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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 FIFTEENTH INTERIM
 REPORT AND PETITION FOR
 FURTHER INSTRUCTIONS**

Date: June 15, 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 January 1, 2023 through March 31, 2023 (the
6 "Reporting Period"¹), 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 During the Reporting Period, the Receiver's efforts were largely directed at
15 identifying, recovering, and administering any available assets of the Receivership
16 Entities (the "Receivership Assets" or "Assets"), with an eye towards completing
17 Asset recovery efforts as expediently and efficiently as possible, and making an
18 additional distribution to holders of allowed claims against the receivership estate
19 (the "Estate"). This Report summarizes the Receiver's efforts and provides a
20 summary of his Entity and Estate administration plans through the anticipated
21 termination of the instant receivership.

22 During the Reporting Period, the Receiver took the following actions:

- 23 • Continued the prosecution of three remaining disgorgement actions brought
24 by the Receiver against alleged profiting investors, seeking to recover, at
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27 ¹ While this Report largely addresses efforts undertaken during the Reporting
28 Period, it necessarily makes reference to efforts or events prior to or after the
Reporting Period.

1 face value and in the aggregate, over \$3 million in fictitious profits received
2 by those investors;

- 3 • Continued to perform his obligations under the Court-approved settlement
4 agreement in the CVL Action and Reyner II Action (as defined below);
- 5 • Performed an evaluation of all known remaining Assets (including
6 prospective litigation claims, pending settlement payments, and a corporate
7 interest held by the Receiver for the benefit of the Estate) and developed a
8 proposed plan for the administration of these assets, an additional interim
9 distribution to holders of allowed claims, and the management of the Estate
10 through the eventual termination of the instant receivership and the Receiver'
11 eventual discharge and release; and
- 12 • Continued to monitor and appear, as appropriate, in all known, pre-
13 receivership litigation pending in California state courts involving or
14 implicating the Receivership Entities or their Assets.

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

20 **II. RELEVANT PROCEDURAL HISTORY**

21 While the relevant filings in the instant receivership are too voluminous to
22 list, the Receiver invites the Court and all interested parties to review the following
23 filings² for the relevant factual and procedural background relating to the subjects
24 addressed in this Report:

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² These filings, as well as others, are available on the Receiver's website,
<https://essex-receivership.com/>.

- 1 • Plaintiff the Securities and Exchange Commission's *Complaint*, filed on
2 June 5, 2018 (ECF No. 1);
- 3 • The Appointment Order, entered on December 21, 2018 (ECF No. 66);
- 4 • The Order in Aid, entered on February 1, 2019 (ECF No. 69);
- 5 • The Permanent Injunction, entered on September 9, 2019 (ECF No. 113);
- 6 • The Receiver's prior interim reports (ECF Nos. 78, 103, 123, 149, 174, 197,
7 206, 210, 215, 229, 236, 243, 249, and 256);
- 8 • The *Stipulation for Order: (1) Establishing Claims Procedures; and*
9 *(2) Setting Claims Bar Date*, filed on April 20, 2020 (ECF No. 168) and the
10 order thereon, entered on July 31, 2020 (ECF No. 179);
- 11 • The *Motion of Receiver, Geoff Winkler, for Authority to Establish*
12 *Disgorgement Procedures and Undertake Disgorgement Efforts*, filed on
13 October 13, 2020 (ECF No. 190) and the order thereon, entered on
14 November 12, 2020 (ECF No. 195);
- 15 • The *Motion for Order: (1) Approving Proposed Distribution Plan;*
16 *(2) Approving Recommended Treatment of Claims; and (3) Authorizing*
17 *Distributions on Allowed Claims*, filed on December 21, 2021 (ECF
18 No. 220) and the order thereon, entered on April 19, 2022 (ECF No. 234);
19 and
- 20 • The *Motion of Receiver, Geoff Winkler, for Order Approving and*
21 *Authorizing Performance of Settlement Agreement*, filed on September 7,
22 2022 (ECF No. 241) and the order thereon, entered on September 19, 2022,
23 (ECF No. 246).

