

**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.

RECEIVER'S EIGHTH INTERIM REPORT

Bernice Lee, as Receiver (“Receiver”) over MJ Capital Funding, LLC (“MJ Capital”), MJ Taxes and More Inc. (together, the “MJ Defendants”), Pavel Ruiz MJCF LLC, and UDM Remodeling, LLC (collectively, the “Receivership Entities”) submits this Eighth Interim Report in accordance with the Court’s Orders [DE 17, 203] appointing her as Receiver.

I. Summary of Services Rendered and Results Achieved

During April 1, 2023 through June 30, 2023 (the “Reporting Period”), the Receiver has:

- (a) Worked with the investor class counsel to obtain the entry of the Final Order and Judgment with respect to the \$26.625 million settlement with Wells Fargo Bank, N.A. (the “Wells Fargo Settlement”) in the class action case against Wells Fargo, Case No. 21-61749-AHS (the “Investor Action”), and prepare for the June 30, 2023 final hearing. The Court entered the Final Order and Judgment on July 5, 2023. If the Wells Fargo Settlement becomes effective, the Receiver estimates the Settlement Administrator will disburse over \$19.5 million (the “Wells Fargo Fund”) to victim investors. The difference between the \$26.625 million settlement amount and the expected distribution is attributable to the approved fees of class counsel and the estimated costs of implementing the settlement. These settlement funds are in addition to the funds the Receiver recovers for the receivership estate.

- (b) Continued to fulfill her duties as the Settlement Administrator of the Wells Fargo Settlement and Wells Fargo Fund, including: creating the class settlement website, establishing a prerecorded toll free phone number to provide information regarding the Wells Fargo Settlement, providing the required notice of the class settlement and additional claims submission process to class members, and responding to numerous email and telephone inquiries regarding the settlement and additional claims submission process.
- (c) Prepared and negotiated terms of an escrow agreement with TD Bank, N.A. serving as the escrow agent for a preliminary escrow account into which Wells Fargo deposited \$26.375 million on July 24, 2023. Following the effective date of the Wells Fargo Settlement and receipt of certain notice, TD Bank will transfer all funds in the preliminary escrow account to another account opened by the Settlement Administrator and for which she serves as escrow agent. Wells Fargo previously deposited \$250,000 into the escrow account on April 10, 2023 to cover the initial costs and expenses for implementing the Wells Fargo Settlement.
- (d) Recovered \$102,625.97 from a manager of MJ Capital consisting of net sale proceeds from the sale of certain real property, and entered into a settlement agreement with Bryant Guayara ("Guayara"), a Board Member of MJ Capital, and his related companies (the "Guayara Parties") under which the Guayara Parties have agreed to entry of a final judgment for the principal amount of \$1,472,196.51.
- (e) Testified as a witness in the criminal trial against Christian Gonzalez, an individual who held himself out to be the underwriter of MJ Capital. The jury returned a verdict of guilty on two counts of money laundering on June 12, 2023. Sentencing is presently scheduled for August 31, 2023.
- (f) Continued to review and reconcile thousands of timely filed proofs of claim in order to safeguard victim investors against duplicative and improper claims and prevent those who profited from the MJ Capital scheme from receiving distributions from the receivership estate and Wells Fargo Fund. Claimants filed 12,957 proofs of claim by the July 19, 2022 claims bar date. The Receiver has completed the first level of review for all timely filed claims. The Receiver is now in the process of reconciling the investment and payment amounts asserted in the proofs of claim against the bank reconstructions, and reviewing other information and documents provided by the claimants to determine whether the amounts asserted should be rejected. The Receiver has completed this second level of review for more than 10,000 claims.
- (g) Issued over 300 rejection notices for claims totaling nearly \$6 million. On an aggregate basis, the Receiver has issued over 1,300 rejection notices for timely filed proofs of claim totaling over \$26.4 million on the basis that such claims are duplicative. The Receiver will be issuing many more rejection notices for claims that are duplicative, improper, unsupported, or otherwise subject to disallowance or reduction. This

process will reduce the number of allowed claims entitled to receive distributions from the receivership estate and Wells Fargo Fund, and ensure distributions will be received by those who are entitled to distributions.

