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

REPORT OF TEMPORARY RECEIVER'S ACTIVITIES
JANUARY 13, 2011 THROUGH FEBRUARY 4, 2011

This report covers the activities of the Temporary Receiver¹ since the inception of the temporary receivership. This is the first Report to the Court on the progress of the temporary receivership. It does not constitute an audit of financial condition and is intended only to provide information for use by the Court in assessing the progress of the temporary receivership.

Overview

This report will discuss and provide details about the following:

- The known assets and liabilities of I Works, Inc. (I Works) and other companies owned or controlled by Jeremy Johnson.
- The known assets and liabilities of Jeremy Johnson.
- The income and expenses of I Works and other companies owned or controlled by Jeremy Johnson.
- Distributions and payments of approximately \$59 million to or for the benefit of Jeremy Johnson and his affiliates.
- Funds deposited in a Las Vegas casino and records of losses exceeding \$1.3 million.
- Transfer of commercial property in January 2011 with no evidence of financial consideration.
- A recorded deed of trust for \$6.5 million against two expensive homes with no evidence of financial consideration. The beneficiary of the deed is a company owned by a longtime friend of Jeremy Johnson.
- A spider web of financial transactions between I Works, Jeremy Johnson, his affiliates, family members, and friends.
- Transfer of assets from I Works and other companies owned or controlled by Jeremy Johnson to third parties.

¹ Reference to the Temporary Receiver in this report means the Temporary Receiver, the Temporary Receiver's deputies, his staff, and his counsel.

Custody, Control and Possession

On January 14, 2011 the Temporary Receiver traveled to the business premises of I Works at 249 E. Tabernacle Street in St. George, Utah. The Temporary Receiver determined that the two-story office building was largely deserted and initially located only one individual defendant at the premises. Later that day, other individual defendants returned to the premises, including Scott Leavitt. He described himself as the accountant for the Corporate Defendants. The Temporary Receiver determined that a brother of Scott Leavitt shared office facilities and was providing some accounting services for a number of the Receivership Defendants. However, the brother's main occupation was also providing independent tax services to unrelated third parties.

Scott Leavitt and his small staff agreed to cooperate with the Temporary Receiver and provide access to electronic and hard copy financial records and information. During a three-day inspection of the business premises, the Temporary Receiver obtained electronic copies of QuickBooks accounting data, which included the 61 Corporate Defendants listed in the Temporary Restraining Order issued by this Court. The Temporary Receiver also obtained electronic copies of bank statements and merchant account statements that reportedly had been previously delivered to the Federal Trade Commission.

The Temporary Receiver also reviewed and took possession of hard copies of several years of bank statements and merchant account statements along with available employee files. Scott Leavitt also turned over numerous hard copy documents and electronic files related to assets of the Corporate Defendants and Jeremy Johnson.

The Temporary Receiver interviewed and served the available individual defendants with the Temporary Restraining Order. On January 16, 2011 Jeremy Johnson returned to the premises, accepted service of the Temporary Restraining Order, and briefly discussed the status of some of his personal assets and investments held by Corporate Defendant entities. Jeremy Johnson confirmed the statements made by Scott Leavitt and other individual defendants that all operating entities ceased doing any business, and all employees were discharged in December 2010.

Financial Information

A review of the records confirmed that I Works was the primary entity and Jeremy Johnson was the mastermind for I Works' operations and those of the other companies. A significant number of entities and shell companies existed that were affiliated with I Works and which appear to have been primarily created for the purpose of merchant processing, including opening merchant processing accounts and bank accounts.

The Temporary Receiver discovered and obtained 105 QuickBooks accounting files of the Corporate Defendants and their affiliated entities from the Receivership Defendants' computer server (Tab 1). The Temporary Receiver also obtained a significant number of

the merchant account statements and bank account statements at the I Works' business premises (Tab 2). The Temporary Receiver is continuing to review and analyze the merchant statements and bank statements.

The QuickBooks accounting system data that has been analyzed so far has revealed a substantial number of financial transactions with affiliated companies and with the individual defendant, Jeremy Johnson. The analysis reveals that the affiliated companies, primarily I Works, generated sales revenue over several years of more than \$332.5 million, and operating profit before depreciation of \$50.6 million. Nearly \$50.4 million, or 99.6%, of the operating profit was paid to Jeremy Johnson or for his benefit or transferred to his affiliates. Payments and distributions to Jeremy Johnson and for his benefit from other controlled and affiliated companies raise the total to approximately \$59 million.

Several sections of this report present the detail of financial operations, distributions, and assets transferred to or held by various entities.

At this time, the Temporary Receiver does not have any financial statements prepared by or for Jeremy Johnson that schedule and describe his personal financial assets. The Temporary Receiver has located and identified assets in the name of Jeremy Johnson from accounting entries in the financial records of I Works and other companies owned or controlled by Jeremy Johnson. The Temporary Receiver has also identified assets from data searches and from other resources.

The details discussed further in this report reveal that Jeremy Johnson purchased or directed the purchase of 31 real estate properties. Although some apparent equity remains, many of the properties have declined in value from the book values or the original purchase prices. Some of the properties currently appear to be valued at or below the loan balances known to be owed against them. Additionally, Jeremy Johnson also purchased or directed the purchase of airplanes, helicopters, cars, sport vehicles, and two houseboats. Similarly, these assets also appear to have declined in value from the book values or the original purchase prices, although some apparent equity remains.

The 31 real properties are carried at book values or purchase prices totaling \$29,956,667. The current estimated values total \$17,168,693. Current known loan balances total \$14,585,129. The seven aircraft shown on the books are carried at book values totaling \$6,947,321. The current estimated values total \$6,200,680. Current known loan balances total \$4,075,086.

In summary, as the table below indicates, the real properties and aircraft are now estimated to be worth significantly less than the book values/purchase prices, and apparent equity is about \$4.7 million instead of the \$18.2 million net value.

	(A) Book Value/ Purchase Price	(B) Loan Balance	(C) Current Estimated Value
Real Estate Properties	\$ 29,956,666.90	\$ 14,585,129.98	\$ 17,168,693.00
Aircraft	6,947,321.87	4,075,086.61	6,200,680.14
Total Properties and Aircraft	<u>\$ 36,903,988.77</u>	<u>\$ 18,660,216.59</u>	<u>\$ 23,369,373.14</u>
Net Value (A-B)	\$ 18,243,772.18		
Apparent Equity (C-B)	\$ 4,709,156.55		

Jeremy Johnson and his Entities

I Works

I Works was incorporated in 2000. Jeremy Johnson is the sole owner of I Works. I Works marketed its products as both core products and as forced up-sells on its own website. I Works' income statements by year and a balance sheet as of January 12, 2011 are attached at Tab 3.

