims and any rights or remedies the receivership estate may
25 have to recover additional funds for the estate.

26 17. The costs incurred by the McKenna Firm consist primarily of costs incurred for the
27 transcript of the deposition of one former SunFirst officer conducted in January 2012, process
28 server fees for service of the approximate 68 records subpoenas during this Expense Period, costs

1 incurred for publication of the sale notices pertaining to the sale and overbidding session for the
2 Hollister Property sale, costs incurred to third parties for the costs for production of the thousands
3 of pages of records produced by financial institutions, escrow and title companies and other
4 businesses during this period, and travel expenses for the Receiver's counsel to appear at the
5 April 16, 2012 hearing before Magistrate Judge Foley during this period. These expenses are out-
6 of-pocket expenses incurred by the McKenna Firm to third parties and passed through to the
7 Receiver without mark up or modification.

8 18. The rates charged by the McKenna Firm for its attorneys and paralegals are
9 discounted by 10% from the standard hourly billing rates charged as of 2011. The McKenna
10 Firm's hourly rates for its attorneys and paralegals increased in 2012, but the McKenna Firm
11 continues to bill for the services rendered in this receivership at a 10% discount off the 2011
12 billing rates for those attorneys and paralegals.

13 19. I am a partner of the McKenna Firm and am familiar with the methods and
14 procedures used to create, record and maintain billing records for the firm's clients. The billing
15 summaries attached to the Appendix of Exhibits as Exhibits 6, 7, 8 and 9 are prepared from
16 computerized time records prepared contemporaneously with the services rendered by each
17 attorney and paralegal billing time to this matter. These computerized records are prepared in the
18 ordinary course of business by the attorneys and paralegals employed by the firm who have a
19 business duty to accurately record their time spent and services rendered on the matters on which
20 they perform work. The time records are transferred into a computerized billing program that
21 generates monthly invoices under the supervision of the firm's accounting department. Based
22 upon my experience with the firm, I believe the McKenna Firm's methods and procedures for
23 recording and accounting for time and services for its clients are reliable and accurate.

24 20. I have over 30 years' experience as a business and commercial litigator and also
25 have extensive experience as a bankruptcy attorney representing creditors in Chapter 11 and
26 Chapter 7 bankruptcy cases. For more than thirteen years I have also specialized in representing
27 receivers in federal equity receiverships. I believe my firm's rates and the amount incurred by the
28 Receiver for the services rendered during the Expense Period are reasonable and appropriate

1 based on the nature of the services rendered, the quality and amount of services provided, the
2 complexity of the issues involved and other factors under the circumstances, including the results
3 obtained.

4 I declare under penalty of perjury that the foregoing is true and correct and that this
5 declaration was executed this 22nd day of August 2012 at Los Angeles, California.

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/s/ Gary Owen Caris
GARY OWEN CARIS

1 RANDOLPH L. HOWARD (Nev. SBN 006688)
rhoward@klnevada.com
2 KOLESAR & LEATHAM, CHTD.
400 South Rampart Boulevard, Suite 400
3 Las Vegas, NV 89145
Telephone: (702) 362-7800
4 Direct: (702) 889-7752
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
11 **ROBB EVANS OF ROBB EVANS & ASSOCIATES**
12 **LLC**

13 **UNITED STATES DISTRICT COURT**

14 **DISTRICT OF NEVADA**

15 FEDERAL TRADE COMMISSION,
16
17

18 Plaintiff,

19 v.

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

21 Defendants.
22
23

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

**DECLARATION OF BRICK KANE IN
SUPPORT OF MOTION FOR ORDER (1)
APPROVING AND AUTHORIZING
PAYMENT OF RECEIVER'S AND
PROFESSIONALS' FEES AND
EXPENSES FROM FEBRUARY 1, 2012
MAY 31, 2012; AND (2) GRANTING
RELIEF FROM LOCAL RULE 66-5
PERTAINING TO NOTICE TO
CREDITORS**

24
25 I, Brick Kane, declare:

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

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

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

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

28

1 4. As reflected in the Receiver's First Report, the Receivership Defendants include
2 61 named corporate defendants, the assets of Jeremy Johnson and numerous subsidiaries,
3 affiliates and fictitious business entities related to the corporate defendants and Jeremy Johnson.
4 The total number of Receivership Defendants subject to the Receiver's pending investigation,
5 including entities identified on the Jeremy Johnson financial statements submitted to plaintiff
6 Federal Trade Commission ("FTC"), and other entities and potential Receivership Defendants
7 being evaluated by the Receiver and those disclosed through the Receiver's investigation to date
8 exceeds 132 entities. The Receiver's First Report identified aggregate revenues generated by I
9 Works of at least \$332.5 million, with revenues generated between 2006 and January 12, 2011
10 totaling approximately \$291 million. The Receiver's First Report contained a detailed analysis of
11 the expenses paid and transfers made from those revenues and determined that of the \$50.6
12 million in operating profit before depreciation, \$50.4 million, or 99.6%, was paid to or for the
13 benefit of Jeremy Johnson or his affiliated companies.

14 5. On February 3, 2012, after almost one year of investigation, the Receiver filed
15 with the Court his Financial Reconstruction. The Financial Reconstruction describes an
16 additional \$51.4 million in funds and assets representing processing revenues from the
17 Receivership Defendants I Works, Inc. and Elite Debit, Inc. that the Receiver demonstrated were
18 improperly transferred to at least five entities under the nominal ownership or control of Todd
19 Vowell and Jason Vowell (individually and collectively the "Vowells"), including Triple Seven
20 LLC, formerly Triple Seven LP, Powder Monkeys, LLC, Mastery Merchant, LLC, Cerberus
21 Management, LLC and Flying High Enterprises, LLC (the "Processors"). As the Financial
22 Reconstruction further explains, the Processors as well as numerous other entities nominally
23 owned or controlled by the Vowells received, and were used to purchase, conceal and transfer
24 assets of the Receivership Defendants, including assets of Johnson. The Financial Reconstruction
25 is comprised of approximately 80 pages of text as well as approximately 800 pages of supporting
26 exhibits. The Financial Reconstruction is based on a review of hundreds of thousands of pages
27 of business records, financial records, bank account statements and records, corporate documents
28

1 and testimonial evidence most of which was gathered during this Expense Period. The discovery
2 that led to the Financial Reconstruction is discussed in further detail below.