- (h) Engaged in extensive communications with investors regarding the claims review process, the status of the receivership estate, and the Wells Fargo Settlement Agreement and related claims process via emails and telephone calls.

II. The Receivership and MJ Capital Ponzi Scheme

On August 12, 2021, the Court entered the Order appointing the Receiver over the MJ Defendants (the “Receivership Order”) [DE 17], and on October 14, 2021, the Court expanded the receivership to include Pavel Ruiz MJCF LLC and UDM Remodeling, LLC [DE 79, 129]. On May 22, 2023, the Court entered an Order appointing Bernice Lee as the successor receiver over the Receivership Entities [DE 203].

Ms. Garcia and over 400 promoters induced thousands of investors to invest an estimated \$200 million in the MJ Capital Ponzi scheme through false representations that money would be used for, and investment returns would be paid from the proceeds of, merchant cash advance (“MCA”) transactions, and the investors would receive returns of 120% to 180% annually. These funds were primarily used to pay alleged “returns” to investors, pay “commissions” and “referral fees” to promoters, and otherwise personally benefit the Receivership Entities’ insiders and promoters. The documents and information collected and reviewed by the Receiver indicate that there was no meaningful business activity of funding and collection of MCAs.

III. The Wells Fargo Settlement and Wells Fargo Fund

During the Reporting Period, in the Investor Action, the Court conducted the final hearing on the \$26.625 million Wells Fargo Settlement, and, on July 5, 2023, entered the Final Order and Judgment approving the Wells Fargo Settlement. The Receiver estimates the Wells Fargo Fund

will provide over \$19.5 million in distributions to victim investors, with the difference between the \$26.625 million settlement amount and the expected distribution attributable to the approved fees of class counsel and the estimated costs of implementing the settlement.

The Court has approved the Receiver serving as the “Settlement Administrator,” who is tasked with providing notice of the Wells Fargo Settlement and additional claims process, reviewing claims, and disbursing funds in the Wells Fargo Fund. The fees and expenses incurred by the Settlement Administrator and her professionals are paid from the Wells Fargo Fund pursuant to the Wells Fargo Settlement, and are not included in the Receiver’s fee applications. During the Reporting Period, the Receiver as the Settlement Administrator, has spent a significant amount of time working with the claims agent to: create the class settlement website (www.mjcapitalclasssettlement.com) to provide information regarding the Wells Fargo Settlement and allow for electronic submission of claim forms, establish a prerecorded toll free phone number to provide information regarding the Wells Fargo Settlement (1-844-460-2134), and provide the required notice of the class settlement and additional claims submission process to class members. The Receiver and her office have responded to hundreds of email and telephone inquiries regarding the settlement and additional claims submission process.

In addition, the Receiver has drafted and negotiated terms of an escrow agreement with TD Bank, class counsel and Wells Fargo, for a preliminary escrow account with TD Bank serving as escrow agent and into which Wells Fargo deposited \$26.375 million on July 24, 2023. Under the settlement, following the effective date and receipt of certain notice, TD Bank will transfer all funds in the preliminary escrow account to another account opened by the Settlement Administrator and for which the Settlement Administrator serves as escrow agent. Wells Fargo

previously deposited \$250,000 into this escrow account on April 10, 2023 to cover the initial costs and expenses for implementing the Wells Fargo Settlement.

The distributions from the Wells Fargo Fund are in addition to the funds the Receiver recovers for the receivership estate. The Wells Fargo Settlement takes into account that the Receiver has already implemented a Court-approved claims process with a bar date of July 19, 2022. Investors who previously filed a proof of claim to the Receiver by the Receiver's bar date were not required to submit any additional claims in order to seek distribution from the Wells Fargo Fund, and were advised of their right to opt out of the settlement or object. Investors who chose not to, or otherwise failed to, timely return a proof of claim form to the Receiver by July 19, 2022, were permitted to submit a claim to the Settlement Administrator by June 9, 2023. The Settlement Administrator received letters from only five individuals and two companies advising that they were opting out of the Wells Fargo Settlement. None of them filed a proof of claim with the Receiver, and only one appears to have suffered a loss in the amount of approximately \$10,000.

