

**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 FOURTEENTH 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 Fourteenth 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 December 31, 2024, the receivership estate has a balance of \$16,756,939.55 in its bank accounts, and the separate Wells Fargo Settlement Fund has a balance of \$20,836,536.77. During October 1, 2024 through December 31, 2024 (the “Reporting Period”), the Receiver has recovered \$862,589.43 from third party litigation targets who received commissions and other payments from the MJ Defendants.

Claimants filed a total of 13,058 claims with the Receiver, which consists of 12,954 proofs of claim filed by the claims bar date, and 104 late proofs of claim filed after the claims bar date. The 13,058 claims filed with the Receiver asserted a total of \$238,678,831. Of this amount, the

Receiver rejected, and reduced the claims pool, by \$74,087,382 in asserted claims. The Receiver also accounted for \$12,420,473 in payments received by claimants that had not been disclosed in the proofs of claim. The total claims pool consists of: (a) \$161,866,937 in allowed claims, which had collectively received \$38,865,505 in payments from the Receivership Entities prior to the commencement of the Receivership, and (b) \$2,724,512 in disputed claims that are subject to further determination. The Receiver's accountants have prepared an initial distribution schedule. The Receiver will file the Motion for Approval of Distribution Plan and Initial Distributions by January 31, 2025.

There are 56 claims for which the Receiver has issued rejection notices that remain disputed and subject to resolution by the Receiver or determination by the Court (collectively, the "Disputed Claims"). The Receiver and her accountants required a final set of claims with corresponding amounts to prepare the analyses for the initial distributions, and the Disputed Claims were not resolved at the time the Receiver and her accountants began performing the analyses. The Disputed Claims will be addressed in the distribution plan.

Approximately 1,130 additional claims were filed with the Settlement Administrator for the MJ Capital Wells Fargo Settlement Fund, which are under review. The Settlement Administrator will be issuing rejection notices for many of the additional claims.

During the Reporting Period, the Receiver has been focused on: (a) preparing the motion to approve initial distributions and related analyses, (b) replying to responses to rejection notices and final determination notices issued to investor claimants, (c) responding to investor inquiries regarding the status of their claims, distributions, the Wells Fargo Settlement Fund, actions against litigation targets, criminal cases against Johanna Garcia and other matters relating to MJ Capital and the receivership estate, (d) negotiating settlements and obtaining financial information from

various “Account Representatives,” “Managers” and “Team Leads” who received demand letters regarding commission and other payments from the MJ Defendants, and (e) prosecuting her lawsuit against certain “Board Members.”

## **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 C. 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 completing the claims review process for all claims filed with the Receiver. This process has significantly reduced the claims and claimed amounts entitled to receive pro rata distributions from: (a) the receivership estate, which has a balance of \$16,756,939.55 in its bank accounts as of December 31, 2024, and (b) the separate Wells Fargo Settlement Fund, which has a balance of \$20,836,536.77 as of December 31, 2024.

During the Reporting Period, the Receiver and her professionals have been focused on (a) preparing a motion to approve initial distributions and related analyses for allowed claims, and (b) reviewing and replying to hundreds of emails and letters from investors regarding rejection notices, final determination notices, and other inquiries. The Receiver's extensive claims review and reconciliation process has significantly reduced the claimed amounts entitled to receive pro rata distributions from the receivership estate and the Wells Fargo Settlement Fund.

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]. Claimants filed a total of 13,058 claims with the Receiver asserting a total of \$238,678,831, which consist of 12,954 proofs of claim filed by the claims bar date, and 104 late proofs of claim filed after the claims bar date.

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. Approximately 1,120 timely additional claims were submitted to the Settlement Administrator by the June 9, 2023 additional claims bar date, which assert an estimated \$25.5 million invested and disclose approximately \$8 million in payments received, and nine late additional claim forms submitted after June 9, 2023. The Settlement Administrator will be issuing rejection notices for many of the additional claims.

