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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 vs.

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

24 Defendants.

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

**RECEIVER'S FOURTEENTH
 INTERIM REPORT AND PETITION
 FOR FURTHER INSTRUCTIONS**

Date: April 6, 2023
 Time: 10:00 a.m.
 Ctrm: 6D
 Judge: Hon. Fernando M. Olguin

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1 Geoff Winkler (the "Receiver"), the Court-appointed permanent receiver for
2 defendant Essex Capital Corporation ("Essex") and its subsidiaries and affiliates
3 (collectively, with Essex, the "Receivership Entities" or "Entities"), hereby submits
4 the following fourteenth interim report and petition for further instructions (the
5 "Report") for the period from October 1, 2022, through December 31, 2022 (the
6 "Reporting Period"), in accordance with Rule 66-6 of the Local Civil Rules of the
7 United States District Court for the Central District of California and the Court's
8 (a) *Order Regarding Preliminary Injunction and Appointment of a Permanent*
9 *Receiver* (the "Appointment Order"), ECF No. 66, entered on December 21, 2018;
10 (b) *Order in Aid of Receivership* (the "Order in Aid"), ECF No. 69, entered on
11 February 1, 2019; and (c) *Order Regarding Permanent Injunction* (the "Permanent
12 Injunction"), ECF No. 113, entered on September 9, 2019.

13 **I. PRELIMINARY STATEMENT**

14 Since the entry of the Appointment Order, the Receiver has set forth to
15 identify, marshal, and administer the available assets of the Receivership Entities
16 (the "Receivership Assets" or "Assets"). In light of the numerous filings made by
17 the Receiver throughout this proceeding, and the nearly four years that have passed
18 since the submission of the Receiver's first interim report, this Report provides both
19 an update on the Receiver's activities and efforts during the Reporting Period, as
20 well as situating those efforts in the context of the receivership case as a whole.

21 During the Reporting Period, the Receiver focused on recovering
22 Receivership Assets from profiting investors and other third parties, including via
23 the settlement or continuation of litigation brought on behalf of the Entities. The
24 Receiver also continued to handle the ordinary, but necessary operation and
25 administration of the receivership estate (the "Estate").

26 Perhaps most critically, during the Reporting Period, the Receiver took the
27 following actions:

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- 1 • Reached and secured Court approval of settlement agreements in three
- 2 disgorgement actions, which will see the Estate collectively receiving
- 3 payments totaling over \$800,000 from the defendants in those actions;
- 4 • Continued the prosecution of the three remaining disgorgement actions
- 5 against alleged profiting investors, seeking to recover, at face value and in
- 6 the aggregate, over \$3 million in fictitious profits received by those
- 7 investors;
- 8 • Undertook to perform his obligations under the Court-approved settlement
- 9 agreement in the CVL Action and Reyner II Action (as defined below); and
- 10 • Continued to monitor and appear, as appropriate, in all known, pre-
- 11 receivership litigation pending in California state courts involving or
- 12 implicating the Receivership Entities or their Assets.

13 In addition to the above, the Receiver has continued to administer the
14 remaining Assets of the Estate, and, as of the date of his standardized fund
15 accounting report for the Reporting Period (the "SFAR"), attached hereto as
16 **Exhibit 1**, held approximately \$2,550,594.03, in cash, for the administration and
17 benefit of the Receivership Entities and the Estate.

18 **II. RELEVANT PROCEDURAL HISTORY**

19 The Receiver invites the Court and all interested parties to review the
20 following filings¹ for the relevant factual and procedural background relating to the
21 subjects addressed in this Report:

- 22 • Plaintiff the Securities and Exchange Commission's *Complaint*, filed on
- 23 June 5, 2018, ECF No. 1;
- 24 • *Defendants' Answer to Complaint and Affirmative Defenses*, filed on
- 25 August 1, 2018, ECF No. 37;

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28 ¹ These filings, as well as others, are available on the Receiver's website,
<https://essex-receivership.com/>.

