

**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 MOTION FOR APPROVAL OF UPDATED RISING TIDE
DISTRIBUTION SCHEDULE AND SUPPLEMENTAL DISTRIBUTIONS**

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Receiver for the Receivership Entities

-and-

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GLOSSARY OF DEFINED TERMS

Allowed Claims – Claims that the Receiver has recognized and approved for payment under the Initial Plan and this Motion. Claims that the Receiver rejected in their entirety under the claims review process are not Allowed Claims. Claims that the Receiver rejected in part under the claims review process are not Allowed Claims with respect to the rejected portions.

Disputed Claims – Claims for which the Receiver issued rejection notices, but which remained pending and subject to further resolution by either the Receiver or the Court at the time of the Initial Plan, and which have now been resolved.

Disputed Claims Reserve – A fund provided for under the Initial Plan in which the Receiver reserved an amount equal to 100% of the amount of the Initial Distributions that the holders of the Disputed Claims would receive if such Disputed Claims were allowed in the amount asserted by the claimant.

Final Distributions – Anticipated future distributions from the Receivership, pursuant to a pro rata Rising Tide Method, which will address future litigation and asset recoveries.

Initial Distributions – Payments to holders of Allowed Claims approved by the Initial Distribution Order.

Initial Distribution Motion – The Receiver’s Motion for Approval of Distribution Plan and Initial Distributions [DE 279] filed on January 1, 2025.

Initial Distribution Order - This Court’s Order Granting the Receiver’s Motion for Approval of Distribution Plan and Initial Distributions [DE 288] entered on May 1, 2025, that granted the Initial Distribution Motion and approved the Initial Plan.

Initial Plan – The Receiver’s proposal to the Court set forth in the Initial Distribution Motion and approved by the Initial Distribution Order, by which the Receiver is in the process of fairly and equitably providing the Initial Distributions to holders of Allowed Claims.

Rising Tide Method – A method for calculating distributions in which payments that a holder of an Allowed Claim received during the Ponzi Scheme are counted as part of the claimant’s total return, such that all holders of Allowed Claims recover a more equal percentage of their losses including both pre-Receivership and post-Receivership payments as described herein. This is the distribution method this Court approved of in the Initial Distribution Order.

Supplemental Distributions – Payments the Receiver intends to make from the Receivership funds to holders of Allowed Claims pursuant to this Motion.

Unclaimed Property – Distributions (i) that are Forfeited Distributions (defined below), Initial Distributions for Waived Claims, and funds in the Disputed Claims Reserve that are not disbursed under the Updated Rising Tide Distribution Schedule; (ii) that are returned to the Receiver as undeliverable and no appropriate forwarding address is received within 90 days after such attempted distribution by the Receiver is made to such holder, or (iii) for which the check making

such distribution is not negotiated within 180 days of its issuance and no request for re-issuance is made within such 180 day period, at which time, such distribution shall be cancelled through a stop payment order or other means.

Updated Rising Tide Distribution Schedule – The schedule of payments attached hereto as **Exhibit A** the Receiver proposes to make to holders of previously Disputed Claims that are resolved and have become Allowed Claims, and other holders of Allowed Claims.

Waived Claims – Claims for which the holders will receive no payment under the Initial Plan or this Motion because the holders entered into settlement agreements with the Receiver that included waiver of these claims against the Receivership.

Bernice C. Lee, as court-appointed successor receiver (the “Receiver”) over MJ Capital Funding, LLC (“MJ Capital”), MJ Taxes and More Inc. (together with MJ Capital, the “MJ Defendants”), Pavel Ruiz MJCF LLC, and UDM Remodeling, LLC (collectively, the “Receivership Entities”), respectfully submits her proposed Supplemental Distributions and requests the entry of an order granting this Motion and authorizing the proposed Supplemental Distributions. By this motion, the Receiver seeks approval of the Supplemental Distributions which will provide for a *pro rata* distribution to sixteen claimants, including (a) six investors whose claims were previously disputed and have now been resolved with allowed amounts that entitle them to receive distributions under this Motion; (b) two investors whose pre-Receivership payments have been reduced, resulting in updated distribution amounts; and (c) eight investors whose claims were timely submitted but were inadvertently omitted by the claims agent and provided to the Receiver after she filed the Initial Plan.

