

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

**CASE NO.: 21-61644-CIV-SINGHAL**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

MJ CAPITAL FUNDING, LLC,  
MJ TAXES AND MORE, INC., and  
JOHANNA M. GARCIA,

Defendants.

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**RECEIVER’S MOTION TO EXPAND EMPLOYMENT OF  
AUCTIONEER AND AUCTION SALE OF VEHICLES  
AND SURRENDERED PERSONAL PROPERTY**

Corali Lopez-Castro, as Receiver (“Receiver”) over MJ Capital Funding, LLC (“MJ Capital”), MJ Taxes and More Inc (together, the “Receivership Defendants”) and other companies<sup>1</sup>, moves for approval to expand the employment of Martin Claire & Co. LLC (“Martin Claire”) as auctioneers and approve the auction sale of vehicle and certain surrendered personal property, and states:

**BACKGROUND**

1. On August 9, 2021, the Securities and Exchange Commission (“SEC”) filed a Complaint for Injunctive and Other Relief and Demand for Jury Trial [DE 1] commencing this proceeding against MJ Capital, MJ Taxes and Johanna M. Garcia, in which the SEC alleged that

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<sup>1</sup> The Court has entered the Order Granting Receiver’s Motion to Expand Receivership Estate [DE 79] expanding the receivership to include, and the receiver has been appointed over, Pavel Ruiz MJCF LLC and UDM Remodeling, LLC; however, such order is presently subject to a pending motion to vacate [DE 83].

Ms. Garcia had used MJ Capital and MJ Taxes to run a Ponzi scheme by which investors were tricked into thinking they were funding loans to small businesses, when in reality their “returns” were funded with money obtained from new investors.

2. On August 12, 2021, the Court entered an Order [DE 17] (“Receivership Order”) appointing Ms. Lopez-Castro as Receiver over the Receivership Defendants. Pursuant to the Receivership Order, the Receiver is directed to take exclusive jurisdiction and possession of all assets of whatever kind and wherever situated of the Receivership Defendants and is authorized to exercise all powers and authorities previously possessed by the officers, directors, managers and general and limited partners of the Receivership Defendants. The Receivership Order defines the “Receivership Assets” to include all assets that “(a) are attributable to funds derived from investors or clients of the Defendants; (b) are held in constructive trust for the Defendants; (c) were fraudulently transferred by the Defendants; and/or (d) may otherwise be includable as assets of the estates of the Defendants.” *Id.* at 2.

3. The Receiver is authorized, “without further order of this Court, [to] transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.” *Id.* at p. 14, ¶31.

4. The Receivership Order further authorizes the Receiver “to engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities,” including but not limited to “liquidating agents . . . brokers, traders or auctioneers.” *Id.* at 5. The retention of “Retained Personnel” is subject to Paragraphs 52 and 53 of the Order, which provide that the

Receiver shall not engage any “Retained Personnel” without first obtaining an Order of the Court authorizing such engagement, and that their compensation requires the prior approval of the Court.

5. The Receiver previously filed a motion to employ Martin Claire as an auctioneer for the purpose of conducting an auction sale of personal property located at MJ Capital’s premises in Pompano Beach [DE 60], which the Court approved pursuant to the Order Granting Receiver’s Motion to Approve Employment of Auctioneer and Auction Sale of Personal Property entered on October 4, 2021 [DE 64].

### **THE VEHICLES AND THE AUCTION PROPOSAL**

6. The Receiver anticipates that vehicles will be surrendered or otherwise recovered by the receivership estate. An individual who was involved with MJ Capital seeks to surrender to the Receiver a 2018 Mercedes Benz CLA 250 (the “Mercedes”) that was purchased with funds from the Receivership Defendants, and the Receiver seeks administer the Mercedes for the benefit of the receivership estate. Through this Motion, the Receiver seeks the approval to employ Martin Claire to conduct the sale of the vehicles, including the Mercedes (collectively, the “Vehicles”) recovered by the receivership estate, and otherwise assist with the sale process.