- 1 • The Appointment Order, entered on December 21, 2018, ECF No. 66;
- 2 • The Order in Aid, entered on February 1, 2019, ECF No. 69;
- 3 • The *Mediation Report*, filed on April 5, 2019, ECF No. 74;
- 4 • The prior interim reports, ECF Nos. 78, 103, 123, 149, 174, 197, 206, 210,
- 5 215, 229, 236, 243, and 249.
- 6 • The *Final Judgment as to Defendant Ralph T. Iannelli*, entered on
- 7 June 5, 2019, ECF No. 93;
- 8 • The *Judgment Against Defendant Essex Capital Corporation*, entered on
- 9 September 9, 2019, ECF No. 110;
- 10 • The Permanent Injunction, entered on September 9, 2019, ECF No. 113;
- 11 • The *Motion of Receiver, Geoff Winkler, for Authority to Pursue Litigation*
- 12 *Against 915 Elm Avenue CVL, LLC*, filed on December 5, 2019, ECF No. 125,
- 13 and the order thereon, entered on July 29, 2020, ECF No. 177;
- 14 • The *Stipulation for Order: (1) Establishing Claims Procedures; and*
- 15 *(2) Setting Claims Bar Date*, filed on April 20, 2020, ECF No. 168, and the
- 16 order thereon, entered on July 31, 2020, ECF No. 179;
- 17 • The *Motion of Receiver, Geoff Winkler, for Authority to Prosecute Claims*
- 18 *Against Seed Mackall LLP*, filed on August 10, 2020, ECF No. 184, and the
- 19 order thereon, entered on September 2, 2020, ECF No. 186;
- 20 • The *Stipulation to Authorize Receiver's Sale of Leased Assets, Free and Clear*
- 21 *of Liens and Encumbrances*, filed on September 23, 2020, ECF No. 188, and
- 22 the order thereon, entered on October 6, 2020, ECF No. 189;
- 23 • The *Motion of Receiver, Geoff Winkler, for Authority to Establish*
- 24 *Disgorgement Procedures and Undertake Disgorgement Efforts*, filed on
- 25 October 13, 2020, ECF No. 190, and the order thereon, entered on
- 26 November 12, 2020, ECF No. 195;
- 27 • The *Motion for Order: (1) Approving Proposed Distribution Plan;*
- 28 *(2) Approving Recommended Treatment of Claims; and (3) Authorizing*

1 *Distributions on Allowed Claims*, filed on December 21, 2021, ECF No. 220,
2 and the order thereon, entered on April 19, 2022, ECF No. 234; and
3 • *The Motion of Receiver, Geoff Winkler, for Order Approving and Authorizing*
4 *Performance of Settlement Agreement*, filed on September 7, 2022, ECF
5 No. 241, and the order thereon, entered on September 19, 2022, ECF No. 246.

6 **III. THE RECEIVER'S ACTIVITIES AND EFFORTS TO DATE**

7 As discussed above, the Receiver has been met with substantial success in his
8 efforts to identify, marshal, administer, and ultimately distribute Receivership
9 Assets for the benefit of the Receivership Entities, their Estate, and its creditors.
10 Each of these efforts is discussed in turn below.

11 **A. Identifying Receivership Assets.**

12 Accounting for and tracing the assets of the Receivership Entities was among
13 the Receiver's top priorities upon his appointment. The Receiver and his staff
14 conducted a comprehensive accounting, reviewing over 500,000 documents,
15 culminating in the Receiver's *Forensic and Investigative Accounting Report* (the
16 "Accounting Report"), ECF No. 171, and, later, his *Supplemental Forensic*
17 *Investigative Accounting Report* (the "Supplemental Accounting Report," and
18 together, with the Accounting Report, the "Accounting Reports"), ECF No. 235. As
19 reflected in the Accounting Reports, the Receiver's conclusions, after years of
20 forensic review and analysis of hundreds of thousands of documents, included that
21 in at least the twelve years preceding his appointment, the Entities raised
22 approximately \$224 million from more than 150 investors. The Entities transferred
23 these funds to and through myriad business accounts, individuals, and business
24 entities, that the Receiver has characterized as a Ponzi investment scheme. By
25 tracing these funds, the Receiver was able to identify a wide variety of Receivership
26 Assets, including funds in bank accounts, equity interests in businesses, and
27 receivables, along with claims for disgorgement against certain individuals or
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1 entities whom the Receiver alleged profited from the Ponzi scheme, or otherwise
2 benefitted from the diversion of funds fraudulently obtained from other investors.