I Works' total revenue from its inception through January 12, 2011 was approximately \$332.5 million. The revenue increased significantly since 2006, and the revenue from January 1, 2006 to December 31, 2010 totaled about \$291 million. Based upon the review of the financial records and related documents, a substantial portion of the revenue was generated through the merchant accounts under the names of the affiliated entities and shell companies, recorded as income on the affiliates' books, and later transferred to I Works' and other affiliates' books.

On a test basis, the Temporary Receiver reviewed and traced the revenues recorded on the books of I Works to the selected affiliated entities and shell companies. The Temporary Receiver determined that the revenue recorded on I Works' books appeared to be the revenue net of the merchant fees and reserves (See Tab 4). Consequently, the revenue generated from the entire operations of I Works' enterprise is likely to be more than the revenue of \$332.5 million.

A total of \$139,645,467.49 was paid and recorded as lead costs on I Works' books. The Temporary Receiver has analyzed the accounting details and the following were the major payees, which approximated \$108 million, or 77.3%, of the total lead costs.

<u>Name</u>	<u>Balance Per Books</u>	<u>% of Total Lead Costs</u>
Virgin Offers	\$ 52,522,741.47	37.6%
KMPG*	16,485,908.45	11.8%
Paradigm Visions, Inc.	13,681,112.26	9.8%
Cathexis	13,421,957.31	9.6%
eDirectsoftware Limited	11,871,579.49	8.5%
Total	<u>\$ 107,983,298.98</u>	<u>77.3%</u>

* KMPG is a call center in the Phillipines.

The accounting books and records show that \$42.6 million was paid by I Works for outside services from its inception through December 31, 2010, of which more than \$9.6 million, or 22.6%, was paid to the affiliated entities and shell companies. Additionally, approximately \$12 million, or 28.2%, was paid to Natures Best/Amirouche and Norton LLC in 2009. Natures Best/Amirouche and Norton LLC were Arizona companies that pushed “free trials” of acai berry products and allegedly repeatedly billed customers without permission. These entities were sued by the Arizona and Illinois Attorneys General in 2009.

The next significant expense on the books was payroll of \$35,485,066.28 during the same period. Based upon discussions with Scott Leavitt and the review of the accounting records, the Temporary Receiver determined that a majority of the payroll was paid by the payroll processors: Employee Plus Inc. (after 2003) and American Employment Group (before 2003). Employee Plus Inc. processed the employee payroll for I Works and its affiliates. Further details will be discussed below in the Employee Plus Inc. section.

I Works’ total net income from its inception through January 11, 2011 was approximately \$48.4 million and its operating profit before depreciation expense was about \$50.6 million. Nearly \$50.4 million, or 99.6%, of the operating profit was paid to Jeremy Johnson or for his benefit or was transferred to his affiliates. More detail of capital contributions and withdrawals will be discussed separately under the “Distributions and Payments to Jeremy Johnson” section of this report.

Employee Plus, Inc.

Under Tab 5 are the balance sheet and income statements by year for Employee Plus, Inc. (Employee Plus). Employee Plus was incorporated in Utah in 2003 and Scott Leavitt is the titular owner. Employee Plus also opened the merchant accounts and processed the transactions for I Works’ Internet operations. The income received and the amounts transferred back to I Works and its affiliates were recorded as “income-grant search” and as “outside services expense”, respectively, which amounts were recorded as shown below.

<u>Per Books</u>	<u>Amount</u>
Income-Grant Search	\$32,020,474.67
 Outside Services Expense	
I Works	\$18,387,984.92
Raven Media	\$7,900,000.00
Zibby	\$2,185,000.00
MJL Holdings	\$1,600,989.57

The Corporate Defendants' accounting records show that a significant portion of the payroll for I Works and its affiliated entities was processed and paid by Employee Plus. The funds for payroll received and disbursed were recorded as payroll preparation income and payroll expense on Employee Plus' books, which amounted to \$30,123,359.05 and \$29,296,398.57, respectively.

Elite Debit, Inc.

Elite Debit, Inc. (Elite Debit) was incorporated in late 2009 and is solely owned by Jeremy Johnson. Based upon a review of financial documents, Elite Debit was a processing company processing transactions for merchants.

Elite Debit's balance sheet as of December 31, 2010 and income statements from inception through December 31, 2010 are under Tab 6.

The accounting books and records of Elite Debit show the total revenue from inception through December 31, 2010 was approximately \$4.5 million, which is primarily comprised of approximately \$2.5 million from processing and \$2.0 million of income from Triple Seven LP for the same period.

Based on the additional documents obtained by the Temporary Receiver, Triple Seven LP appears to be related to Jeremy Johnson, and will be discussed below.

Elite Debit's most significant expense was outside payroll expense paid to Employee Plus, totaling \$1,040,822.22. Elite Debit also paid \$519,884.01 of SunFirst Bank fees and \$480,635.09 for commissions to various entities and individuals.

The Temporary Receiver reviewed the accounting details and identified various loans and investments made on behalf of Jeremy Johnson or to others related to or affiliated with Jeremy Johnson as shown below.

<u>Account</u>	<u>12/31/10 Balance Per Books</u>
Loan - SunFirst Bank	\$ 950,000.00
Loan - Orange Cat Investments	700,000.00
Loan - Loyd Johnston	290,000.00
SunFirst Stock (investment)	500,000.00
	<u>\$ 2,440,000.00</u>

According to additional documents and information obtained by the Temporary Receiver, the \$950,000 classified on the books as a loan appears to be an investment in SunFirst Bank stock. Accordingly, the investment in SunFirst Bank stock by Elite Debit totaled \$1,450,000² as of December 31, 2010.

A net loan amount of \$1,077,185.60 from Jeremy Johnson as of December 31, 2010 was classified as a capital contribution.

Money Harvest, Inc.

Similar to Elite Debit, Money Harvest, Inc. (Money Harvest) was also incorporated in late 2009 and Loyd Johnston is the titular owner. Money Harvest's balance sheet as of December 31, 2010 and income statements from inception to December 31, 2010³ are attached at Tab 7. Money Harvest was also a processing company processing transactions for merchants.

The accounting books and records show that total revenues and the operating expenses were \$3,436,701.39 and \$5,464,937.89, respectively. Outside service expenses were \$4,393,617.80. Below is the detailed breakdown of the outside service expenses paid.

² According to the accounting books and records, the payments of \$1,450,000 were paid and recorded in August and September 2010, respectively.

