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*Attorneys for Jonathan O. Hafen as Receiver for the Rust Rare Coin Receivership*

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

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COMMODITY FUTURES TRADING  
COMMISSION, and

STATE OF UTAH DIVISION OF  
SECURITIES, through Attorney General  
Sean D. Reyes

Plaintiffs,  
v.

RUST RARE COIN INC., a Utah corporation,  
and GAYLEN DEAN RUST, an individual,

Defendants;

and

DENISE GUNDERSON RUST, an individual,  
JOSHUA DANIEL RUST, an individual,  
ALEESHA RUST FRANKLIN, an individual,  
R LEGACY RACING INC, a Utah  
corporation, R LEGACY ENTERTAINMENT  
LLC, a Utah limited liability company, and R  
LEGACY INVESTMENTS LLC, a Utah  
limited liability company.

Relief Defendants.

**MOTION TO CONFIRM  
APPOINTMENT OF APPRAISERS AND  
APPROVE ENGAGEMENT OF  
CONSULTANT FOR SALE OF HUGE  
STUDIOS**

Civil No. 2:18-cv-00892-TC

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Jonathan O. Hafen, the Court-Appointed Receiver, hereby submits this Motion to Confirm Appoint Appraisers and Approve Engagement of Consultant for Sale of Huge Studios.

### **INTRODUCTION**

The Receiver is the owner of real property located at 352 South 500 East, Salt Lake City, Utah 84111, known as “Huge Studios,” and 78 West Center Street, Provo, Utah 84601, known as “Big Door” (collectively, the “Properties”). The Receiver requests an order confirming the appointment of the appraisers as required by 28 U.S.C. § 2001 to assist the Court and the Receiver in valuing the Properties for potential sale. Once this Court has agreed to the appointment of the appraisers and their respective appraisals are completed, the Receiver will file a notice of the proposed sale of the Properties and will subsequently submit a motion for a hearing to confirm a proposed sale of the Properties consistent with 28 U.S.C. § 2001. The Receiver also requests approval to engage a consultant to help sell Huge Studios.

### **MEMORANDUM**

This Court’s November 27, 2018 Order Appointing Receiver and Staying Litigation, Dkt. No. 54 (the “Order”), authorizes and directs the Receiver to take control of Defendants’ assets and provides: “Upon further Order of this Court, pursuant to such procedures as may be required by this Court and additional authority such as 28. U.S.C. § 2001 and 2004, the Receiver will be authorized to sell, and transfer clear title to, all real property to the Receivership Estates.” (Order, Dkt. No. 54, at 15 ¶ 38). The Order also contemplates that the Receiver would employ professionals to assist him in discharging his duties, including financial and business advisers as well as real estate agents:

To engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business

advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers;

(Order, Dkt. No. 54 at 5 ¶ 8(F)).

Title 28, Section 2001(b) of the United States Code authorizes a court to order the sale of real property at a private sale if the court finds that the sale is in the best interest of the estate after considering the evaluation of three appraisers appointed by the court (the sale may not be less than two-thirds of the appraised value) and after providing notice of the hearing at least 10 days before the hearing confirming the same.

(b) After a hearing, of which notice to all interested parties shall be given by publication or otherwise as the court directs, the court may order the sale of such realty or interest or any part thereof at private sale for cash or other consideration and upon such terms and conditions as the court approves, if it finds that the best interests of the estate will be conserved thereby. Before confirmation of any private sale, the court shall appoint three disinterested persons to appraise such property or different groups of three appraisers each to appraise properties of different classes or situated in different localities. No private sale shall be confirmed at a price less than two-thirds of the appraised value. Before confirmation of any private sale, the terms thereof shall be published in such newspaper or newspapers of general circulation as the court directs at least ten days before confirmation. The private sale shall not be confirmed if a bona fide offer is made, under conditions prescribed by the court, which guarantees at least a 10 per centum increase over the price offered in the private sale.

28 U.S.C. §§ 2001(b).

The Receiver has identified three professional and disinterested appraisers to provide an appraisal to assist the Court and the Receiver in evaluating the reasonableness of the private sale. These appraisers include: John M. Blaser, MAI, Colliers Valuation, 4505 S. Wasatch Boulevard, Suite 140, Salt Lake City, Utah 84124, (385) 249-5440; Paul W. Thronsen, MAI, Appraisal Group, LLC, 7396 S. Union Park Ave., #301, Midvale, Utah 84047, (801) 263-1200; and Matthew Limpert, Van Drimmelen & Associates Inc., 774 East 2100 South, Salt Lake City, Utah 84106, (801) 536-6476. The retention letters for each appraiser are attached hereto as

Exhibits A through C. To comply with the requirements of Section 2001(b), the Receiver requests that this Court confirm the appointment of these three appraisers.

In addition, the Receiver is seeking court approval to engage Chance Thomas as a consultant for the sale of the Huge Studios property located at 352 South 500 East in Salt Lake City. The Receiver has already engaged a well-respected real estate broker named Highland Commercial Inc. to market and sell Huge Studios. However, Huge Studios is a unique piece of real property because it was specifically designed to serve as a recording, film, and sound engineering studio, and has a number of unique architectural and design features that reflect that purpose. Moreover, Huge Studios has a large collection of specialty recording, film, and sound engineering equipment on site. Given Mr. Thomas' knowledge regarding the unique layout and structure of the building, as well as the type and functionality of the high-end equipment, the Receiver believes Mr. Thomas will add value in locating and selling the studio as a turnkey music operation. However, the Receiver, through its agent Highland Commercial also intends to market Huge Studios as something other than a music studio or to sell the building separate from the equipment, if that maximizes value to the Estate. The Receiver seeks permission to engage Mr. Thomas as a consultant to help sell the property as a music studio and/or to help the Receiver inventory, value, and sell the high-end equipment located in the studio. The Receiver proposes to compensate Mr. Thomas from the proceeds of the building and/or equipment sale in the amount of the *lesser* of \$200 per hour or 0.5% of the sale of Huge Studios. This will allow the Receiver flexibility to compensate Mr. Thomas for his services to help find a music studio buyer, while not overpaying him a large commission on what will likely be a multi-million dollar sale in the event his services are not as needed because the studio sells as something other than a music studio. The Receiver will pre-approve any work performed by Mr. Thomas. Highland

Commercial has agreed to a reduced commission so the total commission paid upon sale of Huge Studios will not exceed 5%.

**CONCLUSION**

Based upon the foregoing, the Receiver requests that this Court grant his motion by entering an order confirming the appointment of the three appraisers.

DATED this 26th day of February, 2019.

**PARR BROWN GEE & LOVELESS**

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