3 6. This declaration is submitted in support of the Receiver's third fee motion. The
4 Receiver seeks payment of the Receiver's fees and expenses summarized in the Administrative
5 Expenses and Fund Balance spreadsheet ("Financial Summary") attached hereto as Exhibit 1 and
6 detailed in the redacted billing summaries which are attached as Exhibits 2 through 5 in the
7 Appendix of Exhibits filed in support of this motion as well as the Receiver's counsel's fees and
8 expenses described in the accompanying Declaration of Gary Owen Caris and Exhibits 6 through
9 11 of the Appendix of Exhibits in support of the current fee motion. The Receiver seeks an order
10 approving and authorizing payment of receivership fees and expenses incurred for the period
11 from February 1, 2012 through May 31, 2012 ("Expense Period"), including payment of the fees
12 of the Receiver, the Receiver's deputies, agents, staff and professionals, and reimbursement of
13 costs incurred during the Expense Period in the total sum of \$697,503.80. The fees of the
14 Receiver, his deputies, agents and staff total \$263,821.46 and the Receiver's expenses total
15 \$14,167.57 during the Expense Period. During the Expense Period, the Receiver has incurred
16 fees for the Receiver and his deputies of \$72,054.10, Senior Staff fees of \$175,330.10,
17 Information Technology fees of \$11,793.26 and Support Staff fees of \$4,644.00. The Receiver
18 has incurred Receiver's expenses of \$14,167.57, including the costs of obtaining production of
19 subpoenaed records, investigative search costs and postage and delivery for mailings and service
20 of documents, notices and other communications issued by the Receiver and travel for
21 investigation and preservation of assets.

22 7. The Receiver's legal fees and expenses total \$419,514.77 during the Expense
23 Period, including fees and expenses incurred to the Receiver's lead counsel McKenna Long &
24 Aldridge LLP in the sum of \$415,716.91, fees and expenses of the Receiver's local counsel in
25 Nevada, Kolesar & Leatham, Chtd., in the sum of \$891.90, and fees and expenses of the
26 Receiver's special litigation counsel in Utah, Law Offices of Hatch, James & Dodge, A
27 Professional Corporation, in the sum of \$2,905.96. Many of the costs incurred during the four
28 months of this Expense Period by both the Receiver and the McKenna Firm pertain to the

1 Receiver's asset-related discovery and investigation. The Financial Summary attached hereto as
2 Exhibit 1 summarizes the categories of expenses incurred in connection with the Receiver's
3 activities and services.

4 8. This receivership involves an extremely complex web of corporate and other
5 entities and is exceptionally complicated from an accounting standpoint. As of the date of the
6 Financial Reconstruction, the Receiver's investigation included eleven full-day depositions of
7 third party witnesses, including five individuals associated with the former SunFirst Bank, as well
8 as two lengthy confidential witness interviews of third parties in Las Vegas spanning one and a
9 half days, and an extensive analysis of more than 265 bank accounts and other records from 35
10 financial institutions and 25 other businesses. Many of the third party witnesses who were
11 deposed invoked their Fifth Amendment privilege against self-incrimination and refused to
12 answer at least some of the questions posed by the Receiver's counsel during their examinations,
13 although many witnesses answered an extensive amount of questions. Other defendants and third
14 party witnesses whom the Receiver has attempted to depose have informed the Receiver that they
15 are under criminal investigation and have advised the Receiver they would not respond to
16 substantive questions if deposed or would not attend the deposition at all.

17 9. Throughout the case, the Receiver has made demands for turnover of bank records
18 for all Receivership Defendants to at least 30 financial institutions and through counsel has issued
19 at least 220 records subpoenas, including approximately 68 subpoenas issued during the current
20 Expense Period. Those subpoenas and document demands, along with discovery provided by the
21 parties to the FTC, have now produced a total of 350,000 pages or more of records to be analyzed
22 by the Receiver, his deputies, his forensic accounting staff and his counsel since the case
23 commenced.

24 10. The Receiver's investigatory activities, with the assistance of counsel, culminated
25 in the Receiver's filing of a Motion to Clarify the entities and individuals whose assets constitute
26 Receivership Property under the Preliminary Injunction on May 30, 2012. The Motion to Clarify
27 builds on the evidence submitted to the Court in the Receiver's First and Second Reports, and
28 includes new evidence of unusual and unexplained transfers of title to assets, ongoing formation

1 of new entities, and sales of precious metals which may constitute additional Receivership
2 Property. On July 9, 2012, the FTC filed a response in support of the Receiver's Motion to
3 Clarify, providing additional documentation and evidence supporting the relief sought by the
4 Receiver. The deadline for most of the Defendants and many third parties named in the Motion
5 to Clarify to respond to the motion has been extended to July 16, 2012, and many opposition
6 pleadings to the Motion to Clarify were received on that date.

7 11. The receivership estate is also complex because of the large number and varied
8 nature of the assets subject to the Receiver's administration. During this expense period, the
9 Receiver administered a trailer park, sold multiple parcels of raw land, a commercial property and
10 a valuable single family residence in California, sold vehicles and aircraft, liquidated precious
11 metals, and disposed of interests in two companies. The services rendered by the Receiver and
12 counsel thus included the administration, recovery, marketing, sale or other disposition of
13 numerous different assets which collectively generated receipts for the estate of over \$3,119,000
14 during this expense period. These receipts bring total funds collected from the inception of the
15 case through May 31, 2012 to \$6,933,805.20.

16 12. In the four months covered by the Expense Period, the Receiver has filed
17 numerous motions, with almost every request for substantive relief being contested by one or
18 more of the defendants but with virtually all relief sought by the Receiver being granted by the
19 Court. Many of the Receiver's nine motions filed during this Expense Period, which are
20 described in further detail below, requested multiple items of relief to promote judicial efficiency
21 and minimize expense for the receivership estate. The Receiver also responded to five motions
22 filed by defendant Jeremy Johnson.

23 13. The Receiver's investigation is still continuing, and the Receiver is still actively
24 marketing numerous real properties and other assets of the estate. The Receiver continues to
25 receive banking and other financial records that provide additional, essential detail to understand
26 the large and complex network of companies and transactions comprising both the \$50.4 million
27 in funds paid to or for the benefit of Johnson from the Receivership Defendants' assets described
28 in the Receiver's First Report and the additional \$51.4 million in processing revenues identified

1 in the Second Report. The services rendered by the Receiver, his deputies and staff and his
2 counsel during this Expense Period have been extensive, necessary and appropriate under the
3 circumstances. The services have preserved and realized significant value for the estate's assets.
4 The services have also culminated in the Motion to Clarify which, if granted, is expected to bring
5 significant assets within the scope of the Preliminary Injunction under the control of the Court
6 and the Receiver's supervision for the benefit of potential injured parties.

