

**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 FIFTEENTH 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 Fifteenth 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, 2025, the receivership estate has a balance of \$16,804,328.73 in its bank accounts, and the separate Wells Fargo Settlement Fund has a balance of \$20,956,196.52. During January 1, 2025 through March 31, 2025 (the “Reporting Period”), the Receiver has recovered \$128,004.39 from third party litigation targets who received commissions and other payments from the MJ Defendants. On January 30, 2025, the Receiver filed the Motion for Approval of Distribution Plan and Initial Distributions (the “Plan”) [DE 279], and submitted a proposed order for the Court to consider. No objections have been filed.

During the Reporting Period, the Receiver has been focused on: (a) preparing the motion

to approve initial distributions and related analyses, (b) responding to hundreds of 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, (c) addressing investor inquiries regarding claims that have been rejected by rejection notices and final determination notices, (d) negotiating settlements and obtaining financial information from various third party litigation targets who received demand letters regarding commission and other payments from the MJ Defendants, and (d) preparing a complaint for a lawsuit against certain “Account Representatives,” “Managers,” “Team Leads” and promoters.

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. The Receiver's Pending Motion

On January 30, 2025, the Receiver filed the Motion for Approval of Distribution Plan and Initial Distributions (the "Plan") [DE 279], and submitted a proposed order for the Court to consider. On January 31, 2025, the Receiver added the Plan to the Receiver's investor website (<https://kttlaw.com/mjcapital/>), and provided notice of the Plan being posted on the website via email to all holders of allowed claims based on the email address stated in each claimants' proof of claim form or as may have been updated via submission of a properly completed change of address form submitted to the Receiver. Where a holder of an allowed claim did not provide any email address, the Receiver mailed a notice of the Plan via U.S. Mail. The notice advised investors to check the Receiver's website for notices, deadlines and orders related to the Plan.

No objections have been filed to the Plan, and the Receiver requests that the Court consider entry of the proposed order the Receiver submitted on January 30, 2025.

IV. Claims Administration and Objections

During the Reporting Period, the Receiver and her professionals have been focused on: (a) preparing the Plan and related analyses for allowed claims, (b) responding to hundreds of 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, and (c) addressing inquiries from investors regarding claims that are subject to rejection notices and/or final determination notices.

As set forth in the Plan, claimants filed a total of 13,058 claims with the Receiver asserting 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

addressed in the Plan consists of: (a) \$161,866,937 in Allowed Claims, which had collectively received and \$38,865,505 in payments received 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 claims for which the Receiver has issued rejection notices and categorized as “Disputed Claims” under the Plan. 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. After all Disputed Claims have been resolved, the Receiver intends to file a separate motion for approval of the distributions for the Disputed Claims and any other claims that need to be addressed.

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.

V. 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 considerable amount of time reviewing the additional claims and addressing investors' inquiries regarding the claims submitted to the Settlement Administrator, the settlement fund and related issues.

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 these additional claims, including: (a) claims that are duplicative of allowed claims filed with the Receiver, (b) claims that are duplicative of claims rejected by the Receiver, (c) claims filed by claimants who received payments from the MJ Defendants in excess of the amount of their principal investment, and (d) claims that fail to provide a copy of an investor agreement or any bank records in support of their claim.

VI. Asset Analysis and Recovery and Seized Assets

The Receiver has submitted three petitions to the Department of Justice on behalf of the receivership estate and victim investors for remission of forfeiture for funds and a vehicle seized by the United States from certain third parties involved with the MJ Defendants. The Receiver continues to monitor the status of the three petitions submitted to the DOJ and related seized funds. In March 2025, the Receiver received a decision letter from the United States Department of Justice, Money Laundering and Asset Recovery Section granting the Receiver's petition for remission of forfeiture for funds seized from Pavel Ruiz and Pavel Ruiz MJCF LLC's bank

accounts that were subject to a judicial forfeiture process. After, the Receiver submitted a vendor request form to, and has been in contact with, the U.S. Marshals Service to obtain payment of such funds for the receivership estate.

VII. Communications with Investors

During the Reporting Period, 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/>), including updating the Frequently Asked Questions Section.

VIII. 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 fraudulent transfer and unjust enrichment claims against promoters who received commission and other payments from the MJ Defendants. During the Reporting Period, the Receiver recovered \$128,004.39 through settlement agreements with litigation targets.

With respect to the Receiver's lawsuit against "Board Members" who received more than \$7,936,000 as fraudulent transfers and charged over \$975,000 in personal expenses on MJ Capital's corporate credit card (Case No. 23-62362), the Receiver has obtained favorable rulings or settlement against all defendants. She 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, (e) Marco Rosas and his related entities, and (f) Joel Castellanos. The Receiver has also obtained a consent judgment against Bryant Guayara and his related company, and a settlement with Leonardo Azevedo and his two related companies which the Court approved [DE 254].

