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IN THE THIRD JUDICIAL DISTRICT COURT
IN AND FOR SALT LAKE COUNTY, STATE OF UTAH

Amy R. Wolfe, Plaintiff, v. Joseph D. Johnson, an individual; Booker T. Equity Limited Liability Company, a Nevada Limited Liability Company; Real Estate Investor Education, LLC, a Nevada Limited Liability Company dba Wealthrock; LifeWin, Inc., a Florida Corporation dba Get Motivated; Endowment for Social Entrepreneurship, Inc., a Florida Non-Profit Corporation; Get Motivated Seminars, Inc., a Florida Corporation; Coventry Acquisition Group, LLC, a Nevada Limited Liability Company; Mercy International Foundation, Inc., a Delaware Non-Profit Corporation; and John Does 1-20, Defendants.	**COMPLAINT** **Case No. _____** **Judge: _____** **Tier III Pleading**

COMPLAINT

Plaintiff, Amy R. Wolfe, by and through her attorneys at the Cannon Law Group, PLLC, hereby files this Complaint against Defendants, Joseph D. Johnson, an individual; Booker T. Equity Limited Liability Company, a Nevada Limited Liability Company; Real Estate Investor Education, LLC, a Nevada Limited Liability Company dba Wealthrock; LifeWin, Inc., a Florida Corporation dba Get Motivated; Endowment for Social Entrepreneurship, Inc., a Florida Non-Profit Corporation; Get Motivated Seminars, Inc., a Florida Corporation; Coventry Acquisition Group, LLC, a Nevada Limited Liability Company; Mercy International Foundation, Inc., a Delaware Non-Profit Corporation; and John Does 1-20, and states as follows:

Parties

1. Plaintiff, Amy R. Wolfe ("Wolfe"), is a Florida resident who transacts business in Utah.

2. Defendant Joseph D. Johnson ("Johnson") is a Florida resident who transacts or has transacted business in Utah.

3. Defendant Booker T. Equity Limited Liability Company ("Booker T. Equity"), is a Nevada limited liability company that transacts or has transacted business in Utah, that knowingly and unlawfully received Plaintiff's funds, and that, upon information and belief, has its principal place of business in Nevada.

4. Defendant Real Estate Investor Education, LLC is a Nevada limited liability company that transacts or has transacted business in Utah, that knowingly and unlawfully

received Plaintiff's funds, that operates under a dba of Wealthrock, and that, upon information and belief, has its principal place of business in Utah ("Wealthrock").

5. Defendant LifeWin, Inc., is a Florida corporation that transacts or has transacted business in Utah, that knowingly and unlawfully received Plaintiff's funds, that operates under a dba of Get Motivated, and that, upon information and belief, has its principal place of business in Florida ("Get Motivated").

6. Defendant Endowment for Social Entrepreneurship, Inc. ("ESE") is a Florida non-profit corporation that, upon information and belief, transacts or has transacted business in Utah, that knowingly and unlawfully received Plaintiff's funds, and that has its principal place of business in Florida.

7. Defendant Get Motivated Seminars, Inc. ("Get Motivated Seminars"), is a Florida corporation that, upon information and belief, transacts or has transacted business in Utah, that knowingly and unlawfully received Plaintiff's funds, and that has its principal place of business in Florida.

8. Defendant Coventry Acquisition Group, LLC ("Coventry") is a Nevada limited liability company that, upon information and belief, transacts or has transacted business in Utah, that knowingly and unlawfully received Plaintiff's funds, and that has its principal place of business in Florida.

9. Defendant Mercy International Foundation, Inc. is a Delaware Non-Profit Corporation that, upon information and belief, is the alter ego of Defendant ESE which unlawfully received significant sums of Plaintiff's money, that transacts or has transacted

business in Utah, that knowingly and unlawfully received Plaintiff's funds, and that has its principal place of business in Delaware.

10. Defendants John Does 1-20 are other entities of Defendant Johnson or individuals associated with Defendant Johnson that received portions of Plaintiff's funds. At this time, the identity of all of the entities or individuals that actually received portions of Plaintiff's funds is unknown to Plaintiff.

Venue and Jurisdiction

11. This Court has jurisdiction over this matter pursuant to U.C.A. §78A-5-102(1).

12. Venue properly lies in this Court pursuant to U.C.A. §78B-3-304 and -307(2), (3) because this matter involves a contract entered into and to be performed in Salt Lake County and the Defendants herein also accepted money from a business in Salt Lake County while knowing that they had no right to the money.

Facts

13. Plaintiff is an individual who was raised without extensive experience investing large amounts of funds.

14. For most of Plaintiff's life, Plaintiff was not in the business of making large loans or investing large amounts of funds.

15. However, a few years ago, Plaintiff was able to sell some stock she inherited from her parents and she received a sizeable amount in return for the stock.

16. After receiving the money from this inheritance, Plaintiff began attending wealth instruction/education seminars in an effort to develop and refine her knowledge and skills

associated with investing and managing large amounts of money.

17. Plaintiff attended wealth seminars and met Defendant Johnson through attendance at these seminars.

18. Defendant Johnson has worked in the wealth education industry for many years, and owned, or purported to own, wealth seminar/products companies that were at the seminars/events attended by Plaintiff.

19. Defendant Johnson operated these wealth seminars/events that featured keynote speakers such as Colin Powell, Laura Bush, James Smith, Steve Forbes, Phil Town, etc.

20. Defendant Johnson created the impression of having extensive knowledge, experience, and expertise in handling and investing large amounts of money, and he created such an impression for his own monetary gain.

21. Due to the impressions conveyed by Defendant Johnson and his association with well known, successful individuals, Plaintiff was led by Defendant Johnson's actions to believe that Defendant Johnson could teach her how to be successful and appropriately handle her inheritance money.

22. In addition, due to the impressions conveyed by, and the actions of, Defendant Johnson, as well as Defendant Johnson's association with other well known, successful individuals, Plaintiff was led to trust Defendant Johnson.

23. Even though there were thousands of people that attended these wealth education seminars/events, Defendant Johnson expressed personal interest in Plaintiff and developed a personal friendship and relationship with Plaintiff akin to a teacher/student

relationship.

24. At one point, Plaintiff expressed to Defendant Johnson an interest in learning more about hard money lending after hearing an instructor at one of the wealth education events speak on the subject.

25. Defendant Johnson represented that he would assist Plaintiff in learning about hard money lending and would provide business assistance to her through his company for hard money lending.

26. Defendant Johnson then let Plaintiff know that he was planning on acquiring Defendant Get Motivated from Peter and Tamara Lowe and that Plaintiff could began learning about hard money lending by providing funding for a substantial portion of the purchase of Defendant Get Motivated.

27. Defendant Johnson provided Plaintiff with a letter of intent concerning the use of her funds and his promise to provide financial mentoring. The letter of intent is attached as Exhibit "A" ("Letter of Intent").

28. Defendant Johnson made promises and representations to Plaintiff orally and in the Letter of Intent.

29. Among other things, Defendant Johnson promised that if Plaintiff loaned the money he sought, he would provide business assistance to Plaintiff in establishing a hard money lending business. Such assistance was promised to include (in the Letter of Intent):

a. "Borrower shall help the Lender create a hard money legal entity.

b. “Borrower shall design the Lender’s hard money business website.

c. “Borrower shall provide asset protection services through Clint Coons at no cost.

d. “Borrower shall provide any additional education through Wealthrock at no cost.

e. “Borrower shall provide marketing and deal leads for your hard money business through email blasts to our students, sponsorships at our M5 events, and personal deal leads for the duration of this agreement.

f. “Borrower shall provide initial hard money lending screening analysis for you to choose the best deals.

g. “Borrower or related entities would also be willing to partner on deals if desired.”

30. Defendant Johnson sought a $12 million loan from Plaintiff, $2 million for operating expenses and $10 million for the purchase of Defendant Get Motivated.

31. Defendant Johnson represented Defendant Get Motivated was “flush with cash” and referred Plaintiff to one of the routine speakers, Jamie Smith, to confirm the same.

32. Defendant Johnson also represented he could repay Plaintiff’s loan after one year of operation of Defendant Get Motivated because he could replace her loan with bank financing, which he represented was more conventional financing with more favorable terms.

33. Defendant Johnson represented that Defendant Get Motivated had adequate funds

for operating expenses.

34. Defendant Johnson represented Defendant Wealthrock was contributing $5,000,000 of equity into the transaction giving Plaintiff additional reason to believe the Defendant Entities were financially stable. (*See* Exhibit A).

35. Defendant Johnson represented the $2,000,000 loan to Wealthrock would be a "bridge short-term cash flow loan…with a six month payback or sooner with no prepayment penalty." (Id.).

36. Defendant Johnson expressed no reservation about repaying the $2,000,000 loan within six (6) months and gave no indication there was any risk associated with the loan.

37. Plaintiff communicated to Defendant Johnson that she would only loan the $2,000,000 if she could receive it back by April of 2012 so that she could use that money for other purposes.

38. Despite being made aware of this firm deadline, Defendant Johnson took Plaintiff's money assuring her the companies were of sound financial condition and repayment would be no problem.

39. Defendant Johnson also represented in the Letter of Intent that to purchase Defendant Get Motivated, Defendant Wealthrock would incur $5,000,000 in debt, to be repaid in five years, to Peter Lowe to seller finance the transaction.

40. Defendant Johnson failed to disclose, or even discuss, any risk factors associated with the loan and, to the contrary, represented there would be excess cash flow of the Loan Defendant Entities.

41. Defendant Johnson failed to discuss any of the debt the Defendant Entities carried as of the date of Plaintiff's loan. Among the undisclosed debt were amounts owed to James Smith under the purchase agreement between Defendant Johnson and REIS which were already in default for failure to make the agreed upon payments. This debt alone, at that time, is estimated to be over $2,000,000.

42. On or about October 13, 2011, Plaintiff and Defendant Johnson finalized the loan arrangement by executing the promissory notes and security agreements attached as Exhibit "B".

43. The security agreements provided Plaintiff with a security interest in all the assets of Defendants Wealthrock and Get Motivated, including a security interest in a database of each that contained customers' information.

44. Defendant Johnson, or his designees, prepared all documentation for the transaction. Plaintiff did not alter any provisions of the documents presented to her, nor did she have the sophistication to critique or edit the documents.

45. Defendant Johnson directed that the loan proceeds be paid to Defendant Booker T. Equity, and he directed that Defendant Wealthrock sign the loan documents.

46. At all times relevant hereto, Defendant Johnson operated and controlled the Defendant entities involved with the loan (Defendant Johnson and the entities obligated on and associated with the original loan and the later Modified Loan (see below) (Wealthrock, Get Motivated, and Booker T. Equity) are collectively referred to as the "Loan Defendants").

47. Almost immediately after wiring funds to Defendant Johnson's control, Plaintiff learned that there were internal complications at Defendant Get Motivated as the principals had a serious division arise among them.

48. In November of 2011, Defendant Johnson told employees at Defendant Wealthrock that he was done trying to purchase Defendant Get Motivated and that he was walking away from Defendant Get Motivated.

49. Defendant Johnson never communicated to Plaintiff that he had walked away from trying to purchase Defendant Get Motivated.

