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16 **IN THE UNITED STATES DISTRICT COURT**
 17 **FOR THE DISTRICT OF NEVADA**

18 SECURITIES AND EXCHANGE
 19 COMMISSION,

20 Plaintiff,

21 v.

22 PROFIT CONNECT WEALTH SERVICES, INC.,
 23 JOY I. KOVAR, and BRENT CARSON KOVAR,

24 Defendants

CASE NO. 2:21-cv-01298-JAD-BNW

**NOTICE OF FILING
 INVESTIGATIVE AND FORENSIC
 ACCOUNTING REPORT OF
 RECEIVER GEOFF WINKLER**

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**NOTICE OF FILING INVESTIGATIVE AND
FORENSIC ACCOUNTING REPORT OF RECEIVER GEOFF WINKLER**

TO ALL INTERESTED PARTIES AND THEIR COUNSEL OF RECORD, AND THIS
HONORABLE COURT:

PLEASE TAKE NOTICE THAT, ON August 30, 2022, by and through this Notice, Geoff Winkler, the Court-appointed Receiver (the “Receiver”), hereby submits his Investigative and Forensic Accounting Report (the “Report”). The Report is attached hereto as **Exhibit A**, and is based on the Receiver’s extensive review and forensic analysis of records relating to the business and financial activities of Defendants.

Dated this 30th day of August, 2022

GREENBERG TRAUERIG, LLP

By: /s/ Kara B. Hendricks

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EXHIBIT "A"



**INVESTIGATIVE AND FORENSIC ACCOUNTING REPORT FOR
PROFIT CONNECT WEALTH SERVICES, INC. ET AL.**

SEC V. PROFIT CONNECT WEALTH SERVICES, JOY JOVAR and BRENT KOVAR

CASE NO. 2:21-CV-01298-JAD-BNW

This Investigative and Forensic Accounting Report (“Report”) for Profit Connect Wealth Services, Inc. et al. expands upon, and, in some cases supplements or modifies, the preliminary observations and conclusions presented in the First, Second, and Third Status Reports of Geoff Winkler, Receiver (“Receiver”) for Profit Connect Wealth Services Inc. [ECF Nos. 52, 72, 88] (collectively, the “Prior Reports”), each being incorporated herein by this reference. The forensic accounting contained in this Report was prepared by American Fiduciary Services, LLC based on books and records primarily obtained from financial institutions and other third parties. Neither the Receiver nor American Fiduciary Services, LLC guarantees or warrants the accuracy or completeness of the analysis. While commercially reasonable efforts have been made to provide an accurate and complete report, inadvertent errors or omissions may exist, and the accounting is based on the information available to American Fiduciary Services, LLC at the time of the preparation of the report. American Fiduciary Services, LLC may update, modify, or revise the information provided in this Report if additional relevant information is obtained that materially affects the forensic accounting.



INTRODUCTION

Sky Way Global LLC (“Sky Way”), which was founded by Brent Kovar and his late father Glenn, operated from October of 2000 until the Securities and Exchange Commission filed for civil injunction in March of 2009. Sky Way allegedly disseminated false and misleading information to the public in the form of an unregistered offering of publicly traded stock in a so-called “pump-and-dump scheme.” In addition to permanent injunctive relief being granted, Brent Kovar also received a civil judgement barring him against future penny stock registrations and from serving as an officer or director of a public company (April of 2010) and was assessed penalties totaling \$3,691,900 (February 2013).

After Sky Way, but prior to the official founding of Profit Connect Wealth Services, Inc. (“Profit Connect”) in May of 2018, Joy and Brent Kovar had at least two active predecessor businesses that had significant relevant activity identifying them as financially and operationally commingled with and ultimately dependent upon Profit Connect. FAA-VIP was nominally a high-end lifestyle marketing company founded and solely owned by Joy Kovar in August 2017 that deposited \$50,000 from Profit Connect employee Mark Wildes in March of 2018 but was otherwise defunct when Receiver was appointed in July of 2021. SalesLeads4Me.com was incorporated in April of 2018 as a company with a “supercomputer” that used artificial intelligence to produce quality real estate sales leads, again founded and solely owned by Joy Kovar. SalesLeads4me.com had significant financial operations through Profit Connect’s PayPal account and was the entity into which Profit Connect employee Eddie Kona deposited \$10,000 by May of 2018. For both Mr. Wildes and Mr. Kona, these deposits were believed to be capital equity purchases into what would become Profit Connect.



EXECUTIVE SUMMARY

Profit Connect was founded in May of 2018 by Joy Kovar who was the sole owner of the company until displaced by the Receiver in July of 2021. Brent Kovar was the manager and operator of Profit Connect until discharged by the Receiver in August 2021. Profit Connect was held out to the public to be a cryptocurrency mining company that had created and patented a series of “supercomputers” with data centers in Pasadena, CA and Las Vegas, NV. Profit Connect used various products to promote and sell the investment through a team of at least 85 compensated sales agents (also known as “promoters”), Profit Connect claimed and offered investors “seat time” on their supercomputers while it was mining cryptocurrency, which would earn the investor 15-30% returns in zero-risk FDIC-insured accounts for whatever amount they invested. The sources and uses of all funds that moved through Profit Connect’s accounts are attached here as Exhibit A.

