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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, INC.,
JOY I. KOVAR, and BRENT CARSON KOVAR,

18 Defendants.
19

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

**FOURTH STATUS REPORT OF
GEOFF WINKLER, RECEIVER FOR
PROFIT CONNECT WEALTH
SERVICES, INC., AND PETITION
FOR INSTRUCTIONS**

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

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

25 **1. The Receiver’s Investigative and Marshalling Operations**

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

1 appointment of a receiver over Profit Connect. The Court granted the *ex parte* temporary
2 restraining order, in part, by allowing the asset freeze to proceed but set the motion for a hearing
3 on the other matters for July 26, 2021.

4 On July 23, 2021, the Defendants stipulated to modify the temporary restraining order to
5 appoint Geoff Winkler as the temporary receiver, giving him limited powers. The Temporary
6 Receiver immediately deployed his team to Profit Connect's locations and imaged Profit Connect's
7 electronic records, interviewed its principals and employees, reviewed books and records, and
8 observed Profit Connect's business. The Temporary Receiver ensured all bank and cryptocurrency
9 accounts were frozen and obtained records that enabled him to determine the activity within the
10 cryptocurrency account.

11 On August 6, 2021, following another stipulation of the parties, the Court converted the
12 temporary restraining order to a preliminary injunction and appointed the Temporary Receiver as
13 the Permanent Receiver of Profit Connect. See Receivership Order (ECF No. 26.) The Receiver
14 and his team spent an additional week at the Las Vegas location overseeing the operations and
15 attempting to find a solution that would allow Profit Connect to continue to operate legally and
16 profitably to maximize return to investors. Mr. Kovar, Ms. Kovar, investors, agents and the Profit
17 Connect employees were cooperative with the Receiver and his team. A business plan for Profit
18 Connect was not completed prior to the receivership and was requested of Mr. Kovar by the
19 Receiver, upon arrival. Extensive interviews were conducted with the employees and certain
20 Agents. The Receiver held a staff meeting to inform employees about the receivership and the case
21 and what to expect, in addition to answering any questions at that time.

22 A few employees requested to meet with the Receiver outside of the Profit Connect facilities
23 so they could speak candidly. The Receiver and his team met with these individuals to better
24 understand their concerns and gather additional information that benefited the receivership estate.
25 The Receiver, his staff, and the Forensic IT team spent several weeks collecting and reviewing
26 data, communicating with Profit Connect parties, observing operations, and documenting assets
27 and information. After determining that there was no viable business to continue operating, the
28 Receiver terminated the employees and closed the offices, only retaining a few employees on a

1 contract basis to assist with the wind-down of operations and preparation for the sale of the personal
2 property.

3 The Receiver and his team canceled services, consolidated locations and moved all assets
4 from the Pasadena location and the Las Vegas retail store to the warehouse to complete the
5 inventory of all personal property. Following the completion of the inventory and receiving court
6 approval, the Receiver and his team held a virtual auction for all personal property from the retail
7 store, the Pasadena location, the North Las Vegas home, and the Speedway warehouse which ended
8 on December 15th. The auction concluded with a net profit of \$1,259,817, far exceeding initial
9 expectations. The Receiver's push to quickly seek Court approval for the sale of the personal
10 property maximized the value of those assets by selling them in the same model year they were
11 purchased, and before new models were produced. This, combined with the current international
12 microchip shortage, allowed the Receiver to exceed all expectations for the auction and ultimately
13 will allow him to return more money back to investors. This prompt sale also allowed the Receiver
14 to turn the building back over to the landlord in December and thereby reduce the monthly cost to
15 the estate by over \$25,000 per month.

16 As noted in the previous reports (ECF Nos. 52, 72, 88), Profit Connect has no identifiable
17 accounting books and records, or processes and procedures normally in place to effectuate the
18 typical financial and accounting activities of a business. During the period covered by this Fourth
19 Report, the Receiver continued his efforts to investigate the accounting operations of the entities in
20 receivership to fulfill his tax reporting obligations, to investigate and locate assets of the estate, and
21 to complete his forensic accounting report. The forensic accounting report is being completed and
22 will be submitted immediately upon its completion, which is expected around the same time as this
23 report. The investigation identified 23 bank, cryptocurrency, credit card, and other third-party
24 payor accounts used for transactions for Profit Connect and 9,501 relevant transactions from March
25 of 2018 through July of 2021. 1,882 of these transactions detailed 941 transfers between these
26 accounts totaling \$8,258,004. The report also reviews the \$24,697,801 deposited into Profit
27 Connect's accounts from investors, employees, and sales agents.