³ The QuickBooks data file for this entity was named Money Harvest, but the data contained in the file was named Elite Debit by the Receivership Defendants.

<u>Name</u>	<u>Memo</u>	<u>Balance</u>
Jeremy Johnson		\$ 2,599,975.00
Payroll-Chad Elie		450,500.00
Chad Elie		479,312.56
Net Web Funds **		270,100.00
I works		220,000.00
CPA Upsell		100,000.00
Triple 7		51,935.86
Elite Debit		31,986.53
Priority Debit		50,025.00
Robert Tovmasyan	Chad	30,200.00
SunFirst	SunFirst Computer Equipment	62,288.10
Others		47,294.75
TOTAL		<u>\$ 4,393,617.80</u>

** According to public records, this is a DBA of Powder Monkeys LLC.

The balance sheet as of December 31, 2010 lists the following loans and investments:

<u>Account</u>	<u>12/31/10 Balance Per Books</u>
Loan - SunFirst Bank	\$ 800,000.00
Loan - Loyd Johnston	15,000.00
SunFirst Stock (investment)	500,000.00
Total	<u>\$ 1,315,000.00</u>

According to the additional documents and information obtained by the Temporary Receiver, the \$800,000 classified as a loan appears to be an investment in SunFirst Bank stock, which would make the total investment in SunFirst Bank stock by Money Harvest \$1,300,000⁴.

The accounting books and records also show a loan of \$3,359,754.95 from Triple Seven, LP as of December 31, 2010 as a capital contribution.

⁴ According to the accounting books and records, the payments of \$800,000 and \$500,000 were paid and recorded in January 2010 and August 2010, respectively.

Affiliated Entities

Zibby, LLC

Zibby, LLC (Zibby) was incorporated in 2003 and is co-owned by Defendant Jeremy Johnson and his wife Sharla Johnson. It appears this entity was formed primarily to hold a number of real estate properties for Jeremy Johnson and Sharla Johnson. Under Tab 8 are the balance sheet and income statements for Zibby.

Zibby operated at a loss of \$595,805.05 since its inception. The total capital contribution, net of partner withdrawals, was about \$9.8 million and paid by I Works.

According to the accounting books and records, the total fixed assets were valued at approximately \$20.1 million as of January 10, 2011, which were primarily comprised of raw land, rental properties and investment properties:

	<u>Book Value</u> <u>(including improvement value)</u>	<u>Note Balance</u> <u>Per Books</u>
Hanger	\$ 36,000.00	
Investment Properties		
82 West 700 South, St George	\$ 300,190.00	\$ 202,180.84
43 North 100 West, Ephraim	147,585.43	123,589.69
575 East 30 North, Ephraim	192,379.83	
1861 Paragon Dr, St George	<u>1,450,940.91</u>	1,200,350.72
	2,091,096.17	
Raw Land		
14.78 Acres Raw Land, St George	\$ 165,038.37	
20 Acres, Beryl	5,000.00	
46.68 Acres , St George	333,281.90	
10 Acres, Ephraim	613,385.84	200,000.00
102 Acres, St George	77,376.80	
Vacant Land, Washington	<u>10,595,596.29</u>	6,108,000.00
	11,789,679.20	
Rental Properties		
1626 West Chateau Circle, St George	\$ 309,000.00	272,169.50
2356 East River Drive, Beaver	338,456.72	286,227.95
Car Lot, St George	1,184,707.65	692,093.01
Office Building 13 W. 700 S., Ephraim	670,396.89	
Tabernacle Towers, St George	<u>3,709,730.86</u>	2,042,155.78
	6,212,292.12	
Total Book Values of the real estate properties	<u>\$ 20,129,067.49</u>	<u>\$11,126,767.49</u>
Less: Related Note payables, mortgages and loans	<u>(11,126,767.49)</u>	
Net Value of the real estate properties	<u>\$ 9,002,300.00</u>	

The Temporary Receiver investigated the 102 acres of raw land in Washington, Utah with an approximate value of \$10.6 million as carried on the books of Zibby. This property was foreclosed by the lender in March 2010. If this property and its related liabilities were removed, the net value for the real estate properties would be reduced by approximately \$4.5 million.

The Temporary Receiver also discovered that the following real estate properties were first acquired by Zibby but later transferred to Jeremy Johnson or his parents, which were recorded as withdrawals by Jeremy Johnson and Sharla Johnson.

	<u>Transfer Date</u>	<u>Book Value</u>	<u>Transferee</u>
529 Wood View Circle	12/31/09	\$7,857,911.44	Jeremy Johnson
Riverfront Circle	7/10/08	\$520,921.41	Kerry & Barb Johnson (parents)

Zibby Flight Service, LLC

Zibby Flight Service, LLC (Zibby Flight Service) was incorporated in Delaware in 2002 and is owned by Jeremy Johnson and Sharla Johnson for the purpose of holding a number of airplanes and helicopters for Jeremy Johnson. Zibby Flight Service's balance sheet as of December 31, 2010 and income statements from its inception to December 31, 2010 are attached at Tab 9.

According to its accounting books and records, below is the list of the airplanes and helicopters held as of December 31, 2010:

<u>Vehicle Type</u>	<u>Make</u>	<u>Model</u>	<u>Year</u>	<u>Book Balance (including improvements)</u>	<u>Loan Balance Per Books</u>
Airplane	Cheyenne	Piper	1985	\$ 1,827,050.97	\$ 1,315,608.97
Helicopter	EC	EC 130	2008	2,848,222.15	2,217,200.64
Helicopter	Robinson	R-44 II	2005	380,000.00	
Airplane	Piper	PA-46-350P	2009	1,045,037.00	
Airplane	Cessna	P-210	1978	281,264.71	
Airplane	Beach Sierra	MC-604	1978	61,500.00	
Airplane	Piper	Navajo	1968	504,247.04	
Total Gross Value Per Books				<u>\$ 6,947,321.87</u>	<u>\$ 3,532,809.61</u>

The Temporary Receiver discovered that a Euro Chopper with a gross value of \$575,000 was transferred to Jeremy Johnson in August 2007 and removed from the entity's books. In May 2010, Jeremy Johnson pledged three of the aircraft for a loan of \$1,100,000 from Far West Bank, which does not appear on the books.

The total net loss of Zibby Flight Service from its inception to December 31, 2010 was \$5,849,297.50, and the cash operating deficit before depreciation expense was \$1,139,410.50 for the same period. The deficit was primarily due to high aircraft maintenance costs, such as fuel, insurance, repairs and rent for aircraft parking. The total net capital contribution as of December 31, 2010 amounted to nearly \$4.7 million and was funded by I Works.

