KARA HENDRICKS, ESQ.
Nevada Bar No. 07743
GREENBERG TRAURIG, LLP
10845 Griffith Peak Drive Suite 600
Las Vegas, Nevada 89135
Telephone: (702) 938- 6856
Facsimile: (702) 792-9002
hendricksk@gtlaw.com

KYRA E. ANDRASSY, ESQ.
Admitted *Pro Hac Vice*
RAINES FELDMAN LITTRELL LLP
4675 MacArthur Ct., Suite 1550
Newport Beach, California 92660
Telephone: (310) 440-4100
kandrassy@raineslaw.com

Attorneys for Receiver
Geoff Winkler of American Fiduciary Services

UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. PROFIT CONNECT WEALTH SERVICES, INC., JOY I. KOVAR, and BRENT CARSON KOVAR, Defendants.	Case No. 2:21-cv-01298-JAD-BNW **MOTION FOR ORDER IN AID OF RECEIVERSHIP APPROVING SECOND INTERIM DISTRIBUTION AND RELEASE OF HELD BACK FUNDS TO RECEIVER AND HIS PROFESSIONALS**

Geoff Winkler of American Fiduciary Services, LLC, the permanent receiver for Profit Connect Wealth Services, Inc., and any subsidiaries and affiliates (together, "Profit Connect") moves this Court for an order approving a second interim distribution and the release of held back fees to the Receiver and his professionals. The Receiver is informed that the Securities and Exchange Commission ("SEC") has no objection to the relief sought in this Motion.

This Motion is based on the below memorandum of points and authorities, the exhibits attached hereto and any argument the Court may call and consider.

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

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Despite Profit Connect having no legitimate business purpose, and the principals involved having conned approximately 880 individuals into investing in "seat time" on supercomputers to allegedly mine cryptocurrency, the efforts of the Receiver and his team have resulted in the recovery of more than $12 million dollars for the Receivership Estate. Based on available cash on hand, the Receiver believes it is appropriate to make a second interim distribution to investors and requests Court authority to release fees previously held back from the professionals that have worked on this matter.

II. SUMMARY OF RELEVANT FACTS

The SEC initiated this action against Profit Connect, Ms. Kovar, and Mr. Kovar on July 8, 2021, when it filed an *ex parte* complaint and motion for temporary restraining order seeking, among other things, the freezing of defendants' assets and the appointment of a receiver over Profit Connect. On July 23, 2021, the Defendants stipulated to modifying the temporary restraining order to appoint Geoff Winkler as the Temporary Receiver, giving him limited powers. On August 6, 2021, following another stipulation of the parties, the Court converted the temporary restraining order to a preliminary injunction and appointed the Temporary Receiver as the Permanent Receiver of Profit Connect. See Receivership Order (ECF No. 26) and stipulation modifying the same (ECF No. 31).

A. The Receiver's Efforts to Recover Funds for the Estate

After the appointment, the Receiver and his team attempted to find a solution that would allow Profit Connect to continue to operate legally and profitably to maximize return to investors. The Receiver, his staff, and the Forensic IT team spent several weeks collecting and reviewing data, communicating with Profit Connect parties, observing operations, and documenting assets and information.

What the Receiver discovered was sobering. Joy Kovar and Brent Kovar held Profit Connect as a cryptocurrency mining company that had created and patented a series of "supercomputers" with data centers in Pasadena, California, and Las Vegas, Nevada. Profit

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

Connect claimed and offered investors "seat time" on its supercomputers while it was allegedly mining cryptocurrency, which Profit Connect told investors would earn them 15-30% returns in zero-risk FDIC accounts for whatever amount they invested. *See* Declaration of Geoff Winkler attached hereto as **Exhibit 1** at ¶ 6. Despite the claims that the "supercomputers" had mined between $500 million and $1 billion in cryptocurrency, from May 2018 through July 2021, Profit Connect successfully mined only $352.93 in cryptocurrency, demonstrating that it never did, in fact, have operational mining supercomputers as it claimed to. *Id*. at ¶ 7. During this period, approximately 880 investors deposited $24,697,801 into Profit Connect's bank accounts, comprising 99.9% of the cash inflows Of the $24,697,801 put in by investors, approximately $1.8 million was distributed to 68 investors. *Id.* After determining that there was no viable business to continue operating, the Receiver terminated the employees and closed the offices. It was also necessary for the Receiver to employ attorneys and other professionals to assist him going forward ("Receivership Professionals"). *Id*. at ¶ 8.

