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

Emergency Motion for Instructions Concerning Receiver's Investigation of Records of Kerry Johnson and Barbara Johnson and their Entities Under Preliminary Injunction Order Entered February 10, 2011; Memorandum of Points and Authorities in Support Thereof; Declaration of Gary Owen Caris in Support Thereof; Declaration of Brick Kane in Support Thereof

Filed February 6, 2013

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UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

JEREMY JOHNSON, etc., et al.,

Defendants.

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

EMERGENCY MOTION FOR INSTRUCTIONS CONCERNING RECEIVER'S INVESTIGATION OF RECORDS OF KERRY JOHNSON AND BARBARA JOHNSON AND THEIR ENTITIES UNDER PRELIMINARY INJUNCTION ORDER ENTERED FEBRUARY 10, 2011; MEMORANDUM OF POINTS AND AUTHORITIES AND DECLARATION OF GARY OWEN CARIS IN SUPPORT THEREOF

[DECLARATION OF BRICK KANE AND CONFIDENTIAL DECLARATION OF GARY OWEN CARIS FILED CONCURRENTLY UNDER SEPARATE COVER]

PLEASE TAKE NOTICE that Robb Evans of Robb Evans & Associates LLC ("Receiver"), the Receiver appointed pursuant to the Court's Preliminary Injunction Order issued February 10, 2011 ("Preliminary Injunction"), hereby moves the Court on an emergency basis for instructions concerning the Receiver's investigation of records of Kerry Johnson and Barbara Johnson and their entities as to which certain disputes have arisen. Disputes have arisen between the Receiver, on one hand, and Kerry Johnson and Barbara Johnson (referred to herein as the "Johnsons" for convenience), the parents of defendant Jeremy Johnson, with respect to the Receiver's ongoing attempt to investigate the location, transfer and concealment of property of the receivership estate in accordance with the Receiver's powers and duties under the Preliminary Injunction through third party records subpoenas for accounts and financial transactions of the Johnsons and their companies. **The Receiver has discovered that Taggart Management, LLC ("Taggart"), through Jason Vowell, opened a new bank account on November 28, 2012. On December 6, 2012, $500,000 was wire transferred to the new Taggart account from the account of KV Electric Inc. ("KV Electric") owned by the Johnsons, and thereafter $499,500 was withdrawn in cash (currency) by Jason Vowell on the same date from that account.** *See* Declaration of Brick Kane, para. 9 and Exhibit 1 thereto. The purpose of the cash withdrawal referenced on the memo line of the check cashed by Jason Vowell who withdraw the funds is stated as "living expenses."

The Receiver seeks instructions from the Court confirming that the Receiver is authorized to continue his investigation in this proceeding of this and other financial and banking transactions of the Johnsons and their entities to locate and prevent the dissipation of receivership assets pursuant to his powers and duties under the Preliminary Injunction, including without limitation, by issuing records subpoenas concerning the Johnsons and their entities. The Johnsons have objected to the Receiver continuing such investigation and specifically to the Receiver issuing subpoenas for records for the Johnsons and their entities outside of the Receiver's pending

fraudulent transfer lawsuit against the Johnsons.[1] The Receiver contends good cause exists for the Court to issue instructions and confirm the Receiver's power and duty under the Preliminary Injunction to continue its investigation of receivership assets through records subpoenas concerning the Johnsons and their companies based on the evidence that there is a substantial risk that receivership property is being impermissibly transferred, concealed and dissipated and based on the following:

1. The Receiver was made permanent receiver of I Works, Inc. ("I Works"), approximately 60 other named corporate defendants and the assets of defendant Jeremy Johnson pursuant to the Preliminary Injunction. The Receivership Defendants are defined under the Preliminary Injunction to include not only the named Corporate Defendants and assets of Jeremy Johnson but also other entities "by whatever names each may be known, and any subsidiaries, affiliates, any fictitious business entities or business names created or used by these entities, or any of them, and their successors and assigns, individually, collectively or in any combination." Prel. Inj. (Doc. No. 130), Definitions para. 8.

2. The Preliminary Injunction details the Receiver's powers and duties which includes locating and taking possession of all assets of the Receivership Defendants. Prel. Inj. Sections XV.B. and E. The Preliminary Injunction further authorizes the Receiver to conduct discovery, including issuing subpoenas, in connection with his performance of his powers and duties. Prel. Inj. Section XV.P. Since the Preliminary Injunction was issued, the Receiver has issued more than 250 subpoenas to third parties, including financial institutions, escrow companies, title companies and other persons and entities, primarily for the production of documents and records which the Receiver believes may lead to the discovery of the location and/or disposition of receivership property.

3. The Receiver is not a party to the FTC civil enforcement action but instead is an agent of and an arm of the Court. *See* Prel. Inj. Section XIV. and applicable law cited

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[1] The plaintiff Federal Trade Commission has recently filed a motion for leave to file an amended complaint naming Kerry Johnson and Barbara Johnson as relief defendants (Doc. No. 786), such that if that motion is granted, they will be added as parties to this litigation.

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hereafter. The Receiver's power and duty to investigate the location, transfer, concealment and disposition of potential receivership assets is an essential component of the Receiver's duty to take possession of, preserve and protect assets of the receivership estate from dissipation. This power and duty can only be effectively performed through records subpoenas and similar discovery activities by the Receiver on behalf of the receivership estate, particularly in light of the overwhelming evidence before the Court that the Receivership Defendants have actively engaged in the concealment and transfer of receivership property by using closely affiliated third parties, including family members, and a vast network of entities formed to create a complex web for the movement of funds and liquidation of assets. The Receiver pursues discovery in connection with his duties under the receivership provisions of the Preliminary Injunction in order to locate, protect and secure receivership assets and not in connection with the merits of the underlying claims for relief asserted by the FTC as plaintiff in its complaint.

4. On January 3, 2013, the Receiver issued a subpoena to The Village Bank for various account records, in response to which The Village Bank produced various account records, including records concerning a new account opened by Jason Vowell on behalf of Taggart at that institution on November 28, 2012. The account was opened with a $100 deposit. The only transaction shown on the December 2012 bank statement for that account was a wire transfer to that account in the amount of $500,000 received from the account of KV Electric Inc. ("KV Electric") made on December 6, 2012. KV Electric is a company owned and operated by the Johnsons. *See* Decl. of Gary Owen Caris, para. 8 and Confidential Declaration of Gary Owen Caris. **On the same date, account records show Jason Vowell withdrew $499,500 from that account**. Decl. of Brick Kane, para. 9 and Exhibit 1 thereto. The bank records indicate that this huge sum was paid out to Jason Vowell in cash (currency).

5. The transfer of $500,000 to Taggart for the immediate withdrawal of $499,500 in cash by Jason Vowell has no discernible legitimate business purpose and is highly suspect under the circumstances. The Receiver deposed Kerry Johnson, and his deposition testimony concerning KV Electric, its employees and pertinent financial information is detailed in the separate Confidential Declaration of Gary Owen Caris filed concurrently herewith with a

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request for filing under seal in that the Johnsons requested that Receiver treat as confidential the financial information and financial documents disclosed during that deposition and the deposition of Barbara Johnson, specifically that they be disclosed only to the parties to this action and not to third parties.[2] However, it can be said publicly that this financial information does not support a transfer of $500,000 by KV Electric to Taggart.

6. Taggart is one of the entities subject to the Receiver's Motion to Clarify (Doc. No. 580) filed on May 30, 2012. That motion in turn is founded in large part upon the Receiver's extensive forensic accounting and document analysis detailed in the Report of Receiver's Financial Reconstruction dated January 31, 2012 ("Second Report"), filed with the Court on February 3, 2012 (Doc. No. 464, with supporting Appendices filed as Doc. Nos. 465-468). Taggart was formed in Nevada in 2010 by the Vowells, with John Hafen initially included as one of the members. Second Report, p. 7. The latest corporate records available to the Receiver at this time, as reflected in the Second Report, showed that Todd Vowell and Jason Vowell were managers and each 50% owners of that entity through their companies Katts LLC and Spyglass Enterprises, LLC. Second Report, p. 7. Taggart's financial activities consisted primarily of receiving approximately $137,000 from Powder Monkeys, LLC and then transferring a total of approximately $134,000 to various affiliated entities, including Paradise Ranch Development, LLC, Spyglass Enterprises, LLC, Phoenix Rising LLC (involved in airplane acquisition and transfer) and Silvernix Holdings LLC (also involved in aircraft acquisition and transfer). *See* Second Report Appendix Tab 66. There is no indication from the records available to the Receiver that Taggart has any business purpose or business activities other than to receive and transfer funds. This latest receipt of $500,000 from KV Electric and immediate withdrawal of those funds in cash by Jason Vowell only re-confirms that purpose.

7. The Receiver's investigation into the assets of the receivership in this case, including a review of the books and records of the Receivership Defendants by the Receiver, indicated that receivership assets were transferred by the named Receivership Defendants to the

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[2] If the Confidential Declaration were filed electronically with the Court, then the public and third parties involved in this action could obtain access to the information.

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Johnsons and that there were unusual transfers of title to the 2489 Riverfront Drive, Santa Clara property ("Riverfront Property") between the Johnsons and Jeremy Johnson and/or his wife Sharla Johnson. The Receiver began investigating financial transactions between the Johnsons and the Receivership Defendants early in the receivership as a result through records subpoenas (the "Johnsons Records Subpoenas"). The Receiver did not serve notice of the Johnsons Records Subpoenas on the Johnsons given the suspect financial transactions identified by the Receiver from the Receivership Defendants' financial records and the close familial relationship between the Johnsons and Jeremy Johnson. The Receiver, however, is informed and believes that most financial institutions and other institutional entities as a matter of course serve notice of the subpoenas to any person whose records are requested. In many instances, the financial or other institution is in the best position to provide such notice since the institution is the custodian of the subpoenaed records and therefore has the information regarding the names and addresses of parties whose records are within its scope. The Receiver does not request that the subpoenaed institution refrain from providing such notice in accordance with its policies.

8. On or about June 19, 2012, the Receiver filed a lawsuit against the Johnsons and the KB Family Limited Partnership ("KB") in this Court, Case No. 2:12-cv-01053-MMD-VCF (the "Johnsons Lawsuit"). The Johnsons Lawsuit alleges various claims for fraudulent conveyance and other relief. The Johnsons and KB filed a motion to dismiss the complaint which the Receiver opposed ("dismissal motion"). The dismissal motion in the Johnsons Lawsuit has been fully briefed since August 20, 2012 (*see* Doc. No. 22). Because no answer has been filed in light of the pending dismissal motion, no initial meet and confer has occurred, no initial disclosures have been made and no scheduling conference has been set, no discovery can be conducted in the Johnsons Lawsuit under Rule 26 of the Federal Rules of Civil Procedure.

9. The Receiver has continued his discovery and investigation into the location of potential assets of the receivership estate through depositions and records subpoenas since it filed the Second Report and since it initiated the Johnsons Lawsuit. In November 2012, the Receiver served a subpoena on Chartway Federal Credit Union ("Chartway") which included

a request for records of the Johnsons and to which that institution produced records concerning an account of the Johnsons on December 4, 2012. These are the only records pertaining to accounts of the Johnsons that have been produced pursuant to subpoenas issued by the Receiver since the Johnsons Lawsuit was filed. Receiver's counsel recognized that the Johnsons might complain about records produced concerning the Johnsons' accounts in this action as a result of the Johnsons Lawsuit. Therefore, the Receiver's counsel directed a letter to counsel for the Johnsons. The January 2, 2013 letter provided the Johnsons with a copy of the Chartway subpoena and records produced by that entity. The letter further advised the Johnsons of the Receiver's position that the Receiver can continue to pursue its asset investigation and tracing through records subpoenas in the receivership case irrespective of, and independent of, the pending Johnsons Lawsuit. The letter provided the Johnsons an opportunity to evaluate the Receiver's position and advise the Receiver if they concurred or objected, and if they objected, the Receiver would seek relief from the Court to determine the Receiver's right to continue to pursue records subpoenas pertaining to the Johnsons as part of the Receiver's ongoing investigation of the location and movement of receivership assets.

10. The Receiver has issued two subpoenas to Chartway, one issued in February 2012 that preceded the filing of the Johnsons Lawsuit and the subpoena issued in November 2012 addressed in the letter dated January 2, 2013. Account records for the Kerry Johnson account dated on or before February 29, 2012 were obtained in March 2012 pursuant to a subpoena that pre-dates the Johnsons Lawsuit, and records covering the period of March 1, 2012 were obtained through the November 2012 subpoena. The records produced by Chartway pursuant to the November 2012 subpoena show that Kerry Johnson transferred $240,000 through his Chartway account to KV Electric between December 7, 2011 and July 9, 2012, with the payments designated in the memo line as "loans" but believed to be further evidence of transfers of receivership assets requiring further investigation by the Receiver. *See* Caris Decl. para. 5 and Exhibit 1 thereto. These transfers also raise further suspicion regarding KV Electric's $500,000 transfer to Taggart in December 2012. In addition, the Chartway account records show that Kerry Johnson's Chartway account received a large deposit of $1,000,320 in March 2011, shortly after

the Preliminary Injunction was issued, and a number of large deposits totaling more than $1.05 million from November 2011 to April 2012. These deposits require further investigation by the Receiver. *See* Kane Decl., para. 10 and Exhibit 2 thereto.

11. The Court has previously addressed and ruled on the fact that the Receiver is not required to provide notice to the parties of records subpoenas issued by the Receiver. *See* Minutes of Proceedings of January 26, 2012 (Doc. No. 459) and June 22, 2012 Order (Doc No. 611), footnote 1. Based on these prior rulings, the Receiver periodically advises the parties to the action of the names of the entities who have produced records pursuant to subpoena and the general types of documents produced, such as title records or account statements.

12. The evidence before the Court through the Second Report and the Motion to Clarify (Doc. No. 580 et seq.) demonstrate that there have been significant and ongoing transfers of assets originating with the Receivership Defendants to numerous close family members, friends and business associates of Jeremy Johnson, particularly Todd Vowell and Jason Vowell and entities created by them, in an effort to conceal and dispose of receivership assets to avoid the assets being recovered by the Receiver and/or the FTC in this action. The financial transactions described have involved a complex web of persons and entities requiring over a year of investigation to unravel, and the movement of funds and assets continues unabated. These transfers are ongoing and assets which the Receiver contends properly constitute assets of the receivership estate are being hidden, transferred and dissipated, as the latest series of transfers in December 2012 demonstrate resulting in almost $500,000 in cash being disbursed and moved beyond the reach of the Receiver and creditors. It is essential that the Receiver be able to investigate the source of the funds transferred and the extent to which the Johnsons or their entities have been involved in other movements of funds or assets of the receivership estate given the information on this highly suspect and unusual financial transaction. Further evidence of the ongoing activities resulting in assets being dissipated is set forth in the Motion to Clarify in which the Receiver provided the Court with detailed evidence showing that Todd Vowell withdrew the sum of $270,000 in cash (currency) in April 2012 that had originated with an asset titled to

Chateau Circle, LLC, an entity funded by Kombi Capital and Mountain Financial, other entities subject to the Receiver's Motion to Clarify. See Doc. No. 580, pp.36-37.

13. The Receiver contends that it **must** continue its asset investigation into receivership property and the ongoing movement of funds and assets to avoid further dissipation and removal of receivership property beyond the Receiver's ability to locate and recover such assets for the estate. The Johnsons Records Subpoenas are an integral and necessary part of that investigation process that cannot be impeded merely because of the Johnsons Lawsuit. The continuing efforts to use various individuals and entities to move funds and assets makes it essential that the Receiver continue its issuance of subpoenas in order that the Receiver can continue to track the movement of receivership estate assets while discovery in the Johnsons Lawsuit remains unavailable pending the Court's ruling on the dismissal motion.

14. For the reasons set forth and based on the evidence of the ongoing dissipation of potential receivership assets in a concerted effort to remove the assets from the Receiver's reach, particularly pending resolution of the Motion to Clarify and dismissal motion, the Receiver as an agent of the Court must be permitted to continue its records subpoenas for the Johnsons pursuant to the Preliminary Injunction. The Receiver is unable to conduct discovery pertaining to the Johnsons in the Johnsons Lawsuit for the reasons set forth above given the pending dismissal motion, and the scope of that litigation is more narrow than the Receiver's investigation under the Preliminary Injunction. Therefore, the Receiver contends that the Johnsons' position should be rejected and that the Court should issue instructions confirming the Receiver's right to continue the asset investigation through records subpoenas concerning the Johnsons under the Preliminary Injunction and without additional notice.

This Motion is made pursuant to Local Rule 7-5 and based on this Emergency Motion, the supporting memorandum of points and authorities, the Declarations of Brick Kane and Gary Owen Caris in support thereof, on the separate Confidential Declaration of Gary Owen Caris, on the Preliminary Injunction (Doc. 130), the Motion to Clarify (Doc. No. 580 et seq.), the Second Report (Doc. No. 464 and Appendices 465-468) and such other pleadings, records and files of the Court in this case of which the Receiver may request the Court take judicial notice, on such

further oral and documentary evidence and arguments of counsel as may be presented at any hearing on this Motion, and on such further briefing and oral and documentary evidence that may be hereafter presented at or prior to any hearing on the Motion.

WHEREFORE, the Receiver respectfully requests that the Court grant relief as set forth herein.

