

**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 NINTH 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 Ninth 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 July 1, 2023 through September 30, 2023 (the “Reporting Period”), the Receiver has:

- (a) As the Settlement Administrator, received the additional \$26.375 million from Wells Fargo Bank, N.A. under the \$26.625 million settlement, and paid \$6.25 million for approved fees to class counsel. As of September 29, 2023, the Wells Fargo settlement fund has a balance of \$20,065,638.06. These settlement funds are in addition to the funds the Receiver recovers for the receivership estate.
- (b) Recovered \$247,374.03 from a manager of MJ Capital consisting of net sale proceeds from the sale of certain real property, subject to the Receiver’s motion to approve settlement [DE 210] currently pending before the Court.

- (c) Continued to devote a significant amount of time reviewing claims and supporting documents, reconciling amounts against the books and records of the Receivership Entities, and communicating with investors regarding the claims and distribution process, the Wells Fargo settlement fund, and the receivership estate. During the Reporting Period, the Receiver's team has (a) issued over 2,300 rejection notices for claims that failed to account for over \$7.5 million in payments received by the claimants from the Receivership Entities, and (b) responded to informal and formal responses from over 120 investors regarding rejection notices or case status, and 40 investors regarding general inquiries about their claims and whether they will receive a rejection notice.
- (d) The Receiver has already issued over 1,300 rejection notices disallowing over \$26.4 million in duplicative claims. The Receiver will be issuing many more rejection notices to address claims that are duplicative, improper, unsupported, or otherwise subject to disallowance or reduction. This process reduces the amount of improperly asserted claims and ensures distributions from the receivership estate and Wells Fargo settlement fund will be received by those who are entitled to distributions.

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. Claims Administration and Objections

The Receiver and her professionals have been focused on determining the amounts of allowed claims entitled to receive distributions. This process has significantly reduced the claims and claimed amounts entitled to receive distributions from the receivership estate and Wells Fargo settlement fund.

In March 2022, the Receiver obtained Court approval of the claims submission and review process [DE 113, 125], and the Court set the claims bar date for July 19, 2022 [DE 125]. In the class action, in March 2023, the Court approved an additional claims bar date of June 9, 2023 for investors to file claims to seek a recovery from the Wells Fargo settlement fund [DE 69; Case No. 21-61749-AHS]. Thus, investors who did not file a claim with the Receiver by the July 19, 2022 claims bar date were permitted to submit a claim to the Settlement Administrator by June 9, 2023 to request to participate in the Wells Fargo settlement. Investors who previously submitted a claim to the Receiver by the July 19, 2022 deadline did not need to submit an additional claim to request to participate in the Wells Fargo settlement.

There have been: (a) 12,957 timely proofs of claim submitted to the Receiver by the July 19, 2022 claims bar date along with hundreds of thousands of supporting documents, for which the total amount claimed is approximately \$225 million and the total amount of payments received by investors as indicated in their proofs of claim is approximately \$40 million, and (b) approximately 100 proofs of claim submitted to the Receiver after the July 19, 2022 claims bar date, for which the total amount claimed is approximately \$1.95 million, and the total amount of

payments received by investors as indicated in their proofs of claim is approximately \$320,000.¹

With respect to additional claim forms submitted to the Settlement Administrator, approximately 1,120 timely claim forms were submitted by the June 9, 2023 additional claims bar date, and nine late claim forms were submitted after the June 9, 2023 additional claims bar date. The Settlement Administrator has begun to review these claims, but at this time, does not have an estimation of the total amounts claimed and payments received from these additional claims.

The Receiver has issued thousands of rejection notices to resolve improper claims within the set of 12,957 timely claims. Specifically: (a) during the Reporting Period, the Receiver issued over 2,300 rejection notices for claims that failed to account for over \$7.5 million in payments received by the claimants from the Receivership Entities, and (b) in prior periods, the Receiver issued over 1,300 rejection notices to disallow \$26.4 million in claims that are duplicative of other filed claims. The Receiver will be issuing many more rejection notices to address claims that are duplicative, improper, unsupported, or otherwise subject to disallowance or reduction.

Claimants who receive a rejection notice have an opportunity to respond and seek reconsideration under the claims process approved by the Court. During the Reporting Period, the Receiver's team has responded to informal and formal responses from an estimated 160 investors regarding rejection notices, case status, and general inquiries about their claims and whether they will receive a rejection notice.

