

COLLOT GUERARD

JOSHUA DOAN

MIRY KIM

(Each appearing pursuant to DUCivR 83-1.1(d)(1))

600 Pennsylvania Ave., NW., CC-8528

Washington, D.C. 20580

Telephone: (202) 326-3338

cguerard@ftc.gov

jdoan@ftc.gov

mkim@ftc.gov

Attorneys for Plaintiff

FEDERAL TRADE COMMISSION

THOMAS M. MELTON (4999)

ROBERT G. WING (4445)

DOUGLAS DEVORE (11170)

KEVIN MCLEAN (16101)

Assistant Attorney General

Utah Attorney General's Office

160 East 300 South, Fifth Floor

Salt Lake City, Utah 84114

Telephone: 801-366-0310

tmelton@agutah.gov

rwing@agutah.gov

ddevore@agutah.gov

kmclean@agutah.gov

Attorneys for Plaintiff

UTAH DIVISION OF CONSUMER PROTECTION

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION

FEDERAL TRADE COMMISSION, and

UTAH DIVISION OF CONSUMER
PROTECTION,

Plaintiffs,

vs.

ZURIXX, LLC, a Utah limited liability
company,

Case No. _____

**FILED UNDER SEAL
PURSUANT TO COURT
ORDER
(DOCKET NO. _____)**

**PLAINTIFFS'
RECOMMENDATION FOR
A MONITOR**

CARLSON DEVELOPMENT GROUP,
LLC, a Utah limited liability company,

CJ SEMINAR HOLDINGS, LLC, a Utah
limited liability company,

ZURIXX FINANCIAL, LLC, a Utah
limited liability company,

CRISTOPHER A. CANNON, individually
and as an officer of ZURIXX, LLC,

JAMES M. CARLSON, individually and
as an officer of ZURIXX, LLC, and

JEFFREY D. SPANGLER, individually
and as an officer of ZURIXX, LLC

Defendants.

Plaintiffs Federal Trade Commission and Utah Division of Consumer Protection, in connection with their Motion for a Temporary Restraining Order, recommend that the Court appoint David K. Broadbent of Holland & Hart LLP as a temporary monitor in this case.

Mr. Broadbent is a partner with Holland & Hart's Salt Lake City office. In addition to focusing on corporate, commercial finance, and real estate matters, he has significant experience as a receiver and counsel to the receiver in complex securities matters.

As reflected in the attached Letter of Interest (Attach. A), federal and state courts in Utah have appointed Mr. Broadbent to serve as the receiver in the following matters:

- *SEC v. David M. Wolfson, NuWay Holding, et al.* (D. Utah) — Mr. Broadbent took over as receiver and minimized legal costs while resolving pending litigation and claims, disposing of assets that were draining the receivership estate, and recovering cash and other assets.
- *SEC v. Merrill Scott & Associates, Ltd., et al.* (D. Utah) — In a case involving a Ponzi scheme, Mr. Broadbent worked to seize millions of dollars before they were transferred overseas, located and gained control of assets in the United States and

abroad, pursued litigation to recover additional assets, and distributed more than \$27 million in claims.

- *In re Freedom Coin* (Utah 3d Dist. Ct.) — In a case involving stock-price manipulation, Mr. Broadbent and the Utah Securities Division recovered and preserved substantial assets, allowing the company's legitimate shareholders to receive more than ten times the amount they otherwise would have.


(Attach. A at 1-2). In addition, Mr. Broadbent served as lead counsel to the receiver in *SEC v. Management Solutions, Inc.* (D. Utah), an investment fraud case that required the consolidation of nearly 600 bank accounts, the recovery of funds through litigation and settlement, and the management and administration of more than 80 real estate projects.

Mr. Broadbent has stated he is interested in being appointed by the Court as a monitor in this case, and that neither he nor his firm has any conflict of interest. Because this case involves government plaintiffs seeking redress for consumers, Mr. Broadbent has agreed to discount his and his colleagues' rates by ten percent. (Attach. A at 2.) Attached to the letter of interest are the resumes of Mr. Broadbent and two Holland & Hart partners who would assist him in this matter, Cory Talbot and Doyle Byers.

As these materials demonstrate, Mr. Broadbent is highly qualified to serve as a monitor in this case, and he has assembled a well-qualified team to assist him if he is appointed. Accordingly, Plaintiffs recommend that the Court appoint Mr. Broadbent as a temporary monitor in this case.


Respectfully submitted,

Dated: September 30, 2019


COLLOT GUERARD
JOSHUA DOAN
MIRY KIM
Federal Trade Commission
600 Pennsylvania Ave., NW, CC-8528
Washington, DC 20580
Telephone: (202) 326-3338

cguerard@ftc.gov
jdoan@ftc.gov
mkim@ftc.gov
Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

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THOMAS M. MELTON (4999)
ROBERT G. WING (4445)
DOUGLAS DEVORE (11170)
KEVIN MCLEAN (16101)
Assistant Attorney General
Utah Attorney General's Office
160 East 300 South, Fifth Floor
Salt Lake City, Utah 84114
Telephone: 801-366-0310
tmelton@agutah.gov
rwing@agutah.gov
dedevore@agutah.gov
kmclean@agutah.gov
Attorneys for Plaintiff
UTAH DIVISION OF CONSUMER
PROTECTION

HOLLAND & HART^{LLP}



September 23, 2019

Via email: jdoan@ftc.gov

Joshua A. Doan
Federal Trade Commission
Bureau of Consumer Protection
Division of Marketing Practices
600 Pennsylvania Avenue, NW
Mail Stop CC-8528
Washington, DC 20580

Re: Possible Receivership

Dear Mr. Doan:

Thank you for the opportunity of speaking with you regarding the possibility of my serving as a monitor or receiver in a matter currently pending in your office. We have checked the names that you provided to me and have confirmed that we have no conflicts in the matter. I would be very pleased to serve in this capacity. I am including with this letter a copy of my resume, which contains basic information regarding my professional and other experience. I would like to supplement that information with this letter, with regard to the activities that may be of interest or helpful in connection with the possible appointment.

My first experience as a receiver was when I was appointed by the Third District Court in 1986 to serve as receiver of Freedom Coin Company, a Utah corporation, which was placed in receivership in an action brought by the Utah State Securities Division based on their discovery of stock price manipulation and other concerns. Throughout the course of my service as receiver, we recovered and preserved substantial assets of the company and recovered and canceled several million shares of stock that had been fraudulently issued. The results of these actions were to recover and distribute to the legitimate shareholders of the company over 10 times the amount that they otherwise would have received.

I was appointed in 2002 by the Honorable Tena Campbell of the U.S District Court for the District of Utah as receiver of Merrill Scott & Associates, a Utah-based entity that purported to offer high level tax planning and asset protection services. Their idea of "high level" tax planning and asset protection services was to create hundreds of off-shore entities and give control of the entities and their assets to the Merrill Scott principals. The Merrill Scott case involved a Ponzi scheme that evolved out of a "sophisticated" tax planning and asset protection business that included several hundred domestic and foreign entities that held title to a wide variety of assets, ranging from an art collection, luxury vehicles, real estate and stock accounts in the United States and abroad. Within two days of my appointment, we learned that several million dollars were being transferred to overseas accounts. We were able to seize the funds before they left the country, locate and gain control of other substantial assets both in the United States and several foreign countries, recover additional assets through litigation, and ultimately

Holland & Hart LLP

Phone (801) 799-5800 Fax (801) 799-5700 www.hollandhart.com

222 South Main Street Suite 2200 Salt Lake City, UT 84101

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☪