Dated: February 6, 2013

RANDOLPH L. HOWARD
KOLESAR & LEATHAM, CHTD.
MCKENNA LONG & ALDRIDGE LLP
GARY OWEN CARIS
LESLEY ANNE HAWES

By: */s/ Gary Owen Caris*
Gary Owen Caris
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MEMORANDUM OF POINTS AND AUTHORITIES

I. STATEMENT OF FACTS

On January 13, 2011, the Court issued a temporary restraining order (Doc. No. 44) ("TRO") which included an asset freeze concerning the assets of defendant Jeremy Johnson ("Johnson") and the Corporate Defendants, as defined in the TRO, including all the named corporate defendants and other entities "by whatever names each may be known, and any subsidiaries, affiliates, any fictitious business entities or business names created or used by these entities, or any of them, and their successors and assigns, individually, collectively or in any combination." TRO, Definitions, para. 2. The TRO also appointed the Receiver as Temporary Receiver over the assets of Johnson and over the Corporate Defendants, with broad equity powers over those assets and entities and with the express duty to take exclusive possession and control of all of the assets of the Receivership Defendants, with a very limited exception pertaining to property located at Jeremy Johnson's residence. TRO Sections VIII and IX. The Temporary Receiver was also authorized to issue subpoenas and conduct discovery. TRO Section IX.P.

On February 10, 2011, the Court entered a Preliminary Injunction Order (Doc. No. 130) ("Preliminary Injunction"), which appointed the Receiver as permanent receiver over the Corporate Defendants and the assets of Johnson and continued the asset freeze as to all of their assets. The Preliminary Injunction contains similar provisions concerning the Receiver's powers and duties to take exclusive possession and control of receivership property and the power to issue subpoenas and conduct discovery on behalf of the receivership estate. Prel. Inj. Sections XV.B., E and P.

II. THE RECEIVER IS AN AGENT AND ARM OF THE COURT AND MAY SEEK INSTRUCTIONS FROM THE COURT WHEN DISPUTES ARISE CONCERNING HIS ACTIVITIES

The Preliminary Injunction provides that "the Receiver shall be the agent of this Court, and solely the agent of this Court, acting as Receiver under this Order. The Receiver shall be accountable directly to this Court." Prel. Inj. Section XIV. This provision is consistent with case law which confirms that a federal equity receiver is an "arm of the court" and like the Court, a

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neutral fiduciary. *See, e.g. Securities and Exchange Commission v. TLC Investments and Trade Co.*, 147 F. Supp. 2d 1031, 1037 (C.D. Cal. 2001) ("[t]he Receiver, an arm of the Court, represents the interests of all the investors"); *Crites, Inc., v. Prudential Ins. Co. of America*, 322 U.S. 408, 414 (1944) (receiver is an arm of the court appointed to assist the court in preserving property); *Eller v. Indian Motorcycle Manufacturing, Inc.*, 929 F. Supp. 369, 372 (D. Colo. 1995) (receiver is a "fiduciary" of the court).

As the agent of the Court, the Receiver is entitled to seek instructions from the Court regarding its activities as the need may arise. *See* 2 *Clark on Receivers*, § 383.1 (3d ed. Rev. 1992). The Court has wide latitude in supervising the Receiver and may provide for the administration of the receivership as it deems appropriate. 13 *Moore's Federal Practice*, § 66.06[4][a], p. 66-22 (Matthew Bender 3d ed. Rev. 2012).

The purpose of the receivership laws is to give the Court broad authority pursuant to its general powers of equity to issue orders as necessary for the administration of the estate. The equity powers of the District Court to issue orders pertaining to the administration of a receivership estate were discussed at length by the Ninth Circuit in *Securities and Exchange Commission v. Hardy*, 803 F.2d 1034 (9th Cir. 1986). While the case law addressing the administration of federal receiverships is somewhat limited, the Ninth Circuit has discussed the broad equity powers of the Court in supervising a federal receivership at length in two published decisions. In the *Hardy* decision, the two overriding principals of law applicable to the supervision of federal equity receivership articulated by the Court are:

> First, a district court's power to supervise an equity receivership and to determine the appropriate action to be taken in the administration of the receivership is extremely broad. . . . The basis for broad deference to the district court's supervisory role in equity receiverships arises out of the fact that most receiverships involve multiple parties and complex transactions.
>
> . . .

> Secondly, we have acknowledged that a primary purpose of equity receiverships is to promote orderly and efficient administration of the estate by the district court for the benefit of creditors. [Citations omitted.] Accordingly, we generally uphold reasonable procedures instituted by the district court that serve this purpose. [Citations omitted.]

Securities and Exchange Commission v. Hardy, 803 F.2d at 1037-1038.

In order for the Receiver to administer this estate, the Receiver must be able to perform his duties to take exclusive possession and control of assets of the estate, and to conserve, hold and manage those assets. The Receiver's discovery powers allow the Receiver to investigate and locate receivership property in order for the Receiver, as an agent of the Court, to fulfill these duties. The discovery is not aimed at the facts or information pertaining to the underlying claims and defenses of the parties. The information developed by the Receiver reflected in his initial report to the Court filed on February 8, 2011 ("First Report") and vastly expanded through his Second Report provides overwhelming evidence that the Receiver's asset investigation, including its investigation of the Johnsons and their entities, must continue without pause to pursue, track and recover potential receivership assets that continue to be dissipated and further that additional advance notice of the records subpoenas will impede the Receiver's investigation, thwart the Receiver's ability to locate and take possession of receivership property, and allow the target persons who appear to be aiding in the transfer, movement and dissipation of assets to evade the Receiver's investigation by providing a road map of the information available to the Receiver and the information the Receiver is seeking.

The $500,000 transfer from KV Electric to Taggart in December 2012 is but one of innumerable financial transactions discussed in more detail in the Motion to Clarify and the Second Report that can only be explained as an attempt to move receivership assets beyond the reach of the Receiver and creditors. No legitimate business explanation can be found for the transfer of half a million dollars to an entity that does no business so that those funds could

immediately be withdrawn in cash for "living expenses" by Jeremy Johnson's close friend and business associate Jason Vowell. Having apparently assisted in the movement of significant funds only a month ago, it is not unexpected that the Johnsons would object to the Receiver conducting discovery that might reveal additional transfers and movement of assets. But their objections should not be countenanced by the Court, and the Receiver should be granted instructions to continue his asset investigation and records subpoenas for the Johnsons and their companies under the circumstances.

III. EMERGENCY RELIEF IS WARRANTED IN LIGHT OF RECENT INFORMATION DISCOVERED BY THE RECEIVER REGARDING THE PARTICIPATION OF KV ELECTRIC AND JASON VOWELL IN THE TRANSFER AND DISSIPATION OF POTENTIAL RECEIVERSHIP ASSETS

Local Civil Rule 7-5(d) of the Rules for the United States District Court for the District of Nevada addresses Emergency Motions. That rule provides that an emergency motion must be supported by an affidavit containing the following information:

> (1) The nature of the emergency;
>
> (2) The office addresses and telephone numbers of movant and all affected parties; and,
>
> (3) A statement of movant certifying that, after personal consultation and sincere effort to do so, movant has been unable to resolve the matter without Court action. The statement also must state when and how the other affected party was notified of the motion or, if the other party was not notified, why it was not practicable to do so. . . .

This Emergency Motion complies with Local Rule 7-5(d). The Declaration of Gary Owen Caris attached hereto includes a series of written exchanges between the Receiver's counsel and counsel for the Johnsons addressing the asset investigation issues raised in this Emergency Motion, and the Johnsons' counsel made it clear that the Johnsons objected to any asset investigation which might include records subpoenas pertaining to their accounts or those of their companies. After that exchange, the Receiver discovered the $500,000 transfer and withdrawal

through a records subpoena covering the Taggart account. As the agent of the Court, the Receiver needs immediate instructions from the Court in light of the ongoing risks of loss and dissipation of receivership funds shown by this recently discovered transfer.

IV. CONCLUSION

The Receiver respectfully requests that the Court issue instructions in accordance with this Emergency Motion.

Dated: February 6, 2013

RANDOLPH L. HOWARD
KOLESAR & LEATHAM, CHTD.

MCKENNA LONG & ALDRIDGE LLP
GARY OWEN CARIS
LESLEY ANNE HAWES

By: */s/ Gary Owen Caris*
Gary Owen Caris

Attorneys for Receiver
ROBB EVANS OF ROBB EVANS & ASSOCIATES LLC

Declaration

DECLARATION OF GARY OWEN CARIS

I, Gary Owen Caris, declare:

1. I am an attorney at law duly licensed to practice before all courts of the State of California and I have been admitted to practice *pro hac vice* before the United States District Court for the District of Nevada in the subject litigation. I am a partner in the firm of McKenna Long & Aldridge LLP ("McKenna Firm") and am one of the attorneys primarily responsible for representing Robb Evans of Robb Evans & Associates LLC, the Receiver in this matter ("Receiver"). I have personal knowledge of the matters set forth in this declaration and if I were called upon to testify in these matters, I could and would competently testify thereto.

2. I am lead counsel for the Receiver in this receivership proceeding concerning the assets of defendant Jeremy Johnson ("Johnson") and the equity receivership of I Works, Inc. and approximately 60 other corporate entities identified in the Preliminary Injunction Order issued February 10, 2011 as well as many other unnamed subsidiaries and affiliates ("Preliminary Injunction"). I have been engaged by the Receiver in this matter since the Receiver was appointed as Temporary Receiver under the Temporary Restraining Order issued by the Court on January 13, 2011.

3. Pursuant to the Receiver's powers and duties under the Preliminary Injunction, and in connection with the Receiver's investigation and attempt to locate and take possession and control of receivership property within the scope of the Preliminary Injunction, my firm on behalf of the Receiver has issued over 250 records subpoenas to obtain banking, financial, escrow, title, and other records from third parties, including various subpoenas seeking records of accounts of Kerry Johnson and Barbara Johnson (the "Johnsons"), the parents of Jeremy Johnson, and their companies. The Receiver has not served notice of the records subpoenas for records of the Johnsons on the parties to the FTC Action or the Johnsons based on the Receiver's need to maintain the confidentiality of the course of its asset investigation to prevent persons that are the target of the investigation and suspected of holding receivership property for the benefit of the Receivership Defendants and/or participating in the receipt, transfer, movement and/or concealment of receivership assets from evading the Receiver's investigation and the Receiver's

attempt to locate and take possession and control of receivership property. Further, based on my experience in this and other matters in which records subpoenas are issued to financial institutions and other similar entities, most financial institutions, title companies, and similar entities provide notice of the subpoena to the parties whose records are subject to the subpoena.

4. The Receiver commenced a lawsuit against the Johnsons and their entity the KB Family Limited Partnership on or about June 20, 2012, initiating Case No. 2:12-cv-01053-MMD-VCF (the "Johnsons Lawsuit") pending before the Court. The Johnsons filed a motion to dismiss the Johnsons Lawsuit ("dismissal motion") which the Receiver opposed, and the dismissal motion has been fully briefed since the Johnsons filed their reply to the opposition on August 20, 2012. However, no determination of the dismissal motion has been made yet.

5. On November 28, 2012, my office issued a records subpoena to Chartway Federal Credit Union ("Chartway") in connection with the Receiver's ongoing asset investigation, and on December 4, 2012, Chartway produced records of an account of the Johnsons at that institution. No other records of the Johnsons or their entities have been produced to the Receiver pursuant to subpoenas issued on or after June 20, 2012 other than the records produced by Chartway. In response to this production, my office notified counsel for the Johnsons of the subpoena and the production by letter dated January 2, 2013 in order to raise and address with the Johnsons' counsel the Receiver's position that the Receiver needs to continue his asset investigation through his subpoena powers and pursuant to his duties under the Preliminary Injunction, particularly in light of the facts and issues raised in the Receiver's Motion to Clarify (Doc. No. 580 et seq.) and his Report of Receiver's Financial Reconstruction dated January 31, 2012 ("Second Report") (Doc. No. 464 and Appendices, Doc. Nos. 465-468) filed on February 3, 2012. A true and correct copy of my January 2, 2013 letter to Michael D. Stanger, counsel for the Johnsons is attached hereto as Exhibit 1. Included with Exhibit one is a copy of the Receiver's subpoena that was enclosed in the letter along with copies of five checks produced by Chartway under the subpoena; however, the remainder of the more than 100 pages of account records produced by CHartway pertaining to the Kerry Johnson account is not included in Exhibit 1.

6. In response to my letter to Mr. Stanger, Exhibit 1, I received a letter from James C. Gilson of Mr. Stanger's firm, dated January 9, 2013 indicating that the Johnsons objected to the Receiver continuing his asset discovery as to the Johnsons, and in fact incorrectly asserting that the Receiver did not have the power to issue subpoenas or conduct discovery in the FTC Action. A true and correct copy of Mr. Gilson's January 9, 2013 letter to me is attached hereto as Exhibit 2. On January 15, 2013, I sent a response letter to Mr. Gilson correcting certain misstatements and inaccuracies in his letter and advising him that the Receiver would seek relief from the Court to resolve the dispute. A true and correct copy of my January 15, 2013 letter to Mr. Gilson is attached hereto as Exhibit 3.

7. My letters of January 2, 2013 and January 15, 2013 explicitly stated that if there was a dispute over the Receiver's right to continue its asset investigation under the Preliminary Injunction, the Receiver would request further instructions and resolution of the dispute by the Court. Following this exchange of communications, records were produced to my firm on behalf of the Receiver by The Village Bank concerning a new account at that Bank opened by Taggart Management, LLC ("Taggart").

8. On July 14, 2011, on behalf of the Receiver I conducted the deposition of Kerry Johnson, and on July 15, 2011, I conducted the deposition of Barbara Johnson. At the Kerry Johnson deposition at which he was represented by Mr. Gilson, I agreed with Mr. Gilson that pending the parties preparing and obtaining a written stipulated protective order, I would agree not to disclose the financial information and financial documents included as exhibits to the Johnsons' depositions concerning the Johnsons or their companies to third parties and would limit disclosure of that information to the parties to the FTC Action. For that reason, I have prepared and am filing concurrently herewith a Confidential Declaration which details testimony of the Johnsons concerning the Johnsons and KV Electric, Inc., a company owned by the Johnsons, relevant to the KV Electric's transfer of $500,000 to Taggart.

9. As set forth in the accompanying Declaration of Brick Kane of the Receiver's office, there is a need for immediate, emergency relief and instructions to be issued to protect the receivership estate and allow the Receiver to continue his asset investigation and perform his

McKenna Long & Aldridge LLP
Attorneys At Law
Los Angeles

duties under the Preliminary Injunction to take possession of and conserve assets of the Receivership Defendants.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed this 6th day of February 2013 at Los Angeles, California.

/s/ Gary Owen Caris
GARY OWEN CARIS

EXHIBIT 1

Albany
Atlanta
Brussels
Denver
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McKenna Long & Aldridge LLP
Attorneys at Law

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January 2, 2013

BY E-MAIL (MSTANGER@CNMLAW.COM)

Michael D. Stanger, Esq.
Callister Nebeker & McCullough
10 East South Temple, Suite 900
Salt Lake City, Utah 84133

Re: Federal Trade Commission v. Jeremy Johnson, et al., U.S.D.C., Dist. of Nev.
Case No. 2:10-cv-02203-MMD-GWF ("FTC Action")

Dear Mr. Stanger:

This letter is in reference to the receivership in the FTC Action identified above and the related lawsuit filed by our client Robb Evans of Robb Evans & Associates LLC as Receiver against your clients Kerry Johnson and Barbara Johnson (the "Johnsons" for convenience), Case No. 2:12-cv-01053 MMD-VCF pending in the same Court which was filed on or about June 20, 2012. As you are aware based on the Motion to Clarify filed in the FTC Action, the Receiver has conducted an extensive investigation of assets and financial transactions involving assets of the receivership estate pursuant to the Receiver's powers and duties under the Preliminary Injunction issued February 10, 2011.

The Receiver's investigation is ongoing, as the Receiver continues his efforts to locate and account for assets of the receivership estate and monitor transactions involving potential receivership assets. In connection with that ongoing investigation, the Receiver has continued to issue records subpoenas to various financial institutions to trace receivership funds and financial transactions involving potential receivership assets. The Receiver has issued certain subpoenas in the FTC Action to financial institutions and other entities since it initiated the lawsuit against the Johnsons which included records requests covering the Johnsons, and as to which only one financial institution, Chartway Federal Credit Union, has produced records concerning the Johnsons. Copies of the subpoena to Chartway Federal Credit Union and the records produced by that financial institution concerning the Johnsons accompany this letter.

The Receiver believes the continuation of discovery pertaining to the Johnsons and their entities is appropriate under the Preliminary Injunction. Nevertheless, the Receiver has suspended document requests and subpoenas in the FTC Action seeking records of the Johnsons

and their entities in order to advise you of the Receiver's position and to provide you with an opportunity to object and if necessary, to have the Court make a determination regarding the Receiver's continuing power and duty to conduct this discovery in the FTC Action under the Preliminary Injunction notwithstanding the pending litigation against your clients. If you object to the Receiver's continuation of such discovery as to your clients in light of the pending litigation against them, then the Receiver will file a motion with the Court to address this issue and seek a determination that the Receiver's continued discovery concerning your clients in the FTC Action is appropriate under the Preliminary Injunction and the circumstances of the case.