50. Rather, Defendant Johnson expressed to Plaintiff some complications related to the acquisition of Defendant Get Motivated due to the pending divorce of Peter and Tamara Lowe, two of the principals of Defendant Get Motivated.

51. Around this same time, Plaintiff learned that Defendant Johnson had been a major part of a major business failure earlier in his career and that he had a felony conviction on record.

52. Plaintiff questioned Defendant Johnson about these items, and Defendant Johnson responded that Plaintiff had mistaken him for another Joseph Johnson.

53. However, Defendant Johnson assured Plaintiff that he was holding her funds to purchase Defendant Get Motivated.

54. Defendant Johnson renewed negotiations with Defendant Get Motivated in late December of 2011, and purchased Defendant Get Motivated suddenly in early January of 2012.

55. Defendant Johnson expressed that as a result of the sale complications related to the pending divorce of the sellers that he would get a cheaper price for the acquisition of Defendant Get Motivated.

56. On or about January 9, 2012, Defendant Johnson communicated to Plaintiff that he had finalized the deal with the Lowes and would be sending money to Peter Lowe for the purchase of Defendant Get Motivated.

57. Despite eventually purchasing Defendant Get Motivated, almost immediately after the original loan documents were executed with Plaintiff, Defendant Wealthrock defaulted on Plaintiff's loan.

58. Plaintiff never received a single loan payment from any of the Loan Defendants.

59. Plaintiff also did not receive the instructions/education on hard money lending that she had been promised by Defendant Johnson.

60. Additionally, Defendant Johnson caused Defendant Wealthrock to enter into a $5,000,000 and a $12,000,000 promissory note to Peter Lowe who sold Defendant Get Motivated despite contrary terms in the Letter of Intent, which terms Defendant Johnson did not renegotiate with Plaintiff.

61. The $5,000,000 note was due to be paid in full by November 30, 2012, while the $12,000,000 was due to be paid in full by November 30, 2013, even though the Letter of Intent specified that the debt necessary to purchase Defendant Get Motivated would have a five year payment term.

62. In or around March, 2012, Defendant Johnson began negotiating with Plaintiff for

a modification of the loan terms.

63. Defendant Johnson assured Plaintiff that the Loan Defendants' inability to make the scheduled payments on the loan was due to a lawsuit that arose as a result of the purchase of Defendant Get Motivated and related to the Lowe divorce.

64. Since the lawsuit had been resolved, Defendant Johnson assured Plaintiff that the loan payments would be made if the Parties modified the loan terms.

65. However, Defendant Johnson also stated that the Loan Defendant entities would need additional money to continue putting on additional events.

66. Defendant Johnson represented that the Loan Defendant entities were still in good financial condition though and would be realizing significant gains soon with the help of another loan the Loan Defendants were working on securing (the PCG loan, discussed below).

67. Plaintiff relied upon Defendant Johnson's representations and worked to modify the loan terms.

68. The Parties executed the modified loan documents on May 2, 2012. These documents are attached as "Exhibit C" ("Modified Loan Documents" or "Modified Loan").

69. As part of the Modified Loan Documents, Defendant Johnson caused the Loan Defendant entities to re-pledge all of the assets, including the database, to Plaintiff in the modified security agreements.

70. Defendant Johnson also caused Defendant Booker T. Equity to pledge all of its

assets to secure repayment of the Modified Loans.

71. To modify the loans, two new promissory notes were issued, one for the outstanding principal balance of $12,000,000, and one for $631,388, which represented the interest accrued but unpaid.

72. To provide compensation for Plaintiff, Defendant Johnson also personally agreed to pay in full the outstanding mortgages on Plaintiff's Park City House, which were approximately $693,000 and $125,000 at the time of signing.

73. During the course of the negotiations for the loan modification, Defendant Johnson was also negotiating with Private Capital Group ("PCG"), a hard money lending group located in Alpine, Utah, for an additional $900,000 loan for operating capital.

74. Rob Stahura disclosed the existence of PCG and the $900,000 loan to Plaintiff sometime in March 2012.

75. Eventually, PCG stated that it would require additional collateral to be used as security on the PCG loan or it would not make the loan to the Loan Defendants.

76. Defendant Johnson requested that Plaintiff pledge some of her real properties as collateral on the PCG loan, even though Plaintiff would not be personally obligated on the loan.

77. Defendant Johnson represented that if the Loan Defendants were unable to secure the PCG loan, that the Loan Defendants would not be able to repay Plaintiff's loan obligations, even though he had previously represented that the Loan Defendants were flush with cash.

78. Plaintiff was provided with a packet of documents related to the PCG loan which were represented to be the extent of the documents between PCG and Defendant Johnson and the other Loan Defendants.

79. Plaintiff reviewed the documents that were provided and requested that substantial changes be made as the documents originally prepared attempted to make Plaintiff personally liable for the Loan Defendant's obligations to PCG.

80. In reliance on Defendant Johnson's representations that she would be repaid if the PCG loan were secured and in reliance on Defendant Johnson's representations about the Loan Defendants' ability to repay, Plaintiff pledged some of her properties as security for the PCG loan by signing the PCG loan documents once they were revised to remove her personal liability.

81. Plaintiff also relied upon the personal representations made by Defendant Johnson in the Modification Agreement, which include, but are not limited to:

a. "That immediately prior to the Closing Date and immediately after the Closing Date, and by virtue of the REIE Security Agreement as well as the new Security Agreement contained in Exhibit "G," Ms. Wolfe holds a first lien on all assets of REIE and that no additional security interests in the assets of REIE will be pledged to any party without the express written consent of Wolfe."

b. "The Johnson Parties will ensure that Wolfe is fully informed of *any* existing default, and the nature of such default, either now or in the future

of any obligation of Booker, REIE, and LifeWin (e.g. to Peter Lowe, lender of Additional Loan should there be one)."

c. "The proceeds from the Original Promissory Notes were used exclusively for the purpose of paying for speakers for future events of Wealthrock, and/or for acquisition money of LifeWin, in addition to operating expenses of LifeWin and REIE. None of the money was used to repay non-Company expenses or prior debt obligations of the Companies other than debts incurred in the ordinary course of business."

d. "That the proceeds of the Additional Loan [the contemplated PCG loan], should there be one, will be used strictly for the purpose of planning new events and will expressly NOT be used to repay any personal or corporate debts of Johnson or the Companies."

82. The PCG loan was finalized and all the documents signed shortly after the Modified Loan Documents were signed.

83. Very soon after the Modified Loan Documents and the PCG loan documents were signed, Defendant Johnson contacted Plaintiff to request that she subordinate her security interests and put her payments on hold so that Defendant Johnson could cause the Loan Defendant entities to take out yet another loan from an investor group composed of Brian Dahn (or his business entities), Ryan and Jamie Smith.

84. Defendant Johnson indicated that the Loan Defendant entities were in serious financial trouble and would fail unless he could secure additional funding.

85. Defendant Johnson had been negotiating with Brian Dahn in January of 2012, before he caused the Loan Defendant entities to sign the Modified Loan Documents or the PCG loan documents.

86. However, Defendant Johnson never disclosed these negotiations to Plaintiff prior to executing the Modified Loan Documents or the PCG loan documents.

87. Plaintiff had no way to know of these other negotiations nor any reason to know additional funding beyond the PCG Loan was necessary to keep the Defendant Entities afloat.

88. Plaintiff would not have agreed to any modifications or pledging her properties to PCG if she had known of these negotiations because she would have been put on notice of the dire need of the Defendant Entities beyond just the proceeds of the PCG loan which she was assured was the last money necessary to borrow to regain profitability.

89. Instead, Plaintiff would have exercised her rights to foreclose on the assets of the Loan Defendant entities and would not have jeopardized her Ohio property, her Utah residence and her rental property in Florida, which were her last significant assets.

90. Plaintiff would not agree to subordinate her security interests to Brian Dahn under the terms presented to her by Defendant Johnson, nor could she agree to put her payments on hold and not receive any payments for at least two years as required by the Dahn proposal.

91. Defendant Johnson demanded that Plaintiff subordinate her interests and place her payments on hold to allow him to raise more money for the Loan Defendant entities.

92. Rather than subordinate her interests, and relying on Defendant Johnson's representations that the Loan Defendant entities would be able to repay her loans if more money was raised, Plaintiff worked in good faith to help secure more money for Defendant Johnson to use in the operation of the Loan Defendant entities.

93. Brian Dahn refused to loan any money if Plaintiff would not subordinate her security interests and put her payments on hold.

94. Because Defendant Johnson insisted that the Loan Defendants would fail immediately without the Brian Dahn money, and as Plaintiff did not want to subordinate her security interest to another lender, Plaintiff worked to raise the money demanded by Defendant Johnson.

95. A lockbox arrangement was proposed to satisfy Defendant Johnson's demands, and Plaintiff contributed an additional $375,000 of her own money to Defendant Johnson in reliance on the assurances for repayment associated with the lockbox arrangement.

96. Plaintiff only did so because of the representations of Defendant Johnson concerning the ability of the Loan Defendants to repay her loan with the additional money secured through the lockbox arrangement.

97. Defendant Johnson personally represented in writing that "all investment funds will be used exclusively for event purposes, such as marketing, speakers, and event operations expenses, and will not be used to fund operations or overhead of any of the Event Promoters [essentially the Defendant Entities], or for any other purpose."

98. The money loaned to the Loan Defendants through the lockbox arrangement was

to be repaid from the proceeds of each event, which were all supposed to be deposited in the lockbox according to the lockbox agreement.

99. The purpose of the lockbox was to ensure that the creditors were paid their appropriate amounts first.

100. Defendant Johnson provided a short list of bank and merchant accounts and certified that those were all of the bank and merchant accounts used for handling funds from events. This list is attached as Exhibit D.

101. The purpose of this list of accounts was to ensure that all proceeds from all of the accounts of the Loan Defendant entities would flow through the lockbox account so that the creditors would be repaid the amounts due before the Loan Defendants could make use of the money therein.

102. Instead, Defendant Johnson quickly stopped following the terms of the lockbox agreement and diverted funds away from Plaintiff's lockbox account into accounts controlled by Defendant Johnson. This diversion of funds was of Plaintiff's principal balances and was done without her consent.

103. Defendant Johnson diverted the merchant accounts as well by using other merchant accounts and/or pointing the existing merchant accounts to other accounts not disclosed to Plaintiff.

104. These other accounts were never disclosed to Plaintiff. A list of bank and merchant accounts currently known to exist and that are related to the Loan Defendant entities is attached as Exhibit E. This list contains over forty undisclosed accounts.

105. At no time did Defendant Johnson or the other Loan Defendant entities ever represent or disclose to Plaintiff any risks associated with her investment associated with the lockbox and to the contrary assured Plaintiff her interest in the account could not be diverted without her consent.

106. Defendant Johnson and the other Loan Defendants withheld material information from Plaintiff concerning the risks associated with the Loan Defendant entities and the true status of the condition of the Loan Defendant entities.

107. Soon after providing the additional money in reliance on the lockbox arrangement, Plaintiff began to suspect that the Loan Defendants were in serious financial trouble.

