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

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,
DENISE GUNDERSON RUST, an individual,
JOSHUA DANIEL RUST, an individual

Defendants;

and

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 APPROVE THE SALE OF
MASTER RECORDINGS TO SARAH
CLANTON**

Case No. 2:18-cv-892

Judge Tena Campbell

Jonathan O. Hafen, the Court-Appointed Receiver (the “Receiver”) for the assets of Rust Rare Coin Inc., (“RRC”), Gaylen Dean Rust, R Legacy Racing Inc., R Legacy Entertainment LLC, R Legacy Investments LLC, Denise Gunderson Rust, and Joshua Daniel Rust (collectively, the “Receivership Defendants”), respectfully requests authority from the Court to sell certain assets of the Receivership Defendants, as described below.

On November 27, 2018, the Court entered an Order Appointing Receiver and Staying Litigation (the “Order”). *See* ECF No. 54. Pursuant to paragraph 18 of the Order, the Receiver was authorized to take immediate possession of all non-exempt personal property of the Receivership Defendants. *Id.* ¶ 18. Paragraph 36 of the Order authorized the Receiver to “transfer, compromise, or otherwise dispose of any nonexempt Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate.” *Id.* ¶ 36. Through this Motion and in an abundance of caution, the Receiver respectfully requests permission to sell certain assets of Torque Entertainment, LLC, Rust Rare Coin Inc., R Legacy Entertainment LLC, and/or R Legacy Investments LLC (hereinafter “the Companies”) to Sarah Clanton, as described below.

I. Sale of Torque Entertainment Master Recordings.

Torque Entertainment, LLC (“Torque”) was a music-related business located in Nashville, Tennessee. Before the Receiver was appointed, the Companies entered into a series of agreements (“Agreements”) with Sarah Clanton (“Ms. Clanton”) relating to her services as a performer, writer, and recording artist.

In early 2019, Ms. Clanton reached out to the Receiver to allege breach of the Agreements by the Companies and request that any of the master recordings created under the Agreements be transferred to her. To determine how best to move forward, the Receiver engaged

his accountants at BRG to provide him with various financial information related to Ms. Clanton and her relationship with the Companies. Based on this analysis, the Receiver determined that the best way to resolve these allegations and maximize the value of these assets to the Receivership Estate was to engage in negotiations with Ms. Clanton regarding the purchase of any interests in and any physical or intellectual materials embodying the master recordings under the Agreements (the “Master Recordings”).

Accordingly, the Receiver has engaged in ongoing correspondence with Ms. Clanton’s counsel over the past several months and has successfully reached an agreement with Ms. Clanton regarding the purchase of the Master Recordings. The Settlement Agreement contemplated by the Companies and Ms. Clanton (collectively, the “Parties”) gives Ms. Clanton all right, title and interest in the Master Recordings, including the Companies’ financial interests therein, in exchange for a sum of \$9,000.00. The Settlement Agreement also contains reciprocal release provisions protecting both Parties from any and all claims arising before the Settlement Agreement’s effective date. Furthermore, any publishing, writing, or recording interest previously assigned to the Companies under any agreement or that vested in the Companies revert to Ms. Clanton as of the Settlement Agreement’s effective date, and Ms. Clanton is responsible for all costs related to providing or delivering the Master Recordings to her. All other agreements between the Parties are terminated upon execution of the Settlement Agreement. A copy of the Settlement Agreement is attached hereto as Exhibit A.

The Receiver believes that this Settlement Agreement is in the best interest of the Receivership Estate, as Clanton has alleged significant damages resulting from the Companies’ actions. Specifically, Clanton claims that the Companies have breached various contracts with her and have prevented her from generating royalty income through exploitation of the Master

Recordings, from generating writing and publishing income, and from pursuing live performance opportunities. While the Companies have denied these allegations, the Receiver believes that, as set forth in the Settlement Agreement and in an effort to prevent incurring further legal fees, \$9,000 is a fair price for the Master Recordings in settlement of the claims. Accordingly, the Receiver respectfully requests that the Court approve the sale of the Master Recordings to Ms. Clanton. A proposed Order is attached hereto.

DATED this 28th day of May, 2019.