These Supplemental Distributions total \$29,912.52 and will allow the sixteen affected claimants to realize 21.397% recovery on their losses. The Receiver has included a proposed order attached hereto as **Exhibit B** for the Court to consider.¹

I. The Initial Distributions

The Receiver’s investigation of the pre-Receivership activities confirmed the allegations by the Securities and Exchange Commission (“SEC”) in its Amended Complaint that the MJ Defendants were used to operate a Ponzi scheme to the detriment of investors. Specifically, the MJ Defendants were never profitable, and “returns” paid to investors were not revenue generated from any legitimate business but were instead Ponzi payments of new investor money repaying

¹ The Receiver respectfully assumes the Court’s familiarity with the facts and history of this case and therefore does not recite the background here. The Receiver refers to the recitation of facts at pages 3–15 of her Initial Distribution Motion.

older investors. Due to the nature of the scheme, claimants cannot be made whole from available assets. The Receiver evaluated different approaches for distribution to attain the greatest equity in this case, and after careful consideration, proposed a distribution based upon an equitable *pro rata* methodology called “Rising Tide.”

As described in the Initial Distribution Motion, claimants filed a total of 13,058 claims with the Receiver that asserted a total of \$238,678,831, and through the claims process, the Receiver rejected, and reduced the claims pool, by \$74,087,382 in asserted claims, and accounted for \$12,420,473 in payments received by claimants that had not been disclosed in the proofs of claim. The total claims pool for the Initial Distributions consisted of \$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.

In her Initial Distribution Motion, the Receiver proposed to make the Initial Distributions of \$11,916,991.81 to investors and other claimants who held Allowed Claims. This Court entered the Initial Distribution Order on May 1, 2025, that granted the Initial Distribution Motion and approved the Initial Plan. After, the Receiver proceeded to make the Initial Distributions pursuant to the Initial Distribution Order. The Initial Distributions provide investors with Allowed Claims an aggregate return of 21.397% of their dollars invested from a combination of pre-Receivership returns and the Initial Distributions.

To date, the Receiver has issued all but 33 checks to provide the Initial Distributions to the holders of Allowed Claims pursuant to the Initial Distribution Order and the Initial Plan. The claimants for the remaining 33 checks have either waived their claim under a settlement with the Receiver or failed to provide mailing addresses in the proof of claim forms or failed to correct deficiencies in their change of address forms. The Receiver has also been addressing several

claimants' requests to reissue checks to resolve a variety of issues.

II. The Disputed Claims and Disputed Claims Reserve

As described in the Initial Distribution Motion, there were fifty-six Disputed Claims for which the Receiver reserved from the Initial Distribution an amount equal to 100% of the amount of the Initial Distribution that the holders of Disputed Claims would receive if such Disputed Claims were allowed in the amounts asserted by the claimants. The Disputed Claims totaled \$2,724,512, and the Receiver reserved \$582,963.89 in the Disputed Claims Reserve.

The Initial Distribution Motion contemplated that the Receiver would seek this Court's approval to make additional distributions to claimants who then held unresolved Disputed Claims, which have since been resolved. She now seeks to make Supplemental Distributions from that Disputed Claims Reserve to six claimants whose Disputed Claims have been determined to be Allowed Claims and who did not receive more than 21.397% of their investments back in pre- Receivership payments. The Receiver and her accountants have prepared the Updated Rising Tide Distribution Schedule using the allowed amounts determined for the Disputed Claims.²

These Supplemental Distributions will result in these six claimants recovering an aggregate 21.397% of their investments, putting them on equal footing with all other claimants who received Initial Distributions. The previously Disputed Claims that the Receiver now deems Allowed, and which are entitled to Supplemental Distributions to bring the claimants to the proper tide level,

² Funds in the Disputed Claims Reserve that are not disbursed under the Updated Rising Tide Distribution Schedule will be treated as Unclaimed Property in accordance with the Initial Distribution Order. *See* Initial Dist. Order at 3.

As explained below, the Receiver has determined that twenty holders of Disputed Claims hold Allowed Claims. The other thirty-six Disputed Claims described in the Initial Distribution Motion have been determined to be Disallowed Claims. *See infra* p. 7.

are: MCJ-14112, MJC-22603, MJC-18956, MJC-17186, MJC-19932, and MCJ-12597. *See Exhibit A.*

The Receiver has also determined that fourteen other previously Disputed Claims are Allowed Claims. The holders of these claims, however, received pre-Receivership distributions exceeding 21.397% of their investments. These claimants will be included in the pool of Allowed Claims for future and Final Distributions.³ The Receiver has determined that the other 36 Disputed Claims described in the Initial Distribution Motion have been determined to be Disallowed Claims. *See Exhibit A.*

III. Three Additional Categories of Allowed Claims

The Receiver has identified three additional groups of claimants who are entitled to Supplemental Distributions.