3 **B. Marshaling Receivership Assets.**

4 **1. Disgorgement of Fictitious Profits from Profiting Investors.**

5 While undertaking the analysis that resulted in the Accounting Reports, the
6 Receiver carefully reviewed the transactions made between the Receivership
7 Entities and each of their counterparties in an effort to identify those who had
8 profited from the Ponzi scheme (the "Winners"). An investor's profits were
9 calculated by subtracting that investor's (a) transfers to the Entities from
10 (b) transfers received from the Entities, resulting in a net profit amount, calculated
11 via a Court-approved money-in/money-out analysis (the "Profits"). Any such
12 Profits, as proceeds of a Ponzi scheme, are fictitious and subject to disgorgement for
13 the benefit of the Estate.

14 As reflected in the Court's docket associated with the above-entitled action,
15 maximizing the recovery of Profits from Winners in a fair and equitable fashion has
16 posed a considerable challenge to the Receiver, albeit one he has largely
17 successfully overcome. Among other things, the Receiver's accounting analysis
18 continued to develop over time, in some cases after litigation against certain
19 Winners had already commenced. In these instances, and conscious of the fact that
20 investors profiting from the Ponzi scheme most likely were unaware that their
21 returns were derived from a fraudulent scheme, the Receiver cooperated extensively
22 with many Winner defendants in refining his accounting, considering their
23 affirmative defenses, and, where possible, engaging in extended informal settlement
24 discussions. This evenhanded approach led directly to, or significantly expedited,
25 settlement in at least three separate disgorgement actions.

26 A review of the Receiver's disgorgement actions against alleged profiting
27 investors and their resolution, if any, as of the date of this Report follows:
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1 (a) *Winkler v. Fazio, et al.*, Case No. 2:21-cv-02987-FMO-
2 AFM (the "Fazio Action").

3 In the Fazio Action, the Receiver initially calculated the defendants' Profits to
4 be in excess of \$2 million. Following the commencement of the action, and after his
5 receipt of additional relevant materials, the Receiver adjusted this figure downward.
6 Following two mandatory settlement conferences before the Honorable Alexander
7 F. MacKinnon, the Receiver and the defendants reached a Court-approved
8 settlement agreement for an undisclosed sum. The defendants have since paid that
9 settlement sum to the Receiver.

10 (b) *Winkler v. WLD Davis Holdings, LLC, et al.*, Case No.
11 2:21-cv-03209-FMO-AFM (the "WLD Davis Action").

12 In the WLD Davis Action, the Receiver calculated the defendants' Profits to
13 be over \$660,000. Shortly after the filing of the complaint, the Receiver and the
14 defendants engaged in settlement discussions, ultimately reaching a settlement for
15 an undisclosed sum, which has since been paid.

16 (c) *Winkler v. Siemens, et al.*, Case No. 2:21-cv-04515-
17 FMO-AFM (the "Siemens Action").

18 In the Siemens Action, the Receiver calculated the defendants' Profits to be
19 more than \$109,000. Following a settlement conference before Judge MacKinnon,
20 the parties reached a Court-approved settlement agreement. Pursuant to that
21 agreement, the defendants paid the Receiver \$75,000 in full satisfaction of his
22 claims.

23 (d) *Winkler v. Fead*, Case No. 2:21-cv-04519-FMO-AFM
24 (the "Fead Action").

25 In the Fead Action, the Receiver initially calculated the defendant's Profits to
26 be in excess of \$275,000. Following the filing of the complaint, the Receiver
27 received additional information concerning the transactions between Essex and the
28 defendant. With that additional information in hand, the Receiver adjusted the

1 amount of the Profits downwards. Following a settlement conference before Judge
2 MacKinnon, the parties reached a settlement, under which the defendant agreed to,
3 and did, pay the Receiver \$118,500 in full satisfaction of his claims.