28 ///

1 During this reporting period, the Receiver has collected \$515,982.01 and paid \$286,487.57
 2 in expenses of the receivership estate. The breakdown of these cash flows and the current balance
 3 sheet are as follows:

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

5 **Summary Cash Flow Statement**

6 **June 30, 2022**

7 **Cash at Beginning of Period 8,906,812**

8 **Cash Inflows**

9 7043 Calvert Cliffs Proceeds 511,730
 10 Asset Recovery Bank Funds 252
 11 Settlement Interest Payment 4,000

12 **Total Cash Inflows 515,982**

13 **Cash Outflows**

14 Payments to Professionals (277,877)
 15 Asset Expenses (7,007)
 16 Settlement Payment to JM (1,000)
 17 Warehouse Expense (603)

18 **Total Cash Outflows (286,488)**

19 **Cash at End of Period 9,136,306**

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

21 **Summary Balance Sheet**

22 **June 30, 2022**

23 **Assets**

24 EWB Account 9,136,306
 25 Real Property** 1,100,000
 26 Professional Liability Litigation** 5,000,000
 27 Third Party Litigation** 3,200,000

28 **Total Assets 18,436,306**

Liabilities

July 2022 Accounts Payable -
 Q2 2022 Professionals Payments 249,738
 Accrued Professionals 195,866

Total Liabilities 445,604

Equity

Net Cash Investors 22,271,098
 Retained Earnings (4,280,395)

Total Equity 17,990,703

** Values Currently Estimated and
 Subject to Change

1 As noted in the previous reports (ECF Nos. 52, 72), the Receiver's fees and those of his
2 legal professionals have been necessitated, in no small part, by the nature of the entity in
3 receivership. Specifically, Profit Connect had no books and records, including books of account.
4 It had no functioning accounting department, including no person properly handling accounts
5 receivables and payables. The Receiver has had to recreate accounting records by reconstructing
6 the entity's financials using financial statements and offsetting financial records. The majority of
7 these statements and records have had to be procured through subpoenas served on financial
8 institutions. The subpoenas have necessitated work from the legal professionals, both in terms of
9 issuing the subpoenas, but also in terms of negotiation and enforcement.

10 The Receiver retained Braun International Real Estate Company as his real estate broker to
11 list and sell the real property owned by Profit Connect in North Las Vegas, Nevada and Searchlight,
12 Nevada, with the goal to maximize the sale price and reduce the cost to the estate for maintaining
13 the properties and paying property taxes. The home located at 7043 Calvert Cliffs Avenue, North
14 Las Vegas, Nevada officially closed on May 10, 2022. The purchase price for this property was
15 \$555,000 and after expenses, the receivership estate received \$511,730.26. The eight parcels of
16 Searchlight land are listed for sale and the real estate broker created a direct mail marketing
17 campaign at the beginning of June. The broker received responses from interested buyers, but the
18 broker has not received any formal offers.

19 In addition, the Receiver settled with Ms. Uriarte for transfers she received from Profit
20 Connect in the approximate amount of \$387,786.94 that facilitated her purchase of residential real
21 property located at 7138 Calvert Cliffs Street, North Las Vegas, Nevada 89084. The settlement
22 included repayment of the \$387,786.94 of transfers received from Profit Connect along with a total
23 of \$8,000 in interest payments in the amount of \$2,000 per month, to account for her continued use
24 of Profit Connect funds. During this reporting period, Ms. Uriarte has continued to make interest
25 payments. Repayment of transfers received will commence in the following reporting period.

26 Stroz Friedberg has collected and processed over 20 Terabytes of data. The costs associated
27 with Stroz Friedberg's efforts at the beginning of the case, when the documents were being
28 collected and processed, will ultimately result in lower receiver and attorney fees because the

1 receiver's team and counsel can conduct strategic searches to eliminate irrelevant data and narrow
2 the review universe. The efforts of the Receiver and his team during the reporting period will pave
3 the way for the completion of the forensic accounting report and additional recoveries to be
4 obtained by the estate.