7. The Receiver has requested and received a proposal (“Proposal”) from Martin Claire to conduct an auction sale of the Vehicles. Martin Claire is an experienced appraiser and licensed, insured and bonded auctioneer with over fifty years’ experience, and is regularly retained to conduct auction sales by receivers, trustees, financial institutions and other fiduciaries. A copy of the Proposal is attached as **Exhibit A**.

8. Pursuant to the Proposal, Martin Claire proposes to be engaged to conduct auction sales of the Vehicles through live, on-line only auctions. Martin Claire will create and uploads an on-line catalog on on-line bidding platforms. Bidders from virtually anywhere with an internet or cell phone connection can bid on-line in real time during the auction. Public inspections will be made available, by appointment only, prior to the auction dates.

9. Martin Claire will be compensated by a 15% buyer's premium upon the sale of each Vehicle, to be paid by the purchaser upon the completion the sale, and not by the receivership estate or from sale proceeds. Marketing expenses (including newspaper advertisements, internet and social media postings, direct mailings, and telemarketing) of up to \$500.00 per vehicle, will be reimbursed by the receivership estate upon completion of each sale.

10. Following the completion of a sale of a Vehicle, the Receiver will file a report summarizing the results of the auction, and the amount of the buyer's premium and expenses paid to Martin Claire.

11. The Receiver expects the auction will be conducted within a reasonable time following the surrender of the Vehicles to the Receiver. Following surrender to the Receiver and prior to completion of the sale, the Vehicles will be stored at a secure premises located at 17250 SW 192nd Street Homestead Florida 33187.

12. The Receiver and Martin Claire will obtain information from the party surrendering each Vehicle as to whether there are any liens or security interests attached to the Vehicle, and provide notice of any proposed auction to the holders of any such alleged liens or security interests. The Receiver intends to sell the Vehicles free and clear of all liens or security interests, with any valid liens of security interests to attach to the proceeds.

13. With respect to the Mercedes, the Receiver has been advised by the current owner that no liens or security interest attach to the vehicle, and the Receiver intends to sell the vehicle free and clear of any liens or security interest.

**THE SURRENDERED PERSONAL PROPERTY  
AND THE AUCTION PROPOSAL**

14. The Receiver has received the surrender of various luxury goods, including 6 Rolex Watches, 1 Michelle Watch, 1 Gucci Watch, 1 Gucci Backpack, 1 Louis Vuitton Purse, 1 Louis Vuitton Bag, 1 Christian Dior Purse, 3 rings and 1 pair of earrings, and the Receiver anticipates that additional luxury items and other personal property will be surrendered or otherwise recovered (collectively, the “Surrendered Personal Property”).

15. The aforementioned proposal attached hereto as Exhibit A, includes Martin Claire’s proposal to conduct an auction sale of the Surrendered Personal Property. Pursuant to the Proposal, Martin Claire proposes to be engaged to conduct auction sales of the Surrendered Personal Property through item-by-item auctions or in groups, as best suited for auction as determined by Martin Claire. The auctions will be conducted with live online bidding with a dedicated website auctioneer.

16. Martin Claire will be compensated by a 15% buyer’s premium upon the sale of each item, to be paid by the purchaser upon the completion the sale, and not by the receivership estate or from sale proceeds. This 15% buyer’s premium will be used by Martin Claire to cover any costs associated with the auction website, which depending on the number of items being sold per auction, may charge a 5% fee. Marketing expenses (including newspaper advertisements, internet and social media postings, direct mailings, and telemarketing) of up to \$2,000 per auction for a

group of surrendered personal property, will be reimbursed by the receivership estate upon completion of each auction.

17. Following the completion of an auction, the Receiver will file a report summarizing the results of each auction, and the amount of the buyer's premium and expenses paid to Martin Claire.

