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15 UNITED STATES DISTRICT COURT
16 CENTRAL DISTRICT OF CALIFORNIA
17 WESTERN DIVISION

18 SECURITIES AND EXCHANGE
19 COMMISSION,

20 Plaintiff,

21 v.

22 RALPH T. IANNELLI and ESSEX
23 CAPITAL CORP.,

24 Defendants.

Case No. 2:18-cv-05008-FMO-AFM

DECLARATION OF RECEIVER,
GEOFF WINKLER, IN SUPPORT OF
MOTION FOR ORDER APPROVING
RECOMMENDED PROCEDURES FOR
SALE OF PERSONAL PROPERTY
OUT OF RECEIVERSHIP

[Notice of Motion and Motion; and
[Proposed] Order submitted concurrently
herewith]

Date: April 9, 2020
Time: 10:00 a.m.
Ctrm: 6D
Judge Hon. Fernando M. Olguin

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DECLARATION OF GEOFF WINKLER

I, Geoff Winkler, declare as follows:

1. I am the Court-appointed permanent receiver (the "Receiver") for Defendant Essex Capital Corporation ("Essex") and its subsidiaries and affiliates (collectively, with Essex, the "Receivership Entities" or "Entities"). I was appointed as Receiver for the Entities in the above-captioned action on December 21, 2018, by virtue of the Court's Order Regarding Preliminary Injunction and Appointment of a Permanent Receiver (the "Appointment Order") (Dkt. No. 66). I have personal knowledge of the facts detailed in this Declaration, and make this Declaration in support of the concurrently filed Motion for Order Approving Recommended Procedures for Sale of Personal Property Out of Receivership.

2. The personal property assets of the Receivership Entities are comprised principally of private equity investments and partnership or LLC membership interests (collectively, the "Interests"), all of which, based on my review of available information, were acquired with cash, via option, warrants, or transfers.

3. Based on my review of available information, I believe that, provided appropriate markets can be identified or established and appropriate buyers located, the aggregate value of the Interests is approximately \$2.5 million, and that the best means of realizing their highest value for the benefit of the receivership estate is to sell the Interests via arms-length sales that are consistent with applicable law. However, because many of the Interests are of the type for which no established public market exists, I must have sufficient flexibility to conclude sales quickly, whenever I can successfully establish a private market or identify a suitable buyer, or at such time as an appropriate opportunity otherwise presents itself.

4. I therefore request that the Court authorize me to market and sell the Interests pursuant to the following procedures, which procedures I have determined, in my reasonable business judgment, provide the flexibility necessary to identify or

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1 create suitable markets or identify suitable buyers, and maximize the sale price
2 achieved for each of the Interests:

3 i. I will strive to identify an appropriate forum through which to
4 market or present each of the Interests for sale out of receivership. This
5 forum will be selected based on the unique nature of each of the Interests, and
6 the likelihood of my ability to solicit purchase offers from appropriately
7 qualified buyers.

8 (a) *Publicly Traded Asset.*

9 The Receivership Entities own interests in NEOS Therapeutics,
10 Inc. ("NEOS"), a publicly traded company. Accordingly, I propose
11 liquidating the NEOS interest on the open market at such time as I
12 determine a sufficient price for the interest can be realized.

13 (b) *Real Estate-Related Partnership Interests.*

14 The Receivership Entities hold interests in numerous real-estate
15 related partnerships, for which standardized public markets do not
16 exist. Nonetheless, I anticipate pursuing prospective sales of the
17 Entities' interests to other partners in those partnerships and, in the
18 absence of interest from existing partners, soliciting offers, directly or
19 through a qualified intermediary (e.g., a broker) from prospective
20 buyers identified through other means, including but not limited to
21 online exchanges.

22 (c) *Private Equity Investments.*

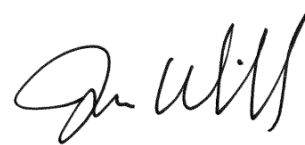
23 With respect to the Entities' private equity investments, I
24 anticipate soliciting interest, directly or through a qualified
25 intermediary, via a variety of exchanges established for the trading of
26 private equity holdings. Any sales of the Entities' private equity
27 investments will, of course, be subject to any applicable restrictions as
28 to the nature of the sales and the buyers' qualifications.

1 ii. Upon notice of an interest by an apparently qualified buyer(s) of
2 any Interests, I will enter into negotiations with my prospective buyer(s).
3 Buyers will be provided with a reasonable opportunity to conduct due
4 diligence as to each asset. If more than one offer for any given asset is
5 received, I will use my business judgment to select the offer I deem most
6 likely to maximize the total monetary recovery for the Entities. Upon the
7 selection of a buyer at a definite price, I will promptly consummate the sale of
8 and transfer ownership of the subject Interests to the buyer(s), without further
9 order of the Court.

10 iii. Thereafter, either in the context of my quarterly Interim Reports,
11 or by supplemental report, I will advise the Court of any completed Interest
12 sales, the prices realized via those sales, and the business judgment rationale
13 underlying each sale.

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15 I declare under penalty of perjury under the laws of the State of California
16 that the foregoing is true and correct.

17 Executed this 28th day of February 2020, at Salem, Oregon.

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GEOFF WINKLER

PROOF OF SERVICE

Securities and Exchange Commission v. Ralph T. Iannelli and Essex Capital Corporation
USDC, Central District of California – Case No. 2:18-cv-05008-FMO-AFM

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 865 S. Figueroa Street, Suite 2800, Los Angeles, California 90017-2543.

On **March 2, 2020**, I caused to be served on all the parties to this action addressed as stated on the attached service list the document entitled: **DECLARATION OF RECEIVER, GEOFF WINKLER, IN SUPPORT OF MOTION FOR ORDER APPROVING RECOMMENDED PROCEDURES FOR SALE OF PERSONAL PROPERTY OUT OF RECEIVERSHIP.**

- OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with the firm's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.
- OVERNIGHT DELIVERY:** I deposited in a box or other facility regularly maintained by express service carrier, or delivered to a courier or driver authorized by said express service carrier to receive documents, a true copy of the foregoing document(s) in sealed envelope(s) or package(s) designed by the express service carrier, addressed as indicated on the attached service list, with fees for overnight delivery paid or provided for.
- HAND DELIVERY:** I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.
- ELECTRONIC MAIL:** By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.
- E-FILING:** By causing the document to be electronically filed via the Court's CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.
- FAX:** By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

I declare that I am employed in the office of a member of the Bar of this Court at whose direction the service was made. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on **March 2, 2020** at Los Angeles, California.

/s/ Martha Diaz
Martha Diaz

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SERVICE LIST

Securities and Exchange Commission v. Ralph T. Iannelli and Essex Capital Corporation
USDC, Central District of California – Case No. 2:18-cv-05008-FMO-AFM

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