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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION

CANNON AVIATION GROUP, INC., a
Delaware corporation,

Plaintiff,

v.

JEREMY JOHNSON,

Defendant.

COMPLAINT

Case No. _____
Judge _____

Plaintiff Cannon Aviation Group, Inc. complains of the above-named Defendant and alleges as follows:

DESCRIPTION OF THE PARTIES

1. Plaintiff Cannon Aviation Group, Inc. ("Cannon Aviation") is a Delaware corporation with its principal place of business in Williamson County, State of Texas. Cannon Aviation is in the business of providing services to clients desiring to purchase helicopters. This includes locating, inspecting, acquiring, relocating, modifying, and completing the aircraft for to fit its clients' unique requirements.

2. Defendant Jeremy Johnson (“Johnson”) is an individual who resides in Washington County, State of Utah. Johnson is a citizen of the State of Utah.

JURISDICTION AND VENUE

3. The subject matter jurisdiction of this Court is invoked under 28 U.S.C. § 1332 insofar as Plaintiff and Defendant are citizens of different states and therefore have complete diversity of citizenship and the amount in controversy exceeds \$75,000.00 exclusive of interest and costs, as more particularly set forth below.

4. Venue lies in the Central Division of the United States District Court for the District of Utah pursuant to 28 U.S.C. § 1391(a) insofar as a substantial part of the relevant events or omissions giving rise to this action occurred within the Central Division of the federal judicial District of Utah and Defendant is otherwise subject to personal jurisdiction within this Division.

GENERAL ALLEGATIONS

5. On October 23, 2007, Cannon Aviation and Johnson entered into an agreement titled Investor and Dealer Agreement (“Agreement”). A true and correct copy of the Agreement is attached hereto as **Exhibit A**.

6. Pursuant to the Agreement, the parties were to perform certain duties and obligations concerning the purchase, customization, and eventual sale of a helicopter. Each party was to receive 50% of the net profit from the sale of the helicopter.

7. Pursuant to the Agreement, Cannon Aviation, as the dealer, agreed to manage the purchase, customization, and sale of the helicopter.

8. Johnson, as the investor, agreed to provide the necessary funding.

9. The Agreement required Johnson to “pay promptly or reimburse [Cannon Aviation] for any necessary expenses immediately when due.” Agreement ¶2.

10. In addition, it stated that: “All documents pertaining to the purchase and sale of the Helicopter shall be handled in accordance with the mutual agreements of the Parties[.]” Agreement ¶5.

11. The Agreement also required that “[a]ll contracts, logistics, marketing, negotiations, etc.” be handled solely by Cannon Aviation. Agreement ¶8.

12. To purchase the helicopter contemplated in the Agreement, the parties formed a Delaware limited liability company, Cannon Johnson, LLC. Cannon Johnson, LLC purchased a 1998 Eurocopter EC 135T1 Helicopter, Serial No. 039 (hereinafter referred to as the “Helicopter”). Cannon Aviation and Johnson are the sole members of Cannon Johnson, LLC.

13. Cannon Aviation performed its obligations under the Agreement by marking and finding a buyer for the Helicopter and in managing the purchase, customization, and ultimate sale of the Helicopter the buyer, a company in Switzerland.

14. Shortly after the sale of the Helicopter, Cannon Aviation learned that Johnson, either individually or through companies owned or controlled by him, entered into one or more loan agreements with financial institutions in which he pledged the Helicopter as collateral to enable him or companies owned or controlled by him to borrow funds well in excess of the actual cost of the Helicopter.

15. On information and belief, Johnson used all or part of these excess funds for matters unrelated to the Agreement.

16. Johnson never presented Cannon Aviation with any documentation to approve as

it relates to such excess loans. Further, this was done without the consent of Cannon Aviation, and was contrary to the Agreement, which required that all contracts concerning the Helicopter be handled by Cannon Aviation.

17. As a result of the excess loan(s), the proceeds from the sale of the Helicopter were not sufficient to cover the excess debt that Johnson incurred.

18. And, as a result of Johnson's pledging of the Helicopter for the excess loans, the financial institution(s) have seized control of the Helicopter and its log books. As a result, Cannon Aviation cannot deliver the Helicopter to the buyer in Switzerland.

19. As a direct and proximate result of Cannon Aviation's ability to deliver the Helicopter, Cannon Aviation's reputation and credibility in its industry has been damaged.

20. The financial institutions have now directed demands to Cannon Aviation demanding payment of over \$160,000.00 on Johnson's excess loan(s), which Johnson refuses to pay. This failure is a breach of the Agreement, specifically, Johnson's responsibility to provide the funds contemplated by the Agreement.

21. In addition, in the course of performing its duties and obligations under the Agreement, Cannon Aviation incurred certain expenses. The Agreement required that Johnson promptly pay or otherwise reimburse Cannon Aviation for those expenses. See Agreement ¶2. Cannon Aviation has expended approximately \$89,236.00 for which it has not been paid or reimbursed by Johnson.

