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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

MANAGEMENT SOLUTIONS, INC., a
Texas Corporation; WENDELL A.
JACOBSON; ALLEN R. JACOBSON,

Defendants.

**AFFIDAVIT OF
DUSTIN J. BARRETT**

Case No. 2:11cv1165

Judge Bruce S. Jenkins

I, DUSTIN J. BARRETT, pursuant to 28 U.S.C. §1746, declare under penalty of perjury as follows:

1. I am over the age of eighteen (18) years and otherwise competent to testify to the facts set forth in this Affidavit.

2. For several years before the Receiver was appointed, I was the Chief Financial Officer of Management Solutions, Inc. (“MSI”). I continued in that position for

several months after the Receiver was appointed. In that capacity I handled numerous accounting responsibilities for MSI and related entities.

3. I have reviewed the Declaration of Gerald Fujimoto filed on behalf of the Receiver on March 10, 2014 (Doc. 1632), and make the following statements in response to it.

4. Paragraph 8 of the Fujimoto Declaration states MSI made the \$900,000 payment for the purchase of Providence Village. However, it does not say that Janison Investments, LLC (“**Janison**”) reimbursed MSI on September 18, 2007 with two checks in the amounts of \$100,000 and \$800,000, respectively. The QuickBooks records for both MSI and Janison reflecting the repayment are attached as *Ex. 21* to the accompanying Reply Memorandum.

5. Paragraph 9 of the Fujimoto Declaration states the opening balance of MSI’s account on July 3, 2006 was \$362,913.31. That balance was more than sufficient to cover the \$100,000.00 payment to Republic Title on that day.

a. Also, on July 3, 2006, a total of \$96,705.13 in management fees was deposited in MSI’s bank account. This consists of several deposits starting with one in the amount of \$12,003.03 and ending with the one in the amount of \$739.75. (*See* Fujimoto Declaration, Exhibit 7.)

b. MSI normally collected \$250,000 or more in management fees each month.

6. Regarding paragraph 10 of the Fujimoto Declaration, the \$176,000 transfer from Thunder Bay Mortgage Company, Inc. (“**Thunder Bay**”) was a loan from Thunder Bay to MSI on July 21, 2006, which was recorded as a loan on the books of both Thunder Bay

and MSI. Thunder Bay occasionally loaned money to other entities when they needed loans. MSI repaid that loan to Thunder Bay on August 16, 2006 with MSI check number 2675. A copy of the Quickbooks record reflecting this loan and the repayment is attached as *Ex. 22* to the accompanying Reply Memorandum.

7. Also, the \$635,000 transfer referenced in paragraph 10 was a loan from Squaw Springs, LLC (“**Squaw Springs**”) to MSI on July 21, 2006, which was recorded on the books of both MSI and Squaw Springs. MSI repaid the loan to Squaw Springs on August 11, 2006 with MSI check number 2670. A copy of the Quickbooks record reflecting this loan and the repayment is attached as *Ex. 22* to the accompanying Reply Memorandum.

8. Paragraph 16 of Fujimoto Declaration discusses Council Properties, LLC’s (“**Council Properties**”) \$450,000 investment in Janison on September 17, 2007. The \$500,000 Jinco, LLC paid to Council Properties was fee income from the sale of 300 residential lots in the Falconhead Resort. A copy of the QuickBooks report reflecting the fee payment is attached as *Ex. 20* to the accompanying Reply Memorandum.

9. The mortgage on the Providence Village property was guaranteed by the Department of Housing and Urban Development (“**HUD**”) and therefore was subject to periodic HUD audits. As a result of one such audit, MSI was required to refund Providence Village \$139,822 of management fees previously paid, which is referenced in paragraph 19 of the Fujimoto Declaration.

10. I declare the foregoing to be true and correct to the best of my knowledge under penalty of perjury, under the laws of the State of Utah and the United States.

DATED this 21 day of April, 2014.



DUSTIN J. BARRETT

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on April 21, 2014, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system which sent notification of such filing to the following:

Daniel Wadley, Esq. Thomas M. Melton, Esq. SECURITIES & EXCHANGE COMMISSION 15 West South Temple, Suite 1800 Salt Lake City, UT 84101 wadleyd@sec.gov meltont@sec.gov <i>Attorneys for Plaintiff</i>	Stephen Quesenberry, Esq. HILL, JOHNSON & SCHMUTZ, L.C. Riverview Plaza, Suite 300 4844 North 300 West Provo, UT 84604-5663 squensenberry@hjslaw.com <i>Attorneys for Wendell A. Jacobson and Various Intervenors</i>
David K. Broadbent, Esq. Matthew T. Wirthlin, Esq. Cory A. Talbot, Esq. J. Andrew Sjoblom, Esq. Romaine C. Marshall, Esq. HOLLAND & HART 222 South Main Street, Suite 2200 Salt Lake City, UT 84101 dbroadbent@hollandhart.com mwirthlin@hollandhart.com catalbot@hollandhart.com jasjoblom@hollandhart.com rcmarshall@hollandhart.com	All other persons or entities entitled to receive notice through PACER, pursuant to Fed. R. Civ. P. 5(b)(3) and D.U.Civ.R. 79-1.

And

I HEREBY CERTIFY that a true and correct copy of the foregoing instrument was mailed, first class, postage prepaid, on this 21st day of April, 2014, to the following:

Greg B. Bailey
 P.O. Box 298
 Fountain Green, UT 84632
Pro Se

/s/ Matthew C. Barneck