

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

Case No.: 24-80980-CV-MIDDLEBROOKS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

WELLS REAL ESTATE INVESTMENT, LLC,
JANALIE C. JOSEPH
A/K/A JANALIE C. BINGHAM, and
JEAN JOSEPH,

Defendants.

CAMBRIDGE REAL ESTATE MANAGEMENT, LLC,
60 YACHT CLUB, LLC, 112 SOUTH OLIVE, LLC,
791 PARKSIDE HOME, LLC, 910 PARKSIDE, LLC,
930 PARKSIDE, LLC,
976 PALM BEACH SQUARE, LLC,
1070 BOCA RATON SQUARE, LLC,
2082 PARADISE PALM, LLC,
2295 CORPORATE BLVD LLC, 4050 NW, LLC,
4100 HOSPITAL OFFICE, LLC, 4800 FEDERAL, LLC,
7352 VALENCIA, LLC, 7483 VALENCIA, LLC,
BOCA DEERFIELD PROPERTIES, LLC,
DAYBREAK HOME, LLC,
GLOBE OFFICES, LLC, GLOBE PROPERTY OFFICES, LLC,
LW SQUARE OFFICE, LLC,
MARTINIQUEÂ INVESTMENTS LLC
a/k/a MARTINIQUE'S INVESTMENTS LLC,
OAKLAND LAND PROPERTY, LLC, and
SOUTH OLIVE OFFICE, LLC,

Relief Defendants.

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RECEIVER'S SECOND INTERIM STATUS REPORT

Andres Rivero, as receiver (the “Receiver”) for Wells Real Estate Investment, LLC, and relief defendants Cambridge Real Estate Management, LLC, 60 Yacht Club, LLC, 112 South Olive, LLC, 791 Parkside Home, LLC, 910 Parkside, LLC, 930 Parkside, LLC, 976 Palm Beach Square, LLC, 1070 Boca Raton Square, LLC, 2082 Paradise Palm, LLC, 2295 Corporate Blvd. LLC, 4050 NW LLC, 4100 Hospital Office, LLC, 4800 Federal, LLC, 7352 Valencia, LLC, 7483 Valencia, LLC, Boca Deerfield Properties, LLC, Daybreak Home, LLC, Globe Offices, LLC, Globe Property Offices, LLC, LW Square Office, LLC, Martiniqueâ Investments, LLC a/k/a Martinique’s Investments LLC, Oakland Land Property, LLC, and South Olive Office, LLC, (collectively, the “Receivership Defendants”) files his Second Interim Status Report setting forth his activities and efforts to fulfill his duties under the Order under which he was appointed for the period from October 1, 2024 through December 31, 2024 (the “Reporting Period”).

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I BACKGROUND

The Receiver filed his First Interim Report [ECF No. 74] on October 30, 2024. The First Interim Report provides background information on the events that led to the appointment of the Receiver and a detailed description of the Receivership Defendants.¹ For brevity, the Receiver will not repeat all the information contained in the First Interim Report but refers all interested parties to the First Interim Report for additional background information.

On August 14, 2024, the Court entered an Order granting the SEC's Emergency *Ex Parte* Motion and Memorandum of Law for Asset Freeze and Other Relief [ECF No. 12] ("Asset Freeze Order") and an Order granting the SEC's Emergency *Ex Parte* Motion and Memorandum of Law for Appointment of Receiver [ECF No. 11] ("Receivership Order"). Among other things, the Receivership Order appointed Andres Rivero as Receiver over the Receivership Defendants and the Asset Freeze Order placed a temporary injunction against all Receivership Defendant owned bank and brokerage accounts. Additionally, on September 17, 2024, the Court entered an Order Granting Preliminary Injunction [ECF No. 65] ("Preliminary Injunction"), expanding the temporary injunction previously entered in the Asset Freeze Order.

II ACTIONS TAKEN BY THE RECEIVER DURING THE REPORTING PERIOD

A. Employment of Professionals

As discussed in the First Interim Status Report, the Receiver filed his application to hire Rivero Mestre as his counsel [ECF No. 14], and his application to hire EisnerAmper as his forensic accounts [ECF No. 59]. During the reporting period, the Receiver has continued to use the services of these professionals. The professionals have been instrumental to the Receiver's

¹ All capitalized terms will have the same meaning as defined in the First Interim Report.

success in this case thus far, helping him with marshalling and securing the various Receivership Defendants' assets, identifying and recovering additional assets for the benefit of the Estate, communicating with financial institutions, Bingham, and counsel for Joseph to obtain information and records, coordinating with counsel for the SEC, Bingham, and counsel for Joseph on various matters in connection with fulfilling the duties of the Receiver and Receivership Defendants under the Court's Orders.