Please advise us of your position in this matter within seven days of the date of this letter.

Very truly yours,

Gary Owen Caris

GOC

Enclosures

cc: Brick Kane, Deputy to the Receiver (via e-mail, w/o enclosures)

LA:18002993.1

AO 88B (Rev. 06/09) Subpoena to Produce Documents, Information, or Objects or to Permit Inspection of Premises in a Civil Action

UNITED STATES DISTRICT COURT

for the

Eastern District of Virginia

FEDERAL TRADE COMMISSION

Plaintiff

v.

JEREMY JOHNSON, etc., et al.

Defendant

Civil Action No. 2:10-cv-02203-MMD-GWF

(If the action is pending in another district, state where: U.S. District Court, Dist. of Nevada)

SUBPOENA TO PRODUCE DOCUMENTS, INFORMATION, OR OBJECTS OR TO PERMIT INSPECTION OF PREMISES IN A CIVIL ACTION

To: Chartway Federal Credit Union

[X] *Production:* **YOU ARE COMMANDED** to produce at the time, date, and place set forth below the following documents, electronically stored information, or objects, and permit their inspection, copying, testing, or sampling of the material: SEE EXHIBIT 1 ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE

Place:	Date and Time:
Robb Evans of Robb Evans & Associates LLC, Receiver c/o Absolute Process & Litigation, 2830 Shore Dr., Unit 1103, Virginia Beach, Virginia 23451	December 14, 2012, 10:00 a.m.

[ ] *Inspection of Premises:* **YOU ARE COMMANDED** to permit entry onto the designated premises, land, or other property possessed or controlled by you at the time, date, and location set forth below, so that the requesting party may inspect, measure, survey, photograph, test, or sample the property or any designated object or operation on it.

Place:	Date and Time:

The provisions of Fed. R. Civ. P. 45(c), relating to your protection as a person subject to a subpoena, and Rule 45 (d) and (e), relating to your duty to respond to this subpoena and the potential consequences of not doing so, are attached.

Date: 11/29/12

CLERK OF COURT

Signature of Clerk or Deputy Clerk

McKenna Long & Aldridge LLP

By:

OR

Attorney's signature

Lesley Anne Hawes, Esq.

The name, address, e-mail, and telephone number of the attorney representing *(name of party)* Robb Evans of Robb Evans & Associates LLC, Permanent Receiver, who issues or requests this subpoena, are: Lesley Anne Hawes, Esq., McKenna Long & Aldridge LLP, 300 South Grand Avenue, 14th Floor, Los Angeles, CA 90071, lhawes@mckennalong.com, (213) 688-1000

AO 88B

Exhibit 1 Page 3

Federal Rule of Civil Procedure 45 (c), (d), and (e) (Effective 12/1/07)

(c) Protecting a Person Subject to a Subpoena.

(1) ***Avoiding Undue Burden or Expense; Sanctions.*** A party or attorney responsible for issuing and serving a subpoena must take reasonable steps to avoid imposing undue burden or expense on a person subject to the subpoena. The issuing court must enforce this duty and impose an appropriate sanction — which may include lost earnings and reasonable attorney's fees — on a party or attorney who fails to comply.

(2) ***Command to Produce Materials or Permit Inspection.***

(A) *Appearance Not Required.* A person commanded to produce documents, electronically stored information, or tangible things, or to permit the inspection of premises, need not appear in person at the place of production or inspection unless also commanded to appear for a deposition, hearing, or trial.

(B) *Objections.* A person commanded to produce documents or tangible things or to permit inspection may serve on the party or attorney designated in the subpoena a written objection to inspecting, copying, testing or sampling any or all of the materials or to inspecting the premises — or to producing electronically stored information in the form or forms requested. The objection must be served before the earlier of the time specified for compliance or 14 days after the subpoena is served. If an objection is made, the following rules apply:

(i) At any time, on notice to the commanded person, the serving party may move the issuing court for an order compelling production or inspection.

(ii) These acts may be required only as directed in the order, and the order must protect a person who is neither a party nor a party's officer from significant expense resulting from compliance.

(3) ***Quashing or Modifying a Subpoena.***

(A) *When Required.* On timely motion, the issuing court must quash or modify a subpoena that:

(i) fails to allow a reasonable time to comply;

(ii) requires a person who is neither a party nor a party's officer to travel more than 100 miles from where that person resides, is employed, or regularly transacts business in person — except that, subject to Rule 45(c)(3)(B)(iii), the person may be commanded to attend a trial by traveling from any such place within the state where the trial is held;

(iii) requires disclosure of privileged or other protected matter, if no exception or waiver applies; or

(iv) subjects a person to undue burden.

(B) *When Permitted.* To protect a person subject to or affected by a subpoena, the issuing court may, on motion, quash or modify the subpoena if it requires:

(i) disclosing a trade secret or other confidential research, development, or commercial information;

(ii) disclosing an unretained expert's opinion or information that does not describe specific occurrences in dispute and results from the expert's study that was not requested by a party; or

(iii) a person who is neither a party nor a party's officer to incur substantial expense to travel more than 100 miles to attend trial.

(C) *Specifying Conditions as an Alternative.* In the circumstances described in Rule 45(c)(3)(B), the court may, instead of quashing or modifying a subpoena, order appearance or production under specified conditions if the serving party:

(i) shows a substantial need for the testimony or material that cannot be otherwise met without undue hardship; and

(ii) ensures that the subpoenaed person will be reasonably compensated.

(d) Duties in Responding to a Subpoena.

(1) ***Producing Documents or Electronically Stored Information.*** These procedures apply to producing documents or electronically stored information:

(A) *Documents.* A person responding to a subpoena to produce documents must produce them as they are kept in the ordinary course of business or must organize and label them to correspond to the categories in the demand.

(B) *Form for Producing Electronically Stored Information Not Specified.* If a subpoena does not specify a form for producing electronically stored information, the person responding must produce it in a form or forms in which it is ordinarily maintained or in a reasonably usable form or forms.

(C) *Electronically Stored Information Produced in Only One Form.* The person responding need not produce the same electronically stored information in more than one form.

(D) *Inaccessible Electronically Stored Information.* The person responding need not provide discovery of electronically stored information from sources that the person identifies as not reasonably accessible because of undue burden or cost. On motion to compel discovery or for a protective order, the person responding must show that the information is not reasonably accessible because of undue burden or cost. If that showing is made, the court may nonetheless order discovery from such sources if the requesting party shows good cause, considering the limitations of Rule 26(b)(2)(C). The court may specify conditions for the discovery.

(2) ***Claiming Privilege or Protection.***

(A) *Information Withheld.* A person withholding subpoenaed information under a claim that it is privileged or subject to protection as trial-preparation material must:

(i) expressly make the claim; and

(ii) describe the nature of the withheld documents, communications, or tangible things in a manner that, without revealing information itself privileged or protected, will enable the parties to assess the claim.

(B) *Information Produced.* If information produced in response to a subpoena is subject to a claim of privilege or of protection as trial-preparation material, the person making the claim may notify any party that received the information of the claim and the basis for it. After being notified, a party must promptly return, sequester, or destroy the specified information and any copies it has; must not use or disclose the information until the claim is resolved; must take reasonable steps to retrieve the information if the party disclosed it before being notified; and may promptly present the information to the court under seal for a determination of the claim. The person who produced the information must preserve the information until the claim is resolved.

(e) Contempt. The issuing court may hold in contempt a person who, having been served, fails without adequate excuse to obey the subpoena. A nonparty's failure to obey must be excused if the subpoena purports to require the nonparty to attend or produce at a place outside the limits of Rule 45(c)(3)(A)(ii).

EXHIBIT 1 TO SUBPOENA FOR PRODUCTION OF DOCUMENTS

DEFINITIONS

As used in this Subpoena the words and phrases below shall have the following meanings:

1. The term "DOCUMENT" is defined to be synonymous in meaning and equal in scope to the usage of this term in Federal Rule Civil Procedure 34(a), including, but not limited to, all electronic or computerized data compilations. A draft or nonidentical copy is a separate document within the meaning of this term.

2. The term "CONCERNING" shall mean referring to, relating to, describing, evidencing, itemizing, or constituting.

3. The term "ANY" shall mean any and all.

4. The term "COMPANY " shall mean and refer to Chartway Federal Credit Union.

DIRECTIONS

1. Business records: To the extent that documents the Company produces in response to this subpoena are records of regularly conducted business activities as described in Fed. R. Evid. 803(6), include a certification consistent with Fed. R. Evid. 902(11) for those documents.

2. Scope of Search: Documents covered by this subpoena are those in the possession or under the actual or constructive custody or control of the Company, including but not limited to documents in the possession, custody, or control of the Company's attorneys, accountants, directors, officers, and employees, whether or not such documents were received from or disseminated to any person or entity.

3. Document Identification: Documents that March be responsive to more than one request of this subpoena need not be submitted more than once; however, the Company's response should indicate, for each document submitted, each request to which the document is responsive.

4. Submission of Magnetically-recorded information: Magnetic media shall be submitted in the following forms and formats:

a. Magnetic storage media. The Receiver will accept: (1) 9 track computer tapes recorded in ASCII or EBCDIC format at either 1600 or 6250 BPI; (2) 3.5 inch microcomputer floppy diskettes, high density, double sided, formatted for IBM compatible computers (1.44 MB capacity); (3) Iomega ZIP disks formatted for IBM compatible PCs (100 or 250 MB capacity); (4) CD R74 CD ROM readable disks formatted to ISO 9660 specifications (650 MB capacity); (5) Iomega DITTO mini data cartridges (2000 MB capacity). The Receiver will

accept 4mm & 8mm DAT and other cassette, mini-cartridge, cartridge, and DAT/helical scan tapes by pre-authorization only. In all events, files provided on 4mm DAT cassettes must not be compressed or otherwise altered by proprietary backup programs. Where data is to be transferred from a UNIX system the Receiver will accept data provided on 8mm DAT created using TAR, CPIO, or DD.

b. File and record structures.

(1) Magnetically recorded information from centralized non microcomputer based systems:

(i) File structures. The Receiver will accept sequential files only. All other file structures must be converted into sequential format.

(ii) Record structures. The Receiver will accept fixed length records only. All data in the record is to be provided as it would appear in printed format: i.e., numbers unpacked, decimal points and signs printed.

(2) Magnetically recorded information from microcomputers. Microcomputer based data: \ word processing documents should be in DOS-text (ASCII), Microsoft Word 2003 or prior version format. Spreadsheets should be in Microsoft Excel 2003 (.xls) or prior version, or Lotus compatible (.wk1) format. Database files should be in Microsoft Access 2003 (.mdb) or earlier version, or dBase compatible (.dbf), version 4 or prior, format. Database or spreadsheet files also March be submitted after conversion to ASCII delimited, comma separated or fixed length field format, with field names as the first record. Graphic images must be in PDF format, compressed and unencrypted. Other proprietary software formats for word processing documents, spreadsheets, databases, graphics and other data files will be accepted by pre authorization only. For microcomputer files that are too large for one disk, files March be provided in a compressed CDR format.

c. Documentation.

(1) Data must be accompanied by the following information: (a) full pathname of the file and (b) the identity of the media on which on which it resides, e.g. the identity of the cd, zip disk or floppy that holds the file. In the case of complex files or directories of files, all component files that are part of a given directory must be specified with their full pathnames. Where necessary, the subdirectories that must be created in order to successfully read these submitted files must be provided.

(2) Files provided on tape must be accompanied by the following information: (a) filename; (b) the identity of the tape on which the file

resides; (c) the position of the file on the tape. For sequential files, the documentation also must include (a) the number of records contained in the file; (b) the record length and block size; and (c)the record layout, including (i) the name of each element, (ii) the element's size in bytes, and (iii) the element's data type. The documentation should be included in the same package as the tape, along with a printout of the first 100 records in report format.

d. Shipping. Magnetic media should be carefully packed to avoid damage, and must be shipped clearly marked: MAGNETIC MEDIA DO NOT X-RAY.

DOCUMENTS REQUESTED

1. All Documents concerning all new accounts opened on or after March 1, 2012, of Todd Vowell, individual and/or joint, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

2. All Documents concerning all new accounts opened on or after March 1, 2012, on which Todd Vowell has signature authority, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

3. All Documents concerning all new accounts opened on or after March 1, 2012, of Jason Vowell, individual and/or joint, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

4. All Documents concerning all new accounts opened on or after March 1, 2012, on which Jason Vowell has signature authority, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

5. All Documents concerning all new accounts opened on or after March 1, 2012, of Sheree Vowell, individual and/or joint, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

6. All Documents concerning all new accounts opened on or after March 1, 2012, on which Sheree Vowell has signature authority, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

7. All Documents concerning all new accounts opened on or after March 1, 2012, of Jeremy Johnson, individual and/or joint, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

8. All Documents concerning all new accounts opened on or after March 1, 2012, on which Jeremy Johnson has signature authority, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account

applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

9. All Documents concerning all new accounts opened on or after March 1, 2012, of Sharla Johnson, individual and/or joint, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

10. All Documents concerning all new accounts opened on or after March 1, 2012, on which Sharla Johnson has signature authority, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

11. All Documents concerning all new accounts opened on or after March 1, 2012, of Kerry Johnson, individual and/or joint, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

12. All Documents concerning all new accounts opened on or after March 1, 2012, on which Kerry Johnson has signature authority, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks

(front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

13. All Documents concerning all new accounts opened on or after March 1, 2012, of Barbara Johnson, individual and/or joint, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

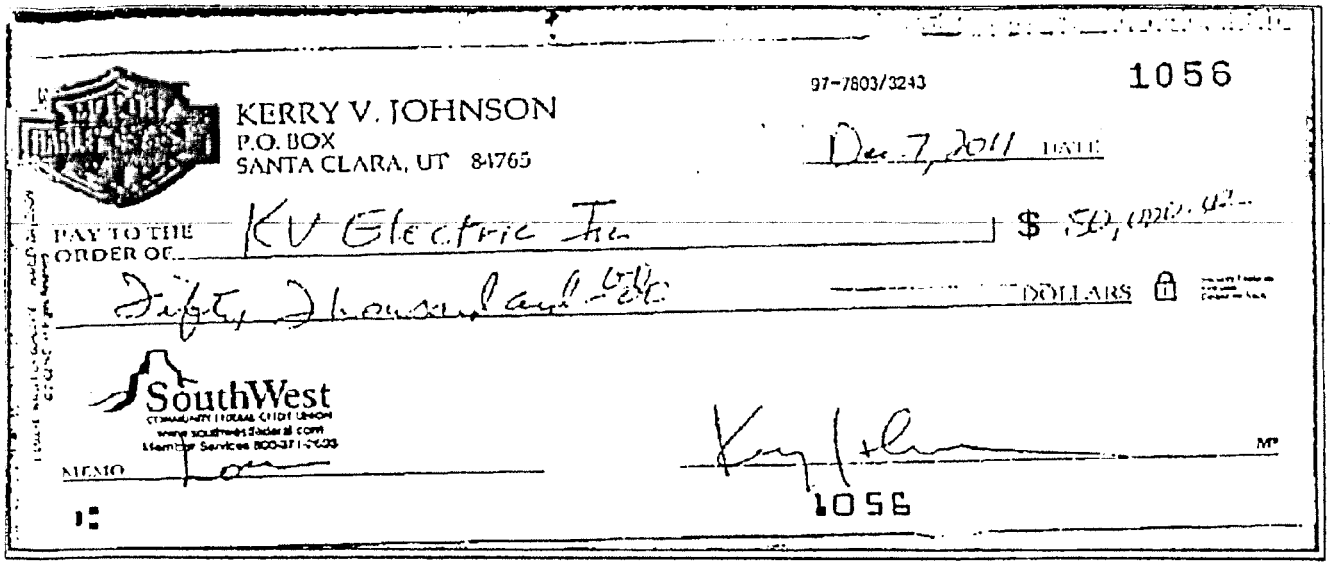
14. All Documents concerning all new accounts opened on or after March 1, 2012, on which Barbara Johnson has signature authority, other than credit card accounts and loan accounts, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

15. All Documents concerning all new accounts opened on or after March 1, 2012, other than credit card accounts and loan accounts, of Chief Longtail, Inc, including but not limited to account number 1290347S00, which Documents include but are not limited to (a) signature cards, account agreements, account applications and/or other account opening documents, whenever created or received, (b) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (c) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, from March 1, 2012 to the present.

16. All Documents concerning account number 1239037 of Kerry V. Johnson, including but not limited to (a) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (b) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, for the period from March 1, 2012 to the present or the closing date, whichever date is later.

17. All Documents concerning account number 1210731 of Sharla Johnson dba Quilted Works, including but not limited to (a) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (b) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, for the period from March 1, 2012 to the present or the closing date, whichever date is later.

18. All Documents concerning account number 371443 of Jason Vowell, including but not limited to (a) account statements, statements, transaction records, disbursement requests, wire transfer receipts, receipts, deposit tickets, deposited items, official bank checks (front and back), cashier's checks (front and back), cancelled checks (front and back), drafts, credits, and debits, and all offsetting documents for drafts, credits and debits, and (b) all notes, memoranda and communications, including but not limited to e-mail, voice recordings, and correspondence, for the period from March 1, 2012 to the present or the closing date, whichever date is later.