108. Pursuant to her contractual rights, Plaintiff sought to have an audit performed of the Loan Defendant entities.

109. On or about June 11, 2012, Plaintiff hired Grant Thornton, an accounting/auditing firm, to conduct an audit of the Loan Defendant entities.

110. Grant Thornton attempted to perform an audit, but the Loan Defendants, under the direction of Defendant Johnson, refused to fully comply and the auditors could not gain access to all of the necessary information. (See Exhibit F, Affidavit of Philip Ratliff).

111. However, after weeks of auditing and analysis, Grant Thornton was able to determine that Plaintiff's money had been extensively commingled among the Loan Defendants.

112. Grant Thornton was also able to determine that large amounts of Plaintiff's money was transferred elsewhere and used for other purposes including to several companies unrelated to Plaintiff's loans but controlled by Defendant Johnson.

113. The commingling occurred almost immediately after receiving Plaintiff's loan and was in large amounts (e.g. $500,000 to Defendant ESE on November 15, 2011 and another $2,000,000 to ESE on November 30, 2011, both soon after the loan was made, with another $5,199,999.99 transferred to ESE in five more increments by February 7, 2012).

114. After this audit was performed (to the best of Grant Thorton's ability given the obstruction they encountered), Plaintiff began to exercise her lawful rights of recovery under the Modification Agreement and the security agreements.

115. In good faith, Plaintiff participated in mediation in Florida with Defendant Johnson in an attempt to protect her assets and in accordance with the Modification Agreement on July 31, 2012 with Elizabeth Green acting as mediator.

116. At mediation, Defendant Johnson committed to assist in a smooth transition of the few remaining assets of the Loan Defendant entities.

117. At mediation, Defendant Johnson said he had to leave early so that he could fly to Utah to meet with the employees of Wealthrock to inform them that Wealthrock would be closing its doors.

118. In fact, Defendant Johnson was adamant he had to leave mediation in order make his flight to Utah the following morning so he could effect a smooth

transition of the assets of Defendant Wealthrock to Plaintiff.

119. In August of 2012, it became apparent that Plaintiff's efforts to resolve the issues with the Loan Defendants through non-judicial means, such as mediation, were not successful and that Johnsons' promise of any type of smooth transition were false.

120. Thus, Plaintiff filed three confessions of judgment against the Loan Defendant entities, which had been executed at the time of signing the Modified Loan Documents.

121. These confessions were filed on August 3, 2012 in the Third Judicial District Court in Salt Lake City, and are represented by case numbers 120905258, 120905259, and 120905260.

122. These confessions were related to the Loan Defendant entities' contractual liability on the loan made by Plaintiff.

123. Pursuant to the confessions and the security agreements, Plaintiff took possession of the assets of the Loan Defendant entities, but, by the time Plaintiff gained possession of the assets, most of these assets were worthless, were damaged by the Loan Defendants, or still have professionals seeking to access their contents as many files were deleted or otherwise made inaccessible to Plaintiff.

124. The assets so far have only produced negligible amounts of income for Plaintiff.

125. After filing these confessions, Plaintiff learned that one of the Loan Defendant entities had some money in a bank account, and so Plaintiff sought an

emergency ex-parte order to freeze the bank accounts of the Loan Defendant entities.

126. A preliminary injunction was later granted in case #120905260 ordering that the frozen accounts remain frozen until a final hearing was held on the matter.

127. The order in the preliminary injunction matter that froze the Loan Defendant Entities' accounts was based, in part, upon the demonstrative commingling Defendant Johnson had done with Plaintiff's funds.

128. The final hearing has not yet been held on the disposition of the funds from the frozen bank accounts.

129. Around the time of the preliminary injunction hearing, PCG began the foreclosure process on Plaintiff's properties that she pledged as security for Defendant Johnson's obligation to repay PCG the $900,000 in principal, plus interest, late fees, and penalties.

130. In December of 2012, in order to prevent PCG from foreclosing on Plaintiff's properties, Plaintiff was required to pay PCG $1,024,628.39.

131. Since filing the confessions and as a result of the audit findings, Plaintiff has learned a number of facts related to Defendant Johnson and his use of Plaintiff's money.

132. Defendant Johnson lied about the amount of equity he put into the purchase of Defendant Get Motivated as he, nor the Loan Defendant entities, never put in the promised $5,000,000 in equity.

133. Even worse, neither Plaintiff nor the auditors have been able to ever

identify a time when Defendant Wealthrock had $5,000,000 to contribute as equity.

134. Defendant Johnson failed to disclose the cash insolvency of Defendant Get Motivated at the time of the loan and that Defendant Wealthrock had severed its relationship with Defendant Get Motivated, by far its largest source of lead generation.

135. Defendant Johnson did not use the original loan money from the October 2011 loan as promised and agreed to.

136. After receiving Plaintiff's money, Defendant Johnson began transferring the money to other entities, such as to Defendant ESE, without a proper business reason for doing so, even though Defendant Johnson represented in the Letter of Intent that the $10,000,000 loan was to be used "solely for the purposes of its planned acquisition."

137. In addition, Plaintiff discovered that Defendant Johnson wrote checks for other entities out of bank accounts opened in Defendant ESE's name. For example, Defendant Johnson printed checks with the name of "Coventry Acquisition Group" (a Defendant herein) and wrote checks under Defendant Coventry's name using Defendant ESE's account.

138. Defendant Johnson made numerous misrepresentations about the use of Plaintiff's money, often confirming that the money was being used or held for the intended purposes when it had already been moved to other entities for purposes unrelated to the original loan, including, for example, over $264,000 to Defendant Johnson personally, over $1,000,000 for real estate entirely unrelated to the business, and amounts for medical bills (presumably of Defendant Johnson's children).

139. Defendant Johnson had moved and used Plaintiff's funds during the time that he assured her he was holding the funds for the purchase of Defendant Get Motivated, even though Defendant Johnson had made it clear to others besides Plaintiff that he was no longer going to purchase Defendant Get Motivated. Defendant Johnson spent millions of Plaintiff's dollars while telling Plaintiff he was holding the money safely for the acquisition purposes.

140. These misrepresentations include a signed statement executed by Defendant Johnson in May (well after the October 2011 original loan) that "The proceeds from the Original Promissory Notes were used exclusively for the purpose of paying for speakers for future events of Wealthrock, and/or for acquisition money of LifeWin, in addition to operating expenses of LifeWin and REIE. None of the money was used to repay non-Company expenses or prior debt obligations of the Companies other than debts incurred in the ordinary course of business" (Memorandum of Understanding ¶ 10(i)) even though millions of Plaintiff's dollars were almost immediately sent to other businesses for purposes unrelated to the purposes agreed to in writing.

141. Such unrelated purposes included a large payment to a bankruptcy trustee in a bankruptcy case for one of Defendant Johnson's entities called SeedAmerica as well as payments for "Real Estate Investments" totaling over $1,000,000.

142. Additionally, Plaintiff learned that Defendant Johnson signed additional documents with PCG that were not included as part of the PCG Loan Documents.

143. One such document was titled "Lead Agreement" and was a document

purporting to grant PCG an interest in Defendant Wealthrock's customer database, the most valuable piece of collateral owned by Wealthrock that secured Plaintiff's loan.

144. This purported "Lead Agreement" was purportedly signed sometime in April, 2012, while Defendant Johnson signed and represented just days later, that Plaintiff still had and "continues to hold a valid, enforceable and perfected security interest in Borrower's and LifeWin's property…" (Memorandum of Understanding ¶ 3) and "[t]hat immediately prior to the Closing Date and immediately after the Closing Date, and by virtue of the REIE Security Agreement as well as the new Security Agreement contained in Exhibit "G," Ms. Wolfe holds a first lien on all assets of REIE and that no additional security interests in the assets of REIE will be pledged to any party without the express written consent of Wolfe." (Memorandum of Understanding ¶ 10(c) (emphasis added)).

145. Defendant Johnson also misrepresented the financial status of the companies on numerous occasions by significantly overstating their gross receipts and significantly understating the number of creditors, including even the payroll obligations and other loan obligations to employees that the Loan Defendants were struggling to make.

146. Defendant Johnson represented in writing that the PCG loan "will be used strictly for the purpose of planning new events and will expressly NOT be used to repay any personal or corporate debts of Johnson or the Companies," (Memorandum of Understanding ¶ 10(l)) yet, Plaintiff learned that $200,000 of the PCG loan money was

paid directly from PCG to Rob Stahura (under the direction of Defendant Johnson) for paying a promissory note that Defendant Johnson had personally guaranteed repayment of rather than being put towards new events.

147. Further, Plaintiff learned that between the Loan Defendant entities, Defendant Johnson had caused the Loan Defendant entities to open over forty bank accounts, most of which were not disclosed to Plaintiff in the lockbox account disclosure list and were also not disclosed to Grant Thornton when the audit was conducted.

148. After talking to former Wealthrock employees, Plaintiff also learned that after leaving mediation, Defendant Johnson did not meet with his employees as he stated he would do.

149. Rather, the employees indicated that they did not know about Defendant Wealthrock closing its doors as Defendant Johnson represented that Plaintiff would be taking over Defendant Wealthrock, even though he knew that was not true.

150. Additionally, Plaintiff learned that about the time Defendant Johnson traveled to Utah under the guise of meeting with the Wealthrock employees, that either Defendant Johnson or another Wealthrock employee attempted to withdraw $750,000 from a Wealthrock bank account held at Wells Fargo and attempted to take the amount in <u>cash</u> knowing that the confessions of judgment were to be filed, rather than meet with his employees as he represented he would. (*See* Exhibit G, an email correspondence from Wells Fargo tellers).

151. Ultimately, upon information and belief, $500,000 of the $750,000 in the

account was sent to Katalyst in violation of Plaintiff's security interest, $200,000 was used to pay payroll obligations, and $50,000 went to Defendant Johnson, even though a judgment had been entered against Defendant Wealthrock turning such assets over to Plaintiff.

152. In addition, Defendant Johnson represented that "[t]he Lowe Note is currently not in default, and no default is anticipated."

153. Upon information and belief, the Lowe Note was in default or default was anticipated at the time of making this representation.

154. Also, the note to James Smith from the purchase of REIS was in default when Defendant Johnson began initial negotiations with Plaintiff, but he never disclosed this to Plaintiff.

155. Plaintiff also has learned that Defendant Wealthrock rarely ever entered into a financial transaction with a student other than for providing wealth building education services.

156. When Defendant Wealthrock would enter into a financial transaction with a student (e.g., equity investments, loans, etc.), the student would receive significant disclosures, waivers, and other documents educating the student on the risks, relationship, and other relevant matters.

157. However, Defendant Johnson never provided Plaintiff with any such disclosures, waivers, or other documents.

158. In addition, Defendant Johnson even kept Plaintiff's loan a secret from

Defendant Wealthrock's chief compliance officer.

159. In fact, besides not disclosing Plaintiff's loan to Defendant Wealthrock's compliance officer, Defendant Johnson never disclosed the existence of Defendant Wealthrock's obligations to even the VP of Finance at Defendant Wealthrock who was responsible to keep corporate financial records of Defendant Wealthrock.

160. Because Defendant Johnson had directed Plaintiff to deposit her money into an account of Defendant Booker T. Equity, the VP of Finance at Defendant Wealthrock had no knowledge of the loan.