Orange Cat Investments, LLC

Orange Cat Investment, LLC (Orange Cat) was incorporated in 2007 and is owned by Jeremy Johnson and Sharla Johnson. Under Tab 10 are the balance sheet as of January 10, 2011 and income statements from its inception to January 10, 2011.

The accounting books and records show that Orange Cat held a number of real estate properties and houseboats as of January 10, 2011:

	<u>Balance Per Books</u>
Real Estate	
California Home	
127 Hollister Ave. Santa Monica	\$2,800,114.76
Improvements California Home	14,027.14
Total California Home	<u>\$2,814,141.90</u>
House - 260 North Main, St. George	
House - 260 North Main, St. George	250,225.00
260 North Main Improvements	158,776.88
Furniture Main St. Home	5,890.59
Total House - 260 North Main, St. George	<u>\$ 414,892.47</u>
Total Real Estate	<u><u>\$3,229,034.37</u></u>
House Boat	
Peps 1 - Houseboat	
Peps 1 - Houseboat	\$ 900,000.00
Furniture	14,626.49
Total Peps 1 - Houseboat	<u>\$ 914,626.49</u>
Improvements Houseboat - Peps 1	288,515.81
Animal House - House Boat	250,000.00
Total House Boat - Gross	<u>\$1,453,142.30</u>
Less: Town & Country Line - House Boat	<u>(746,244.80)</u>
Total House Boat - Net	<u><u>\$ 706,897.50</u></u>

The net capital contributions to Orange Cat totaled \$4,072,617.86 on the books and were funded by I Works.

New Horizons Finance, Inc.

New Horizons Finance, Inc. (New Horizons) was incorporated in 2004 and Andy Johnson, who is Jeremy Johnson's brother, is the titular owner. New Horizons' balance sheet as of December 31, 2010 and the income statements shown by year from its inception through December 31, 2010 are attached at Tab 11.

Total income was \$7,049,300.75 from its inception through December 31, 2010, which was primarily from contracted processing income of approximately \$5.8 million, or 82.5%. The profits earned were mainly used and paid for outside service expenses and outside payroll expenses totaling \$4,936,391.39 and \$495,434.23, respectively. Similar to the other affiliated entities, the outside payroll expenses were paid to Employee Plus for payroll processing. The outside service expenses are primarily comprised of the following payees:

<u>Name</u>	<u>Balance</u>	<u>% of Outside Service Expenses</u>
I Works	\$ 1,826,336.65	37.00%
New Beginnings Consulting	402,690.66	8.16%
SKKP	281,024.63	5.69%
Summit Group	234,822.74	4.76%
KMPG	215,734.29	4.37%
Jeremy Johnson	212,862.23	4.31%
Zibby	192,322.98	3.90%
Business Development Systems, Inc.	159,553.62	3.23%
Total	<u>\$ 3,525,347.80</u>	<u>71.42%</u>

The accounting books and records show loans from I Works and Jeremy Johnson amounted to \$245,000 and \$319,500 as of December 31, 2010, respectively, which are classified as capital contributions. The accounting books and records also show New Horizons owns a trailer park valued at \$360,194.53 as of December 31, 2010, which the Temporary Receiver has not yet confirmed.

Other Related Entities

The Temporary Receiver learned that Chad Elie filed a lawsuit against Jeremy Johnson. Chad Elie entered into a business venture with Jeremy Johnson to provide payment processing services for Chad Elie's online merchants. According to an e-mail written by Jeremy Johnson on December 11, 2010, Chad Elie was entitled to 50% of the profits.

Based on reviewing other documents and resources, it appears that there are three entities that are associated with the business venture between Jeremy Johnson and Chad Elie. They are Triple Seven, LP (Triple Seven), Powder Monkeys, LLC (Powder Monkeys) and Mastery

Merchant, LLC (Mastery Merchant). The Temporary Receiver was unable to locate the accounting records at Receivership Defendants' premises concerning these three entities.

The Temporary Receiver investigated and determined that the public records listed Jason Vowell as the manager of the three entities. Todd Vowell is the brother of Jason Vowell (Vowells), and both are long-time friends and neighbors of Jeremy Johnson. The Temporary Receiver also identified a high volume and amount of transactions and/or fund transfers between Jeremy Johnson and the entities apparently controlled by the Vowells. According to the business searches performed by the Temporary Receiver, these Vowells entities include, but are not limited to, Paydirt Capital LP, Paydirt Management Inc., Paydirt Properties LLC and Kombi Capital LP (Kombi Capital).

The Temporary Receiver discovered a few pages of QuickBooks accounting printouts of these three entities at the Receivership Defendants' premises. Numerous payments listed under outside expenses were paid to a casino hotel for expenses and to California Numismatic for gold purchase as shown below.

<u>Entity</u>	<u>Account</u>	<u>Amount</u>	<u>Note</u>
Podwer Monkeys	Outside Service-JJ	\$ 100,000.00	Payments to/for Wynn
Triple Seven	Outside Service-JJ	782,300.00	Payments to/for Wynn
			Payment to California
Triple Seven	Outside Service-JJ	500,000.00	Numismatic for Gold
			purchase
Total		<u>\$ 1,382,300.00</u>	

In addition, the pleadings in the Chad Elie litigation indicate that, from March 2010 through October 2010, the average monthly income reached \$2.8 million. One of the supplemental financial schedules (See Tab 12), which was initially from Jeremy Johnson, shows a number of significant payments not only to Chad Elie but also to or on behalf of Jeremy Johnson for the same period as follows:

	<u>Amount</u>
<u>Chad Elie</u>	
Payments for Chad Elie	\$ 3,218,348.00
Legal Expense-Chad Elie	1,912,272.54
Total	<u>\$ 5,130,620.54</u>
<u>Jeremy Johnson</u>	
Payments for Jeremy Johnson	<u>\$ 2,950,383.19</u>
<u>Other payments</u>	
Payments to Kombi Capital	\$ 6,401,849.62
TD Ameritrade	5,000,000.00
Payments to JMD Energy	1,150,000.00
Payments to AIC	832,750.00
Income Tax Payments	1,635,633.00
Total	<u>\$ 15,020,232.62</u>

The pleading documents also indicate that the \$1,150,000 payment to JMD Energy was to purchase interests in the JMD 12-4-4-3 Well in Duchesne Country, Utah, and Jeremy Johnson later transferred 33.3% of his interest in this well to his father, Kerry Johnson, in June 2010. In addition, approximately \$6.4 million was paid and invested in Kombi Capital, which is apparently owned by the Vowells.