KERRY V. JOHNSON
P.O. BOX
SANTA CLARA, UT 84765

97-7803/3243

1056

Dec 7, 2011 DATE

PAY TO THE ORDER OF KV Electric Inc $ 50,000.00

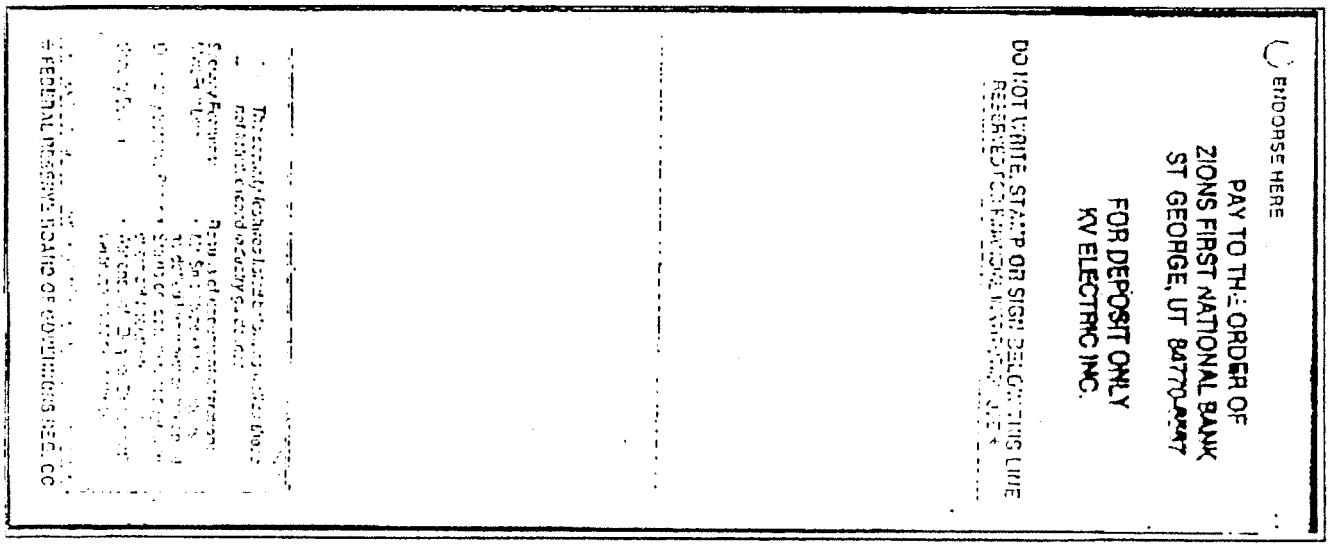
Fifty Thousand and 00/100 DOLLARS

SouthWest
COMMUNITY FEDERAL CREDIT UNION
www.southwestfederal.com
Member Services 800-371-7033

MEMO Loan

1056

Sequence: Check#:1056 TR: Account: TranCode:0 Amount:$50,000.00 Date:12/08/2011



ENDORSE HERE

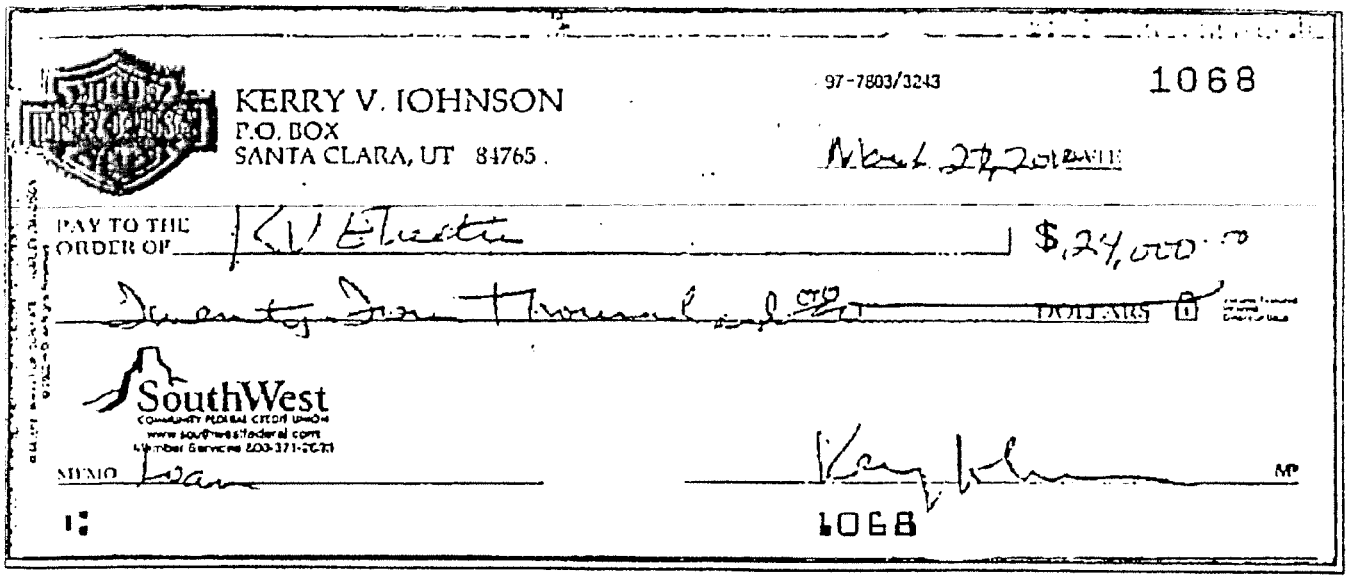
PAY TO THE ORDER OF
ZIONS FIRST NATIONAL BANK
ST GEORGE, UT 84770-4847

FOR DEPOSIT ONLY
KV ELECTRIC INC.

DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE

THIS DOCUMENT HAS A BLUE BACKGROUND
NOT AUTHORIZED CHECK
FEDERAL RESERVE BOARD OF GOVERNORS REG. CC

Exhibit 1 Page 12



KERRY V. JOHNSON
P.O. BOX
SANTA CLARA, UT 84765

97-7803/3243

1068

DATE March 27, 2012

PAY TO THE ORDER OF KV Electric

$ 24,000.00

Twenty Four Thousand and 00

DOLLARS

SouthWest
COMMUNITY FEDERAL CREDIT UNION
www.southwestfederal.com
Member Services 800-371-0231

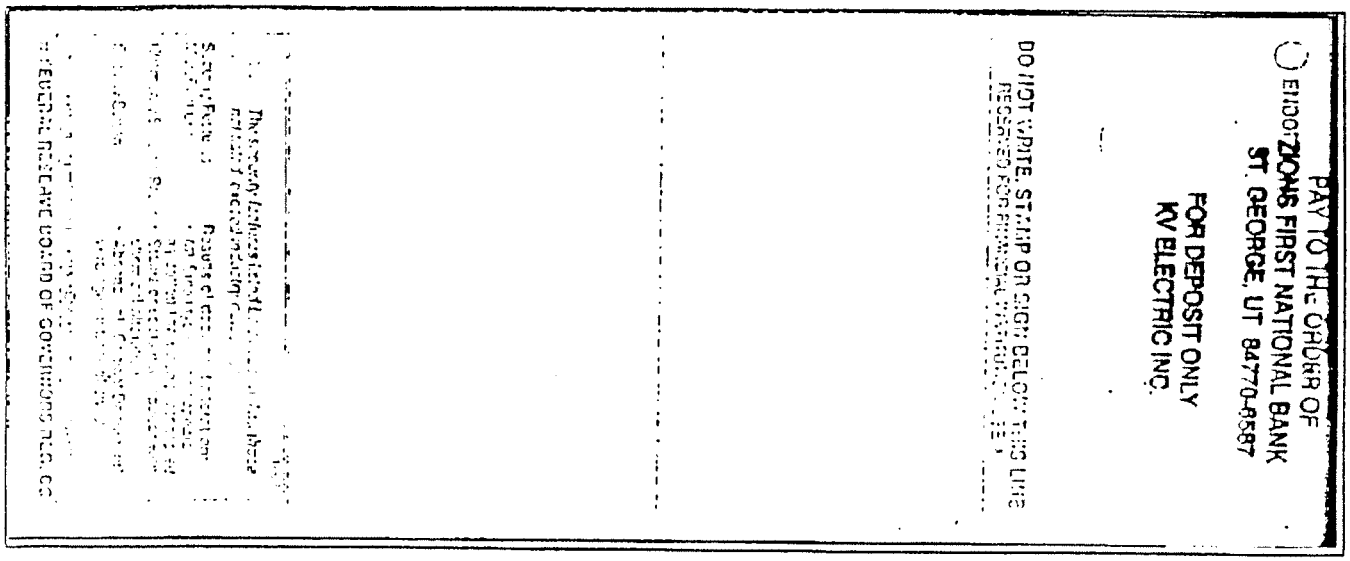
MEMO Loan

Kerry Johnson

1:

1068

Sequence Check#:1068 TR: Account: TranCode:0 Amount:$24,000.00 Date:03/23/2012



PAY TO THE ORDER OF
ZIONS FIRST NATIONAL BANK
ST. GEORGE, UT 84770-6587

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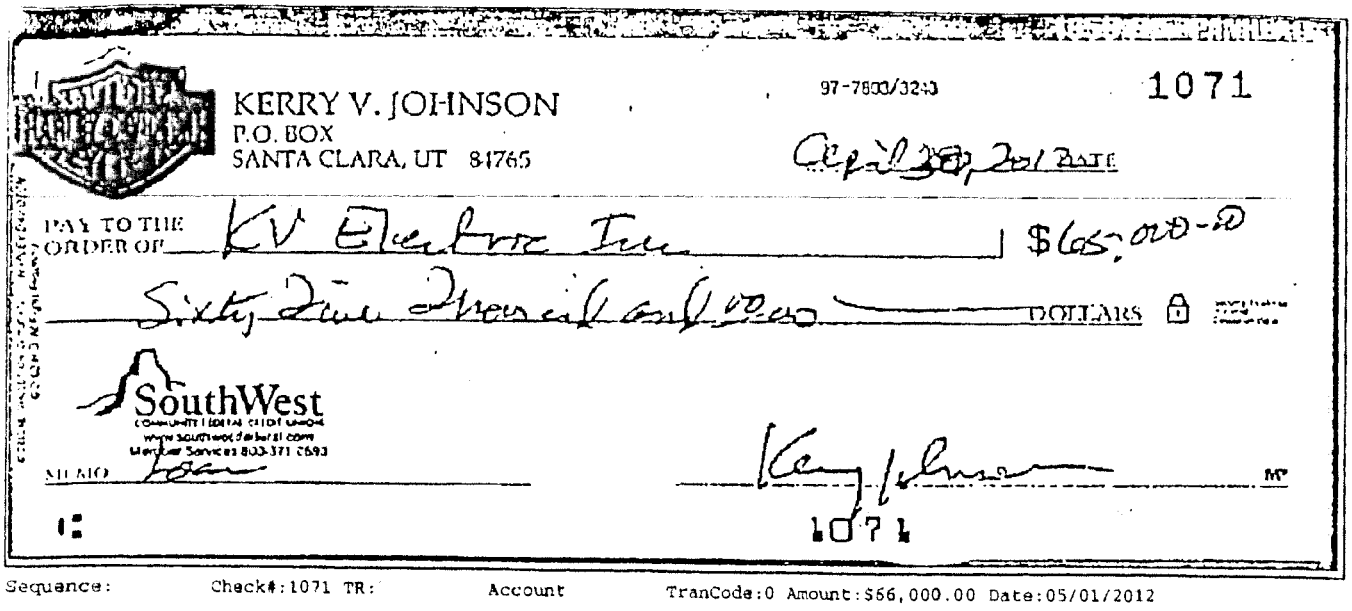
Exhibit 1 Page 13



KERRY V. JOHNSON
P.O. BOX
SANTA CLARA, UT 84765

97-7600/3240

1071

April 30, 2012 DATE

PAY TO THE ORDER OF KV Electric Inc $66,000.00

Sixty Six thousand and 00/100 DOLLARS

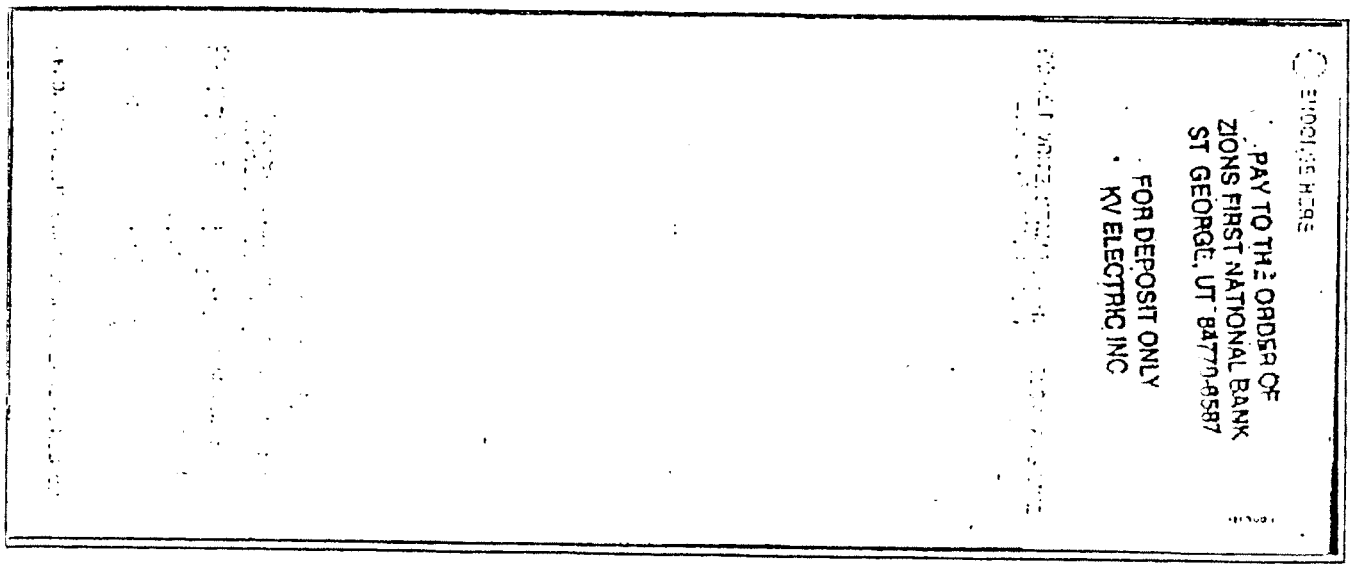
SouthWest
COMMUNITY FEDERAL CREDIT UNION
www.southwestfcu.com
Member Services 800-371-7693

MEMO loan

Kerry Johnson

1071

Sequence: Check#:1071 TR: Account TranCode:0 Amount:$66,000.00 Date:05/01/2012



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ST GEORGE, UT 84770-6587

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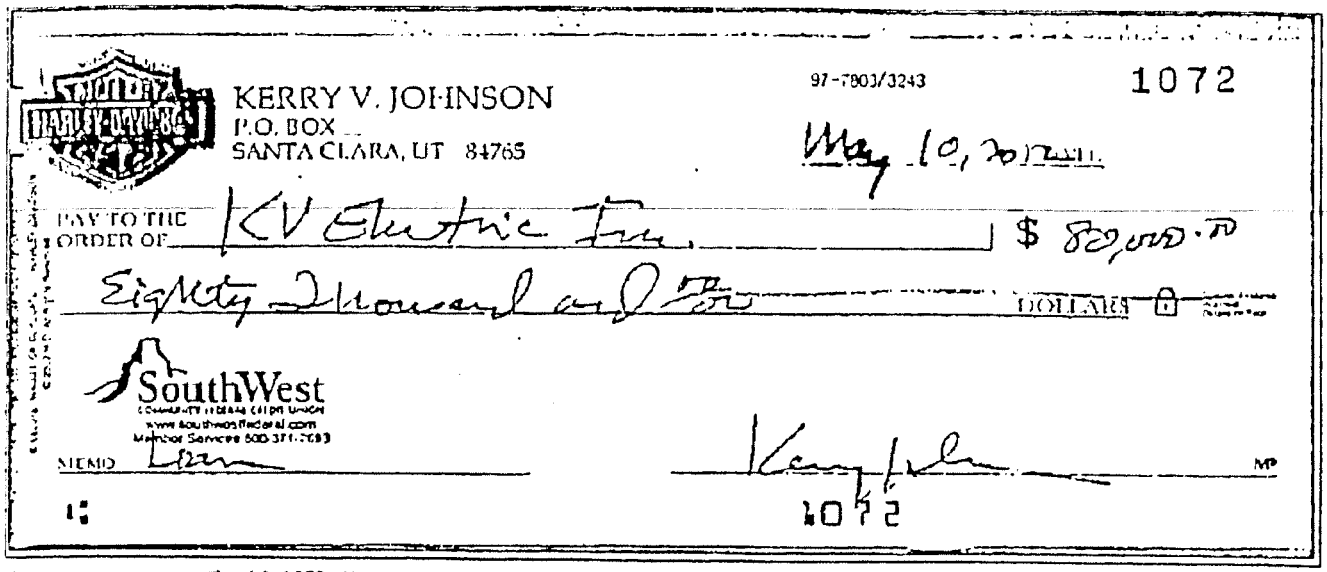
KV ELECTRIC INC

