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*Attorneys for Court-Appointed Receiver Peggy Hunt*

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**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF UTAH**

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SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff.

v.

TRAFFIC MONSOON, LLC, a Utah Limited  
Liability Company, and CHARLES DAVID  
SCOVILLE, an individual,

Defendants.

**RECEIVER'S REPLY TO CHARLES  
SCOVILLE'S RESPONSE TO ORDER  
GRANTING MOTION SEEKING  
ORDER TO SHOW CAUSE AND TO  
RECEIVER'S MOTION SEEKING  
ACCOUNTING**

2:16-cv-00832-JNP

The Honorable Jill N. Parrish

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Peggy Hunt, as the Court-appointed Receiver in the above-captioned case (the "Receiver"), by and through counsel, hereby files this *Reply to Charles Scoville's Response to the Court's Order Granting Motion Seeking Order to Show Cause and to Receiver's Motion Seeking Accounting* [Docket No. 135] ("Scoville's Response"), filed by Defendant Charles D. Scoville ("Scoville"). Despite creative arguments to the contrary, the Receiver has shown by clear and convincing evidence that Scoville knowingly violated the Court's *Preliminary*

*Injunction* (the “Preliminary Injunction”)<sup>1</sup> and *Amended Order Appointing Receiver*, later revised in the *Second Amended Order Appointing Receiver* (the “Receivership Order”)<sup>2</sup> by selling property of the Receivership Estate. Accordingly, based on the *Receiver’s Ex Parte Motion Seeking an Order to Show Cause Why Charles D. Scoville Should Not Be Held in Contempt*<sup>3</sup> and the *Declaration of Peggy Hunt, Receiver* (“Receiver’s Declaration”),<sup>4</sup> the Receiver respectfully requests that the Court find Scoville in contempt, and grant the Receiver’s *Motion Seeking Accounting and Turnover of Manchester Flat Sale Proceeds* (the “Turnover Motion”).<sup>5</sup> In the event that Scoville’s mental condition as represented by his counsel prevents the Court from finding Scoville in contempt at this time, the Receiver nonetheless requests that (a) the Turnover Motion be granted, and that Scoville be required to comply with the turnover and accounting requested therein immediately when able; and (b) that the *Order to Show Cause* be stayed with Scoville being required to appear before the Court immediately upon being determined able to do so.

In support hereof, the Receiver replies and states as follows:

#### **I. APPLICABLE LAW**

As the parties agree, to establish civil contempt, the Receiver must prove, “by clear and convincing evidence, [1] that a valid court order existed, [2] that the defendants had knowledge

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<sup>1</sup> Docket No. 80.

<sup>2</sup> Docket Nos. 81 and 120.

<sup>3</sup> Docket No. 128.

<sup>4</sup> Docket No. 129.

<sup>5</sup> Docket No. 127.

of the order, and [3] that the defendants disobeyed the order.”<sup>6</sup> A party establishes a fact by clear and convincing evidence “if the evidence places in the ultimate factfinder an abiding conviction that the truth of its factual contentions are ‘highly probable.’”<sup>7</sup>

## II. ARGUMENT

There is no dispute that the Preliminary Injunction and Receivership Orders (the “Orders”) are valid, and that Scoville had knowledge of the Orders.<sup>8</sup> Accordingly, the only question the Court need decide is whether Scoville disobeyed the Orders by participating in any way in the sale of the Property. *Scoville* has not denied that he did so.<sup>9</sup> Scoville’s Response is nothing more than the suppositions of counsel and family members.

As established by the Transfer Report attached as Exhibit B to the Receiver’s Declaration,<sup>10</sup> the Property was transferred. Scoville’s Response does not dispute this fact.<sup>11</sup> The Transfer Report, an official form from Her Majesty’s Land Registry, which includes warnings against fraud under penalty of law in the United Kingdom, bears a signature that represents as Scoville’s signature in four places. Additionally, each of those four signatures was witnessed by a third party, Kuddus Qureshi. And finally, each page of the Transfer Report was certified by

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<sup>6</sup> *FTC v. Kuykendall*, 371 F.3d 745, 756-57 (10th Cir. 2014); *see* Scoville’s Response, p. 2.

<sup>7</sup> *United States v. Valenzuela-Puentes*, 479 F.3d 1220, 1228 (10th Cir. 2007) (quoting *Colorado v. New Mexico*, 467 U.S. 310, 316 (1984)).

<sup>8</sup> *See* Scoville’s Response, p. 2.