IV. The Wells Fargo Settlement Fund and Additional Claims

The Court has approved the Receiver serving as the "Settlement Administrator," who is

¹ The Receiver's review is ongoing, and the total amounts provided herein are estimations and subject to change.

tasked with providing notice of the Wells Fargo settlement and additional claims process, reviewing claims, issuing rejection notices, and disbursing the settlement funds. The fees and expenses incurred by the Settlement Administrator and her professionals are paid from the Wells Fargo settlement fund, and are excluded from this application.

During the reporting period, the Settlement Administrator spent a significant amount of time finalizing the 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. On July 22, 2023, Wells Fargo deposited \$26.375 million into this account. She also coordinated the transfer of all funds in the preliminary escrow account to the main escrow account on September 1, 2023. The Settlement Administrator serves as escrow agent for this main account, and Wells Fargo previously deposited \$250,000 into this account on April 10, 2023 to cover the initial costs and expenses for implementing the Wells Fargo Settlement. The Settlement Administrator further directed the payment of \$6.25 million in approved fees to class counsel on September 5, 2023. As of September 29, 2023, the Wells Fargo settlement fund has a balance of \$20,065,638.06. These settlement funds are in addition to the funds the Receiver recovers for the receivership estate.

With respect to the approximately 1,129 additional claim forms submitted to the Settlement Administrator, the Settlement Administrator has begun to review the claim forms and supporting documents. In addition, the Settlement Administrator has spent a meaningful amount of time addressing investors' inquiries regarding the settlement fund and related issues.

V. 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, criminal and civil actions against those involved with the MJ Capital scheme, 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. 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 has continued to update the Frequently Asked Questions Section, and provided additional updates on July 5, 2023, July 24, 2023, August 10, 2023, August 21, 2023, August 25, 2023, September 1, 2023, September 6, 2023, September 14, 2023, September 20, 2023, and September 26, 2023.

VI. 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 Reporting Period, the Receiver recovered \$247,374.03 from a “Manager” of MJ Capital pursuant to a settlement agreement subject to the a motion to approve settlement [DE 210] currently pending before the Court. Through the Motion, the Receiver seeks to pay her counsel 27.5% of the 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]. In addition, a “Team Leader” of MJ Capital surrendered the following items: (a) a Louis Vuitton backpack, (b) a pair of Saint Laurent women’s shoes, (c) a Dior bag, (d) a pair of Louis Vuitton men’s shoes, and (5) a Louis Vuitton handbag. During the Reporting Period, the Receiver has not paid any contingency fees relating to Additional Third-Party Claims.

VII. 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. On September 26, 2023, the SEC filed a motion to re-extend the asset freeze for another 90 days [DE 213].

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.

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).

The following motion filed by the Receiver remains pending on the case docket and is unopposed: The Receiver's Motion to Approve Settlement Agreement with Charilee Vanessa Rivera, Julio Junior Rivera Garcia, and La Chari Marketing and Public Relations, Inc. and for

Related Relief [DE 210].

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. Johanna Michely Garcia*, Case No. 23-cr-20350-JEM (criminal proceeding): On August 25, 2023, the United States of America filed an Indictment against Garcia with Count 1 Conspiracy to Commit Wire Fraud and Mail Fraud, Counts 2-19 Wire Fraud, Counts 20-22 Mail Fraud, Counts 23-29 Money Laundering, and for Forfeiture. On October 12, 2023, Garcia filed a motion to continue trial by 120 days. On October 16, 2023, U.S. District Judge Jose E. Martinez entered an order granting the motion in part, resetting trial to a two-week trial period starting December 4, 2023 at 9:30 AM, and scheduling the calendar call for November 30, 2023 at 1:30 PM.
- (b) *USA v. Pavel Ramon Ruiz Hernandez*, Case No. 22-cr-20400-RS (criminal proceeding): On September 19, 2023, U.S. District Court Judge Rodney Smith sentenced Pavel Ruiz to imprisonment of 110 months, and 3 years supervised release. Pavel Ruiz had pled guilty to Count I of the Information for Conspiracy to Commit Wire Fraud, which the United States of America filed on August 29, 2022.
- (c) *Securities and Exchange Commission v. Pavel Ruiz*, Case No. 22-cv-61609-WPD: On April 27, 2023, U.S. District Court Judge William P. Dimitrouleas entered a Judgment as to Defendant Pavel Ruiz, 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. The SEC filed its Complaint for Injunctive and Other Relief and Demand for Jury Trial on August 29, 2022.
- (d) *USA v. Christian Jose Gonzalez*, Case No. 22-cr-20563-SEITZ/Reid (criminal proceeding): On August 31, 2023, U.S. District Court Senior Judge Patricia A. Seitz sentenced Christian Jose Gonzalez (“Gonzalez”) to 28 months imprisonment followed by 3 years supervised release. The Court also entered a forfeiture money judgment in the amount of \$159,936 on September 7, 2023. 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 for a transaction of proceeds of unlawful activity of a withdrawal of \$159,936 and deposit of \$155,000. On June 17, 2023, Gonzalez filed a motion for new trial, and the Court entered an order denying such motion on July 18, 2023. The United States of America filed the Indictment against Gonzalez on November 18, 2022.
- (e) *Securities and Exchange Commission v. Christian Jose Gonzalez*, Case No. 22-cv-61824-WPD: On September 19, 2023, U.S. District Court Judge William P.