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

25 As discussed extensively in the Receiver's prior interim reports, the Receiver
26 has been met with substantial success in his efforts to identify, marshal, administer,
27 and ultimately distribute Receivership Assets for the benefit of the Receivership
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1 Entities, their Estate, and its creditors, including during the Reporting Period. Each
2 of these efforts is discussed in turn below.

3 **A. Identifying Receivership Assets.**

4 Accounting for, tracing, and recovering the assets of the Receivership Entities
5 was among the Receiver's top priorities. The Receiver and his staff conducted a
6 comprehensive accounting, reviewing over 500,000 documents, culminating in the
7 Receiver's *Forensic and Investigative Accounting Report* (the "Accounting Report")
8 [ECF No. 171] and, later, his *Supplemental Forensic Investigative Accounting*
9 *Report* (the "Supplemental Accounting Report," and together, with the Accounting
10 Report, the "Accounting Reports") [ECF No. 235]. As reflected in the Accounting
11 Reports, the Receiver's conclusions, after years of forensic review and analysis of
12 hundreds of thousands of documents, included that in at least the twelve years
13 preceding his appointment, the Entities raised approximately \$224 million from
14 more than 150 investors in a manner consistent with a Ponzi investment scheme. In
15 addition, the Receiver concluded that the Entities transferred funds raised from
16 investors to and through myriad business accounts, individuals, and business
17 entities, using funds raised from later investors to pay obligations owing to later
18 investors, and diverting funds raised from investors for the personal use of
19 Mr. Iannelli. By tracing the funds received by the Entities, the Receiver was able to
20 identify a wide variety of Receivership Assets, including funds in bank accounts,
21 equity interests in businesses, and receivables, along with claims for disgorgement
22 against certain individuals or entities whom the Receiver alleged profited from the
23 Ponzi scheme, or otherwise benefitted from the diversion of funds fraudulently
24 obtained from other investors. Thereafter, and with the Court's permission, the
25 Receiver commenced efforts to recover as many of these Receivership Assets as
26 reasonably possible.

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1 **B. Marshaling Receivership Assets.**

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

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

12 As reflected in prior interim reports, and the dockets for the disgorgement
13 actions prosecuted by the Receiver against alleged Winners, maximizing the
14 recovery of Profits from Winners in a fair and equitable fashion has been
15 challenging, although the Receiver has ultimately been successful to date in settling
16 on terms favorable to the Estate. The history, through the Reporting Period, of the
17 Receiver's disgorgement actions against alleged Winners is as follows:

18 **(a) *Winkler v. Fazio, et al.*, Case No. 2:21-cv-02987-FMO-**
19 **AFM (the "Fazio Action").**

20 In the Fazio Action, the Receiver initially calculated the defendants' Profits to
21 be in excess of \$2 million. Following the commencement of the action, and after his
22 receipt of additional relevant materials, the Receiver adjusted this figure downward.
23 Following two mandatory settlement conferences before the Honorable Alexander
24 F. MacKinnon, the Receiver and the defendants reached a Court-approved,
25 confidential settlement on terms favorable to the Estate. The settlement has been
26 performed, and the defendants have paid all amounts owing to the Receiver.

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

3 In the WLD Davis Action, the Receiver calculated the defendants' Profits to
4 be over \$660,000. Shortly after the filing of the complaint, the Receiver and the
5 defendants engaged in settlement discussions, ultimately reaching a confidential
6 settlement on terms favorable to the Estate. The defendants have paid all settlement
7 funds owing to the Receiver.

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

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

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

17 In the Fead Action, the Receiver initially calculated the defendant's Profits to
18 be in excess of \$275,000. Following the filing of the complaint, the Receiver
19 received additional information concerning the transactions between Essex and the
20 defendant. With that additional information in hand, the Receiver adjusted the
21 amount of the Profits downwards. Following a settlement conference before Judge
22 MacKinnon, the parties reached a settlement, pursuant to which the defendant has
23 paid the Receiver \$118,500 in full satisfaction of his claims.

