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GEOFF WINKLER

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

WESTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. RALPH T. IANNELLI and ESSEX CAPITAL CORP., Defendants.	Case No. 2:18-CV-05008-FMO-AJRx **RECEIVER'S TWENTY-FOURTH INTERIM REPORT AND PETITION FOR FURTHER INSTRUCTIONS** Date: November 20, 2025 Time: 10:00 a.m. Ctrm: 6D Judge Hon. Fernando M. Olguin

Geoff Winkler (the "Receiver"), the Court-appointed permanent receiver for defendant Essex Capital Corporation ("Essex") and its subsidiaries and affiliates (collectively, with Essex, the "Receivership Entities" or "Entities"), hereby submits the following Twenty-Fourth Report and Petition for Further Instructions (the "Report") for the period from April 1 through June 30, 2025 (the "Reporting Period")[1], in accordance with Rule 66-6 of the Local Civil Rules of the United

[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.

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

I. PRELIMINARY STATEMENT

During the Reporting Period, consistent with the Receiver's proposed course of action set forth in his preceding *Twenty-Third Interim Report and Petition for Further Instructions* (ECF No. 317-1), the Receiver's efforts were largely directed at monetizing the remaining assets of the Receivership Entities ("Receivership Assets" or "Assets"), continuing to assess the status of all known remaining assets and evaluate alternative liquidation options, specifically including with respect to the interest held by the Receiver on behalf of the receivership estate (the "Estate") in the enterprise commonly known as 915 Elm Avenue CVL, LLC ("CVL"), opposing an untimely motion to intervene submitted by the holder of an allowed claim against the Estate, and attending to the Estate's litigation obligations in a pending litigation matter. This Report summarizes the Receiver's efforts during the Reporting Period.

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

- Continued his review and analysis of prospective Asset liquidation and monetization alternatives, with reference to the Estate's interest in CVL, in connection with which the Receiver has tentatively agreed upon a sale price with a third party;
- Addressed issues arising in connection with the anticipated sale of the Estate's interest in CVL;
- Attending to outstanding issues arising in connection with a Court-approved settlement where payment to the Receiver remains outstanding;

- Attended to matters arising from creditor James Gally's *Motion to Clarify, Modify or Grant Relief from Receivership Injunction; and, to Intervene* (the "Motion to Intervene") [ECF No. 314], including by drafting responsive pleadings, and conducting legal research and analysis in connection therewith;
- Coordinated with special litigation counsel to address case administration matters and attended to document review and productions in connection with discover propounded in the Estate's last remaining litigation matter;
- Continued accounting and administrative efforts in preparation for a contemplated final distribution to holders of allowed claims, to be executed concurrently with the receivership's wind-down and termination; and
- Communicated with Receivership Entity investors and other stakeholders regarding the status of the receivership and outstanding case administration tasks.

As of the date of his most recent standardized fund accounting report (the "SFAR"), attached hereto as **Exhibit 1**, the Receiver held approximately $2.7 million, in cash, for the administration and benefit of the Receivership Entities and the Estate, in addition to as much as $1.25 million in other investment Assets and unliquidated claims.[2] As of the date of this Report, the Receiver has distributed $5 million to investors and other holders of allowed claims, and is preparing for another distribution concurrent with the wind-down and termination of the instant receivership.

II. RELEVANT PROCEDURAL HISTORY

While the relevant filings in the instant receivership are too voluminous to list, the Receiver invites the Court and all interested parties to review the following

[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.

filings[3] for the relevant factual and procedural background relating to the subjects addressed in this Report:

- Plaintiff the Securities and Exchange Commission's *Complaint*, filed on June 5, 2018 (ECF No. 1);
- The Appointment Order, entered on December 21, 2018 (ECF No. 66);
- The Order in Aid, entered on February 1, 2019 (ECF No. 69);
- The Permanent Injunction, entered on September 9, 2019 (ECF No. 113);
- The Receiver's prior interim reports (ECF Nos. 78, 103, 123, 149, 174, 197, 206, 210, 215, 229, 236, 243, 249, 256, 262, 268, 270, 286, 305, and 317);
- The *Stipulation for Order: (1) Establishing Claims Procedures; and (2) Setting Claims Bar Date*, filed on April 20, 2020 (ECF No. 168) and the order thereon, entered on July 31, 2020 (ECF No. 179);
- The *Motion of Receiver, Geoff Winkler, for Authority to Establish Disgorgement Procedures and Undertake Disgorgement Efforts*, filed on October 13, 2020 (ECF No. 190) and the order thereon, entered on November 12, 2020 (ECF No. 195);
- The *Motion for Order: (1) Approving Proposed Distribution Plan; (2) Approving Recommended Treatment of Claims; and (3) Authorizing Distributions on Allowed Claims*, filed on December 21, 2021 (ECF No. 220) and the order thereon, entered on April 19, 2022 (ECF No. 234);
- The *Notice of Appearance* of the Receiver's special litigation counsel, Thomas G. Foley, filed on January 23, 2024 (ECF No. 281), and the subsequent January 25, 2024 *Motion for Relief from Litigation Stay* (ECF No. 282) and February 15, 2024 order thereon (ECF No. 284);

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

- The *Stipulation for Order Authorizing Receiver to Conclude Stock Sale*, filed on October 9, 2024 (ECF No. 299) and the order thereon, entered on October 11, 2024 (ECF No. 300);
- Mr. Gally's Motion to Intervene (ECF No. 314), the Receiver's Opposition thereto (ECF No. 319), and Mr. Gally's Reply in support thereof (ECF No. 320).

