

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

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

**Notice of Motion and Motion for Order Approving Receiver's Settlement
with LDS Church and Limiting Notice Under Local Rule 66-5 if Applicable
Memorandum of Points and Authorities in Support Thereof
Declaration of Brick Kane in Support Thereof**

Filed May 10, 2017

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

14 **UNITED STATES DISTRICT COURT**
15 **DISTRICT OF NEVADA**
16

17 FEDERAL TRADE COMMISSION,

18 Plaintiff,

19 v.

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

22 Defendants.
23

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

**NOTICE OF MOTION AND MOTION
FOR ORDER APPROVING
RECEIVER’S SETTLEMENT WITH
LDS CHURCH AND LIMITING
NOTICE UNDER LOCAL RULE 66-5 IF
APPLICABLE; MEMORANDUM OF
POINTS AND AUTHORITIES IN
SUPPORT THEREOF**

24
25 PLEASE TAKE NOTICE that Robb Evans of Robb Evans & Associates LLC
26 (“Receiver”), the Receiver pursuant to the Court’s Preliminary Injunction Order issued
27 February 10, 2011, hereby moves the Court for an order approving the Settlement Agreement and
28 Release dated as of May 2, 2017 (“Settlement Agreement”) by and between the Receiver and the

1 LDS Church,¹ a true and correct copy of which is attached as Exhibit 1 to the Declaration of Brick
2 Kane filed in support of this Motion.

3 The Receiver contends that the Settlement Agreement should be approved as it is fair and
4 equitable and in the best interests of the receivership estate in that (a) the Settlement Agreement
5 resolves the Receiver's claims and demands against the LDS Church arising out of gifts made to
6 the LDS Church from assets of the Receivership Defendants prior to the commencement of the
7 receivership; (b) provides for a substantial \$2,350,000 cash payment to the receivership estate in
8 resolution of such claims within ten days of the Effective Date; and (c) fully and finally resolves
9 all other disputes and claims regarding the receivership and receivership assets between the
10 Receiver and the LDS Church, avoiding litigation risks, delays and expense. In connection with
11 the approval of the Settlement Agreement, the Receiver seeks Court approval for the Receiver to
12 take all steps necessary or convenient to implement and perform under the Settlement Agreement.

13 The Receiver further seeks an order deeming notice of this Motion to be sufficient under
14 Local Civil Rules 7-2 and 66-5 based on the service of a notice of the filing of this Motion and the
15 Motion on all parties and service of a notice of the filing of the Motion on all known non-
16 consumer creditors of the estate, and on all known taxing authorities with a potential claim in the
17 receivership estate concurrent with the filing of this Motion with the Court.

18 This Motion is made under Local Civil Rules 7-2 and 66-5 and is based on this motion, the
19 accompanying Memorandum of Points and Authorities and Declaration of Brick Kane in support
20 of this Motion, the proposed order lodged concurrently herewith, on the separate notice of filing of
21 this Motion, and on the pleadings, records and files of the Court in this receivership proceeding of
22 which the Receiver requests the Court take judicial notice, including without limitation the Report
23
24

25 ¹ The "LDS Church" is a term used herein and in the Settlement Agreement for convenience. The
26 settling party is identified more fully in the Settlement Agreement as the Corporation of the
27 President of The Church of Jesus Christ of Latter-day Saints, a Utah corporation sole, which
28 conducts affairs on behalf of the ecclesiastical denomination of The Church of Jesus Christ of
Latter-day Saints, together with its affiliates.

1 of Temporary Receiver's Activities filed February 8, 2011 (Doc. No. 127) and upon all other
2 pleadings and documentary evidence as may be presented to the Court by the Receiver.

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DATED: May 10, 2017

Respectfully submitted,

BART K. LARSEN
SHLOMO S. SHERMAN
KOLESAR & LEATHAM, CHTD.

GARY OWEN CARIS
LESLEY ANNE HAWES
DIAMOND McCARTHY LLP

By: /s/ Gary Owen Caris

Gary Owen Caris
Lesley Anne Hawes

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

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 Order
5 and over the assets of defendant Jeremy Johnson (collectively the “Receivership Defendants”).
6 Pursuant to the Preliminary Injunction Order entered February 10, 2011 (“Preliminary
7 Injunction”), the Receiver has been appointed permanent receiver over the Receivership
8 Defendants. On March 25, 2013, the Court issued the Clarifying Order which clarified the scope
9 of the Receivership Defendants and receivership property as including over 60 additional entities
10 and assets of individuals. Stipulated Final Orders have been entered resolving through settlement
11 the claims of the Federal Trade Commission (“FTC”) against all the defendants and relief
12 defendants other than Terrason Spinks and his company Jet Processing Inc.²