4 (e) ***Winkler v. Davis, et al. (formerly Winkler v. Largura),***
5 **Case No. 2:21-cv-04534-FMO-AFM (the "Largura**
6 **Action").**

7 In the Largura Action, the Receiver calculated the defendant Robert Largura's
8 Profits to be in excess of \$460,000. As noted in prior interim reports, Mr. Largura
9 unfortunately passed away during the litigation and while the parties were engaging
10 in settlement discussions, both in connection with and outside of their mandatory
11 settlement conference before Judge MacKinnon. Following the substitution of
12 Mr. Largura's successors as defendants in the action—specifically, Karl Davis and
13 Wayne Siemens (the "Largura Trustees"), in their capacity as co-trustees of the
14 Robert Largura Administrative Trust Established April 22, 2022 (the "Largura
15 Trust")—counsel for the Receiver and the Largura Trustees continued their
16 settlement discussions, reaching an agreement shortly thereafter. In the end, the
17 Largura Trust agreed to pay the Receiver \$241,592.04 in full satisfaction of his
18 claims, which has since been paid.

19 (f) ***Winkler v. Emmons, et al., Case No. 2:21-cv-07267-***
20 **FMO-AFM (the "Emmons Action").**

21 In the Emmons Action, the Receiver initially calculated the defendants'
22 Profits to be more than \$1,025,000 (though his complaint had originally, in error,
23 alleged the Profits to be \$585,000). Following the parties' first mandatory
24 settlement conference before Judge MacKinnon, the defendants provided the
25 Receiver with information and documents previously unavailable to him. After a
26 review of this new information, the Receiver revised the Profits figure downwards
27 to \$611,000. During the Reporting Period, the Receiver and the defendants attended
28 a second settlement conference before Judge MacKinnon. Shortly thereafter, the

1 parties reached a settlement agreement, under which the defendants will pay the
2 Receiver a total of \$305,500 in full satisfaction of his claims. The defendants have
3 since made the first settlement payment of \$152,750 to the Receiver, with the
4 second one for the same amount due in June 2023.

5 (g) *Winkler v. Reyner, et al.*, Case No. 2:21-cv-05730-FMO-
6 AFM (the "Reyner Action").

7 In the Reyner Action, the Receiver originally calculated the defendants'
8 Profits to be more than \$1,051,000. The parties subsequently filed cross motions for
9 summary judgment, in which the Receiver sought to have the defendants disgorge
10 newly calculated Profits of \$676,000. During the Reporting Period, after the
11 summary judgment motions had been taken under submission and pretrial tasks
12 were already underway, the Receiver and the defendants reached a settlement
13 agreement, under which the defendants agreed to pay the Receiver the sum of
14 \$425,000 over two payments. The defendants have since paid the first installment
15 of \$212,500, with the second installment of the same amount due in June 2023.

16 (h) *Winkler v. McCloskey, et al.*, Case No. 2:21-cv-05757-
17 FMO-AFM (the "McCloskey Action").

18 In the McCloskey Action, the Receiver calculated the defendants' Profits to be
19 in excess of \$1.2 million. Prior to this Reporting Period, the Court denied the
20 defendants' motion to compel arbitration, which they have since appealed. During
21 the Reporting Period, in connection with that appeal, the Receiver, in an effort to
22 conserve the Estate's resources, did not oppose the stay pending appeal sought by
23 the defendants. The Court ultimately entered an order staying the McCloskey
24 Action, except as to any discovery-related proceedings therein, pending resolution
25 of the defendants' appeal. Notwithstanding the ongoing appeal, counsel for the
26 Receiver and the defendants have had additional settlement discussions in the hopes
27 of resolving the underlying disgorgement dispute.

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1 (i) ***Winkler v. Nicholson, Case No. 2:21-cv-07458-FMO-***
2 ***AFM (the "Nicholson Action")***.

