

The Honorable R. Kimball Mosier
350 S. Main St., 3rd Floor
Salt Lake City, UT 84101

FILED IN THE
UNITED STATES
BANKRUPTCY COURT

2018 OCT 30 A 11:27

Ref: Steve Down / The Falls Event Center / Financially Fit bankruptcy fraud

DISTRICT OF UTAH
MAIL

Dear Judge Mosier,

Thursday, October 25, 2018

By now you are surely aware that in The Falls Event Center's bankruptcy (UT case number 18-25116), multiple fraudulent statements and schemes to defraud have been utilized by Steve Down throughout his term as Manager, and even continue to this day while your court's proceedings are underway. Additionally, in the bankruptcy filed by another of his companies, Financially Fit Holdings Corp (FFH) (UT Chapter 11 Case Number 18-25493), you should know that the petition and authorization to file such petition was fraudulent from the very beginning.

Steve Down founded and manages FFH, and he has no shares in the company. Steve Down has obviously committed perjury in FFH's bankruptcy filing by claiming that the majority of its shareholders voted to authorize him to file a petition on the company's behalf, however no such vote ever took place.

As with his other "companies" (Financially Fit LLC, Even Stevens Sandwiches, etc.), FF Holdings is heavily cross-collateralized with the other companies and shares many of the same investors with the other companies. FFH was ostensibly originally set up to establish a "bank" out of the old Wells Fargo building in Ogden, UT. Neither Steve Down or John Neubauer have any meaningful understanding of how a bank would actually be setup and run, and they never took the steps necessary to do so.

FFH owes a substantial sum of money (\$429,591.57) which was ostensibly "loaned" to it by The Falls Event Center, and the FFH bankruptcy filing seems to serve no purpose other than to defraud the TFEC shareholders of funds owed, in favor of Steve Down, John Neubauer and Dell Nichols, who all stand to gain financially from the sale of the Ogden property before TFEC. That Dell Nichols is allowed to appraise, list and auction the property is an insult to the TFEC creditors to FFH.

More importantly Steve Down, who filed the company's bankruptcy petition, clearly and knowingly lied about having held a shareholder vote approving the bankruptcy filing. Given that Steve Down owned no shares personally and was only a manager, he would not have had the authority to file without this prior approval. Note that **anyone who makes a knowingly false statement in association with a bankruptcy filing can be assessed fines up to \$500,000 and receive up to 20 years in prison.**

Please see attached Statement Regarding Authority to Sign and File Petition, signed on July 27, just a few days before the Chapter 11 petition was filed on August 3rd. 16 of the 17 shareholders of FFH have been surveyed and not a single one of them was ever given notice or the opportunity to vote. Steve Down is not a shareholder in FFH, as confirmed the bankruptcy petition filing itself, where he states he has 0.0% equity in the company. The list of shareholders as filed shows that Steve Down has no authority to vote

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as a shareholder so he would have needed to call a vote to effectuate the act of petition filing. Steve Down has knowingly made a false statement to the court from the very first day of seeking its protection from creditors. This was not an oversight. Certainly the DOJ or the FBI can easily confirm this by interviewing the 17 FFH shareholders. Note that ***anyone who makes a knowingly false statement in association with a bankruptcy filing can be assessed fines up to \$500,000 and receive up to 20 years in prison.***

Even more strange is that FFH owes The Falls Event Center \$430,000 ... yet none of the lawyers, restructuring officers or consultants are pursuing this debt to TFEC while they are apparently willing to aggressively pursue other debts to the company which would ***not*** directly impact Steve Down and his closest associates. The most glaring example of this Steve Down-favoring behavior is Brooks Pickering and Gil Miller aggressively pitched the Even Stevens investors for a \$1.3 million emergency bailout funding round, presumably to cover operating expenses, however it was later discovered that the proceeds were earmarked to pay off of the accounts receivable "factoring" debt personally guaranteed by Steve Down, and \$400,000 of which appears to have gone directly to Steve Down at no benefit to the company.

Even Stevens has been listed as owing TFEC money as well, and no meaningful attempt has been made to collect that debt either. Representatives such as Gil Miller and Brooks Pickering, or any of the company's accountants and attorneys have the ability to point out and claw back these egregious breaches of fiduciary duty to shareholders, yet as far as I can tell they have totally ignored both the debts, and the perjury in the filing by FHH.

Why are the supposedly "independent restructuring professionals" turning a blind eye toward the ongoing fraud being perpetrated by Steve Down? Why have they refused pursue any causes of action against Steve Down, John Neubauer and others, yet they continue to pursue frivolous causes of action meant only to intimidate whistleblowers? Why are the restructuring officers, consultants and advisors raising new money from existing investors almost solely for the benefit of Steve Down? Why is a biased real estate agent being allowed to appraise and sell the property he originally sold to FFH? Because Steve Down is still pulling the strings at The Falls, Financially Fit and Even Stevens and these supposedly "independent professionals" are getting paid very well to obscure that fact until the last dollar is squeezed from these carcasses of companies.

There is no hope of recovery for any of these companies. The investors know that not a dime will ever be repaid from any turnaround effort or liquidation it is all too far upside down. If only for the sake of justice, then, there are many victims out here that desperately want to see Steve Down, Colleen Down, John Neubauer and Susan Knight in prison for the rest of their lives. They also want an audit, a truly independent Trustee appointed and the Down-apologists harshly sanctioned... these "restructuring professionals" lie day in and day out about recovery prospects, demand more money, cover up for previous management's crimes and charge exorbitant fees while knowing that these companies are unsalvageable.

Sincerely,

Anonymous victim of Steve Down

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF UTAH**

In Re:

**Financially Fit Holding Corp.
a Utah Corporation, aka Financially Fit
Bank**

EIN: 81-2778057

Debtor.

Bankr No. 18-25493

Chapter 11

Hon. R. Kimball Mosier

STATEMENT REGARDING AUTHORITY TO SIGN AND FILE PETITION

I, Steven Down, declare under penalty of perjury that I am the President of Financially Fit Holding Corp. and that prior to commencing this proceeding, the company's shareholders have authorized the following consent resolution, in relevant part:

We, the shareholders of Financially Fit Holding Corp, a Utah corporation ("Company"), by a majority vote, hereby consent to the following actions being taken by the Company:

RESOLVED, that Steven Down, as President of the Company, is authorized to engage and pay a retainer to Irvine Legal as legal counsel to assist the Company in evaluating restructuring options of the Company, to assist in preparing the Company for a possible bankruptcy filing and to serve as the Company's general bankruptcy counsel, in the event of a Chapter 11 filing; and

RESOLVED, that Steven Down, as President of the Company, is authorized in the event the President deems it appropriate in the President's sole discretion, to sign and file on behalf of the Company a petition for relief under Chapter 11 of Title 11 of the United States Code with the United States Bankruptcy Court for the District of Utah, as well as all related papers that are necessary or appropriate in connection with the bankruptcy petition.

DATED this 3rd of August, 2018.



Steven Down, President