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9 **UNITED STATES DISTRICT COURT**
 10 **DISTRICT OF NEVADA**

12 SECURITIES AND EXCHANGE
 COMMISSION,

13 Plaintiff,

14 v.

15 CAPSOURCE, INC., STEPHEN J. BYRNE,
 16 and GREGORY P. HERLEAN

17 Defendants.

Case No. 2:20-cv-02303-RFB-DJA

**THIRD STATUS REPORT OF GEOFF
 WINKLER, RECEIVER CAPSOURCE,
 INC.**

18
 19 Geoff Winkler of American Fiduciary Services, LLC, the Court-appointed receiver for
 20 defendant CapSource, Inc. (the “Receiver”), submits his Third Quarterly Report (“Report”) for the
 21 period January 1, 2023, through March 31, 2023 (“Reporting Period”), regarding the receivership
 22 pursuant to Local Rule 66-4(b).

23 **I. PRELIMINARY STATEMENT**

24 As reflected in the Court's record and discussed further in this Report, the Receiver has
 25 been authorized, empowered, and directed to, among other things: (1) take exclusive authority
 26 and control over the Receivership Defendant; (2) conduct such investigation and discovery as
 27 necessary to identify and locate outstanding assets of the Receivership Defendants; (3) preserve
 28 and prevent the dissipation of such assets.

1 The Receiver has diligently pursued these goals since August 26, 2022, at the inception of
2 the receivership. As detailed herein, since the entry of the Order Appointing Receiver (the
3 “Appointment Order”) (ECF No. 17), the Receiver has made substantial progress, particularly in
4 connection taking possession of CapSource files and inventory and beginning analysis of same;
5 review of investor list and communication with investors; review accounting records;
6 communication with defendants; evaluating asset and properties of the estate; assessment of
7 income and investor payment options; evaluating and terminating a lease; analysis of ancillary
8 proceedings and communication with counsel; processing account information; evaluating estate
9 needs including tax issues; preparation of financial and quarterly reports; communication with
10 counsel for Securities and Exchange Commission (“SEC”) regarding pending matters; and
11 preparation of stipulations and court filings. However, because the Receiver’s work is ongoing,
12 the conclusions presented herein are preliminary and subject to modification or supplementation
13 as more information becomes available.

14 As of the date of this Report, the Receiver has not completed an investigation or
15 accounting, nor arrived at any definitive conclusions, including as to the allegations made by the
16 SEC in the above-entitled matter.

17 **II. SUMMARY OF THE RECEIVER'S OPERATIONS (LR 66-4(b)(1))**

18 ***A. THE RECEIVER’S INVESTIGATIVE AND MARSHALLING ACTIVITIES***

19 The Receiver and his counsel continued to work through multiple legal proceedings
20 involving CapSource. None of these legal proceedings were previously disclosed to the Receiver
21 in his prior capacity as the Chief Restructuring Officer (“CRO”). Additional information on legal
22 proceedings can be found in section V, subsection A, below.

23 During this Reporting Period, the Receiver and his team completed a significant amount of
24 work which included identifying an additional 235 investors. The Receiver and his team also
25 reviewed the nearly 200 boxes that were received, in order to determine the potential for
26 outstanding loans and investors. In accordance with the Court’s minute orders issued on
27 January 26, 2023 (ECF No. 27), and February 2, 2023 (ECF No. 31), and under Rule 5.2(d) of the
28 Federal Rules of Civil Procedure and Local Rule IA 10-5 and 66-5, the Receiver and his team

1 provided notice of the February 23, 2023 hearing to known interested parties and creditors by
2 email and mail and attended the same and apprised the Court of the status of pending matters and
3 actions taken by the Receiver.

4 Per investor requests the Receiver and his team have begun to investigate investments and
5 other outstanding loans that are not included in the list outstanding note receivables below, but are
6 believed to be related to CapSource dealings. The Receiver will inform the court of his findings
7 on this investigation in future reporting periods.

8 During this reporting period the Receiver submitted a Motion to Employ tax professionals
9 (ECF No. 37), which was approved through minute order on March 10, 2023 (ECF No. 47). The
10 Receiver engaged Baker Tilley to assist with any tax needs or recommendations for the
11 Receivership during future reporting periods. Additionally, the Receiver's team prepared a Motion
12 for Interim Distribution (ECF Nos. 48, 49) that will be discussed in a subsequent reporting period.

13 The Receiver successfully secured \$182,999.96 in cash during this reporting period. A
14 description of all assets in the custody and control of the Receiver is included in Section III, below.