IV. Additional Third-Party Litigation and Recoveries, and Investigations

The Receiver is authorized and empowered to prosecute and compromise actions or proceedings under the Receivership Order. The Receiver has investigated, and will continue to investigate, claims that can be brought against promoters, investors, and other individuals and companies who received funds from the Receivership Entities that may be recoverable as fraudulent transfers, or based on other claims and remedies, such as unjust enrichment and/or constructive trust (the "Additional Third-Party Claims"). Potential defendants include, but are not limited to, individuals and companies who failed to voluntarily surrender assets to the Receiver.

A substantial number of individuals and related companies received commissions, fees, or

other payments for referring investors to the MJ Defendants, and a number of investors received more money than they invested. These commissions, fees, or other referral payments, as well as money received by investors in excess of their initial investments are avoidable and recoverable for the benefit of the receivership estate and, ultimately, victims.

During the Application Period, the Receiver recovered \$102,625.97 from a manager of MJ Capital consisting of net sale proceeds from the sale of certain real property, and is in the process of finalizing a settlement agreement with this manager and related parties. In the anticipated motion to approve settlement agreement, the Receiver will seek to pay her counsel 27.5% of such amount under the contingency fee arrangement approved by the Court in the Order granting the Receiver's Motion to Approve Third-Party Litigation Procedures and Contingency Fee Arrangement [DE 179, 193]. During the Reporting Period, the Receiver has not paid any contingency fees relating to Additional Third-Party Claims.

Further, the Receiver entered into a settlement agreement with the Guayara Parties. Based on the Receiver's records, the Guayara Parties received \$2,394,364.80 in fraudulent transfers from the MJ Defendants. Under the settlement, the Guayara Parties have agreed to entry of a final judgment for the principal amount of \$1,472,196.51. The difference between the \$2,394,364.80 fraudulent transfer amount and the \$1,472,196.51 final judgment amount is attributable to \$650,105.59 surrendered to the Receiver, \$7,062.70 seized by the FBI, and \$265,000 Guayara represented he transferred to investors to repay principal investments. On May 8, 2023, the Receiver filed a Motion to approve the settlement [DE 200], on June 5, 2023 the Court entered an Order approving the settlement [DE 204].

V. Frozen, Seized and Administered Assets

Accounts relating to Ms. Garcia remain subject to an asset freeze pursuant to the Court's Order entered on June 29, 2023 [DE 208], which was entered with the consent of Ms. Garcia and extended the asset freeze for an additional 90 days. Approximately \$3.4 million in the accounts of certain parties involved with the MJ Capital Ponzi scheme have been seized at various banks. As described in prior reports, the Receiver has submitted to the Department of Justice two petitions on behalf of the receivership estate and victim investors for remission of approximately \$1,117,000 and \$160,844.63 seized by the United States from accounts of individuals and companies involved with the MJ Capital scheme. The Receiver continues to monitor the status of the petitions and seized funds.

VI. Claims Administration and Objections

The Receiver and her professionals continue to review and reconcile thousands of timely filed proofs of claim in order to safeguard victim investors against duplicative and improper claims and prevent those who profited from the MJ Capital scheme from receiving distributions from the receivership estate and Wells Fargo Fund. The amounts asserted in the 12,957 timely proofs of claim total more than \$200 million. The claims review and reconciliation process is complicated. No comprehensive investor list or database was located in the books and records of the Receivership Entities, and the Receivership Entities did not use any formal bookkeeping or accounting system.