In addition to Rivero Mestre and EisnerAmper, the Receiver engaged the law firm of Day Pitney LLP ("Day Pitney") to join his team of professionals. On October 18, 2024, the Receiver filed his Application to Employ Day Pitney LLP as Real Estate Counsel [ECF No. 72], and on October 29, 2024, the Court entered its' Order Granting Receiver's Application to Employ Day Pitney as Real Estate Counsel. [ECF No. 73]. Day Pitney has been instrumental in assisting the Receiver with reviewing and negotiating potential sale terms for several of the Receivership properties, which are discussed in more detail below. Day Pitney assisted the Receiver with reviewing potential offers from buyers to purchase Receivership properties, drafting a purchase and sale agreement, and reviewing drafts of listing agreements for the Receivership properties.

B. Preserving Receivership Real Properties

i. Management of Properties

As stated in the First Status Report, the primary assets in the Receivership Estate are several real properties located across south Florida. The Receiver, with the assistance of his professionals, has continued to oversee the management of the Receivership properties during the reporting period. The properties within the Receivership Estate are categorized as: (1) the commercial properties (the 4100 Hospital Office and LW Square properties); (2) the residential properties with tenants (the 60 Yacht Club, 976 Palm Beach, and 910 Parkside properties); and

(3) the vacant properties (the 2295 Corporate, 4050 NW, 4800 Federal, 1070 Boca, Boca Square One, Oakland Land Property, and 930 Parkside properties). Tasks related to the management of the properties include maintenance of landscaping, scheduled cleaning of premises, timely paying of utility bills, and collecting rent payments.

ii. The Commercial Properties

The Receiver assumed control of two commercial properties owned by Receivership Defendants 4100 Hospital and LW Square. The 4100 Hospital property is made up of several medical office units and has 18 tenants. The LW Square property holds a Bank of America which takes up the entire first floor and has one tenant located in a second floor suite. The remaining suites in the LW Square property are vacant.

The Receiver has spent a substantial amount of time managing the commercial properties. The Receiver has continued to make timely payments for all electric, water, and waste management bills associated with the commercial properties. The Receiver has contracted a landscaper to maintain the properties' landscaping on a bi-weekly basis and continues to use the services of IMS for janitorial services twice a week. The Receiver has also paid off all balances owed to Florida Power & Light, Waste Management, and Broward County, and the City of Plantation for water and sewer related expenses as discussed in the Receiver's First Status Report.

The Receiver has also analyzed all the commercial tenant leases and created rent rolls to track each tenant's rent amount, whether each tenant has paid monthly rent as rent becomes due, and which tenants owe past due rent payments. According to the Receiver's review and analysis, the rent payments for the 4100 Hospital property generate approximately \$20,559.91 in monthly income and the LW Square property generates approximately \$19,939.43 of monthly income to

the Receivership Estate. However, as discussed here, due to the indebtedness of the Receivership Estate, primarily to mortgage lenders, and expenses related to rectifying issues due to prior neglect and mismanagement of the commercial properties, these rent incomes do not result in sufficient cash flow.

The Receiver has been actively developing a plan for the disposition of the commercial properties to maximize profitability for the Receivership. Foreclosure proceedings were initiated by the mortgage lender of the commercial properties, but the Receiver successfully stayed these actions. The Receiver has been in regular communication with the lender's counsel, who continues to cooperate with the Receiver.

During the reporting period, the Receiver and his counsel spent an extensive amount of time negotiating the terms of a settlement agreement with the lender regarding the disposition of the commercial properties. Although nothing has been executed, these negotiations are ongoing, and the Receiver is hopeful that a deal with favorable terms for the Receivership Estate can be reached with the lender.

In addition to working with the mortgage lender, the Receiver and his counsel also have had multiple discussions with real estate brokers with expertise in selling commercial properties in the area and with potential buyers who have expressed interest in the properties.

The work the Receiver has done to maintain the commercial properties during the Reporting Period is detailed below.

a. The 4100 Hospital Property

Collecting rent payments for the 4100 Hospital property has been challenging. Several tenants have either been consistently late or have missed payments, and they are unresponsive

when the Receiver attempts to address the outstanding balance. To resolve this, the Receiver intends to take actions necessary to collect any outstanding balances from tenants and deposit the funds into the Receivership Estate. Additionally, the Receiver and his professionals have discussed the possibility of hiring a property manager to assist primarily with rent collection, property maintenance, and monitoring the overall condition of the properties to ensure they remain clean, safe, and well-maintain. However, the Receiver needs to further assess whether the cost of this service is financially viable moving forward.