The Receivership Professionals have undertaken significant efforts to recover funds for investors including liquidating cryptocurrency, selling real and personal property, pursuing claw-back claims and actions against former promoters and credit card companies that received funds from Profit Connect, pursuing Profit Connect's former legal counsel and pursuing claims against a bank utilized by Profit Connect. *Id.* at ¶ 9. In July of 2024, the Receiver was holding $10,251,502.76 and requested an order allowing him to make an interim distribution of $8,000,000 to approved claimants (ECF No. 198). Per the Order Granting Motion for Order in Aid of Receivership Approving Interim Distributions (ECF No. 222), the Receiver distributed $8,000,000 of the funds on hand.

Since the initial distribution, the Receiver has continued efforts to recover funds on behalf of the Receivership Estate. *Id.* at ¶ 10. Notably, the Receiver reached, and the Court approved, settlement agreements with a number of third parties including Stephanie Wildes, Juan Caminero, Bank of America, Jeffery Nicholas, William Devine, Brian Fouts and Dale Hayes Jr. *See*, ECF No. 226, ECF No. 231, ECF No. 242, ECF No. 252, ECF No. 256, ECF No. 258, ECF No. 264, ECF No. 270. In total, the Receiver has collected an additional $2,548,243.83 since the interim

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

distribution and currently has $4,333,201.32 in cash on hand. *Id*. As detailed below, the Receiver believes it is appropriate to make an additional distribution and is also requesting the ability to release fees that were allowed but where payment was held back to the Receivership Professionals.

B. Payment of Professionals Working in Aide of Receivership.

Because the Receiver is not a licensed attorney, does not have inhouse counsel, and is not a computer expert, he employed professionals to assist him in fulfilling his duties. On September 21, 2021, the Court granted the Receiver's motion to retain Smiley Wang-Ekvall, LLP, and Ballard Spahr, LLP, as counsel and Stroz Friedberg[1] as his computer forensic experts (the "Employment Order") (ECF No. 42). The Employment Order specified that compensation of the professionals identified therein was in accordance with the terms presented in the underlying motion which included discounted rates (ECF No. 32). Additionally, the Court approved the retention of Baker Tilly to assist the Receiver with tax matters (ECF No. 76). As the case progressed, the law firm of Greenberg Traurig, LLP ("GT"), substituted into the case to replace Ballard Spahr, LLP (ECF No. 98) and the Court approved the rendition of GT, including the discounted rates GT agreed to provide the estate, on August 4, 2022 (ECF No. 108). In addition, after Kyra Andrassy moved to Raines Feldman Littrell LLP, the Court approved the retention of Raines Feldman Littrell as counsel (ECF 183).

In addition to providing discounted rates, at the outset of the case, the Receiver and his professionals agreed to a 20% holdback of their fees with the SEC. *See*, Ex. 1 at ¶ 14. In other words, the Receiver and his team have only requested payment of 80% of their allowed fees in the applications have been submitted to the Court for approval. Given the successful efforts of the Receiver and his team to date, counsel for the SEC has indicated they have no objection to the release of the held back payments at this time. *Id.*

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[1] As reported in the Fifth Status Report (ECF No. 115), Stroz Friedberg was acquired by TCDI and continued to provide services to the Receiver under the same terms pursuant to this Court's Order approving the status report and its continued retention (ECF No. 120).

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

To date, the Receiver has had held back payments totaling $521,294.92, allocated as follows:

American Fiduciary Services	377,345.63
Greenberg Traurig	44,820.40
Raines Feldman[2]	28,431.46
TCDI	390.00
Baker Tilly	8,800.40
Stroz Freidberg	28,962.60
Ballard Spahr	32,544.44
TOTAL HOLDBACK	**521,294.92**

See, Ex. 1 at ¶ 15.

III. PROPOSED DISTRIBUTION & LEGAL ARGUMENTS SUPPORTING SAME

A. Proposed Distribution

Consistent with the interim distribution previously approved by the Court, the Receiver is recommending a net investment method distribution, which involves a pro rata distribution to all claimants based on the allowed amount of their claims. *See*, Ex. 1 at ¶ 12. Using this method, the Receiver proposes a second distribution of $2,249,954.87 which equates to an additional 10% distribution for allowed claims. *Id.* This will result in claimants receiving approximately 45.6% of their allowed claims. *Id.* Additionally, the Receiver requests the Court approve the release of $521,294.92 in fees that were previously approved by the Court in Professional services but where payment was held back. Ex. A at ¶ 13-15.