Dimitrouleas entered an Order Granting Joint Request to Stay, which stayed the case for an additional 60 days and required the parties to file a Joint Status Report by November 17, 2023. The parties' Joint Request for Stay stated that the jury had found Gonzalez guilty of all charges, and the parties are directing their efforts toward a potential global resolution of the matter. 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.

- (f) *Securities and Exchange Commission v. Nathalia I. Burgos*, Case No. 23-cv-61818-WPD: On September 22, 2023, the SEC filed a complaint against Nathalia Burgos ("Burgos") alleging violations of Sections 5(a) and (c), 17(a)(1), (a)(2) and (a)(3) of the Securities Act, and Sections 10(b) and Rule 10b-5(a) of the Exchange Act, and seeking permanent injunctive relief, disgorgement and civil penalties. The case has been assigned to U.S. District Court Judge William P. Dimitrouleas. The SEC filed an Affidavit of Returned Executed Summons on October 19, 2023, and the court docket states that Burgos' response deadline is November 9, 2023.
- (g) *Securities and Exchange Commission v. Christian Cuesta*, Case No. 23-cv-61817-AHS: On September 22, 2023, the SEC filed a complaint against Christian Cuesta ("Cuesta") alleging violations of Sections 5(a) and (c) of the Securities Act, and Section 15(a)(1) of the Exchange Act, and seeking permanent injunctive relief, disgorgement and civil penalties. The case has been transferred to U.S. District Court Judge Raag Singhal. The SEC filed an Affidavit of Returned Executed Summons on October 10, 2023, and the court docket provides that Cuesta's response deadline is October 25, 2023.
- (h) *Securities and Exchange Commission v. Steven A. Fernandez and Monica O'Mealia*, Case No. 23-cv-61816-WPD: On September 22, 2023, the SEC filed a complaint against Steven Fernandez and Monica O'Mealia alleging violations of Sections 5(a) and (c) of the Securities Act, and Section 15(a)(1) of the Exchange Act, and seeking permanent injunctive relief, disgorgement and civil penalties. On September 22, 2023, U.S. District Court Judge William P. Dimitrouleas entered agreed final judgments against the defendants.

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 September 30, 2023, the receivership estate had cash on hand in the total amount of \$14,680,151.42. The amount of unencumbered funds in the receivership estate, as of September 30, 2023, is \$14,680,151.42. 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 September 30, 2023 is \$721,304.44, 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
 - 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
 - h. Eighth Fee Application for April 1, 2023 through June 30, 2023 [DE 212]:
 - i. Receiver: \$ 9,681.00
 - ii. Kozyak, Tropin & Throckmorton: \$15,132.00
 - iii. KapilaMukamal: \$ 556.40
 - iv. Stretto, Inc. (Claims Agent): \$ 476.80
- 2. Fees and Expenses from the Ninth Fee Application for the Period of July 1, 2023 through September 30, 2023, which will be filed with the Court and has not been approved:
 - a. Receiver:

Fees:	\$75,950.00
Expenses:	\$0.00
Hours:	217.00

b. Kozyak, Tropin & Throckmorton:	Fees:	\$21,100.00
	Expenses:	\$1,081.03
	Hours:	118.00
c. KapilaMukamal:	Fees:	\$4,402.00
	Expenses:	\$129.29
	Hours:	15.00
d. Stretto, Inc. (Claims Agent)	Fees:	\$431.20
	Expenses:	\$6,000.00
	Hours:	1.60

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 July 1, 2023 through September 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 Reporting Period, the Receiver recovered \$247,374.03 from a manager of MJ Capital pursuant to a settlement agreement, subject to a motion to approve settlement [DE 210] currently pending before the Court. During the prior quarter, the Receiver recovered \$102,625.97 under the same settlement agreement. Through the motion to approve settlement, the Receiver seeks to pay her counsel 27.5% of these recovered amounts 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.