15 ***B. INVESTOR AND CREDITOR COMMUNICATION***

16 To ensure investors and creditors are informed, the Receiver has continued to update the
17 investor website (<http://www.capsource-receiveship.com>). The Receiver and his team have
18 continued to review registration forms directly from investors and invite investors who have not
19 done so yet to do so at their soonest convenience ([http://www.capsource-](http://www.capsource-receiveship.com/register)
20 [receiveship.com/register](http://www.capsource-receiveship.com/register)). The investor list as of March 31, 2023, had roughly 589 individuals.
21 This is an increase from the 354 reported on the investor list submitted for the previous reporting
22 period.

23 ***C. THE RECEIVER'S FORENSIC ACCOUNTING ACTIVITIES***

24 During the reporting period, the Receiver and his team has confirmed that all necessary
25 financial statements and bank statements have been received per the Receivership Appointment
26 Order (ECF No. 17).

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1 **III. INVENTORY OF ASSETS AND ESTIMATED VALUE (LR 66-4(b)(2))**

2 **A. CASH**

3 From January 1 to March 31, 2023, the Receiver was able to recover approximately
4 \$182,999.96. The Standardized Fund Accounting Report for the period is attached to this report as
5 **Exhibit A**. This cash is made up of \$35,000 from interest payments for King 261, \$129,999.96
6 from interest payments for ARC – RE, and \$18,000 from interest payments for JC Commercial.

7 **B. NOTES RECEIVABLE**

8 The notes receivable secured by the Receiver during the Reporting Period consist of:

9

<i>Loan Name</i>	<i>Original Outstanding Balance</i>	<i>Receipts To- Date</i>	<i>Estimated Remaining Value¹</i>
5th Avenue Estates	\$857,313	\$653,376	\$0
Texas 156	\$42,000	\$0	\$20,967
Texas 156	\$106,521	\$0	\$53,178
Texas 156	\$111,883	\$0	\$55,855
King 261	\$515,000	\$35,000	\$480,000
Meadows 78	\$1,327,500	\$0	\$1,327,500
Fillmore RE Partners	\$559,388	\$0	\$273,411
JC Commercial	\$1,510,000	\$35,712	\$719,288
ARC RE	\$13,799,737	\$780,000	\$12,763,412
<i>Approximate Total</i>	<i>\$18,829,342</i>	<i>\$1,504,088</i>	<i>\$15,693,611</i>

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21 The First Status Report (ECF No. 21), contains a more detailed summary of the relevant
22 information for each of the outstanding notes listed below and the Receiver invites the Court and
23 all interested parties to review the same. The following information provides a general summary
24 and an updated status regarding the asset inventory, where available.

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27 _____
28 ¹ Estimated value that is subject to further revision.

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1 **A. Texas 156**

2 The Receiver anticipates a settlement and compromise of the notes associated with
3 Texas 156. The Receiver has been presented with an offer from the borrower for the remaining
4 four lots. This offer is currently under review and the Receiver will present it to the Court for
5 approval if the offer is accepted.

6 **B. 5th Avenue Estates**

7 As discussed in the prior status report (ECF No. 28), the last parcel for 5th Avenue Estates
8 was sold on October 26, 2022, and proceeds were received by the Receivership Estate on
9 October 27, 2022. The gross sales price was \$700,000. After closing costs and broker fees the net
10 proceeds were \$653,375.50.

11 **C. King 261**

12 The developer changed their business from a build-to-own model to a build-to-rent model
13 and has stated that this is an underserved market in Midland County and believes pivoting to this
14 model will provide a positive outcome for the repayment of this loan. A total of \$35,000 was
15 received in this reporting period, for selling off seven lots within the subdivision.

16 **D. Meadows 78**

17 Similarly to King 261, the borrower plans to adjust his business plan by creating a build-
18 to-rent model on the remaining lots for Meadows 78. This transition is in the early stages, but the
19 developer anticipates making a normal paydown on the loan and payments of any accrued interest
20 as lots are sold. The Receiver plans on having a conversation with the developer to discuss the
21 forecast received, including anticipated payments to the Receivership Estate.

22 **E. Fillmore Real Estate Partners**

23 The Receiver anticipates a settlement and compromise of the notes associated with Fillmore
24 Real Estate Partners. The Receiver has been presented with an offer from the borrower for the
25 property. This offer is currently under review and the Receiver will present it to the Court for
26 approval if the offer is accepted.