The 13,058 claims filed with the Receiver asserted a total of \$238,678,831. Of this amount,

the Receiver rejected, and reduced the claims pool by, \$74,087,382 in asserted claims. The Receiver also accounted for \$12,420,473 in payments received by claimants that had not been disclosed in the proofs of claim. The total claims pool consists of: (a) \$161,866,937 in Allowed Claims, which had collectively received \$38,865,505 in payments from the Receivership Entities prior to the commencement of the Receivership, and (b) \$2,724,512 in Disputed Claims that are subject to further determination (discussed next).

There are 56 Disputed Claims for which the Receiver has issued rejection notices that remain disputed and subject to resolution by the Receiver or determination by the Court. The Receiver and her accountants required a final set of claims with corresponding amounts to prepare the analyses for the initial distributions, and the Disputed Claims were not resolved at the time the Receiver and her accountants began performing the analyses. The Disputed Claims will be addressed in the distribution plan.

The Receiver has encountered numerous issues in the claims reconciliation process which have required additional time to address, such as: (a) investors who claim a relative, other third party or related company provided the funds to MJ Capital to fund their investments, and only provide documents or information disclosing such party after receiving a rejection notice and specific request from the Receiver, (b) investors who fail to provide any copy of an investor agreement or any bank records in support of their claim until after receiving a rejection notice and specific requests from the Receiver, (c) 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 (d) 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. During the Reporting Period, the Settlement Administrator has spent a meaningful amount of time addressing investors’ inquiries regarding the claims submitted to the Settlement Administrator, the settlement fund and related issues.

#### **V. Communications with Investors**

During the Reporting Period, the Receiver and her professionals have attended to over a hundred email and telephone inquiries from investors regarding their claims, the status of the case and distributions, the Wells Fargo settlement, criminal and civil actions against those involved with the MJ Capital scheme, litigation claims against board members and other promoters, and other related matters. The Receiver and her professionals continue to monitor and respond to inquiries made to their personal emails, the Receiver’s email addresses established for investors, and via 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/>).

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

The Receiver is authorized and empowered to prosecute and compromise actions or proceedings under the Receivership Order, including against third parties 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”).

The Receiver continues to pursue Additional Third-Party Claims against Board Members and other promoters who received commission and other payments from the MJ Defendants. During the Reporting Period, the Receiver has recovered \$862,589.43 through settlement agreements with litigation targets.

The Receiver filed a lawsuit to seek recoveries based on Additional Third-Party 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. The Receiver has obtained final default 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, (d) Mario Morales and his related company and (e) Marco Rosas and his related entities, and a consent judgment against Bryant Guayara and his related company. The Receiver finalized a settlement agreement with Leonardo Azevedo, Arcemi Business Consult, LLC and Azevedo Partners-Diesel Tax Refunds Inc., which the Court approved on September 24, 2024, [DE 254]. The Receiver previously obtained the entry of clerk’s defaults against Joel Castellanos. During the Reporting Period, the Receiver prepared a Motion for Entry of Final Default Judgment Against Joel Castellanos and Incorporated Memorandum of Law, and related affidavit in support by the Receiver and related supporting schedules and analyses [DE

128, Case No. 23-62362]. On November 19, 2024, the Court entered default final judgment against Joel Castellanos [DE 132, Case No. 23-62362].

In addition, during the Reporting Period, the Receiver entered into 9 settlement agreements with 27 litigation targets who received demand letters, and the Receiver filed 6 motions to approve settlement agreements [DE 258, 259, 260, 265, 266, 267], which the Court approved [DE 262, 263, 264, 268, 269, 270]. The Receiver and her professionals continue to engage in settlement negotiations with certain litigation targets, and investigate various claims, damages, remedies and other issues relating to additional litigation against certain third parties who received funds exceeding the amount of their investments.

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

#### **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 submitted a third petition 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. The Receiver continues to monitor the status of the three petitions submitted to the DOJ and related seized funds.

Accounts relating to Ms. Garcia remain subject to an asset freeze pursuant to the Court's Order entered on December 5, 2024 [DE 274], which extended the asset freeze for an additional 120 days.