A supplemental schedule in the pleading documents contains a list of the assets of Kombi Capital totaling \$6.4 million, which is comprised of a \$2 million brokerage account, two Woodview houses, Ellm Valley Land, Rockville house, Springdale land, and several note receivables (advances to others). This schedule is attached at Tab 13.

Distributions and Payments to Jeremy Johnson

As previously discussed, Jeremy Johnson and his controlled entities withdrew at least \$50 million from I Works' profits. The Temporary Receiver also learned of a large volume of money transfers and inter-company transactions among Jeremy Johnson and the entities he owned or controlled recorded as capital contributions and/or withdrawals on the books, some of which should be netted out.

A preliminary analysis performed by the Temporary Receiver shows the contributions and withdrawals recorded on each entity's books and demonstrates how the withdrawals were made by or on behalf of Jeremy Johnson and distributed to affiliated entities for use in acquiring and holding investments and assets. These affiliated entities include, but may not be limited to, Zibby, Zibby Flight Service, Orange Cat, Jeremy Johnson's offshore entities,

Raven Holdings Corp. and Belize Beach Holdings Ltd. in Belize, and Raven Internet Media in the Philippines.

Based on the Quickbooks Accounting Records of Each Entity			
Entity	Partner Contributions	Partner Withdrawals	Net Contributions
I Works		\$ (50,400,573.57)	\$ (50,400,573.57)
Zibby	\$ 25,790,250.28	\$ (15,988,156.13)	\$ 9,802,094.15
Zibby Flight Service	\$ 4,758,384.95	\$ (97,541.97)	\$ 4,660,842.98
Orange Cat	\$ 4,072,617.86		\$ 4,072,617.86

Breakdown of I Works' Capital Withdrawals Based on Preliminary Analysis	
Name	Amount
Zibby	\$ 9,802,094.15
Zibby Flight Service	4,660,842.98
Orange Cat	4,072,617.86
Residential Properties (Note)	7,962,766.24
Tax Payments-IRS & US Treasury	4,538,133.75
State Tax Payments-Utah State Tax Commission	1,116,040.50
Raven Holdings & Raven Internet Media	2,528,560.49
Scott Leavitt	2,136,413.99
Kitco	1,565,204.18
LDS Church/Little Valley Fifth Ward	1,500,000.00
Dreamworks Mortgage	1,551,964.74
Paydirt	1,797,889.48
Heritage Auto/JDK	1,802,215.86
KBE Energy (Oil Investment)	1,800,000.00
Brockman Ranch LLC	974,256.86
Hilton Car Wash	654,459.24
W.F. Corporation	500,000.00
Remainder	1,437,113.25
Total	<u>\$ 50,400,573.57</u>

Note: According to the accounting records of the Corporate Defendants, the payments for the residential properties included the payments for 529 Woods View Circle and Riverfront Circle, which were transferred to Jeremy Johnson and his parents from Zibby and recorded as capital withdrawals.

Jeremy Johnson, his wife and parents also received substantial payments and distributions from Jeremy Johnson's business operations and entities he owned or controlled in addition to the withdrawals and distributions from I Works. These other payments to Jeremy Johnson and Sharla Johnson, which raise his total payments and distributions to approximately \$59 million, are set out in the following schedule.

	Capital Withdrawals	Payroll			Other Payments (Note)	Total
		Jeremy Johnson	S. Johnson (Wife)	K&B Johnson (parents)		
I Works	\$ 50,400,573.57	\$ 1,222,302.92	\$ 57,063.53			\$ 51,679,940.02
Employee Plus		815,772.83	808,587.27	\$ 798,165.30		2,422,525.40
New Horizons					\$ 212,862.23	212,862.23
Money Harvest					2,599,975.00	2,599,975.00
Triple Seven					2,950,383.19	2,950,383.19
	<u>\$ 50,400,573.57</u>	<u>\$ 2,038,075.75</u>	<u>\$ 865,650.80</u>	<u>\$ 798,165.30</u>	<u>\$ 5,763,220.42</u>	<u>\$ 59,865,685.84</u>

Note: Other payments include payments recorded under outside service expenses and other payments to Jeremy Johnson on the books.

The Temporary Receiver is continuing to review and analyze the financial data of I Works, controlled companies, and other entities that may be affiliated, which may uncover a higher amount of cash payments or withdrawals by or on behalf of Jeremy Johnson as well as the corresponding investments and assets acquired.

Funds Deposited in Casinos and Gambling Losses

The Temporary Receiver described above that numerous payments from Triple Seven and Powder Monkeys were made to a Las Vegas casino for the benefit of Jeremy Johnson. Additionally, the Temporary Receiver obtained documentation from the casino, which showed in summary that the total funds deposited to Jeremy Johnson's account were approximately \$2.8 million and the net loss was approximately \$1.3 million from June 2006 to January 2011.

Available Details of Real Properties

Following is the detail of the initial inspections or information learned about most of the real properties currently known to be owned by Jeremy Johnson, or his family, or his controlled entities.

529 Woods View Circle, St. George, Utah

This home is currently being used by Jeremy Johnson as his primary residence. It is an extravagant home, reportedly 22,000 square feet located on a large lot within a gated community. Documents located at the Corporate Defendant's office reflect a cost of

approximately \$8.0 million to purchase the land and build the home. The current market value of the home is estimated to be approximately \$4.0 million.

On January 18, 2011, the Temporary Receiver asked Jeremy Johnson for permission to visit the home and take a photographic inventory of the contents. Jeremy Johnson refused to allow the Temporary Receiver inside the residence. The following week, the Temporary Receiver was allowed into a garage and utility room in a separate building from the house.

There is a first mortgage on the home for approximately \$3.0 million with SunFirst Bank. A second Trust Deed, secured by this home and five other parcels of land, was recorded on October 13, 2010 for \$6.5 million by Zibby and Sharla Johnson for the benefit of Triple Seven. A virtually identical blanket lien for the benefit of Triple Seven in the amount of \$6.5 million was also recorded on a home at 127 Hollister Avenue in Santa Monica, California owned by Orange Cat. Jeremy Johnson signed the trust deed as manager of Orange Cat. The Temporary Receiver has not been able to locate any documents or financial data that show any financial consideration was paid for either of these trust deeds.

620 East Main Street, Rockville, Utah

The single level home is titled to Jeremy Johnson and is located on a large lot with access to the Virgin River. A family reportedly occupies the property rent free. The Temporary Receiver will investigate and determine the occupancy arrangements. There is a mortgage of approximately \$365,000 with Kombi Capital. The Temporary Receiver will be investigating and determining if this loan is an arm's length transaction for consideration. The home was purchased for \$365,000, but a local broker estimates the current value of this home at about \$270,000.