7 14. The Receiver's First Report detailed numerous entities and assets of the
8 Receivership Defendants, many held in the names of related and affiliated entities such as Orange
9 Cat Investments, LLC ("Orange Cat"), Zibby, LLC ("Zibby"), Zibby Flight Service, LLC (Zibby
10 Flight") and others. Pursuant to the Sale Authorization Order issued on August 26, 2011 (Doc.
11 No. 288), the Receiver has listed for sale the real properties, aircraft and two houseboats subject
12 to that order. The Receiver has sold with Court approval the Hollister Property and the Richfield
13 Property in transactions that closed in February 2012 and produced net proceeds of over \$1.3
14 million for the estate. The Hollister Property was subject to a second trust deed in favor of Triple
15 Seven LLC, formerly known as Triple Seven L.P. ("Triple Seven"). Triple Seven is one of the
16 entities subject to the Motion to Clarify. The proceeds of sale of the Hollister Property are being
17 held subject to the lien of Triple Seven and the Receiver's dispute as to the nature, validity, extent
18 and priority of that lien. The sale of the Hollister Property required notice of a public overbidding
19 session, publication of the notice and the Receiver's conduct of the overbidding session.
20 Although an additional bidder qualified to overbid, when the Receiver appeared to conduct the
21 overbid session, that overbidder withdrew and the Receiver later closed the sale to the stalking
22 horse buyer.

23 15. During this Expense Period, the Receiver also proposed sales of five parcels of
24 raw land in Washington County, Utah, three of which were subject to a Right of Way Contract
25 with the State of Utah Department of Transportation ("UDOT Property") and two of which (the
26 "103 Acres") were subject to a sale to a private party. The UDOT Property sale closed during the
27 current Expense Period, and the 103 Acres sale closed in June 2012. The sale of the 103 Acres
28 property also involved a sale of water rights associated with that property. These properties are

1 subject to liens in favor of the former SunFirst Bank, now in receivership under the control of the
2 Federal Deposit Insurance Corporation, and the properties were sold free and clear of the disputed
3 SunFirst lien, with the lien attaching to the proceeds of sale but subject to the Receiver's claims
4 and objections regarding the validity, priority and extent of the SunFirst lien.

5 16. With Court approval, the Receiver also disposed of certain gold, silver and other
6 precious metals of the Corporate Defendants. The Receiver concluded the sale of that personal
7 property and recovered over \$393,000 from the sale.

8 17. The Receiver also liquidated multiple fixed wing aircraft during the current
9 Expense Period. The aircraft sold include a Cessna P210 and a Beech aircraft. The Receiver also
10 sought and obtained approval to sell a Piper Navajo aircraft. The sale of the Piper Navajo,
11 however, did not close because of an inability of the buyer to obtain a required operating permit,
12 and the aircraft may be re-sold to the next highest bidder. The Receiver is continuing to market
13 the helicopters approved for sale under the Sale Authorization Order.

14 18. The Receiver's administration of the assets of the estate included addressing a fire
15 that burned down a house in Rockville, Utah that is part of the receivership estate. The Receiver
16 has had to address insurance claims issues concerning the property, access to and securing of the
17 property and develop information on the options available to the estate for the disposition of the
18 property. The Receiver has also administered a note secured by a deed of trust in favor of
19 Receivership Defendant Elite Debit, Inc. executed by defendant Loyd Johnston. The Receiver
20 has pursued foreclosure proceedings under the note and recently responded to a motion by Loyd
21 Johnston to delay foreclosure of that note obligation.

22 19. During this period, the Receiver continued to monitor and recover funds from
23 financial institutions holding funds frozen by service by the Receiver of the Temporary
24 Restraining Order and/or Preliminary Injunction through ongoing turnover demands. The
25 Receiver recovered additional funds from accounts of the Corporate Defendants totaling
26 \$69,133.15 during this Expense Period.

27 20. The Receiver took over management of the Mendon trailer park in or about July
28 2011 and has obtained additional revenues from that asset of \$10,762.50 during the Expense

1 Period, bringing total gross receipts from the trailer park to over \$31,000 since the Receiver
2 began its administration of that asset.

3 21. The Receiver concluded a disposition of Johnson's 50% interest in Brockman
4 Ranch, LLC ("Brockman"), an entity which owned land in Idaho. The disposition was the result
5 of extensive negotiation and based on appraisals and other investigation of the value of the
6 interest by the Receiver. The Receiver obtained a cash recovery of \$750,000 for the interest. The
7 Receiver also disposed of an interest held by Johnson in a closely-held corporation, Amber Lyn
8 Chocolates, Inc., for \$10,000 cash during this expense period.

9 22. Johnson also holds a 50% interest in a separate entity, Brockman Mountain, LLC,
10 which owns ranchland in Montana. During the Expense Period, the Receiver and his counsel
11 have also investigated the Brockman Mountain entity, any liens encumbering its assets and the
12 potential value of Johnson's interest in that entity. The Receiver's efforts to realize value from
13 Johnson's interest in Brockman Mountain are ongoing, primarily by consulting with the
14 managing member concerning an appropriate sale price for the ranchland.

15 23. The Receiver also completed negotiations with Far West Bank to address an
16 aircraft identified as the EC 135 Eurocopter in which the estate may have an interest. The
17 Receiver and counsel reviewed and negotiated a settlement of the estate's potential claims to that
18 aircraft with Far West Bank, and the settlement was subsequently approved by the Court.

19 24. The Receiver has also administered an oceanfront real property located in Belize
20 and addressed administrative issues concerning a receivership entity organized under the laws of
21 Belize that is the owner of that property, Belize Beach Holdings, Ltd. The Receiver is trying to
22 market and sell the Belize property and has addressed corporate issues concerning the status of
23 the Belize entity during this Expense Period.

24 25. The Receiver's investigation, analysis and review of financial records, escrow and
25 title records and numerous other documents obtained through subpoena have continued since the
26 Second Report was filed as reflected in the billing summaries filed in support of this Motion. The
27 Receiver, through counsel, has issued 68 records subpoenas during the Expense Period to
28 financial institutions, precious metals dealers, jewelers, aircraft title companies, and real property

1 title and escrow companies, among others. Issuance of the subpoenas requires investigation of
2 the entities to be subpoenaed to obtain agents for service of process and obtaining locations for
3 local production to comply with the provisions of F.R. Civ. P. 45. The documentation and
4 processing of the subpoenas, cover letters, instructions, and follow up, including the supplemental
5 records requests discussed below, are handled primarily by a paralegal at the McKenna Firm with
6 supervision and direction by counsel.