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

27 In the Largura Action, the Receiver calculated the defendant Robert Largura's
28 Profits to be in excess of \$460,000. As noted in prior interim reports, Mr. Largura

1 unfortunately passed away during the litigation and while the parties were engaging
2 in settlement discussions, both in connection with and outside of their mandatory
3 settlement conference before Judge MacKinnon. Following the substitution of
4 Mr. Largura's successors (the "Largura Trustees"), in their capacity as co-trustees of
5 the Robert Largura Administrative Trust Established April 22, 2022 (the "Largura
6 Trust"), the Receiver and the Largura Trustees reached a settlement pursuant to
7 which the Largura Trust agreed to pay the Receiver \$241,592.04 in full satisfaction
8 of his claims. The settlement amount has since been paid.

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

11 In the Emmons Action, the Receiver initially calculated the defendants'
12 Profits to be more than \$1,025,000 (though his complaint had originally, in error,
13 alleged the Profits to be \$585,000). Following the parties' first mandatory
14 settlement conference before Judge MacKinnon, the defendants provided the
15 Receiver with information and documents previously unavailable to him. After a
16 review of this new information, the Receiver revised the Profits figure, to \$611,000.
17 After a second settlement conference, the parties reached a settlement pursuant to
18 which the defendants agreed to pay Receiver a total of \$305,500 in full satisfaction
19 of his claims. The defendants have since made the first settlement payment of
20 \$152,750 to the Receiver, with a second, for the same amount, due in June 2023.

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

23 In the Reyner Action, the Receiver originally calculated the defendants'
24 Profits to be more than \$1,051,000. The parties subsequently filed cross motions for
25 summary judgment, in connection with which the Receiver sought to have the
26 defendants disgorge a revised calculated profit amount of \$676,000. After the
27 summary judgment motions had been taken under submission by the Court, and
28 pretrial tasks were already underway, the Receiver and the defendants reached a

1 settlement agreement, pursuant to which the defendants agreed to pay the Receiver
2 the sum of \$425,000, over two payments. The defendants have since paid the first
3 installment of \$212,500, with the second installment, in the same amount, due in
4 June 2023.

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

7 In the McCloskey Action, the Receiver calculated the defendants' Profits to be
8 in excess of \$1.2 million. Prior to the Reporting Period, the Court denied the
9 defendants' motion to compel arbitration, which they have since appealed to the
10 Ninth Circuit (case no. 22-55856). During the Reporting Period, the Receiver,
11 through counsel, continued his efforts to negotiate the resolution of this dispute. As
12 of the date of this Report, the Receiver's efforts have not resulted in a settlement,
13 and the Receiver filed his Answering Brief in the pending appeal on March 27,
14 2023. The defendants' Reply Brief is due to be filed on or before May 17, 2023.
15 Notwithstanding the pending appeal, the Receiver will continue to press settlement
16 discussions in the hopes of resolving the underlying disgorgement dispute.

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

19 In the Nicholson Action, the Receiver calculated the defendant's Profits to be
20 more than \$1.5 million. During the Reporting Period the Receiver and the
21 defendant attended a settlement conference before Judge MacKinnon but were
22 unable to reach an agreement. Accordingly, the parties filed their respective
23 summary judgment motions on December 14, 2022, with hearing initially set for
24 January 26, 2023. Due to a health-related emergency, all pretrial and trial dates and
25 deadlines have been temporarily vacated. A status conference was set for April 20,
26 2023, at which time the Receiver understands the Court may set a new trial date.

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

3 In the Grimm Action, the Receiver calculated the defendants' Profits to be in
4 excess of \$1.1 million. As mentioned in prior interim reports, the Receiver filed his
5 complaint commencing the Grimm Action on August 12, 2022, after his efforts to
6 settle this disgorgement dispute with the defendants were unsuccessful and the
7 parties' tolling agreement was set to expire. During the Reporting Period, the
8 Receiver attended to miscellaneous discovery tasks in anticipation of future
9 settlement discussions.

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

11 The Receiver has also successfully recovered Profits from Winners without
12 the need for litigation. Pursuant to Court-approved disgorgement procedures, the
13 Receiver was authorized to, among other things, demand in writing that alleged
14 Winners return of any Profits they were paid, and to settle his prospective
15 disgorgement claims against such winners at a discount, provided settlement
16 demands were agreed to on a Court-approved schedule. Utilizing this process, the
17 Receiver has recovered more than \$2.3 million in Profits from alleged Winners,
18 without having to resort to costly litigation.