3 In the Nicholson Action, the Receiver calculated the defendant's Profits to be
4 more than \$1.5 million. During the Reporting Period the Receiver and the
5 defendant attended a settlement conference before Judge MacKinnon but were
6 unfortunately unable to reach an agreement. Accordingly, the parties proceeded
7 with summary judgment motions, which were filed on December 14, 2022, and set
8 for hearing on January 26, 2023. Due to the defendant's health-related
9 circumstances, all pretrial and trial dates and deadlines were temporarily vacated. A
10 status conference is set for April 20, 2023, at which time the Court will set a new
11 trial date, if appropriate.

12 (j) ***Winkler v. Grimm, et al., Case No. 2:22-cv-05736-FMO-***
13 ***AFM (the "Grimm Action")***.

14 In the Grimm Action, the Receiver calculated the defendants' Profits to be in
15 excess of \$1.1 million. As mentioned in the prior interim report, the Receiver filed
16 his complaint commencing the Grimm Action on August 12, 2022, after his efforts
17 to settle this disgorgement dispute with the defendants were unsuccessful and the
18 parties' tolling agreement was set to expire. During the Reporting Period, the
19 defendants filed their answer. The Receiver intends to continue prosecuting this
20 action but is nevertheless hopeful that a settlement can ultimately be reached.

21 (k) **Recoveries from Winners Without Litigation.**

22 Outside of the disgorgement actions prosecuted in this Court, the Receiver
23 has also successfully sought recoveries of Profits from Winners. Pursuant to the
24 Court-approved disgorgement procedures, the Receiver was authorized to send
25 demand letters to alleged Winners calling for the return of any Profits but offering to
26 settle his disgorgement claims at a Court-approved discount prior to the
27 commencement of formal litigation. Through this process, the Receiver was
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1 ultimately able to recover more than \$2.3 million from Winners without having to
2 resort to costly litigation.

3 **2. Other Litigation.**

4 In addition to the disgorgement actions discussed above, the Receiver has also
5 prosecuted other claims involving, among other things, contract disputes relating to
6 Essex's leasing business, off-balance sheet financing vehicles, and equity interests in
7 third-party businesses. Several noteworthy examples follow:

8 (a) *Essex Capital Corp. v. Garipalli, et al.*, Case No. 1:17-cv-
9 **6347-JFK (the "Garipalli Action").**

10 At the time of the Receiver's appointment, Essex was already prosecuting the
11 Garipalli Action, seeking damages suffered in connection with commercial lease
12 agreements implicating Sequoia Healthcare Services, LLC ("Sequoia") and its
13 principals. Upon his appointment, the Receiver continued this litigation and quickly
14 reached an agreement with Sequoia, pursuant to which Sequoia would pay the
15 Receiver \$925,000 in exchange for the dismissal of the action.

16 (b) **The Grant/Amagansett Matter (Settled Without**
17 **Litigation).**

18 Amagansett LLC ("Amagansett") was established in 2018 by two creditors of
19 the Receivership Entities—the Grants—to serve as a debt-refinancing vehicle for
20 debt owed by the Entities to the Grants. For the Entities' purposes, Amagansett
21 served as an off-balance sheet financing vehicle in which illiquid assets could be
22 used to offset current liabilities. Due to inconsistent and irreconcilable accounting
23 records, the Receiver was unable to accurately determine the amount or nature of the
24 payments or other consideration transferred between the Entities and Amagansett.
25 Under some interpretations of the existing accounting records, the Grants could
26 plausibly argue that Amagansett had not profited in its dealings with the Entities.
27 Despite these challenges, the Receiver successfully negotiated a settlement with the
28 Grants. The Grants paid the Receiver \$150,000 in exchange for the release of all

1 claims against Grant and Amagansett. The Court approved this agreement on
2 July 29, 2020, *see* ECF No. 178.

