

1 DAVID R. ZARO (BAR NO. 124334)
 2 JOSHUA A. DEL CASTILLO (BAR NO. 239015)
 3 NORMAN M. ASPIS (BAR NO. 313466)
 4 ALLEN MATKINS LECK GAMBLE
 5 MALLORY & NATSIS LLP
 6 865 South Figueroa Street, Suite 2800
 7 Los Angeles, California 90017-2543
 8 Phone: (213) 622-5555
 9 Fax: (213) 620-8816
 10 E-Mail: dzaro@allenmatkins.com
 11 jdelcastillo@allenmatkins.com
 12 naspis@allenmatkins.com

13 Attorneys for Receiver
 14 GEOFF WINKLER

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

FIFTH INTERIM REPORT AND
 PETITION FOR FURTHER
 INSTRUCTIONS OF RECEIVER,
 GEOFF WINKLER

Date: August 27, 2020

Time: 10:00 a.m.

Ctrm: 6D

Judge Hon. Fernando M. Olguin

25 **TO ALL INTERESTED PARTIES, THEIR COUNSEL OF RECORD,**
 26 **AND THIS HONORABLE COURT:**

27 **PLEASE TAKE NOTICE THAT**, in accordance with this Court's
 28 December 21, 2018 Order Regarding Preliminary Injunction and Appointment of a
 Permanent Receiver (the "Appointment Order") (ECF No. 66), its February 1, 2019
 Order in Aid of Receivership (the "Order in Aid") (ECF No. 69), and its
 September 9, 2019 Order Regarding Permanent Injunction (the "Permanent
 Injunction") (ECF No. 113), Geoff Winkler (the "Receiver"), the Court-appointed
 permanent receiver for Defendant Essex Capital Corporation ("Essex") and its
 subsidiaries and affiliates (collectively, the "Receivership Entities" or "Entities"),

1 hereby submits the following Fifth Interim Report and Petition for Further
2 Instructions (the "Report") for the period from January 1, 2020 through May 31,
3 2020 (the "Reporting Period").

4 **I. PRELIMINARY STATEMENT.**

5 As reflected in the Receiver's First Interim Report and Petition for Further
6 Instructions (the "First Report") (ECF No. 78); Second Interim Report and Petition
7 for Further Instructions (the "Second Report") (ECF No. 103); Third Interim Report
8 and Petition for Further Instructions (the "Third Report") (ECF No. 123); Fourth
9 Interim Report and Petition for Instructions ("Fourth Report") (ECF No. 149), and
10 as further detailed below, the Receiver continues to make substantial progress in his
11 efforts to identify, marshal, and administer the available assets of the Receivership
12 Entities ("Receivership Assets" or "Assets"). Since the submission of the Fourth
13 Report, and by way of summary, the Receiver has:

- 14 • Continued to administer non-cash Assets valued at potentially as much
15 as approximately \$22 million, inclusive of prospective third-party, for
16 the benefit and administration of the Receivership Entities, as of March
17 31, 2020;
- 18 • Continued to develop and refine his conclusions regarding the business
19 and financial activities of the Receivership Entities, including in
20 connection with pending efforts to identify and marshal additional
21 Assets;
- 22 • On the basis of his detailed, global accounting of the business and
23 financial activities of the Receivership Entities, prepared and submitted
24 a Forensic Accounting Report (ECF. No. 171) reflecting his accounting
25 conclusions;
- 26 • Updated his inventory of known Receivership Assets, including cash
27 on-hand, investments, receivables (including revenue from pending
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- 1 equipment leases), and known claims against third parties, including
2 claims on outstanding notes owed to Essex;
- 3 • Proposed and secured Court approval of procedures to sell certain
4 personal property Assets, largely consisting of private equity
5 investments and partnership and LLC membership interests (see ECF
6 Nos. 151, 161);
 - 7 • On motion (the "Settlement Motion"), secured Court approval of the
8 previously negotiated Settlement Agreement and Release (the
9 "Garipalli Settlement Agreement") relating to Essex's claims in the
10 action styled Essex Capital Corp. v. Garipalli, et al., S.D.N.Y. Case
11 No. 17-cv-06347 (the "Garipalli Action"), pursuant to which the
12 Receivership Entities were paid \$925,000 in resolution of those claims
13 (see ECF Nos. 136, 159);
 - 14 • Continued his analysis of those transactions involving Amagansett
15 Partners LLC ("Amagansett") and its investors, and refined his money-
16 in, money-out ("MIMO") accounting with respect to investor
17 transactions in connection with Amagansett and the Receivership
18 Entities. The Receiver's diligent MIMO accounting efforts with respect
19 to the investor in question and Amagansett ultimately resulted in the
20 Receiver's Motion for Order Approving and Authorizing Performance
21 of Settlement Agreement (the "Amagansett Settlement Motion") (ECF
22 No. 172), filed on June 11, 2020, which, if granted, will result in a
23 payment of \$150,000 for the benefit of the Receivership Entities;
 - 24 • Continued to monitor and participate in all known, pre-receivership
25 litigation in California state courts involving or implicating the
26 Receivership Entities or their Assets, and advised those courts of the
27 litigation stay and self-help bar contained within the Appointment
28 Order, as necessary;