- 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 September 30, 2023, the known Receivership Property consists of: (a) cash on hand of \$14,680,151.42, (b) luxury items consisting of a Louis Vuitton backpack, a pair of Saint Laurent women's shoes, a Dior bag, a pair of Louis Vuitton men's shoes and a Louis Vuitton handbag, (c) six gift cards of nominal value, (d) miscellaneous surrendered personal property, and (e) 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: (a) 12,957 timely proofs of claim submitted to the Receiver by the July 19, 2022 claims bar date along with hundreds of thousands of supporting documents, (b) approximately 100 proofs of claim submitted to the Receiver after the July 19, 2022 claims bar date, (c) approximately 1,120 timely additional claim forms were submitted to the Settlement Administrator by the June 9, 2023 additional claims bar date, and (d) approximately nine late claim forms were submitted to the Settlement Administrator after the June 9, 2023 additional claims bar date. 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.

As described above, approximately 13,057 proofs of claim were submitted to the Receiver, and 1,129 additional claims were submitted to the Settlement Administrator. The Receiver is in the process of reviewing and reconciling the claim and supporting documentation to determine

which claims are valid and should receive a distribution from the receivership and/or Wells Fargo settlement fund, and which claims should be rejected. During the Reporting Period, the Receiver issued over 2,300 rejection notices for claims that failed to account for over \$7.5 million in payments received by the claimants from the Receivership Entities. The Receiver has already issued over 1,300 rejection notices disallowing over \$26.4 million in duplicative claims. The Receiver will be issuing many more rejection notices to address claims that are duplicative, improper, unsupported, or otherwise subject to disallowance or reduction. This process reduces the amount of improperly asserted claims and ensures distributions from the receivership estate and Wells Fargo settlement fund will be received by those who are entitled to distributions. 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 remains a substantial amount of work to be done with respect to: issuing rejection notices to address claims that are duplicative, improper, unsupported, or otherwise subject to disallowance or reduction, formulating a distribution plan, performing the tasks of the Settlement Administrator under the Wells Fargo settlement, and prosecuting and possibly settling Additional Third-Party Claims.

Respectfully submitted,

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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 30th day of October, 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

Bernice Lee, as Receiver
SEC v. MJ Capital Funding, LLC, et al.
Case No. 21-61644-CIV-SINGHAL

STANDARDIZED FUND ACCOUNTING REPORT
Reporting Period: 07/01/2023-09/30/2023

FUND ACCOUNTING				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (as of 6/30/2023) (Note 1)			\$14,378,879.78
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income			
Line 3	Cash and Securities			
Line 4	Interest/Dividend Income	\$173,371.92		
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Additional Third-Party Claims Recovery (Note 2)	\$247,374.03		
Line 8	Miscellaneous – Other			
	Total Funds Available (Lines 1-8):			\$14,799,625.73
	<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>	\$119,284.31		
<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>	\$190.00		
<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			\$119,474.31
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):			\$119,474.31
Line 13	Ending Balance (as of 9/30/2023):			\$14,680,151.42
Line 14	Ending Balance of Fund – Net Assets:			
<i>Line 14a</i>	<i>Cash & Cash Equivalents</i>	\$14,680,151.42		

Bernice Lee, as Receiver
SEC v. MJ Capital Funding, LLC, et al.
Case No. 21-61644-CIV-SINGHAL

STANDARDIZED FUND ACCOUNTING REPORT
Reporting Period: 07/01/2023-09/30/2023

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>\$14,680,151.42</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 deposited into MJ Capital’s Chase Bank Account on and after August 12, 2021.

Note 2: "Additional Third-Party Claims Recovery" consists of recoveries from a “Manager” of MJ Capital and related parties pursuant to a settlement agreement currently pending before the Court for approval [DE 210]. These recoveries are subject to a 27.5% 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].

Note 3: Bank fees.