7 26. To try to avoid overproduction of potentially irrelevant or unnecessary records, the
8 Receiver's subpoenas, cover letters and instructions request copies of account opening documents
9 and statements from financial institutions for the responsive accounts. Based on the analysis of
10 those records and instructions from the Receiver's accounting staff, the Receiver's counsel then
11 submits supplemental records requests for specific transactions identified through the initial
12 production. Obtaining the records responsive to the subpoenas has required ongoing follow up
13 with the financial institutions, responding to inquiries from the subpoenaed entities, and
14 maintaining detailed records of contacts with the subpoenaed entities to confirm the status of
15 production and information on the persons involved in the production.

16 27. The Second Report addresses over \$51 million in additional processing revenues
17 that were handled by entities the Receiver has concluded were nominally owned by the Vowells
18 and others but beneficially owned and controlled by Johnson. It also addresses the transfer of
19 those millions of dollars in revenues to a myriad of entities formed nominally by the Vowells as
20 to which there is no reasonable business or financial justification other than an attempt to transfer
21 and conceal assets through a complex web of companies and individuals and through dozens of
22 bank accounts, whose sole purpose for being established appears to have been to act as a conduit
23 to conceal and transfer funds.

24 28. During the current Expense Period, the Receiver with counsel utilized the
25 information developed in the Second Report, along with the additional records obtained after the
26 Second Report was filed, to prepare an extensive Motion to Clarify the nature and extent of the
27 receivership and to confirm that the receivership includes numerous entities and the assets of
28 several individuals identified in Exhibit A to the Motion to Clarify, most of which are identified

1 and discussed in the Second Report. The Receiver's investigation supporting the Motion to
2 Clarify has involved an extensive review of documents, including thousands of individual checks,
3 wire transfer records, bank statements, and real property records, among other documents. The
4 Receiver's ongoing investigation during this Expense Period has disclosed the creation of new
5 entities, rapid and unusual transfers of assets among individuals and entities associated with the
6 Vowells that appear to have no legitimate explanation, and unusual financial transactions,
7 including Todd Vowell's recent one-time withdrawal of \$270,000 in cash from a bank account
8 funded primarily from the proceeds of a loan to his wife Sheree Vowell from a refinance of real
9 estate believed to be receivership property.

10 29. During this Expense Period, the Receiver's counsel filed a total of nine motions,
11 most of which were lengthy, detailed and sought multiple items of relief. During this period, the
12 Receiver filed four separate motions to obtain orders authorizing the Receiver to sell assets of the
13 receivership estate. Certain of the sale motions were opposed by Johnson, and the Receiver's
14 counsel filed reply papers addressing Johnson's objections and contentions. The four sale
15 motions were all granted. The motions sought approval from the Court to sell three separate real
16 properties, including the Richfield Property, the UDOT Property and the 103 Acres, coins and
17 precious metals, two motor vehicles, investment interests in Brockman Ranch and Amber Lyn
18 Chocolates discussed above, and three fixed wing aircraft. Included in one of the sale motions
19 was a motion for approval of the settlement by the Receiver with Far West Bank concerning the
20 EC 135 Eurocopter.

21 30. The sales of assets have required the Receiver and his counsel to work together on
22 the documentation of the sale agreements, review the purchase and sale contracts, review
23 preliminary title reports, address title issues and address the appropriate terms and conditions of
24 the sales which vary depending on the circumstances of the sale, the nature of the asset, time
25 constraints that may affect the sale and other relevant matters. The sales also require discussions,
26 negotiation and coordination by the Receiver and/or his counsel with the buyer or the buyer's
27 attorney or sales agent as well as any broker for the estate, as applicable.

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1 31. The Receiver with the assistance of counsel also analyzed potential claims by the
2 estate against third parties, including various counsel and accounting firms which received
3 payments from SunFirst for which funds in frozen accounts subject to the receivership estate's
4 claims were released to reimburse those payments. Based on the Receiver's findings and
5 conclusions as set forth in the Receiver's Second Report, the Receiver also identified a number of
6 third parties believed to be holding assets of the receivership estate, including the Vowells and
7 others. The Receiver's counsel prepared various demand letters which the Receiver's members
8 and staff reviewed and approved with respect to the property, claims and sums identified in the
9 various third party demand letters.

10 32. The Receiver's services and those of its counsel include numerous other
11 administrative and legal activities during this Expense Period. The Receiver's deputies and staff
12 respond to and cooperate with law enforcement inquiries and activities as required under the
13 Preliminary Injunction. The Receiver's deputies and staff respond to inquiries from creditors,
14 prepare and reconcile the Receiver's accounting records for the case, address tax issues
15 concerning the estate, deal with banks and other financial institutions which may have
16 receivership funds or documentation for accounts of Receivership Defendants and perform other
17 similar administrative tasks.

18 33. Numerous and varied issues arise in the supervision and administration of the
19 estate by the Receiver which are detailed in the billing records of the Receiver and counsel filed
20 in support of this Motion. The Receiver performs regular accounting and bank reconciliations for
21 the receivership accounts and through counsel provides copies of the monthly bank statements to
22 the parties pursuant to the Preliminary Injunction. The Receiver maintains and updates creditor
23 lists for the case and responds to creditor and other inquiries.

24 34. The billing rates charged in this case reflected in the billing records filed in
25 support of the Motion for the Receiver, the Receiver's members and senior accounting staff are
26 discounted at 10% from the rates charged by the Receiver's firm in private sector cases as of the
27 time of the Receiver's appointment. Because the Receiver does not raise the rates charged for its
28 professionals during the case, and because the Receiver established discounted rates in this case

1 based on its 2010 private sector rates even though the Receiver did not commence work until
2 January 2011, the rates being charged for the Receiver, the Receiver's members and senior
3 accounting staff are not only 10% below the firm's current 2012 rates but overall the rates in
4 effect in this case are discounted materially more than 10%.

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

15 36. As a member of Robb Evans & Associates LLC, I am familiar with the methods
16 and procedures used by the Receiver and his staff and employees to record the time spent
17 rendering services to receivership estates over which Robb Evans and Robb Evans & Associates
18 LLC have been appointed. The records included as Exhibits 2 through 6 of the Appendix of
19 Exhibits filed in support of this motion are regularly prepared by the members, staff and
20 employees of Robb Evans & Associates LLC at or about the time of the services rendered and
21 each of whom has a business duty to accurately record the information regarding their services set
22 forth in these records. The records are reviewed by the Receiver's accounting staff and
23 summarized in the Receiver's Financial Summary, Exhibit 1 attached hereto. Based upon my
24 experience with Robb Evans & Associates LLC, I believe the Receiver's methods and procedures
25 for recording and accounting for time and services for the receivership estates over which Robb
26 Evans and Robb Evans & Associates LLC have been appointed are reliable and accurate.

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I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed this 21 day of August 2012 at Sun Valley, California.