27 ///

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1 **F. JC Commercial**

2 Due to a foreclosure that occurred prior to the Receivership, the Estate is already in
3 possession of a fee simple interest in the land associated with the JC Commercial property. This
4 property must be sold to liquidate the Estate's interest. The Receiver and his team have been
5 reviewing documentation related to this loan. Additional review and communication with local
6 real estate brokers will be necessary to understand the approximate value of this property. The
7 tenant continues to make monthly lease payments of \$6,000 to the Receivership Estate. Once a
8 valuation has been determined the Receiver intends to either reopen negotiations with the tenant
9 to purchase the property from the investors or sell the property to another buyer.

10 **G. ARC RE**

11 The Receiver anticipates a settlement and compromise of the notes associated with ARC
12 RE LLC ("ARC RE"). Once the process is complete the facility will be able to obtain financing
13 to pay investors of this facility. The Receiver continues to work with ARC's consultant for
14 resolution on multiple ARC RE related matters. The estimation for a final resolution is mid-2023
15 to late-2023. Following the end of this reporting period the Receiver will propose an interim
16 distribution plan to make quarterly payments to ARC RE investors.

17 **IV. SCHEDULE OF RECEIVER'S RECEIPTS & DISBURSEMENTS (LR 66- 4(b)(3))**

18 Below is the schedule of Receiver's Receipts and Disbursements pursuant to the Order
19 Appointing Receiver and Local Rule 66-4(b)(3).

20 **A. EAST WEST BANK RECEIVERSHIP ACCOUNT (A/E 0057)**

- 21 • Balance (01/01/23): \$1,352,472.12
- 22 • Total inflows: \$182,999.96
- 23 • Total outflows: \$208,308.93
- 24 • Balance (03/31/23): \$1,327,163.15

25 See **Exhibit B** for a complete list of transactions.

26 In addition to the foregoing, please see the Standardized Financial Accounting Report
27 attached as **Exhibit A** and the Summary Cash Flow Statement and Summary Balance Sheet
28 attached as **Exhibit C**.

1 **V. OTHER ITEMS TO REPORT**

2 **A. *CURRENT AND FUTURE LITIGATION***

3 As previously reported, since the appointment of the Receiver, several legal proceedings
4 involving CapSource have been identified. In the Receivers' Second Status Report, information
5 was provided regarding four actions which qualify as an "Ancillary Proceeding" under Section VII
6 of the Order Appointing Receiver, see ECF No. 17 at 9-10. Updated information regarding each
7 matter is below along with information regarding two new legal proceedings impacting the
8 Receivership that have been identified since the last reporting period.

9 **a. *CAC Action***

10 Days after the Receivership Order was entered, the Receiver was notified regarding a
11 pending lawsuit with a looming trial date that was brought against CapSource in the Eighth Judicial
12 District Court, identified as *CAC Investment Ventures, LLC et al. v. Andrew Jolley et al.*, Case
13 No. A-19-802088-B, in which Capsource, Inc. is a named defendant (the "CAC Action"). As a
14 result of the Receivership Order entered herein, the trial was delayed in the CAC Action. After
15 numerous discussions, a stipulation to lift the Stay in the CAC Action for a limited purpose was
16 filed herein on February 9, 2023 (ECF No. 36). Thereafter, on February 23, 2023, an order was
17 entered allowing the CAC Action to proceed to trial: (1) against all parties other than Capsource,
18 Inc. and (2) against Stephen Byrne and Andrew Jolley for claims that are unrelated to their roles
19 as officers, directors, managers, or agents of CapSource. (ECF No. 39).

20 **b. *Entrust Lawsuit***

21 The Receiver also identified a case styled as the *Entrust Group FBO Paul Uwe Pawlik v.*
22 *Southern Highlands Community Association*, et al., Case No. A-22-848762-C, Eighth Judicial
23 District Court for the State of Nevada (the "Entrust Lawsuit"). The Entrust Lawsuit names
24 CapSource as a defendant in a quiet title claim related to real property that was the subject of a tax
25 lien foreclosure sale in 2013. A joint motion was filed on December 15, 2022, to allow the
26 Receiver to resolve this matter and for the dismissal of the claim based on Entrust's agreement not
27 to file a proof of claim in the Receivership. (ECF No. 24). The joint motion was granted at the
28 motion hearing held on February 23, 2023. (ECF No. 46). Based on that order, the Receiver

1 stipulated to a compromise and the dismissal of CapSource from the state court lawsuit on
2 March 9, 2023. The state court dismissed CapSource on March 13, 2023.