The Receiver is using a two-step review process. First, the Receiver reviewed whether the claimant appears in the bank reconstructions for the Receivership Entities, whether an investment agreement has been provided by the claimant or located in the Receiver's investor agreement

database, and certain terms of such investor agreements. The Receiver has completed this step for all timely filed claims. Second, the Receiver is reconciling the investment and payment amounts asserted in the proofs of claim against the bank reconstructions, and reviewing other information and documents provided by the claimants to determine whether the amounts asserted should be rejected. The Receiver has completed this second step for approximately 10,000 claims.

In addition to the timely filed proofs of claim, the following claims are pending that require review by the Receiver and Settlement Administrator: (a) approximately 100 proofs of claim that were submitted to the Receiver after the July 19, 2022 claims bar date, and (b) approximately 1,024 claim forms that were submitted to the Settlement Administrator by the June 9, 2023 additional claimant bar date.

The Receiver has been issuing rejection notices pursuant to the court-approved claims administration process. During the Application Period, the Receiver issued over 300 rejection notices for claims totaling nearly \$6 million. On an aggregate basis, the Receiver has issued over 1,300 rejection notices for timely filed proofs of claim totaling over \$26.4 million on the basis that such claims are duplicative. Most rejection notice recipients have either not raised any opposition, or confirmed that they filed duplicative proofs of claim that should be removed from the claims register. A small number of recipients have sent informal responses to the Receiver stating that their claims are not duplicative. The Receiver anticipates she will issue thousands of additional rejection notices to address additional duplicative claims, claims that fail to account for payments received, and other improper claims and amounts asserted. Claimants who receive a rejection notice have an opportunity to respond and seek reconsideration under the court-approved claims process. This process will significantly reduce the number and amount of claims entitled to receive

distributions from the receivership estate and Wells Fargo Fund.

VII. Communications with Investors

The Receiver continues to prioritize communicating with investors. During the Reporting Period, investors have requested information regarding their claims, rejection notices, status of the case and distributions, the Wells Fargo Settlement, and other related matters. The Receiver and her office continue to monitor and respond to inquiries made via telephone and email to the Receiver, her personnel and sent to the Receiver's email addresses established for investors and to issue rejection notices. During the Reporting Period, the Receiver and her personnel have responded to hundreds of investor inquiries received through email correspondence and telephone calls. The Receiver appreciates and understands the investors' need for information. With respect to the Receiver's investor website (<https://kttlaw.com/mjcapital/>), in addition to providing links to access quarterly reports, the Receiver provided additional updates on April 27, 2023, May 22, 2023, June 12, 2023, June 21, 2023, June 27, 2023 and June 28, 2023.

VIII. Status of SEC Action and Receiver's Motions

The SEC's Amended Complaint which commenced this action sought injunctive and other relief against the MJ Defendants and Garcia arising from the sale of investments in violation of securities laws. The SEC's claims against the MJ Defendants have been resolved through the entry of consent judgments that were agreed to by the Receiver and permanently enjoin the MJ Defendants from further violations of Section 10(b) of the Securities Exchange Act of 1934 and Exchange Act Rule 10b-5, Section 17(a) of the Securities Act of 1933, and Section 5 of the Securities Act. [ECF 65, 66].

On November 15, 2022, the Court entered a Judgment as to Garcia [DE 169] permanently

enjoining her from violations of Section 10(b) of the Securities Exchange Act of 1934 and Exchange Act Rule 10b-5, Section 17(a) of the Securities Act of 1933 and Section 5 of the Securities Act, and ordering Garcia to pay disgorgement of ill-gotten gains, prejudgment interest and a civil penalty in an amount to be determined by the Court upon the SEC's motion. On the same day, the Court entered an Order Granting Joint Request to Stay [DE 168] that, *inter alia*, stayed the case with respect to the SEC's request for monetary relief, allowed the SEC to bring a disgorgement and civil penalty motion once her criminal sentencing has been completed (in the event she does not prevail at trial).

All motions the Receiver filed during the Reporting Period have been addressed by the Court.