PARR BROWN GEE & LOVELESS

/s/ Joseph M.R. Covey
Joseph M.R. Covey
Cynthia D. Love
Sarah M. Humphrey
Attorneys for Receiver

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that service of the above **MOTION TO APPROVE THE SALE OF MASTER RECORDINGS TO SARAH CLANTON** was (1) electronically filed with the Clerk of the Court through the CM/ECF system on May 28, 2019, which sent notice of the electronic filing to all counsel of record, (2) posted on the Receiver's website (rustrarecoinreceiver.com), and (3) emailed to all those on the Receiver's master mailing matrix.

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/s/ Joseph M.R. Covey

Joseph M.R. Covey

SETTLEMENT AGREEMENT AND RELEASE

THIS SETTLEMENT AGREEMENT (“the Settlement Agreement”), dated as of May __, 2019 is entered into by and between Sarah Clanton (hereinafter “Clanton”), c/o Michael A. Ransom, Esq., King & Ballow, 315 Union Street, Suite 1100, Nashville, TN 37201 on the one hand, and Torque Entertainment, LLC, Rust Rare Coin Inc., R Legacy Entertainment LLC, and R Legacy Investments LLC (hereinafter “the Companies”), c/o Jonathan O. Hafen, Esq. (in his capacity as court-appointed receiver (the “Receiver”) pursuant to *Commodity Futures Trading Commission v. Rust Rare Coin, Inc.*, No. 2:19-cv-892 (D. Utah Nov. 27, 2018)), Parr Brown Gee & Loveless, 101 S 200 E #700, Salt Lake City, UT 84111, on the other hand. Clanton and the Companies are each a “Party” and collectively, the “Parties.”

WITNESSETH

WHEREAS, Clanton entered into a series of written agreements with the Companies in or about November 2016, January 2017, and March 2017 (collectively the “Agreements”) relating to her services as a performer, writer, and recording artist;

WHEREAS, Clanton has asserted numerous concerns about the Agreements;

WHEREAS, Clanton alleges the Companies are unable to function or perform their obligations under the Agreements;

WHEREAS, Clanton alleges significant damages due to the Companies’ actions through inability to pursue live performance opportunities, generate royalty income from exploitation of the Master Recordings (as defined below), generate writing and publishing income, or generally benefit from her years of effort to develop a career in the music industry;

WHEREAS, the Companies have denied Clanton’s allegations and claim to have invested over \$30,000 into Clanton’s career, with such expenses including without limitation the recording of certain master recordings;

WHEREAS, without admitting or denying the validity of their respective claims and defenses, the Parties desire to resolve, compromise, and settle all matters between them, including without limitation those relating to the Agreements; and

WHEREAS, subject to any continuing obligations created by this Settlement Agreement, the Parties intend that this Settlement Agreement shall be the final resolution of all claims between them, including without limitation those relating to the Agreements.

NOW, THEREFORE, based upon the foregoing, and in consideration of the mutual covenants and agreements to be performed as set forth below and the mutual releases hereinafter provided for, it is agreed as follows:

AGREEMENT

1. **Settlement Payment.** Clanton agrees to pay a one-time payment to the Receiver in the amount of Nine Thousand Dollars (\$9,000) (the “Settlement Amount”), deliverable within five (5) business days of the full execution of this Settlement Agreement. Clanton’s payment of the Settlement Amount is made in exchange for the rights and property set forth below and shall be held by the Receiver and not released until entry of an order approving this Settlement Agreement (the “Effective Date”).

2. **Release of Master Recordings.** On the Effective Date, the Companies hereby expressly release to Clanton all right, title, and interest in the master recordings created under the Agreements (the “Master Recordings”). The Master Recordings shall mean any intellectual property interest and any physical materials belonging to the Companies including, but not limited to, printed compact discs, session files, demos or rough cuts, final digital recordings, audio visual works embodying the Master Recordings, and any other intellectual or physical materials embodying the Master Recordings. Clanton shall be responsible for any costs related to providing or delivering such materials to Clanton. Clanton and her legal counsel have had an opportunity to ascertain any and all assets belonging to the Companies that would be subject to this Settlement Agreement and are satisfied with the assets that the Companies are able to provide or deliver to Clanton pursuant to this Settlement Agreement. A list of all of the assets to be delivered to Clanton under this Settlement Agreement are set forth in Schedule A attached hereto.

