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10 *Attorneys for Receiver*  
*Geoff Winkler of American Fiduciary Services*

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

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

21  
22 Geoff Winkler of American Fiduciary Services, LLC, the permanent receiver for Profit  
23 Connect Wealth Services, Inc., and any subsidiaries and affiliates (together, “Profit Connect”)  
24 submits his Eighth Status Report (the “Report”) regarding the receivership pursuant to Local Rule  
25 66-4(b).

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

2           The Securities and Exchange Commission initiated this action against Profit Connect, Ms.  
3 Kovar, and Mr. Kovar on July 8, 2021, when it filed an ex parte complaint and motion for  
4 temporary restraining order seeking, among other things, the freezing of defendants' assets and the  
5 appointment of a receiver over Profit Connect. On July 23, 2021, the Defendants stipulated to  
6 modify the temporary restraining order to appoint Geoff Winkler as the Temporary Receiver,  
7 giving him limited powers. On August 6, 2021, following another stipulation of the parties, the  
8 Court converted the temporary restraining order to a preliminary injunction and appointed the  
9 Temporary Receiver as the Permanent Receiver of Profit Connect. See Receivership Order (ECF  
10 No. 26.)

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

19           Since the completion of the Investigation and Forensic Accounting Report (ECF No. 111)  
20 in August 2022, the Receiver and his team have identified third-party recovery opportunities and  
21 analyzed the accounting file to determine the recommended type of claims process. During this  
22 reporting period, the Receiver was granted approval for the claims procedures motion. The  
23 hearing, which took place June 13<sup>th</sup>, 2023, set the claims bar date for **September 11<sup>th</sup>, 2023**.  
24 **Anyone intending to make a claim against the receivership estate must do so by filing a claim**  
25 **no later than September 11, 2023, or their claims may be forever barred.**

26           Those who wish to file a claim may do so by visiting [kccconnect.com/profitconnect](http://kccconnect.com/profitconnect), or by  
27 calling 503-980-3711 for a paper claim form. The Receiver recorded 170 claims filed between  
28

1 June 13<sup>th</sup> and June 30<sup>th</sup> and anticipates a steady increase of claimants in the coming weeks. The  
 2 claims team has begun auditing claims as they are received in an effort to process claims quickly.

3 Braun International Real Estate Company (“Braun”) continued its efforts as the real estate  
 4 broker to list and sell the eight land parcels owned by Profit Connect in Searchlight, Nevada. Offers  
 5 have been presented on the more desirable parcels that Profit Connect had purchased. During this  
 6 reporting period the real property located at Parcel Number 243-34-101-006, Searchlight, Nevada  
 7 sold for \$57,600. After closing costs and broker fees the net proceeds were \$51,104. The Receiver  
 8 has accepted an offer on Parcel Number 243-34-101-002, Searchlight, Nevada for \$67,650 and is  
 9 anticipated to close in the following reporting period.<sup>1</sup>

10 During this reporting period, the Receiver has continued to administer the receivership estate.  
 11 The breakdown of cash flows and the current balance sheet are as follows:

<b>SEC v. Profit Connect Wealth Services, Inc. et al</b>	
<b>Summary Cash Flow Statement</b>	
<b>June 30, 2023</b>	
<i>Cash at Beginning of Period</i>	<b>9,007,926</b>
<i>Cash Inflows</i>	
Searchlight Sale (parcel #243-34-101-006 )	51,104
Interest Income	28,050
<hr/>	
<i>Total Cash Inflows</i>	<b>79,154</b>
<i>Cash Outflows</i>	
Payments to Professionals	(88,412)
Claims Notice Publication	(4,454)
<hr/>	
<i>Total Cash Outflows</i>	<b>(92,866)</b>
<i>Cash at End of Period</i>	<b>8,994,214.07</b>

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28 <sup>1</sup> A stipulation and proposed order to facilitate the sale is pending at ECF No. 148.

**SEC v. Profit Connect Wealth Services, Inc. et al**

**Summary Balance Sheet**

**June 30, 2023**

<i>Assets</i>	
EWB Account	8,994,214
Real Property**	758,400
Professional Liability Litigation**	5,000,000
Third Party Litigation**	4,789,559
<b>Total Assets</b>	<b>19,542,173</b>
<i>Liabilities</i>	
July 2023 Accounts Payable	5,841
Accrued Professionals	361,701
<b>Total Liabilities</b>	<b>367,542</b>
<i>Equity</i>	
Net Cash Investors**	22,271,098
Retained Earnings	(3,096,467)
<b>Total Equity</b>	<b>19,174,631</b>

\*\* 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 \$8,994,214.07 in cash belonging to Profit Connect. Other than cash, the total value of assets is estimated to be \$10,547,959.02. It is estimated that there is \$5,000,000 in professional liability litigation, \$4,789,559 in third-party litigation and \$758,400 to be recovered in real property sales. This brings the total value of all assets to be estimated at \$19,542,173.09. The standardized fund accounting report for the period April 1, 2023, through June 30, 2023, is attached to this report as Exhibit A.

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1 **III. SCHEDULE OF RECEIVER’S RECEIPTS AND DISBURSEMENTS (LR 66-**  
2 **4(b)(3)**

3 In addition to the foregoing, please see Exhibit A.

4 **IV. OTHER ITEMS TO REPORT**

5 **a. Current Litigation**

6 As the Court is aware, the Receiver has initiated two proceedings in an attempt to recover  
7 additional funds owed to Profit Connect and, during this Reporting Period, sought Court approval  
8 to employ special litigation counsel to pursue financial institutions.

9 **1. *Roshak Litigation***

10 The Receiver filed an ancillary proceeding (Case No. 21-cv-02000) seeking to claw back  
11 over \$500,000 in investor funds fraudulently transferred to former Profit Connect employee and  
12 agent William Roshak, along with his current wife and ex-wife. A settlement was reached by  
13 which Mr. Roshak agreed to return \$470,000 to the estate. However, in order to pay the funds,  
14 Mr. Roshak intended to withdraw money from his PERS account. Mr. Roshak requested the ability  
15 to withdraw the funds from PERS and his request was initially denied. Mr. Roshak appealed the  
16 denial, however, the PERS Board denied the appeal on July 20, 2023. The Receiver is in  
17 communication with Mr. Roshak’s counsel and understands that Mr. Roshak now intends to sale  
18 his residence in order to pay the estate.

19 **2. *Texas Action Against Nicholas, Sutton and Allianz***

20 As referenced in prior reports, the Receiver, by and through contingency fee counsel filed  
21 an action which is currently pending in the United States District Court, Northern District of Texas,  
22 Lubbock Division and assigned Case No. 5:23-cv-00074-C against Jeffrey Nicholas, Troy Sutton  
23 and Allianz Life Financial Service, LLC (“Allianz”) (the “Texas Action”). Nicholas and Sutton  
24 were both licensed by Allianz to sell life insurance and other annuity type products and promoted  
25 Profit Connect to their clients and generated substantial investor funds for Profit Connect.

26 Despite the Receiver’s settlement discussions, Mr. Sutton filed a Motion to Dismiss, which  
27 was moved to federal court, and the Receiver has responded and is in settlement discussions with  
28

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1 Mr. Sutton. Mr. Nicholas' counsel also filed a motion to dismiss and the Receiver's counsel is  
2 responding to the same.

3 **b. Future Litigation**

4 The Receiver continues to evaluate additional avenues to recover funds for the Estate and  
5 anticipates filing additional claw back actions and continues to investigate potential targets.

6 **1. *Proceedings Against Financial Institutions***

7 During the Reporting Period, the Receiver filed a Motion to Employ Special  
8 Litigation Counsel to evaluate and pursue potential claims against Bank of America N.A. ("Bank  
9 of America") (ECF No. 142). A hearing regarding the retention of Special Counsel on a  
10 contingency fee basis was held on July 25, 2023 and the Receiver's Motion granted. Special  
11 Litigation Counsel is evaluating next steps which may include initiating claims against Bank of  
12 America in the next reporting period.

13 **2. *Former Employees***

14 The Receiver has identified approximately eleven former employees who received funds  
15 or gifts from Profit Connect in excess of their W-2 wages and with whom the Receiver has not  
16 already settled. The Receiver sent these employees demand letters requesting the return of the  
17 funds or value of the gifts in excess of their wages and has heard back from a number of the former  
18 employees. The Receiver is hopeful that the majority of the former employee claims can be settled  
19 outside of litigation. However, if the Receiver is not able to reach a resolution with these former  
20 employees, he will seek Court permission prior to commencing litigation proceedings.

21 **3. *Agents/Promoters***

22 The Receiver is evaluating potential claims against agents/promoters and sent demand  
23 letters to 70 individuals seeking the return of false profits related to the investment scheme. The  
24 Receiver is hopeful that the majority of the claims against agents/promoters can be settled outside  
25 of litigation. However, if the Receiver is not able to reach a resolution, he will seek Court  
26 permission prior to commencing litigation proceedings.

1                                   4.       **Credit Card Clawback Recovery**

2           The Receiver’s forensic accounting revealed that Profit Connect had made payments  
3 totaling \$1,724,153.64 on credit card accounts held by individuals affiliated with Profit Connect  
4 which he believes are voidable because Profit Connect did not receive reasonably equivalent value  
5 in exchange for the payments. *See Henry v. Official Comm. of Unsecured Creditors of Walldesign,*  
6 *Inc. (In re Walldesign, Inc.),* 872 F.3d 954 (9<sup>th</sup> Cir. 2017). During the Reporting Period, the  
7 Receiver sent demand letters to the credit card companies that were identified seeking to recover  
8 the funds. The Receiver will file a motion to obtain court approval of the procedure he intends to  
9 utilize to further pursue such recovery.

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

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

15       **VI. CONCLUSION**

16           Assuming the Court authorizes the Receiver to undertake the actions recommended herein,  
17 as well as to continue those actions provided for in the Appointment Order and any subsequent  
18 orders, the Receiver proposes to submit further interim reports to this Court, addressing his  
19 progress, findings, final conclusions, and additional recommendations, approximately every 90  
20 days.

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

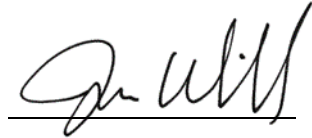
- 23           1.       Accepting this Eighth Status Report;
- 24           2.       Authorizing the Receiver to continue to administer the Receivership Entities and  
25 their estate in accordance with the terms of the Appointment Order;
- 26           3.       Authorizing the Receiver to undertake the recommendations presented herein,  
27 including a continued engagement of those professionals he deems necessary for the proper  
28 administration of the Receivership Entities and their estate;

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1           4.       Providing such other and further relief as the Court deems necessary and  
2 appropriate.

3                   DATED THIS 31<sup>st</sup> DAY OF JULY 2023  
4

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

7  
8 

9 Geoff Winkler, Receiver

10 Respectfully submitted  
11 GREENBERG TRAUIG, LLP

12 */s/ Kara B. Hendricks*  
13 KARA B. HENDRICKS, ESQ.  
14 Nevada State Bar No. 07743

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**CERTIFICATE OF SERVICE**

Pursuant to Fed. R. Civ. P. 5(b), I hereby certify that on the 31st day of July 2023, a true and correct copy of the foregoing **EIGHTH 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 registered to this case 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 TRAUIG, LLP

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

<b>EXHIBIT</b>	<b>DESCRIPTION</b>
<b>Exhibit A</b>	<b>STANDARDIZED FUND ACCOUNTING REPORT</b>

# **EXHIBIT A**

# **EXHIBIT A**

Standardized Fund Account Report

EXHIBIT A

**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 04/01/2023 to 06/30/2023

FUND ACCOUNTING (See instructions)				
		Detail	Subtotal	Grand Total
Line 1	<b>Beginning Balance (As of 04/01/2023):</b>	9,007,925.89		
	<b>Increases in Fund Balance:</b>			
Line 2	Business Income	-		
Line 3	Cash and Securities (in transit)	-		
Line 4	Interest/Dividend Income	28,050.08		
Line 5	Business Asset Liquidation	51,104.40		
Line 6	Personal Asset Liquidation	-		
Line 7	Third-Party Litigation Income	-		
Line 8	Miscellaneous - Other	-		
	<b>Total Funds Available (Lines 1 - 8):</b>		79,154.48	<b>9,087,080.37</b>
	<b>Decreases in Fund Balance:</b>			
Line 9	Disbursements to Investors			
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	(88,412.30)		
Line 10b	Business Asset Expenses	(4,454.00)		
Line 10c	Personal Asset Expenses	-		
Line 10d	Investment Expenses	-		
Line 10e	Third-Party Litigation Expenses	-		
	1. Attorney Fees	-		
	2. Litigation Expenses	-		
	<b>Total Disbursements for Receivership Operations</b>		(92,866.30)	
Line 10f	Tax Administrator Fees and Bonds		-	
Line 10g	Federal and State Tax Payments		-	
	<b>Total Disbursements for Receivership Operations</b>			<b>(92,866.30)</b>
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	-		
	<b>Total Plan Development Expenses</b>		-	
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	-		
	<b>Total Plan Implementation Expenses</b>		-	
	<b>Total Disbursements for Distribution Expenses Paid by the Fund</b>			<b>-</b>
Line 12	Disbursements to Court/Other:			
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees	-		
Line 12b	Federal Tax Payments	-		
	<b>Total Disbursements to Court/Other:</b>		-	
	<b>Total Funds Disbursed (Lines 9 - 11):</b>			<b>(92,866.30)</b>
Line 13	<b>Ending Balance (As of 06/30/2023):</b>			<b>8,994,214.07</b>
Line 14	<b>Ending Balance of Fund - Net Assets:</b>			
Line 14a	Cash & Cash Equivalents		8,994,214.07	
Line 14b	Investments		-	
Line 14c	Other Assets or Uncleared Funds		10,547,959.02	
	<b>Total Ending Balance of Fund - Net Assets</b>			<b>19,542,173.09</b>

EXHIBIT A

EXHIBIT A

**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 04/01/2023 to 06/30/2023

OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
<b>Line 15</b>	<b>Disbursements for Plan Administration Expenses Not Paid by the Fund:</b>			
<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	-		
	<b>Total Plan Development Expenses Not Paid by the Fund</b>	-		
<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	-		
	<b>Total Plan Implementation Expenses Not Paid by the Fund</b>	-		
<i>Line 15c</i>	<i>Tax Administrator Fees &amp; Bonds Not Paid by the Fund</i>			
	<b>Total Disbursements for Plan Administration Expenses Not Paid by the Fund</b>			-
<b>Line 16</b>	<b>Disbursements to Court/Other Not Paid by the Fund</b>			
<i>Line 16a</i>	<i>Investment Expenses/CRIS Fees</i>		-	
<i>Line 16b</i>	<i>Federal Tax Payments</i>		-	
	<b>Total Disbursements to Court/Other Not Paid by the Fund:</b>			-
<b>Line 17</b>	<b>DC &amp; State Tax Payments</b>			-
<b>Line 18</b>	<b>No. of Claims:</b>			
<i>Line 18a</i>	<i># of Claims Received This Reporting Period</i>	170		
<i>Line 18b</i>	<i># of Claims Received Since Inception of Fund</i>	170		
<b>Line 19</b>	<b>No. of Claimants/Investors:</b>			
<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: July 31, 2023**