19 **All told, between the settlements agreed to after the commencement of**
20 **litigation, and the settlements agreed to without resorting to litigation, the**
21 **Receiver stands to recover more than \$4 million for alleged investor Winners,**
22 **not including any settlements reached in the McCloskey, Nicholson, or Grimm**
23 **Actions. Inclusive of settlements unrelated to profits paid out to Winners, the**
24 **Receiver stands to recover more than \$5.8 million.**

25 **2. Other Litigation.**

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

3 (a) *Essex Capital Corp. v. Garipalli, et al.*, Case No. 1:17-cv-
4 6347-JFK (the "Garipalli Action").

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

11 (b) **The Grant/Amagansett Matter (Settled Without**
12 **Litigation).**

13 Amagansett LLC ("Amagansett") was established in 2018 by two creditors of
14 the Receivership Entities—the Grants—to serve as a debt-refinancing vehicle for
15 debt owed by the Entities to the Grants. For the Entities' purposes, Amagansett
16 served as an off-balance sheet financing vehicle in which illiquid assets could be
17 used to offset current liabilities. Due to inconsistent and irreconcilable accounting
18 records, the Receiver was unable to accurately determine the amount or nature of the
19 payments or other consideration transferred between the Entities and Amagansett.
20 Despite this challenge, the Receiver successfully negotiated a settlement with the
21 Grants. The Grants paid the Receiver \$150,000 in exchange for the release of all
22 claims against Grant and Amagansett. The Court approved this agreement on
23 July 29, 2020 (*see* ECF No. 178).

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

5 915 Elm Avenue CVL, LLC ("CVL") is a limited liability company formed in
6 November 2015, by defendant Ralph T. Iannelli ("Iannelli") and William S. Reyner,
7 Jr., ("Reyner") to purchase, own, and operate a lumber-yard business. Following his
8 forensic accounting and a lengthy investigation, the Receiver determined that
9 Iannelli fraudulently diverted over \$2.1 million in funds of the Receivership Entities
10 to the CVL enterprise. Specifically, the Receivership Entities and their funds were
11 used to establish CVL, fund its operations, purchase its lumber yard, and service its
12 debt. Independent of this action, Iannelli assigned his approximately 39% interest in
13 CVL to the Receiver.

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

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

24 In the Hopen Action, the Receiver calculated the defendant's Profits to be
25 \$256,000, representing a \$256,000 transfer that Essex had made to the defendant in
26 2014. However, through discovery, the Receiver developed a better understanding
27 of Essex's transactional relationship with the defendant, which reflected that the
28 defendant had entered into a series of agreements with Essex, Iannelli, and a third

1 party, the last of which involved Essex agreeing to pay \$256,000 to the defendant in
2 exchange for releases benefiting all of the counterparties, not just Essex.

3 Prior to the Reporting Period, the Receiver successfully reached confidential a
4 settlement with the defendant. This Court approved the settlement on November 14,
5 2022, and the defendant has since paid the undisclosed settlement sum to the
6 Receiver.

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

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

14 **In all, the Receiver's non-disgorgement Asset recovery efforts have**
15 **yielded recoveries in the amount of more than \$2.5 million.**

16 **C. Administration of Receivership Assets.**

17 A significant portion of the Receiver's early efforts related to his
18 administration of Receivership Entities' equipment-leasing operations. Under the
19 Receiver's oversight, these operations yielded more than \$2.2 million in gross
20 revenue from equipment leasing and nearly \$1.5 million in revenue from post-lease
21 equipment buyouts.

22 The Receiver is presently administering several equity investments held for
23 the benefit of the Estate, most notably the Estate's interest in CVL. As detailed
24 below, the Receiver hopes to cause the sale of these holdings or deposit them into a
25 liquidating trust, at such time as he deems appropriate, ideally in a manner that
26 raises additional funds for the Estate.

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1 **D. Completed Distribution on Allowed Claims.**

2 In April of 2020, the Receiver proposed a claims procedure by which claims
3 against the Receivership Entities could be submitted to the Receiver, and an
4 associated bar date established by which all such claims would be due. This Court
5 approved the claims procedure and bar date on July 31, 2020. (*See* ECF No. 179.)
6 Thereafter, the Receiver began soliciting and reviewing prospective claims.