13 The Receiver has filed two reports in the case. The Report of Temporary Receiver's
14 Activities ("First Report") was filed February 8, 2011 prior to the hearing on the Preliminary
15 Injunction and reported on the Receiver's initial findings and investigation into I Works and \$50.4
16 million in net profits transferred from the I Works enterprise to or for the benefit of Jeremy
17 Johnson. The Report of Receiver's Financial Reconstruction ("Second Report") was filed on
18 February 3, 2012 and detailed an additional \$51.4 million in funds from payment processing
19 transferred to or for the benefit of Jeremy Johnson.

20 The Receiver’s financial investigation and reconstruction showed that prior to the
21 commencement of the receivership, the Receivership Defendants made substantial donations of
22 money to the LDS Church. Based on documents from the Receivership Defendants’ records,
23 banking and other financial records and documents produced to the Receiver by the LDS Church,

24 _____
25 ² The settlements include the Stipulated Order for Permanent Injunction and Monetary Judgment
26 as to Defendants Jeremy Johnson; Blue Streak, et al. (Doc. No. 1941) (“I Works Stipulated
27 Order”), Stipulated Final Order for Disgorgement as to Relief Defendants Kerry Johnson, et al.
28 (Doc. No. 1939) (“Kerry Johnson Stipulated Final Order”) and the Stipulated Final Order for
Disgorgement as to Relief Defendants Sharla Johnson; Zibby, LLC, et al. (Doc. No. 1940)
 (“Sharla Johnson Stipulated Final Order”).

1 the pre-receivership donations totaled \$2,677,975.67. The Receiver contended that these
2 payments could be recovered by the Receiver from the LDS Church as actual and constructive
3 fraudulent transfers and pursuant to other theories of recovery, including unjust enrichment. The
4 Receiver and the LDS Church entered into a series of tolling agreements by which any statutes of
5 limitations on filing suit were tolled to allow the parties to try to resolve the claims without the
6 necessity of litigation.

7 The LDS Church has been represented by counsel throughout the case and has monitored
8 the outcome of the proceedings before this Court as well as in the criminal action against Jeremy
9 Johnson. The Receiver through counsel has kept counsel for the LDS Church apprised of
10 developments in the cases as well.

11 In light of the entry of Stipulated Final Orders, the Receiver continued negotiations with
12 the LDS Church for a period of months starting in fall 2016 with an aim to reach a settlement
13 agreement to address the recovery by the estate of the pre-receivership donations. The Receiver
14 provided the LDS Church with extensive financial and other documentation it requested and
15 answered a number of detailed questions about the I Works business and financial transactions
16 relevant to the donations made. The Receiver and counsel for the LDS Church conducted a full
17 day, face-to-face meeting in January 2017 further responding to questions by the LDS Church and
18 addressing the amount and basis of the Receiver's claims. These discussions continued after the
19 face to face meeting and culminated with the Settlement Agreement for which Court approval is
20 sought in this Motion.

21 The proposed Settlement Agreement provides for a recovery by the estate of 87.8% of the
22 total donations made pre-receivership. These donations were all made since 2006. The arm's
23 length settlement provides the estate a substantial recovery of \$2,350,000 to be paid in cash within
24 ten days after entry of an order of the Court approving the settlement. The Settlement Agreement
25 provides that the Receiver has not accused the LDS Church of any wrongdoing and the parties to
26 the Settlement Agreement agree that the Settlement Agreement is not an admission of liability or
27 wrongdoing by the LDS Church. The payment under the Settlement Agreement when received
28 will bring the cash on hand in the estate to almost \$14 million and total recoveries for the estate

1 during the receivership to over \$26.8 million. The Settlement Agreement also resolves and
2 liquidates one of the largest remaining assets of the estate.

3 **II. THE SETTLEMENT AGREEMENT PROVIDES A FAVORABLE RECOVERY**
4 **FOR THE ESTATE, RESOLVES CLAIMS WITHOUT THE DELAYS, COSTS OR**
5 **RISKS OF LITIGATION AND IS FAIR AND EQUITABLE**

6 The Receiver has investigated in detail the financial transactions and transfers of funds
7 from the Receivership Defendants to the LDS Church. The Settlement Agreement provides for a
8 cash payment in full satisfaction of the Receiver's claims equal to 87.8% of the total donations
9 transferred from the Receivership Defendants. The Settlement Agreement was negotiated at arm's
10 length, avoids litigation with its attendant expenses and inherent risks, and provides an immediate
11 substantial cash settlement payment of \$2,350,000. The Settlement Agreement is an outstanding
12 result for the receivership and its creditors.