Exhibit 1 Page 14



KERRY V. JOHNSON
P.O. BOX ...
SANTA CLARA, UT 84765

97-7903/3243

1072

May 10, 20[illegible]

PAY TO THE ORDER OF KV Electric Inc. $ 80,000.00

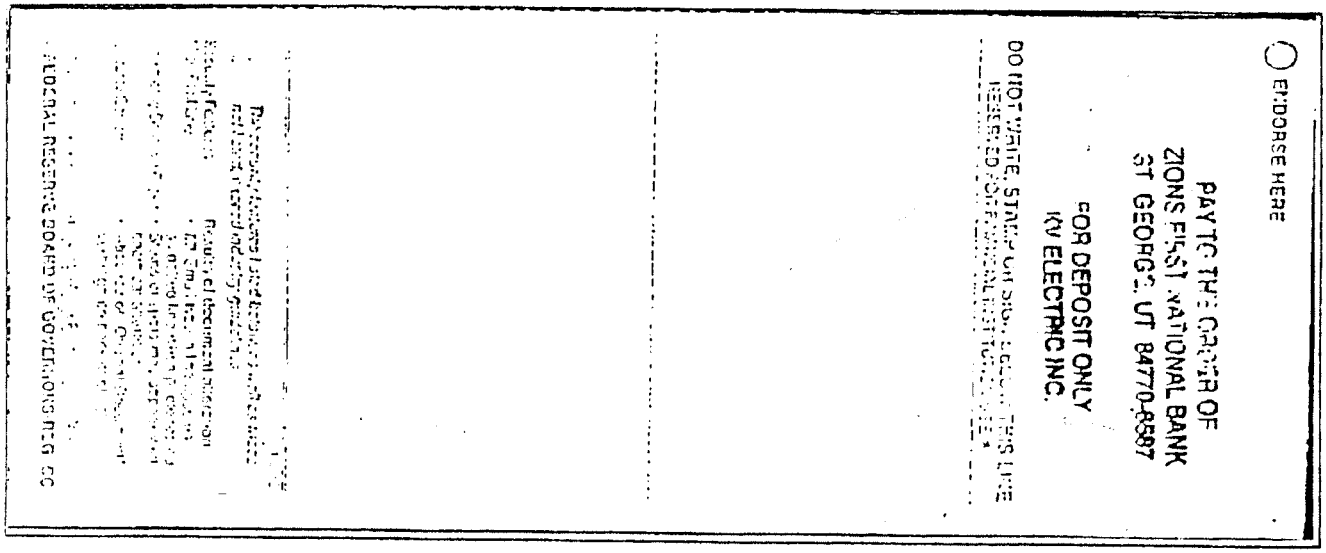
Eighty Thousand and 00 DOLLARS

SouthWest
Community Federal Credit Union
www.southwestfederal.com
Member Services 800-371-7083

MEMO Loan

1072

Sequence: Check#:1072 TR: Account: TranCode:0 Amount:$80,000.00 Date:05/11/2012



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ZIONS FIRST NATIONAL BANK
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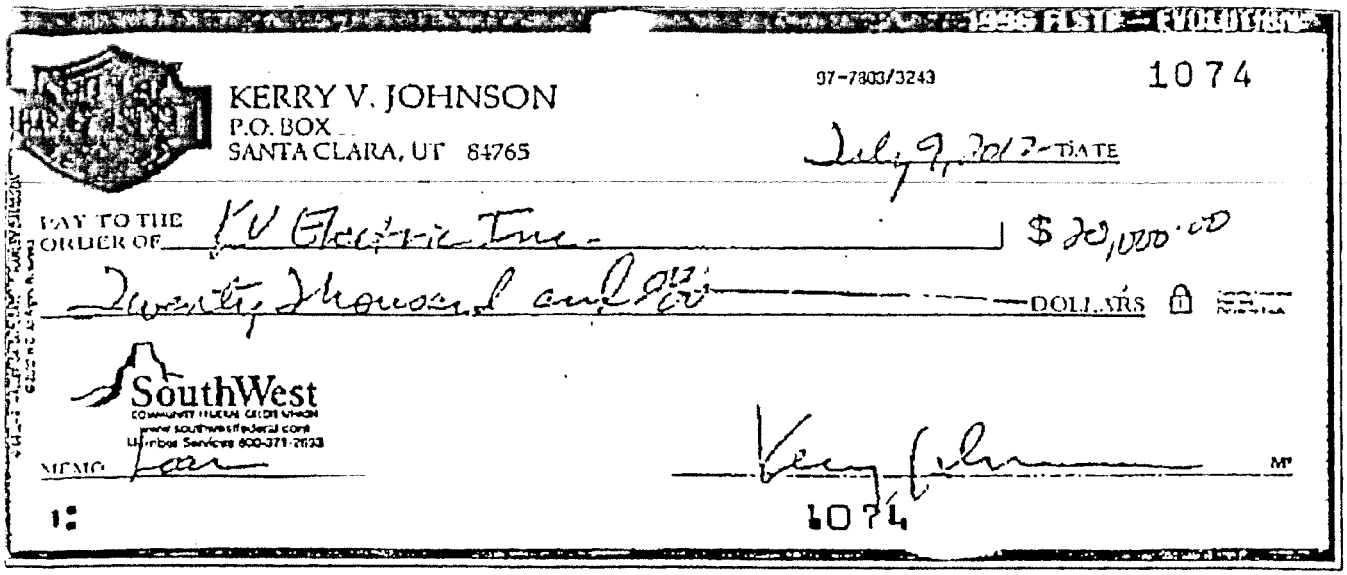
Exhibit 1 Page 15



KERRY V. JOHNSON
P.O. BOX
SANTA CLARA, UT 84765

97-7303/3243

1074

July 9, 2012 — DATE

PAY TO THE ORDER OF KV Electric Inc. $ 20,000.00

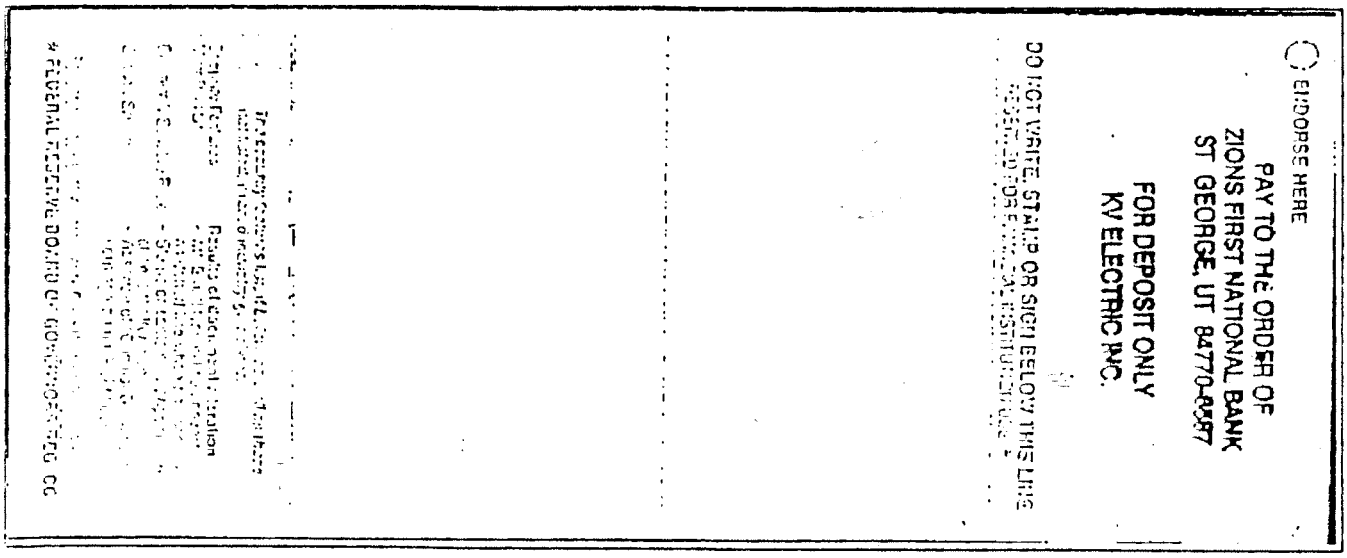
Twenty Thousand and 00/100 — DOLLARS

SouthWest
COMMUNITY FEDERAL CREDIT UNION
www.southwestfederal.com
Member Services 800-371-2733

MEMO Loan

1074

Sequence: Check#:1074 TR: Account: TranCode:0 Amount:$20,000.00 Date:07/10/2012



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ST GEORGE, UT 84770-8587

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KV ELECTRIC INC.

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Exhibit 1 Page 16

EXHIBIT 2

CALLISTER NEBEKER & MCCULLOUGH
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
ZIONS BANK BUILDING
10 EAST SOUTH TEMPLE, SUITE 900
SALT LAKE CITY, UTAH 84133
TELEPHONE 801-530-7300
FAX 801-364-9127

James D. Gilson

TO CONTACT WRITER DIRECTLY
(801) 530-7325
jgilson@cnmlaw.com

January 9, 2013

Gary Owen Caris
McKenna Long & Aldridge LLP
Attorneys for Receiver Robb Evans
300 South Grand Avenue, 14th Floor
Los Angeles, CA 90071-2901
gcaris@mckennalong.com

SENT VIA E-MAIL

Re: F.T.C. v. Jeremy Johnson, Case No. 2:10-CV-02203-RLH-GWF in the United States District Court for the District of Nevada

Dear Mr. Caris:

This letter is in response to your letter, dated January 2, 2013, to my partner Michael D. Stanger, wherein you reveal that the Receiver issued subpoenas to third parties seeking documents related to our clients Kerry and Barbara Johnson (the "Johnsons").

Please be aware that the Johnsons strongly object to the subpoenas. Among other things, your firm's actions appear to be in violation of the Federal Rules of Civil Procedure as well as a breach of your client's legal and ethical obligations as a court-appointed Receiver. The subpoenas sought personal financial information of the Johnsons, yet no prior notice of the subpoenas was given to the Johnsons (who have appeared as objectors in the receivership action and who first learned of your actions when they received your January 2 letter). The Receiver and your firm similarly failed to provide prior notice of the subpoenas to the parties in the receivership action. This failure to provide notice resulted in a denial of due process to the Johnsons and the parties – who were not given an opportunity to be heard prior to your receipt of documents responsive to the subpoenas. As you know, prior notice is required under Fed. R. Civ. Pro. 45(b)(1).

The subpoenas are furthermore objectionable because they are not authorized under the terms of the Receiver's appointment, go well beyond the scope of the matters at issue in the receivership action, and seek personal information and documents to which your client is not entitled. Moreover, it appears that you are seeking to use the receivership action to conduct premature discovery potentially related to the Receiver's pending lawsuit against the Johnsons (Case No. 2:12-CV-01053) when such discovery has not been authorized in that lawsuit.

Accordingly, the Johnsons demand that you: (1) cease all efforts to conduct discovery about the Johnsons without prior notice; (2) provide the Johnsons with copies of all subpoenas issued relating to the Johnsons; (3) deliver to the Johnsons all documents that your Firm and the Receiver have received in response to any subpoenas relating to the Johnsons (including all copies of such documents), and not retain any copies.

Please feel free to contact me if you have any questions regarding this objection and demand.

Very truly yours,

CALLISTER NEBEKER & McCULLOUGH

James D. Gilson

cc: Lesley Anne Hawes (lhawes@mckennalong.com)
Zachary T. Shields (zachshields@cnmlaw.com)
Michael D. Stanger (mstanger@cnmlaw.com)

590740.1

Exhibit 2 Page 2

EXHIBIT 3

Albany
Atlanta
Brussels
Denver
Los Angeles

McKenna Long & Aldridge LLP
Attorneys at Law

300 South Grand Avenue • 14th Floor • Los Angeles, CA 90071-3124
Tel: 213.688.1000 • Fax: 213.243.6330
www.mckennalong.com

New York
Philadelphia
San Diego
San Francisco
Washington, D.C.

GARY OWEN CARIS
213.243.6107

EMAIL ADDRESS
gcaris@mckennalong.com

January 15, 2013

BY EMAIL (JGILSON@CNMLAW.COM) AND REGULAR MAIL

Mr. James D. Gilson
Callister Nebeker & McCullough
10 East South Temple, Suite 900
Salt Lake City, UT 84133

Re: Federal Trade Commission v. Jeremy Johnson, et al.
United States District Court, District of Nevada
Case No. 2:10-cv-02203-MMD-GWF
Our Client: Robb Evans of Robb Evans & Associates LLC ("Receiver")

Dear Mr. Gilson:

This letter is in response to your January 9, 2013 letter which in turn was written in response to my correspondence to your partner Michael Stanger. Because you object to the Receiver's continuing use of subpoenas pertaining to Kerry Johnson and Barbara Johnson (the "Johnsons"), as I indicated in my January 2 letter we will file a motion to address this issue and seek a determination that the Receiver's continued discovery concerning the Johnsons in the FTC Action is appropriate under the Preliminary Injunction and the circumstances of the case. However, it is first necessary to correct several misstatements in your January 9 letter.

You are incorrect when you state that my firm's actions are a violation of the Federal Rules of Civil Procedure as well as a breach of the Receiver's legal and ethical obligations. This claim is based on the assertion that no prior notice of the subpoenas was given to the Johnsons or the parties to the FTC Action. While you are factually correct, it is incorrect to state that we are required to give such prior notice. In fact, this very issue was addressed in open court in the FTC Action before Judge Hunt, the prior District Judge handling this matter, at the hearing held on January 26, 2012. (See Minutes of Proceedings of January 26, 2012, Doc. No. 459.) The Court determined that no prior notice was required to be given, in part based on my argument that such prior notice would materially and detrimentally affect the Receiver's investigation and enable defendants and third parties to hide and dissipate assets of the receivership estate. This order was further clarified by Judge Du in a ruling on June 22, 2013 (Doc. No. 611). The only requirement imposed upon the Receiver was to provide on a periodic basis, after the fact, general

notice to the parties in the FTC Action: (1) identifying the third parties who produced documents in response to subpoenas; and (2) providing a general description of the documents which were produced in response to those subpoenas.

Additionally, your assertion that the Receiver is not authorized to issue subpoenas under the Preliminary Injunction Order (which is the operative order appointing the Receiver) is wrong. Section XV.P of the Preliminary Injunction Order specifically authorizes the Receiver to: "[i]ssue subpoenas to obtain documents and records pertaining to the Receivership, and conduct discovery in this action on behalf of the receivership estate". You also mistakenly claim that the supboenas "go well beyond the scope of the matters at issue" even though you also claim not to know what the subpoenas say. In any event, because the Receiver's duties include the duty to take exclusive custody and control of all assets of the Receivership Defendants (Section XV.B and C) and to perform all acts necessary or advisable to preserve those assets (Section XV.E), it is clearly within the scope of the Receiver's powers to investigate the financial transactions involving or potentially involving assets of the receivership estate, including a myriad of transactions involving the Johnsons.

Next, you complain that we are seeking to use the receivership action to conduct "premature discovery" potentially related to the Receiver's pending lawsuit against the Johnsons. We dispute that we have conducted such "premature discovery" and in fact have been undertaking discovery in the FTC Action long before the lawsuit against your clients was even filed. However, precisely because we thought you might disagree that the Receiver can continue its discovery in light of the lawsuit against the Johnsons, we wrote to you in order to give you an opportunity to object and, if necessary, bring this matter to the Court's attention. Based on your objection, we will do so.

Finally, with respect to your three demands set out at the end of your letter, as we have repeatedly stated we will not conduct further discovery about the Johnsons until this dispute is resolved. Additionally, we have previously provided you the documents produced by Chartway Federal Credit Union regarding the Johnsons, the only third party to produce documents pertaining to the Johnsons since the inception of the Receiver's lawsuit against them. We decline to provide you with copies of all subpoenas issued in the FTC Action relating to the Johnsons. We further decline to produce for you any other documents obtained in the FTC Action or to dispose of any of the documents we have obtained in the course of our investigation, including those relating to the Johnsons. None of those demands are proper or required under the Court's prior orders or applicable law. Nonetheless, you will have an opportunity to make these requests in response to our motion to resolve this dispute.

Please feel free to contact me if you would like to discuss this matter further.

Very truly yours,

Gary Owen Caris

GOC

cc: Brick Kane, Deputy to the Receiver (via e-mail)

LA:18009527.1

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

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

Attorneys for Receiver
ROBB EVANS OF ROBB EVANS & ASSOCIATES LLC

UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

JEREMY JOHNSON, etc., et al.,

Defendants.

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

DECLARATION OF BRICK KANE IN SUPPORT OF EMERGENCY MOTION FOR INSTRUCTIONS CONCERNING RECEIVER'S INVESTIGATION OF RECORDS OF KERRY JOHNSON AND BARBARA JOHNSON AND THEIR ENTITIES UNDER PRELIMINARY INJUNCTION ORDER ENTERED FEBRUARY 10, 2011

I, Brick Kane, declare:

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

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

2. I have been employed by Robb Evans & Associates LLC for approximately 15 years. Robb Evans and Robb Evans & Associates LLC have been appointed as receiver in numerous federal and state receiverships over the last 15 years. I have been a principal of Robb Evans & Associates LLC and its Chief Operating Officer since its formation. Prior to Robb Evans & Associates LLC's formation, I acted as a deputy to Robb Evans in his capacity as receiver in matters in which he was appointed receiver since 1995. In addition, I worked in commercial banking for over 20 years prior to my working with Robb Evans and Robb Evans & Associates LLC as receivers. My job responsibilities in the banking industry have included being a Chief Operating Officer and Chief Financial Officer.