161. Defendant Johnson intentionally concealed the existence of the loan from the main officers at Defendant Wealthrock in order to perpetuate his fraud.

162. Plaintiff's loan never appeared on Defendant Wealthrock's books because the main officers did not know about it and Defendant Johnson kept it concealed.

163. Defendant Johnson also directed that the loan obligations of Defendant Wealthrock owing on the purchase of REIS be kept off of Defendant Wealthrock's books.

164. Thus, Defendant Wealthrock's books were always significantly manipulated by Defendant Johnson to make it appear that there was far more cash on hand then really existed.

165. Defendant Johnson used the falsified books of Defendant Wealthrock to seek money from many others, and Defendant Johnson obtained funds as others relied on the falsified books.

166. At all times, Defendant Johnson knew of his misrepresentations and intended Plaintiff to rely on the misrepresentations.

167. At all applicable times, Defendant Johnson used the Defendant entities as his alter ego and to aid him in his ability to use and hide large amounts of money.

168. At all applicable times, there has existed a unity of interest between all of the Defendants such that one is inseparable from the other.

169. At all applicable times, all of the Defendant entities were the mere alter-egos of Defendant Johnson, such that continued adherence to the legal fiction of each entity as being separate from Defendant Johnson would sanction a fraud.

170. Additionally, Defendant Johnson and the other Loan Defendant Entities agreed that they would pay Plaintiff's attorney's fees in the event of default.

<u>First Claim for Relief</u> - Fraud
(Against Defendants Johnson, Wealthrock, Get Motivated, and Booker T. Equity)

171. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

172. At all times relevant to the claim alleged herein, Defendant Johnson ratified the actions of the Defendant entities by his conduct, by his words, and by accepting and retaining the benefits obtained from Plaintiff.

173. Defendant Johnson also controlled the Loan Defendant entities.

174. Defendant Johnson and the other Loan Defendants made numerous representations to Plaintiff, many of which were in writings signed by Defendant Johnson.

175. Defendant Johnson and the other Loan Defendants also omitted material information necessary to make many of their statements not misleading or untrue.

176. As outlined above, such representations included the written representations in the Letter of Intent, the Original Loan documents, the Modified Loan Documents, including the Memorandum of Understanding and the Exhibits thereto, as well as oral representations made to Plaintiff.

177. As outlined above, such omissions included the withholding of relevant information, such as not providing disclosures, defaults under other loans, the financial state of the Loan Defendant entities, the purposes for which the funds were used, the existence of other bank accounts, and the risks associated with the loans.

178. The representations made all concerned material, important facts that directly influenced Plaintiff's decision to loan money to the Loan Defendants or to pledge her property as collateral.

179. The Loan Defendants represented and agreed that "*but for* the following representations [in the Memorandum of Understanding], Wolfe would not have entered into this Agreement whatsoever." Memorandum of Understanding § 10.

180. Defendant Johnson agreed that the representations in the Memorandum of Understanding were his personal representations and that he assumed personal liability for any misstatement thereof. Memorandum of Understanding § 10.

181. In addition, Defendant Johnson signed the Letter of Intent in his personal capacity.

182. Many of the representations made by Defendant Johnson and the other Loan Defendants were false at the time they were made, were false because of future actions of Defendant Johnson and the other Loan Defendants, and/or constituted omissions of material information sufficient for a finding of fraud.

183. Some of the false representations and omissions include:

a. Securing Plaintiff's consent for any additional security interests in the assets of REIE and REIE's assets being clear of other claims;

b. That the proceeds of the Original Loan were to be and were used exclusively for operating expenses and the acquisition of Get Motivated;

c. That the proceeds of the PCG Loan would be used "strictly for the purpose of planning new events and will expressly NOT be used to repay any personal or corporate debts of Johnson or the Companies;"

d. That the Loan Defendants only deposited money into a few enumerated bank accounts;

e. That Defendant Johnson and the Loan Defendants would provide hard money business training to Plaintiff;

f. Non-disclosure of the PCG Lead Agreement;

g. Non-disclosure of a major lender named Katalyst;

h. Non-disclosure of major risks, including amounts owed to other lenders and the fact that the obligations to these lenders were in default;

i. Manipulation of Defendant Wealthrock's balance sheet to remove two of the largest outstanding liabilities (Plaintiff's loan and the obligations under the REIS purchase agreements);

j. Omitting information related to Defendant Wealthrock's defaults on the Far West Assignment and Assumption Agreement;

k. Diverting funds from the lockbox which held Plaintiff's lawful property;

l. The other representations and omissions outlined in this Complaint.

184. Defendant Johnson and the other Loan Defendants acted with scienter by knowingly making the false representations and omissions of fact or making them with reckless disregard to the truth thereof.

185. Defendant Johnson and the other Loan Defendants made these representations and omitted necessary facts intending to induce Plaintiff to rely on the falsities in the representations or in the false impressions created thereby.

186. Defendant Johnson and the other Loan Defendants also made these representations and omitted necessary facts intending to induce Plaintiff to wire her $12,000,000 to their control.

187. Defendant Johnson and the other Loan Defendants also made these representations and omitted necessary facts intending to induce Plaintiff to part with over $12,000,000 of her own funds and to place the $12,000,000 in Defendant Johnson's control, as well as to pledge her properties as security on the PCG loan.

188. The Loan Defendants had access to all of the knowledge necessary to make their representations truthful and not misleading or to fully disclose all necessary information.

189. Plaintiff did not have access to enough information to be able to discern whether or not the representations made by the Loan Defendants were truthful and complete or not, and could not have discerned this through reasonable diligence.

190. At all times, Plaintiff reasonably relied on the representations of Defendant Johnson and the other Loan Defendants as being truthful and complete.

191. At the signing of each set of documents and the advancing of funds, Plaintiff did not have any knowledge of the falsity and incompleteness of the representations made.

192. Based on the representations made by the Loan Defendants and the omission of necessary facts, and acting in reliance on the representations made and the information provided, Plaintiff entered into the loan and related agreements with the Loan Defendants, wired her money, and Plaintiff pledged her properties as security on the PCG loan.

193. Defendant Johnson used Plaintiff's money in direct violation of his representations and agreements, including, but not limited to, in at least the following ways:

a. Purchasing over $1,000,000 in real estate for unrelated business activities;

b. Paying himself over $275,000 in unauthorized distributions;

c. Transferring over $4,000,000 to Defendant ESE, a non-profit entity, without Plaintiff's consent;

d. Diverting funds away from Plaintiff's lockbox security;

e. Using $200,000 of the PCG loan proceeds to repay loans made by employees to cover payroll expenses;

f. Spending over $3,000,000 prior to the purchase of Defendant Get Motivated;

g. Payment to settle a bankruptcy of another of Defendant Johnson's separate entities called SeedAmerica;

h. Double pledging the database, Plaintiff's main asset to secure her loan;

i. And others as set forth elsewhere in this Complaint.

194. Defendant Johnson made false representations to induce Plaintiff to pledge her properties on the PCG loan.

195. The representations of and the information provided by the Loan Defendants formed the basis for Plaintiff to enter into the agreements.

196. Plaintiff would not have signed the contract nor ever loaned money to the Loan Defendants nor pledged her properties if the Plaintiff knew that the representations were false or if Plaintiff had full access to or knowledge of all the facts.

197. As a result of the actions described herein, Plaintiff has been damaged in an amount to be determined at trial, but not less than $13,024,628.89.

198. Moreover, the misrepresentations of Defendant Johnson and the other Loan Defendants were made intentionally and with sufficient malice to warrant an award of punitive damages in an amount to be determined at trial.

199. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

<u>Second Claim for Relief</u> – Fraud in the Execution
(Against Defendants Johnson, Wealthrock, Get Motivated, and Booker T. Equity)

200. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

201. At all times relevant to the claim alleged herein, Defendant Johnson ratified the actions of the Defendant entities by his conduct, by his words, and by accepting and retaining the benefits obtained from Plaintiff.

202. Defendant Johnson and the other Loan Defendants made numerous representations to Plaintiff, many of which were in writings signed by Defendant Johnson.

203. Defendant Johnson and the other Loan Defendants also omitted material information necessary to make many of their statements not misleading or untrue.

204. As outlined above, such representations included the written representations in the Letter of Intent, the Original Loan documents, the Modified Loan Documents, including the Memorandum of Understanding and the Exhibits thereto, as well as oral representations made to Plaintiff.

205. As outlined above, such omissions included the withholding of relevant information, such as not providing disclosures, the existence of other lenders and defaults on the notes thereunder, the financial state of the Loan Defendant entities, the purposes for which the funds were used, the existence of other bank accounts, and the risks associated with the loans.

206. The representations made all concerned material, important facts that directly influenced Plaintiff's decision to loan money to the Loan Defendants or to pledge her property as collateral.

207. The Loan Defendants represented and agreed that "*but for* the following representations [in the Memorandum of Understanding], Wolfe would not have entered into this Agreement whatsoever." Memorandum of Understanding § 10.

208. Defendant Johnson agreed that the representations in the Memorandum of Understanding were his personal representations and that he assumed personal liability for any misstatement thereof. Memorandum of Understanding § 10.

209. In addition, Defendant Johnson signed the Letter of Intent in his personal capacity.

210. Many of the representations made by Defendant Johnson and the other Loan Defendants were false at the time they were made, were false because of future actions of Defendant Johnson and the other Loan Defendants, and/or constituted omissions of material information sufficient for a finding of fraud.

211. Some of the false representations and omissions include:

a. Securing Plaintiff's consent for any additional security interests in the assets of REIE and REIE's assets being clear of other claims;

b. That the proceeds of the Original Loan were to be and were used exclusively for operating expenses and the acquisition of Get Motivated;

c. That the proceeds of the PCG Loan would be used "strictly for the purpose of planning new events and will expressly NOT be used to repay any personal or corporate debts of Johnson or the Companies;"

d. That the Loan Defendants only deposited money into a few enumerated bank accounts;

e. That Defendant Johnson and the Loan Defendants would provide hard money business training to Plaintiff;

f. Non-disclosure of the PCG Lead Agreement;

g. Non-disclosure of a major lender named Katalyst;

h. Non-disclosure of major risks, including amounts owed to other lenders and the fact that the obligations to these lenders were in default;

i. Manipulation of Defendant Wealthrock's balance sheet to remove two of the largest outstanding liabilities (Plaintiff's loan and the obligations under the REIS purchase agreements);

j. Omitting information related to Defendant Wealthrock's defaults on the Far West Assignment and Assumption Agreement;

k. Diverting funds from the lockbox which held Plaintiff's lawful property;

l. The other representations and omissions outlined in this Complaint.

212. Defendant Johnson and the other Loan Defendants acted with scienter by knowingly making the false representations and omissions of fact or making them with reckless disregard to the truth thereof.

213. Defendant Johnson and the other Loan Defendants made these representations and omitted necessary facts intending to induce Plaintiff to rely on the falsities in the representations or in the false impressions created thereby.

214. Defendant Johnson and the other Loan Defendants also made these representations and omitted necessary facts intending to induce Plaintiff to enter into the loan agreements.