First, the Receiver intends to make distributions to two investors whose claims were allowed in the amounts claimed by the investors in their proof of claim forms and included in the Initial Plan. After the Receiver filed the Initial Plan, however, the claimants provided additional information to the Receiver to show that they mistakenly included pre-Receivership payments that they did not receive due to the check being refused because MJ Capital's account did not have sufficient funds to cover the payment. Based on additional information submitted to the Receiver, the Receiver has determined these two claimants are entitled to the Supplemental Distributions. Specifically:

- (1) MJC-12734 was included in the Initial Plan as an allowed claim for \$20,000 invested and \$2,000 in pre-Receivership payments received and received an Initial Distribution of \$2,279.40, and in the Updated Rising Tide Distribution Schedule, MJC-12734 is updated

³ These claims are: MCJ-15184, MJC-18732, MJC-20167, MJC-22775, MJC-16219, MJC-18983, MJC-13234, MJC-24081, MJC-17182, MJC-21102, MJC-21692, MJC-13460, MJC-19638, and MJC-15382. *See Exhibit A.*

to be an allowed claim for \$20,000 invested and \$0 in pre-Receivership payments received, and will receive a Supplemental Distribution of \$2,000 (for a total of \$4,279.40, which is 21.397% of \$20,000); and

- (2) MJC-17313 was included in the Initial Plan as an allowed claim for \$100,000 invested and \$20,000 in pre-Receivership payments received and did not receive an Initial Distribution, and in the Updated Rising Tide Distribution Schedule, MJC-17313 is updated to be an allowed claim for \$100,000 invested and \$17,000 in pre-Receivership payments received, and will receive a Supplemental Distribution of \$4,397, and the \$17,000 in pre-Receivership payments plus the \$4,397 is 21.397% of \$100,000.

The Receiver recommends Supplemental Distributions to bring these two claimants up to the 21.397% tide level and has included the proposed distributions in the Updated Rising Tide Distribution Schedule. *See Exhibit A.*

Second, the Receiver identified twelve investors whose claims were timely submitted and which are Allowed Claims, but which were inadvertently omitted from the claims agent's schedules and claims platform. Four of these claimants received pre-Receivership payments exceeding 21.397% of their investments, excluding them from recovery under the current rising-tide calculation. Eight of these claimants, however, received pre-Receivership payments of either 0% or 10%, entitling them to distributions to bring them up to the 21.397% level. The eight claimants entitled to these Supplemental Distributions hold claims MJC-000DF, MJC-000MG, MJC-000CR, MJC-000AQ, MJC-000BE, MJC-000KM, MJC-000RC, and MJC-000SC. *See Exhibit A.* The distributions to bring up the claimants to the 21.397% "tide level" are included in the Updated Rising Tide Distribution Schedule.

Third, the Receiver has identified one additional Allowed Claim that was previously classified as a Disallowed Claim. The claim identified as MJC-18066 asserted a \$65,000 investment and \$19,000 in pre-Receivership payments. The Receiver issued a rejection notice. The claimant *did* timely submit a reconsideration letter, but the claims agent inadvertently failed to

notify the Receiver of the reconsideration letter before the Receiver filed the Initial Distribution Motion.⁴ After the claims agent provided the reconsideration letter to the Receiver, the Receiver determined that the claim should be an Allowed Claim for \$60,000 invested and \$21,000 in pre-Receivership payments. Because this claimant received 35% in pre-Receivership payments, the claimant will not receive an initial distribution under the Updated Rising Tide Distribution Schedule.

IV. Argument

A. This Court Has Already Approved the Receiver's Pro Rata, Rising-Tide Distribution Method.

In a receivership, “[i]t is the court itself which has the care of the property in dispute. The receiver is but the creature of the court[.]” *Booth v. Clark*, 58 U.S. 322, 331 (1854). Accordingly, while the receiver may propose a plan for distribution, it is the district court that retains the “broad powers and wide discretion to determine relief in an equity receivership.” *SEC. v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992). “This discretion derives from the inherent powers granted an equity court to fashion relief,” *SEC v. Wells Fargo Bank, N.A.*, 848 F.3d 1339, 1344 (11th Cir. 2017), and “arises out of the fact that most receiverships involve multiple parties and complex transactions,” *SEC v. Hardy*, 803 F.2d 1034, 1037 (9th Cir. 1986). *See also SEC v. EB5 Asset Manager, LLC*, 2016 WL 11486857, at *3 (S.D. Fla. Dec. 8, 2016) (same). “Consequently, any ‘action by a trial court in supervising an equity receivership is committed to [his] sound discretion and will not be disturbed unless there is a clear showing of abuse.’” *SEC v. TCA Fund Mgmt. Grp. Corp.*, 2022 WL 3334488, at *14 (S.D. Fla. Aug. 4, 2022) (Altonaga, C.J.) (quoting *Bendall v. Lancer Mgmt. Grp., LLC*, 523 F. App’x 554, 557 (11th Cir. 2013)), *appeal dismissed*, No. 22-13412, 2024 WL

⁴ As a result, this claim was not counted among the 56 Disputed Claims addressed in the Initial Distribution Motion.