<sup>9</sup> *See Motion to Excuse Appearance of Defendant Charles Scoville at Upcoming Evidentiary Hearing and Motion to Excuse Compliance with Subpoena*, p. 3 (Scoville’s Response “was prepared without the opportunity to speak with Mr. Scoville about the underlying matters.”).

<sup>10</sup> Docket No. 129; *see also* Receiver’s Declaration, Exhs. C, D.

<sup>11</sup> *See* Scoville’s Response, p. 3.

Premier Property Lawyers Ltd., the “the largest conveyancing firm in the UK, according to [Her Majesty’s Land Registry] data.”<sup>12</sup> The natural and highly probable conclusion to be drawn from the Transfer Report is that Scoville signed the Transfer Report and thus sold the Property. Indeed, given the land transfer provisions in the United Kingdom, it is highly unlikely that the Property could have been transferred without Scoville’s involvement.

As noted, Scoville himself has not denied that he signed the Transfer Report. Scoville’s counsel makes clear in the *[Redacted] Motion to Excuse Appearance of Defendant Charles Scoville at Upcoming Evidentiary Hearing and Motion to Excuse Compliance with Subpoena*,<sup>13</sup> that Scoville’s Response “was prepared without the opportunity to speak with Mr. Scoville about the underlying matters.”<sup>14</sup> Accordingly, contrary to statements therein, it is in no way based on facts, but is merely speculation by family members and counsel who have been unable to discuss the Property transfer with Scoville. This lack of certainty about what actually happened with the sale of the Property shows in Scoville’s Response. Scoville’s counsel claims, without any evidence and a good amount of equivocation, that Scoville’s signatures on the Transfer Report are forgeries and on that basis denies that “Mr. Scoville sold the property” or violated the Orders.<sup>15</sup>

Scoville’s Response, admitting that the Property was transferred and being based on no actual facts, does not prevent the Court from concluding that the Receiver provided clear and

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<sup>12</sup> *Premier Property Lawyers* (April 5, 2018, 1:10 pm), <http://www.premierpropertylawyers.com/>.

<sup>13</sup> Docket No. 138.

<sup>14</sup> *Id.*, p. 3.

<sup>15</sup> Scoville’s Response p. 3; *see id.*, p. 4.

convincing evidence showing it is highly probable that Scoville participated in the sale of the Property. The explanation in Scoville's Response of what may have happened strains credulity. Scoville's Response would have the Court believe that someone unconnected to Scoville decided to fraudulently sell the Property, located a buyer (who, as shown on the Flat Title and the Parking Space Title, obtained a mortgage from National Westminster Bank, PLC to fund the purchase), presented himself as Scoville either with false powers of attorney or in some other way,<sup>16</sup> forged Scoville's signature on official forms from Her Majesty's Land Registry, convinced Mr. Qureshi to witness those forged signatures despite severe warnings in the papers of criminal liability, filed the forged papers under penalty of law in the United Kingdom, and pocketed the proceeds of the sale. This all seems incredibly unlikely given procedures for transferring title that prevent this very kind of fraud.

### **CONCLUSION**

For the reasons set for above, the Receiver respectfully requests that the Court hold Scoville in contempt for violating the Court's Orders. In the event that Scoville's mental condition as represented by his counsel prevents the Court from finding Scoville in contempt at this time, the Receiver nonetheless requests that (a) the Turnover Motion be granted, and that Scoville be required to comply with the turnover and accounting requested therein immediately upon his being able; and (b) that the *Order to Show Cause* be stayed with Scoville being required to appear before the Court immediately upon being determined able to do so. The Receiver also

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<sup>16</sup> Arguments that Scoville was in the United States at the time of the transfer are not very meaningful inasmuch as property may be transferred without the transferor being present.

requests that procedures be established to require Scoville, through counsel, to report to the Court and the Receiver on Scoville's confined status.

DATED this 6th day of April, 2018.

**DORSEY & WHITNEY LLP**

/s/ Michael F. Thomson

Peggy Hunt

Michael F. Thomson

John J. Wiest

*Attorneys for Receiver, Peggy Hunt*

**CERTIFICATE OF SERVICE**

I hereby certify that on this 6th day of April, 2018, I caused the foregoing to be electronically filed with the Clerk of the Court using the CM/ECF system, which will send notification of the filing to all counsel of record in this case.

I further certify that on this 6th day of April, 2018, I served the foregoing via email on the addresses set forth below:

D. Loren Washburn  
[lwashburn@smithcorrell.com](mailto:lwashburn@smithcorrell.com)

/s/ John J. Wiest