BRICK KANE

Exhibit 1

Robb Evans of Robb Evans & Associates LLC
Receiver of I Works, Inc., et al. and
the Assets of Jeremy Johnson
Administrative Expense and Fund Balance
 From Inception (January 13, 2011) to May 31, 2012

	Previously Reported and Approved	Feb 12	Mar 12	Apr 12	May 12	2/1/12-5/31/12	TOTAL
Frozen Corporate Accounts							
American Express Corp Account	0.00	49,133.15	0.00	0.00	0.00	49,133.15	49,133.15
Cloud Nine Marketing	20,000.00	20,000.00	0.00	0.00	0.00	20,000.00	40,000.00
WFB #5172 Elite Debit	1.56	0.00	0.00	0.00	0.00	0.00	1.56
US Alliance Group (First Data)	178,397.75	0.00	0.00	0.00	0.00	0.00	178,397.75
The Village Bank	109,303.33	0.00	0.00	0.00	0.00	0.00	109,303.33
Deseret First Credit Union	14,960.20	0.00	0.00	0.00	0.00	0.00	14,960.20
PowerPay, LLC	8,836.76	0.00	0.00	0.00	0.00	0.00	8,836.76
Mountain America Federal Credit	9,383.29	0.00	0.00	0.00	0.00	0.00	9,383.29
Zions Bank	16,231.58	0.00	0.00	0.00	0.00	0.00	16,231.58
ETrade Financial	471.45	0.00	0.00	0.00	0.00	0.00	471.45
Kitco Metals Inc.	10,398.33	0.00	0.00	0.00	0.00	0.00	10,398.33
Wells Fargo Little CC	136,732.30	0.00	0.00	0.00	0.00	0.00	136,732.30
Discover Financial Services	13,451.45	0.00	0.00	0.00	0.00	0.00	13,451.45
MF Global Inc.	31,322.76	0.00	0.00	0.00	0.00	0.00	31,322.76
Merchant E-Solutions	5,329.45	0.00	0.00	0.00	0.00	0.00	5,329.45
WFB 796-2804824 Zibby	3,916.67	0.00	0.00	0.00	0.00	0.00	3,916.67
WFB 200004-2425829 CPA	326.27	0.00	0.00	0.00	0.00	0.00	326.27
Cardflex Payment Solutions Inc.	2,410.45	0.00	0.00	0.00	0.00	0.00	2,410.45
Other	83,466.01	0.00	0.00	0.00	0.00	0.00	83,466.01
Total Frozen Corporate Accounts	644,939.61	69,133.15	0.00	0.00	0.00	69,133.15	714,072.76
Settlements/Distributions							
Amber Lyn Shares	0.00	0.00	10,000.00	0.00	0.00	10,000.00	10,000.00
Repayment from Browz LLC	120,000.00	0.00	0.00	0.00	0.00	0.00	120,000.00
Cynergy Data Payments							
DJM Reserve Funds	1,305,897.48	0.00	0.00	0.00	0.00	0.00	1,305,897.48
JRB Reserve Funds	188,924.97	0.00	0.00	0.00	0.00	0.00	188,924.97
Anthon Holdings Reserve Funds	638,003.87	0.00	0.00	0.00	0.00	0.00	638,003.87
Jet Processing Reserve Funds	61,544.46	0.00	0.00	0.00	0.00	0.00	61,544.46
Total Cynergy Data Payments	2,194,370.78	0.00	0.00	0.00	0.00	0.00	2,194,370.78
Powder Monkeys	99,883.00	0.00	0.00	0.00	0.00	0.00	99,883.00
Marathon Investments Inc.	27,835.00	0.00	0.00	0.00	0.00	0.00	27,835.00
The Metropolitan Benefit Group	29,510.90	0.00	0.00	0.00	0.00	0.00	29,510.90

Robb Evans of Robb Evans & Associates LLC
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 From Inception (January 13, 2011) to May 31, 2012

	Previously Reported and Approved	Feb 12	Mar 12	Apr 12	May 12	2/1/12-5/31/12	TOTAL
Brockman Ranch LLC Distribution	250,000.00	0.00	0.00	0.00	750,000.00	750,000.00	1,000,000.00
Total Settlements/Distributions	2,721,599.68	0.00	10,000.00	0.00	750,000.00	760,000.00	3,481,599.68
Proceeds From Sale of Assets							
Real Property Sale Proceeds							
127 Hollister St. Santa Monica	0.00	1,290,912.82	1,832.88	0.00	0.00	1,292,745.70	1,292,745.70
Washington County Acreage	0.00	0.00	0.00	0.00	321,264.09	321,264.09	321,264.09
Richfield, UT Property	0.00	0.00	35,982.86	0.00	0.00	35,982.86	35,982.86
Total Real Property Sale Proceeds	0.00	1,290,912.82	37,815.74	0.00	321,264.09	1,649,992.65	1,649,992.65
Coin, Metal & Jewelry	0.00	0.00	0.00	393,246.82	0.00	393,246.82	393,246.82
Sale of Aircraft	0.00	0.00	0.00	0.00	211,641.00	211,641.00	211,641.00
Sale of Automobiles	0.00	0.00	0.00	0.00	4,000.00	4,000.00	4,000.00
Auction Proceeds	169,922.21	0.00	0.00	18,160.00	0.00	18,160.00	188,082.21
Total Proceeds From Sale of Assets	169,922.21	1,290,912.82	37,815.74	411,406.82	536,905.09	2,277,040.47	2,446,962.68
New Horizons Finance							
SLI LLC (New Horizons Finance)	31,558.47	0.00	0.00	0.00	0.00	0.00	31,558.47
New Horizons Finance/Kevin Pilo	133,493.34	0.00	235.39	0.00	0.00	235.39	133,728.73
Total New Horizons Finance	165,051.81	0.00	235.39	0.00	0.00	235.39	165,287.20
Rent Receipts							
Mendon Court Trailer Park Rents							
Unit #1	2,875.00	0.00	0.00	0.00	850.00	850.00	3,725.00
Unit #2	1,275.00	0.00	0.00	0.00	0.00	0.00	1,275.00
Unit #4	1,750.00	125.00	375.00	250.00	0.00	750.00	2,500.00
Unit #6	3,465.00	495.00	495.00	495.00	495.00	1,980.00	5,445.00
Unit #8	2,000.00	475.00	275.00	250.00	250.00	1,250.00	3,250.00
Unit #9	2,975.00	0.00	0.00	850.00	425.00	1,275.00	4,250.00
Unit #11	1,750.00	0.00	250.00	250.00	250.00	750.00	2,500.00
Unit #14	0.00	0.00	500.00	187.50	250.00	937.50	937.50
Unit #15	3,470.00	745.00	495.00	485.00	495.00	2,220.00	5,690.00
Unit #16	1,534.40	0.00	250.00	500.00	0.00	750.00	2,284.40
Total Mendon Court Trailer Park Rents	21,094.40	1,840.00	2,640.00	3,267.50	3,015.00	10,762.50	31,856.90