7 The Receiver subsequently developed a methodology of reviewing claims and
8 determining claim amounts, including a hybrid "rising tide" approach to his
9 contemplated distributions on allowed claims. Under this system, the first 50% of
10 funds would be distributed to the least "whole" investor group, in order to restore
11 them to a more equitable loss "floor," and the second 50% of funds would
12 subsequently be distributed on a strict *pro rata* basis. The Receiver's hybrid rising
13 tide proposal was approved by this Court on April 19, 2022. (*See* ECF No. 234.)

14 In early August 2022, the Receiver made his first distribution on allowed
15 claims, making distributions to sixty claimants in the aggregate amount of
16 \$3 million, with individual payments ranging from \$628 to over \$300,000 (and
17 determined by the application of the hybrid rising tide system). As detailed below,
18 The Receiver anticipates that there will be at least one (and potentially two)
19 additional distribution on allowed claims, to be paid from additional funds obtained
20 through litigation or settlement, including contemporaneously with the wind down
21 and termination of the instant receivership.

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

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

1 The plaintiff in the Gabler Action, who had alleged that defendants Melissa
2 Iannelli, Ralph Iannelli, and Essex breached the terms of a promissory note,
3 however, has since voluntarily dismissed his action, without prejudice. The plaintiff
4 in the Dennis Action, which remains pending, had alleged that defendants Iannelli
5 and Essex operated a fraudulent investment scheme, and sought relief upon a
6 number of tort claims.

7 The Receiver and his counsel have continued to monitor the Dennis Action
8 and have previously informed the court presiding over that action of the litigation
9 stay imposed by the Appointment Order and maintained by the Permanent
10 Injunction, in order to protect and preserve the Estate from diminution. The
11 Receiver will continue to monitor and, through counsel, make necessary
12 appearances and keep the court presiding over the Dennis Action abreast of
13 developments in the instant action, as appropriate.

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

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

22 **IV. RECEIVER'S RECOMMENDATIONS.**

23 As noted above, the Receiver has negotiated certain settlements with extended
24 payment terms. As of the date of this Report, portions of the settlements in the
25 Reyner and Emmons, and CVL Actions remained unperformed, with more than
26 \$650,000 in settlement payments due between the date of this Report and
27 September 2025 (\$350,000 of which is due to be paid by the end of June 2023). The
28 McCloskey, Nicholson, and Grimm Actions have not yet settled, although the

1 Receiver remains confident that settlements in these matters may yet be reached,
2 meaning potentially significant additional settlement funds remain unrecovered.
3 Finally, the Receiver still holds an interest in CVL for the benefit of the Estate.

4 In order to complete his Asset recovery efforts and secure the maximum
5 amount possible for distribution on allowed claims, the Receiver recommends the
6 following courses of action:

- 7 • **Monitor Reyner, Emmons, and CVL settlements to ensure timely**
8 **payment of settlement funds:** As noted above, these three settlements
9 require approximately \$650,000 in as yet unpaid settlement payments. The
10 Receiver will monitor these actions and coordinate with appropriate
11 counterparties to ensure timely payment as provided for in the applicable
12 Court-approved settlement agreements.
- 13 • **Prosecute and pursue settlement in McCloskey, Nicholson, and Grimm**
14 **Actions:** At face value, the Receiver has alleged that these defendants were
15 paid as much as \$3.8 million in aggregate Profits from the Ponzi scheme
16 conducted through the Entities. Given that the Receiver's appellate briefing in
17 the McCloskey Action, and his summary judgment briefing in the Nicholson
18 Action, has been completed, the Receiver recommends the continued
19 prosecution of these matters. Likewise, in the Grimm Action, discovery has
20 commenced and a mandatory settlement conference has been scheduled for
21 May 24, 2023. The Receiver believes that the continued prosecution of these
22 matters, paired with meaningful and substantive settlement outreach and
23 discussion, is likely to yield the most beneficial outcome (along with an
24 appropriate monetary recovery) for the Estate.
- 25 • **Monetize the Estate's interest in CVL:** As noted above, the Receiver holds
26 a significant interest in CVL for the benefit of the Estate. As of the date of
27 this Report, the Receiver believes this interest to have substantial monetary
28 value. Accordingly, and consistent with his authority under the Appointment