13 The leading treatise on receivership law states:

14 The only justification for the compromise of claims is that it is done
15 for the best interests of the receivership and the estate under the
16 control and possession of the court.

17 3 *Clark on Receivers* § 655 (3d ed. 1992)

18 The court appointing a receiver must use its discretion in
19 determining whether it is for the best interests of the estate that the
20 receiver be authorized to compromise a claim, and when the
21 appointing court has not abused its discretion in giving instructions
22 to the receiver, its orders will not be disturbed or reviewed in the
23 appellate court.

24 3 *Clark on Receivers* § 770 (3d ed. 1992).

25 In bankruptcy cases, applicable by analogy, the Ninth Circuit decisions in *In re A & C*
26 *Properties*, 784 F. 2d 1377 (9th Cir. 1986) and *In re Woodson*, 839 F. 2d 610 (9th Cir. 1988)
27 establish four factors the court must consider in ruling on the approval of compromises in
28 bankruptcy:

1 “(a) The probability of success in the litigation; (b) the difficulties, if
2 any, to be encountered in the matter of collection; (c) the complexity
3 of the litigation involved, and the expense, inconvenience and delay
4 necessarily attending it; (d) the paramount interest of the creditors
5 and a proper deference to their reasonable views in the premises.”

6 *In re A & C Properties*, 784 F. 2d at 1381. *See also In re Woodson*, 839 F. 2d at 620.

7 The foregoing factors have been examined by courts in receiverships in approving
8 settlements, but the court in a federal equity receivership has even broader authority to approve
9 proposed settlements by a receiver and to look to other factors in determining that the settlement
10 should be approved. *See Gordon v. Dadante*, 336 Fed. Appx. 540 (6th Cir. 2009) (settlement by
11 receiver in a federal equity receivership within the receiver’s discretion and should be approved if
12 it is fair); *Securities and Exchange Commission v. Credit Bancorp, Ltd.*, No. 99 Civ. 11395, 2002
13 WL 1792053 at *4-5 (S.D.N.Y. Aug. 2, 2002); *Securities and Exchange Commission v. Princeton*
14 *Economic International, Inc.*, No. 99 Civ. 9667, 2002 WL 206990 at *1 (S.D.N.Y. Feb. 8, 2002).
15 “[R]eceivers benefit from the general presumption that district courts favor settlements.” *Sterling*
16 *v. Stewart*, 158 F.3d 1199, 1202 (11th Cir. 1998). The District Court’s determination of the
17 fairness of a settlement by the Receiver is subject to the sound discretion of the Court and will
18 only be overturned based on a clear showing of abuse of discretion. *Gordon v. Dadante*, 336 Fed.
19 Appx. at 545 (holding that district court did not abuse its discretion in approving settlement
20 agreement entered into by a receiver); *Sterling v. Stewart*, 158 F.3d at 1202 (quoting *Bennett v.*
21 *Behring*, 737 F.2d 982, 986 (11th Cir. 1984)); *Securities and Exchange Commission v. Arkansas*
22 *Loan and Thrift Corp.*, 427 F.2d 1171, 1172 (8th Cir. 1970) (court finds no abuse of discretion in
23 trial court’s approval of receiver’s settlement on fidelity bond claim).

24 The Settlement Agreement is a very favorable resolution of receivership estate that
25 provides the estate with a significant recovery through a prompt cash payment. An immediate
26 cash recovery of 87.8% of all payments made without any litigation uncertainty, expense or delay
27 is highly favorable for the receivership estate. As a result, the Settlement Agreement clearly is
28 beneficial within the four factors in the *A & C Properties* decision and falls well within the

1 reasonable exercise of discretion by the Receiver to settle under the circumstances. For these
2 reasons, the Settlement Agreement should be approved promptly.

3 **III. NOTICE OF THIS MOTION SHOULD BE DEEMED SUFFICIENT UNDER THE**
4 **CIRCUMSTANCES**

5 Local Civil Rule 66-5 provides for service of notice of the hearing on various motions by a
6 receiver concerning the administration of the estate. That rule provides for service of the notice of
7 hearing on such motions on all creditors of the receivership estate.

8 No hearing has been set on this Motion and the provisions of Local Civil Rule 66-5 do not
9 specifically apply. Nevertheless, the Receiver has served a notice of filing of the Motion on the
10 parties and on all known non-consumer creditors of the estate and on known taxing authorities
11 with a potential claim in the receivership estate (“Notice Parties”), to provide them notice and an
12 opportunity to be heard concerning the Motion. This notice is consistent with notice previously
13 approved by the Court in this case.