1673 South Cliffrose Drive, St. George, Utah

This 7,556 square-foot single family residence is titled to Jeremy Johnson and Sharla Johnson and is located in an exclusive gated community called Stone Cliff. A family reportedly occupies the property. The Temporary Receiver will investigate and determine the occupancy arrangements. The home is built on a view lot and was purchased for \$1.6 million. There is a mortgage with Chase for approximately \$1.0 million. A local broker estimates the current value at about \$850,000.

82 West 700 South, St. George, Utah

This is an older 1,664 square-foot single family residence titled to Sharla Johnson and located on a busy street. A family reportedly occupies the property. The Temporary Receiver will investigate and determine the occupancy arrangements. It was purchased for \$300,190 and has a mortgage with Chase for approximately \$202,000. A local broker estimates the value at about \$250,000.

1861 Paragon Drive, St. George, Utah

This 4,579 square-foot single level home is titled to Sharla Johnson and was featured in the 2006 Parade of Homes and is located in an exclusive gated community called Stone Cliff. A family reportedly occupies the property. The Temporary Receiver will investigate and determine the occupancy arrangements. The home has custom upgrades such as stone columns, domed ceiling with unique architecture and an outdoor pool. It was purchased for \$1,420,740 and has a mortgage with Chase of approximately \$1.0 million. A local broker estimates a current value at only \$700,000.

1140 East Fort Pierce Drive #36, St. George, Utah

This vacant split level 2,312 square-foot home is titled to Sharla Johnson and is located in a gated community that is surrounded by much older homes. It was purchased for \$360,000 and has a mortgage with Chase of approximately \$290,000. The value based on a local broker's opinion of value is \$190,000.

260 North Main Street, St. George, Utah

This 2,592 square-foot single level home is titled to Orange Cat and is located near the middle of St. George. A family reportedly occupies the property. The Temporary Receiver will investigate and determine the occupancy arrangements. It was purchased for \$250,225 and other resources indicated it may have mortgages⁵ totaling \$263,000. The value based on a broker's opinion of value is \$225,000.

1626 West Chateau, St. George, Utah

This 3,391 square-foot two story single family residence is titled to Sharla Johnson and is surrounded by higher end homes. The property includes a large lot although it does not have many upgrades. A family reportedly occupies the property. The Temporary Receiver will investigate and determine the occupancy arrangements. It was purchased for \$309,000 and has a mortgage with Wolf Mountain, LLC for approximately \$272,000. The value based on a broker's opinion of value is \$300,000.

2356 East River Drive, Beaver, Utah

This single family home is titled to Jeremy Johnson and is in the river bottoms east of Beaver, Utah. It is on a large lot with a barn. A family reportedly occupies the property. The Temporary Receiver will investigate and determine the occupancy arrangements. It was purchased for \$338,456 and has a mortgage with Bank of America for approximately \$286,000. The Temporary Receiver is investigating the current value of this property.

⁵ No mortgage is currently recorded on the books for this property.

Hanger at the Old St. George Airport – Parcel #SG-AIR-20

Zibby, owned by Jeremy and Sharla Johnson, purchased this hanger for \$36,000. The hanger is located on ground owned by the city of St. George. A new airport has been constructed and the city is requiring all tenants to remove all aircraft and buildings within the next few months. The cost to move the hanger would exceed any potential value. The Temporary Receiver anticipates abandoning the hanger.

5.08 Acres of Raw Land in Santa Clara, Utah

This property is comprised of three lots and was purchased by Santa Clara Creek Properties, LLC for \$100,000. Other sources indicate that Jeremy Johnson owns a minor percentage of Santa Clara Creek Properties, LLC. A local broker's opinion of value is \$150,000.

Five Parcels of Raw Land in Washington County, Utah

The five parcels total 164.63 acres and are located in the Greenfield area near Washington Dam Road. A majority of the property lies within the Virgin River and river flood plain. The assessed value is \$358,885 and the parcel numbers are 4200-B-HV, 4201-A-HV, 4201-B-HV, 4203-HV and 4150-B-HV. Zibby purchased the five parcels for \$575,697. This raw land is pledged as security for a blanket mortgage with SunFirst Bank for approximately \$1,084,543⁶. The Temporary Receiver has not been able to confirm the extent of liens against the property. A local broker estimated the value of the land at about \$350,000.

Raw Land in Beryl, Utah

This property is a 20-acre parcel in the unincorporated part of Iron County, Utah and is zoned as agricultural property. Zibby Flight Service purchased the property for \$5,000 and has a current value of approximately \$10,000.

302 West Hilton Drive, St. George, Utah:

There is an operating car wash on this commercial property. Zibby purchased the property and built the car wash for a total of \$1,110,695. The property has been transferred several times. On October 16, 2007, Zibby transferred the property by quit claim deed to Hilton Sparkle & Shine, LLC, a Utah Limited Liability Company owned by Jeremy and Sharla Johnson. On May 3, 2010 Jeremy and Sharla Johnson signed a warranty deed transferring title from Hilton Sparkle & Shine, LLC, to Hilton Auto Detail, LLC. The Utah State Secretary of State lists Jeremy Johnson and Christopher Wade as managing members of Hilton Auto Detail, LLC. On October 28, 2010, Jeremy Johnson and Christopher Wade signed a warranty deed transferring the property from Hilton Auto Detail, LLC back to Hilton Sparkle & Shine, LLC.

⁶ No mortgage is currently recorded on the books for this property.

Business records located at the Corporate Defendants' offices show a mortgage of approximately \$564,000 in favor of Bank of America. Other resources indicate that its current value may equal the loan balance. The Temporary Receiver is still analyzing the value of the property.

1792 South Blackridge Drive, St. George, Utah:

Zibby purchased the commercial lot and constructed a car lot and building at a cost of \$1,184,707. The property is currently occupied by Xotic Motor Sports. The Temporary Receiver will investigate and determine the occupancy arrangements. There is a mortgage in favor of Far West Bank for approximately \$692,000. A commercial broker estimates the value at about \$1.0 million.

While conducting some research and title searches at a local title company, the Temporary Receiver discovered that on January 13, 2011 Jeremy and Sharla Johnson executed a warranty deed transferring this property to Golden Star Property, LLC. Records at the Utah Secretary of State list Frank Habibian as the manager of Golden Star Property, LLC. The warranty deed was recorded on January 19, 2011, six days after the Temporary Restraining Order was entered. No proceeds from this transfer have been turned over to the Temporary Receiver. This transfer is under further investigation.

