

GREENBERG TRAURIG, LLP  
10845 GRIFFITH PEAK DRIVE SUITE 600, LAS VEGAS, NEVADA 89135  
TELEPHONE: (702) 938-6856

1 KARA B. HENDRICKS, Bar No. 07743  
hendricksk@gtlaw.com  
2 KYLE A. EWING, Bar No 014051  
ewingk@gtlaw.com  
3 CHRISTIAN T. SPAULDING, Bar No. 14277  
spauldingc@gtlaw.com  
4 **GREENBERG TRAURIG, LLP**  
5 10845 Griffith Peak Drive, Suite 600  
6 Las Vegas, Nevada 89135  
7 Telephone: (702) 792-3773  
Facsimile: (702) 792-9002

8 *Attorneys for Geoff Winkler Receiver for*  
9 *CapSource, Inc., et al.*

10 **UNITED STATES DISTRICT COURT**  
11 **DISTRICT OF NEVADA**

12 SECURITIES AND EXCHANGE  
13 COMMISSION,  
14  
15 Plaintiff,  
16  
17 v.  
18 CAPSOURCE, INC., STEPHEN J. BYRNE,  
and GREGORY P. HERLEAN  
19 Defendants.

Case No. 2:20-cv-02303-RFB-DJA

**FIFTH STATUS REPORT OF GEOFF  
WINKLER, RECEIVER CAPSOURCE,  
INC.**

19 Geoff Winkler of American Fiduciary Services, LLC (the “Receiver”), the Court-appointed  
20 receiver for defendant CapSource, Inc., submits his Fifth Quarterly Report (“Report”) for the period  
21 July 1, 2023, through September 30, 2023 (“Reporting Period”), regarding the receivership  
22 pursuant to Local Rule 66-4(b).

23 **I. PRELIMINARY STATEMENT**

24 As reflected in the Court’s record and discussed further in this Report, the Receiver has  
25 been authorized, empowered, and directed to, among other things: (1) take exclusive authority and  
26 control over the Receivership Defendant; (2) conduct such investigation and discovery as necessary  
27 to identify and locate outstanding assets of the Receivership Defendants; (3) preserve and prevent  
28 the dissipation of such assets.

1 The Receiver has diligently pursued these goals since August 26, 2022, at the inception of  
2 the receivership. As detailed herein, since the entry of the Order Appointing Receiver (the  
3 “Appointment Order”) (ECF. No. 17), the Receiver has made substantial progress, particularly in  
4 taking possession of CapSource files and inventory and beginning analysis of same; review of  
5 investor list and communication with investors; analyze accounting records; communication with  
6 defendants; evaluating assets and properties of the estate; assessment of income and investor  
7 payment options; evaluating and terminating a lease; analysis of ancillary proceedings and  
8 communication with counsel; processing account information; evaluating estate needs including  
9 tax issues; preparation of financial and quarterly reports; communication with SEC regarding  
10 pending matters; and preparation of stipulations and court filings. However, because the Receiver’s  
11 work is ongoing, the conclusions presented herein are preliminary and subject to modification or  
12 supplementation as more information becomes available.

13 As of the date of this Report, the Receiver has not completed an investigation or accounting,  
14 nor arrived at any definitive conclusions, including as to the allegations made by the plaintiff  
15 Securities and Exchange Commission in the above-entitled matter.

## 16 **II. SUMMARY OF THE RECEIVER’S OPERATIONS (LR 66-4(b)(1))**

### 17 ***A. THE RECEIVER’S INVESTIGATIVE AND MARSHALLING ACTIVITIES***

18 The Receiver and his counsel continued to work through legal proceedings involving  
19 CapSource. None of these legal proceedings were previously disclosed to the Receiver in his  
20 capacity as either Receiver or CRO. Additional information on this matter can be found in  
21 section V, subsection A.