18. The Receiver has been advised by the individuals who surrendered the luxury goods that such goods were purchased with funds from the Receivership Defendants. The Receiver does not believe any liens or security interest attach to the surrendered items, and the Receiver intends to sell the Surrendered Personal Property free and clear of any liens or security interest.

#### **LEGAL AUTHORITY**

19. Receivers in SEC proceedings are frequently authorized to liquidate the assets of the receivership entities, subject to ultimate approval of any plan of distribution. See, e.g., *S.E.C. v. Bilzerian*, 378 F.3d 1100, 1101 (D.C. Cir. 2004) (describing receivership order authorizing receiver to liquidate any interest in any asset held by anyone on behalf of the defendant); *S.E.C. v. Malek*, 397 Fed. Appx. 711, 714 (2d Cir. 2010); *S.E.C. v. First Choice Mgmt. Servs., Inc.*, 66 Fed. Appx. 652, 653 (7th Cir. 2003); *S.E.C. v. TLC Invs. and Trade Co.*, 147 F.Supp. 2d 1031, 1035 (S.D. Cal. 2013).

20. The Receivership Order here specifically authorizes the Receiver to take control of and sell all personal property of the Receivership Defendants, and to engage such Retained Personnel as the Receiver in her discretion determines are appropriate to assist her in the fulfillment of her responsibilities.

21. The Receiver submits that the sale of the Vehicles and Surrendered Personal Property by auction will be beneficial to the receivership estate, with due regard to the realization of the true and proper value of the property to be sold. The Receiver further submits that Martin Claire has the appropriate qualifications and experience to conduct the auction sale of the Vehicles and Surrendered Personal Property and that the terms of the Proposal are reasonable and consistent with those customarily negotiated for such sales.

**WHEREFORE**, the Receiver requests that the Court enter an order substantially in the same form as the proposed order attached hereto as **Exhibit B**: (a) granting the Motion; (b) authorizing the expansion of the engagement of Martin Claire as auctioneer in accordance with the Proposal, and the Receiver to compensate Martin Claire in accordance with the Proposal upon completion of the sales without further order; and (c) authorizing the auction sale of the Vehicles and Surrendered Personal Property, free and clear of any liens or interests, in accordance with the authority vested in the Receiver pursuant to the Receivership Order.

**CERTIFICATION OF CONFERENCE WITH COUNSEL**

The undersigned counsel for the Receiver certifies that she has conferred with counsel for Johanna M. Garcia and the SEC and certifies that: (a) the SEC has no objection to the relief sought in the Motion; and (b) defendant Johanna M. Garcia has no objection to the relief sought in the Motion.

Respectfully submitted,

**KOZYAK TROPIN & THROCKMORTON, LLP**

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*Counsel for Corali Lopez-Castro, Receiver*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on March 17, 2022, I electronically filed the foregoing document with the clerk of the Court using CM/ECF, and the foregoing document is being served this day on counsel of record via transmission of Notices of Electronic Filing generated by CM/ECF.

By: /s/ Bernice C. Lee

Bernice C. Lee



# EXHIBIT A



## **AUCTION CONTRACT**

**DATE:** March 13, 2022

**SELLER:** CORALI LOPEZ – CASTRO, SOLELY IN HER CAPACITY AS RECEIVER OVER MJ CAPITAL FUNDING, LLC, MJ TAXES AND MORE, INC., PAVEL RUIZ MJCF LLC AND UDM REMODELING, LLC (THE “RECEIVERSHIP ENTITIES”)

SELLER AGREES TO ENGAGE THE SERVICES OF MARTIN CLAIRE AND CO. LLC (THE “AUCTIONEER”) TO SELL AT AUCTION (THE “AUCTION”) CERTAIN ASSETS DESCRIBED AS FOLLOWS:

VEHICLES SURRENDERED AND OTHERWISE RECOVERED BY THE RECEIVERSHIP ENTITIES (THE “VEHICLES”) AND CERTAIN OTHER PERSONAL PROPERTY SURRENDERED OR OTHERWISE RECOVERED BY THE RECEIVERSHIP ENTITIES (THE “SURRENDERED PERSONAL PROPERTY”).