14 There are believed to be an extremely large number of potential consumer creditors who
15 may have claims against the Receivership Defendants arising out of the business operations of the
16 Receivership Defendants prior to the Receiver’s appointment, although the precise number,
17 identity and location of such consumer creditors have not been determined by the Receiver at this
18 time. Given the Receiver’s determination that more than \$332.5 million³ in sales revenues were
19 generated by I Works and the related and affiliated entities, the number of consumer creditors is
20 likely in the tens of thousands. It is not realistically possible or beneficial to the estate and its
21 creditors for the Receiver to attempt to identify and serve the potential consumer creditors with
22 notice of this and other similar administrative motions, and the expense and burden on the estate
23 of attempting to effectuate such service would drain the estate’s resources and cause undue
24 administrative expense.

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

1 To the extent that Local Rule 66-5 applies to this Motion or any other equitable rule or
2 procedure may warrant notice to creditors of the estate, the Receiver seeks an order that notice of
3 this Motion is sufficient if notice of the filing of the Motion is given by serving copies of all
4 motion papers on the parties to the action and by serving copies of the notice of filing of the
5 motion on the Notice Parties identified above. The Receiver submits that such service provides
6 sufficient notice and an opportunity for hearing to the interested parties and should be approved as
7 adequate.

8 There is ample authority for approval of the scope and method of notice as set forth above.
9 This Court, as a court of equity supervising the receivership estate, may make appropriate
10 administrative orders governing the receivership, including limitations on and changes in notice
11 and other procedures. *See* F.R.Civ.P. 5(a) and (c) (authorizing the court to modify service
12 procedures when numerous defendants are involved in litigation). Orders limiting notice when the
13 Bankruptcy Code or Rules would otherwise require notice to all creditors are routinely granted in
14 bankruptcy cases to promote the expeditious and economical administration of bankruptcy estates.
15 *See In re First Alliance Mortgage Co.*, 269 B.R. 428, 442 (C.D. Cal. 2001) (referencing in dicta in
16 the court's recitation of facts the bankruptcy court's order limiting notice issued in that case); 11
17 U.S.C. section 102(1)(A) (defining the phrase "after notice and a hearing" to mean "after such
18 notice as is appropriate in the particular circumstances, and such opportunity for hearing as is
19 appropriate in the particular circumstances"); 11 U.S.C. section 105(a) and (d) (granting broad
20 equitable powers to the court to issue orders "necessary or appropriate to carry out the provisions"
21 of title 11 including "prescribing such limitations and conditions as the court deems appropriate to
22 ensure the case is handled expeditiously and economically"); and F.R. Bankr. P. 2002(m)
23 (authorizing the court to enter "orders designating the matters in respect to which, the entity to
24 whom, and the form and manner in which notices shall be sent except as otherwise provided by
25 these rules").

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

14 **UNITED STATES DISTRICT COURT**
15 **DISTRICT OF NEVADA**

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17 FEDERAL TRADE COMMISSION,

18 Plaintiff,

19 v.

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

22 Defendants.

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

**DECLARATION OF BRICK KANE IN
SUPPORT OF MOTION FOR ORDER
APPROVING RECEIVER'S
SETTLEMENT WITH LDS CHURCH
AND LIMITING NOTICE UNDER
LOCAL RULE 66-5 IF APPLICABLE**

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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 and

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

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

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

27 4. This Declaration is filed in support of the Receiver's motion for an order approving
28 the Receiver's proposed Settlement Agreement and Release ("Settlement Agreement") dated as of

1 May 2, 2017 with the Corporation of the President of The Church of Jesus Christ of Latter-day
2 Saints, a Utah corporation sole, which conducts affairs on behalf of the ecclesiastical
3 denomination of The Church of Jesus Christ of Latter-day Saints, together with its affiliates
4 (referred to in the settlement and in the Receiver's motion papers for convenience as the "LDS
5 Church"). A true and correct copy of the Settlement Agreement is attached hereto as Exhibit 1.

6 5. The Receiver's financial investigation and reconstruction showed that prior to the
7 commencement of the receivership, the Receivership Defendants made substantial donations of
8 money to the LDS Church. Based on documents from the Receivership Defendants' records,
9 banking and other financial records and documents produced to the Receiver by the LDS Church,
10 the pre-receivership donations totaled \$2,677,975.67. These payments were made since 2006.
11 The Receiver contended that these payments could be recovered by the Receiver from the LDS
12 Church as actual and constructive fraudulent conveyances and pursuant to other theories of relief,
13 including unjust enrichment.