3. **Reversion of rights.** The Parties agree that any publishing, writing, or recording interest previously assigned to the Companies under the various Agreements or that vested in the Companies as so called “works made for hire” as that term is defined under 17 U.S.C. § 101 *et seq.* revert to Clanton as of the Effective Date of this Settlement Agreement.

4. **Termination of Existing Agreements.** On the Effective Date, all existing agreements between Clanton and Companies are terminated with the exception of this Settlement Agreement. Such termination shall include any and all obligations contained within the existing agreements, including without limitation any obligation to render services in connection with the Agreements or represent to any person that an association between the Parties exists including the logos or name of the Companies appearing on physical products.

5. **Waiver of Financial Interests.** On the Effective Date, the Companies agree to: (a) release any right, title, or interest to any publishing, writing, or other interests the Company may have in any of Clanton’s works including, but not limited to, any unrecouped accounts or other royalties claimed by the Companies pursuant to the Agreements; and (b) waive any management commissions owed by Clanton now or at any time in the future.

6. **Exchange of Releases.**

(a) On the Effective Date, CLANTON, as RELEASOR, releases and discharges the COMPANIES (the “RELEASEES”) and RELEASEES’ principals, officers, heirs, executors, agents, accountants, employees, attorneys, administrators, affiliates, divisions, officers,

directors, subsidiaries, licensees, DBAs, successors, and assigns from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty, or equity, known or unknown, which against the RELEASEES the RELEASOR or RELEASOR'S principals, heirs, executors, agents, employees, attorneys, administrators, successors, and assigns ever had, now have, hereafter have, or hereafter can, shall, or may have for, upon, or by reason of any matters, cause, or thing whatsoever from the beginning of the world to the date of this Settlement Agreement. This RELEASE may not be changed orally. This Release is subject to, has no effect on, and does not apply to the Companies' obligations created by this Settlement Agreement, all of which survive its execution.

(b) On the Effective Date, the COMPANIES, as RELEASORS, hereby release and discharge SARAH CLANTON (the "RELEASEE"), and RELEASEE'S principals, heirs, executors, agents, employees, attorneys, administrators, successors, and assigns from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty, or equity, which against the RELEASEE the RELEASORS or RELEASORS' principals, officers, heirs, executors, agents, accountants, employees, attorneys, administrators, affiliates, divisions, officers, directors, subsidiaries, licensees, successors, and assigns ever had, now have, hereafter have, or hereafter can, shall, or may have for, upon, or by reason of any matters, cause, or thing whatsoever from the beginning of the world to the date of this Settlement Agreement. This RELEASE may not be changed orally. This Release is subject to, has no effect on, and does not apply to Clanton's obligations created by this Settlement Agreement, all of which survive its execution.

7. **No Admissions of Liability.** This Settlement Agreement arises from a compromise of disputed claims. Nothing shall be deemed an admission of liability concerning potential claims arising under the Agreements or matters settled herein.

8. **Counsel.** The Parties hereto represent and warrant that they have been fully advised by their respective attorneys concerning their rights and obligations under and pursuant to this Settlement Agreement and have been further advised by their attorneys as to the terms and effects of this Settlement Agreement and all other instruments made a part of this Settlement Agreement.

9. **Entire Agreement.** This Settlement Agreement and other instruments, any forms of which are attached hereto, to effect this Settlement Agreement embody the entire understanding and agreement of the Parties hereto with respect to the subject matter hereof. Any and all prior correspondence, conversation, or memoranda are merged herein and replaced hereby. This Settlement Agreement may not be modified or amended, except in a writing signed by all Parties hereto.

10. **Severability.** If any part, term, or provision of this Settlement Agreement is held by a court of competent jurisdiction to be invalid, illegal, unenforceable, or otherwise in conflict

with law, this Settlement Agreement shall be construed and enforced as if it did not contain the particular part, term, or provisions held to be invalid.

11. **Counterparts.** This Settlement Agreement may be executed in one or more counterparts, all of which when attached together shall constitute a single, complete Settlement Agreement. It is further agreed that none of the provisions contained herein shall be deemed to have any effect upon any Party, until this Settlement Agreement has been duly executed by all of the Parties.

12. **Further Cooperation.** Except as otherwise provided herein, the Parties hereto shall execute, acknowledge, and deliver or cause to be executed, acknowledged, or delivered in a timely manner all such further instruments and documents as may be reasonably necessary or reasonably desirable to effectuate the terms and provisions of this Settlement Agreement.