IX. Other Related Actions

The SEC and United States of America have filed the following cases against certain individuals involved with MJ Capital:

- (a) *USA v. Pavel Ramon Ruiz Hernandez*, Case No. 22-cr-20400-RS (criminal proceeding): The United States of America filed an Information against Pavel Ruiz on August 29, 2022. During the April 26, 2023 plea hearing, Pavel Ruiz plead guilty to conspiracy to commit wire fraud. Sentencing is presently scheduled for August 22, 2023.
- (b) *Securities and Exchange Commission v. Pavel Ruiz*, Case No. 22-cv-61609-WPD: The SEC filed its Complaint for Injunctive and Other Relief and Demand for Jury Trial on August 29, 2022. On April 27, 2023, the Court entered a Judgment as to Defendant Pavel Ruiz [DE 15, Case No. 22-cv-61609-WPD], which granted the SEC permanent injunctive relief, and ordered discouragement and a civil penalty in an amount to be determined by the Court upon motion of the SEC.
- (c) *USA v. Christian Jose Gonzalez*, Case No. 22-cr-20563-SEITZ/Reid (criminal proceeding): The United States of America filed an Indictment against Christian Jose Gonzalez ("Gonzalez") on November 18, 2022 for money laundering and seeking forfeiture. Trial began on June 5, 2023, and the Receiver testified on June 6, 2023 and June 7, 2023. Trial concluded on June 12, 2023, and later that day, the jury returned a

verdict of guilty on two counts of money laundering [DE 62, Case No. 22-20563-SEITZ]. Sentencing is presently scheduled for August 31, 2023 [DE 63].

- (d) *Securities and Exchange Commission v. Christian Jose Gonzalez*, Case No. 22-cv-61824-WPD: The SEC filed its Complaint for Injunctive and Other Relief and Demand for Jury Trial on September 27, 2022, Gonzalez filed his Answer and Affirmative Defenses with Jury Trial on November 30, 2022, and the Court entered an Order Granting Unopposed Motion to Stay on December 1, 2022 staying the matter until the above referenced criminal case has been resolved against Gonzalez [DE 10, Case No. 22-cv-61824]. On June 15, 2023, the SEC and Gonzalez filed a Joint Status Report [DE 11], advising that the jury in the criminal case found Gonzalez guilty of all charges and the parties will file a joint status report after Gonzalez is sentenced.

X. Retention of Professionals

The Receivership Order authorizes the Receiver to engage professionals to assist her in the performance of her duties, subject in some circumstances to Court approval. The Receiver has not engaged any additional professionals during the Reporting Period. The Receiver has previously engaged the following professionals: Kozyak Tropin & Throckmorton, LLP (Attorneys), KapilaMukamal, CPA (Forensic Accountants), HD Investigative Group LLC (Investigators), Martin Claire & Co LLC (Auctioneer), and Stretto, Inc. (Claims Agent). Compensation of all professionals employed by the Receiver is subject to applications and Court approval.

XI. Additional Quarterly Status Report Matters Pursuant to Receivership Order

The Receivership Order directs the Receiver to report on a quarterly basis as to the following matters:

- a. A summary of the operations of the Receiver

The operations of the Receiver are summarized above.

- b. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate

As of June 30, 2023, the receivership estate had cash on hand in the total amount of

\$14,378,879.78.¹ The amount of unencumbered funds in the receivership estate, as of June 30, 2023, is \$14,378,879.78. Details are set forth in the Receiver's receipt and disbursements report for the Reporting Period attached hereto as Exhibit A.