In addition, during the Reporting Period, the Receiver entered into 4 settlement agreements with 6 litigation targets who received demand letters. 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 and her professionals have also spent a considerable amount of time preparing a second complaint and related transfer schedules against certain “Account Representatives,” “Managers,” “Team Leads” and promoters.

IX. Status of the SEC Action

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). On March 31, 2025, the SEC filed its Motion for Final Judgment [DE 284] against Garcia seeking: (a) permanent injunctive relief and an officer and director bar, and (b) \$3,286,798.50 as disgorgement and \$840,309.15 in pre-judgment interest, both of which sums are deemed satisfied by the \$186,312,000 forfeiture order entered in Garcia's criminal case. *See id.* at 1, 9–12. As of this filing, Garcia has not filed a response to the Motion for Final Judgment, and it remains pending.

X. 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. On January 31, 2025, and on the SEC's Unopposed Motion for Entry of Final Judgment [DE 46], the court entered a Final Judgment against Burgos [DE 47], ordering permanent injunctive relief, an officer and director bar, \$115,176.06 of disgorgement, \$25,393.08 as pre-judgment interest, and a civil penalty in the amount of \$230,464.

- (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. On March 31, 2025, the SEC filed its Motion for Final Judgment [DE 45] seeking disgorgement of \$1,964,715.85, prejudgment interest of \$464,349.13, and a civil penalty of \$200,000. As of this filing, Cuesta has not filed a response and the motion remains pending.
- (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. The parties participated in mediation on March 24, 2025, and the case did not settle. 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]. The SEC filed its Motion for Entry of Final Default Judgment [DE 14] on March 31, 2025, seeking disgorgement of \$1,720,346.66, prejudgment interest of \$417,244.01, and a civil penalty of \$200,000. As of this filing, Rosas has not filed a response and the motion remains pending.

- (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]. The SEC then requested a 90-day stay so that it could prepare an appropriate motion for monetary relief, *see* Motion to Stay [DE 12], followed by a Motion for Entry of Final Default Judgment [DE 13] on March 31, 2025. In the Motion for Final Default Judgment, the SEC seeks disgorgement of \$1,773,865.53, prejudgment interest of \$430,224.19, and a civil penalty of \$200,000. As of this filing, Guayara has not filed a response and the motion remains pending.
- (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. On March 28, 2025, the SEC filed its Motion for Final Judgment [DE 14], seeking disgorgement of \$176,191.23, prejudgment interest of \$42,732.52, and a civil penalty of \$176,191.23. On April 15, 2025, the court entered a Final Judgment [DE 15] ordering that relief.
- (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 March 5, 2025, the government filed a Restitution Stipulation [DE 91] in which the parties agreed that Garcia should be held liable for \$65,802,500.

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. The Eleventh Circuit granted Garcia an extension of time to file her initial brief and set the deadline for September 9, 2025.

- (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. 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 assistance of counsel. On October 2, 2024, 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 [DE 8]. On March 25, 2025, Ruiz filed a document titled Motion to Amend Reply to the Government's Answer in Opposition to the Movant's Motion to Vacate, Set Aside or Correct Sentence Under 28 USC 2255 [DE 19], in which he asserts prosecutorial misconduct, newly discovered evidence, and ineffective assistance of counsel.
- (m) *USA v. Christian Jose Gonzalez*, Case No. 22-cr-20563-AHS (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. The case has since been reassigned to this Court.

XI. 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.

XII. 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, 2025, the receivership estate had cash on hand in the total amount of \$16,804,328.73. The amount of unencumbered funds in the receivership estate, as of March 31, 2025, is \$16,804,328.73. 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 \$20,956,196.52 as of March 31, 2025.

The total amount and nature of known accrued administrative expenses as of March 31, 2025 is \$937,224.64, 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

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- i. Receiver: \$ 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

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|-----|------------------------------|----|-------|
| 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]:
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|------|--------------------------------|-------------|
| 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 |
- n. Fourteenth Fee Application for the Period of October 1, 2024 through December 31, 2024 [DE 280]:
- | | | |
|------|--------------------------------|-------------|
| i. | Receiver: | \$12,201.00 |
| ii. | Kozyak, Tropin & Throckmorton: | \$11,326.00 |
| iii. | KapilaMukamal: | \$ 4,014.20 |
| iv. | Stretto, Inc. (Claims Agent) | \$ 165.76 |
2. Fees and Expenses from the Fifteenth Fee Application for the Period of January 1, 2025 through March 31, 2025, which will be filed with the Court and have not been approved:
- | | | | |
|----|--------------------------------|-----------|-------------|
| a. | Receiver: | Fees: | \$93,205.00 |
| | | Expenses: | \$0.00 |
| | | Hours: | 266.30 |
| b. | Kozyak, Tropin & Throckmorton: | Fees: | \$79,885.00 |
| | | Expenses: | \$2,071.11 |
| | | Hours: | 335.10 |
| c. | KapilaMukamal: | Fees: | \$9,014.00 |

	Expenses:	\$112.21
	Hours:	31.30
d. Stretto, Inc. (Claims Agent)	Fees:	\$2,294.00
	Expenses:	\$1,500.00
	Hours:	8.70

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, 2025 through March 31, 2025, 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.

