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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 GEOFF WINKLER
IN SUPPORT OF REPLY RE: MOTION
OF RECEIVER, GEOFF WINKLER,
FOR ORDER: (1) APPROVING
PROPOSED DISTRIBUTION PLAN;
(2) APPROVING RECOMMENDED
TREATMENT OF CLAIMS; AND
(3) AUTHORIZING DISTRIBUTIONS
ON ALLOWED CLAIMS

Date: January 20, 2022
Time: 10:00 a.m.
Ctrm: 6D
Judge Hon. Fernando M. Olguin

25 I, Geoff Winkler, declare as follows:

26 1. I am the Court-appointed permanent receiver for Essex Capital
27 Corporation ("Essex") and its subsidiaries and affiliates (collectively, with Essex,
28 the "Receivership Entities"). This declaration is submitted in support of the
Receiver's Reply in support of my pending Motion for Order: (1) Approving

1 Proposed Distribution Plan; (2) Approving Recommended Treatment of Claims; and
2 (3) Authorizing Distribution on Allowed Claims (ECF. No. 220). I have personal
3 knowledge of the facts stated herein and, if called upon to testify, could and would
4 testify competently thereto.

5 2. As reflected in the Court's record, I have only received one (1) limited
6 objection to the Receiver's Motion. It was filed by investor claimant Paul
7 Wolansky. Mr. Wolansky's limited objection (the "Objection") (ECF No. 224) does
8 not state any objection to the Receiver's proposed distribution plan, but instead
9 challenges the Receiver's recommended amount of Mr. Wolansky's claim based on
10 arguments that the Receiver: (a) miscredited him with the receipt of certain shares
11 (the "NEOS shares"); (b) applied an inaccurate valuation to a New York
12 condominium (the "Condo"); and (c) improperly accounted for cash transfers made
13 to Mr. Wolansky in connection with his investment in the Receivership Entities. On
14 the basis of information received after the Motion was filed, I recommend that
15 Mr. Wolansky's allowed claim should be adjusted from \$852,095.00, as originally
16 recommended in the Motion, to \$1,306,259.47.

17 3. As reflected in the claims register appended in support of the Receiver's
18 Motion, Mr. Wolansky's claim was initially recommended for allowance in the
19 amount of \$852,095.00. After the Motion was filed, Mr. Wolansky provided the
20 Receiver with additional information and documents to support his proof of claim. I
21 have reviewed the additional evidence from Mr. Wolansky and further investigated
22 several aspects of Mr. Wolansky's claim. At my request, my attorney devoted
23 significant time to encouraging Mr. Wolansky's counsel to provide more specific
24 information that could be used by the Receiver to substantiate Mr. Wolansky's
25 claim.

26 4. I have concluded, based on the information submitted by Mr. Wolansky
27 and the Receiver's records, that Mr. Wolansky's claim should be increased to reflect
28 that he did not receive certain payments in-kind, notwithstanding that the records of

1 the Receiver reflect the transfers. Specifically, I recommend that Mr. Wolansky's
2 allowed claim amount be increased to \$1,306,259.47 to reflect that he did not
3 receive the NEOS stock as promised by Mr. Ianelli. This decision was primarily
4 based, in part, upon Mr. Wolansky's sworn declaration in which he states that he
5 did not receive the NEOS shares (notwithstanding entries in records obtained by the
6 Receiver establishing the Receivership Entities' intent to transfer the NEOS shares
7 to Mr. Wolansky.)

8 5. The transfers to Mr. Wolansky largely consisted of non-cash assets.
9 As such, in considering Mr. Wolansky's claim, I have determined the value the
10 assets at the time of the transfers to Mr. Wolansky were made, rather than simply
11 looking at bank records or bookkeeping entries reflecting cash transfers.

12 6. Setting aside the NEOS stock discussed above, there is \$378,852 in
13 dispute. This consists of the following amounts: \$100,000 related to
14 Mr. Wolansky's receipt of the Condo; \$80,000 in cash payments that Mr. Wolansky
15 does not recognize; and \$198,000 arising out of the value of four performing
16 equipment leases that were transferred to Mr. Wolansky in August of 2018.

17 7. With regard to the Condo, I have carefully reviewed the transaction and
18 believe the records are clear. In exchange for the cancellation of a \$2 million dollar
19 promissory note from the Receivership Entities, Mr. Wolansky was given the senior
20 lien on the Condo, upon which he subsequently foreclosed. In other words, as he
21 describes in his declaration, Mr. Wolansky received the Condo in satisfaction of a
22 \$2 million promissory note.

23 8. Mr. Wolansky now seeks to take advantage of his own "credit bid" of
24 \$1.9 million in connection with the transfer of the Condo. It is irrelevant what
25 Mr. Wolansky ultimately decided to credit bid at a foreclosure sale or otherwise. He
26 could have sold the Condo on the open market, or retained it for his personal use. In
27 either case, his ownership or prospective retention of the Condo resulted from his
28

1 decision to accept the Condo in full satisfaction of a \$2 million promissory note and
2 claim against Iannelli and the Receivership Entities.

3 9. In August of 2018, apparently under threat of litigation, Mr. Iannelli
4 assigned Mr. Wolansky four (4) Essex equipment leases, all of which were
5 performing, in satisfaction of a portion of his then outstanding investment. I have
6 valued the equipment leases as of the date of the transfer, based upon cash flows and
7 the residual value of the equipment associated with the leases. I valued these leases
8 at \$1,115,853.29.

9 10. Mr. Wolansky claims that a portion of the cash payments he received
10 from Essex were in fact transfers of lease payments. As reflected in my accounting,
11 payments to Mr. Wolansky and others throughout the course of this matter came
12 from pooled accounts which included money from all equipment leases, as well as
13 funds from other investors. To suggest that he was the recipient of specific lease
14 dollars from this Ponzi scheme is simply incorrect. His arguments as to those
15 payment should therefore be disregarded.

16 I declare under penalty of perjury under the laws of the United States that the
17 foregoing is true and correct.

18 Executed this 6th day of January, 2022, at Salem, Oregon.

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20
21 

22 _____
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 **January 6, 2022**, 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 GEOFF WINKLER IN SUPPORT OF REPLY RE: MOTION OF RECEIVER, GEOFF WINKLER, FOR ORDER: (1) APPROVING PROPOSED DISTRIBUTION PLAN; (2) APPROVING RECOMMENDED TREATMENT OF CLAIMS; AND (3) AUTHORIZING DISTRIBUTIONS ON ALLOWED CLAIMS**

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.

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 **January 6, 2022** at Los Angeles, California.

/s/ Martha Diaz

Martha Diaz