#### **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 Garcia's criminal sentencing has been completed (in the event she does not prevail at trial). All motions filed by the Receiver have been addressed.

#### **IX. Related SEC and United States of America Actions**

The SEC and United States of America previously filed the following cases against certain individuals involved with MJ Capital, and updates are provided below:

- (a) *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 disgorgement and a civil penalty in an amount to be determined by the Court upon motion of the SEC. On November 19, 2024, the Court entered a Final Judgment as to Defendant Pavel Ruiz [DE 28] granting the SEC permanent injunctive relief, and disgorgement of \$2,640,188.46 that is deemed satisfied by the money forfeiture order entered in the criminal case (discussed below).

- (b) *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.
- (c) *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 is pending before U.S. District Court Judge William P. Dimitrouleas. On November 14, 2024, the parties filed a joint request to stay and status report advising that Burgos provided the SEC an executed consent to final judgment, and the SEC is seeking internal authority approve the settlement [DE 44]. On November 15, 2024, the Court entered an Order staying the matter for 90 days, and requiring a joint status report by February 12, 2025.
- (d) *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 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 is pending before U.S. District Court Judge Raag Singhal. On December 11, 2024, the Court entered the Judgment as to Defendant Christian A. Cuesta granting the SEC permanent injunctive relief, and ordering disgorgement and civil penalties in an amount to be determined by the Court.
- (e) *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.
- (f) *Securities and Exchange Commission v. Erick M. Ruiz*, Case No. 24-cv-61768-BB: On September 24, 2024, the SEC filed a complaint against Erick M. Ruiz alleging violations of Sections 5(a) and (c) of the Securities Act, and 15(a)(1) of the Exchange Act, and seeking permanent injunctive relief, disgorgement and civil penalties. The case is pending before U.S. District Court Judge Beth Bloom. On October 17, 2024, Ruiz filed an answer. Mediation is scheduled for February 26, 2025, and a jury trial is set for September 22, 2025.

- (g) *Securities and Exchange Commission v. Marco A. Rosas*, Case No. 24-cv-61769-DPG: On September 24, 2024, the SEC filed a complaint against Marco A. Rosas alleging violations of Sections 5(a) and (c) of the Securities Act, and 15(a)(1) of the Exchange Act, and seeking permanent injunctive relief, disgorgement and civil penalties. The case is pending before U.S. District Court Judge Darrin P. Gayles. On October 31, 2024, the Clerk of Court entered a Clerk's Entry of Default [DE 7]. On November 21, 2024, the Court entered an order extending the SEC's motion to file a motion for final default judgment to February 13, 2025.
- (h) *Securities and Exchange Commission v. Bryant Guayara*, Case No. 24-cv-61770-AHS: On September 24, 2024, the SEC filed a complaint against Bryant Guayara alleging violations of Sections 5(a) and (c) of the Securities Act, and 15(a)(1) of the Exchange Act, and seeking permanent injunctive relief, disgorgement and civil penalties. The case is pending before U.S. District Court Judge Raag Singhal. On December 4, 2024, the Clerk of Court entered a Clerk's Entry of Default [DE 9]. On January 7, 2025, the SEC filed a motion for default judgment [DE 11].
- (i) *Securities and Exchange Commission v. Karina N. Fernandez*, Case No. 24-cv-61774-DSL: On September 24, 2024, the SEC filed a complaint against Karina N. Fernandez alleging violations of Sections 5(a) and (c), and 17(a)(2) and (3) of the Securities Act, and 15(a)(1) of the Exchange Act, and seeking permanent injunctive relief, disgorgement and civil penalties. The case is pending before U.S. District Court David S. Leibowitz. On October 23, 2024, the Court entered the Judgment as to Defendant Karina N. Fernandez [DE 8] granting the SEC permanent injunctive relief, and ordering disgorgement and civil penalties in an amount to be determined by the Court.
- (j) *Securities and Exchange Commission v. Leonela M. Duarte*, Case No. 24-cv-61772-WPD: On September 24, 2024, the SEC filed a complaint against Leonela M. Duarte alleging violations of Sections 5(a) and (c) of the Securities Act, and 15(a)(1) of the Exchange Act, and seeking permanent injunctive relief, disgorgement and civil penalties. The case is pending before U.S. District Court Judge William P. Dimitrouleas. On December 3, 2024, Duarte filed her amended answer and affirmative defenses [DE 10], and on January 7, 2025, the SEC filed a motion to strike same [DE 20].
- (k) *USA v. Johanna Michely Garcia*, Case No. 23-cr-20350-JEM (criminal proceeding): In December 2024, U.S. District Court Judge Jose E. Martinez entered a Judgment sentencing Garcia to 240 months' imprisonment and three years' supervised release and restitution to be determined at a hearing scheduled for March 3, 2025 [DE 72, 75]. Garcia had pled guilty to Count 1 of the Indictment. On December 17, 2024, Garcia filed a Notice of Appeal of the Judgment, which initiated *USA v. Johanna Garcia*, Case No.: 24-14110-H pending before the Eleventh Circuit Court of Appeals.

