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

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13 **SECURITIES AND EXCHANGE
COMMISSION,**

14 **Plaintiff,**

15 **vs.**

16 **PROFIT CONNECT WEALTH
17 SERVICES, INC., JOY I. KOVAR,
18 and BRENT CARSON KOVAR,**

19 **Defendants.**

Case No. 2:21-cv-01298-JAD-BNW

**ORDER GRANTING
STIPULATION TO MODIFY
TEMPORARY RESTRAINING
ORDER TO (1) CONTINUE THE
HEARING ON THE SEC'S MOTION
FOR A PRELIMINARY
INJUNCTION AND MOTION FOR
A RECEIVER; (2) CONTINUE THE
TERMS OF THE TEMPORARY
RESTRAINING ORDER; (3)
APPOINT A TEMPORARY
RECEIVER; (4) REQUIRE
ACCOUNTINGS; AND (5) ALLOW
MUTUAL LIMITED EXPEDITED
DISCOVERY**

(First Request)

[ECF No. 21]

1 My order at ECF No. 22 granting defendants Profit Connect Wealth
2 Services, Inc. (Profit Connect), Joy I. Kovar, and Brent Carson Kovar's
3 emergency motion for an extension was entered shortly after the parties
4 filed their stipulation at ECF No. 21 concerning the same issues.
5 Because these filings passed by each other, I was not aware of the parties'
6 stipulation until after my order had been entered. Because it is the
7 product of their negotiations, the parties' stipulation is more robust than
8 my order granting defendants' emergency motion for a continuance and
9 should, therefore, supersede and replace it. So based on the parties'
10 stipulation [ECF No. 21] and good cause appearing, IT IS THEREFORE
11 ORDERED that:

12 I. **Continuance of Preliminary Injunction Hearing**

13 1. That the July 26, 2021 hearing on the SEC's motion for a preliminary
14 injunction and motion to appoint a receiver is continued for two weeks to **August 9,**
15 **2021, at 4:00 p.m.** Defendants must file any response to those motions **by July 28,**
16 **2021,** and the SEC must file any reply **by August 4, 2021.**

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18 II. **Stipulation to Extend the Terms of the Temporary Restraining Order**

19 1. That the terms of the Temporary Restraining Order [ECF No. 9] are
20 extended through and until 5:00 p.m. on August 9, 2021, or until the Temporary
21 Restraining Order is converted into a preliminary injunction.

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23 III. **Appointment of a Temporary Receiver over Defendant Profit Connect**

24 1. That Geoff Winkler of American Fiduciary Services LLC is hereby
25 appointed to serve as the Temporary Receiver over Defendant Profit Connect and its
26 subsidiaries and affiliates, with the powers set forth herein. The Temporary Receiver
27 shall be immediately empowered, upon entry of the Court's Order:

28 a. to have access to, and make an accounting of, all funds, assets,

1 collateral, premises (whether owned, leased, pledged as collateral,
2 occupied, or otherwise controlled), choses in action, books, records,
3 papers and other real or personal property, wherever located
4 (collectively, the “Assets”), of or managed by Defendant Profit
5 Connect and its subsidiaries and affiliates (collectively, the
6 “Receivership Entities”);

7 b. to have full, complete and immediate access to the books and records,
8 wherever located, of Defendant Profit Connect, including but not
9 limited to all business and financial records, bank and other financial
10 statements, and all electronic records, wherever located;

11 c. to have full, complete, and immediate access to the principals,
12 managers, directors, employees, agents or consultants of Defendant
13 Profit Connect and its subsidiaries and affiliates or anyone else who
14 is otherwise associated with Defendant Profit Connect, including but
15 limited to Defendants B. Kovar and J. Kovar;

16 d. to conduct such investigation and discovery as may be necessary to
17 locate and account for all of the assets of or managed by Defendant
18 Profit Connect and its subsidiaries and affiliates, and to engage and
19 employ attorneys, accountants and other persons to assist in such
20 investigation and discovery;

21 e. to work with the attorneys, accountants, appraisers, and other
22 independent contractors and technical specialists from the SEC to
23 locate and account for all of the assets of or managed by Defendant
24 Profit Connect and its subsidiaries and affiliates;

25 f. to take such action as is necessary and appropriate to prevent the
26 dissipation, concealment, or disposition of any Assets;

27 g. to choose, engage, and employ attorneys, accountants, appraisers, and
28 other independent contractors and technical specialists, as the

1 receiver deems advisable or necessary in the performance of duties
2 and responsibilities under the authority granted by this Order;

3 h. to make an accounting, as soon as practicable, to this Court and the
4 SEC of the assets and financial condition of Defendant Profit
5 Connect and its subsidiaries and affiliates, and to file the accounting
6 with the Court and deliver copies thereof to all parties; and

7 i. to have access to and monitor all mail, electronic mail, and video
8 phone of the Receivership Entities in order to review such mail,
9 electronic mail, and video phone which he or she deems relates to
10 their business and the discharging of his or her duties as Temporary
11 Receiver.

12 2. Defendants Profit Connect, J. Kovar, and B. Kovar, and their
13 subsidiaries and affiliates, including all of the other entities in receivership, and their
14 officers, agents, servants, and employees, and any other persons who are in custody,
15 possession or control of any assets, collateral, books, records, papers or other
16 property of or managed by any of the entities in receivership, shall forthwith give
17 access to such property to the Temporary Receiver.

18 3. No officer, agent, servant, employee or attorney of Defendants Profit
19 Connect, J. Kovar, or B. Kovar shall take any action or purport to take any action, in
20 the name of or on behalf of the Receivership Entities, except for ministerial or routine
21 business actions or actions relating to the defense of this action, without the written
22 consent of the Temporary Receiver or order of this Court; including but not limited to
23 contacting or soliciting any new or existing investors in Profit Connect.

24 4. Except by leave of this Court, during the pendency of this temporary
25 receivership, all clients, investors, trust beneficiaries, note holders, creditors,
26 claimants, lessors and all other persons or entities seeking relief of any kind, in law or
27 in equity, from Defendant Profit Connect, or its subsidiaries or affiliates, and all
28 persons acting on behalf of any such investor, trust beneficiary, note holder, creditor,

1 claimant, lessor, consultant group or other person, including sheriffs, marshals,
2 servants, agents, employees and attorneys, are hereby restrained and enjoined from,
3 directly or indirectly, with respect to these persons and entities:

- 4 a. commencing, prosecuting, continuing or enforcing any suit or
5 proceeding (other than the present action by the SEC or any other
6 action by the government) against any of them;
- 7 b. using self-help or executing or issuing or causing the execution or
8 issuance of any court attachment, subpoena, replevin, execution or
9 other process for the purpose of impounding or taking possession of
10 or interfering with or creating or enforcing a lien upon any property
11 or property interests owned by or in the possession of Defendant
12 Profit Connect; and
- 13 c. doing any act or thing whatsoever to interfere with taking control,
14 possession or management by the temporary receiver appointed
15 hereunder of the property and assets owned, controlled or managed
16 by or in the possession of Defendant Profit Connect, or in any way to
17 interfere with or harass the Temporary Receiver or his attorneys,
18 accountants, employees, or agents or to interfere in any manner with
19 the discharge of the Temporary Receiver's duties and responsibilities
20 hereunder.

21 5. Defendants Profit Connect, J. Kovar, and B. Kovar, and their
22 subsidiaries, affiliates, officers, agents, servants, and employees, shall cooperate with
23 and assist the Temporary Receiver and shall take no action, directly or indirectly, to
24 hinder, obstruct, or otherwise interfere with the Temporary Receiver or his attorneys,
25 accountants, employees or agents, in the conduct of the Temporary Receiver's duties
26 or to interfere in any manner, directly or indirectly, with the custody, possession,
27 management, or control by the Temporary Receiver of the funds, assets, collateral,
28 premises, and choses in action described above.

1 6. Defendants Profit Connect, J. Kovar, and B. Kovar, and their
2 subsidiaries and affiliates, shall pay the costs, fees and expenses of the Temporary
3 Receiver incurred in connection with the performance of his duties described in this
4 Order, including the costs and expenses of those persons who may be engaged or
5 employed by the Temporary Receiver to assist him in carrying out his duties and
6 obligations. All applications for costs, fees, and expenses for services rendered in
7 connection with the receivership other than routine and necessary business expenses
8 in conducting the receivership, such as salaries, rent, and any and all other reasonable
9 operating expenses, shall be made by application setting forth in reasonable detail the
10 nature of the services and shall be heard by the Court.

11 7. No bond shall be required in connection with the appointment of the
12 Temporary Receiver. Except for an act of gross negligence, the Temporary Receiver
13 shall not be liable for any loss or damage incurred by any of the defendants, their
14 officers, agents, servants, and employees or any other person, by reason of any act
15 performed or omitted to be performed by the Temporary Receiver in connection with
16 the discharge of his duties and responsibilities.

17 8. The Temporary Receiver is authorized to share the results of his
18 oversight over the Receivership Entities with representatives of the SEC, including
19 providing copies of documents and other records to the SEC. Any documentary
20 information that the Temporary Receiver shares with the SEC shall simultaneously be
21 shared with counsel for Profit Connect.

22 IV. **Defendants Will Provide Accountings Or Inform the SEC and the Court**
23 **of their Intent to Assert Their Privilege Against Self-Incrimination**

24 9. Defendants Profit Connect, J. Kovar, and B. Kovar, within five days of the
25 issuance of this Order, shall prepare and deliver to the SEC a detailed and complete
26 schedule of all of their personal assets, including all real and personal property
27 exceeding \$5,000 in value, and all bank, securities, and other accounts identified by
28 institution, branch address and account number. The accounting shall include a

1 description of the sources of all such assets. Such accounting shall be simultaneously
2 be filed with the Court and a copy shall be delivered to the SEC to the attention of
3 Kathryn C. Wanner, counsel for the SEC, by electronic mail at wannerk@sec.gov.
4 After completion of the accounting, each of the Defendants shall produce to the SEC
5 at a time agreeable to the SEC, all books, records and other documents supporting or
6 underlying their accounting.

7 10. If J. Kovar and/or B. Kovar determine to assert their Fifth Amendment
8 privilege against compulsory self-incrimination and not provide the accountings
9 described above on the basis of this privilege, then J. Kovar and/or B. Kovar will
10 inform the Court and the SEC in writing of the assertion of this privilege by July 28,
11 2021.


12 **V. Mutual Limited Expedited Discovery**

13 11. The Parties agree that commencing with the time and date of the Order on this
14 Stipulation, in lieu of the time periods, notice provisions, and other requirements of
15 Rules 26, 30, 33, 34, 36, and 45 of the Federal Rules of Civil Procedure and the
16 corresponding Local Rules of this Court, discovery shall proceed as follows:

- 17 a. Pursuant to Rule 30(a) of the Federal Rules of Civil Procedure, the
18 Parties may take three (3) video depositions upon oral examination on
19 five business days' notice of any such deposition. Depositions may be
20 taken Monday through Friday. Depositions that have not been signed by
21 the witness may be used for purposes of the hearing on the SEC's
22 motion for a preliminary injunction and motion for a receiver;
- 23 b. Pursuant to Rule 45 and the applicable provisions in the Securities Act
24 and Exchange Act, each party may serve subpoenas for the production of
25 documents to third parties; and
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c. All discovery requests and responses may be served via email, facsimile, or by hand on counsel for the parties.



U.S. District Judge Jennifer A. Dorsey
Dated: July 23, 2021