3 **c. *Bosch Lawsuit & Vantage Lawsuit***

4 As previously reported, the Receiver identified *CapSource, Inc. v. Bosch, et al.*, Case
5 No. A-21-834367- C, Eighth Judicial District Court for the State of Nevada (the “Bosch Lawsuit”)
6 and Vantage Enterprises, LLC, et al. v. CapSource LLC, et al., Case No. A-22-850573, Eighth
7 Judicial District Court for the State of Nevada (the “Vantage Lawsuit”). Counsel for Vantage and
8 CapSource were notified of the Appointment Order and the applicable stay of litigation. The case
9 was dismissed due to inactivity on November 14, 2022.

10 **d. *Other Litigation Matters Identified Since Last Report***

11 Since the filing of the last status report, the Receiver learned of a lawsuit filed in the District
12 Court of Midland County, Texas by CapSource, against Texas 156, LLC, Michael B. Zipprich,
13 and Joseph A. Bond, III, identified as Cause No. CV56854 (the “Texas 156 Lawsuit”). After
14 evaluating the same, the Receiver deemed it appropriate to dismiss the Texas 156 Lawsuit and the
15 attorney who filed the action on behalf of CapSource has filed a Notice of Nonsuit Without
16 Prejudice, therein.

17 Additionally, during the reporting period, the Receiver was notified of a pending lawsuit
18 brought by ARC RE, a CapSource-related entity that has been identified as Receivership Property.
19 Indeed, ARC RE initiated proceedings against Americans Rehab Campuses, LLC and Arizona
20 Rehab Campus LLC in the Eighth Judicial Court, of Clark County, Nevada as Case No. A-21-
21 838592-B (the “ARC RE Nevada Lawsuit”). ARC RE and the Americas Rehab Defendants are
22 subject to separate, ongoing SEC investigation, based at least in part on the CapSource ARC RE
23 loan facility referenced above. Negotiations regarding a resolution to the same are ongoing but
24 expected to wind down in the coming months. The Receiver continues to work with ARC’s
25 consultant for resolution on all ARC RE matters, and the Parties believe it is likely that a global
26 resolution can and will be reached.

27 After learning of the ARC RE Nevada Lawsuit, the law firm of Greenberg Traurig, LP
28 substituted into the matter as counsel for Plaintiff and worked with counsel for the Defendants to

1 file a status report and request for stay. As a result of the same, the ARC RE Nevada Lawsuit is
 2 currently stayed both (i) in comity with this Receivership Court and its stay of ancillary litigation,
 3 and (ii) with an eye toward judicial efficiency considering the global settlement the parties
 4 anticipate as a result of the concurrent dispute resolution being pursued separately.²

5 *e. Future Litigation*

6 The Receiver anticipates additional litigation may be necessary in the future to claw-back
 7 funds and/or assets for the benefit of the Receivership Estate. It may also be appropriate for the
 8 Receiver to initiate litigation against third parties. As additional information is reviewed and
 9 developed and third parties identified, the Receiver will update the Court regarding his findings
 10 and intended next steps.

11 **VI. RECOMMENDATION OF THE RECEIVER (LR 66-4(b)(5))**

12 At this juncture, the Receiver is evaluating the outstanding loans and identifying the
 13 investors related to these loans. The Receiver recommends that the receivership continues to
 14 identify assets and claims and pursue them for the benefit of the Receivership Estate.

15 Additionally, if the Court would like an opportunity to canvass the Receiver, the Receiver
 16 requests that the Court promptly set an in-person or virtual hearing under Local Rules 66-4(b)
 17 and/or 66-5. *See* LR 66-4(b) and 66-5 (governing proceedings related to the activities of court-
 18 appointed Receivers). The Receiver and his counsel will endeavor to make themselves available
 19 for any date(s) the Court proposes on fourteen days' notice, as contemplated by Local
 20 Rules 66- 4(b) and 66-5, or less, as the Court may order. *See id.*

21 **VII. CONCLUSION AND REQUESTED RELIEF**

22 Assuming the Court authorizes the Receiver to undertake the actions recommended herein,
 23 as well as to continue those actions provided for in the Appointment Order, any amendments
 24 thereto and any subsequent orders, the Receiver proposes to submit further interim reports to this
 25 Court, addressing his progress, findings, final conclusions, and additional recommendations,

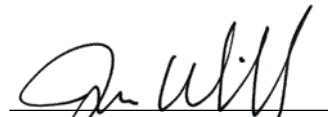
26 _____
 27 ² Subsequent to the close of the report period, the Receiver learned of three additional
 28 lawsuits initiated against CapSource. Additional information regarding the same will be
 detailed in the next status report.