3. During the more than 15 years in which I have worked with Robb Evans and Robb Evans & Associates LLC as receivers, I have participated as a primary deputy with supervisory responsibility for more than 60 federal regulatory receiverships in civil enforcement actions brought by the Securities and Exchange Commission ("SEC"), the Federal Trade Commission ("FTC") and the Commodity Futures Trading Commission ("CFTC"). In these receiverships, the Receiver was tasked with the responsibility of investigating, managing, preserving, and liquidating all types of businesses, real property, and personal property, and throughout this time I have been involved in the management, preservation, and liquidation of receivership assets and the day-to-day investigation, management and supervision of these receivership estates. Robb Evans and/or Robb Evans & Associates LLC as receiver have also successfully recovered significant assets that the Receiver uncovered through their extensive, laborious and complex investigation, financial analysis, forensic accounting and document review, and have pursued litigation claims against hundreds of individuals and entities based on a wide variety of legal

theories. I conservatively estimate that recoveries in those cases resulting from the Receiver's investigative and litigation efforts collectively exceed $190,000,000. These receiverships have included cases in many jurisdictions, including Nevada, California, Texas, Illinois, Arizona, Florida, Oklahoma, Missouri, Maryland and New York. One of those cases, *Securities and Exchange Commission v. James P. Lewis, Jr., etc.*, U.S.D.C. Central District of California Case No. 03-9354 ABC (VBKx) ("*Lewis*") involved one of the longest running Ponzi schemes on record. Robb Evans & Associates LLC is also Receiver in several other prominent national cases, including the $1.5 billion case involving WG Trading Investors, L.P. and WG Trading Company, Limited Partnership in the Southern District of New York brought by the CFTC and the SEC (Case Nos. 09-CV-1749 and 09-CV-1750), and a receivership case involving the debt settlement company DebtWorks, Inc. in the case of *Federal Trade Commission v. Ameridebt, Inc., et al.*, in the U.S.D.C. District of Maryland, Case No. PJM 03-3317 ("*DebtWorks*"). In the *DebtWorks* case, the Receiver has located and liquidated over $50 million in real and personal property assets located throughout the world, although many of the assets were hidden by the receivership entities and their principals. One of the cases, *United States Commodity Futures Trading Commission v. Lake Shore Asset Management, Ltd.*, U.S.D.C. Northern District of Illinois Case No. 07 C 3598, involved a fraudulent hedge fund investment scheme of approximately $300 million and in which the Receiver recovered approximately $76 million through litigation claims.

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

5. I am one of the deputies to the Receiver who has been responsible for the supervision and administration of the receivership estate and for the Receiver's review and investigation of assets and analysis of financial and business records relevant to the receivership and the Receiver's exercise of his powers and duties under the TRO and Preliminary Injunction. I personally participated in the preparation and review of the Receiver's initial Report of Temporary Receiver's Activities January 13, 2011 Through February 4, 2011 which was filed

with the Court on February 8, 2011 (Doc. No. 127) ("First Report") and the Report of Receiver's Financial Reconstruction dated January 31, 2012 ("Second Report") filed with the Court on February 3, 2012 along with a four-volume Appendix of Exhibits to the Second Report (Doc. Nos. 464, 465-468). I personally participated in the review and evaluation of many of the documents and records upon which the information contained in the Receiver's First Report and Second Report are based. I attended and/or read the transcripts of all of the depositions conducted by the Receiver to date in this case, and I attended two confidential witness interviews on behalf of the Receiver. I was extensively involved in the drafting and revision of the Second Report and in the drafting, revisions or review of the 105 tabs (exhibits) to the Second Report.

6. As reflected in the Receiver's First Report, the Receivership Defendants include 61 named corporate defendants, the assets of Jeremy Johnson and numerous subsidiaries, affiliates and fictitious business entities related to the corporate defendants and Jeremy Johnson ("Johnson"). The total number of Receivership Defendants subject to the Receiver's pending investigation, including entities identified on the Johnson financial statements submitted to plaintiff Federal Trade Commission ("FTC"), and other entities and potential Receivership Defendants evaluated by the Receiver and those disclosed through the Receiver's investigation as of the filing of the First Report consisted of at least 124 entities. The Receiver's First Report identified aggregate revenues generated by I Works, Inc. ("I Works") of at least $332.5 million, with revenues generated between 2006 and January 12, 2011 totaling approximately $291 million. The Receiver's First Report contained a detailed analysis of the expenses paid and transfers made from those revenues and determined that of the $50.6 million in operating profit before depreciation, $50.4 million, or 99.6%, was paid to or for the benefit of Johnson or his affiliated companies.

7. On February 3, 2012, after almost one year of investigation, the Receiver filed with the Court his Second Report. The Second Report describes an additional $51.4 million in funds and assets representing processing revenues from the Receivership Defendants I Works and Elite Debit, Inc. ("Elite Debit") that the Receiver demonstrated were improperly transferred to at least five entities under the nominal ownership or control of Todd Vowell and/or Jason Vowell

(individually and collectively the "Vowells"), including Triple Seven LLC, formerly Triple Seven LP ("Triple Seven"), Powder Monkeys, LLC ("Powder Monkeys"), Mastery Merchant, LLC ("Mastery Merchant"), Money Master for Life ("Money Master") which is a fictitious business name of Mastery Merchant, Cerberus Management, LLC ("Cerberus") and Flying High Enterprises, LLC ("Flying High") (collectively, Triple Seven, Powder Monkeys and Mastery Merchant are referred to as the "Primary Processors" and all of the foregoing entities are referred to as the "Payment Processors"). As the Second Report further explains, the Payment Processors as well as numerous other entities nominally owned or controlled by the Vowells received, and were used to purchase, conceal and transfer assets of the Receivership Defendants, including assets of Johnson.

8. The Receiver's Reports are based primarily on the Receiver's analysis and investigation of the books and records of the Receivership Defendants, including financial and business records, witness interviews, deposition testimony from depositions conducted by the FTC, deposition testimony from numerous depositions conducted by the Receiver, and the Receiver's investigation of public records and other sources of documents, including in particular documents and information received in response to scores of records subpoenas. The Receiver has continued to issue new subpoenas and perform public records and other searches in the course of his investigation. The financial reconstruction in the Second Report is still not final since the Receiver continues to locate and analyze additional documents and information and subpoena records relevant to the issues and findings set forth in the Second Report. The records subpoenas issued without service on the parties to the FTC Action are an essential part of the Receiver's asset investigation, particularly in this case where there is substantial evidence of a concerted effort being made by close family, friends and business associates of Jeremy Johnson to conceal, transfer, move and dissipate potential receivership property after the TRO and Preliminary Injunction were issued.

9. Since the Receiver's investigation began in this case, the Receiver, through its counsel, has now issued over 250 records subpoenas. Among the latest records subpoenas was a subpoena to The Village Bank in Utah for account records of entities as to which Jason Vowell is

a signatory, in response to which The Village Bank produced account records for a new account opened by Taggart Management, LLC ("Taggart") on November 28, 2012. True and correct copies of the account records produced by The Village Bank on or about January 25, 2013 for the account of Taggart ("Taggart Account Records") are attached hereto collectively as Exhibit 1. The Taggart Account Records collectively show that $500,000 was deposited in the new Taggart account at The Village Bank by wire transfer from KV Electric on December 6, 2012 and that on the same day Jason Vowell, on behalf of Taggart, cashed a check in the amount of $499,500 referenced for "living expenses" drawn on that account. The documents show that the funds in the amount of the check were paid out in cash (currency) to the payee of the check, Jason Vowell.

10. The Receiver has issued two subpoenas to Chartway, one issued in February 2012 that preceded the filing of the Johnsons Lawsuit and the subpoena issued in November 2012 addressed in the letter dated January 2, 2013. Account records for the Kerry Johnson account dated on or before February 29, 2012 were obtained in March 2012 pursuant to a subpoena that pre-dates the Johnsons Lawsuit, and records covering the period of March 1, 2012 were obtained through the November 2012 subpoena. The records produced by Chartway pursuant to the November 2012 subpoena show that Kerry Johnson transferred $240,000 through his Chartway account to KV Electric between December 7, 2011 and July 9, 2012, with the payments designated in the memo line as "loans" but believed to be further evidence of transfers of receivership assets requiring further investigation by the Receiver. These transfers also raise further suspicion regarding KV Electric's $500,000 transfer to Taggart in December 2012. In addition, the Chartway account records show that Kerry Johnson's Chartway account received a large deposit of $1,000,320 in March 2011 and a number of large deposits totaling more than $1.05 million from November 2011 to April 2012. These deposits require further investigation by the Receiver. True and correct copies of the statements for the Kerry Johnson account at Chartway for the month of March 2011 and for the period from November 2011 through May 31, 2012 are attached hereto collectively as Exhibit 2.

11. Under the provisions of the Preliminary Injunction in this case, the Receiver's power and duty to investigate the location, transfer, concealment and disposition of potential

receivership assets is an essential component of the Receiver's duty to take possession of, preserve and protect assets of the receivership estate from dissipation. Based on my experience in numerous prior civil enforcement actions as summarized above, it is the position of the Receiver that this power and duty can only be effectively performed through records subpoenas and similar discovery activities by the Receiver on behalf of the receivership estate, particularly in light of the overwhelming evidence before the Court that the Receivership Defendants have actively engaged in the concealment and transfer of receivership property by using closely affiliated third parties, including family members, and a vast network of entities formed to create a complex web for the movement of funds and liquidation of assets. The Receiver pursues discovery in connection with his duties under the receivership provisions of the Preliminary Injunction in order to locate, protect and secure receivership assets and not in connection with the merits of the underlying claims for relief asserted by the FTC as plaintiff in its complaint.

12. Based on my experience in receiverships and as a former banker, the transfer of $500,000 to Taggart for the immediate withdrawal of $499,500 in cash by Jason Vowell has no discernible legitimate business purpose and is highly suspect under the circumstances. Taggart is one of the entities subject to the Receiver's Motion to Clarify (Doc. No. 580) filed on May 30, 2012 and that is addressed in the Report of Receiver's Financial Reconstruction dated January 31, 2012 ("Second Report"), filed with the Court on February 3, 2012 (Doc. No. 464, with supporting Appendices filed as Doc. Nos. 465-468). As set forth in the Second Report and Motion to Clarify, Taggart was formed in Nevada in 2010 by the Vowells, with John Hafen initially included as one of the members. Second Report, p. 7. The latest corporate records available to the Receiver at this time, as reflected in the Second Report, showed that Todd Vowell and Jason Vowell were managers and each 50% owner of that entity through their companies Katts LLC and Spyglass Enterprises LLC. Second Report, p. 7. Taggart's financial activities consisted primarily of receiving approximately $137,000 from Powder Monkeys and then transferring a total of approximately $134,000 to various affiliated entities, including Paradise Ranch Development, LLC, Spyglass Enterprises, LLC, Phoenix Rising LLC (involved in airplane acquisition and transfer) and Silvernix Holdings LLC (also involved in aircraft acquisition and

transfer). *See* Second Report Appendix Tab 66. There is no indication from the records available to the Receiver that Taggart has any business purpose or business activities other than to receive and transfer funds. This latest receipt of $500,000 from KV Electric and immediate withdrawal of those funds in cash by Jason Vowell is further support for that conclusion.

13. The Receiver's investigation into the assets of the receivership in this case, including a review of the books and records of the Receivership Defendants by the Receiver, indicated that receivership assets were transferred by the named Receivership Defendants to the Johnsons and that there were unusual transfers of title to the 2489 Riverfront Drive, Santa Clara property ("Riverfront Property") between the Johnsons and Jeremy Johnson and/or his wife Sharla Johnson. The Receiver began investigating financial transactions between the Johnsons and the Receivership Defendants early in the receivership as a result through records subpoenas (the "Johnsons Records Subpoenas"). The Receiver did not serve notice of the Johnsons Records Subpoenas on the Johnsons given the suspect financial transactions identified by the Receiver from the Receivership Defendants' financial records and other sources and the close familial relationship between the Johnsons and Jeremy Johnson. Based on my experience in connection with receiverships and as a former banker, most financial institutions and other institutional entities as a matter of course serve notice of the subpoenas to any person whose records are requested. In many instances, the financial or other institution is in the best position to provide such notice since the institution is the custodian of the subpoenaed records and therefore has the information regarding the names and addresses of parties whose records are within its scope. The Receiver does not request that the subpoenaed institution refrain from providing such notice in accordance with its policies.

14. The evidence before the Court through the Second Report and the Motion to Clarify (Doc. No. 580 et seq.) demonstrate that there have been significant and ongoing transfers of assets originating with the Receivership Defendants to numerous close family members, friends and business associates of Jeremy Johnson, particularly the Vowells and entities created by them, in an effort to conceal and dispose of receivership assets to avoid the assets being recovered by the Receiver and/or the FTC in this action. The financial transactions described

have involved a complex web of persons and entities requiring over a year of investigation to unravel, and the movement of funds and assets continues unabated. These transfers are ongoing and assets which the Receiver contends properly constitute assets of the receivership estate are being hidden, transferred and dissipated, as the latest series of transfers in December 2012 demonstrate resulting in almost $500,000 in cash being disbursed and moved beyond the reach of the Receiver and creditors. It is essential that the Receiver be able to investigate the source of the funds transferred and the extent to which the Johnsons or their entities have been involved in other movements of funds or assets of the receivership estate given the information on this highly suspect and unusual financial transaction. The continuing efforts to use various individuals and entities to move funds and assets makes it essential that the Receiver continue its confidential issuance of discovery subpoenas without notice or service on the Johnsons as notice only allows the Johnsons and others to take evasive measures and find new financial institutions or open new accounts to avoid or defer the Receiver's discovery of assets.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed this 6 day of February 2013 at Sun Valley, California.

BRICK KANE

EXHIBIT 1

Bank 18 BANKRITE MANAGEMENT SUPPORT SYSTEM 1/07/13
12:44:45 Display Checking Account

TAGGART MANAGEMENT LLC
491 N BLUFF ST STE 306
ST GEORGE UT 84770-7392

Account	1	8495	Cust		
Acct Type	VM	Cust Type	BUS	Tax ID	4810
Officer	KAM	Status	Active	Stop/Hold	NONE
				Date Last Statement	12/31/12
Stmt Cycle	30 00			Date Next Statement	1/31/13
S/C Cycle	30 00			Date Next S/C	1/31/13

Miscellaneous				Amounts		Dates	
Waive NSF?	N	S/C Code	V	Current Bal	600.00	Last Deposit	12/06/12
Waive OD?	N	Waive S/C?	N	Avail Bal	600.00	Last Withdrawl	12/06/12
Controlled		Alert		6 Mo Av Bal	500.00	Last NSF Item	0/00/00
Frozen		Close?	Y	Opening Bal	100.00	Last Overdraw	0/00/00
Signers	1			YTD Int	.00	Last Interest	0/00/00
Pub Funds?	N	Premium		Last Depost	500,000.00	Next Interest	0/00/00
Dealer Res?	N	Postage?	N	Accrued Int	.00000	Accrued Thru	0/00/00
Affiliation	0	Trust Dep?	N	Tax W/H	.00	Date Opened	11/28/12
CLS Acct				OD Limit	.00	Premium Dep	0/00/00
RTN	0 OD	0 NSF	0	Accr Int OD	.00000	Last Maint	11/28/12
OD ATM/DR?	Y			CLS Avl Bal	.00		
W/H Int?	N	Coll Stat	N	Memo Bal	600.00		

F1=Help F3=End F5=Summary F6=Memo F8=History F9=Tickler F10=Stop/Hold
F11=More F12=Cancel F16=Warehouse F17=DocOnDemand F24=More Keys

Exhibit 1 Page

TABERNACLE OFFICE
294 EAST TABERNACLE
ST GEORGE UT 84770
435 674-5200

JANUARY 07, 2013

TAGGART MANAGEMENT LLC
491 N BLUFF ST STE 306
ST GEORGE UT 84770-7392

PAGE 1

TEMPORARY CHECKING STATEMENT
ACCOUNT NUMBER ******8495

CURRENT BALANCE	600.00	BALANCE LAST STATEMENT	600.00
AVERAGE BALANCE	600	DEPOSITS & OTHER CREDITS	.00
DATE NEXT STATEMENT	1/31/13	CHECKS & OTHER DEBITS	.00

DATE	DESCRIPTION	CHECK NUMBER	AMOUNT	BALANCE
12/31/12	BALANCE LAST STATEMENT			600.00

THIS IS NOT A FORMAL STATEMENT OF YOUR ACCOUNT AND DOES NOT INCLUDE SERVICE CHARGES. THESE ITEMS WILL BE REFLECTED AGAIN ON YOUR REGULARLY SCHEDULED CHECKING ACCOUNT STATEMENT.

