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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-AJR_x

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

Date: July 31, 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-Third Report and Petition for Further Instructions (the "Report") for the period from January 1 through March 31, 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.

1 States District Court for the Central District of California and the Court's (a) *Order*
2 *Regarding Preliminary Injunction and Appointment of a Permanent Receiver* (the
3 "Appointment Order"), ECF No. 66, entered on December 21, 2018; (b) *Order in*
4 *Aid of Receivership* (the "Order in Aid"), ECF No. 69, entered on February 1, 2019;
5 and (c) *Order Regarding Permanent Injunction* (the "Permanent Injunction"), ECF
6 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 *Twenty-Second Interim Report and Petition for*
10 *Further Instructions* (ECF No. 309-1), the Receiver's efforts were largely directed at
11 continuing to monetize assets of the Receivership Entities ("Receivership Assets" or
12 "Assets"), assessing the status of all known remaining assets and evaluating
13 alternative liquidation options, specifically including with respect to the interest held
14 by the Receiver on behalf of the receivership estate (the "Estate") in the enterprise
15 commonly known as 915 Elm Avenue CVL, LLC ("CVL"), and attending to the
16 Estate's litigation obligations in a pending litigation matter. This Report
17 summarizes the Receiver's efforts during the Reporting Period.

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

- 19 • Advanced efforts to establish an appropriate valuation for CVL, the Estate's
20 largest remaining equity investment, through a detailed analysis of financial
21 records and other relevant materials;
 - 22 • Undertook extensive review and evaluation of prospective Asset liquidation
23 and monetization alternatives, with specific reference to CVL;
 - 24 • Continued efforts to assist a settling disgorgement defendant with the
25 recovery of misdirected settlement proceeds;
 - 26 • Coordinated with special litigation counsel to case administration and
27 discovery in the Estate's last remaining litigation matter;
- 28

- Continued accounting and administrative efforts in preparation for a contemplated final distribution to holders of allowed claims against the Estate, 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 his anticipated wind-down timeline.

As of the date of his most recent standardized fund accounting report (the "SFAR"), attached hereto as **Exhibit 1**, the Receiver held just under \$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 filings³ 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);

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.

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

- 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, and 305);
- 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); and
- 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).

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

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.

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 under \$2.7 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 an
6 outstanding settlement obligation payable to the Estate, and contingent claims
7 against a non-investor, third-party defendant.

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 efforts to evaluate the market value of the Estate's interest in
11 CVL. As outlined in the Receiver's prior submissions to the Court, he remains
12 dedicated to completing a sale of the CVL interest before the receivership concludes
13 if at all possible, with the goal of generating additional funds for the Estate and its
14 creditors. The likely alternative – placing the Estate's interest in CVL into a
15 liquidating trust – would not generate recoveries that could be utilized for the
16 payment of allowed claims in the near-term, and would at best result in distributions
17 deferred beyond the close of the instant receivership.

18 1. Continued CVL Valuation.

19 The Receiver holds, for the benefit of the Estate, a minority interest in CVL
20 and its associated business and real property. The Receiver previously settled
21 claims against CVL relating to allegedly fraudulent transfers, breach of contract,
22 unjust enrichment, and declaratory relief. While that settlement will result in the
23 Receiver's recovery of a total of \$1.1 million for the benefit of the Estate, the
24 question of whether and how to dispose of the Estate's remaining interest in CVL
25 remains outstanding. The Receiver's preference and objective remains to sell the
26 Estate's interest, rather than place the interest in a liquidating trust at the conclusion
27 of the receivership, or otherwise dispose of the interest in a manner that does not
28 generate any near-term recovery for the Estate and its creditors.

1 During the Reporting Period, the Receiver continued his analysis of financial
2 statements and other materials related to CVL's operations and real property in order
3 to assess the market value of the Estate's interest. Based on these materials, the
4 Receiver has concluded that, while the marketing and sale of the Estate's interest in
5 CVL could prove challenging, an appropriate value can be ascribed to that interest.
6 Accordingly, and consistent with his reasonable business judgment, the Receiver
7 commenced efforts to re-start communications with CVL's majority owner in order
8 to determine whether a sale of the Estate's interest at an amount consistent with the
9 Receiver's analysis can be completed.⁴ As stated in the Receiver's previous reports,
10 the Receiver will promptly petition the court for approval of a sale if and when he
11 identifies a prospective buyer willing to complete the purchase of the Estate's
12 interest in CVL at a price consistent with his analysis.

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

15 During the fourth quarter of 2024, the Receiver successfully negotiated and
16 obtained Court approval for a settlement in the Nicholson Action. Pursuant to the
17 terms of the parties' settlement agreement, the Receiver was to receive \$250,000 in
18 settlement proceeds on or before January 15, 2025.