With the second distribution to allowed claimants and the release of held back fees to the Receivership Professionals, the balance held by the Receiver will be $1,476,311.86. *Id.* at ¶ 16. This amount is intended as a reserve to cover the remaining anticipated administrative expenses of the Receivership Estate, including ongoing litigation against promoters[3], with a cushion for unanticipated expenses, and should allow for a third and final distribution to claimants. *Id*. The

[2] By agreement between the firms, this includes the held back portion for Smiley Wang-Ekvall.

[3] On August 12, 2025, this Court authorized the Receiver to pursue claw back actions against former promoters and employees of Profit Connect (ECF No. 249). That proceeding is ongoing in Case 25-cv-01522-JCM-DJA ("Promoter Litigation")

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

Receiver expects to be in a position to make a final distribution in the next year, after the Promoter Litigation concludes. *Id*. at ¶ 17.

B. Legal Authority Supporting Distribution

"The power of a district court to impose a receivership ... derives from the inherent power of a court of equity to fashion effective relief."[4] "The primary purpose of equity receiverships is to promote orderly and efficient administration of the Receivership Estate by the district court for the benefit of creditors."[5] "[T]he practice in administering an estate by a receiver ... must accord with the historical practice in federal courts or with a local rule."[6] As the Ninth Circuit explained:

> A district court's power to supervise an equity receivership and to determine the appropriate action to be taken in the administration of the receivership is extremely broad. The district court has broad powers and wide discretion to determine the appropriate relief in an equity receivership. The basis for this broad deference to the district court's supervisory role in equity receiverships arises out of the fact that most receiverships involve multiple parties and complex transactions.[7]

With respect to reviewing proposed distribution plans, it is well-settled that district court supervising federal equity receiverships have broad discretion to adopt appropriate procedures to administer the assets of and claims against a receivership estate and to approve distributions in manner that is equitable.[8]

In this case, the Receiver proposes making a second distribution to approved claims using the net investment method, which provides for a pro rata distribution to all claimants based on their investment with Profit Connect. This is the methodology that was used for the first interim distribution and as explained above, will result in each holder of an allowed claim receiving an additional 10% distribution for a total of 45.6% of the amount of their allowed claim.

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[4] *SEC v. Wencke*, 622 F.2d 1363, 1369 (9th Cir. 1980).

[5] *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986).

[6] Fed. R. Civ. Proc. 66.

[7] *SEC v. Capital Consultants*, LLC, 397 F.3d 733, 738 (9th Cir. 2005) (citations omitted); see *also CFTC v. Topworth Int'l, Ltd.,* 205 F.3d 1107, 1115 (9th Cir. 1999) ("This court affords 'broad deference' to the court's supervisory role, and 'we generally uphold reasonable procedures instituted by the district court that serve th[e] purpose of orderly and efficient administration of the receivership for the benefit of creditors.").

[8] *See Capital Consultants, LLC*, 397 F.3d at 738; Hardy, 803 F.2d at 1038.

Additionally, given the substantial efforts of the Receivership Professionals that resulted in the recovery of over $12 million dollars for the Receivership Estate, the Receiver believes it is appropriate to release the 20% of fees that were held back from prior fee distributions. Notably, the 20% hold back was done at the request of the SEC at the beginning of this case and the Receiver is informed that the SEC does not oppose the Receiver's request for the release of the fees at this time.

VI. CONCLUSION

Based on the foregoing, the Receiver requests the Court enter an order in the form attached as **Exhibit 2**:

(1) Granting this Motion in its entirety;

(2) Authorizing the Receiver to make a pro rata distribution of $2,249,954.87 of the funds on hand to the holders of allowed claims;

(3) Authorizing the Receiver to release to Receivership Professionals the $521,294.92 that was previously approved by the Court for professional services as follows:

American Fiduciary Services	377,345.63
Greenberg Traurig	44,820.40
Raines Feldman	28,431.46
TCDI	390.00
Baker Tilly	8,800.40
Stroz Freidberg	28,962.60
Ballard Spahr	32,544.44
TOTAL HOLDBACK	521,294.92

(4) Granting such other and further relief as the Court may deem just and proper.