Exhibit 1 Page 2

THE VILLAGE BANK Tabernacle Office 294 East Tabernacle, St. George, Utah 84770 (435) 674-5200
TelXpress (435) 674-5882 www.thevillagebank.com FDIC

TAGGART MANAGEMENT LLC
491 N BLUFF ST STE 306
ST GEORGE UT 84770-7292

2

December 31, 2012

Page 1

Account ******8495 VILLAGE MANAGER CHECKING December 1, 2012 - December 31, 2012

NOTICE: By federal law, as of 1/01/2013, funds in a noninterest-bearing transaction account (including IOLTA) will no longer receive unlimited deposit insurance coverage, but will be FDIC-insured to the legal maximum of $250,000 for each ownership category. For more information visit "What's New" at www.fdic.gov.

Beginning Balance		100.00
Deposits	1	500,000.00
Checks	1	499,500.00-
Electronic Checks	0	.00
Withdrawals	0	.00
Ending Balance		600.00

Deposits and Other Credits

Date	Amount
12/06/12	500,000.00

Checks

Number	Date	Amount
	12/05/12	499,500.00

Activity

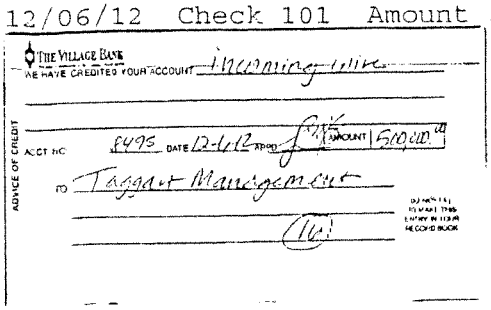
Date	Description	Number	Amount	Balance
12/06/12	INCOMING WIRE	101	500,000.00	500,100.00
12/06/12	CASHED CHECK		499,500.00-	600.00

	Total For This Period	Total Year-to-Date
Total Overdraft Fees	$.00	$.00
Total Returned Item Fees	$.00	$.00

Exhibit 1 Page 3

L090

12/06/12 Check 101 Amount 500,000.0012/06/12 Amount 499,500.00


THE VILLAGE BANK
WE HAVE CREDITED YOUR ACCOUNT Incoming Wire
ADVICE OF CREDIT
ACCT NO 8495 DATE 12-6-12 AMOUNT 500,000.00
TO Taggart Management
(101)

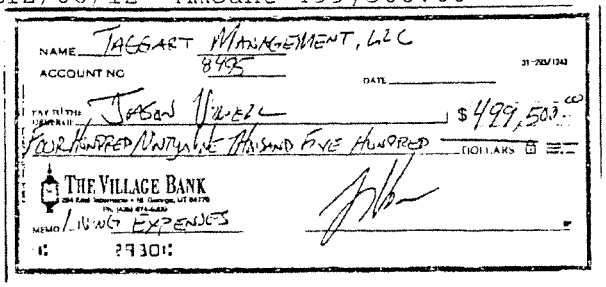

NAME TAGGART MANAGEMENT, LLC
ACCOUNT NO 8495
DATE
PAY TO THE ORDER OF Jason Wilcox $ 499,500.00
FOUR HUNDRED NINTY NINE THOUSAND FIVE HUNDRED DOLLARS
THE VILLAGE BANK
MEMO LIVING EXPENSES
⑆ 123⑆

Exhibit 1 Page 4

The Village Bank 8495

Account Holder Name(s): TAGGART MANAGEMENT LLC

Reporting SSN/TIN:

Mailing Address:

Street Location:

Telephone Number:

Number of Signatures Required: 1 CIF Number:

Signatures of Authorized Individuals. This Agreement is subject to all terms below.

X JASON VOLKER, Manager of TAGGART MANAGEMENT LLC	

(Signatures and printed names of each account signer)

[illegible] Confirmation of Time Deposit Agreement (if applicable), the Rate and Fee Schedule, the Funds Availability Policy Disclosure, the Substitute Check Policy Disclosure, and the Electronic Funds Transfer Agreement and Disclosure, (if rescinded below), as amended by the Financial Institution from time to time. The authorized Agent(s) also acknowledge that they have received at least one copy of these deposit account documents. The Authorized Signer(s) understand(s) that accounts opened after 6:00 PM are dated effective the next business day.

Account Purpose: Non Consumer EFT Services: No

BUSINESS TYPE: Limited Liability Company

ACCOUNT TYPE Village Manager Checking

ACCOUNT NUM: 8495 OPENED By POPPY

Date Opened	Date Revised	Opening Deposit	ATM Card	Verified By	Account Formerly With
11-28-12			N	CHEXSYSTEMS	

Date Closed	Closing Balance	Closed By	Reason For Closing	Statement Disposition	Chg Disposition
				Mail	Regular

DEPOSIT PRO, Ver. 8.50.08.301 Copr. Harland Financial Solutions, Inc. 1998, 2012. All Rights Reserved. LT - UT - L7085.24 TR-30727

The following information may be used to further identify individual(s) for telephone instructions, large transactions, or if a signature varies. MMN= Mother's Maiden Name

Name:	JASON VOWELL	SSN:
Street:		
Mailing:		
Phone:		
Job:		
DOB:		
ID:	Drivers License	MMN: GUYMAN

Name:		SSN:
Street:		
Mailing:		
Phone:	(H):	(W):
Job:		
DOB:		
ID:		MMN:

OFAC Checked

ALL TINS VERIFIED

TIN/BACKUP WITHHOLDING Reporting TIN:

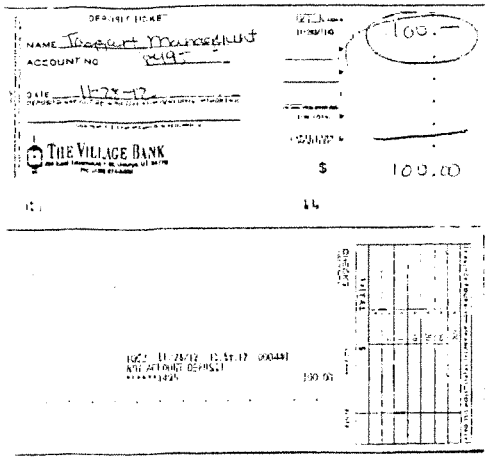
Important: Under penalties of perjury, I certify that 1) the number shown above is the Limited Liability Company's correct taxpayer identification number, 2) I am a U.S. citizen or other U.S. person (defined in the instructions), and 3) that (check appropriate box):

☒ The Limited Liability Company is not subject to backup withholding, because the Limited Liability Company is exempt from backup withholding, or because the Limited Liability Company has not been notified by the IRS that the Limited Liability Company is subject to backup withholding as a result of failure to report all interest or dividends; or because the IRS has notified the Limited Liability Company that the Limited Liability Company is no longer subject to backup withholding.

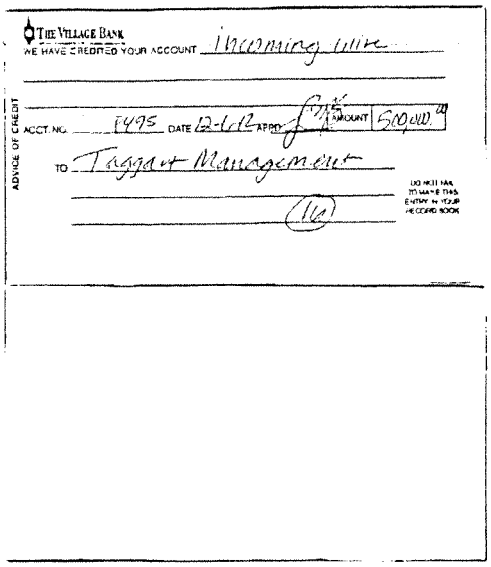
☐ The Limited Liability Company is subject to backup withholding.

Signature of Authorized Individual: X _____ Date 1/25/12

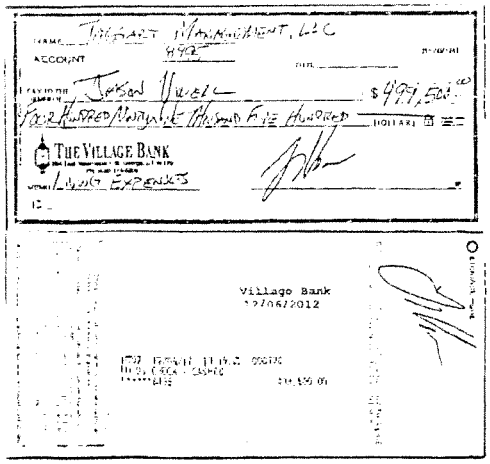
Exhibit 1 Page 5



11/28/2012 8495 100.00

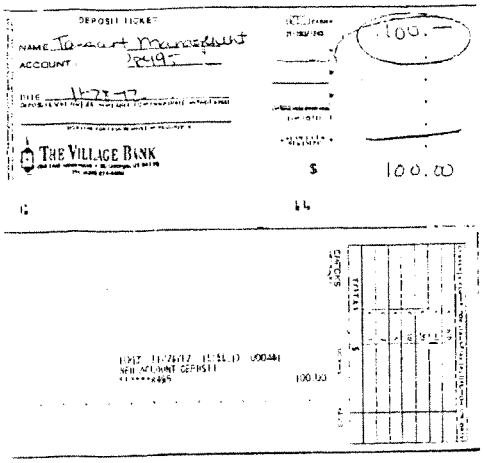


12/06/2012 8495 500,000.00

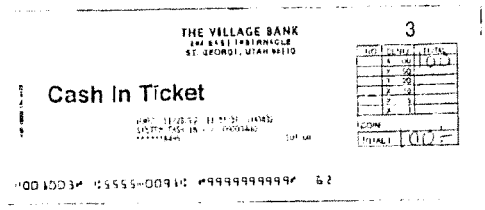


12/06/2012 8495 499,500.00

Exhibit 1 Page 6



11/28/2012 8495 100.00



11/28/2012

Exhibit 1 Page 7

Past Messages

Past Message List Next

Delivered to FPM: **12/06/2012 17:44:03** Test/Prod: **Prod**

IMAD:

OMAD:

See Audit Log for this Message

Basic Information

Sender ABA {3100}:	ZIONS SLC
Receiver ABA {3400}:	VILLAGE BK SGEORG
Amount {2000}:	500,000.00
Type/Subtype Code{1510}:	1000 - Transfer of Funds
Business Function {3600}:	CTP - Customer Transfer Plus
Sender Reference {3320}:	

Originator Information

Originator {5000}

ID Code:	D - DDA Account Number
Identifier:	
Name:	KV ELECTRIC INC
Address:	KERRY V JOHNSON,BARBARA JOHNSON

Beneficiary Information

Beneficiary {4200}

ID Code:	D - DDA Account Number
Identifier:	8495
Name:	TAGGART MANAGEMENT LLC

Exhibit 1 Page 8

EXHIBIT 2

SouthWest
COMMUNITY CREDIT UNION

Southwest Community Credit Union
A Division Of Chartway Federal Credit Union
162 N 400 East
Suite A101
St George, Utah 84770

Phone: 435-628-2693

KERRY V JOHNSON

Account Number	Starting Date	Ending Date
	03/01/2011	03/31/2011

SHARE ACCOUNT 1 REGULAR

DATE	DESCRIPTION	AMOUNT	BALANCE
	PREVIOUS BALANCE		$1,104.03
03/31	Deposit Dividend APY 0.150% APYE 0.150% (01/01/2011 - 03/31/2011)	$0.41	$1,104.44
	NEW BALANCE		$1,104.44

SHARE ACCOUNT 9 High Yield Check

DATE	DESCRIPTION	AMOUNT	BALANCE
	PREVIOUS BALANCE		$5,770.71
03/01	Withdrawal WIRED FUNDS OUT	-$2,000.00	$3,770.71
03/01	Withdrawal WIRE FEES	-$10.00	$3,760.71
03/02	Deposit WIRED FUNDS IN	$1,000,320.00	$1,004,080.71
03/02	Withdrawal WIRE FEES	-$5.00	$1,004,075.71
03/04	Withdrawal WIRED FUNDS OUT	-$113,000.00	$891,075.71
03/04	Withdrawal WIRE FEES	-$10.00	$891,065.71
03/04	Deposit KV ELECTRIC PAYR-KV PAYROLL JOHNSONKERRY	$250.00	$891,315.71
03/07	Deposit PAYPAL-VERIFYBANK 105SUJ2229Z3222	$0.13	$891,315.84
03/07	Deposit PAYPAL-VERIFYBANK 205SUJ2229Z3222	$0.19	$891,316.03
03/07	Withdrawal Check #1036 Trace: 05355874	-$10,000.00	$881,316.03
03/07	Withdrawal Check #1035 Trace: 05355872	-$250,000.00	$631,316.03
03/08	Withdrawal Check #1038 Trace: 05171464	-$100,000.00	$531,316.03
03/10	Withdrawal PAYPAL-INST XFER	-$25.00	$531,291.03
03/10	Withdrawal Check #1039 Trace: 07327452	-$55,000.00	$476,291.03
03/11	Deposit KV ELECTRIC PAYR-KV PAYROLL JOHNSONKERRY	$250.00	$476,541.03

Exhibit 2 Page 1

03/11	Withdrawal WIRED FUNDS OUT	-$60,000.00	$416,541.03
03/11	Withdrawal WIRE FEES	-$35.00	$416,506.03
03/11	Withdrawal WIRED FUNDS OUT	-$250,000.00	$166,506.03
03/11	Withdrawal WIRE FEES	-$10.00	$166,496.03
03/18	Deposit KV ELECTRIC PAYR-KV PAYROLL JOHNSONKERRY	$250.00	$166,746.03
03/21	Withdrawal Check #1041 Trace: 05179460	-$30,000.00	$136,746.03
03/24	Withdrawal Check #1045	-$5,000.00	$131,746.03
03/25	Deposit KV ELECTRIC PAYR-KV PAYROLL JOHNSONKERRY	$250.00	$131,996.03
03/28	Withdrawal Check #1042 Trace: 06889136	-$10,000.00	$121,996.03
03/29	Withdrawal Check #1044 Trace: 05335250	-$32,600.00	$89,396.03
03/31	Deposit Dividend APY 0.569% APYE 0.571% (03/01/2011 - 03/31/2011)	$153.65	$89,549.68
	NEW BALANCE		$89,549.68

DRAFTS IN SEQUENCE ORDER

DATE	DRAFT	AMOUNT	DATE	DRAFT	AMOUNT	DATE	DRAFT	AMOUNT
03/07	1035	-$250,000.00	03/10	1039	-$55,000.00	03/29	1044 *	-$32,600.00
03/07	1036	-$10,000.00	03/21	1041 *	-$30,000.00	03/24	1045	-$5,000.00
03/08	1038 *	-$100,000.00	03/28	1042	-$10,000.00			

STATEMENT SUMMARY

Dividends YTD:	$206.33	IRA Dividends:	$0.00	Finance Charges:	$0.00
Dividends Withheld YTD:	$0.00			Dividend Penalties YTD:	$0.00

SouthWest
COMMUNITY CREDIT UNION

Southwest Community Credit Union
A Division Of Chartway Federal Credit Union
162 N 400 East
Suite A101
St George, Utah 84770

Phone: 435-628-2693

KERRY V JOHNSON

Account Number	Starting Date	Ending Date
	11/01/2011	11/30/2011

SHARE ACCOUNT 1 REGULAR

DATE	DESCRIPTION	AMOUNT	BALANCE
	PREVIOUS BALANCE		$8,107.28
11/04	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$8,357.28
11/17	Deposit	$100,000.00	$108,357.28
11/17	Deposit	$350,000.00	$458,357.28
11/18	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$458,607.28
11/21	Transfer To ******03-7 9	-$225,000.00	$233,607.28
11/21	Deposit	$47,000.00	$280,607.28
11/25	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$280,857.28
	NEW BALANCE		$280,857.28

DRAFTS IN SEQUENCE ORDER

DATE	DRAFT	AMOUNT	DATE	DRAFT	AMOUNT	DATE	DRAFT	AMOUNT
11/04	-1	$250.00	11/18	-1	$250.00	11/25	-1	$250.00
11/17	-1	$100,000.00	11/21	-1	-$225,000.00			
11/17	-1	$350,000.00	11/21	-1	$47,000.00			

SHARE ACCOUNT 9 High Yield Check

DATE	DESCRIPTION	AMOUNT	BALANCE
	PREVIOUS BALANCE		$3,315.48
11/10	Deposit KV ELECTRIC PAYR-KV PAYROLL JOHNSONKERRY	$250.00	$3,565.48
11/21	Transfer From ******03-7 1	$225,000.00	$228,565.48
11/22	Withdrawal PAYPAL-INST XFER	-$58.25	$228,507.23
11/23	Withdrawal PAYPAL-INST XFER	-$30.00	$228,477.23

11/23	Withdrawal PAYPAL-INST XFER	-$50.00	$228,427.23
11/28	Withdrawal PAYPAL-INST XFER	-$55.00	$228,372.23
11/29	Withdrawal Check #1053	-$8,300.00	$220,072.23
11/30	Withdrawal Check #1064 Trace: 80954050	-$120.00	$219,952.23
11/30	Withdrawal Check #1061 Trace: 80957370	-$15,000.00	$204,952.23
11/30	Deposit Dividend APY 0.582% APYE 0.584% (11/01/2011 - 11/30/2011)	$37.03	$204,989.26
	NEW BALANCE		$204,989.26

