

**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 ELEVENTH 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 Eleventh Interim Report in accordance with the Court’s Orders [DE 17, 203] appointing her as Receiver.

**I. Summary of Services Rendered and Results Achieved**

As of March 31, 2024, the receivership estate has a balance of \$14,724,829.48 in its bank accounts, and the Wells Fargo settlement fund has a balance of \$20,346,600.24. Approximately 14,188 claims were filed with the Receiver and Settlement Administrator for the Wells Fargo fund. Asserted claims are estimated to total more than \$264 million. The Receiver has issued 99% of all rejection notices for timely filed claims by the July 19, 2022 bar date. The Receiver is in the process of reviewing the estimated 100 late filed claims filed with the Receiver after the bar date. Claimants who receive a rejection notice have 60 days to submit a reconsideration letter to the Receiver, and the Receiver has 90 days to issue a final determination.

During January 1, 2024 through March 31, 2024 (the “Reporting Period”), the Receiver has:

- (a) Issued: over 600 rejection notices for claims totaling over \$24 million filed by claimants who provided insufficient information, over 340 rejection notices for claims filed by claimants who claims improperly inflated the amount owed or fail to account for payments received, and over 40 claims that are duplicative, filed by promoters or those related to promoters, or are otherwise improper.
- (b) With respect to the Receiver’s lawsuit against certain “Board Members” and related companies who received more than \$7,936,000 as fraudulent transfers, and certain defendants charged over \$975,000 in personal expenses on MJ Capital’s corporate credit card, the Receiver filed motions for entry of final default orders, and the Court entered orders granting the motions and default final judgments against: Jose Cristobal Mendez and his four related companies, Carlos Rivillas and his related companies, Christian Cuesta and his related company, and Mario Morales and his related company. The Receiver also obtained the entry of clerk’s defaults against Marco Rosas and his related entities and Joel Castellanos, and filed a motion for consent judgment against Bryant Guayara and his related company.

## **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 has been focused on rejecting improper claims and determining the amounts of allowed claims entitled to receive distributions. This process has significantly reduced the claims and claimed amounts entitled to receive a pro rata distributions from: (a) the receivership estate, which has a balance of \$14,724,829.48 in its bank accounts as of March 31, 2024, and (b) the Wells Fargo settlement fund, which has a balance of \$20,346,600.24 as of March 31, 2024.

The Court approved the Receiver's proposed claims submission and review process in March 2022 [DE 113, 125], and 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.

The 12,958 timely proofs of claim submitted to the Receiver by the July 19, 2022 bar date assert a total of approximately \$230 million invested and disclose payments received totaling approximately \$40 million (of which includes more than \$8 million from claims that have been rejected as duplicative or otherwise), and the approximately 100 proofs of claim submitted to the Receiver after the July 19, 2022 bar date assert a total of approximately \$1.95 million invested,

and disclose payments received totaling approximately \$320,000.<sup>1</sup> The additional claim forms submitted to the Settlement Administrator consist of approximately 1,120 timely claims submitted by the June 9, 2023 additional claims bar date, which assert an estimated \$24.6 million invested and disclose approximately \$8 million in payments received, and nine late claim forms submitted after June 9, 2023.

With respect to the nearly 12,958 timely filed proofs of claim, the Receiver has issued 99% of all rejection notices and addressed hundreds of responses. During the Reporting Period, the Receiver has issued: (a) over 600 rejection notices for claims totaling over \$24 million filed by claimants who provided insufficient information, (b) over 340 rejection notices for claims filed by claimants who claims improperly inflated the amount owed or fail to account for payments received, and (c) over 40 claims that are duplicative, filed by promoters or those related to promoters, or are otherwise improper.

In the aggregate, when including rejection notices issued during the Reporting Period and prior periods, the Receiver has issued: (a) over 1,500 rejection notices to disallow an estimated \$31 million in duplicative claims, (b) 720 rejection notices to disallow an estimated \$12.8 million in claims filed by promoters and those related to promoters or who received payments in excess of their investment, (c) 2,840 rejection notices for claims that failed to account for over \$10.3 million in payments received, and (d) over 1,400 rejection notices for over \$40 million in claims filed by claimants who failed to provide complete information, provide sufficient supporting documentation and/or disclose payments received, had discrepancies within the information and documents provided, and /or included amounts they are not entitled to.

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

The Receiver is in the process of reviewing the estimated 100 late filed claims filed with the Receiver after the bar date. 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 hundreds of informal and formal responses from investors regarding rejection notices.