DATED this 2nd day of April, 2026.

Respectfully submitted by:
GREENBERG TRAURIG, LLP

/s/ Kara B. Hendricks
KARA HENDRICKS, ESQ.
Nevada Bar No. 07743
Attorneys for Receiver, Geoff Winkler of American Fiduciary Services

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

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

LIST OF EXHIBITS

EXHIBIT	DESCRIPTION
1	DECLARATION OF GEOFF WINKLER
2	[PROPOSED] ORDER

EXHIBIT 1

EXHIBIT 1

DECLARATION OF GEOFF WINKLER

KARA B. HENDRICKS, ESQ.
Nevada Bar No. 07743
KYLE A. EWING, ESQ.
Nevada Bar No. 14051
GREENBERG TRAURIG, LLP
10845 Griffith Peak Drive, Suite 600
Las Vegas, Nevada 89135
Telephone: (702) 792-3773
Facsimile: (702) 792-9002
Email: hen dricksk@gtlaw.com
ewingk@gtlaw.com

KYRA E. ANDRASSY, ESQ.*
**Admitted Pro Hac Vice*
RAINES FELDMAN LITTRELL LLP
4675 MacArthur Ct., Suite 1550
Newport Beach, California 92660
Telephone: (310) 440-4100
Email: kandrassy@raineslaw.com

Attorneys for Receiver,
Geoff Winkler of American Fiduciary Services

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEVADA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. PROFIT CONNECT WEALTH SERVICES, INC., JOY I. KOVAR, and BRENT CARSON KOVAR, Defendants	CASE NO. 2:21-cv-01298-JAD-BNW **DECLARATION OF GEOFF WINKLER IN SUPPORT OF THE MOTION FOR ORDER IN AID OF RECEIVERSHIP APPROVING SECOND INTERIM DISTRIBUTION AND RELEASE OF HELD BACK FUNDS TO RECEIVER AND HIS PROFESSIONALS**

I, Geoff Winkler, declare as follows:

1. I am over 21 years old and am a founding member and the chief executive officer of American Fiduciary Services LLC ("AFS"), which is based in Portland, Oregon.

2. I am competent to testify to the matters presented in this declaration, and I submit this declaration in support of the Motion for Order in Aid of Receivership Approving Second Interim Distribution and Release of Held Back Funds to Receiver his Professionals ("Motion").

3. This declaration is based on my personal knowledge, except where made on information and belief, and as to those matters, I believe them to be true.

4. On August 6, 2021, on stipulation of the parties, the Court appointed me as the permanent receiver of Profit Connect Wealth Services, Inc. and any of its subsidiaries and affiliates ("Profit Connect").

5. After my appointment, my team and I attempted to find a solution that would allow Profit Connect to continue to operate legally and profitably to maximize return to investors and spent several weeks collecting and reviewing data, communicating with Profit Connect parties, observing operations, and documenting assets and information.

6. What we found was sobering. Joy Kovar and Brent Kovar held Profit Connect as a cryptocurrency mining company that had created and patented a series of "supercomputers" with data centers in Pasadena, California, and Las Vegas, Nevada. Profit Connect claimed and offered investors "seat time" on its supercomputers while it was allegedly mining cryptocurrency, which Profit Connect told investors would earn them 15-30% returns in zero-risk FDIC accounts for whatever amount they invested.

7. Despite the claims that the "supercomputers" had mined between $500 million and $1 billion in cryptocurrency, from May 2018 through July 2021, Profit Connect successfully mined only $352.93 in cryptocurrency, demonstrating that it never did, in fact, have operational mining supercomputers as it claimed to. During this period, approximately 880 investor deposited $24,697,801 into Profit Connect's bank accounts, comprising 99 .9% of the cash inflows Of the $24,697,801 put in by investors, approximately $1.8 million was distributed to 68 investors.

8. After determining that there was no viable business to continue operating, I terminated the employees and closed the offices. It was also necessary for me to employ attorneys and other professionals to assist going forward ("Receivership Professionals").