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	Previously Reported and Approved	Feb 12	Mar 12	Apr 12	May 12	2/1/12-5/31/12	TOTAL
43N 100W	600.00	0.00	0.00	0.00	0.00	0.00	600.00
Total Rent Receipts	21,694.40	1,840.00	2,640.00	3,267.50	3,015.00	10,762.50	32,456.90
Miscellaneous Income							
COBRA Premiums	4,459.84	0.00	0.00	0.00	0.00	0.00	4,459.84
Commissions	1,464.31	0.00	0.00	0.00	0.00	0.00	1,464.31
Petty Cash	121.00	0.00	0.00	0.00	0.00	0.00	121.00
Refunds	2,392.97	0.00	0.00	286.48	0.00	286.48	2,679.45
Tax Refunds	6,156.58	0.00	0.00	0.00	0.00	0.00	6,156.58
Other	26,561.00	0.00	0.00	0.00	0.00	0.00	26,561.00
Total Miscellaneous Income	41,155.70	0.00	0.00	286.48	0.00	286.48	41,442.18
Car Wash Receipts	47,727.06	0.00	0.00	0.00	0.00	0.00	47,727.06
Interest Income	2,279.84	371.80	511.58	550.61	542.91	1,976.90	4,256.74
Total Income	3,814,370.31	1,362,257.77	51,202.71	415,511.41	1,290,463.00	3,119,434.89	6,933,805.20
Expense							
Corporate/Defendant Asset Exp.							
Business Taxes	0.00	0.00	0.00	4,000.00	0.00	4,000.00	4,000.00
Appraisals/B.O.V.	25,314.65	0.00	0.00	4,871.93	2,275.00	7,146.93	32,461.58
Armored Car Service & Storage	7,359.04	638.64	638.64	638.64	0.00	1,915.92	9,274.96
Office Moveout/Cleaning	1,693.50	0.00	0.00	0.00	0.00	0.00	1,693.50
Locksmith Services	2,028.44	0.00	0.00	0.00	0.00	0.00	2,028.44
Storage Unit Rent	6,217.34	0.00	0.00	0.00	0.00	0.00	6,217.34
Server Collocation Rent	3,690.00	0.00	0.00	0.00	0.00	0.00	3,690.00
Health Insurance Premium	168.54	0.00	0.00	0.00	0.00	0.00	168.54
Automobile Expenses							
Vehicle Registration Fees	207.00	167.00	0.00	0.00	0.00	167.00	374.00
Automobile Insurance Premiums	21,233.46	467.97	0.00	0.00	844.12	1,312.09	22,545.55
Total Automobile Expenses	21,440.46	634.97	0.00	0.00	844.12	1,479.09	22,919.55
New Horizons Finance Inc.							
Postage	11.30	0.00	0.00	0.00	0.00	0.00	11.30

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Previously Reported and Approved	Feb 12	Mar 12	Apr 12	May 12	2/1/12-5/31/12	TOTAL
Service Fees	1,125.00	0.00	0.00	0.00	0.00	1,125.00
Total New Horizons Finance Inc.	<u>1,136.30</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,136.30</u>
Auction Related Expenses						
Storage	14,000.00	0.00	0.00	0.00	0.00	14,000.00
Moving Services	5,300.00	0.00	0.00	0.00	0.00	5,300.00
Total Auction Related Expenses	<u>19,300.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>19,300.00</u>
Houseboat Expenses						
Repairs	310.00	420.75	0.00	0.00	420.75	730.75
Secured Lender Loan Payments	44,999.66	3,532.20	3,775.80	3,654.00	14,737.80	59,737.46
Personal Watercraft Insurance	543.75	178.25	0.00	0.00	178.25	722.00
Insurance Premiums	10,785.00	4,892.50	4,892.50	0.00	9,785.00	20,570.00
Boat Moorage	28,351.02	2,027.60	2,089.69	2,040.00	8,211.28	36,562.30
Total Houseboat Expenses	<u>84,989.43</u>	<u>6,185.19</u>	<u>10,757.99</u>	<u>5,694.00</u>	<u>33,333.08</u>	<u>118,322.51</u>
Aircraft Expenses						
Title Searches	0.00	0.00	225.00	0.00	225.00	225.00
Storage	0.00	1,975.00	1,000.00	1,147.51	15,122.51	15,122.51
Registration Fees	0.00	6,000.00	0.00	0.00	6,005.00	6,005.00
Security Guard Services	29,700.00	0.00	0.00	0.00	0.00	29,700.00
Broker Fee	1,595.30	0.00	0.00	0.00	0.00	1,595.30
Relocation Services	13,563.40	0.00	0.00	2,360.55	2,360.55	15,923.95
Insurance Premiums	41,699.00	0.00	0.00	0.00	0.00	41,699.00
Repairs & Maintenance	52,224.80	0.00	0.00	24,938.20	60,346.57	112,571.37
Total Aircraft Expenses	<u>138,782.50</u>	<u>1,005.00</u>	<u>1,225.00</u>	<u>28,446.26</u>	<u>84,059.63</u>	<u>222,842.13</u>
Real Properties						
Mendon Court Trailer Park						
Unit #1	211.60	136.18	28.25	(4.92)	216.46	428.06
Unit #2	430.01	145.65	36.12	13.56	257.83	687.84
Unit #3	47.66	87.26	7.33	7.26	109.61	157.27
Unit #4	0.00	0.00	0.00	4.24	234.00	234.00
Unit #5	47.67	7.76	7.33	7.26	29.61	77.28
Unit #6	849.00	0.00	0.00	0.00	42.27	891.27

