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11
12 **UNITED STATES DISTRICT COURT**

13 **DISTRICT OF NEVADA**

14 SECURITIES AND EXCHANGE
COMMISSION,

15 Plaintiff,

16 v.

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

20 Defendants.

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

**SIXTH STATUS REPORT OF GEOFF
WINKLER, RECEIVER FOR PROFIT
CONNECT WEALTH SERVICES, INC.**

21 Geoff Winkler of American Fiduciary Services, LLC, the permanent receiver for Profit
22 Connect Wealth Services, Inc., and any subsidiaries and affiliates (together, “Profit Connect”)
23 submits his Sixth Status Report (the “Report”) regarding the receivership pursuant to Local
24 Rule 66-4(b).

25 **I. SUMMARY OF THE RECEIVER’S OPERATIONS (LR 66-4(b)(1))**

26 The Securities and Exchange Commission (“SEC”) initiated this action against Profit
27 Connect, Ms. Kovar, and Mr. Kovar on July 8, 2021, when it filed an ex parte complaint and
28 motion for temporary restraining order seeking, among other things, the freezing of defendants’

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1 assets and the appointment of a receiver over Profit Connect. On July 23, 2021, the Defendants
2 stipulated to modify the temporary restraining order to appoint Geoff Winkler as the Temporary
3 Receiver, giving him limited powers. On August 6, 2021, following another stipulation of the
4 parties, the Court converted the temporary restraining order to a preliminary injunction and
5 appointed the Temporary Receiver as the Permanent Receiver of Profit Connect. See Receivership
6 Order (ECF No. 26.)

7 After appointment, the Receiver and his team attempted to find a solution that would allow
8 Profit Connect to continue to operate legally and profitably to maximize return to investors. The
9 Receiver, his staff, and the Forensic IT team spent several weeks collecting and reviewing data,
10 communicating with Profit Connect parties, observing operations, and documenting assets and
11 information. After determining that there was no viable business to continue operating, the
12 Receiver terminated the employees and closed the offices, only retaining a few employees on a
13 contract basis to assist with the wind-down of operations and preparation for the sale of the
14 personal property.

15 Since the completion of the Investigation and Forensic Accounting Report (ECF Nos. 111)
16 in August 2022, the Receiver and his team have begun identifying third-party recovery
17 opportunities and analyzing the accounting file to determine the recommended type of claims
18 process. During this reporting period, the Receiver has begun preparing the claims form and has
19 updated the claimant contact database in preparation for the claims process. The Receiver
20 anticipates utilizing both digital and paper claims forms. This method will streamline the process
21 and provide options for claimants based on their comfort level with technology. In the following
22 reporting period, the Receiver anticipates seeking Court approval for further actions.

23 As stated in the previous report (ECF Nos. 106, 115), the Receiver settled with Ms. Uriarte
24 for transfers she received from Profit Connect in the approximate amount of \$387,786.94 that
25 facilitated her purchase of residential real property located at 7138 Calvert Cliffs Street, North Las
26 Vegas, Nevada 89084. The settlement included repayment of the \$387,786.94 of transfers received
27 from Profit Connect along with a total of \$8,000 in interest payments in the amount of \$2,000 per
28 month, to account for her continued use of Profit Connect funds. During the reporting period,

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1 Ms. Uriarte arranged to pay \$7,500 to be applied to the settlement amount, and the payment was
 2 received in the following reporting period. The Receiver is in communication with Ms. Uriarte
 3 regarding the repayment of the remaining balance of \$1,604.48 and anticipates a resolution in
 4 March or April of this year.

5 Braun International Real Estate Company (“Braun”) continued its efforts as the real estate
 6 broker to list and sell the eight land parcels owned by Profit Connect in Searchlight, Nevada. Offers
 7 have been presented on the more desirable parcels that Profit Connect had purchased. However,
 8 the offers were significantly lower than the Receiver would accept. Braun and the Receiver will
 9 be discussing marketing and sales options for these parcels in the following reporting period. The
 10 discussion will be to determine if the strategy will be adjusted to provide the best possible outcome
 11 for the investors.

12 During this reporting period, the Receiver filed a motion to release the liens Profit Connect
 13 held against homes across the United States as requested in the prior report (ECF No. 115). The
 14 Receiver is working with title companies in the various states where the properties are located to
 15 have the liens released.

16 During this reporting period, the Receiver has paid \$162,806.39 in professional expenses and
 17 paid \$3,746.31 in general expenses of the receivership estate. The breakdown of cash flows and
 18 the current balance sheet are as follows:

SEC v. Profit Connect Wealth Services, Inc. et al	
Summary Cash Flow Statement	
December 31, 2022	
<i>Cash at Beginning of Period</i>	9,267,386
<i>Total Cash Inflows</i>	
	-
<i>Cash Outflows</i>	
Business Asset Expenses	(3,746)
Payments to Professionals	(162,806)
<hr/>	
<i>Total Cash Outflows</i>	(166,553)
<i>Cash at End of Period</i>	9,100,834

SEC v. Profit Connect Wealth Services, Inc. et al
Summary Balance Sheet
December 31, 2022

<i>Assets</i>	
EWB Account	9,100,834
Real Property**	1,275,000
Professional Liability Litigation**	5,000,000
Third Party Litigation**	2,820,000
Total Assets	18,195,834
<i>Liabilities</i>	
Accrued Professionals	314,983
Total Liabilities	314,983
<i>Equity</i>	
Net Cash Investors**	22,271,098
Retained Earnings	(4,390,247)
Total Equity	17,880,851

** Values Currently Estimated and Subject to Change

II. INVENTORY OF ASSETS AND ESTIMATE VALUE (LR 66-4(b)(2))

As of the date of this Report, the Receiver is holding over \$9,100,834 in cash belonging to Profit Connect. Other than cash, the total value of assets is estimated to be \$9,095,000. It is estimated that there is \$5,000,000 in professional liability litigation, \$2,820,000 in third-party litigation and \$1,275,000 to be recovered in real property sales. This brings the total value of all assets to be estimated at \$18,195,834. The standardized fund accounting report for the period October 1, 2022, through December 31, 2022, is attached to this report as **Exhibit A**.

III. SCHEDULE OF RECEIVER’S RECEIPTS AND DISBURSEMENTS (LR 66- 4(b)(3))

Please see Exhibit A.

IV. OTHER ITEMS TO REPORT

a. Current Litigation

As the Court is aware, the Receiver filed an ancillary proceeding (Case No. 21-cv-02000) seeking to claw back over \$500,000 in investor funds fraudulently transferred to former Profit Connect employee and agent William Roshak, along with his current wife and ex-wife. A settlement was reached by which Mr. Roshak agreed to return \$470,000 to the estate. However,

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1 in order to pay the funds Mr. Roshak intended to withdraw money from his PERS account.¹
2 Mr. Roshak requested the ability to withdraw the funds from PERS and his request was initially
3 denied. However, he appealed the denial and the matter is expected to go before the full PERS
4 Board for consideration in February 2023.

5 The Receiver continues to monitor the situation and this ancillary litigation is stayed
6 pending the completion of settlement terms.

7 **b. Future Litigation**

8 The Receiver continues to evaluate additional avenues to recover funds for the Estate and
9 anticipates filing additional claw back actions and continues to investigate potential targets. The
10 Receiver also anticipates filing actions against certain parties who played a role in perpetuating
11 the Profit Connect fraud. As the Court is aware, the Receiver retained Texas litigation counsel on
12 a contingency fee basis to investigate and pursue an action against certain agents of Profit Connect
13 and anticipates being in a position to pursue additional actions in the near term.

14 **V. RECOMMENDATION OF THE RECEIVER (LR 66-4(b)(5))**

15 The Receiver has determined that Profit Connect was not operating a viable business and
16 was quickly dissipating investor funds. So that the Receiver can continue to identify assets and
17 claims and pursue them for the benefit of the receivership estate, the Receiver recommends that
18 the receivership continue.

19 **VI. CONCLUSION**

20 Assuming the Court authorizes the actions taken by the Receiver during this Reporting
21 Period and authorizes the Receiver to continue those actions provided for in the Appointment
22 Order and any subsequent orders, the Receiver proposes to submit further interim reports to this
23 Court, addressing his progress, findings, final conclusions, and additional recommendations,
24 approximately every 90 days.

25 ///

26 ///

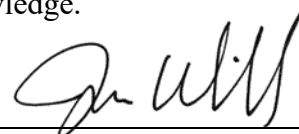
27 _____
28 ¹ Through the settlement agreement, the Receiver is to be paid either by funds withdrawn by Mr. Roshak’s PERS account and refinancing his home, or by proceeds from the sale of Mr. Roshak’s home.

