

1 DAVID R. ZARO (BAR NO. 124334)
 2 JOSHUA A. DEL CASTILLO (BAR NO. 239015)
 3 MATTHEW D. PHAM (BAR NO. 287704)
 4 ALPHAMORLAI L. KEBEH (BAR NO. 336798)
 5 ALLEN MATKINS LECK GAMBLE
 6 MALLORY & NATSIS LLP
 7 865 South Figueroa Street, Suite 2800
 8 Los Angeles, California 90017-2543
 9 Phone: (213) 622-5555
 10 Fax: (213) 620-8816
 11 E-Mail: dzaro@allenmatkins.com
 12 jdelcastillo@allenmatkins.com
 13 mpham@allenmatkins.com
 14 mkebeh@allenmatkins.com

15 Attorneys for Receiver
 16 GEOFF WINKLER

17 UNITED STATES DISTRICT COURT
 18 CENTRAL DISTRICT OF CALIFORNIA
 19 WESTERN DIVISION

20 SECURITIES AND EXCHANGE
 21 COMMISSION,

22 Plaintiff,

23 vs.

24 RALPH T. IANNELLI and ESSEX
 25 CAPITAL CORP.,

26 Defendants.

Case No. 2:18-CV-05008-FMO-AJR_x

**RECEIVER'S TWENTY-FIRST
 INTERIM REPORT AND PETITION
 FOR FURTHER INSTRUCTIONS**

Date: February 6, 2025
 Time: 10:00 a.m.
 Ctrm: 6D
 Judge Hon. Fernando M. Olguin

27 Geoff Winkler (the "Receiver"), the Court-appointed permanent receiver for
 28 defendant Essex Capital Corporation ("Essex") and its subsidiaries and affiliates
 (collectively, with Essex, the "Receivership Entities" or "Entities"), hereby submits
 the following Twenty-first Report and Petition for Further Instructions (the
 "Report") for the period from July 1, 2024 through September 30, 2024 (the
 "Reporting Period")¹, in accordance with Rule 66-6 of the Local Civil Rules of the

¹ While this Report largely addresses efforts undertaken during the Reporting Period, it necessarily makes reference to efforts or events occurring prior to or after the Reporting Period.

1 United States District Court for the Central District of California and the Court's
2 (a) *Order Regarding Preliminary Injunction and Appointment of a Permanent*
3 *Receiver* (the "Appointment Order"), ECF No. 66, entered on December 21, 2018;
4 (b) *Order in Aid of Receivership* (the "Order in Aid"), ECF No. 69, entered on
5 February 1, 2019; and (c) *Order Regarding Permanent Injunction* (the "Permanent
6 Injunction"), ECF No. 113, entered on September 9, 2019.

7 **I. PRELIMINARY STATEMENT**

8 During the Reporting Period, consistent with the Receiver's proposed course
9 of action set forth in his preceding *Twentieth Interim Report and Petition for*
10 *Further Instructions* (ECF No. 295-1), the Receiver's efforts were largely directed at
11 completing his efforts to recover any remaining and available assets of the
12 Receivership Entities (the "Receivership Assets" or "Assets"), including the sale of
13 the interest held by the Receiver on behalf of the receivership estate (the "Estate") in
14 the enterprise commonly known as 915 Elm Avenue CVL, LLC ("CVL"), finalizing
15 the sale of Essex's holdings of stock in Kate Farms, Inc., a Delaware Corporation
16 ("Kate Farms"), and assessing the liquidation value of any remaining Assets of the
17 Estate. This Report summarizes the Receiver's efforts during the Reporting Period.

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

- 19 • Obtained Court approval of the settlement of the single remaining
20 disgorgement action brought by the Receiver against an alleged profiting
21 investor;
- 22 • Continued his efforts to develop an appropriate valuation of CVL, the
23 Estate's largest remaining equity investment;
- 24 • Obtained Court approval to sell approximately \$240,000 in Kate Farms
25 stock owned by Essex;
- 26 • Continued to coordinate with his special litigation counsel to prosecute non-
27 investor, third party claims, on a contingency basis at no cost to the Estate;
- 28 and

1 • Continued accounting and administration efforts aimed at an anticipated
2 third and final distribution to holders of allowed claims against the Estate, to
3 be made concurrently with the wind-down and termination of the instant
4 receivership.