DRAFTS IN SEQUENCE ORDER

DATE	DRAFT	AMOUNT	DATE	DRAFT	AMOUNT	DATE	DRAFT	AMOUNT
11/10	-1	$250.00	11/23	-1	-$50.00	11/30	1061 *	-$15,000.00
11/21	-1	$225,000.00	11/28	-1	-$55.00	11/30	1064 *	-$120.00
11/22	-1	-$58.25	11/30	-1	$37.03			
11/23	-1	-$30.00	11/29	1053 *	-$8,300.00			

STATEMENT SUMMARY

Dividends YTD:	$307.68	IRA Dividends:	$0.00	Finance Charges:	$0.00
Dividends Withheld YTD:	$0.00			Dividend Penalties YTD:	$0.00

SouthWest
COMMUNITY CREDIT UNION

Southwest Community Credit Union
A Division Of Chartway Federal Credit Union
162 N 400 East
Suite A101
St George, Utah 84770

Phone: 435-628-2693

Account Number	Starting Date	Ending Date
	12/01/2011	12/31/2011

KERRY V JOHNSON

SHARE ACCOUNT 1 REGULAR

DATE	DESCRIPTION	AMOUNT	BALANCE
	PREVIOUS BALANCE		$280,857.28
12/06	Transfer To ******03-7 9 ~Cover Expense~	-$10,000.00	$270,857.28
12/20	Withdrawal WIRED FUNDS OUT	-$145,300.00	$125,557.28
12/20	Withdrawal WIRE FEES	-$10.00	$125,547.28
12/31	Deposit Dividend APY 0.150% APYE 0.150% (10/01/2011 - 12/31/2011)	$48.13	$125,595.41
	NEW BALANCE		$125,595.41

DRAFTS IN SEQUENCE ORDER

DATE	DRAFT	AMOUNT	DATE	DRAFT	AMOUNT
12/06	-1	-$10,000.00	12/20	-1	-$10.00
12/20	-1	-$145,300.00	12/31	-1	$48.13

SHARE ACCOUNT 9 High Yield Check

DATE	DESCRIPTION	AMOUNT	BALANCE
	PREVIOUS BALANCE		$204,989.26
12/01	Withdrawal PAYPAL-INST XFER	-$9.99	$204,979.27
12/01	Withdrawal PAYPAL-INST XFER	-$541.39	$204,437.88
12/01	Withdrawal Check #1055	-$2,000.00	$202,437.88
12/02	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$202,687.88
12/02	Withdrawal Check #1062	-$9,000.00	$193,687.88
12/05	Withdrawal PAYPAL-INST XFER	-$95.00	$193,592.88
12/05	Withdrawal Check #1054	-$8,000.00	$185,592.88
12/06	Transfer From ******03-7 1 ~Cover Expense~	$10,000.00	$195,592.88

12/06	Withdrawal Check #1065 Trace: 80555620	-$25,000.00	$170,592.88
12/09	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$170,842.88
12/09	Withdrawal Check #1056 Trace: 80636835	-$50,000.00	$120,842.88
12/16	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$121,092.88
12/21	Withdrawal PAYPAL-INST XFER	-$109.75	$120,983.13
12/23	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$121,233.13
12/30	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$121,483.13
12/31	Deposit Dividend APY 0.505% APYE 0.506% (12/01/2011 - 12/31/2011)	$58.99	$121,542.12
	NEW BALANCE		$121,542.12

DRAFTS IN SEQUENCE ORDER

DATE	DRAFT	AMOUNT	DATE	DRAFT	AMOUNT	DATE	DRAFT	AMOUNT
12/01	-1	-$9.99	12/16	-1	$250.00	12/01	1055	-$2,000.00
12/01	-1	-$541.39	12/21	-1	-$109.75	12/09	1056	-$50,000.00
12/02	-1	$250.00	12/23	-1	$250.00	12/02	1062 *	-$9,000.00
12/05	-1	-$95.00	12/30	-1	$250.00	12/06	1065 *	-$25,000.00
12/06	-1	$10,000.00	12/31	-1	$58.99			
12/09	-1	$250.00	12/05	1054 *	-$8,000.00			

STATEMENT SUMMARY

Dividends YTD:	$307.68	IRA Dividends:	$0.00	Finance Charges:	$0.00
Dividends Withheld YTD:	$0.00			Dividend Penalties YTD:	$0.00

SouthWest
COMMUNITY CREDIT UNION

Southwest Community Credit Union
A Division Of Chartway Federal Credit Union
162 N 400 East
Suite A101
St George, Utah 84770

Phone: 435-628-2693

KERRY V JOHNSON

Account Number	Starting Date	Ending Date
	01/01/2012	01/31/2012

SHARE ACCOUNT 1 REGULAR

DATE	DESCRIPTION	AMOUNT	BALANCE
	PREVIOUS BALANCE		$125,595.41
	NEW BALANCE		$125,595.41

SHARE ACCOUNT 9 High Yield Check

DATE	DESCRIPTION	AMOUNT	BALANCE
	PREVIOUS BALANCE		$121,542.12
01/04	Withdrawal Check #1093 Trace: 80451570	-$12,000.00	$109,542.12
01/06	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$109,792.12
01/13	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$110,042.12
01/20	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$110,292.12
01/20	Withdrawal PAYPAL-INST XFER	-$82.00	$110,210.12
01/20	Deposit	$55,609.85	$165,819.97
01/23	Withdrawal Check #1094 Trace: 80500925	-$80,000.00	$85,819.97
01/27	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$86,069.97
01/31	Deposit Dividend APY 0.500% APYE 0.501% (01/01/2012 - 01/31/2012)	$46.49	$86,116.46
	NEW BALANCE		$86,116.46

DRAFTS IN SEQUENCE ORDER

DATE	DRAFT	AMOUNT	DATE	DRAFT	AMOUNT	DATE	DRAFT	AMOUNT
01/06	-1	$250.00	01/20	-1	-$82.00	01/31	-1	$46.49
01/13	-1	$250.00	01/20	-1	$55,609.85	01/04	1093 *	-$12,000.00
01/20	-1	$250.00	01/27	-1	$250.00	01/23	1094	-$80,000.00

STATEMENT SUMMARY

Dividends YTD:	$153.61	IRA Dividends:	$0.00	Finance Charges:	$0.00
Dividends Withheld YTD:	$0.00			Dividend Penalties YTD:	$0.00

SouthWest
COMMUNITY CREDIT UNION

Southwest Community Credit Union
A Division Of Chartway Federal Credit Union
162 N 400 East
Suite A101
St George, Utah 84770

Phone: 435-628-2693

KERRY V JOHNSON

Account Number	Starting Date	Ending Date
	02/01/2012	02/29/2012

SHARE ACCOUNT 1 REGULAR

DATE	DESCRIPTION	AMOUNT	BALANCE
	PREVIOUS BALANCE		$125,595.41
	NEW BALANCE		$125,595.41

SHARE ACCOUNT 9 High Yield Check

DATE	DESCRIPTION	AMOUNT	BALANCE
	PREVIOUS BALANCE		$86,116.46
02/02	Withdrawal Check #1057 Trace: 80701165	-$18,120.00	$67,996.46
02/03	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$68,246.46
02/09	Withdrawal Check #1058	-$5,000.00	$63,246.46
02/10	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$63,496.46
02/17	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$63,746.46
02/24	Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK	$250.00	$63,996.46
02/29	Deposit Dividend APY 0.309% APYE 0.309% (02/01/2012 - 02/29/2012)	$16.10	$64,012.56
	NEW BALANCE		$64,012.56

DRAFTS IN SEQUENCE ORDER

DATE	DRAFT	AMOUNT	DATE	DRAFT	AMOUNT	DATE	DRAFT	AMOUNT
02/03	-1	$250.00	02/24	-1	$250.00	02/09	1058	-$5,000.00
02/10	-1	$250.00	02/29	-1	$16.10			
02/17	-1	$250.00	02/02	1057 *	-$18,120.00			

STATEMENT SUMMARY

Dividends YTD:	$169.71	IRA Dividends:	$0.00	Finance Charges:	$0.00
Dividends Withheld YTD:	$0.00			Dividend Penalties YTD:	$0.00

Statement Date: 03/31/2012 AnyCU Southwest Community CU
162 N 400 E A101
ST GEORGE, UT 84770 (435) 628-2693 Credit Counsel: (877) 847-2155

Account: KERRY V JOHNSON hcflag-0
Address:
Statement Dates:03/01/2012 - 03/31/2012
ID:

TYPE: SHARE-1 NAME: REGULAR RATE: 0.150 BEGIN BAL: 125595.41
CD NUM: 0 03/01/2012 - 03/31/2012
DAYS:31 INPLAN 0
03/22
Transfer To ~KV loan~
DRAFT NUM: -1 TRAN AMT:-15000.00 NEW BAL:110595.41 DIV WH:0.00
04/01 03/31
Deposit Dividend APY 0.150% APYE 0.150% (01/01/2012 - 03/31/2012)
DRAFT NUM: -1 TRAN AMT:46.35 NEW BAL:110641.76 DIV WH:0.00
DIV YTD 94.48 DIVHLD YTD 0.00 END BAL 110641.76

TYPE: SHARE-9 NAME: High Yield Check RATE: 0.298 BEGIN BAL: 64012.56
CD NUM: 0 03/01/2012 - 03/31/2012
DAYS:31 INPLAN 0
03/01
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:64262.56 DIV WH:0.00
03/09
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:64512.56 DIV WH:0.00
03/14
Withdrawal Check #1060 Trace: 81110430
DRAFT NUM: 1060 TRAN AMT:-50000.00 NEW BAL:14512.56 DIV WH:0.00
03/16
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:14762.56 DIV WH:0.00
03/16
Withdrawal Check #1067 Trace: 80032600
DRAFT NUM: 1067 TRAN AMT:-2200.00 NEW BAL:12562.56 DIV WH:0.00
03/22
Transfer From ~KV loan~
DRAFT NUM: -1 TRAN AMT:15000.00 NEW BAL:27562.56 DIV WH:0.00
03/23
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:27812.56 DIV WH:0.00
03/26
Withdrawal Check #1068 Trace: 80550570
DRAFT NUM: 1068 TRAN AMT:-24000.00 NEW BAL:3812.56 DIV WH:0.00
03/28
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONKV
DRAFT NUM: -1 TRAN AMT:24000.00 NEW BAL:27812.56 DIV WH:0.00
03/30
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:28062.56 DIV WH:0.00
04/01 03/31
Deposit Dividend APY 0.298% APYE 0.298% (03/01/2012 - 03/31/2012)
DRAFT NUM: -1 TRAN AMT:9.57 NEW BAL:28072.13 DIV WH:0.00
DIV YTD 131.15 DIVHLD YTD 0.00 END BAL 28072.13

INTEREST YTD:225.63 IRA DIVIDENDS:0.00 FINANCE CHARGES:0.00
DIV WITHELD YTD:0.00 PENALTIES YTD:0.00

STATEMENT END

Statement Date: 04/30/2012 AnyCU Southwest Community CU
162 N 400 E A101
ST GEORGE, UT 84770 (435) 628-2693 Credit Counsel: (877) 847-2155

Account: KERRY V JOHNSON hcflag-0
Address:
Statement Dates:04/01/2012 - 04/30/2012
ID:

TYPE: SHARE-1 NAME: REGULAR RATE: 0.150 BEGIN BAL: 110641.76
CD NUM: 0 04/01/2012 - 04/30/2012
DAYS:30 INPLAN 0
04/16
Transfer To ~Taxes~
DRAFT NUM: -1 TRAN AMT:-20000.00 NEW BAL:90641.76 DIV WH:0.00
04/16
Transfer To ~Taxes~
DRAFT NUM: -1 TRAN AMT:-20000.00 NEW BAL:70641.76 DIV WH:0.00
04/16
Transfer To ~Taxes~
DRAFT NUM: -1 TRAN AMT:-15000.00 NEW BAL:55641.76 DIV WH:0.00
DIV YTD 94.48 DIVHLD YTD 0.00 END BAL 55641.76

TYPE: SHARE-9 NAME: High Yield Check RATE: 0.554 BEGIN BAL: 28072.13
CD NUM: 0 04/01/2012 - 04/30/2012
DAYS:30 INPLAN 0
04/06
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:28322.13 DIV WH:0.00
04/13
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:28572.13 DIV WH:0.00
04/16
Transfer From ~Taxes~
DRAFT NUM: -1 TRAN AMT:20000.00 NEW BAL:48572.13 DIV WH:0.00
04/16
Transfer From ~Taxes~
DRAFT NUM: -1 TRAN AMT:20000.00 NEW BAL:68572.13 DIV WH:0.00
04/16
Transfer From ~Taxes~
DRAFT NUM: -1 TRAN AMT:15000.00 NEW BAL:83572.13 DIV WH:0.00
04/20
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:83822.13 DIV WH:0.00
04/25
Deposit wire in/ jp morgan
DRAFT NUM: -1 TRAN AMT:475544.67 NEW BAL:559366.80 DIV WH:0.00
04/26
Withdrawal Check #1070 Trace: 80629855
DRAFT NUM: 1070 TRAN AMT:-25000.00 NEW BAL:534366.80 DIV WH:0.00
04/27
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:534616.80 DIV WH:0.00
04/30
Withdrawal Check #1069 Trace: 80521275
DRAFT NUM: 1069 TRAN AMT:-30000.00 NEW BAL:504616.80 DIV WH:0.00
05/01 04/30
Deposit Dividend APY 0.554% APYE 0.555% (04/01/2012 - 04/30/2012)
DRAFT NUM: -1 TRAN AMT:66.45 NEW BAL:504683.25 DIV WH:0.00
Page No 01

DIV YTD 197.60 DIVHLD YTD 0.00 END BAL 504683.25

INTEREST YTD:292.08 IRA DIVIDENDS:0.00 FINANCE CHARGES:0.00
DIV WITHELD YTD:0.00 PENALTIES YTD:0.00

STATEMENT END

Statement Date: 05/31/2012 AnyCU Southwest Community CU
162 N 400 E A101
ST GEORGE, UT 84770 (435) 628-2693 Credit Counsel: (877) 847-2155

Account: KERRY V JOHNSON hcflag-0
Address:
Statement Dates:04/01/2012 - 05/31/2012
ID:

TYPE: SHARE-1 NAME: REGULAR RATE: 0.150 BEGIN BAL: 110641.76
CD NUM: 0 04/01/2012 - 05/31/2012
DAYS:61 INPLAN 0
04/16
Transfer To ~Taxes~
DRAFT NUM: -1 TRAN AMT:-20000.00 NEW BAL:90641.76 DIV WH:0.00
04/16
Transfer To ~Taxes~
DRAFT NUM: -1 TRAN AMT:-20000.00 NEW BAL:70641.76 DIV WH:0.00
04/16
Transfer To ~Taxes~
DRAFT NUM: -1 TRAN AMT:-15000.00 NEW BAL:55641.76 DIV WH:0.00
DIV YTD 94.48 DIVHLD YTD 0.00 END BAL 55641.76

TYPE: SHARE-9 NAME: High Yield Check RATE: 0.554 BEGIN BAL: 28072.13
CD NUM: 0 04/01/2012 - 05/31/2012
DAYS:61 INPLAN 0
04/06
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:28322.13 DIV WH:0.00
04/13
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:28572.13 DIV WH:0.00
04/16
Transfer From 1 ~Taxes~
DRAFT NUM: -1 TRAN AMT:20000.00 NEW BAL:48572.13 DIV WH:0.00
04/16
Transfer From 1 ~Taxes~
DRAFT NUM: -1 TRAN AMT:20000.00 NEW BAL:68572.13 DIV WH:0.00
04/16
Transfer From 1 ~Taxes~
DRAFT NUM: -1 TRAN AMT:15000.00 NEW BAL:83572.13 DIV WH:0.00
04/20
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:83822.13 DIV WH:0.00
04/25
Deposit wire in/ jp morgan
DRAFT NUM: -1 TRAN AMT:475544.67 NEW BAL:559366.80 DIV WH:0.00
04/26
Withdrawal Check #1070 Trace: 80629855
DRAFT NUM: 1070 TRAN AMT:-25000.00 NEW BAL:534366.80 DIV WH:0.00
04/27
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:534616.80 DIV WH:0.00
04/30
Withdrawal Check #1069 Trace: 80521275
DRAFT NUM: 1069 TRAN AMT:-30000.00 NEW BAL:504616.80 DIV WH:0.00
05/01 04/30
Deposit Dividend APY 0.554% APYE 0.555% (04/01/2012 - 04/30/2012)
DRAFT NUM: -1 TRAN AMT:66.45 NEW BAL:504683.25 DIV WH:0.00

05/02
Withdrawal Check #1071 Trace: 81064320
DRAFT NUM: 1071 TRAN AMT:-66000.00 NEW BAL:438683.25 DIV WH:0.00
05/04
Deposit KV ELECTRIC INC-KV ELECTRI JOHNSONK
DRAFT NUM: -1 TRAN AMT:250.00 NEW BAL:438933.25 DIV WH:0.00
DIV YTD 197.60 DIVHLD YTD 0.00 END BAL 438933.25

INTEREST YTD:292.08 IRA DIVIDENDS:0.00 FINANCE CHARGES:0.00
DIV WITHELD YTD:0.00 PENALTIES YTD:0.00

STATEMENT END