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

6 As of the date of this Report, the Receiver is holding over \$9,136,306 in cash belonging to
7 Profit Connect. Other than cash, the total value of the remaining assets is estimated to be
8 \$9,300,000. It is estimated that there is \$5,000,000 in professional liability litigation, \$3,200,000
9 in third-party litigation and \$1,100,000 to be recovered in real property sales. This brings the
10 estimated ending balance to \$18,436,306. The standardized fund accounting report for the period
11 April 1, 2022, through June 30, 2022, is attached to this report as **Exhibit A**.

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

13 In addition to the foregoing, please see **Exhibit A**.

14 **IV. OTHER ITEMS TO REPORT**

15 **1. Current and Future Litigation**

16 During his investigation, the Receiver has uncovered several fraudulent transfers from
17 Profit Connect to various persons and entities. The Receiver has started to take action to claw back
18 these transfers. On November 4, 2021, the Receiver's counsel filed a complaint seeking to claw
19 back over \$500,000 in investor funds fraudulently transferred to former Profit Connect employee
20 and agent William Roshak, along with his current wife and ex-wife. The action is styled *Geoff*
21 *Winkler, as receiver v. William Roshak, et al.*, Case No. 21-cv-02000 and is pending before this
22 Court. The parties attended mediation with Magistrate Judge Weksler on May 24, 2022, and, as
23 discussed in more detail below, reached a settlement of this action under which Roshak will return
24 \$470,000 to the estate.

25 The Receiver anticipates filing further claw back actions as his investigation progresses, as
26 well as damages actions for the role certain parties played in perpetuating the Profit Connect fraud.
27 The Court approved the Receiver's retention of counsel in Texas on a contingency fee basis to
28 investigate and pursue an action against certain agents of Profit Connect. The Receiver anticipates

1 filing further clawback actions as his investigation progresses, as well as damages actions for the
2 role certain parties played in perpetuating the Profit Connect fraud.

3 As noted in prior reports, multiple investors have filed actions in an effort to recoup their
4 losses which are prohibited by order (ECF No. 26). These include two lawsuits filed in Texas that
5 have been dismissed in favor of the action to be brought by the Receiver. The Receiver has
6 successfully halted these actions so that the claims can instead be brought on behalf of the
7 receivership estate.

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

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

13 **VI. REQUEST FOR APPROVAL OF SETTLEMENT WITH WILLIAM ROSHAK**

14 As set forth above, late last year, the Receiver filed an action in this Court against William
15 Roshak and his wife to recover over \$500,000 in transfers from Profit Connect that fell into three
16 categories: (1) the first category is comprised of payments that were used to purchase service credit
17 for Roshak's public employee retirement system plan; (2) the second category is comprised of
18 payments to Roshak that were allegedly for services provided to Profit Connect; and (3) the last
19 category was made up of miscellaneous payments, including payments for a pool and related
20 improvements at Roshak's house.

21 The parties attended mediation with Magistrate Judge Weksler and reached a settlement at
22 that mediation pursuant to which Roshak has agreed to return \$470,000 to the receivership estate.
23 Roshak had the option under the agreement of obtaining the funds by either making a withdrawal
24 from his PERS account and refinancing his home, or by selling his home. The settlement required
25 that he decide how he is going to fund the payment by July 29, 2022. The Receiver is informed
26 that Roshak has elected to proceed with the first option. As long as reasonable progress is made
27 and shown to the Receiver, then Roshak will fund the payment once the withdrawal and/or
28 refinance are complete. Although the Receiver is giving the defendants a release of all claims that

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1 could have been asserted in the litigation, that release will not apply if the Receiver discover
2 transfers of \$10,000 or more that were made to or for the benefit of Roshak and his wife that were
3 not previously identified to the Receiver. A copy of the settlement agreement is attached as
4 **Exhibit B.**

5 The Receiver believes that this settlement is in the best interests of the receivership estate.
6 Roshak is returning a substantial majority of the funds that he received from Profit Connect and,
7 because the settlement was reached at mediation, the Receiver did not incur a substantial amount
8 of attorney's fees reaching that resolution. Once the fees and costs that would be incurred in further
9 litigation and the risk, however small, that the Receiver may not prevail are taken into
10 consideration, it is evident that the settlement represents a fair and reasonable resolution for the
11 receivership estate. Accordingly, the Receiver requests that the settlement be approved and has
12 attached a proposed order relating to the same as **Exhibit C.**