215. Defendant Johnson and the other Loan Defendants also made these representations and omitted necessary facts intending to induce Plaintiff to part with over

$12,000,000 of her own funds and to place the $12,000,000 in Defendant Johnson's control, as well as to pledge her properties as security on the PCG loan.

216. The Loan Defendants had access to all of the knowledge necessary to make their representations truthful and not misleading or to fully disclose all necessary information.

217. Plaintiff did not have access to enough information to be able to discern whether or not the representations made by the Loan Defendants were truthful and complete or not, and could not have discerned this through reasonable diligence.

218. At all times, Plaintiff reasonably relied on the representations of Defendant Johnson and the other Loan Defendants as being truthful and complete.

219. At the signing of each set of documents and the advancing of funds, Plaintiff did not have any knowledge of the falsity and incompleteness of the representations made.

220. Based on the representations made by the Loan Defendants and the omission of necessary facts, and acting in reliance on the representations made and the information provided, Plaintiff entered into the loan and related agreements with the Loan Defendants, and Plaintiff pledged her properties as security on the PCG loan.

221. Defendant Johnson used Plaintiff's money in direct violation of his representations and agreements, including, but not limited to, in at least the following ways:

a. Purchasing over $1,000,000 in real estate for unrelated business activities;

b. Paying himself over $275,000 in unauthorized distributions;

c. Transferring over $4,000,000 to Defendant ESE, a non-profit entity, without Plaintiff's consent;

d. Diverting funds away from Plaintiff's lockbox security;

e. Using PCG loan proceeds to repay loans made by employees to cover payroll expenses;

f. Spending over $3,000,000 prior to the purchase of Defendant Get Motivated;

g. Payment to settle a bankruptcy of another of Defendant Johnson's separate entities called SeedAmerica;

h. Double pledging the database, Plaintiff's main asset to secure her loan;

i. And others as set forth elsewhere in this Complaint.

222. Plaintiff's funds were only authorized to be used for specific purposes, yet Defendant Johnson diverted funds from their agreed upon uses.

223. Defendant Johnson exercised his authority over the other Defendants to cause them to use Plaintiff's funds in unauthorized ways.

224. Defendant Johnson made false representations to induce Plaintiff to pledge her properties on the PCG loan.

225. The representations of and the information provided by the Loan Defendants formed the basis for Plaintiff to enter into the agreements.

226. Plaintiff would not have signed the contract nor ever loaned money to the Loan Defendants nor pledged her properties if the Plaintiff knew that the representations were false or if Plaintiff had full access to or knowledge of all the facts.

227. As a result of the actions described herein, Plaintiff has been damaged in an amount to be determined at trial, but not less than $13,024,628.89.

228. Moreover, the misrepresentations of Defendant Johnson and the other Loan Defendants were made intentionally and with sufficient malice to warrant an award of punitive damages in an amount to be determined at trial.

229. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

Third Claim for Relief - Fraud in the Inducement
(Against Defendants Johnson, Wealthrock, Get Motivated, and Booker T. Equity)

230. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

231. At all times relevant to the claim alleged herein, Defendant Johnson ratified the actions of the Loan Defendant entities by his conduct, by his words, and by accepting and retaining the benefits obtained from Plaintiff.

232. Defendant Johnson and the other Loan Defendants made numerous representations to Plaintiff, many of which were in writings signed by Defendant Johnson.

233. Defendant Johnson and the other Loan Defendants also omitted material information necessary to make many of their statements not misleading or untrue.

234. As outlined above, such representations included the written representations in the Letter of Intent, the Original Loan documents, the Modified Loan Documents, including the Memorandum of Understanding and the Exhibits thereto, as well as oral representations made to Plaintiff.

235. As outlined above, such omissions included the withholding of relevant information, such as not providing disclosures, the existence of other lenders and defaults to those lenders, the financial state of the Loan Defendant entities, the purposes for which the funds were used, the existence of other bank accounts, and the risks associated with the loans.

236. The representations made all concerned material, important facts that directly influenced Plaintiff's decision to loan money to the Loan Defendants or to pledge her property as collateral.

237. The Loan Defendants represented and agreed that "*but for* the following representations [in the Memorandum of Understanding], Wolfe would not have entered into this Agreement whatsoever." Memorandum of Understanding § 10.

238. Defendant Johnson agreed that the representations in the Memorandum of Understanding were his personal representations and that he assumed personal liability for any misstatement thereof. Memorandum of Understanding § 10.

239. In addition, Defendant Johnson signed the Letter of Intent in his personal capacity.

240. Many of the representations made by Defendant Johnson and the other Loan Defendants were false at the time they were made, were false because of future actions of Defendant Johnson and the other Loan Defendants, and/or constituted omissions of material information sufficient for a finding of fraud.

241. Some of the false representations and omissions include:

a. Securing Plaintiff's consent for any additional security interests in the assets of REIE and REIE's assets being clear of other claims;

b. That the proceeds of the Original Loan were to be and were used exclusively for operating expenses and the acquisition of Get Motivated;

c. That the proceeds of the PCG Loan would be used "strictly for the purpose of planning new events and will expressly NOT be used to repay any personal or corporate debts of Johnson or the Companies;"

d. That the Loan Defendants only deposited money into a few enumerated bank accounts;

e. That Defendant Johnson and the Loan Defendants would provide hard money business training to Plaintiff;

f. Non-disclosure of the PCG Lead Agreement;

g. Non-disclosure of a major lender named Katalyst;

h. Non-disclosure of major risks, including amounts owed to other lenders and the fact that the obligations to these lenders were in default;

i. Manipulation of Defendant Wealthrock's balance sheet to remove two of the largest outstanding liabilities (Plaintiff's loan and the obligations under the REIS purchase agreements);

j. Omitting information related to Defendant Wealthrock's defaults on the Far West Assignment and Assumption Agreement;

k. Diverting funds from the lockbox which held Plaintiff's lawful property;

l. The other representations and omissions outlined in this Complaint.

242. Defendant Johnson and the other Loan Defendants acted with scienter by knowingly making the false representations and omissions of fact or making them with reckless disregard to the truth thereof.

243. Defendant Johnson and the other Loan Defendants made these representations and omitted necessary facts intending to induce Plaintiff to rely on the falsities in the representations or in the false impressions created thereby.

244. Defendant Johnson and the other Loan Defendants also made these representations and omitted necessary facts intending to induce Plaintiff to enter into the loan agreements.

245. Defendant Johnson kept Plaintiff's loan from Wealthrock's compliance officer, who did not learn of Plaintiff's loan until April 2012.

246. Due to the secrecy that Defendant Johnson maintained with respect to Defendant Wealthrock around Plaintiff's loan, Plaintiff was never provided with disclosures, waivers, or other important documents as other students had received.

247. In addition, Defendant Johnson did not disclose that Defendant Wealthrock had already defaulted on a multi-million dollar loan obligation owing to Far West Bank with the REIS purchase.

248. Defendant Johnson also did not disclose that he had recently bankrupted a major company (SeedAmerica), that he had been convicted of a felony involving improper use of funds, or that he declared personal bankruptcy several years earlier.

249. If these facts would have been disclosed to Plaintiff, she would not have entered into the loan agreement.

250. At the time of signing the modified loan agreement, Defendant Johnson did not disclose to Plaintiff the details of the PCG Lead Agreement, the Brian Dahn negotiations, and the nature and extent of the Katalyst arrangement.

251. At the signing of the lockbox agreement, Defendant Johnson did not disclose the existence of additional bank accounts and merchant accounts.

252. If these facts had been disclosed to Plaintiff, she would not have entered into these agreements.

253. Defendant Johnson and the other Loan Defendants also made these representations and omitted necessary facts intending to induce Plaintiff to part with over

$12,000,000 of her own funds and to place the $12,000,000 in Defendant Johnson's control, as well as to pledge her properties as security on the PCG loan.

254. The Loan Defendants had access to all of the knowledge necessary to make their representations truthful and not misleading or to fully disclose all necessary information.

255. Plaintiff did not have access to enough information to be able to discern whether or not the representations made by the Loan Defendants were truthful and complete or not, and could not have discerned this through reasonable diligence.

256. At all times, Plaintiff reasonably relied on the representations of Defendant Johnson and the other Loan Defendants as being truthful and complete.

257. At the signing of each set of documents and the advancing of funds, Plaintiff did not have any knowledge of the falsity and incompleteness of the representations made.

258. Based on the representations made by the Loan Defendants and the omission of necessary facts, and acting in reliance on the representations made and the information provided, Plaintiff entered into the loan and related agreements with the Loan Defendants, and Plaintiff pledged her properties as security on the PCG loan.

259. Defendant Johnson used Plaintiff's money in direct violation of his representations and agreements.

260. Defendant Johnson made false representations to induce Plaintiff to pledge her properties on the PCG loan.

261. The representations of and the information provided by the Loan Defendants formed the basis for Plaintiff to enter into the agreements.

262. Plaintiff would not have signed the contract nor ever loaned money to the Loan Defendants nor pledged her properties if the Plaintiff knew that the representations were false or if Plaintiff had full access to or knowledge of all the facts.

263. As a result of the actions described herein, Plaintiff has been damaged in an amount to be determined at trial, but not less than $13,024,628.89.

264. Moreover, the misrepresentations of Defendant Johnson and the other Loan Defendants were made intentionally and with sufficient malice to warrant an award of punitive damages in an amount to be determined at trial.

265. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

Fourth Claim for Relief – Fraudulent Non-Disclosure
(Against Defendants Johnson, Wealthrock, Get Motivated, and Booker T. Equity)

266. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

267. At all times relevant to the claim alleged herein, Defendant Johnson ratified the actions of the Loan Defendant entities by his conduct, by his words, and by accepting and retaining the benefits obtained from Plaintiff.

268. Defendant Johnson and the other Loan Defendants made numerous representations to Plaintiff, many of which were in writings signed by Defendant Johnson.

269. Defendant Johnson and the other Loan Defendants also omitted material information necessary to make many of their statements not misleading or untrue.

270. As outlined above, such representations included the written representations in the Letter of Intent, the Original Loan documents, the Modified Loan Documents, including the Memorandum of Understanding and the Exhibits thereto, as well as oral representations made to Plaintiff.

271. As outlined above, such omissions included the withholding of relevant information, such as not providing disclosures, not disclosing other lenders or defaults to those lenders, the financial state of the Loan Defendant entities, the purposes for which the funds were used, the existence of other bank accounts, and the risks associated with the loans.

272. The representations made concerned material, important facts that directly influenced Plaintiff's decision to loan money to the Loan Defendants or to pledge her property as collateral.

273. The Loan Defendants represented and agreed that "*but for* the following representations [in the Memorandum of Understanding], Wolfe would not have entered into this Agreement whatsoever." Memorandum of Understanding § 10.

274. Defendant Johnson agreed that the representations in the Memorandum of Understanding were his personal representations and that he assumed personal liability for any misstatement thereof. Memorandum of Understanding § 10.

275. In addition, Defendant Johnson signed the Letter of Intent in his personal capacity.

276. Many of the representations made by Defendant Johnson and the other Loan Defendants were false at the time they were made, were false because of future actions of Defendant Johnson and the other Loan Defendants, and/or constituted omissions of material information sufficient for a finding of fraud.