The total amount and nature of known accrued administrative expenses as of June 30, 2023 is \$731,495.23, which consists of professional fees and expenses of the Receiver's professionals, as follows:

1. 20% holdback from the prior fee applications:
 - a. First Fee Application for August 12, 2021 through October 31, 2021 [DE 118]
 - i. Receiver Fees: \$13,160.00
 - ii. Kozyak, Tropin & Throckmorton Fees: \$61,706.00
 - iii. KapilaMukamal Fees: \$50,855.80
 - b. Second Fee Application for November 1, 2021 through December 31, 2021 [DE 126]
 - i. Receiver Fees: \$ 2,695.00
 - ii. Kozyak, Tropin & Throckmorton Fees: \$24,103.00
 - iii. KapilaMukamal Fees: \$33,243.80
 - c. Third Fee Application for January 1, 2022 through March 31, 2022 [DE 145]
 - i. Receiver: \$ 3,318.00
 - ii. Kozyak, Tropin & Throckmorton: \$30,391.00
 - iii. KapilaMukamal: \$39,636.20
 - iv. Stretto, Inc. (Claims Agent): \$ 5,175.12
 - d. Fourth Fee Application for April 1, 2022 through June 30, 2022 [DE 155]
 - i. Receiver: \$ 3,486.00
 - ii. Kozyak, Tropin & Throckmorton: \$26,253.00
 - iii. KapilaMukamal: \$24,003.20
 - iv. Stretto, Inc. (Claims Agent): \$80,287.68
 - e. Fifth Fee Application for July 1, 2022 through September 30, 2022 [DE 191]:
 - i. Receiver: \$ 3,619.00
 - ii. Kozyak, Tropin & Throckmorton: \$44,654.00

¹ Of this amount, the Receiver estimates that \$1,056,065 consists of funds deposited into MJ Capital's Chase account on and after August 12, 2021, the date the Receivership Order was entered.

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|-----------------------------------|-------------|
| iii. KapilaMukamal: | \$ 2,835.80 |
| iv. Stretto, Inc. (Claims Agent): | \$27,834.72 |
- f. Sixth Fee Application for October 1, 2022 through December 31, 2022 [DE 195]:
- | | |
|------------------------------------|-------------|
| i. Receiver: | \$ 873.00 |
| ii. Kozyak, Tropin & Throckmorton: | \$55,978.00 |
| iii. KapilaMukamal: | \$ 4,520.00 |
| iv. Stretto, Inc. (Claims Agent): | \$ 426.00 |
- g. Seventh Fee Application for January 1, 2023 through March 31, 2023 [DE 205]:
- | | |
|------------------------------------|-------------|
| i. Receiver: | \$ 868.00 |
| ii. Kozyak, Tropin & Throckmorton: | \$43,733.00 |
| iii. KapilaMukamal: | \$ 904.60 |
| iv. Stretto, Inc. (Claims Agent): | \$ 1,804.80 |
2. Fees and Expenses from the Eighth Fee Application for the Period of April 1, 2023 through June 30, 2023, which will be filed with the Court and has not been approved:
- | | | |
|-----------------------------------|-----------|-------------|
| a. Receiver: | Fees: | \$48,405.00 |
| | Expenses: | \$0.00 |
| | Hours: | 138.30 |
| b. Kozyak, Tropin & Throckmorton: | Fees: | \$75,660.00 |
| | Expenses: | \$723.44 |
| | Hours: | 363.80 |
| c. KapilaMukamal: | Fees: | \$2,782.00 |
| | Expenses: | \$174.87 |
| | Hours: | 9.30 |
| d. Stretto, Inc. (Claims Agent) | Fees: | \$2,384.00 |
| | Expenses: | \$15,001.20 |
| | Hours: | 9.60 |

These amounts represent fees and expenses of the Receiver and her professionals which:

(a) have been awarded by the Court and held back, and the Receiver may request payment upon final distribution of receivership assets, and (b) with respect to the period of April 1, 2023 through June 30, 2023, will be filed with the Court and have not been approved.

The Court has approved litigation procedures and a contingency fee arrangement proposed

by the Receiver to prosecute, and potentially settle, the Additional Third-Party Claims in an efficient and cost effective manner, and minimize administrative expense and risk to the receivership estate [DE 179, 193]. The litigation procedures provide that the Receiver is authorized to settle any Additional Third-Party Claims for which: (a) the asserted liability is \$100,000 or less without further Court approval, and (b) the asserted liability is greater than \$100,000 by holding settlement funds pending Court approval, and filing motions to approve settlement agreements.

