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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,  
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  
MUSICIAN'S TOOLKIT**

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

Honorable Tena Campbell

Magistrate Judge Dustin Pead

Jonathan O. Hafen, the Court-Appointed Receiver (the “Receiver”) for the assets of Rust Rare Coin, Inc., Gaylen D. Rust, Denise G. Rust, and Joshua D. Rust (collectively, “Defendants”) and Aleesha Rust Franklin, R Legacy Racing Inc., R Legacy Entertainment LLC, and R Legacy Investments LLC (collectively, “Relief Defendants” and, together with Defendants, “Receivership Defendants”), respectfully requests authority from the Court to sell Musician’s Toolkit, as described below.

On November 27, 2018, the Court entered an Order Appointing Receiver and Staying Litigation (the “Order”). *See* Dkt. 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, the Receiver respectfully requests permission to sell Musician’s Toolkit and any of its assets.

### **I. Musician’s Toolkit.**

Musician’s Toolkit is an internet-based, music education platform that is designed to assist individuals, music educators, and professional musicians with music education.<sup>1</sup> The website for Musician’s Toolkit features thousands of hours of high-quality music instructional videos and a custom learning-management system to assist instructors not only in teaching a variety of musical instruments but also to assist in monitoring the progress of their students. During the development of Musician’s Toolkit, the Receivership Defendants devoted significant resources to collecting and

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<sup>1</sup> Musician’s Toolkit is a DBA registered by Defendant, Denise G. Rust, and owned by Relief Defendant, R. Legacy Entertainment, LLC. The DBA registration has expired.

producing the video content and interactive software for the Musician's Toolkit site. The Receivership Defendants contracted with numerous musicians and performers, leased a sound studio and office space, purchased professional-grade recording and sound- and video-editing equipment, and employed a team of editors, videographers, and administrative staff to create the web-based content for Musician's Toolkit.<sup>2</sup> In spite of the extraordinary expenditure by the Receivership Defendants—together with the development of an extensive library of professional, high-quality instructional videos—there is no evidence that Musician's Toolkit ever realized more than a few thousand dollars in monthly subscription fees.

## **II. The Receiver's Efforts to Market Musician's Toolkit.**

The Receiver has met with Defendant, Gaylen Rust, on a number of occasions to attempt to determine the value of the Musician's Toolkit assets and to attempt to determine who may be interested in acquiring these assets. The Receiver has also been in contact with former Musician's Toolkit personnel in order to both identify potential purchasers for the assets and to evaluate competing offers.

In addition, the Receiver has continued to pay the web-hosting fees for Musician's Toolkit in order to keep the website active. All of the content that was available on the Musician's Toolkit site on the day the Receivership was created has remained active on the site from that time to the present. Though the Receiver has not specifically marketed subscriptions to the site, the site continues to have a small number of active subscribers who pay a periodic subscription fee for use of its content. In addition, small number of new subscribers have enrolled on the site during the pendency of the Receivership. The subscription fees for the site have been collected by the web-

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<sup>2</sup> The physical assets of Musician's Toolkit, including computers and office equipment, were the subject of a separate motion and sale.

hosting company, and will be addressed in this Motion below.

Marketing Musician's Toolkit to potential buyers presents a number of challenges. To begin with, while Musician's Toolkit offers students and music education professionals a number of unique tools to monitor their own performance or the performance of their students, Musician's Toolkit is, at bottom, a web-based educational platform that must compete not only against a large number of similar web-based music education platforms, but also against a vast array of online music education options available without cost on the internet, including sites like Youtube.com. In addition to these challenges, Musician's Toolkit contracted with a large number of professional musicians. The Receiver intends to sell Musician's Toolkit as-is, and does not believe that any effort to administer any contractual relationships that Musician's Toolkit may have with any of these contractors would be a reasonable use of the assets of the Receivership Estate.

### **III. Offer to Purchase Musician's Toolkit.**

The Receiver has received three separate offers to purchase the assets of Musician's Toolkit in response to inquiries from the Receiver. None of these offers have approached the amounts that the Receiver believes the Receivership Defendants expended in developing the content for Musician's Toolkit. However, after a year-and-a-half of efforts to determine the value of and locate buyers for Musician's Toolkit, the Receiver believes that the offer presented in this Motion is the best that the Receivership Estate is likely to receive for the assets of Musician's Toolkit. Moreover, each potential buyer has been informed of this offer and the Receiver is convinced that no superior offer is forthcoming.

To date, the best offer received for Musician's Toolkit is an offer to purchase the assets "as is where is" and without representation or warranty from Edsplain LLC for \$25,000 cash, plus a 7% share of gross revenues from Musician's Toolkit for the term of 18 months.

**IV. Conclusion.**

The Receiver therefore seeks an order approving the sale of Musician's Toolkit to Edsplain LLC for \$25,000, plus 7% of gross revenues from Musician's Toolkit for the term of 18 months up to \$70,000, payable on a quarterly basis. The Receiver also seeks an order authorizing the Receiver to take possession of the subscription fees held by the web-hosting company, currently valued at approximately \$23,664.19, and to add them to the Receivership Estate.

A proposed Order is attached hereto.

DATED this 22nd day of May 2020.

**PARR BROWN GEE & LOVELESS**

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on May 22, 2020, a true and correct copy of the foregoing was (1) filed with the Clerk of the Court through the CM/ECF system, which sent notice to all counsel of record, (2) posted on the Receiver's website (rustrarecoinreceiver.com), and (3) emailed to all those on the master mailing matrix maintained by the Receiver.

/s/ Joseph M.R. Covey  
Joseph M.R. Covey