277. Some of the false representations and omissions include:

a. Securing Plaintiff's consent for any additional security interests in the assets of REIE and REIE's assets being clear of other claims;

b. That the proceeds of the Original Loan were to be and were used exclusively for operating expenses and the acquisition of Get Motivated;

c. That the proceeds of the PCG Loan would be used "strictly for the purpose of planning new events and will expressly NOT be used to repay any personal or corporate debts of Johnson or the Companies;"

d. That the Loan Defendants only deposited money into a few enumerated bank accounts;

e. That Defendant Johnson and the Loan Defendants would provide hard money business training to Plaintiff;

f. Non-disclosure of the PCG Lead Agreement;

g. Non-disclosure of a major lender named Katalyst;

h. Non-disclosure of major risks, including amounts owed to other lenders and the fact that the obligations to these lenders were in default;

i. Manipulation of Defendant Wealthrock's balance sheet to remove two of the largest outstanding liabilities (Plaintiff's loan and the obligations under the REIS purchase agreements);

j. Omitting information related to Defendant Wealthrock's defaults on the Far West Assignment and Assumption Agreement;

k. Diverting funds from the lockbox which held Plaintiff's lawful property;

l. The other representations and omissions outlined in this Complaint.

278. Defendant Johnson and the other Loan Defendants acted with scienter by knowingly making the false representations and omissions of fact or making them with reckless disregard to the truth thereof.

279. Defendant Johnson and the other Loan Defendants made these representations and omitted necessary facts intending to induce Plaintiff to rely on the falsities in the representations or in the false impressions created thereby.

280. Defendant Johnson and the other Loan Defendants also made these representations and omitted necessary facts intending to induce Plaintiff to enter into the loan agreements.

281. Defendant Johnson kept Plaintiff's loan from Wealthrock's compliance officer, who did not learn of Plaintiff's loan until April 2012.

282. Due to the secrecy that Defendant Johnson maintained with respect to Defendant Wealthrock around Plaintiff's loan, Plaintiff was never provided with disclosures, waivers, or other important documents as other students had received.

283. In addition, Defendant Johnson did not disclose that Defendant Wealthrock had already defaulted on a multi-million dollar loan obligation owing to Far West Bank with the REIS purchase.

284. Defendant Johnson also did not disclose that he had recently bankrupted a major company (SeedAmerica), that he had been convicted of a felony involving improper use of funds, or that he declared personal bankruptcy several years earlier.

285. If these facts would have been disclosed to Plaintiff, she would not have entered into the loan agreement.

286. Defendant Johnson did not disclose to Plaintiff that he had walked away from attempting to purchase Defendant Get Motivated.

287. At the time of signing the modified loan agreement, Defendant Johnson did not disclose to Plaintiff the details of the PCG Lead Agreement, the Brian Dahn negotiations, and the nature and extent of the Katalyst arrangement.

288. At the signing of the lockbox agreement, Defendant Johnson did not disclose the existence of additional bank accounts and merchant accounts.

289. Defendant Johnson and the other Loan Defendants also made these representations and omitted necessary facts intending to induce Plaintiff to part with over $12,000,000 of her own funds and to place the $12,000,000 in Defendant Johnson's control, as well as to pledge her properties as security on the PCG loan.

290. The Loan Defendants had access to all of the knowledge necessary to make their representations truthful and not misleading or to fully disclose all necessary information.

291. Plaintiff did not have access to enough information to be able to discern whether or not the representations made by the Loan Defendants were truthful and complete or not, and could not have discerned this through reasonable diligence.

292. At all times, Plaintiff reasonably relied on the representations of Defendant Johnson and the other Loan Defendants as being truthful and complete.

293. At the signing of each set of documents and the advancing of funds, Plaintiff did not have any knowledge of the falsity and incompleteness of the representations made.

294. Based on the representations made by the Loan Defendants and the omission of necessary facts, and acting in reliance on the representations made and the information provided, Plaintiff entered into the loan and related agreements with the Loan Defendants, and Plaintiff pledged her properties as security on the PCG loan.

295. Defendant Johnson used Plaintiff's money in direct violation of his representations and agreements.

296. Defendant Johnson made false representations to induce Plaintiff to pledge her properties on the PCG loan.

297. The representations of and the information provided by the Loan Defendants formed the basis for Plaintiff to enter into the agreements.

298. Plaintiff would not have signed the contract nor ever loaned money to the Loan Defendants nor pledged her properties if the Plaintiff knew that the representations were false or if Plaintiff had full access to or knowledge of all the facts.

299. As a result of the actions described herein, Plaintiff has been damaged in an amount to be determined at trial, but not less than $13,024,628.89.

300. Moreover, the misrepresentations of Defendant Johnson and the other Loan Defendants were made intentionally and with sufficient malice to warrant an award of punitive damages in an amount to be determined at trial.

301. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

Fifth Claim for Relief – Conversion
(Against All Defendants)

302. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

303. Acting in reliance on the representations of Defendant Johnson, Plaintiff entrusted $12,000,000 to Defendant Johnson's care to be used only for specific, stated purposes.

304. Defendant Johnson directed the use and control of Plaintiff's money, but each and every Defendant that received Plaintiff's money in its accounts did so knowing that it did not have sufficient right to receive such funds.

305. Each Defendant willfully interfered with Plaintiff's use and possession of her funds by using the funds in unauthorized manners.

306. Due to the Defendants' actions, Plaintiff was deprived of the use and possession of her funds.

307. The Defendants had no lawful justification for using and depleting Plaintiff's funds in the manner or for the purposes for which they were put to use by the Defendants.

308. Upon information and belief, the Defendants have benefited from the conversion of Plaintiff's funds.

309. The Defendants unlawfully converted, misappropriated and exercised unlawful dominion and control over portions of Plaintiff's $12,000,000 in funds without lawful justification for doing so.

310. Defendants' conversion of Plaintiff's funds has caused damages to Plaintiff in an amount to be determined at trial, but in any event, no less than $12,000,000.

311. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

<u>Sixth Claim for Relief</u> – Alter Ego/Enterprise Liability
(Against All Defendants)

312. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

313. At all times, Defendant Johnson used the Defendant entities as his alter ego and to aid him in his ability to use and hide large amounts of money.

314. At all times, Defendant Johnson used the Defendant entities to continue his fraudulent enterprise.

315. At all times, there has existed a unity of interest between all of the Defendants such that one is inseparable from the other.

316. At all times, all of the Defendant entities were the mere alter-egos of Defendant Johnson, such that continued adherence to the legal fiction of each entity as being separate from Defendant Johnson would sanction a fraud.

317. Defendant Johnson extensively commingled Plaintiff's funds throughout the Defendant entities, especially by transferring Plaintiff's funds to Defendant ESE, a non-profit entity that had no legal interest in receiving the funds. *See* Exhibit F.

318. Defendant Johnson has a history of wrongfully commingling funds. *See* Exhibit H.

319. At all relevant times, Defendant Johnson had, upon information and belief, the exclusive right to manage and control the Defendant entities, or at least had the right to manage and control the Defendant entities.

320. Defendant Johnson used the Defendant entities to assist in perpetrating fraud.

321. Defendant Johnson would select and choose which entities to disclose or use in each transaction to better enable him to shift money around and to use Plaintiff's money for his own purposes.

322. Accordingly, Defendant Johnson should be held personally liable for the liabilities and obligations of the Defendant entities, especially the Loan Defendant entities, including the liabilities incurred in the confession of judgment cases listed above.

323. Plaintiff should also be able to reach the assets of all named Defendants, as well as other entities of Defendant Johnson used as his alter-ego as they were all part of Defendant Johnson's enterprise, in order to satisfy the outstanding liabilities in this matter, including the liabilities incurred in the confession of judgment cases listed above, as well as attorneys' fees.

324. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

<u>Seventh Claim for Relief</u> – Breach of Contract
(Against Defendant Johnson)

325. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

326. Defendants Get Motivated, Wealthrock, and Booker T. Equity have already had judgment entered against them for their contractual liability on the $12,000,000 loan Plaintiff made.

327. Defendant Johnson has already had judgment entered against him for his contractual liability on a personal guaranty to Plaintiff on the PCG loan.

328. As the Loan Defendant entities were Defendant Johnson's alter-ego, Defendant Johnson should also be personally liable for their breach of contract in this matter.

329. In addition, Defendant Johnson can personally be held liable for his own breach of contract as it relates to the Letter of Intent and the Memorandum of Understanding.

330. In the Letter of Intent, Defendant Johnson personally promised that:

a. "Borrower shall help the Lender create a hard money legal entity.

b. "Borrower shall design the Lender's hard money business website.

c. "Borrower shall provide asset protection services through Clint Coons at no cost.

d. "Borrower shall provide any additional education through Wealthrock at no cost.

e. "Borrower shall provide marketing and deal leads for your hard money business through email blasts to our students, sponsorships at our M5 events, and personal deal leads for the duration of this agreement.

f. “Borrower shall provide initial hard money lending screening analysis for you to choose the best deals.

g. “Borrower or related entities would also be willing to partner on deals if desired.”

331. In the Letter of Intent, Defendant Johnson also personally promised that “the Borrower shall use the proceeds of the bridge acquisition loan [the $10,000,000 loan] solely for the purposes of the planned acquisition…”

332. In the Memorandum of Understanding, Defendant Johnson personally made many representations and warranties to Plaintiff.

333. Defendant Johnson signed a written statement that “Johnson makes the following representations that shall be deemed *personal* representations and will assume personal liability for any misstatement thereof. The Johnson [sic] acknowledges that *but for* the following representations, Wolfe would not have entered into this Agreement whatsoever.” Memorandum of Understanding § 10.

334. Some of the representations and warranties made by Defendant Johnson include:

a. No additional security interests in the assets of REIE will be pledged to any party without the express written consent of Wolfe

b. That immediately prior to the Closing Date and immediately after the Closing Date…, Ms. Wolfe holds a first lien on all assets of REIE

c. The Lowe Note is currently not in default, and no default is anticipated

d. That the proceeds of the Additional Loan, should there be one, will be used strictly for the purpose of planning new events and will expressly NOT be used to repay any personal or corporate debts of Johnson or the Companies

335. Defendant Johnson also agreed in both the Memorandum of Understanding and in his Personal Guaranty to pay off Plaintiff's existing liens on her Park City mortgage, which represented a payment of about $818,000 at the time of signing the Memorandum of Understanding.

336. Based on Defendant Johnson's breach of his agreements as well as the Loan Defendant entities breach of their agreements and due to Defendant Johnson's unwillingness to cooperate or work towards a resolution of the outstanding issues, Plaintiff is reasonably certain that Defendant Johnson will not pay off the liens on her Park City mortgage by April 20, 2014.

337. Defendant Johnson breached his contractual obligations by making misrepresentations and not performing the agreements as promised.

338. Defendant Johnson did not restrict the use of Plaintiff's funds to the agreed upon purposes.

339. As a direct result of Defendant Johnson's breaches, Plaintiff has been damaged in an amount to be proven at trial, but in no event less than $13,449,388 ($12,000,000 plus $631,388 from Note #1 plus $818,000 on the Park City home).