**AUCTIONS TO BE LOCATED AT:** TO BE DETERMINED. MUTUALLY AGREED.

**ON DATE AND TIME:** TO BE DETERMINED. MUTUALLY AGREED.

1. AUCTIONEER AND SELLER AGREE TO ABIDE BY ALL TERMS OF THIS CONTRACT, THE ORDER GRANTING THE RECEIVER’S MOTION TO EXPAND EMPLOYMENT OF AUCTIONEER AND AUCTION SALE OF VEHICLES AND SURRENDERED PERSONAL PROPERTY (THE “ORDER”) AND ALL STATE LAWS IN THE CONDUCT OF THE AUCTION.
2. AUCTIONEER AGREES TO MARKET AND ADVERTISE THE AUCTIONS IN A COMMERCIALY REASONABLE MANNER AS OUTLINED IN THE MOST CURRENT AUCTION PROPOSAL PROVIDED BY AUCTIONEER TO SELLER, IF ANY; AND, IF NO AUCTION PROPOSAL, IN A CUSTOMARY AND REASONABLE MANNER FOR AUCTIONS OF ASSETS SIMILAR TO THE ASSETS LISTED ABOVE, AS DETERMINED IN AUCTIONEER’S SOLE DISCRETION.
3. SELLER AGREES TO REIMBURSE AND PAY TO AUCTIONEER ALL OUT-OF-POCKET EXPENSES INCURRED BY AUCTIONEER IN CONNECTION WITH THE AUCTIONS (INCLUDING, WITHOUT LIMITATION, ADVERTISING, SET-UP) OF UP TO \$500.00 PER VEHICLE AND UP TO \$2,000 FOR EACH AUCTION FOR A GROUP OF SURRENDERED PERSONAL PROPERTY UPON COMPLETION OF EACH SALE OF VEHICLE OR AUCTION.
4. “BUYERS PREMIUMS”, IF ANY, PAID BY BUYERS AT THE AUCTION SHALL BELONG TO THE AUCTIONEER. 15% BUYERS PREMIUM WILL APPLY TO THE AUCTIONS OF THE VEHICLES AND SURRENDERED PERSONAL PROPERTY.
5. SUBJECT TO THE TERMS OF THE ORDER, THE SELLER REPRESENTS AND WARRANTS TO AUCTIONEER THAT THE RECEIVERSHIP ENTITIES CAN SELL THE VEHICLES AND SURRENDERED PERSONAL PROPERTY FREE AND CLEAR TITLE OF ANY LIENS OR INTERESTS (THE “ASSETS”).
6. SELLER AGREES TO HOLD AUCTIONEER, AND ITS MEMBERS, EMPLOYEES AND AGENTS, HARMLESS AND INDEMNIFY ANY OF THEM FOR ANY AND ALL CLAIMS OR OTHER ACTIONS BROUGHT BY ANY CREDITOR, PURCHASER, BUYER, LIEN HOLDER, GOVERNMENT AGENCY OR OTHER PERSON OR ENTITY DIRECTLY OR INDIRECTLY RELATED TO, IN RESPECT OF OR CONCERNING THE AUCTION OR ASSETS. AUCTIONEER SHALL NOT BE REQUIRED TO PAY OR BE LIABLE HEREUNDER FOR SPECIAL, PUNITIVE, EXEMPLARY, INCIDENTAL, LOST-PROFIT, CONSEQUENTIAL OR INDIRECT DAMAGES (WHETHER OR NOT ARISING FROM AUCTIONEER NEGLIGENCE).