1 Order and Preliminary Injunction, the Receiver recommends that he
2 immediately begin marketing his interest in CVL for sale, including via
3 discussions with Mr. Reyner, who individually and collectively with family
4 members and a related trust, holds the majority interest in the Company. In
5 the event that the Receiver is unable to locate suitable buyers for remaining
6 Receivership Assets, he will petition the Court to establish a liquidating trust
7 into which they may be deposited for the benefit of the Estate and all holders
8 of allowed claims.

9 • **Complete a second interim distribution on allowed claims, if possible:**

10 Given the extended period of time before the final settlement payment is due
11 to be made in the CVL Action, and the fact that it may take some time for the
12 Receiver to monetize the Estate's non-litigation interests, the Receiver hopes
13 to make a nominal interim distribution on allowed claims, if possible. At
14 present, the Receiver is in the process of calculating how much is available
15 for such a distribution, to be paid out consistent with this Court's prior orders.
16 Whether or not a second interim distribution ultimately proves possible, the
17 Receiver expects to make final distribution on allowed claims once he has
18 monetized all remaining and available Assets, and is prepared to wind-down
19 and terminate the receivership.

- 20 • **Reduce Estate expenses by limiting Receiver and professional fees:** As
21 noted above, a number of the settlements negotiated to date have payment
22 terms extending as far as 2025. Other than prosecuting the outstanding
23 disgorgement cases to judgment (or, ideally, negotiating near-term
24 settlements in each action) and selling those remaining Assets in the
25 possession of the Receiver, the Receiver has largely completed his obligations
26 as initially set forth in the Appointment Order. Accordingly, the Receiver
27 anticipates filing a motion, under separate cover, for an order adjusting certain
28 Estate administrative obligations (e.g., reporting deadlines) in such a way as

1 to enable him and his professionals to "put their pencils down" with respect to
2 certain non-critical administrative tasks – thereby reducing fees and expenses
3 – while the Receiver concentrates on prosecuting (or settling) the pending
4 disgorgement matters, monetizing other remaining Receivership Assets, and
5 developing a plan for a final distribution on allowed claims and the wind-
6 down and termination of the instant receivership.

7 **V. CONCLUSION AND PETITION FOR FURTHER INSTRUCTIONS**

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

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

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

22 ///

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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: May 15, 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:

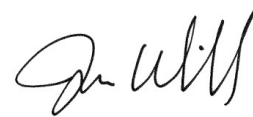
1. I am the Court-appointed permanent receiver for Essex Capital Corporation and its subsidiaries and affiliates.

2. I have read the foregoing RECEIVER'S FIFTEENTH 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 May 15, 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 01/01/2023 to 03/31/2023

FUND ACCOUNTING (See instructions)				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 01/01/2023):	\$ 2,550,594.03		
	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	-		
Line 6	Personal Asset Liquidation	-		
Line 7	Third-Party Litigation Income	24,996.24		
Line 8	Miscellaneous - Uncleared	-		
	Total Funds Available (Lines 1 - 8):		\$ 24,996.24	\$ 2,575,590.27
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors	(113,399.15)		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	(460,905.24)		
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		\$ (574,304.39)	
Line 10f	Tax Administrator Fees and Bonds		-	
Line 10g	Federal and State Tax Payments		-	
	Total Disbursements for Receivership Operations			\$ (574,304.39)
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):			\$ (574,304.39)
Line 13	Ending Balance as of 03/31/2023			\$ 2,001,285.88
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents		2,001,285.88	
Line 14b	Investments		354,816.17	
Line 14c	Other Assets or Uncleared Funds		5,802,316.00	
	Total Ending Balance of Fund - Net Assets			\$ 8,158,418.05

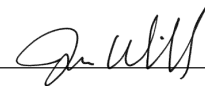
STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Essex Capital Corporation

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

Reporting Period from 01/01/2023 to 03/31/2023

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: **April 28, 2023**