13 **VII. CONCLUSION AND PETITION FOR FURTHER INSTRUCTIONS**

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

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

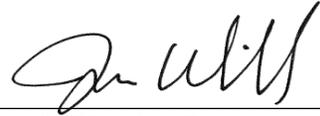
- 21 1. Accepting this Fourth Status Report;
- 22 2. Authorizing the Receiver to continue to administer the Receivership Entities and
23 their estate in accordance with the terms of the Appointment Order;
- 24 3. Authorizing the Receiver to undertake the recommendations presented herein,
25 including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

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

3 A proposed order relating to the same is attached hereto as **Exhibits B**.

4 DATED this 1st day of August, 2022.

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

7 

8 _____
Geoff Winkler, Receiver

9
10 Dated this 1st day of August 2022

GREENBERG TRAUIG, LLP

11
12 By: /s/ Kara B. Hendricks

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CERTIFICATE OF SERVICE

Pursuant to Fed. R. Civ. P. 5(b), I hereby certify that on **August 1, 2022**, a true and correct copy of the foregoing **FOURTH STATUS REPORT OF GEOFF WINKLER, RECEIVER FOR PROFIT CONNECT WEALTH SERVICES, INC., AND PETITION FOR INSTRUCTIONS** 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.

I further hereby certify that, on **August 1, 2022**, a true and correct copy of the foregoing **FOURTH STATUS REPORT OF GEOFF WINKLER, RECEIVER FOR PROFIT CONNECT WEALTH SERVICES, INC., AND PETITION FOR INSTRUCTIONS** was served via first-class United States mail, postage prepaid, upon:

PLAINTIFF SECURITIES AND EXCHANGE COMMISSION:

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Teri M. Melson, Esq.
Securities and Exchange Commission
444 S. Flower Street, Suite 900
Los Angeles, California 90071
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PRO SE DEFENDANTS JOY I. KOVAR AND BRENT CARSON KOVAR:

Brent Kovar
Joy Kovar
7043 Calvert Cliffs Street
North Las Vegas, Nevada 89084

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

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 B	SETTLEMENT AGREEMENT
Exhibit C	[PROPOSED] ORDER APPROVING FOURTH STATUS REPORT

EXHIBIT A

EXHIBIT A

Standardized Fund Accounting Report

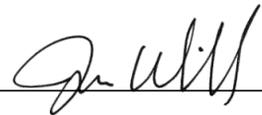
STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Profit Connect Wealth Services, Inc. et al.
Receivership; Civil Docket No. 2:21-cv-01298-JAD-BNW
Reporting Period from 04/01/2022 to 06/30/2022

FUND ACCOUNTING (See instructions)				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 04/01/2022):	8,906,812.05		
	Increases in Fund Balance:			
Line 2	Business Income	-		
Line 3	Cash and Securities (in transit)	-		
Line 4	Interest/Dividend Income	-		
Line 5	Business Asset Liquidation	511,982.01		
Line 6	Personal Asset Liquidation	-		
Line 7	Third-Party Litigation Income	4,000.00		
Line 8	Miscellaneous - Other	-		
	Total Funds Available (Lines 1 - 8):		515,982.01	9,422,794.06
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors			
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	(277,877.34)		
Line 10b	Business Asset Expenses	(8,610.26)		
Line 10c	Personal Asset Expenses	-		
Line 10d	Investment Expenses	-		
Line 10e	Third-Party Litigation Expenses	-		
	1. Attorney Fees	-		
	2. Litigation Expenses	-		
	Total Disbursements for Receivership Operations		(286,487.60)	
Line 10f	Tax Administrator Fees and Bonds		-	
Line 10g	Federal and State Tax Payments		-	
	Total Disbursements for Receivership Operations			(286,487.60)
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	-		
	Total Plan Development Expenses		-	
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	-		
	Total Plan Implementation Expenses		-	
	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):			(286,487.60)
Line 13	Ending Balance (As of 06/30/2022):			9,136,306.46
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents		9,136,306.46	
Line 14b	Investments		-	
Line 14c	Other Assets or Uncleared Funds		9,300,000.00	
	Total Ending Balance of Fund - Net Assets			18,436,306.46

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 04/01/2022 to 06/30/2022

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: July 30, 2022

EXHIBIT B

EXHIBIT B

SETTLEMENT AGREEMENT

SETTLEMENT AGREEMENT

This Agreement is made and entered into by and among Geoff Winkler, as the court-appointed receiver of Profit Connect Wealth Services, Inc. and any of its subsidiaries and affiliates (the “Receiver”), William Roshak, individually and d/b/a William George Photography, Tetiana Luzhanska, and Melissa Roshak. Each of the foregoing may be referred to herein as “Party” or collectively as the “Parties,” as the context may dictate.

RECITALS

WHEREAS, there is a currently pending action in the U.S. District Court for the District of Nevada styled *Geoff Winkler, as Receiver for Profit Connect Wealth Services, Inc. v. William Roshak, individually and d/b/a William George Photography, et al.*, Case No. 2:21-cv-002000-JAD-BNW (the “Litigation”);

WHEREAS, the Receiver brought the Litigation against Defendants William Roshak and Tetiana Luzhanska to avoid certain transfers of monies made to and/or for the benefit of Mr. Roshak and Ms. Luzhanska, and whereas, Melissa Roshak was named effectively as a nominal party; and

WHEREAS, the parties seek to finally resolve the Litigation, as well as any and all related actions, claims, demands, or other entitlement to relief that may arise from the same facts that have or could have been asserted in the Litigation, except as provided for herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, the Parties, intending to be legally bound hereby, agree as follows:

1. Provisional Settlement.

The Parties agree that upon full execution of this Agreement, the Receiver shall promptly seek approval for the Parties’ settlement from the U.S. District Court, District of Nevada, presiding over the related action styled *Securities and Exchange Commission v. Profit Connect Wealth Services, Inc.*, Case No. 2:21-cv-01298-JAD-BNW. This Agreement shall be contingent on obtaining court approval, but in no way shall the pendency of the approval motion constrain William Roshak and/or Tetiana Luzhanska from proceeding with the due diligence needed to elect a payment method for the settlement’s monetary consideration, as set forth below.

2. Monetary Consideration By William Roshak and/or Tetiana Luzhanska to the Receiver.

William Roshak and Tetiana Luzhanska, jointly and severally, agree to return \$470,000.00 to the Receiver (the “Monetary Consideration”).

William Roshak and Tetiana Luzhanska shall have until July 29, 2022, to elect the method of payment for the Monetary Consideration, which shall either be: (1) a

withdrawal of a portion of the \$381,263.47 William Roshak had deposited into his Public Employees' Retirement System of Nevada ("NVPERS") account for the purchase of five years of a service credit, plus a refinance of the real property located at 12404 Pine Bend Ave, Las Vegas, Nevada 89138 (the "Pine Bend Property") for the remainder ; (2) or, if it is determined that withdrawal of the monies from the NVPERS account and/or a refinance of the Pine Bend Property is not economically feasible in the sole discretion of Mr. Roshak and Ms. Luzhnaska, then a sale of the Pine Bend Property. Thereafter, so long as reasonable progress is made and shown, payment of the Monetary Consideration shall be when the withdrawal and refinance are completed or upon closing of the sale of the real property.

Melissa Roshak, who has a property interest in William Roshak's NVPERS account (including as adjudged by the Eighth Judicial District Court (Family Division), Clark County, Nevada), agrees that William Roshak may withdraw up to the \$381,263.47 referenced above from the NVPERS account to partially fund the Monetary Consideration should William Roshak elect to do so. Subject to the below reservation of rights, Melissa Roshak shall reasonably cooperate in executing any documents or providing any other permissions needed to effect any elected withdrawal from the NVPERS account.

- a. **Notice of Election By William Roshak and Tetiana Luzhanska.** William and Tetiana Luzhanska shall provide, on or before July 29, 2022, written notice ("Notice of Election") to the Receiver and Melissa Roshak of their elected method of payment for the Monetary Consideration. If the election includes a withdrawal from the NVPERS account, the Notice of Election shall include the paperwork provided by NVPERS regarding the tentative effect of the withdrawal in contributions upon Ms. Roshak. Ms. Roshak understand that these numbers are not to be relied upon until the administrative process and withdrawal is complete. Upon completion, William Roshak and Tetiana Luzhanska shall provide Ms. Roshak with the final information received from NVPERS concerning the impact of the withdrawal in contributions upon Ms. Roshak.

3. Mutual Releases and Reservation of Rights.

- a. **By the Receiver:** The Receiver releases and discharges William Roshak, Tetiana Luzhanska, and Melissa Roshak, and all their respective heirs, successors, affiliates, assigns, representatives, agents and attorneys of the foregoing, from any and all claims that were or could have been asserted in the Litigation.
- b. **The Receiver's Exception to Release as to William Roshak and Tetiana Luzhanska.** Should the Receiver discover transfers of \$10,000 or more that were made to or for the benefit of William Roshak and/or Tetiana Luzhanska and that are not identified on the spreadsheet attached as Exhibit 1 to this Agreement, the Receiver may seek to recover such transfers from William Roshak and/or Tetiana Luzhanska, but not Melissa Roshak, whether through

litigation or otherwise. The releases and discharges by the Receiver do not release or discharge any defenses that the Receiver may have to any action brought under 11 U.S.C. § 547.

- c. **By William Roshak, Tetiana Luzhanska, and Melissa Roshak:** William Roshak, Tetiana Luzhanska, and Melissa Roshak release and discharge the Receiver, and all of his respective heirs, successors, affiliates, assigns, representatives, agents and attorneys of the foregoing, from any and all claims that were or could have been asserted in the Litigation, as well as any claims that any of William Roshak, Tetiana Luzhanska, and Melissa Roshak could otherwise assert against the receivership estate (e.g., recoupment of investment monies.)
 - d. The foregoing releases shall not affect a claim for breach of this Agreement by any Party.
 - e. **Reservation of Rights.** Melissa Roshak's agreement with respect to any elected withdrawal from the NVPERS account is limited in so far as her property interest and distribution rights from the account shall be reduced commensurate to the principal reduction of up to \$381,263.47. Melissa Roshak expressly reserves and does not waive any rights she may have for indemnification or other reimbursement from William Roshak arising out of any adverse consequence she may suffer as a result of any withdrawal including, *inter alia*, penalties, taxes, requests for reimbursement of monies received, or suspensions, that may accrue from said principal reduction. Furthermore, Melissa Roshak and William Roshak expressly reserve, and do not waive, any claims that he or she may bring in the family court action before the Eighth Judicial District Court in Clark County, Nevada, entitled *Melissa Roshak v. William Roshak*, Case No. D-17-563759-D, even if such claims could have been brought within this Litigation.
4. **Withdrawal and Cessation of Litigations.** Upon receipt of all signatures to this Agreement and payment of the Monetary Consideration, the Parties shall execute and file a stipulation and order dismissing the Litigation with prejudice with each Party to bear his or her own fee, costs, and expenses. In addition, the Receiver agrees to make the following representation in the stipulation: "Melissa Roshak was effectively named as a nominal party in this action to bind her to any judgment issued against William Roshak and no allegation of fraud or otherwise was made by the Receiver against Ms. Roshak."
 5. **No Purchase of Claims.** The Parties certify and agree that they have not and will not purchase any claims against any of the other Parties, unless compelled to do so by a court of law.
 6. **Cooperation.** The Parties agree to cooperate fully and to take all additional steps or actions that may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.

7. **Representations and Warranties.** The Parties acknowledge, covenant and agree that as of the full execution of this Agreement (i) the Parties have not sold, assigned or transferred any part or portion of the Claims, (ii) they have not made a general assignment for the benefit of creditors, (iii) they have not filed any voluntary petition in bankruptcy (nor will do so for a period of 90 days subsequent to the date of payment of the Monetary Consideration), and (iv) they have not suffered the filing of an involuntary petition in bankruptcy. In addition, William Roshak and Tetiana Luzhanska represent and warrant that, to the best of their knowledge, they have not received, directly or indirectly, any transfers of \$10,000 or more that are not identified on Exhibit 1 to this Agreement.
8. **No Admission.** Each Party agrees that this Agreement is a compromise relating to the matters released herein and shall never be treated as an admission of liability of any Party for any purpose and that liability therefor is expressly denied by each of the Parties.
9. **Notices.** Any notice that is required under or in connection with this Agreement shall be given by certified U.S. Mail, return-receipt requested and by e-mail as follows:

Geoff Winkler, as receiver

Kara Hendricks, Esq.
Greenberg Traurig, LLP
10845 Griffith Peak Drive, Suite 600
Las Vegas, Nevada 89135
702-938-6856
hendricksk@gtlaw.com

William Roshak and Tetiana Luzhanska

Robert A. Ryan, Esq.
Knight & Ryan PLLC
8880 W. Sunset Rd., Suite 130
Las Vegas, Nevada 89148
702-462-6083
robert@knightryan.com

Melissa Roshak

Stewart Fitts, Esq.
Hutchinson & Steffen, PLLC
10080 West Alta Drive, Suite 200
Las Vegas, Nevada 89145
702-385-2500
sfitts@hutchlegal.com

10. **Governing Law; Venue and Jurisdiction.** Each Party agrees that any action to enforce the terms of this Agreement or claims arising out of or related to this Agreement shall

be governed in all respects by the law of the State of Nevada and shall be litigated in the U.S. District Court for the District of Nevada, which court shall retain jurisdiction of this action, to include this settlement, until finally dismissed with prejudice.

- 11. Attorney Fees and Costs.** In any action to enforce the terms of this Agreement or claims arising out of or related to this Agreement, the unsuccessful party to such action, as determined by the presiding body in a final judgment or decree, shall pay the prevailing or successful party or parties all costs, expenses, and reasonable attorneys' fees incurred therein by such party or parties, including without limitation such costs, expenses, and fees on appeal.
- 12. Advice of Counsel.** Each Party agrees that he or she has had the full opportunity, after consultation with independent counsel, to evaluate and enter into this Agreement as a free and voluntary act with full knowledge of its contents and of the binding and conclusive nature thereof.
- 13. Entire Agreement.** This Agreement contains the entire agreement between the Parties with respect to its subject matter, to include all representations and warranties relied upon by the Parties in executing this Agreement, and its terms are contractual and not mere recitals.
- 14. Authority.** Each Party warrants and represents that the person or entity executing this Agreement, and the person executing this Agreement for and on behalf of each entity, is competent to execute this Agreement and has the requisite mental faculties, power, and authority to execute this Agreement.
- 15. All Parties as Drafters of This Agreement.** Each Party agrees that he or she has reviewed this Agreement and contributed to its drafting. Accordingly, no Party shall be construed as the drafter of this Agreement and, therefore, this Agreement shall not be construed against any Party as its drafter.
- 16. Binding Agreement.** This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto, their executives, administrators, heirs, successors, assigns, officers, directors, principals, shareholders, members, partners, agents, attorneys, representatives, liquidators, trustees, receivers, and employees.
- 17. Severability.** If any clause or provision of this Agreement is determined to be illegal, invalid, or unenforceable under any present or future law by the final judgment of a court of competent jurisdiction, the remainder of this Agreement will not be affected thereby. It is the intention of the Parties that if any such provision is held to be illegal, invalid, or unenforceable, there will be added in lieu thereof a provision as similar in terms to such provision as is possible to be legal, valid, and enforceable.
- 18. Amendment; Waiver.** Neither this Agreement nor any of its provisions can be changed, waived, discharged, or terminated, except by an instrument in writing signed by the party against whom the enforcement of the change, waiver, discharge, or

termination is sought. No failure to exercise and no delay in exercising, any right, power, or privilege under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege hereunder preclude the exercise of any other right, power, or privilege. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between or among the Parties. No extension of time for performance of any obligations or other acts hereunder or under any other agreement shall be deemed to be an extension of the time for performance of any other obligations or any other acts.