The Receiver and her professionals have encountered a variety of issues in the claims reconciliation process that have caused the Receiver's team to expend additional time to address, such as: (a) investors who provided their investment funds through a related person or entity but fail to provide the information in their claims or their initial responses to rejection notices, (b) investors who deny receiving payments until they receive either a list of deposited checks from the Receiver, or at times, copies of the checks they deposited, and (c) investors who send multiple emails in response to rejection notices, which requires the receiver's team to sort through hundreds of emails to piece together the complete response.

#### **IV. The Wells Fargo Settlement Fund and Additional Claims**

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, 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 has continued her review of 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. The Receiver has continued to provide updates to the Receiver's investor website (<https://kttlaw.com/mjcapital/>). In addition to providing links to quarterly reports and court documents, the Receiver provided additional updates on January 17, 2024, January 22, 2024, February 21, 2024 and March 28, 2024.

**VI. Additional Third-Party Litigation and Recoveries**

The Receiver is authorized and empowered to prosecute and compromise actions or proceedings under the Receivership Order. The Receiver is continuing to investigate and evaluate 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.

The Receiver continues to prosecute her lawsuit to seek recoveries based on fraudulent transfer and unjust enrichment claims against: Bryant Guayara, DaVibezCreations LLC, M5 Store

LLC, Zio Marco Transportation LLC, Zio Marco Services LLC, Marco Rosas, DTH General Services LLC, DTH Production LLC, Bay Bay's General Services LLC, DTH Transport LLC, Jose Cristobal Mendez, Arcemi Business Consult, LLC, Azevedo Partners-Diesel Tax Refunds Inc., Leonardo Azevedo, JAH Works LLC, CMJ 2 LLC, Carlos Rivillas, Blue Palm Cap Corp., Christian Cuesta, Gilberto's Paradise LLC, Mario Morales, and Joel Castellanos. These defendants received more than \$7,936,000 as fraudulent transfers, and certain defendants charged over \$975,000 in personal expenses on MJ Capital's corporate credit card.

During the Reporting Period, the Receiver filed motions for entry of final default orders, and the Court entered orders granting the motions and default final judgments against: (a) Jose Cristobal Mendez and his four related companies, (b) Carlos Rivillas and his related companies, (c) Christian Cuesta and his related company, and (d) Mario Morales and his related company. The Receiver also obtained the entry of clerk's defaults against Marco Rosas and his related entities and Joel Castellanos, and filed a motion for consent judgment against Bryant Guayara and his related company.

## **VII. Asset Analysis and Recovery, and Frozen and Seized Assets**

The Receiver continues to obtain and review additional documents and information relating to transactions involving the Receivership Entities. The Receiver continues to monitor the status of the three petitions submitted to the Department of Justice on behalf of the receivership estate and victim investors for remission of a vehicle seized by the United States from Pavel Ruiz, and of approximately \$1,117,000 and \$160,844.63 in seized funds. The Receiver continues to monitor the status of the petitions and seized funds.

Accounts relating to Ms. Garcia remain subject to an asset freeze pursuant to the Court's Order entered on January 31, 2024 [DE 225], which extended the asset freeze for an additional 90

days through April 30, 2024. On April 29, 2024, the SEC filed a motion to extend the asset freeze for an additional 90 days [DE 231].

### **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 filed by the Receiver have been addressed by the Court.

### **IX. Related SEC and United States of America 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 April 26, 2024, U.S. District Judge Jose E. Martinez entered an order granting Garcia's motion, resetting trial to a two-week trial period starting June 3, 2024 at 9:30 AM, and scheduling the calendar call May 30, 2024 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. On April 16, 2024, Ruiz filed a Motion for Appointment of Counsel [DE 54] to assist him with a motion of collateral attack for ineffective counsel.
- (c) *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 to 28 months imprisonment followed by 3 years supervised release following 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. The Court also entered a forfeiture money judgment in the amount of \$159,936.
- (d) *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.
- (e) *Securities and Exchange Commission v. Christian Jose Gonzalez*, Case No. 22-cv-61824-WPD: On February 5, 2024, U.S. District Court Judge William P. Dimitrouleas entered a Final Judgment as to Defendant Christian J. Gonzalez [DE 20] providing for permanent injunctive relief and a \$200,000 disgorgement judgment against Gonzalez, which is offset by the \$159,936 criminal forfeiture order and requires \$59,131.39 to be paid to the SEC.
- (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 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. On December 5, 2023, Burgos filed an Answer and Affirmative Defenses. On February 13, 2024, U.S. District Court Judge William P. Dimitrouleas entered an order setting the case for trial on the two-week calendar commencing on March 3, 2025, and a calendar call on February 28, 2025 at

10:00AM [DE 23]. On February 27, 2024, the Court entered an order scheduling mediation for May 23, 2024 [DE 26].