22. Cannon Aviation made demand upon Johnson to (1) pay the amounts allegedly owed to the financial institution to enable Cannon Aviation to deliver the Helicopter to the Buyer and (2) for the \$89,236.00 Johnson owes to Cannon Aviation under the Agreement. Johnson

ignored those demands.

FIRST CLAIM FOR RELIEF
(Breach of Contract)

23. Cannon Aviation realleges and incorporates by reference the allegations set forth above.

24. The Agreement constitutes a valid, binding, and enforceable contract between Cannon Aviation and Johnson.

25. Cannon Aviation has substantially performed all of its material obligations under the terms of the Agreement.

26. Despite Cannon Aviations' performance, Johnson has failed and refused to perform his duties, promises, and obligations pursuant to the terms of the Agreement and therefore has breached the Agreement.

27. As a direct and proximate result of Johnson's breach, Cannon Aviation has been damaged in an amount equal to what it would have received from Johnson had Johnson performed his duties and obligations under the Agreement.

WHEREFORE, Cannon Aviation prays for judgment against Johnson on its First Claim for Relief as follows:

- A. For direct damages in the amount of \$89,236.00;
- B. For consequential damages in an amount to be proven at trial;
- C. For pre- and post-judgment interest thereon at the maximum rate allowed by law;
- D. For its attorney fees and costs incurred in this action, as authorized by law; and
- E. For such other and further relief as this Court deems just and proper.

SECOND CLAIM FOR RELIEF
(Breach of the Covenant of Good Faith & Fair Dealing)

28. Cannon Aviation realleges and incorporates by reference the allegations set forth above.

29. Every contract imposes upon each party an implied duty of good faith and fair dealing with respect to the dealings between the parties. Under this duty, each party impliedly promises not to intentionally do anything to injure the other party's right to receive the fruits of the contract.

30. Johnson has willfully and intentionally refused to perform his obligations under the Agreement, and thereby breached the implied covenant of good faith and fair dealing, to the injury and detriment of Cannon Aviation.

31. Johnson's actions constitute a breach of his duty of good faith and fair dealing owed to Cannon Aviation.

32. As a direct and proximate result of Johnson's breach of his duty of good faith and fair dealing, Cannon Aviation has suffered and will continue to suffer damages.

WHEREFORE, Cannon Aviation prays for judgment against Johnson on its Second Claim for Relief as follows:

- A. For general and consequential damages suffered by Cannon Aviation in an amount which shall be proven at trial;
- B. For an award of Cannon Aviation's attorney fees and costs; and
- C. For such other and further relief as this Court deems just and proper.

* * *

DATED THIS 10th day of August 2009.

DURHAM JONES & PINEGAR, P.C.

/s/Bryan J. Pattison

BRYAN J. PATTISON

Attorneys for Plaintiff

EXHIBIT A

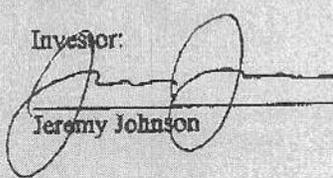
Investor and Dealer Agreement

Cannon Aviation Group, Inc. (Dealer) hereby agrees to manage the purchase, customization, and sale of a Helicopter in return for 50% of the net profit upon sale.

Jeremy Jonson (and or assigns) agrees to provide the necessary funds for the purchase, ownership, customization, and sale of the helicopter in return for 50% of the net profit.

Dealer and Investor may be referred to hereafter as the "Parties". The Parties further agree to the following:

1. All details of the Helicopter before, during and after the sale of the Helicopter shall be deemed confidential and not discussed with any third party without written permission from the other Party in this agreement.
2. While some expenses may be paid for convenience by the Dealer, it is the responsibility of the Investor to pay promptly or reimburse the Dealer promptly for any necessary expenses immediately when due.
3. The labor and expertise provided by the Dealer and all members of Dealer's staff are provided as part of this agreement and are not to be counted as an expense when calculating the net profit of the sale of the Helicopter.
4. Any interest costs for the funds provided by the Investor are counted as an expense when calculating the profit of the sale of the Helicopter.
5. All documents pertaining to the purchase and sale of the Helicopter shall be handled in accordance with the mutual agreements of the Parties as well as all applicable laws in effect at the time and location of each transaction.
6. Each Party shall be responsible for its own taxes incurred as a result of the ownership, operation, or sale of the Helicopter.
7. After completion of the Importation, Assembly, and Customization of the Helicopter in preparation for marketing and sale to a retail customer, the Helicopter shall be based in KSGU until it is sold unless otherwise agreed by the Parties. The Investor will have use of the Helicopter and will pay all associated costs. These costs shall not be counted as an expense when calculating the profit of the sale of the Helicopter.
8. All contracts, logistics, marketing, negotiations, etc. shall be handled exclusively through Dealer. Investor will not advertise the Helicopter and will refer all inquiries regarding the Helicopter to the Dealer.

Investor: 

 Jeremy Johnson Date 10-23-07

Dealer: 

 Cannon Aviation Group, Inc. Date 10-23-07
 Scott Cannon / President