Despite salespeople claims that Brent Kovar’s computers had mined somewhere between \$500,000,000 and \$1,000,000,000 in cryptocurrency, from May of 2018 through July 2021, Profit Connect successfully mined only \$352.93 in cryptocurrency, demonstrating that it never did in fact have operationally mining supercomputers as it claimed to.

Approximately 880 investors, as well as certain Profit Connect employees and sales agents, deposited \$24,697,801 into Profit Connect’s bank accounts to invest in the various Profit Connect products. There was a total of \$9,951 funds deposited into Profit Connect’s accounts by Joy Kovar, and \$9,779 interest was earned on cash balances. Along with the mined cryptocurrency, in total, there were \$24,717,884 of identified flows into Profit Connect bank accounts. Of those inflows, 99.9% were investor funds.



Of the identified outflows of the accounts of Profit Connect:

- \$6,380,215 (25.8%) were paid out to agents in the form of commissions and to employee insiders as wages and gifts,
- \$3,161,156 (12.7%) was used for operations, property, plant, and equipment purchases, and to purchase “supercomputer” parts,
- \$2,617,539 (10.5%) was used to purchase cryptocurrency,
- \$2,314,472 (9.3%) was used to purchased vacant land, real property, and various vehicles,
- \$2,210,415 (8.9%) was returned to investors in the form of fictitious profit payments,
- \$2,063,368 (8.3%) was used to make non-recoverable leasehold improvements to the Profit Connect warehouse and retail location,
- \$1,626,332 (6.5%) was the total net funds transferred to Joy Kovar and Brent Kovar, and,
- \$4,441,149 (17.9%) was leftover in the accounts and recovered by the Receiver in August of 2021.

OWNERSHIP, EXECUTIVE LEADERSHIP, AND RECORDKEEPING

Officially, Joy Kovar was the sole owner of Profit Connect when Receiver was appointed on July 23, 2021¹ and Brent Kovar was the sole operating manager.² Several employees/contractors/sales agents thought they had invested capital to own different shares in Profit Connect, but none of these transactions were ever ratified officially in any form reviewed by the Receiver. Mark Wildes invested \$50,000, Eddie Kona invested \$10,000, Eric Garrison

¹ Geoff Winkler was appointed Temporary Receiver on July 23, 2021 and was made Permanent Receiver on August 6, 2021.

² Brent Kovar claimed that Joy Kovar and a board of advisors would meet to discuss company planning, but the Receiver never found evidence that this occurred.



invested \$9,704, Bret Cartwright invested \$20,000, and Jason Jones invested \$40,296. All these parties believed these amounts were purchasing ownership interests in Profit Connect, but there is no evidence that company shares were ever transferred to these individuals.

Profit Connect did not file tax returns for its operations from 2018 through 2020 nor did it at any time employ professional CPAs or bookkeepers to keep accurate books and records of its operations and its financial transactions.³ Profit Connect's management of its sales force and investors was accomplished through a novice accounting team, administrating two content management systems hosted by WordPress.com and its e-commerce platform WooCommerce, and reconciling these data against daily transactions clearing in the bank accounts. This three-person accounting team had less than one year of combined accounting experience when interviewed by Receiver in July of 2021 and admitted that they kept no accounting books or customer relationship management records save the notes fields they were updating in WooCommerce.

INVESTOR ACQUISITION AND PROFIT CONNECT PRODUCTS

Generally, Profit Connect's service offering was supercomputer seat time,⁴ which allegedly generated cryptocurrency and in turn featured specific return on investment for the investor. These primary products were called "Wealth Builder," "Wealth Builder Unlimited," "Wealth Builder VIP," and "VIP Executive" and guaranteed risk-free returns from 15-30%. The other minor product Profit Connect sold was called "Equity Wealth Builder" where investors could have their investments matched by putting a lien on their real property in favor of Profit

³ Profit Connect had engaged at least one accountant, but never provided the detail necessary to create an accounting or file taxes.

⁴ The Receiver found no evidence that investors purchased seat time as Profit Connect never charged investors for anything that could be considered seat time.



Connect. The four key constituencies of Profit Connect were 1) Joy Kovar and Brent Kovar, 2) Profit Connect's employees, 3) Profit Connect's sales agents, and 4) Profit Connect's investors. The comparative cash flows of each can be found in Exhibit B, which demonstrates that of the \$24.4 million of investor funds received, only \$14.4 million of that amount was available for productive capital since \$9.9 million went to other investors, sales agents, insiders and the defendants.

To acquire investors, Brent Kovar and Joy Kovar retained a team of 85 paid independent contractors as agents to sell its products and a salaried staff of 21 employees. These staff and agents invested \$296,785 into Profit Connect themselves, and the salespeople paid an average of \$227⁵ each to Profit Connect for various forms of sales support services. Profit Connect made modest attempts at other forms of marketing such as through promotional videos and through foot traffic via its retail location at Town Square in Las Vegas, but primarily relied on its salesforce and website to generate investments. In aggregate, agents received payments from Profit Connect totaling \$3,885,448 and employees, including employee insiders, received \$2,494,767 in combined payroll compensation and other non-compensation cash and gifts. There are 68 agents with net cash profit of \$1,000 or more totaling \$3,679,033.