Mailing Address: 1835 E. Hallandale Beach Blvd. # 357, Hallandale Beach, FL 33009  
Tel: 954-558.4582



7. AUCTIONEER MAY RESCHEDULE THE DATE AND LOCATION UPON NOTICE TO THE SELLER IN THE EVENT OF REASONABLE CAUSE, CONFLICT OR FORCE MAJEURE AS DETERMINED IN AUCTIONEER'S SOLE DISCRETION.

8. AUCTIONEER WILL SETTLE ALL ACCOUNTS WITH PAYMENT DUE SELLER WITHIN 14 DAYS OF THE DATE OF EACH AUCTION WITH A DETAILED SUMMARY OF THE SALES AT SUCH AUCTION AND AUCTIONEER IS HEREBY AUTHORIZED TO RECEIVE PAYMENT PURSUANT TO THE TERMS OF THE ORDER.

**AUCTIONEER IS STATE LICENSED, INSURED AND BONDED.**

**AGREED TO BY**

**SELLER**

BY: \_\_\_\_\_  
PRINT NAME: Corali Lopez-Castro, solely as receiver  
TITLE:  
ADDRESS:  
  
TELF:  
E-MAIL:  
TAXPAYER ID: N/A

**MARTIN CLAIRE & CO LLC**

BY: \_\_\_\_\_  
NAME: MARTIN CLAIRE  
TITLE: PRESIDENT/MANAGER

**ADDITIONAL ASSET DESCRIPTIONS:**

TO BE DETERMINED.

Mailing Address: 1835 E. Hallandale Beach Blvd. # 357, Hallandale Beach, FL 33009  
Tel: 954-558.4582

# **EXHIBIT B**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

**CASE NO.: 21-61644-CIV-SINGHAL**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

MJ CAPITAL FUNDING, LLC,  
MJ TAXES AND MORE, INC., and  
JOHANNA M. GARCIA,

Defendants.

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**ORDER**

**THIS CAUSE** came before the Court on the Receiver’s Motion to Expand Employment of Auctioneer and Auction Sale of Vehicles and Surrendered Personal Property (the “Motion”) (DE [\_\_\_\_]) filed by Corali Lopez-Castro, as Receiver (“Receiver”) over MJ Capital Funding, LLC, MJ Taxes and More Inc. (the “Receivership Defendants”) and other companies. Having considered the Motion and finding that good cause exists, it is hereby

**ORDERED AND ADJUDGED** as follows:

1. The Motion is **GRANTED**.
2. The Receiver’s employment of Martin Claire & Co. LLC (“Martin Claire”) as auctioneer is expanded pursuant to the proposal attached to the Motion as Exhibit A, and the Receiver is authorized to compensate Martin Claire in accordance with the terms set forth therein.
3. The Receiver is further authorized to conduct auction sales of the Vehicles and

Surrendered Personal Property, as such terms are defined in the Motion, as described in the Motion.

4. Any person or entity claiming an interest in any of the Vehicles or Surrendered Personal Property must, at least 24 hours prior to the scheduled auction: (a) advise the Receiver of their asserted interest in the Vehicles or Surrendered Personal Property and provide proof of acquisition with funds that are not attributable to funds derived from investors or clients of the Receivership Defendants or Johanna Garcia (collectively, the “Defendants”), held in constructive trust for the Defendants, fraudulently transferred by the Defendants, or that are otherwise includable as assets of the estates of the Receivership Defendants; and (b) file and serve an objection to the proposed sale of the Vehicles or Surrendered Personal Property with the Court setting forth the basis for the objection.
5. Any purchaser of any Vehicles or Surrendered Personal Property at auction shall acquire title free and clear of the claim or interest of any other person or entity. To the extent any party can demonstrate the existence of a valid, perfected lien against any of the Vehicles or Personal Property, any such valid, perfected lien will attach to the proceeds of the sale.

**DONE AND ORDERED** in Chambers, Fort Lauderdale, Florida, this \_\_\_\_ day of \_\_\_\_\_, 2022.

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RAAG SINGHAL  
UNITED STATES DISTRICT JUDGE

Copies furnished to counsel of record via CM/ECF