3 (c) ***Winkler v. 915 Elm Avenue CVL, LLC, Case No. 2:21-***
4 ***cv-00869-FMO-AFM (the "CVL Action")***, and ***Winkler***
5 ***v. Reyner, et al., Case No. 2:22-cv-00800-FMO-AFM***
6 ***(the "Reyner II Action")***.

7 915 Elm Avenue CVL, LLC ("CVL") is a limited liability company formed in
8 November 2015, by defendant Ralph T. Iannelli ("Iannelli") and William S. Reyner,
9 Jr., ("Reyner") to purchase, own, and operate a lumber-yard business. Following his
10 forensic accounting and a lengthy investigation, the Receiver determined that
11 Iannelli fraudulently diverted over \$2.1 million in funds of the Receivership Entities
12 to the CVL enterprise. Specifically, the Receivership Entities and their funds were
13 used to establish CVL, fund its operations, purchase its lumber yard, and service its
14 debt. Independent of this action, Iannelli assigned his approximately 39% interest in
15 CVL to the Receiver.

16 As discussed in detail in the prior interim report, the Receiver successfully
17 reached a settlement agreement which resolved both the CVL Action and the
18 Reyner II Action, *see* ECF No. 246. Pursuant to the settlement agreement, CVL will
19 pay the Receiver a total of \$1.1 million, of which the Receiver has so far received
20 \$800,000 from CVL (and the remaining \$300,000 to be paid by CVL in \$100,000
21 annual installments each September for the next three years). Furthermore, the
22 Receiver will retain his ownership interest of approximately 39% in CVL.

23 During the Reporting Period, the Receiver undertook efforts to perform his
24 obligations under the Court-approved settlement agreement, including successfully
25 seeking the turnover of Iannelli's son's less-than-1% interest in CVL.

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1 **(d) *Winkler v. Hopen Life Science Ventures*, Case No. 2:21-**
2 **cv-06049-FMO-AFM (the "Hopen Action").**

3 In the Hopen Action, the Receiver calculated the defendant's Profits to be
4 \$256,000, representing a \$256,000 transfer that Essex had made to the defendant in
5 2014. However, through the defendant's document production and discovery
6 responses, the Receiver developed a better understanding of Essex's transactional
7 relationship with the defendant, which reflected that it was not like the other
8 Winners who invested in the Ponzi scheme operated through the Receivership
9 Entities. In actuality, the defendant had entered into a series of agreements with
10 Essex, Iannelli, and a third party, the last of which involved Essex agreeing to pay
11 \$256,000 to the defendant in exchange for releases benefiting all of the
12 counterparties, not just Essex.

13 Prior to the Reporting Period, the Receiver successfully reached a settlement
14 in principle with the defendant. During this Reporting Period, the parties finalized
15 and executed their settlement agreement, jointly filing it under seal for the Court's
16 approval on November 10, 2022. This Court approved the settlement on
17 November 14, 2022, and the defendant has since paid the undisclosed settlement
18 sum to the Receiver.

19 **(e) *Recovery of Fraudulent Transfers Made to Third-***
20 ***Party Non-Profit Organizations.***

21 Prior to the appointment of the Receiver, the Entities transferred hundreds of
22 thousands of dollars to third-party non-profit organizations for no consideration.
23 The Receiver successfully obtained the return of more than \$250,000. These
24 disgorgements were sought by the Receiver via written demand letters and without
25 having to resort to formal litigation.

26 **C. Administration of Receivership Assets.**

27 A significant portion of the Receiver's early efforts related to his
28 administration of Receivership Entities' equipment-leasing operations. Under the

1 Receiver's oversight, these operations yielded more than \$2.2 million in gross
2 revenue from equipment leasing and nearly \$1.5 million in revenue from post-lease
3 equipment buyouts.

4 The Receiver is presently administering several equity investments held for
5 the benefit of the Estate, most notably in CVL, as discussed above. In accordance
6 with his existing authority under the Appointment Order and Permanent Injunction,
7 the Receiver hopes to eventually cause the sale of those holdings or deposit them
8 into a liquidating trust, at such time as he deems appropriate, ideally in a manner
9 that raises additional funds for the Estate.