Profit Connect operated a content management system on WooCommerce to manage its agent force. This system tracked the contact information and payment details for the agents and tracked the sales and commission pipeline through a series of notes that involved a manual updating process between the sales managers (Eddie Kona, Juan Caminero, and Eliza Turshudjian) and the accounting team (Stephanie "Megan" Wildes, Ramona Uriarte, Jocelyn

⁵ Most sales agents paid \$49 per month in order to access the higher commission and sales support, including an iPad, marketing materials, business cards, and apparel.



Morris). As a matter of operational procedure, sales commissions were held for an average of 45 days before being released to the agent.

Approximately 880 non-agent and non-employee investors were identified through this reconciliation with total funds deposited into Profit Connect of \$24,401,016. Of these identified investors, 798 were calculated to have incurred a loss on a net cash basis totaling \$22,271,098 and are predicted to be claimants in the upcoming claims and funds distribution process. There were 35 investors that either broke even⁶ and 47 investors profited by more than \$1 for an aggregate amount of \$80,484. There are eleven investors with net cash profit of \$1,000 or more totaling \$72,964. Profit Connect operated a content management system on WooCommerce to manage its investor clients (distinct from its content management system for sales agents). The accounting team used this system to track the deposits in their various forms into the Wealth Builder programs and hosted manually updated investor spreadsheets, created by the accounting team (Stephanie “Megan” Wildes, Ramona Uriarte, Jocelyn Morris). This system allowed investors to track their transactions with Profit Connect, as well as the accrual of fictitious interest on their investments. Banking confirmations, check copies, and other funds transmittal receipts were saved in notes fields in WooCommerce. Since there were no other records outside of this, WooCommerce serves as the de-facto system of record for investor flows and accrued balances.

OPERATIONS

Profit Connect employed 22 people when Receiver was appointed in July of 2021, including Joy Kovar and Brent Kovar. One long time sales manager employee, who had worked with Profit Connect since 2018, died in May of 2021. Six employees focused on sales support,

⁶ Broke even or profited by less than \$1.



client services, and sales agent management, three employees focused on banking and accounting functions and five employees were operations engineers and seven employees worked in other general operations. Thirteen employees were hired in 2021, three in 2020, four in 2019 and three were identified as being engaged with Joy Kovar and Brent Kovar from Profit Connect's inception in 2018. Prior to April 1, 2021, Profit Connect retained no payroll services and had no W-2 employees but sixteen of these future W-2 employees received a net of non-employee/non-independent-contractor cash and gifts from May of 2018 totaling \$2,008,234 (at Report's publication, Receiver has recovered \$863,768 of these funds through settlement agreements).

The analysis of outflows related to Profit Connect's actual operations suggests a stark difference between what Joy Kovar and Brent Kovar marketed to the public and what demonstrably happened financially. While Joy Kovar and Brent Kovar acquired investor funds to support a supposedly up-and-running, fully operational and expanding cryptocurrency mining business, those funds were actually paying for building a company from the ground-up with a technology that had not yet met the proof-of-concept threshold, much less demonstrated profitability while also funding rapid business expansion and lucrative payouts to insiders and sales agents. The largest non-productive uses of investor funds are:

- Over \$2,000,000 of investor funds went into various nonrecoverable leasehold improvements to the warehouse power system, HVAC system, and interior buildout,
- Over \$2,300,000 of investor funds were used to purchase land, vehicles and residential real property that only had hypothetical future use or income generating potential, if any,
- Over \$2,600,000 of investor funds were used to purchase cryptocurrency, for the purpose of creating false indicia of successful cryptocurrency mining,



- Over \$2,200,000 of investor funds were used to attempt to create cryptocurrency mining and blockchain verification supercomputers and the infrastructure to support them, successfully mining \$352.93 in cryptocurrency, and
- Over \$670,000 was used to create a “tech startup” culture at the warehouse and retail locations for marketing purposes (potential client walk-throughs as well as promotional videos), that included:
 - over \$130,000 for nearly 100 43” – 86” top of the line big screen televisions that were used in lieu of normal workstation computer monitors and build out a control room to try and increase the appearance of legitimacy of the company,
 - over \$160,000 of furniture, drones, major appliances, safes, commercial refrigerators and freezers, and employee entertainment items such as arcade video game consoles,
 - over \$120,000 in employee fringe benefits like meals and entertainment, the creation of a media studio, and
 - over \$93,000 at least spent to wrap, embroider, or otherwise create an affix the Profit Connect logo to items.