448385 (11th Cir. Feb. 6, 2024).

Among the various available methods of distribution, “pro rata distributions are the most fair and most favored[.]” *Byers*, 637 F. Supp. 2d at 176. The Courts of Appeals have recognized repeatedly that “pro rata distribution of a defrauder’s assets to multiple victims of the fraud is appropriate and that District Courts act within their discretion in approving such distributions.” *SEC v. Infinity Grp. Co.*, 226 F. App’x 217, 218 (3d Cir. 2007). While there are various ways to calculate a pro rata distribution, the “rising tide” method is “the method most commonly used (and judicially approved) of apportioning receivership assets.” *SEC v. Huber*, 702 F.3d 903, 909 (7th Cir. 2012).

This Court has already reviewed and approved of the Receiver’s employment of a pro rata, rising-tide Distribution Plan, finding that the Plan is “fair and equitable under the circumstances.” *See* Plan Approval Order at 2. Accordingly, the Receiver has proceeded with the pro rata, rising-tide method that this Court ordered and seeks to make these Supplemental Distributions in the same fashion.

B. This Court Should Approve Supplemental Distributions, Following the Same Method, to Claimants Who Were Not Included in the Initial Plan.

This Court should authorize the Receiver to issue sixteen Supplemental Distributions in a method and manner consistent with the Plan Approval Order so that all holders of Allowed Claims are treated equitably and fairly. These sixteen Supplemental Distributions will be issued to six holders of claims that were Disputed Claims but are now Allowed Claims, two holders of Allowed Claims that have been updated, and eight holders of Allowed Claims that were timely but inadvertently omitted from the claims agent’s schedules and claims platform.

As set forth in the Initial Distribution Motion, the Receiver identified fifty-six Disputed Claims that did not receive an Initial Distribution under the Initial Plan because their disputes were

unresolved. The Receiver reserved an amount equal to 100% of the amount of the Initial Distributions that would be payable on the Disputed Claims based on the asserted amounts, pending resolution of those Disputed Claims. The Receiver has now resolved the previously Disputed Claims and, as described above, has determined that thirty-six of the Disputed Claims are rejected and disallowed for a variety of reasons, including because: the claims were duplicative claims, the claims were filed by promoters and claimants related to promoters, the claims were filed by claimants who received payments in excess of their investment, and the claims failed to provide complete or sufficient information or documentation regarding the funds invested and/or had discrepancies within the information and documents provided. The Receiver has determined that the other twenty are Allowed Claims. Of those twenty Allowed Claims, the Receiver has determined that six are currently entitled to Supplemental Distributions because their pre-Receivership payments resulted in recovery of less than 21.397% of the claimants' investments. The other fourteen Allowed Claims are held by claimants who received more than 21.397% of their investments in pre-Receivership payments; while the Receiver anticipates they will benefit from future distributions, they will not receive payments at present because they stand above the tide level.

The Receiver has also identified two claimants who hold Allowed Claims, both of whom were accounted for under the Initial Distribution Plan, but who are entitled to Supplemental Distributions now. These two claimants hold claims MJC-12734 and MJC-17313. After the Receiver filed the Initial Plan, the claimants provided additional information to the Receiver to show that they mistakenly included pre-Receivership payments that they did not receive due to the check being refused because MJ Capital's account did not have sufficient funds to cover the payment. Accordingly, the Receiver has performed an updated analysis and seeks to make

Supplemental Distributions to bring these two claimants up to the 21.397% tide level.

Finally, the Receiver has determined that eight holders of Allowed Claims, timely submitted and properly supported, were inadvertently omitted from the claims agent's schedules and claims platform. These eight claimants are entitled to recovery just the same as those who received Initial Distributions.

In keeping with the Initial Plan implemented under the Initial Distribution Order, the Receiver has calculated the sixteen proposed Supplemental Distributions such that the claimants receiving these distributions will be raised to the same 21.397% "tide level" as the claimants who received Initial Distributions. In other words, the Receiver intends to issue distributions that restore 21.397% of each claimant's net loss, accounting for any pre-Receivership payments received by each claimant. The Receiver believes that, in light of the circumstances of this case and this Court's Plan Approval Order, the proposed Supplemental Distributions are fair, reasonable, and in the best interest of the Receivership Estate.

V. Means of Implementation

The Receiver proposes to use the same means of implementation for the Supplemental Distributions as the Initial Distributions, which are fair, reasonable, and in the best interest of the Receivership Estate:

1. Delivery of Distributions in General. The Receiver shall make distributions solely to the holders of Allowed Claims without regard to any claim or interest asserted by any third party in such distributions. Distributions shall be made to the holders of Allowed Claims at the addresses set forth in the proof of claim submitted by such holders, as may be amended by a properly completed change of address form submitted to the Receiver.

2. Payments. Distributions shall be made to all holders of Allowed Claims by checks drawn

in United States dollars on a United States domestic bank.

3. Forfeited Distributions. The holder of an Allowed Claim filed by a creditor that, within 180 days from the entry of an Order approving the Plan, fails to respond to the Receiver's request to provide a completed Form W-9, their address, Employer Identification Number and other information required for the Form 1099-MISC, shall be deemed to have forfeited any distribution to which they would otherwise be entitled (the "Forfeited Distributions").

4. Unclaimed Property and Undeliverable Distributions. "Unclaimed Property" shall mean distributions (i) that are Forfeited Distributions, Initial Distributions for Waived Claims, and funds in the Disputed Claims Reserve that are not disbursed under the Updated Rising Tide Distribution Schedule; (ii) that are returned to the Receiver as undeliverable and no appropriate forwarding address is received within 90 days after such attempted distribution by the Receiver is made to such holder, or (iii) for which the check making such distribution is not negotiated within 180 days of its issuance and no request for re-issuance is made within such 180 day period, at which time, such distribution shall be cancelled through a stop payment order or other means. The Receiver is under no affirmative obligation to attempt to locate any holder of an Allowed Claim. Unclaimed Property shall revert to the Receivership Estate and constitute an unencumbered asset subject to further Court approval.

The Allowed Claim related to the Unclaimed Property shall be deemed disallowed, and the holder or successor to such holder of such Allowed Claim so disallowed will be forever barred, expunged, estopped and enjoined from asserting any such claims and entitlement to the Unclaimed Property, and any such claim shall be disallowed in any manner against the Receiver, the Receivership Estate, and their respective property.

5. Receivership Administration and Professional Fees and Expenses. The Receiver will

continue to file quarterly applications to authorize payment of fees and expenses of the Receiver and her professionals in accordance with the Receivership Order, and provide for the payment of contingency fees as approved by the Court's Order granting the Receiver's Motion to Approve Third-Party Litigation Procedures and Contingency Fee Arrangement [DE 179, 193]. The proposed Supplemental Distributions will not be impacted by the payment of professionals. The Receiver has reserved sufficient cash for the Receivership to continue operations as it maximizes the value of its remaining assets, and as a result, increases the pool of cash available for distribution at a later date.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, INVESTORS, CREDITORS AND PARTIES-IN-INTEREST ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DOCUMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY INVESTORS, CREDITORS AND PARTIES-IN-INTEREST FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE RECEIVER'S REQUEST FOR APPROVAL OF THE DISTRIBUTION PLAN AND SUPPLEMENTAL DISTRIBUTIONS ONLY; AND (C) INVESTORS, CREDITORS AND PARTIES-IN-INTEREST SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THIS MOTION AND THE INITIAL PLAN WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AUTHORITY HAS PASSED UPON THE UPON THE MERITS OF THE PLAN. NEITHER THIS MOTION NOR THE DISCLOSURES CONTAINED WITHIN IT CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY STATE OR JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

THIS DOCUMENT MAY CONTAIN "FORWARD LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "EXPECT," "ANTICIPATE," "ESTIMATE" OR "CONTINUE" OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE READER IS CAUTIONED THAT ALL FORWARD-LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THERE ARE

CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD-LOOKING STATEMENTS.

VI. Notice of the Hearing on This Motion Should Be Deemed Appropriate and Sufficient

The Receiver will post this Motion and Updated Rising Tide Distribution Schedule, and any related notice of hearing, briefing schedule or response deadline that the Court orders, on the Receiver's website, <https://kttlaw.com/mjcapital/>. The Receiver will provide notice of this Motion and Updated Rising Tide Distribution Schedule being posted on the Receiver's website via email to all holders of Allowed Claims listed in the Updated Rising Tide Distribution Schedule 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 will mail a notice of this Motion and Updated Rising Tide Distribution Schedule being posted on the Receiver's website via U.S. Mail. The notice will advise such holders of Allowed Claims to check the Receiver's website for notices, deadlines and orders related to this Motion and Updated Rising Tide Distribution Schedule.

The Receiver respectfully requests that this Court approve the form of this notice as fair, reasonable, appropriate, and the most cost-effective way of providing due notice of this Motion and the Updated Rising Tide Distribution Schedule. This Court, presiding over this Receivership in equity, is duly authorized to enter appropriate administrative orders, including those governing notice and service. *See* Fed. R. Civ. P. 5(c) (authorizing the Court to modify service procedures in cases involving numerous defendants). Notice via email and website posting, as this Court previously authorized in the Plan Approval Order, "creates a reasonable expectation that investors will receive the notice, understand that it relates to matters involving [the defendants] and [the]

receivership, and will make a knowing and deliberate decision to read the communication and access other information about the receivership, if they so elect.” *SEC v. Global Online Direct, Inc.*, 2007 WL 4258231, at *2 (N.D. Ga. Nov. 29, 2007); *TCA Fund Mgmt.*, 2022 WL 3334488, at *1 (recognizing that publication on the receiver’s website provided “fair notice and a reasonable opportunity to respond” to the distribution plan).

VII. Conclusion

For the reasons described in this Motion, the Receiver respectfully requests that the Court: (a) grant this Motion and enter an Order approving this Motion, Updated Rising Tide Distribution Schedule and Supplemental Distributions, (b) authorize the Receiver to issue the Supplemental Distributions described herein, and (c) grant such other relief the Court deems just and appropriate.

CERTIFICATION OF CONFERENCE WITH COUNSEL

The Receiver certifies that she has conferred with counsel for the SEC and certifies that the SEC has no objection to the relief sought in this Motion.

Respectfully submitted,

By: /s/ Bernice C. Lee
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- and -

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Exhibit A

SECURITIES AND EXCHANGE COMMISSION

V.

MJ CAPITAL FUNDING, LLC; MJ TAXES AND MORE, INC.; AND JOHANNA M. GARCIA

CASE NO. 21-61644-CIV-SINGHAL

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF FLORIDA

Distributions Due to Disputed and Updated Claims

Source: MJ Claims for Accountants Spreadsheet Provided by Receiver & MJ Supp Dist Schedule_9.3.25