14 6. The Receiver and the LDS Church entered into a series of tolling agreements by
15 which any statutes of limitations on filing suit were tolled to allow the parties to try to resolve the
16 claims without the necessity of litigation. The LDS Church has been represented by counsel
17 throughout the case and has monitored the outcome of the proceedings before this Court as well as
18 in the criminal action against Jeremy Johnson. The Receiver through counsel has kept counsel for
19 the LDS Church apprised of developments in the cases as well.

20 7. Once the FTC reached settlements with the defendants and relief defendants in the
21 case, other than defendants Terrason Spinks and Jet Processing, and various Stipulated Final
22 Orders reflecting those settlements were entered by the Court, the Receiver continued negotiations
23 with the LDS Church for a period of months starting in fall 2016 with an aim to reach a settlement
24 agreement to address the recovery by the estate of the pre-receivership donations. The Receiver
25 provided the LDS Church with extensive financial and other documentation it requested and
26 answered a number of detailed questions about the I Works business and financial transactions
27 relevant to the donations made.

28 8. In January 2017, I met with counsel for the LDS Church. Specifically, Gary Caris,

1 as counsel for the Receiver, and I held a full day, face-to-face meeting in the Receiver's offices in
2 Sun Valley, California with two attorneys for the LDS Church and a representative of the LDS
3 Church who participated by telephone. We responded to additional questions by the LDS Church,
4 provided additional information regarding the Receivership Defendants and their donations and
5 business activities, and addressed the amount and basis of the Receiver's claims. These
6 discussions continued after the face to face meeting and culminated with the Settlement
7 Agreement for which Court approval is sought in this Motion.

8 9. The Receiver strongly recommends approval of the proposed Settlement
9 Agreement because the Receiver believes it achieves a very favorable result for the estate and
10 creditors. The proposed Settlement Agreement provides for a recovery by the estate of 87.8% of
11 the total donations made pre-receivership. The settlement was negotiated at arm's length over a
12 period of months. The Settlement Agreement provides the estate a substantial recovery of
13 \$2,350,000 to be paid in cash within ten days after entry of an order of the Court approving the
14 settlement. The payment under the Settlement Agreement when received will bring the cash on
15 hand in the estate to almost \$14 million and total recoveries for the estate during the receivership
16 to over \$26.8 million. The Settlement Agreement also resolves and liquidates one of the largest
17 remaining assets of the estate.

18 10. The Settlement Agreement avoids the costs, risks and delays that would necessarily
19 be involved if the Receiver attempted to recover on the claims through litigation. It removes any
20 uncertainty in the recovery for the estate and provides a very prompt, cash payment of a
21 significant portion of the amount that could be recovered. The Settlement Agreement should be
22 approved for all of these reasons.

23 11. In this case, there are an unknown but believed to be a very large number of
24 consumer creditors who may have claims against the Receivership Defendants arising out of the
25 business operations of the Receivership Defendants prior to the Receiver's appointment. The
26 identity and location of such consumer creditors have not been determined by the Receiver at this
27 time. Given the Receiver's determination that more than \$332.5 million in sales revenues was
28 generated by I Works and the related and affiliated entities, and given that the money judgment in

1 the I Works Stipulated Order exceeds \$280 million, the amount of consumer creditors could
2 number in the tens of thousands. To the extent all of those potential creditors might be entitled to
3 notice of the motion, it is not realistically possible or beneficial for the estate for the Receiver to
4 attempt to serve the potential consumer creditors with this and other similar administrative
5 motions, and the expense and burden on the estate of attempting to effectuate such service would
6 drain the estate's resources and cause undue administrative expense.

7 I declare under penalty of perjury that the foregoing is true and correct and that this
8 declaration was executed this 8 day of May 2017 at Sun Valley, California.

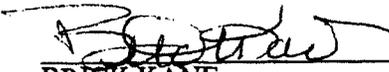
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EXHIBIT 1

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) is made as of this ^{2nd} day of ~~April~~ ^{May}, 2017, by and between Robb Evans of Robb Evans & Associates LLC (“Receiver”) as Receiver of I Works, Inc., all related Corporate Defendants and their subsidiaries and affiliates and over the assets of Jeremy Johnson (individually and collectively, the “Receivership Defendants”), on one hand, and Corporation of the President of The Church of Jesus Christ of Latter-day Saints, a Utah corporation sole, which conducts affairs on behalf of the ecclesiastical denomination of The Church of Jesus Christ of Latter-day Saints, together with its affiliates (collectively herein the “LDS Church”) on the other, in reference to and in consideration of the following:

RECITALS

A. The Receiver was appointed permanent receiver of the Receivership Defendants pursuant to the Preliminary Injunction Order entered February 10, 2011 (“Preliminary Injunction”) in the case of *Federal Trade Commission v. Jeremy Johnson, et al.*, Case No. 2:10-cv-02203-MMD-GWF (“FTC Action”) in the United States District Court for the District of Nevada (“District Court”). The Receiver’s appointment has continued pursuant to, among other orders, the Stipulated Order for Permanent Injunction and Monetary Judgment as to Defendants Jeremy Johnson etc. entered August 26, 2016.

B. Pursuant to the powers and duties provided under the Preliminary Injunction, the Receiver has conducted an investigation into the assets of the receivership estate and financial transactions of the Receivership Defendants to locate and take possession of receivership assets.

C. Based on the Receiver’s financial and other investigation of receivership property and the Receivership Defendants and the information provided by the LDS Church, the Receiver has determined that money was transferred to the LDS Church from the Receivership Defendants in the form of charitable donations in the amount of \$2,677,975.67 (“Donations”).

D. The Receiver contends, among other things, that the Donations were transferred by the Receivership Defendants to the LDS Church with actual intent to hinder, delay and defraud creditors, for no consideration while insolvent, constitute payments that are receivership property, and may be recovered by the Receiver from the LDS Church as actual and constructive fraudulent transfers and pursuant to other theories of recovery, including unjust enrichment. The LDS Church neither agrees with nor disputes the Receiver’s contentions, but from time to time voluntarily disgorges donations in certain circumstances based on its internal guidelines.

E. The Receiver and the LDS Church entered into a Tolling Agreement dated as of January 10, 2012, in order to preserve the status quo with respect to the running of any applicable statutes of limitations in connection with the Receiver’s claims against the LDS Church on account of the Donations. The Tolling Agreement has been extended on multiple occasions, and the Tolling Agreement is currently extended to and including June 14, 2017.

F. The parties hereto desire to resolve all of their claims and disputes concerning the Donations as well as any other claims and disputes that may exist between them in connection with the FTC Action and the other facts set forth in these Recitals.

NOW THEREFORE, in reference to the foregoing and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do stipulate and agree as follows:

AGREEMENT

1. Recitals. The Recitals set forth above are true and correct according to their terms.
2. Settlement Payment Amount. In full satisfaction of all claims, interests and demands of the Receiver in and to the Donations, the LDS Church shall pay to the Receiver the sum of \$2,350,000 ("Settlement Payment") by cashier's check or wire transfer. If timely requested by the LDS Church, the Receiver shall promptly provide wiring instructions to enable the LDS Church to timely make the Settlement Payment.
3. Settlement Payment Deadline. The Settlement Payment shall be paid to the Receiver within ten days of the "Effective Date" of this Agreement, as defined below.
4. General Release of LDS Church. Effective upon timely receipt of the Settlement Payment by the Receiver, and excepting only the obligations imposed or created by this Agreement, the Receiver does hereby forever relieve, release and discharge the LDS Church from any and all lawsuits, debts, losses, claims, liens, liabilities, demands, obligations, promises, acts, agreements, costs, expenses, damages, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, arising from the beginning of time through the date of this Agreement that the Receiver, on behalf of the receivership estate, had, has or may have against the LDS Church which arise out of, relate to, or pertain in any way to the Recitals herein, the Donations, FTC Action, and the receivership estate (the "Receiver Claims").
5. Effect of General Release/Waiver of Receiver Claims. The Receiver expressly waives any and all rights under Section 1542 of the Civil Code of the State of California, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

The Receiver expressly waives and releases any rights or benefits which he has or may have under Section 1542 of the Civil Code of the State of California, and any similar statute, code, law or regulation of any state, territory, commonwealth or possession of the United States, or the United States, to the full extent that he may waive all such rights and benefits pertaining to the

Receiver Claims. The Receiver acknowledges that he is aware he may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that he now knows or believes to be true pertaining to the Receiver Claims. Nevertheless, it is the intention of the Receiver through this Agreement to fully, finally and forever release all of the Receiver Claims. The releases herein given shall be and remain in effect as a full and complete release of the Receiver Claims notwithstanding the discovery or existence of any such additional or different claims or facts relative thereto.