5 In addition to the above, the Receiver has continued to administer the
6 remaining Assets of the Estate in accordance with the Court's prior instructions. As
7 of the date of his most recent standardized fund accounting report (the "SFAR"),
8 attached hereto as **Exhibit 1**, the Receiver held approximately \$2.5 million, in cash,
9 for the administration and benefit of the Receivership Entities and the Estate, in
10 addition to potentially over \$1 million in other investment Assets and unliquidated
11 claims.² As of the date of this Report, the Receiver has distributed more than
12 \$5 million to investors and other holders of allowed claims, and is continuing to
13 prepare for another distribution concurrent with the wind-down and termination of
14 the instant receivership.

15 **II. RELEVANT PROCEDURAL HISTORY**

16 While the relevant filings in the instant receivership are too voluminous to
17 list, the Receiver invites the Court and all interested parties to review the following
18 filings³ for the relevant factual and procedural background relating to the subjects
19 addressed in this Report:

- 20 • Plaintiff the Securities and Exchange Commission's *Complaint*, filed on
21 June 5, 2018 (ECF No. 1);
- 22 • The Appointment Order, entered on December 21, 2018 (ECF No. 66);
- 23 • The Order in Aid, entered on February 1, 2019 (ECF No. 69);
- 24 • The Permanent Injunction, entered on September 9, 2019 (ECF No. 113);

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27 ² The cash on-hand amount may have been reduced by the payment of Court-
approved fees and expenses since the completion of the SFAR.

28 ³ These filings, as well as others, are available on the Receiver's website,
<https://essex-receivership.com/>.

- 1 • The Receiver's prior interim reports (ECF Nos. 78, 103, 123, 149, 174, 197,
2 206, 210, 215, 229, 236, 243, 249, 256, 262, 268, 270, and 286);
- 3 • The *Stipulation for Order: (1) Establishing Claims Procedures; and*
4 *(2) Setting Claims Bar Date*, filed on April 20, 2020 (ECF No. 168) and the
5 order thereon, entered on July 31, 2020 (ECF No. 179);
- 6 • The *Motion of Receiver, Geoff Winkler, for Authority to Establish*
7 *Disgorgement Procedures and Undertake Disgorgement Efforts*, filed on
8 October 13, 2020 (ECF No. 190) and the order thereon, entered on
9 November 12, 2020 (ECF No. 195);
- 10 • The *Motion for Order: (1) Approving Proposed Distribution Plan;*
11 *(2) Approving Recommended Treatment of Claims; and (3) Authorizing*
12 *Distributions on Allowed Claims*, filed on December 21, 2021 (ECF
13 No. 220) and the order thereon, entered on April 19, 2022 (ECF No. 234);
- 14 • The *Notice of Appearance* of the Receiver's special litigation counsel,
15 Thomas G. Foley, filed on January 23, 2024 (ECF No. 281), and the
16 subsequent January 25, 2024 *Motion for Relief from Litigation Stay* (ECF
17 No. 282) and February 15, 2024 order thereon (ECF No. 284); and
- 18 • Stipulation for Order Authorizing Receiver to Conclude Stock Sale, filed on
19 October 9, 2024 (ECF No. 299) and the order thereon, entered on
20 October 11, 2024 (ECF No. 300).

21 **III. THE RECEIVER'S ACTIVITIES AND EFFORTS DURING THE**
22 **REPORTING PERIOD**

23 As discussed extensively in the Receiver's prior interim reports, the Receiver
24 has met with substantial success in his efforts to identify, marshal, administer, and
25 ultimately distribute Assets for the benefit of the Receivership Entities, their Estate,
26 and its creditors, and has continued such efforts throughout the Reporting Period.
27 These efforts are discussed below.

28

1 **A. Receivership Asset Recovery And Valuation.**

2 As reflected in his most recent SFAR, attached hereto as **Exhibit 1**, at the end
3 of the Reporting Period, the Receiver held a total of just over \$2.5 million, in cash
4 or cash equivalents, for the administration and benefit of the Receivership Entities.
5 In addition, he continues to hold and administer non-cash Assets, along with
6 outstanding settlement obligations payable to the Estate and contingent third-party
7 claims.