13. **Enforceability; Interpretation.** The validity, enforcement, interpretation, and performance of this Settlement Agreement shall be governed by Utah law without regard to any conflicts or choice of laws principles, and all Parties consent to the exclusive jurisdiction of the State or Federal courts located in Salt Lake County, Utah, for the adjudication of any matters that arise from or relate in any way to this Settlement Agreement. The paragraph headings in this Settlement Agreement are for convenience only; they form no part of this Settlement Agreement and shall not affect its interpretation.

14. **Waiver of Future Claims.** With respect to the matters released herein, the Parties acknowledge that there is a possibility that, after the execution of this Settlement Agreement, they will discover facts or claims, or discover that they have sustained losses or damages, that were unknown or unsuspected at the time this Settlement Agreement was executed, and which if known by them at that time might have materially affected their decision to execute this Settlement Agreement. The Parties acknowledge and agree that by reason of this Settlement Agreement, and the releases contained in the preceding Paragraphs, they are assuming any risk of such unknown facts and such unknown and unsuspected claims, losses, or damages. The releases in this Settlement Agreement shall constitute a full release of all matters between the Parties. The Parties knowingly and voluntarily waive the provisions of any statute, law, or rule that would frustrate the purposes of this Settlement Agreement and acknowledge and agree that this waiver is an essential and material term of this Settlement Agreement and the settlement which it memorializes and that, without such waiver, the settlement would not have been accepted.

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IN WITNESS WHEREOF, this Settlement Agreement has been executed as of the date set forth above.

JONATHAN O. HAFEN, ESQ.

In his capacity as court-appointed receiver for the Companies pursuant to Commodity Futures Trading Commission v. Rust Rare Coin, Inc., No. 2:19-cv-892 (D. Utah Nov. 27, 2018)

SARAH CLANTON

Schedule A

Digital protocol session files for:

- Loud Studio recordings
 - “Beautiful”
 - “Don’t Speak”
 - “Fever”
- Hilltop Studio recordings
 - “Sweet Carolina”
 - “We Belong”
 - “Waiting on the World to Change”
- Middle Tree Live Recordings
 - “Tequila”
 - “Stormy Baby”
 - “By My Side”
 - “Hot to Touch”
 - “Stand by Me”
- Here We Are
 - “I Can See You”
 - “Come and Find Me”
 - “We Belong”
 - “Slow it Down”
 - “Silver Lining”
 - “Can’t Find the Words”
 - “Breathe In, Breathe Out”
 - “Head Games”
 - “On Repeat”
 - “Hello”
 - “Oogum Boogum”

Middle Tree Studio Live CDs – Approximately 115 Copies

Here We Are CDs – Approximately 50 Copies

Clanton’s Account Details for:

- TuneCore (digital distribution)
- Soundrop (digital distribution)

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Attorneys for Court-Appointed Receiver Jonathan O. Hafen

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

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,
DENISE GUNDERSON RUST, an individual,
JOSHUA DANIEL RUST, an individual

Defendants;

and

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.

**ORDER GRANTING MOTION TO
APPROVE THE SALE OF MASTER
RECORDINGS TO SARAH CLANTON**

Case No. 2:18-cv-892

Judge Tena Campbell

Magistrate Judge Dustin B. Pead

Before the Court is a Motion to Approve the Sale of Master Recordings to Sarah Clanton (the “Motion”), submitted by Jonathan O. Hafen in his capacity as the Court-Appointed Receiver (the “Receiver”) for Rust Rare Coin Inc., Gaylen Dean Rust, R Legacy Racing Inc., R Legacy Entertainment LLC, R Legacy Investments LLC, Denise Gunderson Rust, and Joshua Daniel Rust (collectively, “Defendants”). The Motion seeks the Court’s approval to sell the Master Recordings, as defined in the Motion, to Sarah Clanton.

Based on the Motion and for good cause appearing,

IT IS HEARBY ORDERED that:

1. The Motion is GRANTED;
2. The Receiver is authorized to sell the Master Recordings to Sarah Clanton on the terms set forth in the Motion.

DATED this ____ day of _____, 2019.

Honorable Dustin B. Pead
United States Magistrate Judge