During the Application Period, the Receiver recovered \$102,625.97 from a manager of MJ Capital consisting of net sale proceeds from the sale of certain real property, and is in the process of finalizing a settlement agreement with this manager and related parties. In the anticipated motion to approve settlement agreement, the Receiver will seek to pay her counsel 27.5% of such amount under approved contingency fee arrangement. During the Reporting Period, the Receiver has not paid any contingency fees relating to Additional Third-Party Claims.

- c. A schedule of all the Receiver's receipts and disbursements (attached as Exhibit A to the Quarterly Status Report) with one column for the quarterly period covered and a second column for the entire duration of the Receivership.

A report of the Receiver's receipt and disbursements, on a quarterly and cumulative basis, is attached as Exhibit A.

- d. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended.

As of June 30, 2023, the known Receivership Property consists of: (a) cash on hand of \$14,378,879.78, (b) six gift cards of nominal value, (c) miscellaneous surrendered personal property, and (d) security deposits totaling approximately \$27,000 held by the landlord of the Pompano Beach locations which premises have been returned to the landlord.

In addition, the Receiver's investigation to date reflects that several other entities and individuals are in possession of Receivership Assets and/or Recoverable Assets as defined in the Receivership Order, i.e., 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. The Receiver will continue her efforts to recover such assets.

- e. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in (i) reducing the claims to judgment; and (ii) collecting such judgments).

As described above, the Receiver is continuing to investigate Additional Third-Party Claims. There are a substantial number of individuals and related companies who received commissions, fees, or other payments for referring investors to the MJ Defendants, and a number of investors who received more money than they invested.

- f. A list of all known creditors with their addresses and the amounts of their claims.

As described above, the Receiver is in the process of reviewing 12,957 timely filed proofs of claim, and there are approximately 100 proofs of claim that were submitted to the Receiver after the July 19, 2022 claims bar date that will require review. In the interest of protecting the privacy of investors and ensuring that the list of fraud victims does not become available to others who may use it for improper purposes, the Receiver does not recommend at this time that a list of the known creditors and their addresses be publicly filed.

- g. The status of Creditor Claims Proceedings, after such proceedings have been commenced.

The claims bar date occurred on July 19, 2022, and 12,957 proofs of claim were filed by

the claims bar date, and approximately 100 proofs of claim were filed after the claims bar date. The Receiver is in the process of reviewing and reconciling the timely filed proofs of claim and supporting documentation to determine which claims are valid and should be administered through the receivership proceeding, and which claims should be objected to and rejected. During the Reporting Period, the Receiver issued over 300 rejection notices for claims totaling nearly \$6 million. On an aggregate basis, the Receiver has issued over 1,300 rejection notices for timely filed proofs of claim totaling over \$26.4 million on the basis that such claims are duplicative. The Receiver anticipates she will issue thousands of additional rejection notices to address additional duplicative claims, claims that fail to account for payments received, and other improper claims and amounts asserted. Claimants who receive a rejection notice have an opportunity to respond and seek reconsideration under the court-approved claims process.

h. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.

The Receiver recommends the continuation of the receivership. While the operations of the Receivership Entities have been terminated, there is a substantial amount of work to be done with respect to: reviewing and reconciling proofs of claim and supporting documents, issuing rejection notices to duplicative or improper claim amounts, performing the tasks of the Settlement Administrator under the Wells Fargo Settlement such as reviewing the reconciling approximately 1,024 claim forms submitted to the Settlement Administrator by the June 9, 2023 additional claimant bar date, prosecuting and possibly settling Additional Third-Party Claims, proposing a distribution plan, and providing distributions from the receivership estate and Wells Fargo Fund to claimants with allowed claims.