22 During this reporting period the Order Granting Receiver’s Motion for Approval of  
23 1) Interim Distribution Plan; and 2) Procedures for Disposition of the Estate’s Interests in Certain  
24 Real Property was filed August 2, 2023. The Receiver intends to make his first distribution under  
25 this Order by November 14, 2023. Investors should reach out to the Receiver’s team if they have  
26 any questions regarding this or any future distributions.

27 Per investor requests, the Receiver and his team have continued to investigate investments  
28 and other outstanding loans that are not included in the list of outstanding note receivables below.

1 Investors continue to provide additional information and the Receiver is reviewing additional  
2 documentation provided by CapSource. The Receiver will inform the court of his findings on this  
3 investigation in future reporting periods.

4 The Receiver successfully secured \$2,931,044.05 in cash during this reporting period. A  
5 description of all assets in the custody and control of the Receiver is included in Section III, below.

6 ***B. INVESTOR AND CREDITOR COMMUNICATION***

7 The Receiver has continued to update the investor website ([http://www.capsource-](http://www.capsource-receivership.com)  
8 [receivership.com](http://www.capsource-receivership.com)). The Receiver and his team have continued to review registration forms directly  
9 from investors and invite investors who have not done so yet to do so at their earliest convenience  
10 (<http://www.capsource-receivership.com/register>). The investor list as of September 30, 2023, had  
11 approximately 609 individuals. This is an increase from the 600 reported in the previous reporting  
12 period.

13 ***C. THE RECEIVER'S FORENSIC ACCOUNTING ACTIVITIES***

14 During the reporting period, the Receiver and his team have worked with WestStar to  
15 review outstanding loans and create a money-in money-out (MIMO) analysis for each of the  
16 investors. This analysis includes all loan transactions for the outstanding loans and principal  
17 reduction loans. The Receiver has completed his analysis of the outstanding loans in this reporting  
18 period. The Receiver anticipates the principal reduction loan analysis will be complete in the  
19 following period.

20 **III. INVENTORY OF ASSETS AND ESTIMATED VALUE (LR 66-4(b)(2))**

21 ***A. CASH***

22 From July 1 to September 30, 2023, the Receiver was able to recover approximately  
23 \$2,931,044.05. The Standardized Fund Accounting Report for the period is attached to this report  
24 as **Exhibit A**. This cash is made up of \$7,964.07 from interest received on money held in the  
25 receivership estate bank account, \$2,784,000 principal payment and \$116,079.98 for ARC – RE,  
26 \$18,000 from interest payments for JC Commercial, and \$5,000 from interest payments for  
27 King 261.

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**B. NOTES RECEIVABLE**

The notes receivable secured by the Receiver during the Reporting Period consist of:

LOAN NAME	LOAN NUMBER	ORIGINAL OUTSTANDING BALANCE	RECEIPTS TO-DATE	ESTIMATED REMAINING VALUE <sup>1</sup>
5th Avenue Estates	22208	\$857,313	\$653,376	\$0
Texas 156	20910	\$42,000	\$0	\$20,967
Texas 156	22067	\$106,521	\$0	\$53,178
Texas 156	22982	\$111,883	\$0	\$55,855
King 261	23722	\$515,000	\$40,000	\$515,000
Meadows 78	23587	\$1,327,500	\$0	\$1,327,500
Fillmore RE Partners	20501	\$559,388	\$0	\$292,369
JC Commercial	23899	\$1,510,000	\$71,712	\$683,288
ARC RE	Option 3	\$11,015,737	\$3,820,913	\$10,216,000
<i>Approximate Total</i>		<i>\$16,045,342</i>	<i>\$4,586,001</i>	<i>\$13,164,157</i>

The Receiver invites the Court and all interested parties to review the First Status Report (ECF No. 21) for a general summary of the relevant information for each of the outstanding notes listed below. The following information will include the most recent updates that have transpired.

**A. Texas 156**

As stated in previous reports, The Receiver has been presented with an offer from the borrower for the remaining four lots. In this Reporting Period, the Receiver has been in conversations with the borrower, determining if this offer is still viable. The Receiver anticipates a compromise of notes associated with Texas 156. As of the end of the Reporting Period, the Receiver is waiting to hear what the borrower determines for course of action.

**B. 5th Avenue Estates**

As discussed in a prior status report (ECF No. 28), the last parcel for 5th Avenue Estates was sold on October 26, 2022, and proceeds were received by the Receivership Estate on

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Estimated value that is subject to further revision.

1 October 27, 2022. The gross sales price was \$700,000. After closing costs and broker fees the net  
2 proceeds were \$653,375.50.

3 **C. King 261 and Meadows 78**

4 The developer changed his business from a build-to-own model to a build-to-rent model  
5 and has stated that this is an underserved market in Midland County. The market is notably a strong  
6 oil-producing industry, and the developer believes pivoting to this model will provide a positive  
7 outcome for the repayment of this loan. Due to higher interest rates, many in the market are most  
8 comfortable with renting. The rent model has allowed engineers to be able to have less commitment  
9 to a property and move to new positions when needed. The developer has been in discussions with  
10 investors on how to get additional capital to allow them to fully change their model to build to rent  
11 and move faster. They now have the option to sell either at the platting of land, improved land, or  
12 to build the houses for rent and resell in a portfolio. Their primary buyer would be an insurance  
13 investment firm. As this project progresses, there will be a determined best course of action for  
14 resolution. During this reporting period, King 261 made a partial payment of \$5,000 to the  
15 Receivership.

16 The developer has similar plans for Meadows 78, to adjust his business plan by creating a  
17 build-to-rent model on the remaining lots. During the reporting period, the Receiver planned to  
18 meet with the developer regarding recapitalization efforts. Due to conflicting schedules, this  
19 meeting will take place in the following reporting period. The developer anticipates making a  
20 normal paydown on the loan and payment of any accrued interest as lots are sold. As noted in  
21 previous reports, any offers presented to the Receiver will be reviewed and the Court will be  
22 presented with all recommended offers.

23 **D. Fillmore Real Estate Partners**

24 The Receiver anticipates a compromise of the note associated with Fillmore Real Estate  
25 Partners. As stated in previous reports, The Receiver has been presented with an offer from the  
26 borrower. The Receiver has let the borrower know of the order allowing the sale of the receivership  
27 estate's interest in the first deed of trust. In the Reporting Period, the borrower and Receiver

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1 reopened the discussion on this offer. The borrower is reaching out to his investor contacts to  
 2 confirm that he will be able to move forward with funding the provided offer.

3 **E. JC Commercial**

4 Due to a foreclosure that occurred prior to the Receivership, the Estate is already in  
 5 possession of a fee simple interest in the land associated with the JC Commercial property. This  
 6 property must be sold to liquidate the Estate’s interest. The Receiver and his team have been in  
 7 contact with a broker to assist with understanding the value of the property. The tenant continues  
 8 to make monthly lease payments of \$6,000 to the Receivership Estate. The Receiver was presented  
 9 with an offer from the current tenant in previous months. The Receiver has reopened the discussion  
 10 surrounding this offer and will present it to the Court if and when appropriate.

11 **F. ARC RE**

12 A settlement was reached between the SEC and ARC RE and was approved. In the previous  
 13 reporting period, the Receiver and his team met with ARC’s consultant to discuss the next steps.  
 14 During this reporting period, the Receiver worked with ARC to turn over the security deposit for  
 15 the STORE Capital transaction from March 2020. As a result, \$2,784,000 was turned over to the  
 16 Receiver in the Reporting Period. The Receiver continues to meet with ARC’s consultant regarding  
 17 paying off this note. As stated in previous reports, the Receiver hopes to resolve this loan in the  
 18 next six to twelve months.

19 **IV. SCHEDULE OF RECEIVER’S RECEIPTS & DISBURSEMENTS (LR 66- 4(b)(3))**

20 Below is the schedule of Receiver’s Receipts and Disbursements pursuant to the Order  
 21 Appointing Receiver and Local Rule 66-4(b)(3).