Accounting and sales operations aside, most of the operational effort deployed by Profit Connect went into developing hardware and software to support cryptocurrency mining and blockchain validation. Brent Kovar and Joy Kovar led employees to believe that their operational efforts were expanding upon certain technologies that were already operating and profitable at the Pasadena, CA data center, which was entirely false.⁷ Excluding all personnel and sales agent

⁷ There were never any operating computers at the Pasadena location. All the items that had been shipped to this location were never even unboxed.



outflows, Profit Connect spent \$5,214,888 to develop computer software and hardware assets, general infrastructure to support operations, fabrication equipment and tools, general property, plant, and equipment, and general overhead supporting operations to mine cryptocurrency. When Receiver was appointed in July of 2021, the initial steps were attempting to bring online a series of “supercomputers” that consisted of dozens of modified off-the-shelf video cards daisy chained together, stacked in 20’ by 2’ PVC pipes, which were then filled with dielectric (mineral) oil and plumbed to a pool chiller. In theory this system would circulate the oil the “supercomputers” were operating in, and the chiller would inhibit them from overheating, creating substantial operating efficiency and the ability to ‘overclock’ the “supercomputers”⁸. But this was entirely theoretical as no mining computers assessed by the Receiver were able to sustain an operational state for more than a short period of time without constant troubleshooting by engineers or complete failure. In fact, all mining computers that utilized dielectric mineral oil had plumbing issues resulting in very difficult cleanup operations as well as most chillers failed to cool the oil sufficiently, and numerous “supercomputers” failed due to overheating in hot oil without their factory-installed cooling fans. Indeed, the large majority of the \$352.93 in combined cryptocurrency that Profit Connect mined was mined in the two-week period of the Temporary Receivership, while Joy Kovar and Brent Kovar frantically tried to show Receiver that they were mining sufficient cryptocurrency to support the amount of “supercomputer seats” that had been purchased at the time.

⁸ Brent Kovar touted this concept as Profit Connect’s strategic advantage in the cryptocurrency mining industry.



ACCOUNTS, TRANSFERS, AND CASH FLOWS

The investigation in support of this Report identified a total of 23 bank, cryptocurrency, credit card, and other third-party payor accounts owned by Profit Connect of Brent Kovar and/or Joy Kovar and 9,501 relevant transactions from March of 2018 through July of 2021. 1,882 of these transactions detailed 941 transfers between these accounts totaling \$8,258,004.

Of the \$24,697,801 net investor cash flows into Profit Connect, 96.8% of those were deposited into the Profit Connect Bank of America Checking Account 8677, 1.2% of those were received by the Profit Connect PayPal Account, 1.0% of those were deposited into the Profit Connect “BA Investment” Bank of America Checking Account 6622, and the remaining 1.0% were received across six other accounts. Non-investor cash flows into Profit Connect totaled \$19,730 consisting of \$9,951 in payments from Brent Kovar and Joy Kovar, and \$9,779 in interest and fees earned on accounts.

Brent Kovar and Joy Kovar transferred a net \$4,790,289 from Profit Connect’s accounts to ten different personal bank accounts and in net personal credit card payments. They also had personal expenses paid by Profit Connect’s accounts on their behalf totaling \$527,402. Brent Kovar and Joy Kovar purchased \$2,617,539 in cryptocurrency on Profit Connect’s behalf with their personal account at Coinbase.com and advanced \$1,073,818 in net expenses on Profit Connect’s behalf from their personal accounts. In total, Brent Kovar and Joy Kovar transferred a net \$1,626,332 of Profit Connect funds to their personal accounts. Much of the difficulty in reconciling the net amount received by Joy Kovar and Brent Kovar lies, on the one hand, in the funds transferred for the explicit purpose of purchasing Profit Connect cryptocurrency personally, and on the other hand, in the activity that Brent Kovar and Joy Kovar used Profit Connect accounts 333 times personally and also used personal accounts, especially credit cards,



to make purchases on Profit Connect's behalf 691 times.⁹ An overview of all of the Joy Kovar and Brent Kovar distribution flows is attached here as Exhibit C.

Of the \$24,158,647 in relevant Profit Connect cash outflows identified, 78.8% came from the Profit Connect Bank of America Checking Account 8677, 15.2% came from Brent Kovar and Joy Kovar personal Accounts (which include all cryptocurrency purchases), 3.8% were transacted on Profit Connect's Bank of America company credit card, 1.3% were transacted on Profit Connect's third party payor accounts, and the remaining purchases occurred over five lightly used Profit Connect corporate accounts.

PONZI SCHEME INDICIA

According to the Dictionary of Oxford Languages, a Ponzi Scheme is a form of fraud in which (1) belief in the success of a nonexistent enterprise is fostered by (2) the payment of quick returns to the first investors (3) from money invested by later investors. Profit Connect represented that it mined cryptocurrency to repay investors and disguised its inability to do that through using investor money to purchase cryptocurrency to pass off as mined cryptocurrency. The following partial list of accounting examples show a pattern of Profit Connect definitively paying existing investors with funds collected from new investors.

- Investor CC¹⁰ invested \$121,098 into Profit Connect from March of 2020 through July of 2021 and received combined payments of \$156,920 from October of 2020 through July of 2021. Investor CC received a payment from Profit Connect on 7/6/2021 for \$39,720, which was therefore composed of at least \$16,092 of other investor money if all other

⁹ Profit Connect didn't have a credit card in its own name until June 2020.

¹⁰ Unless otherwise ordered by the Court, the Receiver does not publicly name investors in order to protect their privacy.



funds Investor CC received were their own funds and the total previously identified non-investor cash flows.

- Investor AT invested \$106,026 into Profit Connect from September of 2018 through April of 2021. Investor AT received a payment from Profit Connect on 4/9/2021 for \$73,309, which having already received all principal repaid at this time, this payment was therefore composed of at least \$53,579 of other investor money after assuming that balance was paid for by all the other non-investor cash.
- Investor JG invested \$15,049 into Profit Connect through February of 2021 and in May of 2021 received a payment from Profit Connect for \$41,600, which by itself is composed of at least \$6,821 of other investor money if all principal is returned in this transaction and all non-investor cash flows are also first exhausted.

\$6,083,430 in net payments were made to sales agents and employee insiders. Assuming all non-investor cash flows were used to reduce these obligations, then 99.6% of these payments were made with investor flows. Ultimately, if Profit Connect promised its investors 25% returns on average and paid its insiders and salespeople 25%, it would have needed to have mined at least \$37.0 million in cryptocurrency by July of 2021 in order to not require further investor funds to repay prior investors.

FINANCIAL RESULTS

As previously detailed, Profit Connect had minimal operating revenue from May of 2018 to July of 2021, totaling \$10,131 in interest and fees earned as well as cryptocurrency mined. During this time, personnel costs and all other operating expenses totaled a net \$9,107,503. The total aggregate normal net income earned by Profit Connect at the time of Receiver's



appointment was **(\$9,406,772)**. Profit Connect's combined Income Statement, Balance Sheet and Statement of Cash Flows is attached here as Exhibit D.

The assets owned by Profit Connect at the time of the Receiver's appointment included \$4,422,234 in cash on hand, cryptocurrency with a market value of \$2,219,489 (that Receiver would go on to liquidate for \$4,128,348), real estate and vehicles booked at \$2,314,472, fixed assets comprising mining and verification computers and infrastructure booked at \$2,200,595, and other prepaid expenses totaling \$706. In total, Receiver identified \$11,157,496 assets on hand in July of 2021.

On a net cash basis, investors of Profit Connect had a \$22,190,601 balance at the time of Receiver's appointment. Net distributions to Joy Kovar and Brent Kovar totaled **(\$1,626,332)**. With negligible liabilities and the total aggregate net income to that time, the total equity of Profit Connect in July of 2021 was \$11,157,496.

From \$0 starting balances and **(\$9,406,772)** in net income, operating activity accruals cost **(\$706)** in cash, investing activities cost **(\$6,734,556)** in cash, and financing activities brought in a net \$20,564,269 after reducing investor funds for the amounts Joy Kovar and Brent Kovar distributed to themselves. These amounts net to a cash balance on hand at the Receiver's appointment of \$4,422,234.

ONGOING ANALYSIS

Since Profit Connect kept no definitive register of its investors and their principal investments and payments received, coupled with no true identified accounting records, it is likely the Receiver will conduct an open claims process designed to identify otherwise unknown investors. It is expected that as a result of this claim process, certain findings and observations



herein are subject to revision, including the count of and net amounts of possible future claims and the possible identification of additional accounts.

Profit Connect's loosely managed team of sales agents may have conducted significant bundling of investor funds, and other investor activity that may have occurred outside of the known Profit Connect accounts. These issues will be reconciled during the upcoming claims and third-party recovery processes and may cause the need for certain amendments and revisions to this Report.

CONCLUSION

Joy Kovar and Brent Kovar deposited at least \$24,697,801 in funds from 986 individuals into their accounts. The findings in this Report support the conclusion that Profit Connect was operating a Ponzi Scheme. The company marketed itself to the public as selling seats on its supercomputer that would guarantee a return on investment representing the investor's cut of the cryptocurrency said machine was mining. But upon inspection, Profit Connect only ever mined \$352.93 in combined cryptocurrency. Indeed, to cover up this fact, Joy Kovar and Brent Kovar used \$2,617,539 in investor funds to purchase cryptocurrency and pass it off as having been mined. Profit Connect spent \$7,538,997 purchasing non-revenue generating assets, making non-recoverable leasehold improvements, and developing cryptocurrency mining hardware and software that never worked. Brent Kovar and Joy Kovar took a net \$1,626,332 in investor funds for themselves. A total of \$2,210,415 was used to make payments back to investors and \$6,380,215 was paid to 106 employees, employee insiders and sales agents.

The forensic accounting contained in this Report was prepared by American Fiduciary Services, LLC based on books and records primarily obtained from financial institutions and other third parties. Neither the Receiver nor American Fiduciary Services, LLC guarantees or



warrants the accuracy or completeness of the analysis. While commercially reasonable efforts have been made to provide an accurate and complete report, inadvertent errors or omissions may exist, and the accounting is based on the information available to American Fiduciary Services, LLC at the time of the preparation of the report. American Fiduciary Services, LLC may update, modify, or revise the information provided in this Report if additional relevant information is obtained that materially affects the forensic accounting.

Dated this 30th day of August, 2022,

A handwritten signature in black ink, reading "John B. Hall", written over a horizontal line.

John B. Hall, Principal Forensic Accountant

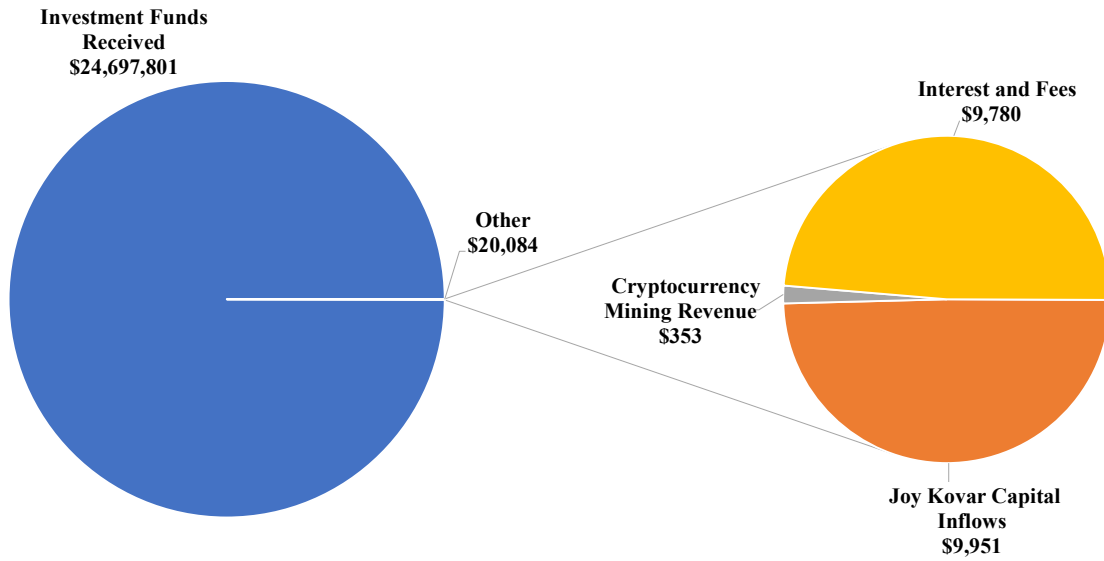
Profit Connect Wealth Services, LLC

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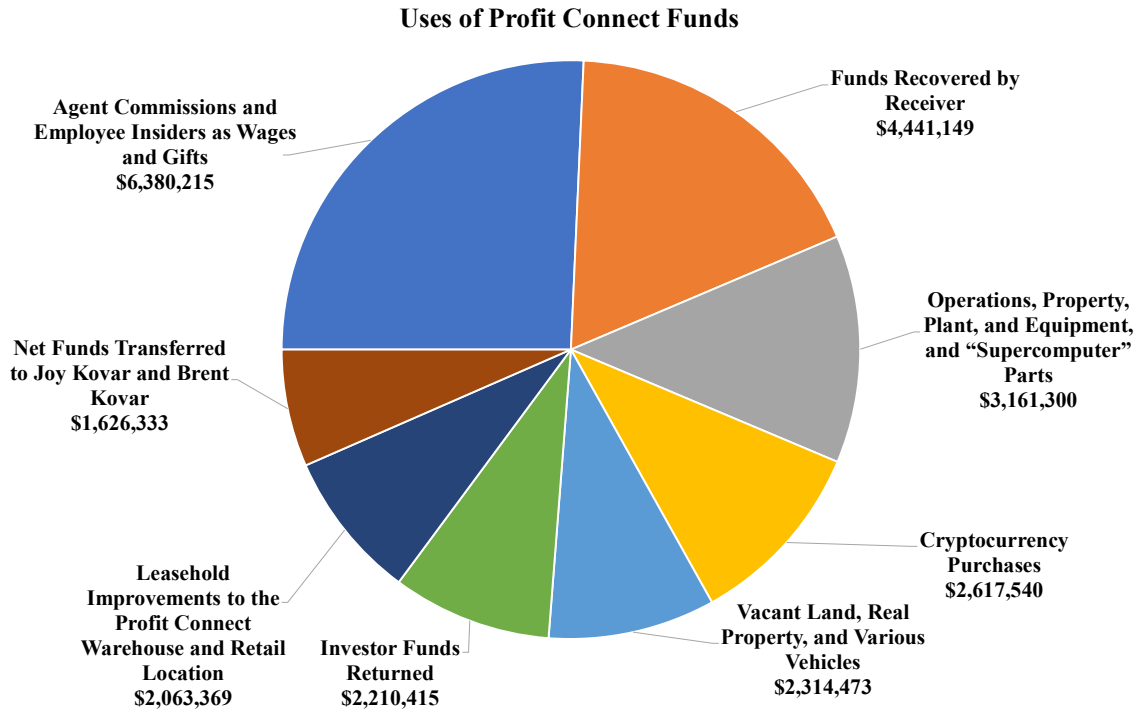
Geoff Winkler, Receiver

Profit Connect Wealth Services, LLC

Sources of Profit Connect Funds



Profit Connect Sources and Uses of Funds



The difference in sources and uses is due to the change in value of the cryptocurrency.

Cumulative Cash Flows of Key Profit Connect Groups

Cumulative Cash Flows of Key Profit Connect Groups

	Investor Inflows	Investor Funds Outflows	Net Agent Flows	Net Employee Insider Flows	Net Joy Kovar and Brent Kovar Flows	Combined Flows
2018	133,449	(32,073)	10,758	2,908	(82,739)	32,303
Q1 2019	213,683	(71,009)	27,627	(2,330)	(132,496)	35,474
Q2 2019	773,324	(93,101)	17,207	(9,206)	(183,948)	504,276
Q3 2019	1,069,133	(226,517)	(88,852)	(72,905)	(254,364)	426,495
Q4 2019	1,266,969	(301,503)	(129,824)	(121,496)	(322,447)	391,699
Q1 2020	2,741,737	(341,608)	(465,758)	(327,303)	(416,220)	1,190,849
Q2 2020	3,988,612	(463,482)	(570,893)	(392,414)	(490,182)	2,071,642
Q3 2020	5,348,017	(587,267)	(1,123,819)	(865,582)	(609,465)	2,161,884
Q4 2020	9,941,714	(872,066)	(1,376,488)	(1,097,953)	(773,225)	5,821,982
Q1 2021	13,218,237	(1,213,472)	(2,568,790)	(1,430,337)	(973,757)	7,031,881
Q2 2021	22,497,283	(1,974,166)	(3,346,429)	(1,982,105)	(1,406,475)	13,788,107
Q3 2021	24,401,016	(2,210,415)	(3,686,600)	(2,396,830)	(1,626,333)	14,480,839

Brent Kovar and Joy Kovar Cash Flows

Brent Kovar and Joy Kovar Cash Flows

	Outflows to and Personal Expenses Paid on Behalf of Joy Kovar and Brent Kovar	Profit Connect Business Expenses Paid with Personal Accounts	Business Cryptocurrency Purchased with Personal Accounts	Net Joy Kovar and Brent Kovar Flows
Q2 2018	(10,502)	4,532	-	(5,969)
Q3 2018	(44,800)	1,794	-	(43,006)
Q4 2018	(54,300)	20,536	-	(33,764)
Q1 2019	(66,809)	17,052	-	(49,757)
Q2 2019	(70,040)	18,588	-	(51,452)
Q3 2019	(116,336)	45,921	-	(70,415)
Q4 2019	(90,369)	22,285	-	(68,084)
Q1 2020	(135,998)	42,226	-	(93,772)
Q2 2020	(144,401)	70,439	-	(73,962)
Q3 2020	(268,367)	83,700	65,384	(119,283)
Q4 2020	(554,847)	238,307	152,779	(163,760)
Q1 2021	(1,146,719)	202,860	743,327	(200,532)
Q2 2021	(2,286,064)	257,297	1,596,049	(432,719)
Q3 2021	(338,089)	58,232	60,000	(219,857)
TOTAL	(5,327,642)	1,083,770	2,617,540	(1,626,333)

SEC v. Profit Connect Wealth Services, Inc. et al					
Summary Income Statement					
	3/27/2018 - 12/31/2018	1/1/2019 - 12/31/2019	1/1/2020 - 12/31/2020	1/1/2021 - 7/14/2021	3/27/2018 - 7/14/2021
Revenue					
Cryptocurrency Mining Revenue	-	-	-	353	353
Interest and Fees	5	557	9,068	150	9,780
Total Revenue	5	557	9,068	503	10,133
Expenses					
W2 Payroll	-	-	-	(388,596)	(388,596)
Non-employee cash and gifts	2,908	(124,404)	(976,457)	(910,281)	(2,008,234)
Sales Agents and Other Third Parties	10,758	(140,582)	(1,246,664)	(2,310,112)	(3,686,600)
Expensed Unrecoverable Leasehold Improvements	-	(65,008)	(1,043,669)	(954,692)	(2,063,369)
Professional Fees	-	(2,500)	(49,996)	(30,000)	(82,496)
Rent	-	(71,606)	(223,938)	(137,495)	(433,039)
Marketing and Entertainment	(2,610)	(5,733)	(15,931)	(46,494)	(70,769)
Other Operating Expenses	(6,303)	(45,969)	(92,489)	(229,639)	(374,400)
Total Expenses	4,753	(455,802)	(3,649,144)	(5,007,309)	(9,107,503)
Operating Income	4,758	(455,246)	(3,640,076)	(5,006,806)	(9,097,370)
Other Income/(Expense) ¹	-	(1,074)	287,230	(576,643)	(290,487)
Net Income	4,758	(456,320)	(3,352,846)	(5,583,449)	(9,387,857)

¹ Other Income/(Expenses) include market adjustments for cryptocurrency accounts.

SEC v. Profit Connect Wealth Services, Inc. et al					
Balance Sheet					
	3/27/2018 - 12/31/2018	1/1/2019 - 12/31/2019	1/1/2020 - 12/31/2020	1/1/2021 - 7/14/2021	3/27/2018 - 7/14/2021
Assets					
Current Assets					
Total Cash	14,387	139,035	3,285,689	4,441,149	4,441,149
Cryptocurrency	-	-	218,163	2,617,540	2,617,540
Cryptocurrency Gains (Losses)	-	3,121	316,467	(398,051)	(398,051)
Prepaid Expense	-	-	-	706	706
Total Current Assets	14,387	142,156	3,820,319	6,661,343	6,661,343
Long-term Assets					
Real Estate	-	-	-	1,723,420	1,723,420
Vehicles	-	-	167,009	591,052	591,052
Mining and Verification Computers and Infrastructure	9,008	49,300	504,686	2,200,595	2,200,595
Total Long-term Assets	9,008	49,300	671,696	4,515,068	4,515,068
Total Assets	23,395	191,456	4,492,015	11,176,411	11,176,411
Equity					
Investor Flows					
Investor Funds Received	133,449	1,266,969	9,941,714	24,401,016	24,401,016
Investor Outflows	(32,073)	(301,503)	(872,066)	(2,210,415)	(2,210,415)
Total Investor Flows	101,376	965,466	9,069,648	22,190,601	22,190,601
Brent Kovar and Joy Kovar Distributions	(82,739)	(322,447)	(773,225)	(1,626,333)	(1,626,333)
Net Income	4,758	(456,320)	(3,352,846)	(5,583,449)	(9,387,857)
Retained Earnings	-	4,758	(451,562)	(3,804,408)	-
Total Equity	23,395	191,456	4,492,015	11,176,411	11,176,411
Total Liabilities & Equity	23,395	191,456	4,492,015	11,176,411	11,176,411

SEC v. Profit Connect Wealth Services, Inc. et al					
Cash Flow Statement					
	3/27/2018 - 12/31/2018	1/1/2019 - 12/31/2019	1/1/2020 - 12/31/2020	1/1/2021 - 7/14/2021	3/27/2018 - 7/14/2021
Cash and Cash Equivalents Beginning of Period	-	14,387	139,035	3,285,689	-
Net income	4,758	(456,320)	(3,352,846)	(5,583,449)	(9,387,857)
Operating Activities					
Prepaid Expense	-	-	-	(706)	(706)
Total Operating Activities	-	-	-	(706)	(706)
Investing Activities					
Cryptocurrency	-	-	(218,163)	(2,399,377)	(2,617,540)
Cryptocurrency Gains (Losses)	-	(3,121)	(313,346)	714,518	398,051
Real Estate	-	-	-	(1,723,420)	(1,723,420)
Vehicles	-	-	(167,009)	(424,043)	(591,052)
Mining and Verification Computers and Infrastructure	(9,008)	(40,292)	(455,386)	(1,695,909)	(2,200,595)
Total Investing Activities	(9,008)	(43,413)	(1,153,905)	(5,528,230)	(6,734,556)
Financing Activities					
Brent Kovar and Joy Kovar Distributions	(82,739)	(239,708)	(450,777)	(853,108)	(1,626,333)
Investor Funds Received	133,449	1,133,520	8,674,745	14,459,302	24,401,016
Outflows To Investors	(32,073)	(269,431)	(570,563)	(1,338,348)	(2,210,415)
Total Financing Activities	18,637	624,381	7,653,405	12,267,846	20,564,269
Net Increase (Decrease)	14,387	124,648	3,146,654	1,155,460	4,441,149
Cash and Cash Equivalents End of Period	14,387	139,035	3,285,689	4,441,149	4,441,149

CERTIFICATE OF SERVICE

1 At the time of service, I was over 18 years of age and not a party to this action. I
2 am employed in the County of Orange, State of California. My business address is 3200
Park Center Drive, Suite 250, Costa Mesa, CA 92626.

3 On 8/30/2022, I served true copies of the following document(s) described as
4 **NOTICE OF FILING INVESTIGATIVE AND FORENSIC ACCOUNTING REPORT OF RECEIVER GEOFF WINKLER**
5 on the interested parties in this action as follows:

6 **SEE ATTACHED SERVICE LIST**

7 **(X) (BY COURT VIA NOTICE OF ELECTRONIC FILING (“NEF”)).** Pursuant to Fed. R.
8 Civ. P. 5(b), the foregoing document will be served by the court via NEF and hyperlinked
9 to the document. On 8/30/2022, I checked the CM/ECF docket for this case and
determined that the aforementioned person(s) are on the Electronic Mail Notice List to
receive NEF transmission at the email address(es) indicated.

10 **(X) (BY U.S. MAIL).** I enclosed the document(s) in a sealed envelope or package and
11 placed the envelope for collection and mailing, following our ordinary business practices.
I am readily familiar with the practice of Smiley Wang-Ekvall, LLP for collecting and
12 processing correspondence for mailing. On the same day that correspondence is placed
13 for collection and mailing, it is deposited in the ordinary course of business with the
United States Postal Service, in a sealed envelope with postage fully prepaid. I am a
resident or employed in the county where the mailing occurred. The envelope was
placed in the mail at Costa Mesa, California.

14 **() (BY E-MAIL).** By scanning the document(s) and then e-mailing the
15 resultant pdf to the e-mail address indicated above per agreement. Attached to
this declaration is a copy of the e-mail transmission.

16 **() (BY FACSIMILE).** I caused the above-referenced documents to be
17 transmitted to the noted addressee(s) at the fax number as stated. Attached to this
18 declaration is a "TX Confirmation Report" confirming the status of transmission.
Executed on _____, at Costa Mesa, California.

19 **() STATE** I declare under the penalty of perjury under the laws of the State of
20 California that the above is true and correct.

21 **(X) FEDERAL** I declare that I am employed in the office of a member of the bar
22 of this court at whose direction the service was made.

23
24 Executed on August 30, 2022, at Costa Mesa,
California.

/s/ Lynnette Garrett

Lynnette Garrett

SMILEY WANG-EKVALL, LLP
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