

## **MJ CAPITAL UPDATE TO INVESTORS 1/18/2022**

*Please note: if you are seeking information about the MJ Capital / MJ Taxes receivership, the best way to contact the Receiver is by email to [MJCapital@kttlaw.com](mailto: MJCapital@kttlaw.com). While the Receiver and her personnel strive to respond to all phone calls promptly, due to volume and scheduling they are not always able to do so. Your patience is appreciated.*

On August 12, 2021, the United States District Court for the Southern District of Florida entered an Order in an action filed by the Securities and Exchange Commission (“SEC”) appointing Corali Lopez-Castro as the Receiver over MJ Capital Funding, LLC and MJ Taxes and More Inc. The SEC’s Complaint alleges that Johanna M. Garcia has used MJ Capital Funding, LLC and MJ Taxes and More Inc. (the “Receivership Defendants”) to perpetrate a Ponzi scheme by which investors have been tricked into thinking they are funding loans to small businesses when in reality their “returns” have been funded with money obtained from new investors. The case is styled *Securities and Exchange Commission v. MJ Capital Funding, LLC, MJ Taxes and More Inc. and Johanna Garcia*, Case No. 21-61644-CIV-SINGHAL.

Since the Court’s appointment of the Receiver on August 12, 2021, the Receiver has diligently executed her duties under the Receiver Order to secure and recover assets of the Receivership Defendants for the benefit of investors. The Receiver and her professionals have been engaged in the process of identifying and securing the Receivership Defendants’ assets and investigating their operations and financial affairs.

The Receiver provided her initial update to investors on October 11, 2021. The Receiver hereby provides this additional update to inform investors that since October 11, 2021, the Receiver and her professionals have:

- a) worked with the SEC to obtain an extension of the asset freeze for defendant Johanna Garcia;
- b) issued approximately 50 subpoenas to testify with requests for production of documents to individuals and companies who were involved with, and received monies from, the Receivership Defendants;
- c) conducted informal meetings with individuals, companies and their attorneys who contacted the Receiver’s professionals;
- d) communicated with at least 30 individuals, companies, and/or their counsel regarding the production of documents, upcoming depositions and conducting informal meetings;
- e) received and reviewed more than a thousand pages of bank records and other document productions produced by individuals and companies in response to the aforementioned subpoenas;
- f) conducted the deposition of one individual who was involved with, and received monies from, the Receivership Defendants;

- g) obtained the surrender of more than \$800,000 in cash from individuals and companies with whom the Receiver and her professionals have conducted informal meetings;
- h) obtained the surrender of numerous luxury watches, fine jewelry, and expensive leather goods from individuals who purchased such items with monies from the Receivership Defendants;
- i) conducted ongoing discussions with individuals, companies, and their counsels regarding the surrender of additional assets, including automobiles, real estate, and cryptocurrency;
- j) issued subpoenas to financial institutions to obtain additional bank records for the accounts of the Receivership Defendants, and related individuals and companies, and received and reviewed over a thousand pages of production produced by Citibank, JPMorgan Chase Bank, and Wells Fargo Bank (in addition to the document productions produced by the individuals and companies referenced above in section (e));
- k) continued to review books and records of the Receivership Defendants, which includes 75 bankers boxes of investor agreements, with the assistance of her forensic accountants;
- l) responded to hundreds of investor inquiries received through the Receiver's dedicated investor email address, MJCapital@kttlaw.com, and telephone calls;
- m) obtained an order from the Court expanding the receivership to include two additional companies used to receive transfers of substantial monies from investors in MJ Capital, which order is subject to a motion to vacate filed by the target companies; and
- n) obtained an order from the Court denying a motion filed by a company that received substantial monies from the Receivership Defendants that sought to prevent the Receiver from obtaining bank records relating to such company from a financial institution.

**Additional background information regarding the Receivership Defendants has been provided in the Receiver's initial update which is available on the investor website. If you have any information about businesses or individuals who received investor funds or assets acquired using investor funds, or if you are an individual or company that received such funds or assets and seek to surrender them to the Receiver, please contact the Receiver.**