1 approximately every 90 days. Accordingly, and based on the foregoing, the Receiver respectfully
2 requests that the Court set a hearing and/or enter an order:

- 3 1. Accepting this Third Status Report;
- 4 2. Authorizing the Receiver to continue to administer the Receivership Entities and
5 their estate in accordance with the terms of the Appointment Order;
- 6 3. Authorizing the Receiver to undertake the recommendations presented herein,
7 including a continued engagement of those professionals he deems necessary for the proper
8 administration of the Receivership Entities and their estate; and
- 9 4. Providing such other and further relief as the Court deems necessary and
10 appropriate.

11 DATED THIS 1st day of May, 2023

12 I, Geoff Winkler, verify under penalty of perjury that the statements made in the foregoing
13 report are true and correct to the best of my knowledge.



14
15
16 Geoff Winkler, Receiver

17 Respectfully submitted this 1st day of May, 2023.

18 **GREENBERG TRAUIG, LLP**

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20 By: /s/ Kara B. Hendricks

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1 **CERTIFICATE OF SERVICE**

2 I hereby certify that, on the **1st day of May, 2023**, a true and correct copy of the foregoing
3 **THIRD INTERIM REPORT AND PETITION FOR FURTHER INSTRUCTIONS OF**
4 **RECEIVER GEOFF WINKLER** was filed electronically via the Court’s CM/ECF system.
5 Notice of filing will be served on all parties by operation of the Court’s CM/ECF system, and
6 parties may access this filing through the Court’s CM/ECF system.

7
8 */s/ Evelyn Escobar-Gaddi*
9 _____
10 An employee of GREENBERG TRAUIG, LLP

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SECURITIES & EXCHANGE COMMISSION V. CAPSOURCE, INC., STEPHEN J. BYRNE, and GREGORY P. HERLEAN

USDC CASE NO. 2:20-cv-02303-RFB-DJA

EXHIBIT	DESCRIPTION
Exhibit A	STANDARDIZED FUND ACCOUNTING REPORT
Exhibit B	EAST WEST BANK RECEIVERSHIP ACCOUNT
Exhibit C	SUMMARY CASH FLOW STATEMENT AND SUMMARY BALANCE SHEET

EXHIBIT A

EXHIBIT A

Standardized Fund Accounting Report

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. CapSource Inc., Stephen J. Byrne, and Gregory P. Herlean

Receivership; Civil Docket No. 2:20-cv-02303-RFB-DJA

Reporting Period from 01/01/2023 to 03/31/2023

FUND ACCOUNTING (See instructions)				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 01/01/2023):	1,352,472.12		
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	182,999.96		
Line 3	Cash and Securities (in transit)	-		
Line 4	Interest/Dividend Income	-		
Line 5	Business Asset Liquidation	-		
Line 6	Personal Asset Liquidation	-		
Line 7	Third-Party Litigation Income	-		
Line 8	Miscellaneous - Other	-		
	Total Funds Available (Lines 1 - 8):		182,999.96	1,535,472.08
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors			
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	(208,308.89)		
Line 10b	Business Asset Expenses	-		
Line 10c	Personal Asset Expenses	-		
Line 10d	Investment Expenses	-		
Line 10e	Third-Party Litigation Expenses	-		
	1. Attorney Fees	-		
	2. Litigation Expenses	-		
	<i>Total Disbursements for Receivership Operations</i>		(208,308.89)	
Line 10f	Tax Administrator Fees and Bonds		-	
Line 10g	Federal and State Tax Payments		-	
	Total Disbursements for Receivership Operations			(208,308.89)
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator.....	-		
	Independent Distribution Consultant (IDC).....	-		
	Distribution Agent.....	-		
	Consultants.....	-		
	Legal Advisers.....	-		
	Tax Advisers.....	-		
	2. Administrative Expenses	-		
	3. Miscellaneous	-		
	<i>Total Plan Development Expenses</i>		-	
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator.....	-		
	IDC.....	-		
	Distribution Agent.....	-		
	Consultants.....	-		
	Legal Advisers.....	-		
	Tax Advisers.....	-		
	2. Administrative Expenses	-		
	3. Investor Identification:			
	Notice/Publishing Approved Plan.....	-		
	Claimant Identification.....	-		
	Claims Processing.....	-		
	Web Site Maintenance/Call Center.....	-		
	4. Fund Administrator Bond	-		
	5. Miscellaneous	-		
	6. Federal Account for Investor Restitution (FAIR) Reporting Expenses	-		
	<i>Total Plan Implementation Expenses</i>		-	
	Total Disbursements for Distribution Expenses Paid by the Fund			-
Line 12	Disbursements to Court/Other:			
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees	-		
Line 12b	Federal Tax Payments	-		
	Total Disbursements to Court/Other:		-	
	Total Funds Disbursed (Lines 9 - 11):			(208,308.89)
Line 13	Ending Balance (As of 03/31/2023):			1,327,163.19
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents		1,327,163.19	
Line 14b	Investments		-	
Line 14c	Other Assets or Uncleared Funds		15,693,611.28	
	Total Ending Balance of Fund - Net Assets			17,020,774.47

EXHIBIT B

EXHIBIT B

East West Bank Receivership Account

EAST WEST BANK RECEIVERSHIP ACCOUNT (A/E 0057)

January 1, 2023 - March 31, 2023

<i>Date</i>	<i>Type</i>	<i>Amount</i>	<i>Payee</i>	<i>Description</i>
1/3/2023	Wire In	\$ 6,000.00	JACKSON AUTO GROUP LLC	Notes and Accounts Receivable
1/9/2023	Income Adjustment	\$ 43,333.32	ARC	Notes and Accounts Receivable
2/1/2023	Wire In	\$ 6,000.00	JACKSON AUTO GROUP LLC	Notes and Accounts Receivable
2/3/2023	Income Adjustment	\$ 43,333.32	Arizona Rehabilitation Campus	Notes and Accounts Receivable
2/28/2023	Wire In	\$ 35,000.00	PERMIAN BASIN TITLE SERVICES INC.	Notes and Accounts Receivable
2/28/2023	Expense Memo	\$ (34,260.40)	Geoff Winkler, Receiver	Receiver Compensation
2/28/2023	Expense Memo	\$ (0.90)	Geoff Winkler, Receiver	Receiver Expenses
2/28/2023	Expense Memo	\$ (28,301.04)	Greenberg Traurig	Attorney for Receiver Fees
2/28/2023	Expense Memo	\$ (95.00)	Greenberg Traurig	Attorney for Receiver Expenses
2/28/2023	Expense Memo	\$ (117,498.80)	Geoff Winkler, Receiver	Receiver Compensation
2/28/2023	Expense Memo	\$ (16,930.86)	Geoff Winkler, Receiver	Receiver Expenses
2/28/2023	Expense Memo	\$ (9,520.89)	Greenberg Traurig	Attorney for Receiver Fees
2/28/2023	Expense Memo	\$ (1,701.00)	Greenberg Traurig	Attorney for Receiver Expenses
3/1/2023	Wire In	\$ 6,000.00	JACKSON AUTO GROUP LLC	Notes and Accounts Receivable
3/3/2023	Income Adjustment	\$ 43,333.32	ARC	Notes and Accounts Receivable
	Total	\$ (25,308.93)		

EXHIBIT C

EXHIBIT C

SUMMARY CASH FLOW STATEMENT AND BALANCE SHEET

**SEC v. CapSource Inc., Stephen J. Byrne,
and Gregory P. Herlean**

Summary Cash Flow Statement

March 31, 2023

<i>Cash at Beginning of Period</i>	<i>1,352,472</i>
<i>Cash Inflows</i>	
Notes and Accounts Receivable	183,000
<i>Total Cash Inflows</i>	<i>183,000</i>
<i>Cash Outflows</i>	
Receiver Compensation	(151,759)
Receiver Expenses	(16,932)
Attorney for Receiver Fees	(37,822)
Attorney for Receiver Expenses	(1,796)
<i>Total Cash Outflows</i>	<i>(208,309)</i>
<i>Cash at End of Period</i>	<i>1,327,163</i>

**SEC v. CapSource Inc., Stephen J. Byrne,
and Gregory P. Herlean**

Summary Balance Sheet

March 31, 2023

<i>Assets</i>	
EWBK Account	1,327,163
Notes Receivable*	15,693,611
<i>Total Assets</i>	<i>17,020,774</i>
<i>Liabilities</i>	
Outstanding Loans	18,829,342
<i>Total Liabilities</i>	<i>18,829,342</i>
<i>Equity</i>	
Retained Earnings*	(1,808,568)
<i>Total Equity</i>	<i>(1,808,568)</i>

* Accounts are estimated values and are subject to change as more information is available and the Receiver completes his forensic accounting.