- (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. On March 13, 2024, the Court entered an order scheduling the case for trial on a two-week calendar commencing May 5, 2025, and calendar call for April 30, 2025 at 2:00 PM. On April 15, 2024, the Court entered an order scheduling mediation for July 25, 2024 [DE 29].
- (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 March 31, 2024, the receivership estate had cash on hand in the total amount of \$14,724,829.48. The amount of unencumbered funds in the receivership estate, as of March 31, 2024, is \$14,724,829.48. Details are set forth in the Receiver’s receipt and disbursements report for the Reporting Period attached hereto as Exhibit A. In addition, the Receiver, as the Settlement Administrator, has \$20,346,600.24 in the Wells Fargo settlement fund as of March 31, 2024.

The total amount and nature of known accrued administrative expenses as of March 31, 2024 is \$775,875.09, 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
  
- i. Ninth Fee Application for July 1, 2023 through September 30, 2023 [DE 226]:
  - i. Receiver: \$15,190.00
  - ii. Kozyak, Tropin & Throckmorton: \$ 4,220.00
  - iii. KapilaMukamal: \$ 880.40
  - iv. Stretto, Inc. (Claims Agent) \$ 86.24
  
- j. Tenth Fee Application for October 1, 2023 through December 31, 2023 [DE 228]:
  - i. Receiver: \$17,549.00
  - ii. Kozyak, Tropin & Throckmorton: \$ 7,425.00
  - iii. KapilaMukamal: \$ 5,730.60
  - iv. Stretto, Inc. (Claims Agent) \$ 463.44
  
- 2. Fees and Expenses from the Eleventh Fee Application for the Period of January 1, 2024 through March 31, 2024, which will be filed with the Court and have not been approved:
  - a. Receiver:
 

Fees:	\$55,125.00
Expenses:	\$0.00
Hours:	157.50

b. Kozyak, Tropin & Throckmorton:	Fees:	\$27,405.00
	Expenses:	\$2,335.49
	Hours:	144.30
c. KapilaMukamal:	Fees:	\$16,595.00
	Expenses:	\$229.60
	Hours:	51.50
d. Stretto, Inc. (Claims Agent)	Fees:	\$2,454.40
	Expenses:	\$1,500.00
	Hours:	10.20
e. HD Investigative Group:	Fees:	\$6,475.00
	Expenses:	\$0.00
	Hours:	37.00

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 January 1, 2024 through March 31, 2024, 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 paid \$96,250 in contingency fees to her counsel, Kozyak Tropin & Throckmorton, LLP, pursuant to a Court approved settlement agreement with a “Manager” of MJ Capital [DE 219] and the Order granting the Receiver’s Motion to Approve Third-Party Litigation Procedures and Contingency Fee Arrangement [DE 179, 193]. The

receivership estate received the following recoveries under the settlement agreement: (a) \$76,889.31 from a bank account on or about June 30, 2022, (b) \$102,625.97 net proceeds from the sale of real property in Coral Springs on or about June 1, 2023, and (c) \$247,374.03 net proceeds from the sale of additional real property. The Receiver applied the Court approved 27.5% contingency fee to the amounts in (b) and (c), which total \$350,000.

- 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 March 31, 2024, the known Receivership Property consists of: (a) cash on hand of \$14,724,829.48, (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, a Louis Vuitton handbag and a pair of Christian Dior hoop earrings, (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.

- 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 has filed a lawsuit against certain "Board Members" and their related companies, 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, certain 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: 12,958 timely proofs of claim submitted to the Receiver by the July 19, 2022 bar date, approximately 100 proofs of claim submitted to the Receiver after the July 19, 2022 bar date, approximately 1,120 additional claim forms timely submitted to the Settlement Administrator by the June 9, 2023, and nine late claim forms submitted after June 9, 2023. 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.

With respect to the nearly 12,958 timely filed proofs of claim, the Receiver has issued 99% of all rejection notices and addressed hundreds of responses. During the Reporting Period, the Receiver has issued: (a) over 600 rejection notices for claims totaling over \$24 million filed by claimants who provided insufficient information, (b) over 340 rejection notices for claims filed by claimants who claims improperly inflated the amount owed or fail to account for payments received, and (c) over 40 claims that are duplicative, filed by promoters or those related to promoters, or are otherwise improper.