8 In accordance with his authority under the Appointment Order and Permanent
9 Injunction, along with certain other orders of the Court, during the Reporting Period,
10 the Receiver continued to advance his efforts to assess the current and projected
11 value of the Estate's interest in CVL, and furthered his discussions with CVL's
12 majority owner to evaluate and identify the most effective strategy for a prospective
13 sale. As reflected in the Receiver's prior submissions to this Court, the Receiver still
14 hopes to complete a sale of the CVL interest prior to the close of the receivership, in
15 order to generate additional funds for the Estate. Additionally, the Receiver has
16 effectuated the sale of his stock holdings in Kate Farms, resulting in the recovery of
17 \$240,000 for the benefit of the Estate and holders of allowed claims against the
18 Estate.⁴

19 During the Reporting Period, the Receiver also successfully obtained Court
20 approval of a settlement of the disgorgement action styled *Winkler v Nicholson*,
21 ultimately resulting in the Receiver's anticipated recovery of \$250,000 in settlement
22 proceeds.

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27 ⁴ The proceeds resulting from the Kate Farms sale were received after the
28 Reporting Period but prior to the filing of this Report. As a result, these proceeds
are not reflected in the SFAR attached to this Report and will instead be
documented in the Receiver's next Report.

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

3 As noted in the Receiver's previous interim report, the Receiver was able to
4 successfully negotiate a settlement of the Nicholson Action during the Reporting
5 Period, and obtained Court approval for the settlement on September 27, 2024.
6 Pursuant to the terms of the settlement agreement, the Receiver anticipates receiving
7 settlement proceeds in the amount of \$250,000 on or before January 15, 2025.

8 (b) Continued CVL Valuation.

9 As this Court may recall, the Receiver holds, for the benefit of the Estate, a
10 minority interest in CVL and its associated real property. The Receiver previously
11 settled claims against CVL relating to allegedly fraudulent transfers, breach of
12 contract, unjust enrichment, and declaratory relief. While that settlement will result
13 in the Receiver's recovery of over \$1 million for the benefit of the Estate, the
14 question of whether and how to dispose of the receivership's remaining interest in
15 CVL has not yet been resolved. The Receiver's preference remains to sell the
16 Estate's interest, rather than place the interest in a liquidating trust at the conclusion
17 of the receivership, or otherwise dispose of the interest in a manner that does not
18 generate any near-term recovery for the Estate and its creditors.

19 During the Reporting Period, the Receiver reviewed numerous financial
20 statements and other materials relating to the scope and health of CVL's operation,
21 produced by CVL's majority owner, in an effort to determine the present market
22 value of the Estate's interest in the company. The Receiver believes those efforts are
23 nearing completion, and that he will have determined the appropriate strategy as to
24 the sale of CVL, and commenced preliminary sale efforts, within 90 days after the
25 submission of this Report. If a prospective buyer willing to purchase the
26 receivership's interest at a price consistent with the Receiver's valuation can be
27 identified, the Receiver will promptly submit the proposed sale for Court approval.

28

1 (c) Sale of Receivership Entity Investments.

2 As reflected in prior submissions from the Receiver, at the time of the
3 Receiver's appointment, the Receivership Entities owned a number of investments,
4 including warrants and securities. With Court permission, many of these
5 investments have already been sold. During the Reporting Period, the Receiver
6 prepared, filed, and obtained Court approval of a stipulated sale of Essex's holdings
7 of stock in Kate Farms, a non-receivership entity which produces nutrition products.
8 Pursuant to his agreement with Kate Farms, the Receiver sold to Kate Farms 3,125
9 shares of its stock owned by Essex, for \$240,000.

10 **B. Attending To Pre-Receivership Litigation Matters And**
11 **Coordinating With Special Litigation Counsel.**

12 As noted in prior interim reports, at the time of the Receiver's appointment,
13 the action captioned as *Dennis v. Iannelli, et al.* and bearing Case No. 18CV03317
14 (the "Dennis Action") was pending before the Superior Court of California, County
15 of Santa Barbara. In its original form, the Dennis Action was a putative class action
16 brought against Defendant Ralph Iannelli and Essex, alleging the operation of a
17 fraudulent scheme. Pursuant to the Permanent Injunction, the Dennis Action was
18 stayed during the pendency of the instant receivership. The Receiver and his
19 counsel regularly monitored administrative developments in the Dennis Action, and
20 periodically made special appearances in the action to reaffirm to the Superior Court
21 that the receivership remained pending, along with its attendant litigation stay.