As set forth in the Receiver's Fourteenth Application to Authorize Payment of Fees and Expenses of Receiver and Her Professionals [DE 280], during the period of October 1, 2024 through December 31, 2024 ("4Q 2024"): (a) the Receiver recovered \$862,589.43 in settlement payments from various promoters, and the Court entered multiple orders approving related settlement agreements and contingency fees [DE 262, 263, 264, 268, 269, 270], and (b) the 27.5% contingency fee for the \$862,589.43 in recoveries would be paid to KTT in the following quarters.

Pursuant to a Court Order granting the Receiver's Motion to Approve Third-Party Litigation Procedures and Contingency Fee Arrangement [DE 179, 193], during the Application

Period, the Receiver paid a total of \$134,400.78 to her counsel consisting of the 27.5% contingency fee for \$488,730.10 of the \$862,589.43 in recoveries obtained during 4Q 2024. The 27.5% contingency fee for the remaining \$373,859.33 in recoveries obtained during 4Q 2024 will be paid to KTT in future quarters and reported in future fee applications.

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	\$128,004.39 in settlement payments from multiple promoters during the Application Period	27.5% will be paid to KTT in the following quarters.
	\$128,004.39	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 March 31, 2025, the known Receivership Property consists of: (a) cash on hand of \$16,804,328.73, (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 lawsuits against certain “Board Members,” “Account Representatives,” “Managers” and “Team Leads” and their related companies, and issued hundreds of demand letters. 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.

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

On January 30, 2025, the Receiver filed the Motion for Approval of Distribution Plan and Initial Distributions [DE 279], 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. The Plan will result in payments to: (a) 2,405 holders of Allowed Claims who received no pre-Receivership disbursements to bring those claimants to the same level of recovery as those who received 21.397% of their investments back during the Ponzi Scheme, and (b) 3,791 holders of Allowed Claims who received pre-Receivership disbursements of between 0.2% and 21.33% of their investments to bring these claimants up to the same 21.397% level of recovery. There are 3,683 holders of Allowed Claims who received pre-Receivership disbursements of 21.397% or more of their investments, and will not receive a payment under the Plan. The Receiver anticipates that many of the Allowed Claims, including the claimants who received 21.397% or more of their investments, will receive a future distribution from the Final Distributions and separate Wells Fargo Settlement Fund.

- 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 were 56 Disputed Claims for which the Receiver has issued rejection notices that were disputed and subject to resolution by the Receiver or determination by the Court 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 Plan. The Disputed Claims were not resolved by the time the Receiver and her accountants began performing the Rising Tide analysis. After all Disputed Claims have been resolved, the Receiver intends to file a separate motion for approval of the distributions for the Disputed Claims and any other claims that need to be addressed.

- 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: obtaining 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.

[signature page to follow]

Respectfully submitted,

By: /s/ Bernice C. Lee

Bernice C. Lee

Receiver for the Receivership Entities

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Coral Gables, Florida 33134

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Florida Bar No. 0073535

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 29th day of April, 2025: (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/ Bernice C. Lee

Bernice C. Lee, 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: 01/01/2025-03/31/2025

FUND ACCOUNTING				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (as of 01/01/2025)			\$16,756,939.55
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income			
Line 3	Cash and Securities			
Line 4	Interest/Dividend Income	\$167,138.77		
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Additional Third-Party Claims Recovery	\$128,004.39		
Line 8	Miscellaneous – Other			
	Total Funds Available (Lines 1-8):			\$17,052,082.71
	<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 (Note 1)</i>	\$247,048.98		
<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 2)</i>	\$705.00		
<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			\$247,753.98
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):			\$247,753.98
Line 13	Ending Balance (as of 03/31/2025):			\$16,804,328.73
Line 14	Ending Balance of Fund – Net Assets:			
<i>Line 14a</i>	<i>Cash & Cash Equivalents</i>	\$16,804,328.73		
	<i>Investments</i>			
<i>Line 14c</i>	<i>Other Assets or Uncleared Funds</i>			
	Total Ending Balance of Fund – Net Assets			\$16,804,328.73
OTHER SUPPLEMENTAL INFORMATION				
		Detail	Subtotal	Grand Total
Line 15-19		N/A		

Note 1: Consists of: (a) \$112,648.20 paid to professionals per the Order Approving Fourteenth Interim Application [DE 281], and (b) \$134,400.78 for contingency fees for \$488,730.10 in settlement payments and other recoveries from promoters in 4Q 2024.

Note 2: Bank fees