In the aggregate, when including rejection notices issued during the Reporting Period and prior periods, the Receiver has issued: (a) over 1,500 rejection notices to disallow an estimated \$31 million in duplicative claims, (b) 720 rejection notices to disallow an estimated \$12.8 million

in claims filed by promoters and those related to promoters or who received payments in excess of their investment, (c) 2,840 rejection notices for claims that failed to account for over \$10.3 million in payments received, and (d) over 1,400 rejection notices for over \$40 million in claims filed by claimants who failed to provide complete information, provide sufficient supporting documentation and/or disclose payments received, had discrepancies within the information and documents provided, and /or included amounts they are not entitled to.

The Receiver is in the process of reviewing the estimated 100 late filed claims filed with the Receiver after the bar date. 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 hundreds of informal and formal responses from investors regarding rejection notices.

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 work to be done with respect to: addressing responses to rejection notices, formulating a distribution plan, prosecuting and possibly settling Additional Third-Party Claims, and performing the tasks of the Settlement Administrator under the Wells Fargo settlement including issuing rejection notices to address additional claims



filed with the Settlement Administrator that are duplicative, improper, unsupported, or otherwise subject to disallowance or reduction.

Respectfully submitted,

**KOZYAK TROPIN & THROCKMORTON, LLP**

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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 30<sup>th</sup> day of April, 2024: (i) via CM/ECF upon all counsel of record; (ii) via electronic mail on Johanna M. Garcia ([johannaredondo@yahoo.com](mailto:johannaredondo@yahoo.com)); and (iii) via first class U.S. mail on May 1, 2024 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 C. Lee, as Receiver  
 SEC v. MJ Capital Funding, LLC, et al.  
 Case No. 21-61644-CIV-SINGHAL

**STANDARDIZED FUND ACCOUNTING REPORT**  
 Reporting Period: 01/01/2024-03/31/2024

FUND ACCOUNTING				
		Detail	Subtotal	Grand Total
<b>Line 1</b>	<b>Beginning Balance (as of 01/01/2024) (Note 1)</b>			\$14,859,505.29
	<i>Increases in Fund Balance:</i>			
<b>Line 2</b>	<b>Business Income</b>			
<b>Line 3</b>	<b>Cash and Securities</b>			
<b>Line 4</b>	<b>Interest/Dividend Income</b>	\$182,149.91		
<b>Line 5</b>	<b>Business Asset Liquidation</b>			
<b>Line 6</b>	<b>Personal Asset Liquidation</b>			
<b>Line 7</b>	<b>Additional Third-Party Claims Recovery</b>			
<b>Line 8</b>	<b>Miscellaneous – Other</b>			
	<b>Total Funds Available (Lines 1-8):</b>			<b>\$15,041,655.20</b>
	<i>Decreases in Fund Balance:</i>			
<b>Line 9</b>	<b>Disbursements to Investors</b>			
<b>Line 10</b>	<b>Disbursements for Receivership Operations</b>			
<i>Line 10a</i>	<i>Disbursements to Receiver or Other Professionals</i>	\$316,465.72		
<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</i>	\$360.00		
<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>			
	<b>Total Disbursements for Receivership Operations</b>			<b>\$316,825.72</b>
<b>Line 11</b>	<b>Disbursements for Distribution Expenses Paid by the Fund:</b>			
<i>Line 11a</i>	<i>Distribution Plan Development Expenses:</i>			
<i>Line 11b</i>	<i>Distribution Plan Implementation Expenses:</i>			
	<b>Total Disbursements for Distribution Expenses Paid by the Fund:</b>			<b>\$0.00</b>
	<b>Disbursements to Court/Other:</b>			
<i>Line 12a</i>	<i>Investment Expenses/Court Registry Investment System (CRIS) Fees</i>			
<i>Line 12b</i>	<i>Federal Tax Payments</i>			
	<b>Total Disbursements to Court/Other:</b>			<b>\$0.00</b>
	<b>Total Funds Disbursed (Lines 9-11):</b>			<b>\$316,825.72</b>
<b>Line 13</b>	<b>Ending Balance (as of 03/31/2024):</b>			<b>\$14,724,829.48</b>
<b>Line 14</b>	<b>Ending Balance of Fund – Net Assets:</b>			
<i>Line 14a</i>	<i>Cash &amp; Cash Equivalents</i>	\$14,724,829.48		
	<i>Investments</i>			
<i>Line 14c</i>	<i>Other Assets or Uncleared Funds</i>			
	<b>Total Ending Balance of Fund – Net Assets</b>			<b>\$14,724,829.48</b>
OTHER SUPPLEMENTAL INFORMATION				
		Detail	Subtotal	Grand Total
<b>Line 15-19</b>		N/A		

Note 1: