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

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 vs.

15 PROFIT CONNECT WEALTH
16 SERVICES, INC., JOY I. KOVAR,
and BRENT CARSON KOVAR,

17 Defendants.
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Case No.

**PLAINTIFF SECURITIES AND
EXCHANGE COMMISSION'S *EX
PARTE* APPLICATION FOR A
TEMPORARY RESTRAINING
ORDER AND ORDERS: (1)
FREEZING ASSETS; (2) REQUIRING
ACCOUNTINGS; (3) PROHIBITING
THE DESTRUCTION OF
DOCUMENTS; (4) GRANTING
EXPEDITED DISCOVERY; AND (5)
APPOINTING A TEMPORARY
RECEIVER; AND ORDER TO SHOW
CAUSE RE PRELIMINARY
INJUNCTION AND APPOINTMENT
OF A PERMANENT RECEIVER**

(FILED UNDER SEAL)

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1 Plaintiff Securities and Exchange Commission (“SEC”) applies, pursuant to
2 Fed. R. Civ. P. 65(b), for a Temporary Restraining Order prohibiting Defendants
3 Profit Connect Wealth Services, Inc. (“Profit Connect”), Joy Irene Carson Kovar (“J.
4 Kovar”), and Brent C. Kovar (“B. Kovar”) (collectively “Defendants”) from
5 committing violations of the antifraud provisions of the federal securities laws, and
6 for orders freezing assets, requiring accountings, prohibiting the destruction of
7 documents, granting expedited discovery, and appointment of a temporary receiver
8 over Defendant Profit Connect. In addition, the SEC applies for an Order to Show
9 Cause Re Preliminary Injunction and Appointment of a Permanent Receiver. This
10 Application is based on the SEC’s complaint, as well as its accompanying
11 Memorandum of Points and Authorities, its supporting declarations and exhibits, and
12 any such other evidence and argument as the Court may receive and permit.

13 **A. Basis for Waiver of Notice under Rule 65(b)**

14 Counsel for the SEC has not advised the Defendants of the date, time, or
15 substance of its Application, and the SEC applies for emergency injunctive relief on
16 an *ex parte* basis. Waiver of notice to the Defendants is appropriate, pursuant to Fed.
17 R. Civ. P. 65(b) and Local Rule 7-2(b), because the specific facts set forth in the
18 evidence submitted with the Application establish that immediate and irreparable
19 injury, loss, or damage will result if the Defendants are notified of the SEC’s
20 Application prior to it being heard. This is true because the Defendants’ fraudulent
21 scheme is ongoing, Defendants have already engaged in a massive diversion of client
22 funds, and B. Kovar is a securities fraud recidivist.

23 As set forth in more detail in the SEC’s supporting papers, this case involves
24 an ongoing offering fraud. Over 277 investors have invested more than \$12 million
25 with Profit Connect since at least May 2018 on false and misleading promises that
26 they will make a guaranteed 20% to 30% in annual returns from a pooled investor
27 fund. Profit Connect claims that it uses its proprietary Artificial Intelligence
28 “supercomputer” to determine where to allocate investor funds in order to generate

1 consistently high returns with no market volatility. In reality, none of the money has
2 been invested and, instead, Profit Connect, B. Kovar, and J. Kovar used investor
3 funds for J. Kovar’s personal expenses, to pay commissions to promoters who hype
4 Profit Connect on various social media platforms, and to pay other investors.

5 In addition to making false statements to investors, Defendants have dissipated
6 investor assets. In May 2021 alone, Profit Connect raised over \$2.2 million from
7 investors. However, in the last two months (April through June 2021) J. Kovar has
8 made ten transfers of at least \$120,000 each from the Profit Connect account to her
9 personal account, totaling more than \$1.2 million in misappropriated investor funds.
10 This leaves only \$3,504,541.38 in the Profit Connect accounts as of May 31, 2021—
11 notwithstanding Defendants’ representations that investors’ funds are secured by
12 reserves.

13 If the Defendants are given notice of the Application, they will have the ability
14 to continue raising additional funds from investors, and to continue to dissipate and
15 misuse those funds, thus placing them beyond the reach of the Court. The danger of
16 asset dissipation and continuing unlawful conduct are each independently accepted
17 bases for granting a temporary restraining order without notice under Rule 65(b).
18 *See, e.g., SEC v. Schooler*, No. 12–CV–2164–LAB–JMA2012 WL 4049956, at *2
19 (S.D. Cal. Sept. 13, 2012); *3BA Int’l LLC v. Lubahn*, No. C10–829RAJ, 2010 WL
20 2105129, at *5 (W.D. Wash. May 20, 2010); *SEC v. Thomas*, No.
21 219CV01515APGVCF, 2020 WL 4251072, at *3 (D. Nev. June 11, 2020), *appeal*
22 *dismissed sub nom. SEC v. Thomas*, No. 20-16549, 2020 WL 6588635 (9th Cir. Sept.
23 18, 2020) (refusing to modify preliminary injunction to unfreeze assets where the
24 SEC showed diversion of funds for personal use, noting that “[A]n individual who
25 diverts investor funds to personal use ‘is presumably more than capable of placing
26 assets in his personal possession beyond the reach of a judgment.’”) (citations
27 omitted). The Court’s immediate intervention would help prevent continuing
28 violations of the federal securities laws and preserve the *status quo*. *See Granny*

1 *Goose Foods, Inc. v. Brotherhood of Teamsters & Auto Truck Drivers*, 415 U.S. 423,
2 439 (1974) (purpose of temporary restraining order is “preserving the status quo and
3 preventing irreparable harm just so long as is necessary to hold a [preliminary
4 injunction] hearing, and no longer”).

5 **B. Request to File the TRO Application under Seal**

6 Because its Application is made without notice, the SEC has concurrently filed
7 a separate *ex parte* application asking that the Court seal this Application and the
8 supporting documents, and the Complaint. The requested sealing order is of limited
9 duration. The SEC asks that the Complaint and TRO Application be sealed: (a) for
10 two (2) business days after the Court issues its ruling on the TRO Application, or (b)
11 upon application by the SEC to unseal which shall be granted upon filing with the
12 Clerk of the Court. No further order of the Court shall be necessary for the Clerk of
13 Court to unseal the file. The SEC requests an order placing this case under seal to
14 prevent notice to the Defendants, preserve assets, and preserve critical records, while
15 the Court considers the TRO Application. If the papers are not filed under seal,
16 posting them on PACER would make the Application and supporting papers publicly
17 available, defeating the purpose of filing the Application without notice.

18 **C. Relief Requested**

19 Because of the ongoing nature of the fraudulent scheme, the SEC seeks to
20 temporarily enjoin the Defendants from violating Section 10(b) of the Securities
21 Exchange Act of 1934 and Rule 10b-5 thereunder [15 U.S.C. § 78j(b); 17 C.F.R. §
22 240.10b-5] and Section 17(a) of the Securities Act of 1933, [15 U.S.C. §§ 77q(a)].
23 Because of the danger that the Defendants may further dissipate client funds, the SEC
24 also seeks to freeze the assets of each of the Defendants. The SEC also requests
25 orders requiring Defendants to provide accountings, prohibiting the destruction of
26 documents, granting expedited discovery, and appointing a temporary receiver over
27 Defendant Profit Connect. Finally, the SEC requests an order to show cause why a
28 preliminary injunction should not be granted, and a permanent receiver appointed

1 over Defendant Profit Connect.

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3 Dated: July 8, 2021

Respectfully submitted,

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5 /s/ Kathryn C. Wanner

Kathryn C. Wanner

6 Teri M. Melson

7 Attorneys for Plaintiff

8 Securities and Exchange Commission

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