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16 **UNITED STATES DISTRICT COURT**
17 **DISTRICT OF NEVADA**

18 SECURITIES AND EXCHANGE
19 COMMISSION,

20 Plaintiff,

21 vs.

22 MATTHEW WADE BEASLEY, *et al.*,

23 Defendants,

24 THE JUDD IRREVOCABLE TRUST, *et al.*,

25 Relief Defendants.

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Case No. 2:22-cv-00612-CDS-EJY

Judge Hon. Cristina D. Silva

**REPORT AND RECOMMENDATION OF
RECEIVER, GEOFF WINKLER, RE:
LIQUIDATION OF ASSETS**

26 **TO ALL INTERESTED PARTIES, THEIR COUNSEL OF RECORD, AND THIS**
27 **HONORABLE COURT:**
28

1 **PLEASE TAKE NOTICE THAT**, in accordance with Paragraph 55 of this Court's June 3,
2 2022 Order Appointing Receiver (the "Appointment Order") [ECF No. 88], Geoff Winkler, the
3 Court-receiver in the above-entitled action, hereby submits the following Report and
4 Recommendation re: Liquidation of Assets:

5 **I. EXECUTIVE SUMMARY.**

6 As reflected in the Appointment Order, as amended (see ECF No. 207), the Receiver has
7 been appointed as the receiver for the entities J&J Consulting Services, Inc., an Alaska corporation;
8 J&J Consulting Services, Inc., a Nevada corporation; J and J Purchasing LL; the Judd Irrevocable
9 Trust; and BJ Holdings LLC, along with the assets of certain individual and relief defendants
10 (collectively, the "Receivership Defendants"). Among other things, the Appointment Order
11 required the Receivership Defendants to transfer to the Receiver all of their assets (subject to
12 modifying orders entered upon stipulation with the plaintiff Securities and Exchange Commission
13 [the "Commission"]), and directed the Receiver to determine how best, in his reasonable business
14 judgment, to administer those assets ("Receivership Assets") in the interests of the receivership
15 estate, including via sale out of receivership. (See, e.g., ECF No. 88 at ¶¶ 7(C), 15-19, 38-40.)

16 The Appointment Order further directed the Receiver, "[w]ithin ninety ... days of the entry
17 ... of th[e] Order ... [to] file a preliminary plan for the liquidation of assets in the above-captioned
18 action." (See ECF No. 88 at ¶ 55.) While the instant Report and Recommendation (the "Report")
19 satisfies this requirement, the Receiver has, through previously filings, largely telegraphed his
20 recommendations. In short, the Receiver has determined, in his reasonable business judgment, that
21 it is in the best interests of the receivership estate that he sell all appropriate Receivership Assets –
22 largely consisting of real property and automobiles, but also including cryptocurrency and
23 miscellaneous personal property – out of receivership, in order to raise funds for the benefit of the
24 receivership estate and its creditors, including to make distributions to investors in the corporate
25 Receivership Defendants.

26 Accordingly, the Receiver recommends, consistent with this previously submitted (and since
27 granted) Petition for Order Authorizing and Approving General Procedures for Sale of Personal
28 Property Out of Receivership (the "Personal Property Sale Motion") [ECF No. 137] and Petition for

1 Order Approving Procedures for Sales of Real Property Out of Receivership (the "Real Property
 2 Sale Motion") [ECF No. 172], that, as soon as reasonably practicable, and as title to particular
 3 personal and real property Receivership Assets is obtained, that he be authorized to sell those
 4 Receivership Assets on the open market, or via specialized, one-off transactions, as he deems
 5 appropriate, in order to raise funds for the benefit of the receivership estate and its creditors.

6 **II. SUMMARY OF RECEIVERSHIP ASSETS AND SALES PLANS.**

7 As reflected in the Personal Property Sale Motion and Real Property Sale Motion, the
 8 Receiver has identified, recovered, and continues to recover Receivership Assets in a variety of
 9 forms, largely consisting of real property and automobiles, but also including cryptocurrency and
 10 miscellaneous personal property. The Receiver has petitioned this Court to establish general
 11 procedures governing his recommended and anticipated forthcoming sales of personal and real
 12 property Receivership Assets, and in both instances the Court has granted the Receiver's petitions.
 13 At present, the Receiver is engaged in efforts to market and sell the most easily salable Receivership
 14 Assets, including:

15 **A. Automobiles.**

16 Since the inception of the receivership, the Receiver has steadfastly pursue his duties and
 17 obligations under the Appointment Order, including with respect to securing the turnover of certain
 18 automobile Receivership Assets, including the below:

<u>Automobile Description</u>	<u>Updated Estimated Market Value¹</u>
2022 Rolls Royce Cullinan SUV	\$525,000 - \$540,000
2021 Chevrolet Tahoe	\$60,000 - \$70,000
2021 Jeep Wrangler	\$49,000 - \$65,000
2020 Bentley Continental	\$225,000 - \$250,000
2020 Spartan Dutch K2 motor home	\$415,000 - \$440,000
2020 Chevrolet Silverado	\$42,000 - \$60,000

28 ¹ Changes in interest rates and the used car market have affected the values of certain of these
 assets, in both positive and negative directions, since the Receiver's last report.

2019 Cadillac Escalade	\$59,000 - \$65,000
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3 The Receiver is informed and believes that additional automobile Receivership Assets may
4 be available for recovery and sale, and will endeavor to secure their turnover and eventual sale in
5 accordance with this Court's Order granting the Personal Property Sale Motion, and any order
6 issuing on his pending Motion for Order Authorizing Receiver to Employ Professionals to Assist
7 with the Sale of Property and Vehicles (the "Agent Motion") [ECF No. 264]

8 **B. Private Aircraft.**

9 The Receiver has also obtained possession and control over a 2008 Hawker 900XP private
10 aircraft (the "Aircraft"), which this Court has authorized him to sell out of receivership, and which
11 was initially appraised at as much as \$5.5 million. As of the submission of this Report, the Receiver
12 has solicited and obtained two rounds of offers to purchase the Aircraft via an arms-length, market-
13 appropriate sale, and is has tentatively accepted an offer valued in excess of \$5 million. While this
14 Court has previously authorized the Receiver to market and sell the Aircraft, out of an abundance
15 of caution, once all sales documentation has been completed, the Receiver expects to petition this
16 Court for a confirmatory order specifically authorizing the sale on the terms contemplated by the
17 presently accepted offer.

18 **C. Real Property.**

19 By a wide margin, the most valuable of the Receivership Assets appear to be real properties,
20 including properties located in Arizona, California, Montana, Nevada, New Jersey, Pennsylvania,
21 and Utah. As reflected in the Real Property Sale Motion, the Receiver has proposed (and the Court
22 has approved) certain general procedures that will govern his anticipated sale of real property out of
23 receivership, critically including procedures to satisfy the requirements of 28 U.S.C. §§ 2001 and
24 2002 for sales of real property, including auctions or other public sales, or to waive these
25 requirements where he determines that expedited procedures are required, and that strict satisfaction
26 of the general procedures otherwise applicable to the sales of real property out of receivership would
27 endanger the consummation of a sale that would result in significant benefits to the receivership
28 estate. Indeed, the Receiver and certain parties to the above-entitled litigation have already entered

1 into two (2) stipulations to expedite the sales of certain real property Receivership Assets, albeit in
2 the context of sales that did not implicate the 28 U.S.C. §§ 2001 and 2002 requirements. One of
3 these sales has since closed, resulting in a payment to the Receiver of net settlement proceeds in the
4 amount of more than \$3.78 million. The other sale, when closed, is expected to yield approximately
5 \$1 million in net sales proceeds to be turned over to the receivership estate.

6 As of the date of this Report, the Receiver has identified sixty-five (65) real properties which
7 may be subject to the turnover provisions of the Appointment Order.² He is working diligently with
8 his counsel and counsel for the Receivership Defendants to obtain the turnover of these properties,
9 as appropriate. After he has obtained title to these properties, and as reflected in the Real Property
10 Sale Motion and his currently pending Agent Motion, the Receiver intends to market and sell all
11 properties appropriate for sale in order to raise funds for the benefit of the receivership estate and
12 its creditors, including to make distributions to investors in the corporate Receivership Defendants.

13 **D. Miscellaneous Personal Property.**

14 In addition to the above-described Receivership Assets, the Receiver has also identified
15 numerous other personal property assets as subject to the turnover and disposition provisions of the
16 Appointment Order, critically including stocks and other equity investments, cryptocurrency
17 (currently valued at between \$500,000 and \$1 million), and miscellaneous items of personal
18 property. As reflected in the Personal Property Sale Motion, the Receiver anticipates selling or
19 liquidating these assets via public sale (including auction, where appropriate) or – where the sale of
20 particular assets may result in a higher recovery for the receivership estate if marketed to a targeted
21 audience, or where markets are limited or restricted to specialized trading platforms – via other
22 means that the Receiver determines, in his reasonable business judgment are most likely to yield the
23 highest and best result for the receivership estate.

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28 ² Because the Receiver has not yet definitively confirmed that all identified real properties are
legitimately Receivership Assets, the properties are not listed here. The list can, of course, be
provided should the Court so direct.

1 **E. No "Fire Sales".**

2 At the hearing held by this Court on July 25, 2022, at least one interested party raised a
3 concern about the nature of the Receiver's appointment, likening it to that of a liquidation agent. As
4 the Receiver's counsel addressed at the hearing, the Receiver's remit extends far beyond simply
5 liquidating Receivership Assets (indeed, the Appointment Order specifically empowers the
6 Receiver to undertake significant accounting, investigation, and asset recovery efforts, in addition
7 to marketing and selling Receivership Assets). However, out of an abundance of caution and to
8 ensure there is clarity on this issue, the Receiver would like to assure the Court and all interested
9 parties that his intention – as expressed clearly in the Personal Property Sale Motion and Real
10 Property Sale Motion – is to obtain the highest and best price for each Receivership Asset sold, in
11 order to maximize the returns to – and the value of – the receivership estate.

12 At present, the Receiver believes that a number of the Receivership Assets in his position,
13 or which are subject to the turnover provisions of the Appointment Order and his ongoing efforts to
14 secure them, are extremely valuable, and could generate millions of dollars in recoveries for the
15 receivership estate. The sales procedures the Receiver has proposed, and which this Court has
16 approved, are intended to enable the Receiver to reach the widest possible audience of prospective
17 purchasers and to generate the highest and best arms-length offers to purchase those assets. In other
18 words, and absent changed circumstances, the Receiver does not recommend – and does not
19 anticipate engaging in – sales of any Receivership Assets at significantly discounted prices
20 inconsistent with their market values. Put simply, the Receiver does not anticipate employing "fire
21 sale" tactics in this matter; as a general rule, neither the nature of the Receivership Assets at issue,
22 the results obtained by the Receiver to-date, nor the sales procedures the Court has already approved
23 militate in favor of the steep discounts some interested parties might fear, and some misguided
24 would-be purchasers might seek to exploit.

25 **III. RECEIVER'S RECOMMENDATION.**

26 This Court has already established general procedures governing the Receiver's anticipated
27 sale of personal and real property Receivership Assets. The Receiver has engaged and continues to
28 engage in significant efforts to obtain and market such assets for sale. The sales of those few

1 Receivership Assets already submitted for approval to this Court are expected to yield millions of
2 dollars in net proceeds for the receivership estate, with many more sales to come. Accordingly, the
3 Receiver does not believe there is any reason to deviate from his previously proposed course of
4 action, and he recommends that he continue in his efforts to market and sell Receivership Assets in
5 accordance with the procedures developed and approved in connection with the Personal Property
6 Sale Motion, Real Property Sale Motion, Agent Motion, and any subsequent, related petitions for
7 relief to the Court.

8 Dated: August 31, 2022

SEMENZA KIRCHER RICKARD

9 */s/ Jarrod L. Rickard*

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CERTIFICATE OF SERVICE

I am employed by the law firm of Semenza Kircher Rickard. in Clark County. I am over the age of 18 and not a party to this action. The business address is 10161 Park Run Drive, Suite 150, Las Vegas, Nevada 89145.

On the 31st day of August 2022, I served the document(s), described as:

**REPORT AND RECOMMENDATION OF RECEIVER, GEOFF WINKLER, RE:
LIQUIDATION OF ASSETS**

by serving the original a true copy of the above and foregoing via:

a. **CM/ECF System** to the following registered e-mail addresses:

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b. **BY U.S. MAIL.** I deposited such envelope in the mail at Las Vegas, Nevada. The envelope(s) were mailed with postage thereon fully prepaid. I am readily familiar with Semenza Kircher Rickard's practice of collection and processing correspondence for mailing. Under that practice, documents are deposited with the U.S. Postal Service on the same day which is stated in the proof of service, with postage fully prepaid at Las Vegas, Nevada in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if the postal cancellation date or postage meter date is more than one day after the date stated in this proof of service.

c. **BY PERSONAL SERVICE.**

d. **BY DIRECT EMAIL.**

e. **BY FACSIMILE TRANSMISSION.**

I declare under penalty of perjury that the foregoing is true and correct.

/s/ Olivia A. Kelly
An Employee of Semenza Kircher Rickard