The 4100 Property was cited for several city code violations, mainly due to neglected landscape maintenance and buildup of trash and litter in the parking lot and sidewalk areas. The Receiver was able to resolve the violations related to landscaping, litter, shrubbery, and other related violations. However, the 4100 Hospital property is still subject to other code violations issued by the city of Plantation including: (1) repairing roof foundation and damage; (2) resurfacing broken parking area and potholes; (3) pressure cleaning walkways and sidewalks; and (4) trimming low hanging branches in the parking and sidewalk areas. These violations were cited before the Receivership began. A code-enforcement hearing was set on these violations for November 15, 2024. The Receiver obtained an extension to postpone the hearing on the violations until January 16, 2024, to have additional time to resolve the code violations. However, due to the high costs and potential need to obtain permits to rectify some of the code violations, the Receiver requested an additional extension from the city to resolve the code violations. During the Reporting Period, the Receiver was not able to get an extension on the hearing, however, after the Reporting Period, the Receiver and counsel succeeded in obtaining an extension. The hearing has been reset to February 20, 2025.

In addition to handling compliance with code violations, during the reporting period, the main air conditioning unit on the 4100 Hospital Property, which provides air to the individual office suites, broke. This resulted in the office suites temporarily having their air shut off. The Receiver engaged the services of an air conditioning company to inspect and subsequently rectify the issue with the main air conditioning unit and successfully repaired the air conditioning unit.

The Receiver was also required to have the annual irrigation backflow testing for the 4100 Hospital Property completed during the reporting period. To fulfill this requirement, the Receiver contracted with 4 Star Services (“4 Star”) to inspect the two irrigation machines on the property. Once the inspection report was generated, the Receiver obtained a quote from 4 Star to make the necessary repairs. After reviewing the proposal, the Receiver approved 4 Stars’ quotes, and the repairs were made on November 29, 2024.

b. The LW Square Property

When the Receiver took over, the LW Square Property had code violations dating back to May 2024, and a hearing scheduled with the Lauderdale Lakes City Commission for September 18, 2024. The Receiver contacted the code enforcement officer and successfully negotiated a postponement of the hearing, allowing time for the Receiver to address the violations. The Receiver hired a landscaper to maintain the lawn and clean up the property. Following a reinspection of the property, code enforcement confirmed the property was in compliance and canceled the hearing.

During the Reporting Period, the Receiver worked on facilitating additional inspections and reports required by Broward County for operating commercial businesses. For example, the fire alarm system in the LW Square property was not functioning properly due to an issue with

the smoke detector. The previous property manager had not conducted the required annual inspection of the fire alarm system. To address this, the Receiver contracted Cintas Fire Protection to perform the necessary inspection and fix the issues with the fire alarm system.

Additionally, on December 11, 2024, the Fire Safety Inspector with the Fire Prevention Bureau of the Broward Sheriff's Office (the "Fire Inspector") conducted the annual fire inspection for the property to determine whether the building was compliant with the County's fire codes. The Fire Inspector's report cited the following as noncompliant: (1) emergency fire exit signs in need of servicing; (2) self-closing stairwell door not functioning; (3) tripping hazards on the third floor; (4) non-accessible meter room; (5) fire extinguishers in need of service; (6) elevator inspection documents up to date and must be posted; and (7) outdoor electrical wiring not secured in an approved conduit.

The reinspection was initially scheduled for January 11, 2025. However, the Receiver has been in communication with the Fire Inspector, who has agreed to grant as much time as needed to bring the property into compliance and reschedule the reinspection. The Receiver has already made significant progress toward compliance. The elevators have been inspected, and the updated certificates have been posted. Additionally, the fire extinguishers have been scheduled for replacement, and the Receiver has obtained quotes from two companies for the electrical repairs needed for the fire exit signs, door stopper, and conduit boxes for the outside electrical wiring. The Receiver will review said quotes and choose the best option. Further, the janitorial company has cleared the hazards on the third floor that were cited by the Fire Inspector. .

iii. The Residential Properties

The Receiver also assumed control over residential properties with tenants, located throughout Boca Raton and Broward County, Florida. Like the commercial properties, the

Receiver's professionals analyzed and reviewed the leases with the tenants, created a rent roll for the properties with tenants, and continued to collect rents from tenants. The Receiver plans to take the necessary action to collect past due rent payments from the residential property tenants and ensure that all rent monies are deposited into the Receivership Estate.

Like the commercial properties, mortgage lenders have initiated foreclosure proceedings against the residential properties. Homeowners Associations ("HOAs") for certain of the residential properties have either initiated foreclosure proceedings or reached out to the Receiver to collect past due payments owed to the HOA. As reported in the First Interim Report, the Receiver has successfully stayed all foreclosure actions pending over the residential properties. The Receiver and her counsel have had multiple discussions with the lenders and HOA creditors for the residential properties.