Robb Evans of Robb Evans & Associates LLC
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	Previously Reported and Approved	Feb 12	Mar 12	Apr 12	May 12	2/1/12-5/31/12	TOTAL
Unit #7	1,519.08	148.19	187.46	99.92	14.52	450.09	1,969.17
Unit #8	93.25	0.00	0.00	0.00	0.00	0.00	93.25
Unit #9	0.00	0.00	556.76	31.99	3.11	591.86	591.86
Unit #10	42.34	0.00	0.00	0.00	0.00	0.00	42.34
Unit #14	277.35	72.36	61.18	18.61	0.00	152.15	429.50
Unit #15	2,050.00	0.00	354.04	0.00	0.00	354.04	2,404.04
Property Taxes	4,760.22	0.00	0.00	0.00	0.00	0.00	4,760.22
Common Area Expenses	2,839.52	239.25	323.34	0.00	478.50	1,041.09	3,880.61
Snow Plow Services	55.00	82.50	0.00	0.00	0.00	82.50	137.50
Septic Tank Service	1,150.00	0.00	0.00	0.00	0.00	0.00	1,150.00
Liability Insurance	1,234.01	0.00	0.00	0.00	67.86	67.86	1,301.87
Maintenance & Repairs	29.26	0.00	0.00	500.00	0.00	500.00	529.26
Storage Unit Rental	31.25	0.00	0.00	0.00	0.00	0.00	31.25
Deposit Refunds	100.00	0.00	0.00	0.00	0.00	0.00	100.00
Total Mendon Court Trailer Park	15,767.22	907.03	1,901.40	729.55	591.39	4,129.37	19,896.59
620 E. Main Rockville, UT							
Water & Utilities	0.00	0.00	0.00	0.00	903.08	903.08	903.08
Fire Damage Assessment	0.00	0.00	0.00	0.00	340.00	340.00	340.00
Total 620 E. Main Rockville, UT	0.00	0.00	0.00	0.00	1,243.08	1,243.08	1,243.08
127 Hollister Ave. Santa Monica							
Mortgage Payments	0.00	13,737.50	0.00	0.00	0.00	13,737.50	13,737.50
Repairs & Maintenance	572.06	263.49	0.00	0.00	0.00	263.49	835.55
Security/Alarm	533.50	0.00	0.00	0.00	0.00	0.00	533.50
Yard Maintenance	1,725.00	150.00	0.00	0.00	0.00	150.00	1,875.00
Eviction Fees	250.00	0.00	0.00	0.00	0.00	0.00	250.00
Insurance Premium	4,461.06	0.00	0.00	0.00	0.00	0.00	4,461.06
Electricity	1,802.25	174.43	0.00	0.00	0.00	174.43	1,976.68
Water/Sewer/Garbage	1,133.44	1,227.87	0.00	0.00	0.00	1,227.87	2,361.31
Natural Gas	196.40	0.00	0.00	0.00	0.00	0.00	196.40
Total 127 Hollister Ave. Santa Monica	10,673.71	15,553.29	0.00	0.00	0.00	15,553.29	26,227.00
302 W. Hilton Dr.							
Alarm & Monitoring	156.00	0.00	0.00	0.00	0.00	0.00	156.00

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Personal Property Taxes	173.24	0.00	0.00	0.00	0.00	0.00	173.24
Vending Machine Products	544.95	0.00	0.00	0.00	0.00	0.00	544.95
Postage	71.31	0.00	0.00	0.00	0.00	0.00	71.31
Maintenance & Repair	647.18	0.00	0.00	0.00	0.00	0.00	647.18
Small Equipment & Parts	2,012.64	0.00	0.00	0.00	0.00	0.00	2,012.64
Cleaners & Chemicals	3,345.87	0.00	0.00	0.00	0.00	0.00	3,345.87
Phone & Internet	404.52	0.00	0.00	0.00	0.00	0.00	404.52
Manager Fees	9,775.00	0.00	0.00	0.00	0.00	0.00	9,775.00
C.C. Discounts & Fees	1,706.54	0.00	0.00	0.00	0.00	0.00	1,706.54
Electricity/Water/Sewer	7,689.26	0.00	0.00	0.00	0.00	0.00	7,689.26
Natural Gas	730.13	0.00	0.00	0.00	0.00	0.00	730.13
Garbage Service	759.73	0.00	0.00	0.00	0.00	0.00	759.73
Total 302 W. Hilton Dr.	28,016.37	0.00	0.00	0.00	0.00	0.00	28,016.37
575 E 30 N Ephraim, UT							
Loan Interest	0.00	0.00	0.00	0.00	5,865.35	5,865.35	5,865.35
Repairs & Maintenance	862.50	0.00	0.00	599.18	2,870.00	3,469.18	4,331.68
Electricity/Water/Sewer	427.90	49.38	58.49	0.00	125.66	233.53	661.43
Insurance Premiums	859.00	0.00	0.00	0.00	0.00	0.00	859.00
Natural Gas	0.00	0.00	122.10	0.00	95.16	217.26	217.26
Total 575 E 30 N Ephraim, UT	2,149.40	49.38	180.59	599.18	8,956.17	9,785.32	11,934.72
43 N 100 E Ephraim, UT							
Water, Sewer, Electricity	299.93	0.00	0.00	0.00	0.00	0.00	299.93
Total 43 N 100 E Ephraim, UT	299.93	0.00	0.00	0.00	0.00	0.00	299.93
529 Wood View Cr. SG, UT							
Insurance Premium	6,181.00	0.00	2,707.00	0.00	2,707.00	5,414.00	11,595.00
Total 529 Wood View Cr. SG, UT	6,181.00	0.00	2,707.00	0.00	2,707.00	5,414.00	11,595.00
11 W 700 S Ephraim, UT							
Electricity/Water/Sewer	4,219.99	103.34	103.40	0.00	248.77	455.51	4,675.50
Natural Gas	694.43	23.01	52.27	0.00	114.93	190.21	884.64
Total 11 W 700 S Ephraim, UT	4,914.42	126.35	155.67	0.00	363.70	645.72	5,560.14

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1140 E. Fort Pierce Dr. #36						
Electricity	125.89	0.00	0.00	0.00	0.00	125.89
Gas	307.10	0.00	0.00	0.00	0.00	307.10
Total 1140 E. Fort Pierce Dr. #36	432.99	0.00	0.00	0.00	0.00	432.99
249 E. Tabernacle St. SG, UT						
Rent	3,000.00	0.00	0.00	0.00	0.00	3,000.00
Trash Container Rental	21.00	0.00	0.00	0.00	0.00	21.00
Electricity/Water/Sewer	626.38	0.00	0.00	0.00	0.00	626.38
Total 249 E. Tabernacle St. SG, UT	3,647.38	0.00	0.00	0.00	0.00	3,647.38
1792 S. Blackridge Dr. SG, UT						
Flood Insurance	1,659.00	0.00	0.00	0.00	0.00	1,659.00
Total 1792 S. Blackridge Dr. SG, UT	1,659.00	0.00	0.00	0.00	0.00	1,659.00
Consulting Services						
Property Title Searches	0.00	0.00	1,825.00	0.00	1,825.00	1,825.00
Property & Liability Insurance	3,740.00	2,400.00	150.00	150.00	2,700.00	6,440.00
Title Insurance	38,746.00	8,674.22	7,116.38	0.00	35,174.97	73,920.97
Total Real Properties	116,227.42	1,353.00	10,420.11	14,011.34	77,823.75	194,051.17
Total Corporate/Defendant Asset Exp.	428,347.62	84,536.23	31,913.67	51,270.72	209,758.40	638,106.02
Receiver Fees & Expenses						
Receiver Fees						
Receiver						
R. Evans	2,235.60	1,069.20	0.00	583.20	1,652.40	3,888.00
B. Kane	140,850.00	6,350.00	2,775.00	6,500.00	22,150.00	163,000.00
K. Johnson	114,779.70	10,243.80	4,762.80	3,780.00	27,707.40	142,487.10
V. Miller	104,781.60	4,989.60	4,460.40	2,835.00	17,142.30	121,923.90
A. Jen	21,016.80	1,814.40	567.00	245.70	3,402.00	24,418.80
Total Receiver	383,663.70	21,078.00	12,565.20	13,943.90	72,054.10	455,717.80