19. Counterparts. This Agreement may be executed in counterparts. Each counterpart shall be considered collectively as one entire document. Facsimile or pdf copies of signatures shall be sufficient to constitute the valid signatures of the Parties. Any Party delivering an executed counterpart of this Agreement by facsimile or pdf also shall deliver an original executed counterpart of this Agreement, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

GEOFF WINKLER, AS RECEIVER

By: _____

Date: _____

WILLIAM ROSHAK, INDIVIDUALLY

By: WRll

Date: 07/18/22

WILLIAM GEORGE PHOTOGRAPHY

By: WRll

Its: Owner

Printed Name: William Roshak

Date: 07/18/22

TETIANA LUZHANSKA

By: Tetiana

Date: 07/18/22

MELISSA ROSHAK

By: _____

Date: _____

termination is sought. No failure to exercise and no delay in exercising, any right, power, or privilege under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power, or privilege hereunder preclude the exercise of any other right, power, or privilege. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between or among the Parties. No extension of time for performance of any obligations or other acts hereunder or under any other agreement shall be deemed to be an extension of the time for performance of any other obligations or any other acts.

19. Counterparts. This Agreement may be executed in counterparts. Each counterpart shall be considered collectively as one entire document. Facsimile or pdf copies of signatures shall be sufficient to constitute the valid signatures of the Parties. Any Party delivering an executed counterpart of this Agreement by facsimile or pdf also shall deliver an original executed counterpart of this Agreement, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

GEOFF WINKLER, AS RECEIVER

WILLIAM ROSHAK, INDIVIDUALLY

By: _____

By: _____

Date: _____

Date: _____

WILLIAM GEORGE PHOTOGRAPHY

By: _____

Its: _____

Printed Name: _____

Date: _____

TETIANA LUZHANSKA

By: _____

Date: _____

MELISSA ROSHAK

By:  _____

Date: 7/18/22

EXHIBIT 1

To be inserted.

EXHIBIT C

EXHIBIT C

[Proposed] Order Approving Fourth Status Report

1 Kara Hendricks, Esq.
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3 Las Vegas, Nevada 89135
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4 Facsimile: (702) 792-9002
hendricksk@gtlaw.com

5
6 Kyra E. Andrassy, Esq.
Admitted *Pro Hac Vice*
SMILEY WANG-EKVALL, LLP
7 3200 Park Center Drive, Suite 250
Costa Mesa, California 92626
8 Telephone: (714) 445-1000
Facsimile: (714) 445-1002
9 kandrassy@swelawfirm.com

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
16 Plaintiff,

17 v.

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

20 Defendants.

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

**[PROPOSED] ORDER APPROVING
FOURTH STATUS REPORT OF
GEOFF WINKLER, RECEIVER FOR
PROFIT CONNECT WEALTH
SERVICES, INC., AND PETITION FOR
INSTRUCTIONS**

21
22 The Court having reviewed the *Fourth Status Report of Geoff Winkler, Receiver for Profit*
23 *Connect Wealth Services, Inc., and Petition for Instructions* (the “Status Report”) and having held
24 a hearing at which appearances were noted on the record, for the reasons set forth on the record,

25 **IT IS HEREBY ORDERED AS FOLLOWS:**

26 1. The Status Report and the actions of Geoff Winkler, the receiver (the “Receiver”),
27 set forth therein are approved, and the Court finds that the receivership should continue pursuant
28 to the *Order: (A) Granting Parties’ Stipulation to Enter a Preliminary Injunction and Order for*

1 *Related Relief (1) Freezing Assets, (2) Prohibiting the Destruction of Documents, (3) Appointing*
2 *a Permanent Receiver, and (4) Permitting Joy Kovar to Open a Bank Account for Certain Income;*
3 *(B) Setting Video Status Conference About the Receivership; and (C) Vacating Hearing on the*
4 *SEC's Motions for a Preliminary [Injunction] and to Appoint a Permanent Receiver.*

5 2. The Receiver is authorized to undertake the recommendations presented in the
6 Status Report, including a continued engagement of those professionals he deems necessary for
7 the proper administration of the Receivership Entities and their estate.

8 3. The Court having found that the proposed settlement of the action against William
9 Roshak and the two other defendants is in the best interests of the receivership estate, the Receiver
10 is authorized to sign the settlement agreement that was attached to the Status Report as Exhibit B
11 and its terms and conditions are approved.

12 **IT IS SO ORDERED.**

13
14
15 _____
U.S. District Court Judge

16 DATED: _____
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27
28

GREENBERG TRAURIG, LLP
10845 GRIFFITH PEAK DRIVE SUITE 600
LAS VEGAS, NEVADA 89135
TELEPHONE: (702) 938- 6856