19 Unfortunately, contemporaneously with his settlement payment obligation,
20 William Nicholson, the settling counterparty in the Nicholson Action, fell victim to
21 a wire fraud scheme by unknown individuals who fraudulently established an
22 account in the Receiver's name, intercepted and altered an email to Mr. Nicholson to
23 provide false wiring instructions, and attempted to misappropriate Mr. Nicholson's
24 settlement payment before the Receiver could discover their malfeasance. Via a
25 subpoena to the bank in question, the Receiver has been able to confirm that
26

27 ⁴ After the close of the Reporting Period, the Receiver agreed to a proposal by
28 CVL's majority owner to determine whether the parties could agree upon a sale
price via a collective "blind bid" submission of offers to a third party neutral. As
of the date of this Report, no agreement has been reached.

1 Mr. Nicholson was indeed the victim of a wire fraud scheme. The Receiver has
2 contacted the relevant parties to facilitate the return of Mr. Nicholson's funds and
3 ensure the fraudulent account is shut down. Pursuant to a subsequent agreement
4 between the parties, Mr. Nicholson has agreed to complete the required settlement
5 payments by the end of June 2025. The first installment payment from
6 Mr. Nicholson was received after the close of the Reporting Period. At present, the
7 Receiver is confident that the settlement will be performed, and the Nicholson
8 Action dismissed within the next sixty (60) days.

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

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

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

1 pressing administrative obligations arising in connection with the Dennis Action,
2 critically including to responding to discovery propounded by MBT. The Receiver
3 remains hopeful that the parties will ultimately reach a settlement in this matter.

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

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

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

15 As reflected in certain of the Receiver's prior interim reports, the Receiver
16 anticipates making a final distribution on allowed claims against the Estate at the
17 conclusion of the receivership, provided sufficient funds remain available. Based on
18 his recoveries, including recent recoveries resulting from efforts undertaken during
19 prior reporting periods, and the recoveries he expects to secure in the near future, the
20 Receiver continues to anticipate making a third, final distribution concurrently with
21 the wind-down and termination of the instant receivership.⁵ Inclusive of his first
22 and second interim distributions to holders of allowed claims, the Receiver has
23

24 ⁵ In early April 2025, just after the close of the Reporting Period, the Receiver was
25 contacted, through counsel, by an attorney representing James Gally, a non-
26 investor holder of an allowed claim against the Receivership Entities. Mr. Gally's counsel represented that Mr. Gally is considering moving to
27 intervene in this matter in order to pursue litigation relating to CVL. Having
28 diligently reviewed the evidence relating to Mr. Gally's threatened intervention
and litigation, the Receiver believes that both would be without merit, and
anticipates strongly opposing any such efforts. To the extent that Mr. Gally is
successful, any litigation he brings may delay the Receiver's ability to calculate
final distribution amounts and complete a timely distribution.

1 already made distributions in the aggregate amount of \$5 million to holders of
2 allowed claims, primarily consisting of investor victims of the Ponzi scheme
3 operated through the Receivership Entities.

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

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

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

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

21
22 Dated: July 2, 2025

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26 By: /s/ Alphonse L. Kebeh

27 ALPHAMORLAI L. KEBEH
Attorneys for Receiver
28 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 01/01/2025 to 03/31/2025

FUND ACCOUNTING (See instructions)				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 01/01/2025):	\$ 2,743,676.80		
	Increases in Fund Balance:			
Line 2	Business Income	\$ -		
Line 3	Cash and Securities (in transit)	-		
Line 4	Interest/Dividend Income	\$ 5,318.39		
Line 5	Business Asset Liquidation	-		
Line 6	Personal Asset Liquidation	-		
Line 7	Third-Party Litigation Income	\$ 3,556.00		
Line 8	Miscellaneous	-		
	Total Funds Available (Lines 1 - 8):		\$ 8,874.39	\$ 2,752,551.19
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors	\$ -		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	\$ (55,463.39)		
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		\$ (55,463.39)	
Line 10f	Tax Administrator Fees and Bonds	\$ -	-	
Line 10g	Federal and State Tax Payments	\$ -	-	
	Total Disbursements for Receivership Operations			\$ (55,463.39)
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):			\$ (55,463.39)
Line 13	Ending Balance as of 03/31/2025			\$ 2,697,087.80
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents		2,697,087.80	
Line 14b	Investments		1,000,000.00	
Line 14c	Other Assets or Uncleared Funds		250,000.00	
	Total Ending Balance of Fund - Net Assets			\$ 3,947,087.80

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Essex Capital Corporation

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

Reporting Period from 01/01/2025 to 03/31/2025

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: April 30, 2025