392 W, 400 S, Manti, Utah

Jeremy Johnson is a 50% owner with a local resident of Meridian Holdings LLC, which purchased this 2,400 square-foot residential duplex about three years ago for \$120,000. Currently it is rented for \$1,280 a month, which does not cover all the property expenses. There is a recorded mortgage on the books for about \$134,000, payable to New Horizons, discussed above. A broker estimates the value at about \$148,000. However, the local co-owner believes the property would sell for about \$120,000 after a lengthy marketing period.

575 E. 30th N Ephraim, Utah

Jeremy Johnson purchased this single family residence when it was near-new in 2006 for \$155,000. The Temporary Receiver has not inspected the property, and its size, current condition and value are unknown. The Temporary Receiver has been informed the property is occupied by two persons with current rental arrangements to be determined. Other resources indicate that it may have a mortgage⁷ of \$79,477.

43 N 100 W Ephraim, Utah

Jeremy Johnson purchased this two story 2,600 square-foot Victorian single family residence in 2005 for approximately \$148,500. The property is rented and appears to be in good

⁷ No mortgage is currently recorded on the books for this property.

condition, although the current rental arrangements are unknown. A broker estimates the value at about \$125,000. The recorded mortgage on the books is approximately \$124,000.

11⁸ W 700 S, Ephraim, Utah

Zibby purchased this office building in 2007 for \$336,926. The property includes a parking area. The building has ground and basement floors, and apparently was converted to a fully outfitted call center. The property is currently vacant, appears to be approximately 6,000 square feet, and is in good condition. The current market value will be determined. The Temporary Receiver is not aware of any mortgage recorded on this property.

750 South Main Street, Ephraim, Utah

Zibby purchased this 10 acre land parcel for \$423,793. It is located slightly west of the downtown area of Ephraim, but within city limits. A broker believes the property has a 50 foot right-of-way off Main Street, which is also Highway 89. The broker believes the property is well-located and should be worth about \$375,000, although reportedly current marketing times are lengthy. The Temporary Receiver will confirm the market value of the property and the approximate required marketing time. The recorded mortgage on the books is \$200,000.

575 S Main Street, Richfield, Utah

JDK, Inc., which Jeremy Johnson claimed he owns in full, purchased this small office building on a large lot, with an adjacent vacant small structure in poor physical condition. The property was apparently used for retail car sales, and reportedly has been mostly vacant for two or three years. The general structure of the office building is in satisfactory condition, although the interior has suffered water damage from roof leaks. Reportedly, there is limited rental demand for the property. The property was purchased in 2006 for \$425,520. Other resources indicate that it may have a mortgage⁹ of approximately \$159,000. The current market value will be determined.

147 100 W Mendon, Utah

Zibby purchased this small mobile home park, with eight mobile homes and an additional seven rentable mobile home sites in 2007, for approximately \$265,000. Apparently, the property was transferred to SLI, LLC, 50% owned by Jeremy Johnson and 50% by Duane Fielding. The property is on a fairly steep unpaved slope covered with gravel. One of the mobile home sites is vacant and reportedly one of the purchased mobile homes was destroyed in the last year. The purchased mobile homes range in age from 10 to 30 years and the physical condition and appeal of the park property is substantially below average.

⁸ The utility company reports that the address of this property is 11 West 700 South, Ephraim, Utah.

⁹ No mortgage is currently recorded on the books for this property.

The Temporary Receiver is currently investigating the rental arrangements for the mobile home sites and the rented mobile homes. The current market value will be determined based on operating income and information from local brokers.

Approximately 5,000 acres near Idaho Falls, Idaho

The books of I Works included several payments to Brockman Ranch, LLC, but without further details or information. Other resources indicated that Jeremy Johnson was a 50% owner of ranch land originally purchased for \$5,500,000 and with a current loan balance of \$2,611,486. The Temporary Receiver made contact with the other 50% owner, and later his attorney, and learned that Jeremy Johnson and the other person each own 50% of Brockman Ranch, LLC. The initial capital contribution in the LLC was \$1,250,000 for each, and was used as a down payment for the \$5,500,000 purchase of 5,000 acres of grazing land near Idaho Falls, Idaho. The terms of financing provided by the seller required annual payments of about \$400,000, or \$200,000 each. Reportedly the current balance of the land loan is about \$2,600,000, but the Temporary Receiver has not yet confirmed that amount.

Jeremy Johnson did not make his required capital contribution as of January 1, 2011. When the Temporary Receiver made contact with the attorney, he reported the other owner was the managing member and in the process of restructuring the terms of the land loan. The attorney, along with a representative of the other owner, claimed that the 5,000 acres purchased are now worth considerably less than the original purchase price. The Temporary Receiver has requested documents and information about the asset and the underlying transaction, has received some of the requested information, and is reviewing it. The underlying net value and current liquidity of this investment is unknown at this time. The Temporary Receiver will continue to gather information and evaluate this investment.

127 Hollister Avenue Santa Monica, California

Orange Cat purchased this single family residence located about one block from the Santa Monica shore in March, 2009. Public records indicate the purchase price was \$2,775,000, and it was recorded on the Orange Cat books for \$2,800,114. The two-story house has 2,791 square feet, is about five years old, and reportedly includes upgrades and expensive furnishings. Orange Cat originally purchased the property for cash but in February 2010 obtained a loan for \$1,500,000.

A second Trust Deed, secured by this home, another home and five parcels of other land in St. George Utah, was recorded on October 13, 2010 for \$6.5 million. The Deed of Trust was dated February 28, 2010 and Jeremy Johnson signed it as manager of Orange Cat. The Temporary Receiver has not been able to locate any documents or financial data that show any financial consideration was paid for this \$6.5 million Deed of Trust.

Vehicles, Boats and Trailers

The Temporary Receiver reviewed documents and electronic data located at the Corporate Defendants' offices that contained information on approximately twenty-six different cars and trucks, one motor home, several trailers and several off road vehicles. The Temporary Receiver located original title documents for 16 vehicles and two trailers.

On at least two occasions, the Temporary Receiver asked Jeremy Johnson about the location of these various vehicles. With the exception discussed below, Jeremy Johnson only stated that the vehicles were spread around at different locations and warehouses. He stated he did not know precisely where the vehicles were located. Jeremy Johnson did disclose the location of certain collectable vehicles in a hanger at the old St. George Municipal Airport and escorted the Temporary Receiver to inspect the vehicles. The Temporary Receiver took a photographic inventory of five cars, a snow plane and a four wheeler. The five cars included a restored 1957 Chevrolet Belair, a 1952 Ford and several "muscle" cars. Jeremy Johnson claimed not to know whether he or an associate owned the vehicles.