- (l) *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 for 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 May 7, 2024, the Court entered an order denying Ruiz's Motion for Appointment of Counsel [DE 54] to assist him with a motion of collateral attack for ineffective counsel. On October 2, 2024, Pavel Ruiz filed a Motion to Vacate, Set Aside or Correct Sentence [DE 60], and this motion and all further docketing relating to such motion have been filed in *Ruiz Hernandez v. United States of America*, Case No. 24-23797 (civil case). On December 16, 2024, the USA filed its Answer.
- (m) *USA v. Christian Jose Gonzalez*, Case No. 22-cr-20563-PAS/LMR (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.

#### **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 December 31, 2024, the receivership estate had cash on hand in the total amount of \$16,756,939.55. The amount of unencumbered funds in the receivership estate, as of December 31, 2024, is \$16,756,939.55. Details are set forth in the Receiver's receipt and disbursements report for the Reporting Period attached hereto as Exhibit A. In addition, the separate MJ Capital Wells Fargo Settlement Fund has a balance of \$20,836,536.77 as of December 31, 2024.

The total amount and nature of known accrued administrative expenses as of December 31, 2024 is \$861,791.52, 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]
 

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|------------------------------------|-------------|
| 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
  
- k. Eleventh Fee Application for January 1, 2024 through March 31, 2024 [DE 235]:
  - i. Receiver: \$11,025.00
  - ii. Kozyak, Tropin & Throckmorton: \$ 5,481.00
  - iii. KapilaMukamal: \$ 3,319.00
  - iv. Stretto, Inc. (Claims Agent) \$ 490.88
  
- l. Twelfth Fee Application for April 1, 2024 through June 30, 2024 [DE 246]:
  - i. Receiver: \$10,836.00
  - ii. Kozyak, Tropin & Throckmorton: \$ 5,719.00
  - iii. KapilaMukamal: \$ 577.20

|  |                      |
|--|----------------------|
| iv. Stretto, Inc. (Claims Agent)   | \$ 684.48            |
| m. Thirteenth Fee Application for July 1, 2024 through September 30, 2024 [DE 272]:  |                      |
| i. Receiver:   | \$12,803.00          |
| ii. Kozyak, Tropin & Throckmorton:   | \$ 6,200.00          |
| iii. KapilaMukamal:  | \$ 245.60            |
| iv. Stretto, Inc. (Claims Agent)   | \$ 299.60            |
| 2. Fees and Expenses from the Fourteenth Fee Application for the Period of October 1, 2024 through December 31, 2024, which will be filed with the Court and have not been approved: |                      |
| a. Receiver:   | Fees: \$61,005.00    |
|  | Expenses: \$0.00     |
|  | Hours: 174.30        |
| b. Kozyak, Tropin & Throckmorton:  | Fees: \$56,630.00    |
|  | Expenses: \$298.49   |
|  | Hours: 225.20        |
| c. KapilaMukamal:  | Fees: \$20,071.00    |
|  | Expenses: \$21.87    |
|  | Hours: 63.10         |
| d. Stretto, Inc. (Claims Agent)  | Fees: \$828.80       |
|  | Expenses: \$1,500.00 |
|  | Hours: 3.20          |