Robb Evans of Robb Evans & Associates LLC
 Receiver of I Works, Inc., et al. and
 the Assets of Jeremy Johnson
Administrative Expense and Fund Balance
 From Inception (January 13, 2011) to May 31, 2012

Previously Reported and Approved	Feb 12	Mar 12	Apr 12	May 12	2/1/12-5/31/12	TOTAL
Senior Staff						
M. Lin	189.00	0.00	0.00	0.00	0.00	189.00
L. Lee	68,210.10	4,347.00	4,819.50	5,046.30	19,561.50	87,771.60
F. Jen	116,329.50	19,485.90	10,621.80	8,051.40	54,035.10	170,364.60
P. Chung	378,321.30	16,518.60	9,298.80	9,752.40	67,662.00	445,983.30
C. Callahan	25,023.60	5,140.80	1,323.00	4,706.10	15,970.50	40,994.10
C. DeCius	43,254.00	4,230.00	1,485.00	3,888.00	12,681.00	55,935.00
J. Dadbin	18,720.00	2,690.00	510.00	640.00	4,800.00	23,520.00
W. Wolf	7,831.00	0.00	0.00	0.00	0.00	7,831.00
N. Wolf	4,815.00	90.00	120.00	215.00	620.00	5,435.00
Total Senior Staff	662,693.50	52,502.30	28,178.10	32,299.20	175,330.10	838,023.60
Information Technology						
E. Roop	49,800.00	2,362.50	4,000.00	1,950.00	10,875.00	60,675.00
K. Chapin	2,612.81	514.58	0.00	248.42	918.26	3,551.07
Total Information Technology	52,412.81	2,877.08	4,000.00	2,198.42	11,793.26	64,206.07
Support Staff						
Total Receiver Fees	22,018.80	1,497.50	956.60	744.40	4,644.00	26,662.80
	1,120,788.81	81,343.88	54,212.70	47,807.22	263,821.46	1,384,610.27
Receiver Expenses						
Subpoena/ Document Reproduction	9,718.19	0.00	5,403.13	0.00	5,439.58	15,157.77
Investigative Search Costs	4,307.12	494.83	848.00	384.20	1,897.00	6,204.12
Small Equipment & Supplies	1,163.44	281.04	0.00	0.00	281.04	1,444.48
Retained Employee Services	864.00	0.00	0.00	0.00	0.00	864.00
Bank & Wire Fees	782.00	(42.00)	18.00	(42.00)	30.00	812.00
Bond Premiums	200.00	0.00	0.00	0.00	0.00	200.00
Occupancy & Equipment Rental	15,204.72	198.65	938.63	1,257.30	4,033.53	19,238.25
Office Telephone & Supplies	2,989.63	499.91	130.12	110.16	853.76	3,843.39
Postage & Delivery	8,854.89	387.19	433.89	147.96	1,426.41	10,281.30
Travel Expenses	19,138.27	0.00	206.25	0.00	206.25	19,344.52
Total Receiver Expenses	63,222.26	1,819.62	7,978.02	1,857.62	14,167.57	77,389.83

Robb Evans of Robb Evans & Associates LLC
Receiver of I Works, Inc., et al. and
the Assets of Jeremy Johnson
Administrative Expense and Fund Balance
From Inception (January 13, 2011) to May 31, 2012

Previously Reported and Approved	Feb 12	Mar 12	Apr 12	May 12	2/1/12-5/31/12	TOTAL
Legal Fees & Costs						
McKenna Long & Aldridge						
Legal Fees	1,049,181.30	104,918.85	96,039.45	110,935.35	377,232.75	1,426,414.05
Legal Costs	100,196.72	3,171.67	11,466.43	16,309.11	38,484.16	138,680.88
Total McKenna Long & Aldridge	<u>1,149,378.02</u>	<u>108,090.52</u>	<u>107,505.88</u>	<u>127,244.46</u>	<u>415,716.91</u>	<u>1,565,094.93</u>
Hatch, James & Dodge						
Legal Fees	6,153.00	0.00	0.00	1,356.50	2,739.00	8,892.00
Legal Costs	451.51	2.63	0.00	121.03	166.96	618.47
Total Hatch, James & Dodge	<u>6,604.51</u>	<u>2.63</u>	<u>0.00</u>	<u>1,477.53</u>	<u>2,905.96</u>	<u>9,510.47</u>
Kolesar & Leatham CHTD.						
Legal Fees	789.95	85.00	42.50	0.00	127.50	917.45
Legal Costs	2,304.90	151.63	123.83	228.40	764.40	3,069.30
Total Kolesar & Leatham CHTD.	<u>3,094.85</u>	<u>236.63</u>	<u>166.33</u>	<u>228.40</u>	<u>891.90</u>	<u>3,986.75</u>
Total Legal Fees & Costs	<u>1,159,077.38</u>	<u>108,329.78</u>	<u>107,672.21</u>	<u>128,950.39</u>	<u>419,514.77</u>	<u>1,578,592.15</u>
Total Receiver Fees & Expenses	<u>2,343,088.45</u>	<u>170,520.50</u>	<u>157,337.05</u>	<u>211,920.36</u>	<u>697,503.80</u>	<u>3,040,592.25</u>
Total Expense	<u>2,771,436.07</u>	<u>199,763.67</u>	<u>189,250.72</u>	<u>263,191.08</u>	<u>907,262.20</u>	<u>3,678,698.27</u>
Net Transactions	<u>1,162,494.10</u>	<u>(203,854.02)</u>	<u>226,260.69</u>	<u>1,027,271.92</u>	<u>2,212,172.69</u>	
Fund Balance	<u><u>1,042,934.24</u></u>					<u><u>3,255,106.93</u></u>