Respectfully submitted,

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Florida Bar No. 996823

Counsel for Bernice Lee, Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was filed with the clerk of the Court using CM/ECF, and the foregoing document has been served this 28th day of July, 2023: (i) via CM/ECF upon all counsel of record; (ii) via electronic mail on Johanna M. Garcia (johannaredondo@yahoo.com); and (iii) via first class U.S. mail on Johanna M. Garcia, 7814 S.W. 8 Court, North Lauderdale, Florida 33068.

By: /s/ David L. Rosendorf
David L. Rosendorf, Esq.

EXHIBIT A

Coral Lopez-Castro, as Receiver
SEC v. MJ Capital Funding, LLC, et al.
Case No. 21-61644-CIV-SINGHAL

STANDARDIZED FUND ACCOUNTING REPORT
Reporting Period: 04/01/2023-06/30/2023

FUND ACCOUNTING				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (as of 3/31/2023) (Note 1)			\$14,307,579.69
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income			
Line 3	Cash and Securities			
Line 4	Interest/Dividend Income	\$173,782.96		
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Additional Third-Party Claims Recovery (Note 2)	\$102,625.97		
Line 8	Miscellaneous – Other			
	Total Funds Available (Lines 1-8):			\$14,583,988.62
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors			
Line 10	Disbursements for Receivership Operations			
<i>Line 10a</i>	<i>Disbursements to Receiver or Other Professionals</i>	\$205,508.84		
<i>Line 10b</i>	<i>Business Asset Expenses</i>			
<i>Line 10c</i>	<i>Personal Asset Expenses</i>			
<i>Line 10d</i>	<i>Investment Expenses (Note 3)</i>	-\$400.00		
<i>Line 10e</i>	<i>Additional Third-Party Litigation Expenses</i>			
	1. Attorney Fees			
	2. Litigation Expenses			
	<i>Total Additional Third-Party Litigation Expenses</i>			
<i>Line 10f</i>	<i>Tax Administrator Fees and Bonds</i>			
<i>Line 10g</i>	<i>Federal and State Tax Payments</i>			
	Total Disbursements for Receivership Operations			\$205,108.84
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
<i>Line 11a</i>	<i>Distribution Plan Development Expenses:</i>			
<i>Line 11b</i>	<i>Distribution Plan Implementation Expenses:</i>			
	Total Disbursements for Distribution Expenses Paid by the Fund:			\$0.00
	Disbursements to Court/Other:			
<i>Line 12a</i>	<i>Investment Expenses/Court Registry Investment System (CRIS) Fees</i>			
<i>Line 12b</i>	<i>Federal Tax Payments</i>			
	Total Disbursements to Court/Other:			\$0.00
	Total Funds Disbursed (Lines 9-11):			\$205,108.84
Line 13	Ending Balance (as of 6/30/2023):			\$14,378,879.78
Line 14	Ending Balance of Fund – Net Assets:			
<i>Line 14a</i>	<i>Cash & Cash Equivalents</i>	\$14,378,879.78		

Coralí Lopez-Castro, as Receiver
SEC v. MJ Capital Funding, LLC, et al.
Case No. 21-61644-CIV-SINGHAL

STANDARDIZED FUND ACCOUNTING REPORT
Reporting Period: 04/01/2023-06/30/2023

FUND ACCOUNTING				
		Detail	Subtotal	Grand Total
	<i>Investments</i>			
<i>Line 14c</i>	<i>Other Assets or Uncleared Funds</i>			
	Total Ending Balance of Fund – Net Assets			<u>\$14,378,879.78</u>
OTHER SUPPLEMENTAL INFORMATION				
		Detail	Subtotal	Grand Total
Line 15-19		N/A		

Note 1: The Receiver estimates that the Beginning Balance includes approximately \$1,056,065 of funds deposited into MJ Capital's Chase Bank Account on and after August 12, 2021.

Note 2: "Additional Third-Party Claims Recovery" consists of net proceeds from the sale of real estate owned by an MJ Capital manger and spouse

Note 3: Represents credits from bank fees charged in prior periods