- 1 • Refined his anticipated claims against third parties believed to be in
2 wrongful possession of Receivership Assets, with a focus on his
3 anticipated pursuit of disgorgement claims, as set forth in the
4 Receiver's Stipulation to Authorize Receiver's Disgorgement Efforts
5 and Establish Disgorgement Procedures (the "Disgorgement
6 Stipulation") (ECF No. 157), which was prepared and submitted to the
7 Court in consultation with the Plaintiff Securities and Exchange
8 Commission (the "Commission"). By way of the Disgorgement
9 Stipulation, the Receiver proposed procedures for pursuing
10 disgorgement from those Entity investors identified as having received
11 amounts in excess of their investments in the Entities; and
- 12 • Developed and secured the Commission's agreement to his proposed
13 procedures for the solicitation, review, and evaluation of investor and
14 creditor claims against the Receivership Entities, as set forth in the
15 Stipulation for Order: (1) Establishing Claims Procedures; and
16 (2) Setting Claims Bar Date (the "Claims Procedures Stipulation")
17 (ECF No. 168), which was submitted to the Court during the Reporting
18 Period.

19 As reflected in the Appointment Order and the Permanent Injunction, the
20 Receiver is vested with exclusive authority and control over the Receivership
21 Entities and all Receivership Assets, and has been authorized, empowered, and
22 directed to, among other things: (1) take exclusive authority and control over all
23 Receivership Assets; (2) conduct such investigation and discovery as necessary to
24 identify and locate outstanding Receivership Assets; (3) preserve and prevent the
25 dissipation of Receivership Assets; and (4) provide an accounting to the Court and
26 the Commission regarding the business and financial activities of the Receivership
27 Entities. The Receiver, having diligently pursued these goals since the inception of
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1 the receivership, including during the Reporting Period, hereby presents his efforts,
2 analysis, preliminary conclusions, and recommendations, below.

3 **II. RELEVANT PROCEDURAL HISTORY.**

4 The Receiver invites the Court and all interested parties to review the
5 following materials¹ for a general summary of the relevant facts and procedural
6 background relating to the subjects addressed in this Report:

- 7 • Commission's Complaint, filed on June 5, 2018 (ECF No. 1);
- 8 • Essex's Answer to the Complaint, filed on August 1, 2018 (ECF
9 No. 37);
- 10 • The Appointment Order, entered on December 21, 2018 (ECF No. 66);
- 11 • Order in Aid, entered on February 1, 2019 (ECF No. 69);
- 12 • Mediation Report, filed on April 5, 2019 (ECF No. 74);
- 13 • First Report, filed on April 30, 2019 (ECF No. 78);
- 14 • Final Judgment as to Defendant Ralph T. Iannelli, entered on June 5,
15 2019 (ECF No. 93);
- 16 • Second Report, filed on August 14, 2019 (ECF No. 103);
- 17 • Judgment Against Defendant Essex, entered on September 9, 2019
18 (ECF No. 110);
- 19 • Permanent Injunction, entered on September 9, 2019 (ECF No. 113);
- 20 • Third Report, filed on November 18, 2019 (ECF No. 123);
- 21 • Settlement Motion, filed on January 7, 2020 (ECF No. 136);
- 22 • Fourth Report, filed on March 2, 2020 (EFC No. 149);
- 23 • Motion for Order Approving Recommended Procedures for Sale of
24 Personal Property out of Receivership, filed on March 2, 2020 (ECF
25 No. 151);
- 26 • Disgorgement Stipulation, filed on March 26, 2020 (ECF No. 157);

27
28 ¹ These materials, and others, are available on the Receiver's website, www.essex-receivership.com.