Claim No.	Receivership Type	A Amount Invested [Pre-Receivership]	B Amount Recovered [Pre-Receivership]	C = A - B Net Balance [Pre-Receivership]	D = B / A % of Recovered Investment [Pre-Receivership]	E Proposed Rising Tide Distribution %	F = E - D, If E < D % Recovery for Allowed Claimants Under Proposal	G Paid Distribution at 21.3970%	H Update Distribution at 21.3970%	I = H - G Additional Distribution Amount
MJC-12734	Allowed - Updated	\$ 20,000.00	\$ -	\$ 20,000.00	0.0000%	21.3970%	21.3970%	\$ 2,279.40	\$ 4,279.40	\$ 2,000.00
MJC-17313	Allowed - Updated	100,000.00	17,000.00	83,000.00	17.0000%	21.3970%	4.3970%	-	4,397.00	4,397.00
MJC-000DF	Timely Claims	10,000.00	-	10,000.00	0.0000%	21.3970%	21.3970%	-	2,139.70	2,139.70
MJC-000MG	Timely Claims	3,000.00	-	3,000.00	0.0000%	21.3970%	21.3970%	-	641.91	641.91
MJC-000CR	Timely Claims	5,000.00	-	5,000.00	0.0000%	21.3970%	21.3970%	-	1,069.85	1,069.85
MJC-000AQ	Timely Claims	15,000.00	1,500.00	13,500.00	10.0000%	21.3970%	11.3970%	-	1,709.55	1,709.55
MJC-000BE	Timely Claims	20,000.00	2,000.00	18,000.00	10.0000%	21.3970%	11.3970%	-	2,279.40	2,279.40
MJC-000KM	Timely Claims	4,000.00	400.00	3,600.00	10.0000%	21.3970%	11.3970%	-	455.88	455.88
MJC-000RC	Timely Claims	5,000.00	500.00	4,500.00	10.0000%	21.3970%	11.3970%	-	569.85	569.85
MJC-000SC	Timely Claims	6,000.00	600.00	5,400.00	10.0000%	21.3970%	11.3970%	-	683.82	683.82
MJC-000SG	Timely Claims	8,000.00	3,200.00	4,800.00	40.0000%	21.3970%	0.0000%	-	-	-
MJC-000EI	Timely Claims	125,000.00	71,500.00	53,500.00	57.2000%	21.3970%	0.0000%	-	-	-
MJC-000DC	Timely Claims	10,000.00	9,000.00	1,000.00	90.0000%	21.3970%	0.0000%	-	-	-
MJC-000JT	Timely Claims	2,000.00	1,900.00	100.00	95.0000%	21.3970%	0.0000%	-	-	-
MJC-14112	Updated - Allowed	80,000.00	8,000.00	72,000.00	10.0000%	21.3970%	11.3970%	-	9,117.60	9,117.60
MJC-22603	Updated - Allowed	30,000.00	4,000.00	26,000.00	13.3300%	21.3970%	8.0670%	-	2,420.10	2,420.10
MJC-18956	Updated - Allowed	10,000.00	1,500.00	8,500.00	15.0000%	21.3970%	6.3970%	-	639.70	639.70
MJC-17186	Updated - Allowed	88,000.00	17,600.00	70,400.00	20.0000%	21.3970%	1.3970%	-	1,229.36	1,229.36
MJC-19932	Updated - Allowed	30,000.00	6,000.00	24,000.00	20.0000%	21.3970%	1.3970%	-	419.10	419.10
MJC-12597	Updated - Allowed	10,000.00	2,000.00	8,000.00	20.0000%	21.3970%	1.3970%	-	139.70	139.70
MJC-15184	Updated - Allowed	39,000.00	9,000.00	30,000.00	23.0800%	21.3970%	0.0000%	-	-	-
MJC-18732	Updated - Allowed	50,000.00	12,000.00	38,000.00	24.0000%	21.3970%	0.0000%	-	-	-
MJC-20167	Updated - Allowed	30,000.00	7,800.00	22,200.00	26.0000%	21.3970%	0.0000%	-	-	-
MJC-22775	Updated - Allowed	87,000.00	24,200.00	62,800.00	27.8200%	21.3970%	0.0000%	-	-	-
MJC-16219	Updated - Allowed	60,000.00	18,259.00	41,741.00	30.4300%	21.3970%	0.0000%	-	-	-
MJC-18983	Updated - Allowed	17,000.00	5,400.00	11,600.00	31.7600%	21.3970%	0.0000%	-	-	-
MJC-18066	Updated - Allowed	60,000.00	21,000.00	39,000.00	35.0000%	21.3970%	0.0000%	-	-	-
MJC-13234	Updated - Allowed	52,000.00	18,900.00	33,100.00	36.3500%	21.3970%	0.0000%	-	-	-
MJC-24081	Updated - Allowed	4,000.00	1,600.00	2,400.00	40.0000%	21.3970%	0.0000%	-	-	-
MJC-17182	Updated - Allowed	92,000.00	38,600.00	53,400.00	41.9600%	21.3970%	0.0000%	-	-	-
MJC-21102	Updated - Allowed	160,000.00	112,500.00	47,500.00	70.3100%	21.3970%	0.0000%	-	-	-
MJC-21692	Updated - Allowed	30,000.00	22,700.00	7,300.00	75.6700%	21.3970%	0.0000%	-	-	-
MJC-13460	Updated - Allowed	80,000.00	63,500.00	16,500.00	79.3800%	21.3970%	0.0000%	-	-	-
MJC-19638	Updated - Allowed	11,000.00	9,900.00	1,100.00	90.0000%	21.3970%	0.0000%	-	-	-
MJC-15382	Updated - Allowed	20,000.00	18,500.00	1,500.00	92.5000%	21.3970%	0.0000%	-	-	-
MJC-13204	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-15045	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-15670	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-18739	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-15308	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-18251	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-15626	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-22769	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-17056	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-13711	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-17947	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-20418	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-18048	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-19231	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-20266	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-20173	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-

SECURITIES AND EXCHANGE COMMISSION

V.

MJ CAPITAL FUNDING, LLC; MJ TAXES AND MORE, INC.; AND JOHANNA M. GARCIA

CASE NO. 21-61644-CIV-SINGHAL

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF FLORIDA

Distributions Due to Disputed and Updated Claims

Source: MJ Claims for Accountants Spreadsheet Provided by Receiver & MJ Supp Dist Schedule_9.3.25

Claim No.	Receivership Type	A Amount Invested [Pre-Receivership]	B Amount Recovered [Pre-Receivership]	C = A - B Net Balance [Pre-Receivership]	D = B / A % of Recovered Investment [Pre-Receivership]	E Proposed Rising Tide Distribution %	F = E - D, if E < D % Recovery for Allowed Claimants Under Proposal	G Paid Distribution at 21.3970%	H Update Distribution at 21.3970%	I = H - G Additional Distribution Amount
MJC-21732	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-18023	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-16228	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-15703	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-21947	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-20409	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-21197	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-13206	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-13046	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-20828	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-18280	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-14820	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-15441	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-18138	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-13470	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-22731	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-11998	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-24032	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-24057	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
MJC-24073	Updated - Disallowed	-	-	-	0.0000%	21.3970%	21.3970%	-	-	-
Total		\$ 1,373,000.00	\$ 530,559.00	\$ 842,441.00				\$ 2,279.40	\$ 32,191.92	\$ 29,912.52