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 October 1, 2024 through December 31, 2024, will be filed with the Court and have not yet 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 paid a total of \$79,165.52 to her counsel, KTT, pursuant to a Court Order granting the Receiver’s Motion to Approve Third-Party Litigation Procedures and Contingency Fee Arrangement [DE 179, 193]. The \$79,165.52 was paid to KTT as the contingency fee relating to \$281,874.62 in settlement payments and other recoveries from promoters during the prior quarter (3Q 2024) consisting of: (a) \$30,000 settlement payment received on September 11, 2024 from a board member for which the Court entered an Order approving the settlement and 33% contingency fee on September 24, 2024 [DE 254], (b) \$237,874.62 in additional settlement payments from multiple promoters, and (c) \$14,000 in net sale proceeds from the sale of a surrendered semi-truck.

The below chart summarizes the recoveries during the Reporting Period, and the status of attorney’s fees to be paid for the claims:

|   | Recovery Amount   | Contingency Fee  |
|---|---|--|
| 1 | \$862,589.43 in settlement payments from multiple promoters during the Application Period | 27.5% will be paid to KTT in the following quarters, and the Court entered multiple orders approving settlements and contingency fees relating to those settlements [DE 262, 263, 264, 268, 269, 270]. |
|   | \$862,589.43  | Total  |

- 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 December 31, 2024, the known Receivership Property consists of: (a) cash on hand of \$16,756,939.55, (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) 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.

- 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, issued hundreds of demand letters to over 400 "Account Representatives," "Managers" and "Team Leads" and their related companies. She is continuing to investigate Additional Third-Party Claims and settle with litigation targets. 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 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.

The Receiver will file the Motion for Approval of Distribution Plan and Initial Distributions by January 31, 2025, which will include a schedule of proposed initial distribution listing the claims the Receiver has allowed under the claims review process, and identify each claim by its claim number. As described above, claimants filed a total of 13,058 claims with the

Receiver, which consists of 12,954 proofs of claim filed by the claims bar date, and 104 late proofs of claim filed after the claims bar date. The 13,058 claims filed with the Receiver asserted a total of \$238,678,831. Of this amount, the Receiver rejected, and reduced the claims pool, by \$74,087,382 in asserted claims. The Receiver also accounted for \$12,420,473 in payments received by claimants that had not been disclosed in the proofs of claim. The total claims pool consists of: (a) \$161,866,937 in allowed claims, which had collectively received \$38,865,505 in payments from the Receivership Entities prior to the commencement of the Receivership, and (b) \$2,724,512 in disputed claims that are subject to further determination.

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

The Receiver has issued all rejection notices for timely and late claims filed with the Receiver. There are 56 claims for which the Receiver has issued rejection notices that were disputed and subject to resolution by the Receiver or determination by the Court (collectively, the “Disputed Claims”) at the time the Receiver and her accountants began to prepare the initial distribution schedule. The Receiver and her accountants required a final set of claims with corresponding amounts to prepare the Rising Tide analysis for the Distribution Plan. The Disputed Claims were not resolved by the time the Receiver and her accountants began performing the Rising Tide analysis. The Disputed Claims will be discussed in the Receiver’s Motion for Approval of Distribution Plan and Initial Distributions.