- 1 • Order Approving Garipalli Settlement Agreement, entered on March
- 2 30, 2020 (ECF No. 159);
- 3 • Claims Procedures Stipulation, filed on April 20, 2020 (ECF No. 168);
- 4 and
- 5 • Amagansett Settlement Motion, filed on June 11, 2020 (ECF No. 172).

6 **III. RECEIVER'S ACTIVITIES AND EFFORTS SINCE THE FOURTH**
7 **REPORT.**

8 Of the tasks identified above, the Receiver's most critical undertakings during
9 the Reporting Period include:

10 **A. Asset Identification, Administration, Recovery, And Monetization.**

11 As of the date of his most recent Standardized Fund Accounting Report,
12 attached hereto as **Exhibit 1**, the Receiver held a total of approximately
13 \$2,315,630.97 for the administration and benefit of the Receivership Entities. In
14 addition, he continues to hold and administer non-cash Assets, the value of which he
15 has estimated at approximately \$22 million, inclusive of prospective third-party
16 recoveries. In addition to the cash and non-cash Assets already in the Receiver's
17 possession, the Receiver has identified the following as Assets of the receivership
18 estate (the "Estate"), subject to the Receiver's authority under the terms of the
19 Permanent Injunction:

- 20 1. 915 Elm Avenue CVL, LLC-associated notes and repayment
21 obligations.

22 During and before the Reporting Period, the Receiver reviewed numerous
23 transactions relating to 915 Elm Avenue CVL, LLC ("CVL"), an LLC created in
24 November 2015, by and between Defendant Ralph Iannelli and another individual,
25 William S. Reyner, Jr., to purchase, own, and operate a hardware and building
26 materials store in Carpinteria, California, along with its associated personal and real
27 property (collectively, the "Lumber Yard"). Based on his review of the available
28 materials, the Receiver concluded that CVL's purchase of the Lumber Yard was

1 funded in large part by a note in the principal amount of \$1.5 million (the "Gally
2 Note"), payable by Essex – which took no interest in CVL – to J&G Clay Properties,
3 LLC and its principal, James Gally (collectively, "Mr. Gally"). Contemporaneously
4 with the Gally Note, CVL executed a companion note (the "CVL Note") in the
5 amount of \$1.5 million, payable to Essex and which was intended to repay Essex for
6 its extension of credit and obligation to repay the Gally Note. CVL later issued
7 Essex a second note (the "Second CVL Note") in the amount of \$125,000, along
8 with another note in the amount of \$125,000 payable to Mr. Iannelli, and which the
9 Receiver's analysis indicates was funded with money from the Receivership Entities.

10 Essex repaid approximately \$453,683.56 to Mr. Gally during the pre-
11 receivership period in satisfaction of its obligation on the Gally Note, but the note is
12 presently in default. The CVL Note matured on January 14, 2019 and is also now in
13 default. The Second CVL Note is payable on demand. However, CVL has
14 contested its repayment obligations to Essex in connection with the CVL Note and
15 the Second CVL Note, each of which is now in default. Over and above the
16 payment obligation incurred by Essex to Mr. Gally, and Essex's attendant right to be
17 repaid by CVL, the Receiver further confirmed that at least \$643,000 was diverted
18 from Essex bank accounts and transferred, through Mr. Iannelli, to CVL, apparently
19 in connection with Mr. Iannelli's purchase of his personal interest in CVL. In other
20 words, over \$2,100,000 in Essex funds and obligations were used and incurred in
21 connection with CVL.

22 As a consequence of the magnitude of the above-described transactions, their
23 potential value to the Receivership Entities, and the mandatory turnover provisions
24 of the Appointment Order and Permanent Injunction, the Receiver requested that
25 Mr. Iannelli assign his interest in CVL to the receivership, and demanded that CVL
26 satisfy its payment obligations in connection with the CVL Note and the Second
27 CVL Note. While Mr. Iannelli indicated that he was amenable to the Receiver's
28 proposed assignment, he initially sought to condition such an assignment on matters

1 beyond the Receiver's control. More recently, Mr. Iannelli indicated he would turn
2 over the interest without preconditions. However, as of the date of this Report, and
3 not withstanding his stated commitment to the contrary, Mr. Iannelli has not
4 transferred his interest in CVL to the receivership. If he deems it necessary, the
5 Receiver will this Court for an Order to Show Cause re Civil Contempt in
6 connection with Mr. Iannelli's willful and longstanding failure to turn over an
7 undisputed Asset of the Receivership Entities.

8 In addition, CVL has not satisfied its repayment obligations to Essex.
9 Instead, and notwithstanding the amount of Receivership Assets implicated in
10 CVL's acquisition of the Lumber Yard, in October 2019, CVL sought to intervene
11 for the purpose of securing relief from the Court-ordered asset freeze with respect
12 to, at least, the real property associated with the Lumber Yard, and to prevent the
13 Receiver from taking any action relating to CVL's other assets. (See, e.g., ECF
14 No. 115-1.) Both the Receiver and the Commission opposed CVL's request.

15 In light of the Receiver's determination that over \$2.1 million in Essex funds
16 and obligations are inextricably intertwined with CVL and its purchase of the
17 Lumber Yard, and in an effort to enforce CVL's outstanding repayment obligations
18 to Essex, the Receiver requested that the Court authorize him to commence
19 litigation against CVL to recover on the Entities' claims. The Receiver's motion
20 remains pending, and he respectfully reiterates his request for permission to
21 commence such litigation against CVL.

22 2. The Garipalli Action.

23 At the time of the Receiver's appointment, Essex was already prosecuting the
24 Garipalli Action, in which, Essex alleged damages arising in connection with
25 commercial lease agreements implicating Sequoia Healthcare Services, LLC
26 ("Sequoia") and its principals. After reviewing critical documents supporting
27 Essex's claims, the Receiver determined that the causes of action alleged by Essex
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1 merited further prosecution in order to determine, among other things, whether an
2 appropriate near-term settlement could be secured for the benefit of the Entities.

3 Ultimately, the Receiver was able to negotiate the Garipalli Settlement
4 Agreement, pursuant to which Sequoia agreed to pay the Receiver \$925,000, in
5 exchange for the dismissal of the Garipalli Action, a dismissal of all parties, and a
6 mutual release. This Court has approved the Garipalli Settlement Agreement, and
7 the subject payment has been made to the Receiver. No further efforts in connection
8 with the Garipalli Action should be required for the duration of the receivership.

9 3. Amagansett.

10 As set forth in the Second Report and Amagansett Settlement Motion,
11 Amagansett was formed in 2018, purportedly as a mechanism for Essex to
12 restructure pre-existing debt obligations to an investor. Pursuant to Amagansett's
13 Operating Agreement, as amended, Essex was obligated to deposit certain illiquid
14 securities with Amagansett, and the investor was to deposit outstanding promissory
15 notes issued to Essex. Upon their respective contributions, the notes were to be
16 cancelled, and Essex's Amagansett capital account was to be reduced to zero.
17 Thereafter, pursuant to Amagansett's Operating Agreement, proceeds from the
18 illiquid securities were to be split between Essex and the individual investor, with
19 the apparent intent of repaying Essex's prior debt to the investor over time.

20 Before and during the Reporting Period, the Receiver diligently pursued his
21 MIMO accounting of Amagansett and the investor in question. Ultimately, and as
22 set forth in further detail in the Amagansett Settlement Motion, the Receiver's
23 efforts resulted in an expected payment from the investor in question to the
24 Receiver, subject to Court approval, of \$150,000.00.

25 4. Receivership Entity Leases.

26 The Receivership Entities are presently parties to one active equipment lease
27 as of the date of the filing of this Report, which was financed by Montecito Bank &
28 Trust ("MBT"). Pursuant to its rights under its financing agreements, MBT is

1 presently acting as a *de facto* servicer for the lease, collecting payments from the
2 lessee and remitting lease revenue (less funds sufficient to cover the Entities' loan
3 payments to MBT) to the Receiver. During the Reporting Period, the Receiver
4 continued to coordinate with MBT to ensure that its processes for loan servicing
5 remain consistent with the fiduciary nature of the Receiver's appointment including,
6 but not limited to, MBT's preparation and production of monthly reconciliations,
7 and MBT's retention of loan payments and other funds.

8 During the Reporting Period, the Receiver also continued to administer all
9 active equipment leases, which have accounted for approximately \$2.2 million in
10 income since the inception of the receivership, with an outstanding, aggregate value
11 of just over \$106,686.00. In addition, the Receiver arranged buyouts of leased
12 Assets at the termination of a number of leases, thereby generating over
13 \$1,332,173.00 in additional income for the administration and benefit of the
14 Receivership Entities, since the inception of the receivership. The Receiver will
15 continue to administer the Entities' active equipment leases, and arrange buyouts, in
16 order to collect their remaining value for the benefit of the Receivership Entities.

17 5. Profiting Investors.

18 As reflected in some of the Receiver's prior submissions to the Court,
19 including most recently his Forensic Accounting Report, the Receiver has concluded
20 that the business and financial activities of the Entities bear the hallmarks of a Ponzi
21 investment scheme, including, most critically, improper commingling of funds and
22 the use of money from new investors to pay obligations owed to earlier investors.
23 (See, e.g., ECF No. 171.) In the Ponzi scheme context, "the general rule is that to
24 the extent innocent investors have received payments in excess of the amount of
25 principal that they originally invested, those payments" are subject to disgorgement
26 to the Receiver as fraudulent transfers. Donell v. Kowell, 533 F.3d 762, 770 (9th
27 Cir. 2008). The Receiver has identified numerous Receivership Entity investors
28 whom he believes profited from their investments in the Entities.

1 (a) *The Disgorgement Stipulation.*

2 The Receiver has determined that it is appropriate to pursue disgorgement
3 from profiting investors. To that end, he conferred extensively with the
4 Commission regarding his proposed procedures for pursuing disgorgements,
5 including via demand letters, negotiation of settlement amounts and, if necessary,
6 litigation. Ultimately, and in the hopes of minimizing costs while expediting his
7 ability to proceed, with the Commission, the Receiver submitted the Disgorgement
8 Stipulation on March 26, 2020 (see ECF No. 157).

9 In pertinent part, the Disgorgement Stipulation provided that the Receiver
10 would first issue demand letters to profiting investors identifying the amount of their
11 suspected returns exceeding their original principal investment, the basis of the
12 Receiver's conclusion that they had received returns in excess of their original
13 principal investment, and an offer to settle claims on a sliding scale, depending upon
14 the procedural posture of such claims at the time of settlement. (Id.)

15 While the Receiver does not consider the Disgorgement Stipulation to be in
16 any way controversial, Defendant Ralph Iannelli filed what he characterized as a
17 "Response" to the Disgorgement Stipulation, mischaracterizing the stipulation as
18 requesting that this Court make a finding that the Receivership Entities had been
19 used in the operation of a Ponzi investment scheme. (See ECF No. 165.) The
20 Receiver has since filed a Reply in support of the Disgorgement Stipulation, noting
21 that Mr. Iannelli lacks standing to challenge the stipulation and correcting the record
22 with respect to the (purely administrative) relief requested. (See ECF No. 169.)

23 As of the date of this Report, the Court has not entered an order on the
24 Disgorgement Stipulation, and has instead set a status conference at which the
25 parties are directed to appear, currently scheduled for July 30, 2020.

26 6. Prospective Claims Against Pre-Receivership Professionals.

27 The Receiver has completed an initial review of materials produced by a
28 number of entities, including law firms and other professionals, that provided

1 services to the Receivership Entities in the pre-receivership period. While many of
2 the services provided are not controversial, the Receiver has identified at least one
3 pre-receivership professional (a law firm) whose services appear to have resulted in
4 a direct, foreseeable injury to Essex, specifically in connection with CVL's
5 acquisition of the Lumber Yard, and the associated benefits that flowed to CVL and
6 Mr. Iannelli at Essex's expense. The Receiver has made a demand upon this firm,
7 which was rebuffed. In response, the Receiver has provided a more detailed
8 summary of the bases for his claims, along with a draft Complaint, which Complaint
9 he expects to file in the event that a resolution of his claims is not underway by July
10 31, 2020.

11 **B. The Forensic Accounting Report.**

12 During the Reporting Period, and earlier having completed his preliminary
13 accounting of the business and financial activities of the Receivership Entities, the
14 Receiver prepared his Forensic Accounting Report, which provides a summary of
15 his accounting conclusions, with presentations of data underlying specific actions
16 undertaken by the Receivership Entities and their principal, Mr. Iannelli. The
17 Forensic Accounting Report was later filed with this Court, on June 11, 2020. (See
18 ECF No. 171.) Among other things, the Forensic Accounting Report identifies the
19 total amount of funds raised from investors and other sources, as well as their
20 disposition, including: (1) significant diversion of Entity funds by Mr. Iannelli for
21 apparently personal purposes; (2) payments of returns in excess of principal
22 investment amounts to certain investors; and (3) use of funds obtained from later
23 investors to pay obligations outstanding to earlier investors. (Id.)

24 **C. Attending To Pre- Receivership Litigation.**

25 There are two (2) matters pending before the Superior Court of California,
26 County of Santa Barbara, both of which are stayed pursuant to the Permanent
27 Injunction: (1) Gabler v. Essex Capital Corp., et al., Santa Barbara Superior Court
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1 Case No. 18CV03423 (the "Gabler Action"); and (2) Dennis v. Iannelli, et al., Santa
2 Barbara Superior Court Case No. 18CV03317 (the "Dennis Action").

3 The plaintiff in the Gabler Action has alleged that defendants Melissa
4 Iannelli, Ralph Iannelli, and Essex breached the terms of a promissory note,
5 pursuant to which the plaintiff allegedly loaned \$2.2 million to Essex. The plaintiff
6 in the Dennis Action alleges that defendants Ralph Iannelli and Essex operated a
7 fraudulent investment scheme, and seeks relief upon the following causes of action:
8 (1) negligence; (2) violation of California security laws; (3) negligence per se;
9 (4) fraud; and (5) financial elder abuse.

10 The Receiver and his counsel of record, Allen Matkins Leck Gamble Mallory
11 & Natsis LLP, have continued to monitor the Gabler Action and the Dennis Action,
12 and have informed the courts presiding over both actions of the litigation stay
13 imposed by the Appointment Order and maintained by the Permanent Injunction, in
14 order to protect and preserve the Estate from diminution. The Receiver will
15 continue to monitor and, through counsel, make necessary appearances in the Gabler
16 Action and the Dennis Action, and keep the courts presiding over those actions
17 abreast of developments in the instant action, as appropriate.

18 **D. Development Of An Expedited Approach To Investor And**
19 **Creditor Claims.**

20 The Receiver's accounting analysis has facilitated his anticipated approach to
21 processing anticipated investor and creditor claims against the Receivership Entities.
22 Specifically, and on the basis of his MIMO, or netting accounting analysis, the
23 Receiver has identified the amounts owed by the Entities to a majority of those
24 investors and creditors who, on a MIMO basis, appear to have realized net losses
25 from their investments in or contributions to the Entities.

26 In order to expedite the process of commencing his solicitation, review, and
27 evaluation of investor and creditor claims, and after consultation with the
28 Commission, the Receiver submitted the Claims Procedures Stipulation to this

1 Court. (See ECF No. 168.) The Claims Procedures Stipulation is intended to
2 establish the procedures whereby the Receiver will notify prospective claimants of
3 the claims process, invite the submission of claims against the Receivership Entities,
4 evaluate timely claims on a MIMO basis, and address disputed claims, as well as to
5 establish a bar date for the submission of claims. As of the date of this Report, the
6 Court has not entered an order on the Claims Procedures Stipulation.

7 **E. Communications With Investors And Other Interested Parties.**

8 In accordance with the Order in Aid, the Receiver continues to maintain a
9 receivership website for this matter (www.essex-receivership.com), which, among
10 other things, he uses as a means of communicating with Receivership Entity
11 investors. Specifically, the Receiver posts all of his filings to the website, which
12 also includes a portal through which investors and other interested parties may
13 register to receive email notice of such filings. The Receiver will post additional
14 updates to the website as they become relevant and available.

15 **IV. CONCLUSION AND PETITION FOR FURTHER INSTRUCTIONS.**

16 Assuming the Court approves this Report and authorizes the Receiver to
17 undertake the actions recommended herein, as well as to continue those actions
18 provided for in the Appointment Order, the Order in Aid, and the Permanent
19 Injunction, the Receiver proposes to submit a further interim report to this Court,
20 addressing his progress, findings, conclusions, and additional recommendations, in
21 approximately 90-120 days.

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

- 24 1. Accepting this Report;
- 25 2. Authorizing the Receiver to continue to administer the Receivership
26 Entities and their Estate in accordance with the terms of the Appointment Order, the
27 Order in Aid, and the Permanent Injunction; and

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

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4 Dated: July 24, 2020

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
DAVID R. ZARO
JOSHUA A. DEL CASTILLO
NORMAN M. ASPIS

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8 By: /s/ Joshua A. del Castillo
9 JOSHUA A. DEL CASTILLO
10 Attorneys for Receiver
11 GEOFF WINKLER

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VERIFICATION

I have read the foregoing FIFTH INTERIM REPORT AND PETITION FOR FURTHER INSTRUCTIONS OF RECEIVER, GEOFF WINKLER, and know its contents.

I am the Receiver appointed in the above-entitled action. I believe the matters stated in the foregoing document are true, to the best of my knowledge.

Executed on July 24, 2020, at Salem, Oregon.



Geoff Winkler, Receiver

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Essex Capital Corporation
 Receivership; Civil Docket No. 18-cv-05008-FMO-AFM
 Reporting Period from 01/01/2020 to 03/31/2020

FUND ACCOUNTING (See instructions)				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 01/01/2020):	\$ 2,504,675.82		
	Increases in Fund Balance:			
Line 2	Business Income	\$ 385,584.72		
Line 3	Cash and Securities (in transit)	-		
Line 4	Interest/Dividend Income	2,991.49		
Line 5	Business Asset Liquidation	-		
Line 6	Personal Asset Liquidation	-		
Line 7	Third-Party Litigation Income	-		
Line 8	Miscellaneous - Other	-		
	Total Funds Available (Lines 1 - 8):		\$ 388,576.21	\$ 2,893,252.03
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors			
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	(576,498.76)		
Line 10b	Business Asset Expenses	(1,122.30)		
Line 10c	Personal Asset Expenses	-		
Line 10d	Investment Expenses	-		
Line 10e	Third-Party Litigation Expenses	-		
	1. Attorney Fees	\$ -		
	2. Litigation Expenses	-		
	Total Third-Party Litigation Expenses		\$ (577,621.06)	
Line 10f	Tax Administrator Fees and Bonds		-	
Line 10g	Federal and State Tax Payments		-	
	Total Disbursements for Receivership Operations			\$ (577,621.06)
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):			\$ (577,621.06)
Line 13	Ending Balance (As of 03/31/2020):			\$ 2,315,630.97
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents		2,315,630.97	
Line 14b	Investments		132,751.65	
Line 14c	Other Assets or Uncleared Funds		22,228,137.12	
	Total Ending Balance of Fund - Net Assets			\$ 24,676,519.74

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Essex Capital Corporation
 Receivership; Civil Docket No. 18-cv-05008-FMO-AFM
 Reporting Period from 01/01/2020 to 03/31/2020

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>	0		
<i>Line 18b</i>	<i># of Claims Received Since Inception of Fund</i>	0		
Line 19	No. of Claimants/Investors:			
<i>Line 19a</i>	<i># of Claimants/Investors Paid This Reporting Period</i>	0		
<i>Line 19b</i>	<i># of Claimants/Investors Paid Since Inception of Fund</i>	0		

Receiver: **Geoff Winkler**

By: 

Geoff Winkler
 (printed name)

Managing Director, Alvarez & Marsal Disputes and Investigations, LLC
Receiver, Essex Capital Corporation, et al.

Date: July 03, 2020

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 **July 24, 2020**, I caused to be served on all the parties to this action addressed as stated on the attached service list the document entitled: **FIFTH INTERIM REPORT AND PETITION FOR FURTHER INSTRUCTIONS OF RECEIVER, GEOFF WINKLER.**

- 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 **July 24, 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

Mark Riera, Esq.
Jeffer Mangels Butler & Mitchell LLPP
1900 Avenue of the Stars, 7th Floor
Los Angeles, CA 90067-4308