22 In accordance with his authority under Section XI(D) of the Appointment
23 Order, and upon the recent dismissal of Essex from the Dennis Action, with
24 prejudice, the Receiver directed attorney Thomas G. Foley, as special litigation
25 counsel serving on a contingency fee basis, to prosecute claims against Montecito
26 Bank & Trust and one of its employees (collectively, "MBT"), based upon
27 allegations that MBT was negligent in its financial interactions with Mr. Iannelli and
28 Essex, and thereby facilitated the Ponzi scheme operated through the Receivership

1 Entities, resulting in injury to the Estate and its creditors. Litigation in this action
2 remains ongoing, with numerous discovery disputes pending, but the Receiver
3 remains hopeful that an appropriate settlement can be reached with MBT in the
4 relatively near term.

5 **C. Communications With Investors And Other Interested Parties.**

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

14 **D. Preparing For A Contemplated Third Distribution On Allowed**
15 **Claims.**

16 As reflected in certain of the Receiver's prior interim reports, the Receiver
17 anticipates making a final distribution on allowed claims against the Estate at the
18 conclusion of the receivership, provided sufficient funds remain available. Based on
19 his recoveries, including recent recoveries resulting from efforts undertaken during
20 prior reporting periods, and the recoveries he expects to secure in the near future, the
21 Receiver continues to anticipate making a third, final distribution concurrently with
22 the wind-down and termination of the instant receivership. **Inclusive of his first**
23 **and second interim distributions to holders of allowed claims, the Receiver has**
24 **already made distributions in the aggregate amount of \$5 million to holders of**
25 **allowed claims, primarily consisting of investor victims of the Ponzi scheme**
26 **operated through the Receivership Entities.**

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

2 Assuming that the Court accepts this Report and authorizes the Receiver to
3 undertake the actions recommended herein, as well as to continue those actions
4 provided for in the Appointment Order, Order in Aid, and Permanent Injunction, the
5 Receiver proposes to submit a further interim report to this Court, addressing his
6 progress, findings, conclusions, and additional recommendations, in approximately
7 90 to 120 days.

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

- 10 1. Accepting this Report;
- 11 2. Authorizing the Receiver to continue to administer the Receivership
12 Entities and their Estate in accordance with the terms of the Appointment Order,
13 Order in Aid, and Permanent Injunction;
- 14 3. Authorizing the Receiver to undertake the recommendations presented
15 herein; and
- 16 4. Providing such other and further relief as the Court deems necessary
17 and appropriate under the circumstances.

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19 Dated: December 27, 2024

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

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23 By: /s/ Alphamorlai L. Kebeh
ALPHAMORLAI L. KEBEH
Attorneys for Receiver
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 07/01/2024 to 09/30/2024

FUND ACCOUNTING (See instructions)		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 07/01/2024):	\$ 2,592,977.60		
	Increases in Fund Balance:			
Line 2	Business Income	\$ -		
Line 3	Cash and Securities (in transit)	-		
Line 4	Interest/Dividend Income	\$ 12,284.89		
Line 5	Business Asset Liquidation	-		
Line 6	Personal Asset Liquidation	-		
Line 7	Third-Party Litigation Income	\$ 100,000.00		
Line 8	Miscellaneous	-		
	Total Funds Available (Lines 1 - 8):		\$ 112,284.89	\$ 2,705,262.49
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors	\$ -		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	\$ (138,695.76)		
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		\$ (138,695.76)	
Line 10f	Tax Administrator Fees and Bonds		-	
Line 10g	Federal and State Tax Payments	\$ -	-	
	Total Disbursements for Receivership Operations			\$ (138,695.76)
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):			\$ (138,695.76)
Line 13	Ending Balance as of 09/30/2024			\$ 2,566,566.73
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents		2,566,566.73	
Line 14b	Investments		1,436,453.00	
Line 14c	Other Assets or Uncleared Funds		525,000.00	
	Total Ending Balance of Fund - Net Assets			\$ 4,528,019.73

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Essex Capital Corporation
 Receivership; Civil Docket No. 18-cv-05008-FMO-AFM
 Reporting Period from 07/01/2024 to 09/30/2024

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>	# of Claims Received This Reporting Period	0		
<i>Line 18b</i>	# of Claims Received Since Inception of Fund	75		
Line 19	No. of Claimants/Investors:			
<i>Line 19a</i>	# of Claimants/Investors Paid This Reporting Period	0		
<i>Line 19b</i>	# of Claimants/Investors Paid Since Inception of Fund	64		

Receiver: Geoff Winkler

By: 

Geoff Winkler
(printed name)

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

Date: October 31, 2024