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: seeking Court approval of the distribution plan, implementing such 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,

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*Counsel for Bernice C. 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 January, 2025: (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 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: 10/01/2024-12/31/2024**

| FUND ACCOUNTING                |  |                 |          |                        |
|--------------------------------|--|-----------------|----------|------------------------|
|                                |  | Detail          | Subtotal | Grand Total            |
| Line 1                         | Beginning Balance (as of 10/01/2024)                                   |                 |          | \$15,873,971.07        |
|                                | <i>Increases in Fund Balance:</i>                                      |                 |          |                        |
| Line 2                         | Business Income  |                 |          |                        |
| Line 3                         | Cash and Securities  |                 |          |                        |
| Line 4                         | Interest/Dividend Income   | \$180,680.12    |          |                        |
| Line 5                         | Business Asset Liquidation   |                 |          |                        |
| Line 6                         | Personal Asset Liquidation   |                 |          |                        |
| Line 7                         | Additional Third-Party Claims Recovery                                 | \$862,589.43    |          |                        |
| Line 8                         | Miscellaneous – Other  |                 |          |                        |
|                                | <b>Total Funds Available (Lines 1-8):</b>                              |                 |          | <b>\$16,917,240.62</b> |
|                                | <i>Decreases in Fund Balance:</i>                                      |                 |          |                        |
| Line 9                         | Disbursements to Investors   |                 |          |                        |
| Line 10                        | Disbursements for Receivership Operations                              |                 |          |                        |
| Line 10a                       | Disbursements to Receiver or Other Professionals (Note 1)              | \$159,901.07    |          |                        |
| Line 10b                       | Business Asset Expenses  |                 |          |                        |
| Line 10c                       | Personal Asset Expenses  |                 |          |                        |
| Line 10d                       | Investment Expenses (Note 2)   | \$400.00        |          |                        |
| Line 10e                       | Additional Third-Party Litigation Expenses                             |                 |          |                        |
|                                | 1. Attorney Fees   |                 |          |                        |
|                                | 2. Litigation Expenses   |                 |          |                        |
|                                | Total Additional Third-Party Litigation Expenses                       |                 |          |                        |
| Line 10f                       | Tax Administrator Fees and Bonds                                       |                 |          |                        |
| Line 10g                       | Federal and State Tax Payments   |                 |          |                        |
|                                | <b>Total Disbursements for Receivership Operations</b>                 |                 |          | <b>\$160,301.07</b>    |
| Line 11                        | Disbursements for Distribution Expenses Paid by the Fund:              |                 |          |                        |
| Line 11a                       | Distribution Plan Development Expenses:                                |                 |          |                        |
| Line 11b                       | Distribution Plan Implementation Expenses:                             |                 |          |                        |
|                                | <b>Total Disbursements for Distribution Expenses Paid by the Fund:</b> |                 |          | <b>\$0.00</b>          |
|                                | <b>Disbursements to Court/Other:</b>                                   |                 |          |                        |
| Line 12a                       | Investment Expenses/Court Registry Investment System (CRIS) Fees       |                 |          |                        |
| Line 12b                       | Federal Tax Payments   |                 |          |                        |
|                                | <b>Total Disbursements to Court/Other:</b>                             |                 |          | <b>\$0.00</b>          |
|                                | <b>Total Funds Disbursed (Lines 9-11):</b>                             |                 |          | <b>\$160,301.07</b>    |
| Line 13                        | Ending Balance (as of 12/31/2024):                                     |                 |          | <b>\$16,756,939.55</b> |
| Line 14                        | Ending Balance of Fund – Net Assets:                                   |                 |          |                        |
| Line 14a                       | Cash & Cash Equivalents  | \$16,756,939.55 |          |                        |
|                                | Investments  |                 |          |                        |
| Line 14c                       | Other Assets or Uncleared Funds  |                 |          |                        |
|                                | <b>Total Ending Balance of Fund – Net Assets</b>                       |                 |          | <b>\$16,756,939.55</b> |
| OTHER SUPPLEMENTAL INFORMATION |  |                 |          |                        |
|                                |  | Detail          | Subtotal | Grand Total            |
| Line 15-19                     |  | N/A             |          |                        |
|                                |  |                 |          |                        |

Note 1: Consists of: (a) \$80,735.55 paid to professionals per the Order Approving Thirteenth Interim Application [DE 272], and (b) \$79,165.52 for contingency fees for \$281,874.62 in settlement payments and other recoveries from promoters in 3Q 2024.

Note 2: Bank fees