22 ***A. EAST WEST BANK RECEIVERSHIP ACCOUNT (A/E 0057)***

- 23 • Balance (07/01/23): \$ 1,352,476.13
- 24 • Total inflows: \$ 2,931,044.05
- 25 • Total outflows: \$ 92,759.14
- 26 • Balance (09/30/23): \$ 4,190,761.04

27 See **Exhibit B** for a complete list of transactions.

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In addition to the foregoing, please see the Standardized Financial Accounting Report attached as **Exhibit A** and the Summary Cash Flow Statement and Summary Balance Sheet attached as **Exhibit C**.

**V. OTHER ITEMS TO REPORT**

**A. *CURRENT AND FUTURE LITIGATION***

**a. *Current Litigation***

As previously reported, since the appointment of the Receiver, a number of legal proceedings involving CapSource have been identified. A summary of actions which the Receiver believes qualify as an “Ancillary Proceeding” under Section VII of the Order Appointing Receiver are set forth in the table below.

<b>PARTIES/CASE NAME</b>	<b>COURT</b>	<b>CASE NO.</b>	<b>STATUS</b>
<i>CAC Investment Ventures, LLC et al. v. Andrew Jolley et al.</i>	NV Eighth Judicial District Court	A-19-802088-B	Stayed as to CapSource, other parties proceeding to trial
<i>Entrust Group fbo Paul Uwe Pawlik v. Southern Highlands Community Association, et al.</i>	NV Eighth Judicial District Court	A-22-848762-C	CapSource dismissed
<i>CapSource, Inc. v. Bosch, et al.</i>	NV Eighth Judicial District Court	A-21-834367-C	Case dismissed
<i>CapSource v. Texas 156, LLC, Michael B. Zipprich, and Joseph A. Bond, III</i>	District Court of Midland County, Texas	CV56854	Case dismissed
<i>ARC RE v. Americans Rehab Campuses, LLC and Arizona Rehab Campus LLC</i>	NV Eighth Judicial District Court	A-21-8385920B	Case stayed
<i>Arizona Rehab Campuses, LLC et. al. v. CapSource, Inc. et. al.</i>	NV Eighth Judicial District Court	A-23-869439-B	Notice of Stay Order filed
<i>5<sup>th</sup> Avenue Estates, LLC et. al. v. CapSource, Inc. et. al.</i>	NV Eighth Judicial District Court	A-23-869523-B	Notice of Stay Order filed
<i>Texas 156, LLC et. al. v. CapSource, Inc. et. al.</i>	NV Eighth Judicial District Court	A-23-869520-B	Notice of Stay Order filed
<i>Vantage Holdings, LLC, et al. v. Capfactor LLC et al.,</i>	NV Eighth Judicial District Court	A-22-850573-B	Case stayed, stipulation for partial lift of stay requested

Counsel for the parties in *Vantage Holdings, LLC, et al. v. Capfactor LLC et al.* approached the Receiver regarding filing a stipulation to proceed against the entities not implicated by this

1 Court's stay order. The Receiver and the SEC agreed to the same and an Order was entered on  
2 October 25, 2023. (ECF No. 66)

3 The Receiver will continue to review and evaluate litigation matters that may impact the  
4 Receivership Estate as information becomes available.

5 ***b. Future Litigation***

6 As previously reported, the Receiver anticipates additional litigation may be necessary in  
7 the future to claw back funds and/or assets for the benefit of the Receivership Estate. It may also  
8 be appropriate for the Receiver to initiate litigation against third parties. As additional information  
9 is reviewed and developed and third parties identified, the Receiver will update the Court regarding  
10 his findings and intended next steps.

11 **VI. RECOMMENDATION OF THE RECEIVER (LR 66-4(b)(5))**

12 At this juncture, the Receiver has evaluated the outstanding loans and identified the  
13 investors related to these loans. The Receiver recommends that the receivership continues to  
14 identify assets and claims and pursue them for the benefit of the Receivership Estate, and he will  
15 continue to evaluate loans that received principal reductions.

16 Additionally, if the Court would like an opportunity to canvass the Receiver, the Receiver  
17 requests that the Court promptly set an in-person or virtual hearing under Local Rules 66-4(b)  
18 and/or 66-5. *See* LR 66-4(b) and 66-5 (governing proceedings related to the activities of court-  
19 appointed Receivers). The Receiver and his counsel will endeavor to make themselves available  
20 for any date(s) the Court proposes on fourteen days' notice, as contemplated by Local Rules 66-  
21 4(b) and 66-5, or less, as the Court may order. *See id.*

22 **VII. CONCLUSION AND REQUESTED RELIEF**

23 Assuming the Court authorizes the Receiver to undertake the actions recommended herein,  
24 as well as to continue those actions provided for in the Appointment Order, any amendments thereto  
25 and any subsequent orders, the Receiver proposes to submit further interim reports to this Court,  
26 addressing his progress, findings, final conclusions, and additional recommendations,  
27 approximately every ninety (90) days. Accordingly, and based on the foregoing, the Receiver  
28 respectfully requests that the Court set a hearing and/or enter an order:

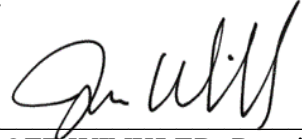


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TELEPHONE: (702) 938-6856

- 1           1.     Accepting this Fifth Status Report;
- 2           2.     Authorizing the Receiver to continue to administer the Receivership Entities and
- 3 their estate in accordance with the terms of the Appointment Order;
- 4           3.     Authorizing the Receiver to undertake the recommendations presented herein,
- 5 including a continued engagement of those professionals he deems necessary for the proper
- 6 administration of the Receivership Entities and their estate; and
- 7           4.     Providing such other and further relief as the Court deems necessary and appropriate.

8           DATED this 31st day of October, 2023

9           I, Geoff Winkler, verify under penalty of perjury that the statements made in the foregoing  
10 report are true and correct to the best of my knowledge.



\_\_\_\_\_  
GEOFF WINKLER, Receiver

11  
12  
13  
14   RESPECTFULLY SUBMITTED:

15   DATED this 31st day of October, 2023.

16   **GREENBERG TRAURIG, LLP**

17   */s/ Kara B. Hendricks*

18   KARA B. HENDRICKS, ESQ.

          Nevada Bar No. 07743

19   KYLE A. EWING, ESQ.

          Nevada Bar No. 014051

20   CHRISTIAN T. SPAULDING, ESQ.

          Nevada Bar No. 14277

21   *Attorneys for Receiver Geoff Winkler*  
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**CERTIFICATE OF SERVICE**

I hereby certify that, on the **31st day of October, 2023**, a true and correct copy of the foregoing **FIFTH INTERIM REPORT AND PETITION FOR FURTHER INSTRUCTIONS OF RECEIVER GEOFF WINKLER** was filed electronically via the Court’s CM/ECF system. Notice of filing will be served on all parties by operation of the Court’s CM/ECF system, and parties may access this filing through the Court’s CM/ECF system.

/s/ Evelyn Escobar-Gaddi  
An employee of GREENBERG TRAUIG, LLP

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10845 GRIFFITH PEAK DRIVE SUITE 600, LAS VEGAS, NEVADA 89135  
TELEPHONE: (702) 938-6856

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INDEX OF EXHIBITS	
EXH	DESCRIPTION
A	Standardized Fund Accounting Report
B	East West Bank Receivership Account
C	Summary Cash Flow Statement and Balance Sheet

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 10845 GRIFFITH PEAK DRIVE SUITE 600, LAS VEGAS, NEVADA 89135  
 TELEPHONE: (702) 938-6856

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# EXHIBIT A

# EXHIBIT A

Standardized Fund Accounting Report

**STANDARDIZED FUND ACCOUNTING REPORT for SEC v. CapSource Inc., Stephen J. Byrne, and Gregory P. Herlean**  
 Receivership; Civil Docket No. 2:20-cv-02303-RFB-DJA  
 Reporting Period from 07/01/2023 to 09/30/2023

FUND ACCOUNTING (See instructions)				
		Detail	Subtotal	Grand Total
Line 1	<b>Beginning Balance (As of 07/01/2023):</b>	1,352,476.13		
	<b>Increases in Fund Balance:</b>			
Line 2	<b>Business Income</b>	2,923,079.98		
Line 3	<b>Cash and Securities (in transit)</b>	-		
Line 4	<b>Interest/Dividend Income</b>	7,964.07		
Line 5	<b>Business Asset Liquidation</b>	-		
Line 6	<b>Personal Asset Liquidation</b>	-		
Line 7	<b>Third-Party Litigation Income</b>	-		
Line 8	<b>Miscellaneous - Other</b>	-		
	<b>Total Funds Available (Lines 1 - 8):</b>		2,931,044.05	4,283,520.18
	<b>Decreases in Fund Balance:</b>			
Line 9	<b>Disbursements to Investors</b>			
Line 10	<b>Disbursements for Receivership Operations</b>			
Line 10a	<i>Disbursements to Receiver or Other Professionals</i>	(73,801.37)		
Line 10b	<i>Business Asset Expenses</i>	(18,957.77)		
Line 10c	<i>Personal Asset Expenses</i>	-		
Line 10d	<i>Investment Expenses</i>	-		
Line 10e	<i>Third-Party Litigation Expenses</i>	-		
	1. Attorney Fees	-		
	2. Litigation Expenses	-		
	<b>Total Disbursements for Receivership Operations</b>		(92,759.14)	
Line 10f	<i>Tax Administrator Fees and Bonds</i>		-	
Line 10g	<i>Federal and State Tax Payments</i>		-	
	<b>Total Disbursements for Receivership Operations</b>			(92,759.14)
Line 11	<b>Disbursements for Distribution Expenses Paid by the Fund:</b>			
Line 11a	<i>Distribution Plan Development Expenses:</i>			
	1. Fees:			
	Fund Administrator.....	-		
	Independent Distribution Consultant (IDC).....	-		
	Distribution Agent.....	-		
	Consultants.....	-		
	Legal Advisers.....	-		
	Tax Advisers.....	-		
	2. Administrative Expenses	-		
	3. Miscellaneous	-		
	<b>Total Plan Development Expenses</b>		-	
Line 11b	<i>Distribution Plan Implementation Expenses:</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. Federal Account for Investor Restitution (FAIR) Reporting Expenses	-		
	<b>Total Plan Implementation Expenses</b>		-	
	<b>Total Disbursements for Distribution Expenses Paid by the Fund</b>			-
Line 12	<b>Disbursements to Court/Other:</b>			
Line 12a	<i>Investment Expenses/Court Registry Investment System (CRIS) Fees</i>	-		
Line 12b	<i>Federal Tax Payments</i>	-		
	<b>Total Disbursements to Court/Other:</b>		-	
	<b>Total Funds Disbursed (Lines 9 - 11):</b>			(92,759.14)
Line 13	<b>Ending Balance (As of 09/30/2023):</b>			4,190,761.04
Line 14	<b>Ending Balance of Fund - Net Assets:</b>			
Line 14a	<i>Cash &amp; Cash Equivalents</i>		4,190,761.04	
Line 14b	<i>Investments</i>		-	
Line 14c	<i>Other Assets or Uncleared Funds</i>		13,164,157.00	
	<b>Total Ending Balance of Fund - Net Assets</b>			17,354,918.04

**STANDARDIZED FUND ACCOUNTING REPORT for SEC v. CapSource Inc., Stephen J. Byrne, and Gregory P. Herlean**  
 Receivership; Civil Docket No. 2:20-cv-02303-RFB-DJA  
 Reporting Period from 07/01/2023 to 09/30/2023

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

Receiver: **Geoff Winkler**

By:  \_\_\_\_\_

**Geoff Winkler**  
 (printed name)

**Chief Executive Officer**  
**American Fiduciary Services LLC**  
**Receiver, CapSource, Inc.**

**Date: October 31, 2023**

# **EXHIBIT B**

# **EXHIBIT B**

East West Bank Receivership Account

EAST WEST BANK RECEIVERSHIP ACCOUNT (A/E 0057) July 1, 2023 - September 30, 2023
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<i>Date</i>	<i>Type</i>	<i>Amount</i>	<i>Payee</i>	<i>Description</i>
07/03/2023	Wire In	\$ 6,000.00	JACKSON AUTO GROUP LLC	Notes and Accounts Receivable
07/14/2023	Income Adjustment	\$ 43,333.32	ARC	Notes and Accounts Receivable
07/31/2023	Interest Credit	\$ 1,853.79	East West Bank	Interest Income
08/01/2023	Wire In	\$ 6,000.00	JACKSON AUTO GROUP LLC	Notes and Accounts Receivable
08/04/2023	Income Adjustment	\$ 38,693.33	ARC	Notes and Accounts Receivable
08/29/2023	Wire In	\$ 2,784,000.00	STORE CAPITAL LLC	Notes and Accounts Receivable
08/31/2023	Interest Credit	\$ 1,819.70	East West Bank	Interest Income
09/01/2023	Wire In	\$ 6,000.00	JACKSON AUTO GROUP LLC	Notes and Accounts Receivable
09/06/2023	Expense Memo	\$ (60,000.40)	Geoff Winkler, Receiver	Receiver Fees
09/06/2023	Expense Memo	\$ (289.67)	Geoff Winkler, Receiver	Receiver Expenses
09/06/2023	Wire Out	\$ (367.00)	Baker Tilly US, LLP	Other Professional Fees
09/06/2023	Expense Memo	\$ (9,700.30)	Greenberg Traurig	Attorney for Receiver Fees
09/06/2023	Expense Memo	\$ (3,444.00)	Greenberg Traurig	Attorney for Receiver Expenses
09/12/2023	Check	\$ (18,957.77)	Ward County Auditor & Treasurers Office	Costs to Secure/Maintain Property
09/18/2023	Wire In	\$ 5,000.00	Trevor Hill	Notes and Accounts Receivable
09/29/2023	Interest Credit	\$ 4,290.58	East West Bank	Interest Income
09/29/2023	Income Adjustment	\$ 34,053.33	ARC	Notes and Accounts Receivable
	<b>Total</b>	<b>\$ 2,838,284.91</b>		



# EXHIBIT C

# EXHIBIT C

Summary Cash Flow Statement and Balance Sheet

**SEC v. CapSource Inc., Stephen J. Byrne,  
and Gregory P. Herlean**

**Summary Cash Flow Statement**

**September 30, 2023**

*Cash at Beginning of Period*            **1,352,476**

***Cash Inflows***

Notes and Accounts Receivable        2,923,080

Interest Income                            7,964

***Total Cash Inflows*            2,931,044**

***Cash Outflows***

Costs to Secure/Maintain Property      (18,958)

Receiver Fees                              (60,000)

Receiver Expenses                        (290)

Attorney for Receiver Fees            (9,700)

Attorney for Receiver Expenses      (3,444)

Other Professional Fees                (367)

***Total Cash Outflows*            (92,759)**

*Cash at End of Period*                **4,190,761**

**SEC v. CapSource Inc., Stephen J. Byrne,  
and Gregory P. Herlean**

**Summary Balance Sheet**

**September 30, 2023**

***Assets***

EWBK Account                            4,190,761

Notes Receivable\*                      13,164,157

***Total Assets*                    17,354,918**

***Liabilities***

Accrued Professional Holdbacks        105,679

Outstanding Loans                      16,045,342

***Total Liabilities*            16,151,021**

***Equity***

Retained Earnings\*                    1,203,897

***Total Equity*                    1,203,897**

\* Accounts are estimated values and are subject to change as more information is available and the Receiver completes his forensic accounting.