9. The Receivership Professional have undertaken significant efforts to recover funds for investors including liquidating cryptocurrency, selling real and personal property, pursuing claw-back actions against former promoters and credit card companies that received funds from Profit Connect, pursuing Profit Connect's former legal counsel and pursuing claims against banks

utilized by Profit Connect.

10. Since the interim distribution I have collected an additional $2,548,243.83 and currently has $4,333,201.32 in cash, on hand.

11. Consistent with the interim distribution previously approved by the Court, I am recommending a net investment method distribution, which involves a pro rata distribution to all claimants based on the allowed amount of their claims.

12. I believe it is appropriate to make an additional distribution to approved claimants in this matter of $2,249,954.87 which equates to an additional 10% distribution for allowed claims. This will result in claimants receiving approximately 45.6% of their allowed claims.

13. I am also requesting the ability to release funds to the professionals that have worked on this matter, that were previously held back.

14. At the outset of the case, the Receiver and his professionals agreed to a 20% holdback of their fees with the SEC. Given the successful efforts of my team, counsel for the SEC has indicated they have no objection to the release of the held back payments at this time.

15. To date, I have held back payments totaling $521,294.92, allocated as follows:

American Fiduciary Services	377,345.63
Greenberg Traurig	44,820.40
Raines Feldman	28,431.46
TCDI	390.00
Baker Tilly	8,800.40
Stroz Freidberg	28,962.60
Ballard Spahr	32,544.44
TOTAL HOLDBACK	**521,294.92**

16. With the second distribution to allowed claimants and the release of held back fees to the Receivership Professionals, the balance I will hold will be $1,476,311.86. This amount is intended as a reserve to cover the remaining anticipated administrative expenses of the Receivership Estate, including ongoing litigation against promoters, with a cushion for unanticipated expenses and should provide sufficient funds for a third and final distribution to claimants.

17. I expect to be in a position to make a final distribution in the next year, after the Promoter Litigation concludes.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 2nd day of April, 2026.

/s/ Geoff Winkler

GEOFF WINKLER
Declarant

EXHIBIT 2

EXHIBIT 2

PROPOSED ORDER

KARA B. HENDRICKS, ESQ.
Nevada Bar No. 07743
KYLE A. EWING, ESQ.
Nevada Bar No. 14051
GREENBERG TRAURIG, LLP
10845 Griffith Peak Drive, Suite 600
Las Vegas, Nevada 89135
Telephone: (702) 792-3773
Facsimile: (702) 792-9002
Email: hendricksk@gtlaw.com
ewingk@gtlaw.com

KYRA E. ANDRASSY, ESQ.*
**Admitted Pro Hac Vice*
RAINES FELDMAN LITTRELL LLP
4675 MacArthur Ct., Suite 1550t
Newport Beach, California 92660
Telephone: (310) 440-4100
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Attorneys for Receiver,
Geoff Winkler of American Fiduciary Services

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF NEVADA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

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

Defendants

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

[PROPOSED] ORDER GRANTING MOTION FOR ORDER IN AID OF RECEIVERSHIP APPROVING SECOND INTERIM DISTRIBUTION AND RELEASE OF HELD BACK FUNDS TO RECEIVER AND HIS PROFESSIONALS

The Court having reviewed the Motion for Order in Aid of Receivership Approving a Second Interim Distribution and the Release of Held Back Funds to the Receiver and his Professionals ("Motion") and there being no opposition to the same and the Court having found that cause exists to grant the Motion,

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IT IS ORDERED AS FOLLOWS:

1. The Motion is Granted in its entirety;

2. The Receiver is authorizing to make a pro rata distribution of $2,249,954.87 of the funds on hand to the holders of allowed claims; and

3. The Receiver is authorized to release to Receivership Professionals the $521,294.92 that was previously approved by the Court for professional services as follows:

American Fiduciary Services	377,345.63
Greenberg Traurig	44,820.40
Raines Feldman	28,431.46
TCDI	390.00
Baker Tilly	8,800.40
Stroz Freidberg	28,962.60
Ballard Spahr	32,544.44
TOTAL HOLDBACK	**521,294.92**

IT IS SO ORDERED.

____
UNITED STATES DISTRICT COURT JUDGE
Dated this _____ day of ______________ 2026

GREENBERG TRAURIG, LLP
10845 Griffith Peak Drive, Suite 600, Las Vegas, Nevada 89135
Telephone: (702) 792-3773 / Facsimile: (702) 792-9002