6. No Assignment of Receiver Claims. The Receiver represents and warrants that he is the sole and lawful owner of all right, title and interest in and to each of the Receiver Claims and he has not heretofore assigned or transferred, or purported to assign or transfer, to any individual, partnership, corporation, firm, estate or entity any of the Receiver Claims. The Receiver hereby indemnifies, defends and holds harmless the LDS Church from and against all claims based upon, or arising out of, or in connection with, any assignment or transfer, or purported assignment or transfer, of any of the Receiver Claims.

7. General Release of Receiver and Receivership Estate. Effective upon the Effective Date of this Agreement, and excepting only the obligations imposed or created by this Agreement, the LDS Church does hereby forever relieve, release and discharge the Receiver, individually and in his capacity as Receiver in the FTC Action, and the receivership estate, and the Receiver's officers, directors, shareholders, members, employees, deputies, agents, associates, partners, past or present attorneys, representatives and administrators, jointly and severally, from any and all lawsuits, debts, losses, claims, liens, liabilities, demands, obligations, promises, acts, agreements, costs, expenses, attorneys' fees, damages, actions and causes of action, of whatever kind or nature, whether known or unknown, suspected or unsuspected, contingent or fixed, arising from the beginning of time through the date of this Agreement, that the LDS Church has or may have against the parties being released in this paragraph, which arise out of, relate to, or pertain in any way to the Recitals herein, the Donations, the FTC Action, and the receivership estate (individually and collectively the "LDS Church Claims").

8. Effect of General Release of LDS Church Claims. The LDS Church expressly waives any and all rights under Section 1542 of the Civil Code of the State of California which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

The LDS Church expressly waives and releases any rights or benefits that it may have under Section 1542 of the Civil Code of the State of California, and any similar statute, code, law or regulation of any state, territory, commonwealth or possession of the United States, or the United States, to the full extent that it may waive all such rights and benefits pertaining to the LDS Church Claims. The LDS Church acknowledges that it is aware that it may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those that it now knows or believes to be true pertaining to the LDS Church Claims. Nevertheless, it is the intention of the LDS Church through this Agreement to fully, finally and forever release all of

the LDS Church Claims. The releases herein given shall be and remain in effect as a full and complete release of the LDS Church Claims notwithstanding the discovery or existence of any such additional or different claims or facts relative thereto.

9. No Assignment of the LDS Church Claims. The LDS Church represents and warrants that it is the sole and lawful owner of all right, title and interest in and to each of the claims released herein and it has not heretofore assigned or transferred, or purported to assign or transfer, to any individual, partnership, corporation, firm, estate or entity, any of the claims released herein. The LDS Church hereby agrees to indemnify, defend and hold harmless the Receiver and the receivership estate from and against all claims based upon or arising out of or in connection with any assignment or transfer or purported assignment or transfer of any of the LDS Church Claims.

10. Time is of Essence. Time is of the essence with respect to any act, payment, or performance under this Agreement.

11. No Admission of Liability. The Receiver has not accused the LDS Church of any wrongdoing and the parties agree that this Agreement is not an admission of liability or wrongdoing by the LDS Church, past or present.

12. Notices. All notices and other communications which are required or may be given hereunder shall be in writing and shall be duly given if mailed by U.S. Mail and sent by overnight courier, postage prepaid and addressed to the other party at the address set forth herein:

If to the Receiver: Robb Evans & Associates LLC
11450 Sheldon Street
Sun Valley, CA 91352-1121
Attention: Brick Kane

with copies to: Diamond McCarthy LLP
1999 Avenue of the Stars, 11th Floor
Los Angeles, CA 90067
Attention: Gary Owen Caris, Esq.

If to the LDS Church: Kirton McConkie
36 S. State Street, Suite 1900
Salt Lake City, UT 84111
Attention: Matthew K. Richards, Esq.

or at any other address as may be given by any party to the other party by notice in writing pursuant to the provisions hereof. Notices will be deemed given and received on the next business day following the day such notice is mailed and sent by overnight courier, in the manner described above.

13. No Waiver. No failure or delay on the part of the Receiver in the exercise of any right, power, or privilege hereunder, or under any other agreement entered into in connection herewith, shall operate as a waiver thereof, and no single or partial exercise of any such right,

power, or privilege shall preclude a further exercise thereof or of any other right, power or privilege.

14. Opportunity for Consultation with Counsel. The parties hereto have had an opportunity to consult with legal counsel of their own choice with respect to the advisability of making the settlement and granting the releases provided herein, and with respect to the advisability of executing this Agreement, and prior to the execution of this Agreement each of the parties hereto reviewed it, had the opportunity to make any desired changes, and signed the Agreement to indicate that each has approved the Agreement as to its form and content. Each of the parties hereto and each of their legal and other advisors have made such investigation of the facts pertaining to the Agreement, and all of the matters pertaining thereto, as each of them deem necessary. This Agreement has been carefully read by, the contents hereof are known by, and it has been signed freely by each person executing this Agreement.