The Temporary Receiver is still attempting to learn the location of the remaining vehicles.

The Temporary Receiver has contacted the general counsel for the company owning the concession rights to Wahweap Marina and also contacted the onsite manager at the marina. The Temporary Receiver confirmed that two Skipperliner house boats are docked at rented slips at the marina. The Temporary Receiver is making arrangements to take control of the house boats.

Aircraft

Defendant Kevin Pilon provided the Temporary Receiver a worksheet containing details on eleven aircraft, consisting of four fixed wing airplanes and seven helicopters. Jeremy Johnson met the Temporary Receiver at the old St. George Municipal Airport and identified six aircraft on the worksheet and stated that two other aircraft had already been moved to the new airport. Jeremy Johnson was not aware of the location of several other aircraft that were purportedly leased or the persons or entities that had leased the aircraft.

The worksheet provided by Kevin Pilon identified Zibby Flight Service as the owner of three airplanes and four helicopters. Jeremy Johnson and Duane Fielding were identified as owners of two other helicopters. Duane Fielding was listed as the sole owner of one helicopter and KMPG, Inc., as the owner of a 1968 Navajo Piper. The Temporary Receiver accessed the registration information maintained by the Federal Aviation Administration to determine the registered owners of each aircraft. Six of the eleven owners listed on the worksheet were either not current or inaccurate. The aircraft identified as being owned by KMPG, Inc., is registered to Zibby Flight Service. Five helicopters appear to have been transferred to four different companies. The four companies are Trigger LLC, Scud Runner LLC, Choker Blocker LLC and two helicopters registered to Rotortrends, Inc. The

Temporary Receiver has requested documents from various secretary of state offices in order to determine the principals of each of these entities and investigate whether the apparent transfers are legitimate arms-length transactions supported by adequate consideration.

Turnover of Precious Metals

In response to the Temporary Receiver's demand for turnover of precious metals (discussed below) the Temporary Receiver met Jeremy Johnson in the driveway of his home on January 26, 2011. Jeremy Johnson escorted the Temporary Receiver into a detached garage that contained two safes. One safe contained various guns and ammunition. The second safe contained precious metals. The Temporary Receiver advised Jeremy Johnson that the Temporary Receiver was contracting with Brinks armored car service to transport the contents of the safe to a secure location and thereafter provide an inventory. In addition to the precious metals contained in the safe, there were two expensive wrist watches. Jeremy Johnson estimated the value of the contents of the safe to be approximately \$500,000. Later that day, Jeremy Johnson sent an email to the Temporary Receiver and provided his estimated inventory of the safe and the combination needed to open the safe (See Tab 14). On January 28, 2011 Brinks armored car service met the Temporary Receiver at Jeremy Johnson's garage and took custody of the contents of the safe.

In the Reply Memorandum on Emergency Motion to Continue Hearing on Preliminary Injunction (Document No. 81 filed February 4, 2011) counsel for Jeremy Johnson and the Corporate Defendants other than Employee Plus asserted that the Temporary Receiver violated the provisions of the TRO at page 15 by removing personal property, including jewelry, from his residence in his absence (footnote 4). This is incorrect in a number of ways. First, the section referred to in the TRO (section IX.C at page 9) refers only to Jeremy Johnson's assets and only prohibits the removal of Jeremy Johnson's personal property at his residence. Second, on January 21, 2011, the Temporary Receiver, through his counsel, demanded that: "Jeremy Johnson . . . immediately transfer and deliver to the Temporary Receiver . . . possession, custody and control of all of the Corporate Defendants' precious metals, including without limitation all gold and silver, in whatever form." (Tab 15 hereto). The Temporary Receiver expressly excepted Jeremy Johnson's precious metals from the demand, because of the prohibition set out at IX.C of the TRO. Mike Shaw (Shaw), counsel for Jeremy Johnson and all of the Corporate Defendants other than Employee Plus, called counsel for the Temporary Receiver on January 26, 2011 and agreed to turn over the precious metals at Jeremy Johnson's home to the Temporary Receiver on January 26, 2011. This was confirmed in an e-mail from Shaw to counsel for the Temporary Receiver, attached as Tab 16. Shaw wrote: "This email confirms our discussion that the receiver can begin the inventory/taking possession of the gold and silver at Jeremy's home on Woodsvie Circle tomorrow at 11:15 AM." Shaw never asserted, in either his phone call with counsel for the Temporary Receiver or in his confirming e-mail, that the precious metals were Jeremy Johnson's or that the Temporary Receiver could not remove them from a garage and utility room in a separate building from the residence. After the Temporary Receiver initially

inspected the precious metals on January 26, 2011 as agreed to between Shaw and the Temporary Receiver's counsel, Jeremy Johnson further provided the Temporary Receiver with a written inventory of the precious metals, including jewelry, and expressly permitted the Temporary Receiver to remove precious metals from his garage and utility room while Jeremy Johnson was away. He wrote: "I will be gone till next week but I will have access to my email and my phone should work most of the time too. Please store all this in a secure location." This e-mail is attached at Tab 14.

Bank Accounts

The Temporary Receiver served the Temporary Restraining Order on all known bank accounts and merchant accounts with other financial institutions and merchant processors that were used by the Receivership Defendants. Currently, funds turned over to the Receivership Defendants total \$83,466.01. The Temporary Receiver is continuing to confirm the balances of bank accounts and merchant accounts of the Receivership Defendants, and working with other financial institutions and merchant processors concerning the turnover of the funds.

Conclusion

As this report has stated, the accounting records and other documents reviewed to date confirm that several dozen entities and shell companies existed primarily to open bank accounts and to set up related merchant processing accounts. This spider-web of entities helped to create a consolidated income stream of at least \$332 million and provided Jeremy Johnson and his entities access to at least \$59 million. The records and documents further confirm that the \$59 million was dissipated by supporting lavish lifestyles, and investments in real properties, aircraft, vehicles, businesses, brokerage trading accounts, precious metals, and was distributed or loaned to family, friends, and related entities. Some of the investments appear to have lost significant value and most of the loans and distributions have limited or missing documentation. There appears to be a substantial amount of information to be located or revealed.

If the Temporary Receiver is made permanent, he will continue to examine and obtain values for the real properties, airplanes, and vehicles and attempt to locate, document, and recover the investments, distributions, loans and any other assets.

Respectfully submitted,

/s/

Robb Evans of Robb Evans & Associates LLC
Temporary Receiver