10 **D. Distributions on Allowed Claims.**

11 In April of 2020, the Receiver proposed a claims procedure by which claims
12 against the Receivership Entities could be submitted to the Receiver, and an
13 associated bar date established by which all such claims would be due. This Court
14 approved the claims procedure and bar date on July 31, 2020. *See* ECF No. 179.
15 Thereafter, the Receiver began soliciting and reviewing prospective claims.

16 As the efforts to identify eligible claimants and calculate their respective
17 claim amounts continued, the Receiver devised a distribution plan. On the one
18 hand, given that not all investors were treated equally by the Receivership Entities,
19 with some losing investors receiving returns of 0% and others receiving in excess of
20 95% of their investments back, the Receiver determined that a strict *pro rata*
21 distribution would be inequitable. On the other hand, some of the claimants with the
22 smallest losses as a percentage of investment had suffered significant losses in terms
23 of absolute dollar value. Thus, distributing funds with the intent to return each
24 investor to the same percentage loss would also be inequitable.

25 To balance these conflicting concerns, the Receiver applied a hybrid rising
26 tide approach to his distributions on allowed claims. Under this system, the first
27 50% of funds would be distributed to the least "whole" investor group, in order to
28 restore them to a more equitable loss "floor," and the second 50% of funds would

1 subsequently be distributed on a strict *pro rata* basis. The Receiver's hybrid rising
2 tide proposal was approved by this Court on April 19, 2022. *See* ECF No. 234.

3 In early August 2022, the Receiver made his first distribution on allowed
4 claims. Specifically, the Receiver distributed funds to sixty claimants totaling
5 \$3 million, with individual payments ranging from \$628 to over \$300,000 (and
6 determined by the application of the hybrid rising tide system). The Receiver
7 presently anticipates that there will be at least one additional distribution on allowed
8 claims, to be paid from additional funds obtained through litigation or settlement,
9 roughly contemporaneously with the wind down and termination of the receivership.

10 **E. Attending to Pre-Receivership Litigation Matters.**

11 At the time of the Receiver's appointment, there were two actions against the
12 Receivership Entities pending before the Superior Court of California, County of
13 Santa Barbara, both of which had been stayed pursuant to the Permanent Injunction:
14 (a) the action captioned as *Gabler v. Essex Capital Corp., et al.* and bearing Case
15 No. 18CV03423 (the "Gabler Action"); and (b) the action captioned as *Dennis v.*
16 *Iannelli, et al.* and bearing Case No. 18CV03317 (the "Dennis Action").

17 The plaintiff in the Gabler Action, who had alleged that defendants Melissa
18 Iannelli, Ralph Iannelli, and Essex breached the terms of a promissory note,
19 however, has since voluntarily dismissed his action, without prejudice. The plaintiff
20 in the Dennis Action, which remains pending, had alleged that defendants Iannelli
21 and Essex operated a fraudulent investment scheme, and sought relief upon a
22 number of tort claims.

23 The Receiver and his counsel have continued to monitor the Dennis Action
24 and have previously informed the court presiding over that action of the litigation
25 stay imposed by the Appointment Order and maintained by the Permanent
26 Injunction, in order to protect and preserve the Estate from diminution. The
27 Receiver will continue to monitor and, through counsel, make necessary
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1 appearances and keep the court presiding over the Dennis Action abreast of
2 developments in the instant action, as appropriate.

3 **F. Communications with Investors and Other Interested Parties.**

4 In accordance with the Order in Aid, the Receiver continues to maintain a
5 receivership website for this matter, which, among other things, he uses as a means
6 of communicating with investors in the Receivership Entities. Specifically, the
7 Receiver posts all of his filings to the website, which also includes a portal through
8 which investors and other interested parties may register to receive email notice of
9 such filings. The Receiver will continue to post additional updates to the website as
10 they become relevant and available.