III. <u>THE RECEIVER'S ACTIVITIES AND EFFORTS DURING THE REPORTING PERIOD</u>

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

A. Receivership Asset Recovery And Valuation.

As reflected in his most recent SFAR, attached hereto as **<u>Exhibit 1</u>**, at the end of the Reporting Period, the Receiver held a total of approximately $2.7 million, in cash or cash equivalents, for the administration and benefit of the Receivership Entities. In addition, he continues to hold and administer non-cash Assets, along with an outstanding settlement obligation payable to the Estate, and contingent claims against a non-investor, third-party defendant.

In accordance with his authority under the Appointment Order and Permanent Injunction, along with certain other orders of the Court, during the Reporting Period, the Receiver continued efforts to advance a sale of the Estate's interest in CVL. As outlined in the Receiver's prior submissions to the Court, he remains dedicated to completing a sale of the CVL interest before the receivership concludes if at all possible, with the goal of generating additional funds for distribution to holders of allowed claims. In the event that a sale of the Estate's interest in CVL cannot be concluded, the Receiver recommends placing the Estate's interest in CVL into a liquidating trust, albeit with the disclaimer that such a course of action is unlikely to generate recoveries that could be utilized for the payment of allowed claims in the near-term, and would at best result in distributions deferred beyond the close of the instant receivership.

1. <u>CVL Sale Efforts.</u>

As noted in prior submissions, the Receiver holds, for the benefit of the Estate, a minority interest in CVL and its associated business and real property. The Receiver previously settled claims against CVL relating to allegedly fraudulent transfers, breach of contract, unjust enrichment, and declaratory relief. While that settlement has resulted in the Receiver's recovery of a total of $1.1 million for the benefit of the Estate, the question of whether a beneficial disposition of the Estate's remaining interest in CVL can be achieved remains unresolved. The Receiver's preference and objective remains to sell the Estate's interest. The Receiver maintains his belief that any other alternative other than to sell does not generate any near-term recovery for the Estate and its creditors.

During the Reporting Period, the Receiver worked extensively to negotiate the terms of a prospective sale of the Estate's interest in CVL. As of the date of this Report, the parties have agreed, in principle, on a price, and exchanged competing drafts of a sale agreement. As the Receiver has previously advised the Court, the currently contemplated sale is contingent upon an order barring Mr. Gally from intervening in this action and prosecuting claims arising from or in connection with his pre-receivership sale of the CVL enterprise. As of the date of this Report, the Court has not yet entered an order On Mr. Gally's pending Motion to Intervene, which was taken under submission on July 21, 2025. The resolution of Mr. Gally's Motion to Intervene is therefore critical to the Receiver's ability to complete the contemplated CVL sale, which is one of only two tasks outstanding before the Receiver will be prepared to wind down and close the pending receivership, and make final distributions on allowed claims.

2. Efforts to Recover Settlement Proceeds in *Winkler v. Nicholson*, Case No. 2:21-cv-07458-FMO-AFM (the "Nicholson Action").

As detailed in prior interim reports, the Receiver successfully negotiated and obtained Court approval for a settlement in the Nicholson Action. Pursuant to the terms of the parties' settlement agreement, the Receiver was to receive $250,000 in settlement proceeds on or before January 15, 2025.

As previously reported, contemporaneously with his settlement payment obligation, William Nicholson, the settling counterparty in the Nicholson Action, fell victim to a wire fraud scheme by unknown individuals who intercepted and altered an email to Mr. Nicholson in order to provide false wiring instructions, subsequently misappropriating Mr. Nicholson's settlement payment before the Receiver could discover their malfeasance. Via a subpoena to Mr. Nicholson's bank, the Receiver has been able to confirm that Mr. Nicholson was indeed the victim of a wire fraud scheme. The Receiver has contacted the relevant parties to facilitate the return of Mr. Nicholson's funds, and can confirm that he has received the first settlement payment from Mr. Nicholson. Mr. Nicholson has, through counsel, represented that the remaining settlement payment will be paid in the near future. Out of an abundance of caution, the Receiver remains prepared to petition the Court to compel such payment if it is not received in a timely manner. Once the remaining settlement payment is received, the Receiver anticipates that the Nicholson Action will be dismissed within sixty (60) days.

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

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

In accordance with his authority under Section XI(D) of the Appointment Order, and upon the dismissal of Essex from the Dennis Action, with prejudice, the Receiver directed attorney Thomas G. Foley, whom he retained as special litigation counsel serving on a contingency fee basis, to prosecute claims against Montecito Bank & Trust and one of its employees (collectively, "MBT"), based upon allegations that MBT was negligent in its financial interactions with Mr. Iannelli and Essex, and thereby facilitated the Ponzi scheme operated through the Receivership Entities. During the Reporting Period, the Receiver, his staff, and his counsel continued to coordinate with his special litigation counsel to review a significant volume of documents and prepare appropriate productions in connection with written discovery propounded by Mr. Iannelli, and otherwise attended to administrative matters arising in connection with the litigation. The Receiver remains hopeful that the parties will ultimately reach a settlement in this matter.

C. Communications With Investors And Other Interested Parties.

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

D. Preparing For A Contemplated Third Distribution On Allowed Claims.

The Receiver anticipates making a final distribution on allowed claims against the Estate at the conclusion of the receivership, provided sufficient funds remain available. Based on his recoveries, including recent recoveries, and the recoveries he expects to secure in the near future, the Receiver continues to anticipate making a third, final distribution concurrently with the wind-down and termination of the instant receivership. As noted above, the pendency of Mr. Gally's Motion to Intervene may have implications for a sale of the Estate's interest in CVL, and thus for the conclusion of the instant receivership and final distribution to claimants. At present, and inclusive of his first and second interim distributions to holders of allowed claims, the Receiver has already made distributions in the aggregate amount of $5 million to holders of allowed claims, primarily consisting of investor victims of the Ponzi scheme operated through the Receivership Entities.

IV. CONCLUSION AND PETITION FOR FURTHER INSTRUCTIONS

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

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

1. Accepting this Report;

2. Authorizing the Receiver to continue to administer the Receivership Entities and their Estate in accordance with the terms of the Appointment Order, Order in Aid, and Permanent Injunction;

3. Authorizing the Receiver to undertake the recommendations presented herein; and

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

Dated: October 21, 2025

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By: */s/ Alphamorlai L. Kebeh*
ALPHAMORLAI L. KEBEH
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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 04/01/2025 to 06/30/2025

FUND ACCOUNTING (See instructions)		Detail	Subtotal	Grand Total
Line 1	**Beginning Balance (As of 04/01/2025):**	$ 2,697,087.80		
	Increases in Fund Balance:			
Line 2	**Business Income**	$ -		
Line 3	**Cash and Securities (in transit)**	-		
Line 4	**Interest/Dividend Income**	$ 3,425.90		
Line 5	**Business Asset Liquidation**	-		
Line 6	**Personal Asset Liquidation**	-		
Line 7	**Third-Party Litigation Income**	$ 125,000.00		
Line 8	**Miscellaneous**	-		
	Total Funds Available (Lines 1 - 8):		$ 128,425.90	**$ 2,825,513.70**
	Decreases in Fund Balance:			
Line 9	**Disbursements to Investors**	$ -		
Line 10	**Disbursements for Receivership Operations**			
Line 10a	*Disbursements to Receiver or Other Professionals*	$ (54,658.94)		
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		$ (54,658.94)	
Line 10f	*Tax Administrator Fees and Bonds*		-	
Line 10g	*Federal and State Tax Payments*	$ (1,700.00)	(1,700.00)	
	Total Disbursements for Receivership Operations			**$ (56,358.94)**
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):			**$ (56,358.94)**
Line 13	**Ending Balance as of 06/30/2025**			**$ 2,769,154.76**
Line 14	**Ending Balance of Fund - Net Assets:**			
Line 14a	*Cash & Cash Equivalents*		2,769,154.76	
Line 14b	*Investments*		1,000,000.00	
Line 14c	*Other Assets or Uncleared Funds*		250,000.00	
	Total Ending Balance of Fund - Net Assets			**$ 4,019,154.76**

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Essex Capital Corporation
Receivership; Civil Docket No. 18-cv-05008-FMO-AFM
Reporting Period from 04/01/2025 to 06/30/2025

OTHER SUPPLEMENTAL INFORMATION:				
		Detail	**Subtotal**	**Grand Total**
Line 15	**Disbursements for Plan Administration Expenses Not Paid by the Fund:**			
Line 15a	*Plan Development Expenses Not Paid by the Fund*			
	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		$ -	
Line 15b	*Plan Implementation Expenses Not Paid by the Fund:*			
	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		$ -	
Line 15c	*Tax Administrator Fees & Bonds Not Paid by the Fund*			
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			-
Line 16	**Disbursements to Court/Other Not Paid by the Fund**			
Line 16a	*Investment Expenses/CRIS Fees*		$ -	
Line 16b	*Federal Tax Payments*		-	
	Total Disbursements to Court/Other Not Paid by the Fund:			$ -
Line 17	**DC & State Tax Payments**			$ -
Line 18	**No. of Claims:**			
Line 18a	# of Claims Received This Reporting Period	0		
Line 18b	# of Claims Received Since Inception of Fund	75		
Line 19	**No. of Claimants/Investors:**			
Line 19a	# of Claimants/Investors Paid This Reporting Period	0		
Line 19b	# 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: July 31, 2025