340. Accordingly, Plaintiff should be able to recover damages of at least $13,449,388 plus interest, plus costs and attorneys' fees, all in an amount to be further proven at trial.

341. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

Eighth Claim for Relief – Federal Securities and Exchange Act Violations (Against Defendants Johnson, Wealthrock, Get Motivated, and Booker T. Equity)

342. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

343. Defendant Johnson and the other Loan Defendants raised money from Plaintiff through unregistered offers and sales of securities in the form of notes and evidences of indebtedness in Wealthrock.

344. Upon information and belief, Defendants are not registered securities broker-dealers and were not licensed to offer or sell securities.

345. Defendant Johnson was, at all relevant times, the owner and/or principal officer of each Defendant entity, and is thus considered a control person of that entity and are thus liable for the acts of his entities pursuant to Section 20 of the Securities and Exchange Act of 1934.

346. Defendant Johnson actively participated in the solicitation of investment from Plaintiff as described in this Complaint and made misrepresentations in furtherance of the efforts of the Loan Defendants to induce such investment by Plaintiff.

347. These actions affected interstate commerce and violated sections of the 1933 Securities and Exchange Act of 1933, Section 10(B) of the Securities and Exchange Act of 1934, and SEC Rule 10b-5 promulgated thereunder.

348. Defendant Johnson and the other Loan Defendants made specific misrepresentations of material fact and material omissions of fact as described in the preceding paragraphs including, but not limited to, the following:

a. Securing Plaintiff's consent for any additional security interests in the assets of REIE and REIE's assets being clear of other claims;

b. That the proceeds of the Original Loan were to be and were used exclusively for operating expenses and the acquisition of Get Motivated;

c. That the proceeds of the PCG Loan would be used "strictly for the purpose of planning new events and will expressly NOT be used to repay any personal or corporate debts of Johnson or the Companies;"

d. That the Loan Defendants only deposited money into a few enumerated bank accounts;

e. That Defendant Johnson and the Loan Defendants would provide hard money business training to Plaintiff;

f. Non-disclosure of the PCG Lead Agreement;

g. Non-disclosure of a major lender named Katalyst;

h. Non-disclosure of other creditors and outstanding defaults to those creditors;

i. Manipulation of Defendant Wealthrock's balance sheet to remove two of the largest outstanding liabilities (Plaintiff's loan and the obligations under the REIS purchase agreements);

j. Omitting information related to Defendant Wealthrock's defaults on the Far West Assignment and Assumption Agreement;

k. Diverting funds from the lockbox which held Plaintiff's lawful property;

l. The other representations and omissions outlined above.

349. Defendant Johnson and the Loan Defendants acted knowingly, with scienter, and recklessly, by making the misrepresentations and material omissions identified in the preceding paragraphs of this Complaint.

350. Defendant Johnson made or caused the Loan Defendant entities to make these misrepresentations and withheld material information in order to induce Plaintiff to loan her funds so that he could personally benefit, whether through profit to the Loan Defendant entities or individually, from the Plaintiff's loan.

351. Plaintiff reasonably relied upon the material misrepresentations and omissions in transferring $12,000,000 of her assets and pledging other property in Utah, Ohio, and Florida as security on the PCG loan.

352. In addition, Defendant Johnson used Plaintiff's money in direct violation of his representations and agreements, including, but not limited to, in at least the following ways:

a. Purchasing over $1,000,000 in real estate for unrelated business activities;

b. Paying himself over $275,000 in unauthorized distributions;

c. Transferring over $4,000,000 to Defendant ESE, a non-profit entity, without Plaintiff's consent;

d. Diverting funds away from Plaintiff's lockbox security;

e. Using $200,000 of the PCG loan proceeds to repay loans made by employees to cover payroll expenses;

f. Spending over $3,000,000 prior to the purchase of Defendant Get Motivated;

g. Payment to settle a bankruptcy of another of Defendant Johnson's separate entities called SeedAmerica;

h. Double pledging the database, Plaintiff's main asset to secure her loan;

i. And others as set forth elsewhere in this Complaint.

353. Plaintiff has been injured and continues to be injured and suffer economic loss as a direct result of the material misrepresentation and omissions described herein in that Plaintiff has lost her funds and not received her promised return on the investment, as well as being required to pay to redeem her properties.

354. Plaintiff would not have suffered such losses but for the material misrepresentations and omissions, the devises, schemes and artifices, and the fraudulent and deceitful transactions and practices of Defendant Johnson and the other Loan Defendants.

355. As a direct result of Defendants' violation of this act, Plaintiff has suffered damages in an amount to be determined at trial, but in no event less than $13,024,628.39, plus interest, costs, and attorneys' fees.

356. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

Ninth Claim for Relief - Utah Uniform Securities Act
(Against Defendants Johnson, Wealthrock, Get Motivated, and Booker T. Equity)

357. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

358. Defendant Johnson is a principal and officer of the Defendant entities, and thus is a control person as defined in Utah Code Section 61-1-22(4)

359. Defendant Johnson actively participated in the actions complained of in this Complaint and actively participated in perpetuating the misrepresentations and omissions to Plaintiff which caused damage and detriment to Plaintiff.

360. Defendant Johnson and the other Loan Defendants solicited and sold securities to Plaintiff in the form of a promissory note and other evidences of indebtedness.

361. In connection with the sale of securities to Plaintiff, Defendant Johnson and the other Loan Defendants willfully (a) employed devices, schemes and artifices to defraud; (b) made untrue statements of material facts or omitted material facts necessary to make the statements made, in light of circumstances under which they were made, not

misleading; (c) and/or engaged in acts, practices, and a course of business that operated as a fraud or deceit upon Plaintiff in connection with Plaintiff's investment.

362. At the time the misrepresentations or omissions were made or furthered, Plaintiff did not know and could not have known through reasonable diligence of the falsity or misleading nature of such statements or omissions.

363. Plaintiff would not have invested her funds with Defendant Johnson and the other Loan Defendants if she had known of the true facts and the existence of additional information.

364. The Loan Defendants' conduct violates the Utah Uniform Securities Act, Utah Code Section 61-1-1, et seq.

365. Plaintiff suffered damages including, but not limited to, when her funds were used for unapproved purposes, when her funds were depleted without any amounts being returned to her, when she pledged her properties as security on the PCG loan, and when she did not obtain her return on investment.

366. At all times, Defendant Johnson and the other Loan Defendant entities acted intentionally and knowingly to defraud Plaintiff.

367. As a direct and proximate result of the Loan Defendants' violations of the Utah Uniform Securities Act, Plaintiff has been damaged in an amount to be determined at trial, but in no event less than $13,024,689.39, plus interest, attorneys' fees, and costs of suit.

368. Because of the Loan Defendants' reckless and intentional conduct, Plaintiff is also entitled to recover treble damages, costs and attorneys' fees pursuant to Utah Code Section 61-1-22.

369. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

Tenth Claim for Relief – Breach of Fiduciary Duty
(Against Defendant Johnson)

370. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

371. Defendant Johnson undertook to form a teacher/student relationship with Plaintiff.

372. At the events/seminars, Defendant Johnson would sit by Plaintiff and actively worked to form a relationship with her.

373. At one event, Plaintiff listened to Kwame Granderson speak about hard money lending while Defendant Johnson sat beside her.

374. After Kwame's presentation, Plaintiff asked if Defendant Johnson could introduce her to Kwame so that she could learn more about hard money lending.

375. Defendant Johnson represented to Plaintiff that she had no need to meet Kwame as he, Defendant Johnson, could teach Plaintiff everything she needed to know about hard money lending.

376. Defendant Johnson represented that he had sufficient experience and expertise in hard money lending to enable him to teach Plaintiff.

377. Plaintiff asked Defendant Johnson how he planned to teach her about hard money lending, and he informed her that she could begin learning by lending him $12,000,000.

378. Defendant Johnson was only willing to teach Plaintiff about hard money lending on the condition that she loan him the $12,000,000.

379. Defendant Johnson made representations to Plaintiff about the money they could make partnering together, and Defendant Johnson signed the Letter of Intent with specifics relating to how Defendant Johnson would ensure that Plaintiff would receive the assistance she needed in learning about hard money lending.

380. Due to the contact Defendant Johnson had with Plaintiff, Defendant knew that Plaintiff did not have extensive lending or investing experience.

381. Defendant Johnson also knew that Plaintiff trusted him because he owned and ran the companies that put on the wealth education events/seminars of which she was a student.

382. Defendant Johnson used his position and credibility with Plaintiff to place himself in a position of being her teacher or mentor.

383. Defendant Johnson also frequently contacted Plaintiff by telephone, often multiple times each day, to inform her of the urgency behind and to add pressure to lending him the $12,000,000.

384. Defendant Johnson used this position of trust and the portrayal of being her teacher and mentor to induce Plaintiff to loan her own $12,000,000 to him.

385. Due to the teacher/mentor position that Defendant Johnson sought to obtain, he assumed fiduciary duties towards Plaintiff.

386. In addition, after Plaintiff made the loan, she called Defendant Johnson to ask about her payments as she had not received her agreed upon payments under the terms of the loan.

387. At that time, Defendant Johnson represented that he was holding Plaintiff's money for when the sale of Defendant Get Motivated were to be finalized.

388. As Defendant Johnson undertook to hold Plaintiff's money, he assumed fiduciary duties to her as it related to the proper use and disposal of her funds.

389. During this time in which Defendant Johnson purported to be holding Plaintiff's funds, Defendant Johnson was transferring large amounts of her funds to his other entities.

390. Defendant Johnson used his position of trust to induce Plaintiff to lend the $12,000,000, and he continued to use his position of trust to further his misrepresentations to Plaintiff.

391. Further, Defendant Johnson used his position of trust as a tool to help persuade Plaintiff to pledge her properties as collateral on the PCG loan.

392. With the PCG Loan, Defendant Johnson represented that Plaintiff would be repaid if the Loan Defendants were able to obtain the additional financing from PCG.

393. Defendant Johnson made this representation even though he knew the PCG loan would not be sufficient to enable the Loan Defendant entities to continue to operate.

394. Plaintiff would not have pledged her properties on the PCG loan if it had not been for the position of trust that Defendant Johnson held and the representations that he made.

395. Defendant Johnson acted maliciously and with intent when he used his position of trust to make representations to Plaintiff in order to obtain access to and control of her funds.

396. Plaintiff has been damaged in the amount of at least $13,024,689.39.

397. Due to the malicious nature of Defendant Johnson's use of his position of trust to solicit funds from Plaintiff, as well as Defendant Johnson's fraudulent conduct as set forth in this Complaint, Defendant Johnson should also be liable for punitive damages in an amount to be determined at trial.

398. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

Eleventh Claim for Relief
Breach of Implied Covenant of Good Faith & Fair Dealing
(Against Defendants Johnson, Wealthrock, Get Motivated, and Booker T. Equity)

399. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

400. Defendant Johnson and the other Loan Defendant entities entered into a commercial loan agreement with the Plaintiff.

401. The loaned funds were placed in the care of Defendant Johnson (as Defendant Johnson was the main principal of the other loan defendant entities) to be used for purposes represented by Defendant Johnson to Plaintiff.