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

12 Assuming that the Court accepts this Report and authorizes the Receiver to
13 undertake the actions recommended herein, as well as to continue those actions
14 provided for in the Appointment Order, Order in Aid, and Permanent Injunction, the
15 Receiver proposes to submit a further interim report to this Court, addressing his
16 progress, findings, conclusions, and additional recommendations, in approximately
17 90 to 120 days.

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

- 20 1. Accepting this Report;
- 21 2. Authorizing the Receiver to continue to administer the Receivership
22 Entities and their Estate in accordance with the terms of the Appointment Order,
23 Order in Aid, and Permanent Injunction;
- 24 3. Authorizing the Receiver to undertake the recommendations presented
25 herein; and

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1 4. Providing such other and further relief as the Court deems necessary
2 and appropriate under the circumstances.

3
4 Dated: March 8, 2023

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
DAVID R. ZARO
JOSHUA A. DEL CASTILLO
MATTHEW D. PHAM

7 By: /s/ Matthew D. Pham

8 MATTHEW D. PHAM
9 Attorneys for Receiver
GEOFF WINKLER

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VERIFICATION OF GEOFF WINKLER

I, Geoff Winkler, verify as follows:

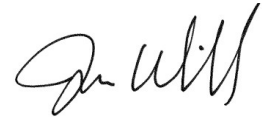
1. I am the Court-appointed permanent receiver for Essex Capital Corporation and its subsidiaries and affiliates.

2. I have read the foregoing RECEIVER'S FOURTEENTH INTERIM REPORT AND PETITION FOR FURTHER INSTRUCTIONS and know its contents.

3. The matters stated in the foregoing document are true to the best of my knowledge, information, and belief.

I verify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on March 8, 2023, at Salem, Oregon.



Geoff Winkler

EXHIBIT 1

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Essex Capital Corporation

Receivership; Civil Docket No. 18-cv-05008-FMO-AFM

Reporting Period from 10/01/2022 to 12/31/2022

FUND ACCOUNTING (See instructions)				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 10/01/2022):	\$ 1,976,832.93		
	Increases in Fund Balance:			
Line 2	Business Income	\$ -		
Line 3	Cash and Securities (in transit)	-		
Line 4	Interest/Dividend Income	-		
Line 5	Business Asset Liquidation	382.50		
Line 6	Personal Asset Liquidation	-		
Line 7	Third-Party Litigation Income	460,250.00		
Line 8	Miscellaneous - Uncleared	-		
	Total Funds Available (Lines 1 - 8):		\$ 460,632.50	\$ 2,437,465.43
	Decreases in Fund Balance:			
Line 9	Uncleared Disbursements to Investors	113,128.60		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	-		
Line 10b	Business Asset Expenses	-		
Line 10c	Personal Asset Expenses	-		
Line 10d	Investment Expenses	-		
Line 10e	Third-Party Litigation Expenses	-		
	1. Attorney Fees	\$ -		
	2. Litigation Expenses	-		
	Total Disbursements for Receivership Operations		\$ 113,128.60	
Line 10f	Tax Administrator Fees and Bonds		-	
Line 10g	Federal and State Tax Payments		-	
	Total Disbursements for Receivership Operations			\$ 113,128.60
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):			\$ 113,128.60
Line 13	Ending Balance as of 12/31/2022			\$ 2,550,594.03
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents		2,550,594.03	
Line 14b	Investments		-	
Line 14c	Other Assets or Uncleared Funds		6,215,964.13	
	Total Ending Balance of Fund - Net Assets			\$ 8,766,558.16

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Essex Capital Corporation
 Receivership; Civil Docket No. 18-cv-05008-FMO-AFM
 Reporting Period from 10/01/2022 to 12/31/2022

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	-		
	<i>Total Plan Development Expenses Not Paid by the Fund</i>		\$ -	
<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	-		
	<i>Total Plan Implementation Expenses Not Paid by the Fund</i>		\$ -	
<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>	75		
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>	64		

Receiver: **Geoff Winkler**

By: 

Geoff Winkler
(printed name)

Chief Executive Officer
 American Fiduciary Services LLC
 Receiver, Essex Capital Corporation, et al.

Date: **January 31, 2023**