Exhibit B

**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.

_____ /

[PROPOSED] ORDER

THIS CAUSE is before the Court upon the Receiver's Motion for Approval of Updated Rising Tide Distribution Schedule and Supplemental Distributions (DE []) (the "Motion"), filed on November 24, 2025. In the Motion, Bernice C. Lee, as Receiver (the "Receiver") over MJ Capital Funding, LLC, MJ Taxes and More Inc., Pavel Ruiz MJCF LLC, and UDM Remodeling, LLC, moves for approval of the Motion through which she seeks to make supplemental distributions on a pro rata basis, using a rising tide methodology, (the "Supplemental Distributions") listed in the schedule attached to the Motion as Exhibit A (the "Updated Rising Tide Distribution Schedule"). The Receiver seeks to make these Supplemental Distributions to three groups of claimants with Allowed Claims: (a) six investors whose claims were previously disputed and have now been resolved favorably; (b) two investors whose pre-Receivership payments have been clarified since the Initial Distribution, resulting in updated distribution amounts; and (c)

eight investors whose claims were timely submitted but were inadvertently omitted by the claims agent and provided to the Receiver after she filed the Initial Distribution Motion.

This Court previously granted the Receiver's Motion for Approval of Distribution Plan and Initial Distributions (DE [279] (the "Initial Distribution Motion")), Order (DE [288]), in which the Receiver set forth her plan to make distributions on a pro rata, rising tide basis (the "Initial Plan"). The Court found the Initial Plan to be "fair and equitable" under the circumstances," at 2 (quoting , 2018 WL 11244325, at *2 (S.D. Fla. Feb. 23, 2018)), and reaches the same conclusion with respect to the Supplemental Distributions. The Receiver attests that the SEC does not object to the relief sought. Accordingly, it is hereby **ORDERED AND ADJUDGED** that:

1. The Receiver, Bernice C. Lee's Motion for Approval of Updated Rising Tide Distribution Schedule and Supplemental Distributions (DE []) is **GRANTED**.
2. The Supplemental Distributions are **APPROVED**.
3. The form and manner of notice of the Motion and Supplemental Distributions are **APPROVED**.
4. The Receiver may require creditors with Allowed Claims to provide a completed Form W-9, their address, Employer Identification Number and other information required for the Form 1099-MISC prior to issuing the Supplemental Distributions to such claimants.
5. All means of implementation and other provisions set forth in the Motion are **APPROVED**, including the following for the Supplemental Distributions:
 - a. Delivery of Distributions in General. The Receiver shall make distributions solely to the holders of Allowed Claims without regard to any claim or

interest asserted by any third party in such distributions. Distributions shall be made to the holders of Allowed Claims at the addresses set forth in the proof of claim submitted by such holders, as may be amended by a properly completed change of address form submitted to the Receiver.

- b. Payments. Distributions shall be made to all holders of Allowed Claims by checks drawn in United States dollars on a United States domestic bank.
- c. Forfeited Distributions. The holder of an Allowed Claim filed by a creditor that, within 180 days from the entry of an Order approving the Plan, fails to respond to the Receiver's request to provide a completed Form W-9, their address, Employer Identification Number and other information required for the Form 1099-MISC, shall be deemed to have forfeited any distribution to which they would otherwise be entitled (the "Forfeited Distributions").
- d. Unclaimed Property and Undeliverable Distributions. "Unclaimed Property" shall mean distributions (i) that are Forfeited Distributions, Initial Distributions for Waived Claims, and funds in the Disputed Claims Reserve that are not disbursed under the Updated Rising Tide Distribution Schedule; (ii) that are returned to the Receiver as undeliverable and no appropriate forwarding address is received within 90 days after such attempted distribution by the Receiver is made to such holder, or (iii) for which the check making such distribution is not negotiated within 180 days of its issuance and no request for re-issuance is made within such 180 day period, at which time, such distribution shall be cancelled through a stop payment order or other means. The Receiver is under no affirmative

obligation to attempt to locate any holder of an Allowed Claim. Unclaimed Property shall revert to the Receivership Estate and constitute an unencumbered asset subject to further Court approval. The Allowed Claim related to the Unclaimed Property shall be deemed disallowed, and the holder or successor to such holder of such Allowed Claim so disallowed will be forever barred, expunged, estopped and enjoined from asserting any such claims and entitlement to the Unclaimed Property, and any such claim shall be disallowed in any manner against the Receiver, the Receivership Estate, and their respective property.

DONE AND ORDERED in Chambers, Fort Lauderdale, Florida this ____ day of _____ 2025.

RAAG SINGHAL
UNITED STATES DISTRICT JUDGE

Copies furnished counsel via CM/ECF