1 Accordingly, and based on the foregoing, the Receiver respectfully requests that the Court
2 enter an order:

- 3 1. Accepting this Sixth 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;
- 9 4. Providing such other and further relief as the Court deems necessary and
10 appropriate.

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

13 DATED this 31st day of January, 2023



14 _____
15 GEOFF WINKLER
16 Receiver

17 DATED this 31st day of January, 2023.

18 **GREENBERG TRAUIG, LLP**

19 By: */s/ Kara B. Hendricks*

20 KARA B. HENDRICKS, Bar No. 07743
21 JASON K. HICKS, Bar No. 13149
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CERTIFICATE OF SERVICE

I hereby certify that, on the 31st day of January, 2022, a true and correct copy of the foregoing **SIXTH STATUS REPORT OF GEOFF WINKLER, RECEIVER FOR PROFIT CONNECT WEALTH SERVICES, INC.** was filed electronically via the Court’s CM/ECF system. Notice of filing will be served on all parties by operation of the Court’s CM/ECF system, and parties may access this filing through the Court’s CM/ECF system.

/s/ Evelyn Escobar-Gaddi
An employee of GREENBERG TRAUERIG, LLP

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SECURITIES & EXCHANGE COMMISSION V. PROFIT CONNECT WEALTH, et al.,
USDC CASE NO. 2:21-CV-01298-JAD-BNW

EXHIBIT	DESCRIPTION
Exhibit A	STANDARDIZED FUND ACCOUNTING REPORT

EXHIBIT A

EXHIBIT A

Standardized Fund Accounting Report

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Profit Connect Wealth Services, Inc. et al.

Receivership; Civil Docket No. 2:21-cv-01298-JAD-BNW

Reporting Period from 10/01/2022 to 12/31/2022

FUND ACCOUNTING (See instructions)				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 10/01/2022):	9,267,386.30		
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	-		
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):		-	9,267,386.30
	<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	(162,806.39)		
Line 10b	Business Asset Expenses	(3,746.31)		
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>		(166,552.70)	
Line 10f	Tax Administrator Fees and Bonds		-	
Line 10g	Federal and State Tax Payments		-	
	Total Disbursements for Receivership Operations			(166,552.70)
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):			(166,552.70)
Line 13	Ending Balance (As of 12/31/2022):			9,100,833.60
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents		9,100,833.60	
Line 14b	Investments		-	
Line 14c	Other Assets or Uncleared Funds		9,095,000.00	
	Total Ending Balance of Fund - Net Assets			18,195,833.60

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Profit Connect Wealth Services, Inc. et al.
 Receivership; Civil Docket No. 2:21-cv-01298-JAD-BNW
 Reporting Period from 10/01/2022 to 12/31/2022

OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
Line 15	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
<i>Line 15a</i>	<i>Plan Development Expenses Not Paid by the Fund</i>			
	1. Fees:			
	Fund Administrator	-		
	IDC	-		
	Distribution Agent	-		
	Consultants	-		
	Legal Advisers	-		
	Tax Advisers	-		
	2. Administrative Expenses	-		
	3. Miscellaneous	-		
	Total Plan Development Expenses Not Paid by the Fund	-		
<i>Line 15b</i>	<i>Plan Implementation Expenses Not Paid by the Fund:</i>			
	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. FAIR Reporting Expenses	-		
	Total Plan Implementation Expenses Not Paid by the Fund	-		
<i>Line 15c</i>	<i>Tax Administrator Fees & Bonds Not Paid by the Fund</i>			
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			-
Line 16	Disbursements to Court/Other Not Paid by the Fund			
<i>Line 16a</i>	<i>Investment Expenses/CRIS Fees</i>		-	
<i>Line 16b</i>	<i>Federal Tax Payments</i>		-	
	Total Disbursements to Court/Other Not Paid by the Fund:			-
Line 17	DC & State Tax Payments			-
Line 18	No. of Claims:			
<i>Line 18a</i>	<i># of Claims Received This Reporting Period</i>	-		
<i>Line 18b</i>	<i># of Claims Received Since Inception of Fund</i>	-		
Line 19	No. of Claimants/Investors:			
<i>Line 19a</i>	<i># of Claimants/Investors Paid This Reporting Period</i>	-		
<i>Line 19b</i>	<i># of Claimants/Investors Paid Since Inception of Fund</i>	-		

Receiver: **Geoff Winkler**

By: 

Geoff Winkler
 (printed name)

Chief Executive Officer
American Fiduciary Services LLC
Receiver, Profit Connect Wealth Services, Inc.

Date: January 31, 2023