15. Neutral Interpretation. This Agreement is the product of the joint negotiations between the parties hereto. The interpretation and/or enforcement of this Agreement is not to be interpreted more strongly in favor of any one party.

16. Mutual Representations and Warranties. Each of the parties hereto hereby represents and warrants to one another and covenants and agrees with one another as follows:

(a) Each party executing this Agreement has the full legal right, power and authority to enter into and perform this Agreement. This Agreement is a valid and binding obligation of each of the parties hereto, enforceable against each of them in accordance with its terms. Each person executing this Agreement in a representative capacity has been duly authorized to do so by all appropriate actions.

(b) Except as expressly stated in this Agreement, no party hereto nor any other person has made any statement or representation to any party to this Agreement regarding the facts relied upon by them in entering into this Agreement, and no party hereto has relied upon any statement, representation, or promise of any other person or entity in executing this Agreement except as expressly stated in this Agreement.

(c) The terms of this Agreement are contractual and not a mere recital.

17. Integration/Modification in Writing. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes all other agreements, oral or written, between the parties hereto with respect to the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any party hereto, except as specifically set forth in this Agreement. No claim of waiver, modification, consent, or acquiescence with respect to any provision of this Agreement shall be made against any party hereto, except upon the basis of a written instrument executed by or on behalf of such party.

18. Survival of Agreement. All covenants, representations, warranties and agreements contained in this Agreement shall survive the execution of this Agreement by the parties hereto, the delivery of documents and any performance on account of the obligations set forth herein.

19. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of each of the parties hereto, and their respective successors in interest and assigns.

20. No Unnamed Third Party Beneficiaries. There are no unnamed third party beneficiaries to this Agreement.

21. Governing Law/Jurisdiction and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California. All disputes regarding this Agreement shall be litigated in the FTC Action in the United States District Court, District of Nevada.

22. Headings. The headings of paragraphs of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit, or aid in the construction or interpretation of any term or provision hereof.

23. Counterparts. This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered, shall be original, and all of which together shall constitute the same agreement. Signatures may be delivered by electronic transmission and shall have the same effect and enforceability as original signatures.

24. Effective Date. The "Effective Date" of this Agreement shall be the date on which the District Court in the FTC Action enters an order approving and authorizing the terms of the Agreement and approving and authorizing the Receiver entering into the Agreement.

25. District Court Approval. The Receiver shall, within a reasonable time after execution of this Agreement by all parties hereto, present this Agreement for approval by the District Court in the FTC Action by noticed motion. The Receiver agrees to notify the LDS Church before (1) the Receiver submits this Agreement to the District Court for approval; and (2) any hearing related to this Agreement. Notwithstanding the foregoing, the parties agree that this Agreement may be attached to the motion papers filed by the Receiver for its approval.

26. No Publicity. Neither party may hold a press conference or issue a press release about the Agreement or its terms. Notwithstanding the foregoing, both parties may respond to media inquiries about the Agreement.

WHEREFORE, the parties hereto have executed this Agreement as of the date first written above.

CORPORATION OF THE PRESIDENT OF THE
CHURCH OF JESUS CHRIST OF LATTER-DAY
SAINTS

By:

Its:

Paul D. [Signature]
Authorized Agent
2 May 2017

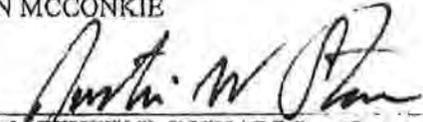
[SIGNATURES CONTINUED ON NEXT PAGE]

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

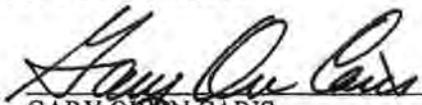
By: 
BRICK KANE, Deputy to the Receiver

APPROVED AS TO FORM AND CONTENT:

KIRTON MCCONKIE

By: 
~~MATTHEW K. RICHARDS~~ JUSTIN W. STARR
Attorneys for CORPORATION OF THE PRESIDENT OF THE CHURCH OF JESUS
CHRIST OF LATTER-DAY SAINTS

DIAMOND MCCARTHY LLP

By: 
GARY OWEN CARIS
Attorneys for ROBB EVANS OF ROBB EVANS &
ASSOCIATES LLC, as Receiver of I Works, Inc., et al.,
and the Assets of Jeremy Johnson