402. Defendant Johnson represented in the Letter of Intent that Borrower "shall use the proceeds of the [$10,000,000] loan solely for the purposes of its planned acquisition and shall use the [$2,000,000] cash flow loan as it sees fit to fund the expenses associated with its strategic plan."

403. Every commercial contract, including the loan agreement between the Parties, includes an implied covenant of good faith and fair dealing.

404. The covenant of good faith and fair dealing requires a party to act or perform its obligations or duties in good faith and in a reasonable manner when that party exercises its discretion.

405. Defendant Johnson controlled the use and disposition of Plaintiff's funds.

406. As to the $2,000,000 for operating expenses, Defendant Johnson was to exercise his discretion reasonably when choosing how to use and dispose of Plaintiff's funds.

407. Defendant Johnson transferred large portions of Plaintiff's money to his other entities, including to the Defendant entities herein.

408. Defendant Johnson also did not use all of the $10,000,000 loaned by Plaintiff to purchase Defendant Get Motivated but used a substantial portion of the money for other purposes.

409. Defendant Johnson used Plaintiff's funds to pay expenses such as a large payment to the bankruptcy trustee in the SeedAmerica bankruptcy, large payments to Defendant Johnson personally, payments for "Real Estate Investments," payments for purposes not related to hosting events or the borrower entities whatsoever, and payments to repay debts to employees.

410. Defendant Johnson and the other Loan Defendant entities' use of the loaned funds was not reasonable under the circumstances of the expectations of the parties, nor was their use of the funds reasonable under the purposes stated in the Letter of Intent.

411. Defendant Johnson and the Loan Defendant entities breached the implied covenant of good faith and fair dealing by using the funds in an unreasonable manner.

412. In addition, Defendant Johnson sought Plaintiff's property to use as collateral on the PCG loan.

413. The covenant of good faith and fair dealing would require Defendant Johnson to fully disclose the facts necessary for Plaintiff to make an informed decision regarding the pledging of her properties on the loan.

414. Defendant Johnson, however, did not disclose the need to take out additional loans to meet the obligations of the PCG loan and of Plaintiff's loans to the Loan Defendants.

415. Defendant Johnson did not disclose that he had been in negotiations with Brian Dahn since the beginning of 2012 in an attempt to secure additional funding for the Loan Defendant entities.

416. At a minimum, the covenant of good faith and fair dealing would require Defendant Johnson and the other Loan Defendants to act in good faith with matters related to Plaintiff's contractual interests.

417. Plaintiff has been damaged by the unreasonable and bad faith conduct of Defendant Johnson and the other Loan Defendants in an amount to be determined at trial, but no less than $13,024,689.39, plus interest, attorneys' fees, and costs of suit.

418. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

<u>Twelfth Claim for Relief</u> – Negligent Misrepresentation
(Against Defendants Johnson, Wealthrock, Get Motivated, and Booker T. Equity)

419. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

420. Defendant Johnson acted individually and as an agent of the Loan Defendant entities, and Defendant Johnson ratified the Loan Defendant entities' activities by retaining the benefit thereof.

421. Defendant Johnson participated directly in the making of false representations and the withholding of material information from Plaintiff, as alleged in this Complaint, sufficient to render him personally liable for the obligations of the Loan Defendant entities.

422. Defendant Johnson and the other Loan Defendants made specific misrepresentations of material fact and material omissions of fact as described in the preceding paragraphs including, but not limited to, the following:

a. Securing Plaintiff's consent for any additional security interests in the assets of REIE and REIE's assets being clear of other claims;

b. That the proceeds of the Original Loan were to be and were used exclusively for operating expenses and the acquisition of Get Motivated;

c. That the proceeds of the PCG Loan would be used "strictly for the purpose of planning new events and will expressly NOT be used to repay any personal or corporate debts of Johnson or the Companies;"

d. That the Loan Defendants only deposited money into a few enumerated bank accounts;

e. That Defendant Johnson and the Loan Defendants would provide hard money business training to Plaintiff;

f. Non-disclosure of the PCG Lead Agreement;

g. Non-disclosure of a major lender named Katalyst;

h. Non-disclosure of major risks, including amounts owed to other lenders and the fact that the obligations to these lenders were in default;

i. Manipulation of Defendant Wealthrock's balance sheet to remove two of the largest outstanding liabilities (Plaintiff's loan and the obligations under the REIS purchase agreements);

j. Omitting information related to Defendant Wealthrock's defaults on the Far West Assignment and Assumption Agreement;

k. Diverting funds from the lockbox which held Plaintiff's lawful property;

l. The other representations and omissions outlined in this Complaint.

423. The representations and omissions were false and Defendant Johnson and the other Loan Defendants made additional misrepresentations attempting to conceal the extent of the misrepresentations and omissions which caused Plaintiff further detriment.

424. At a minimum, Defendant Johnson and the other Loan Defendants acted carelessly and negligently in making said representations and omissions.

425. Defendant Johnson and the other Loan Defendants made the false representations and omissions for the purpose of inducing Plaintiff to transfer $12,000,000 to Defendant Johnson's control and to pledge her properties on the PCG loan.

426. Plaintiff transferred the money and pledged her properties in reliance on the representations and the false impressions created by the omissions.

427. Defendant Johnson and the other Loan Defendants were in a superior position to Plaintiff to ascertain the truth or falsity of the representations and the materiality of the omissions.

428. Defendant Johnson and the other Loan Defendants knew or should have reasonably foreseen that Plaintiff would rely upon the representations and omissions that were made to Plaintiff, especially since Plaintiff specified in writing that she was relying on the Defendant Johnson and the other Loan Defendants' representations.

429. Plaintiff acted reasonably and could not have determined, through reasonable diligence, of the falsity of the representations or the existence of the omissions.

430. As a result, Plaintiff has been injured in an amount to be determined at trial, but in no event less than $13,024,689.39.

431. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

Thirteenth Claim for Relief – Unjust Enrichment
(Against All Defendants)

432. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

433. Plaintiff conferred a benefit upon the Defendants by transferring her $12,000,000 to Defendant Johnson's control and by pledging her properties on the PCG loan.

434. Upon information and belief, the Defendants, including the John Does 1-20, have benefited from Plaintiff's actions by using her funds to further their own purposes at Plaintiff's expense.

435. The loan agreement Plaintiff had with the Loan Defendants did not cover the use of her funds outside of the stated purposes in the Letter of Intent or the Memorandum of Understanding.

436. However, the Defendants have all benefited by using Plaintiff's funds outside of the stated purposes in the Letter of Intent and Memorandum of Understanding.

437. Upon information and belief, Plaintiff's funds have been used to purchase and/or improve real property and used for other personal, investment, and business purposes.

438. As a result, Defendants have been unjustly enriched to the detriment of Plaintiff.

439. To permit the Defendants to retain the benefit of Plaintiff's funds without compensation would result in an unjust and unconscionable enrichment of Defendants at Plaintiff's expense.

440. Accordingly, Plaintiff should be awarded all amounts by which Defendants have been unjustly enriched at the expense of Plaintiff, in an amount to be determined at trial, but in no event less than $13,024,689.39.

441. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

Fourteenth Claim for Relief – Equitable Lien
(Against All Defendants)

442. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

443. Defendant Johnson commingled Plaintiff's funds among various entities, including those of the Defendants herein, and transferred Plaintiff's funds to the Defendants and, upon information and belief, to other entities and/or individuals (the John Does 1-20).

444. Upon information and belief, portions of Plaintiff's funds are being held by the Defendants and/or the Defendants have used Plaintiff's funds to acquire, improve and/or add to other property.

445. It is unjust for Defendants to benefit from Plaintiff's funds.

446. Accordingly, Plaintiff requests that an equitable lien be placed on all property of the Defendants for which Plaintiff's funds have been used or applied in anyway, and that Plaintiff be allowed to foreclose on these liens to recover the amounts she is awarded, including attorneys' fees.

447. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

Fifteenth Claim for Relief – Injunction
(Against All Defendants)

448. Plaintiff incorporates by reference each and every allegation contained in the preceding paragraphs of this Complaint as though fully set forth herein.

449. Plaintiff has obtained a preliminary injunction freezing certain bank accounts of Defendants Wealthrock, Get Motivated, Booker T. Equity, and ESE.

450. This preliminary injunction was issued in case #120905260 and was issued due to the risk of the Defendants moving the money in the accounts to other locations.

451. At this time, Plaintiff is still as serious risk of the Defendants moving and transferring funds to make it impossible for her to recover her money.

452. As an example, Plaintiff has recovered an e-mail showing attempts by a Wealthrock employee to remove $750,000 (with an inquiry of placing cash proceeds in a safety deposit box) from a Wells Fargo account when he knew the confessions of judgment were to be filed. *See* Exhibit G.

453. Additionally, Defendant Coventry Acquisitions recently sold property to another entity for only a fraction of its appraised value.

454. Upon information and belief, Defendant Johnson has an ownership interest in or a contractual interest in the revenues of Defendant Coventry Acquisitions and in the revenues of the entity that purchased the property from Defendant Coventry Acquisitions.

455. Plaintiff will suffer irreparable harm if the Defendants are allowed to transfer their assets for less than their market value as she will not be able to recover her property.

456. Plaintiff will also suffer irreparable harm if the Defendants are allowed to transfer their assets to make it appear that there is nothing left to recover.

457. Plaintiff has no adequate remedy at law to protect herself and her property against the numerous bank accounts of the Defendants, the numerous entities of Defendant Johnson, and the fraudulent acts and practices of the Defendants working together to cover up Plaintiff's property.

458. Accordingly, Plaintiff requests that this court enter an injunction prohibiting the Defendants from transferring their properties until they can show that they are not in receipt of any of Plaintiff's funds.

459. Wherefore, Plaintiff requests relief as outlined in this Claim for Relief and in the Prayer for Relief below.

Prayer for Relief

WHEREFORE, Plaintiff prays for the following relief against Defendants as follows:

a) Enter a judgment in each of the Counts specified above for the amount of damages specified in each Count, less any amounts received from any Defendant prior to judgment;

b) Enter a judgment against Defendants awarding damages to Plaintiff in the principal amount of at least $14,474,016.89 ($12,000,000 (original principal) + 1,024,628.89 (PCG Payoff) + 631,388 (second promissory note executed with the modification agreement) + $818,000 (obligation to pay mortgage on Plaintiff's property)), less any amounts received from any Defendant prior to judgment;

c) Enter a judgment for all interest accrued but unpaid at the default rate in the loan agreements and judgments;

d) Enter a judgment that Defendant Johnson is personally liable for the obligations of the other Defendants;

e) Enter a judgment that all Defendants are jointly, severally, and personally liable for the amounts awarded to Plaintiff;

f) Enter a judgment imposing an equitable lien on Defendants' property;

g) Enter a judgment for treble damages where allowed by law;

h) Enter a judgment for punitive damages in an amount sufficient to deter such conduct in the future;

i) Enter an injunction prohibiting Defendants from transferring or wasting their assets;

j) Award Plaintiff's attorney fees and costs incurred in prosecuting this action; and

k) Award other such relief as this Court deems just and proper.

DATED this 14th day of June, 2013.

CANNON LAW GROUP, PLLC

/s/ Cole S. Cannon
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