The Receiver is exploring options for the disposition of the residential properties. In preparation for a potential sale, the Receiver met with several qualified real estate brokers with experience and expertise in selling residential properties in the areas where the residential properties are located. The Receiver is planning to hire Keyes Realty to list and sell the residential properties. During the reporting period, the Receiver and his professionals spent an extensive amount of time negotiating, reviewing, and revising the terms of the listing agreements for the residential properties. The Receiver has been working on and will be filing a motion to employ Keyes Realty as its real estate broker for the residential properties.

c. The 60 Yacht Club Property

During the Reporting Period, the Receiver and his counsel dedicated a substantial amount of time negotiating a purchase and sale agreement with the lender for the 60 Yacht Club Property. The Receiver's real estate counsel, Day Pitney, has played a significant role in

assisting the Receiver with these negotiations. Day Pitney prepared a draft Purchase and Sale Agreement and has reviewed and revised contract terms proposed by the lender.

d. The 976 Palm Beach Property

The 976 Palm Beach Property is a one-story residential home located in Margate, Florida. Currently, there is a tenant living in the home. The Receiver has made several attempts to collect rent from the tenant. The Receiver has sent the tenant multiple emails as well as made several phone calls to the tenant and left voicemails requesting that the tenant pay rent to the Receivership Estate. However, the tenant has failed to make any payments. On one instance, the tenant advised the Receiver that the tenant would be seeking advice of counsel before paying rent to the Receiver. The Receiver gave the tenant an opportunity to do so and after speaking to counsel, the tenant told the Receiver that the tenant would make the rent payments. However, the tenant has yet to pay rent.

The Receiver is considering options for initiating eviction proceedings against the tenant. As with the other residential properties, the Receiver is considering the best option for the disposition of the 976 Pam Beach property. Because the tenant remains on the property, is not responsive, and refuses to pay rent, the Receiver believes the tenant's presence on the property may interfere with his ability to sell the property.

e. The 910 Parkside Property

During the Reporting Period, the Receiver also continued to collect rent from the tenants on the 910 Parkside property. The Receiver negotiated terms for a second addendum to the tenants' lease agreement (the "second addendum"), which was executed in December. Pursuant to the second addendum, the Receiver agreed to lower the tenants' monthly rent amount to \$10,000.00 in exchange for the tenants agreeing to be solely responsible for arranging

landscaping, pool cleaning, and other necessary maintenance for the property. Additionally, the tenant agreed to bear all costs related to such maintenance.

iv. The Vacant Properties

Receivership Defendants 2295 Corporate, 4050 NW, 4800 Federal, 1070 Boca, Boca Square One, and 930 Parkside own properties located throughout Broward and Boca Raton, Florida. The properties are commercial buildings or units, all of which are vacant. The Receiver has been in communication with the mortgage lender for the vacant properties. The mortgages on the properties are in default and the underlying foreclosure proceedings have been stayed in accordance with the Receivership Order. The mortgage lenders continue to cooperate with the Receiver as he considers options for disposition of the vacant properties.

a. The 2295 Corporate Property

The 2295 Corporate Property consists of five adjacent office suites in a commercial building located in Boca Raton, Florida. On October 16, 2024, the Receiver received a letter of intent to purchase the 2295 Corporate property for \$1,550,000.00 (the “LOI”) from a potential buyer. Prior to receiving this offer, the Receiver had the property valued by real estate brokers with experience in the Boca Raton market. Based on market comparables, the estimated sale price of the property ranged from \$1,361,200 to \$1,616,425. Given that the potential buyer’s offer of \$1,550,000 falls within this range, the Receiver deemed the potential buyer’s offer to be reasonable.

The Receiver expressed interest in the potential buyer’s offer and scheduled a tour of the property with the potential buyer, which took place on October 22, 2024. Thereafter, the Receiver and his professionals spent a significant amount of time negotiating the terms of a Purchase and Sale Agreement (the “PSA”) and reviewing and drafting the PSA. On November

27, 2024, the potential buyer executed the PSA. The PSA includes several provisions favorable to the Receivership Estate. For example, the purchase, if approved by the Court, will be an all cash transaction and is not subject to brokers' fees, maximizing profits for the Receivership Estate. Additionally, subject to this Court's approval, the potential buyer has agreed to the transfer of the property in as is/where is condition.

The Receiver and his counsel have also had multiple communications with the lender and the condominium association for the 2295 Property to negotiate the terms of a settlement agreement for the outstanding amounts owed to each. The Receiver is currently negotiating the amounts to pay the lender and the condominium association at the closing of a Court-approved sale of the 2295 Property. The Receiver has asked both the lender and the condominium association to waive certain fees and interest associated with the amounts owed.

Moreover, the Receiver reviewed the Declaration of Condominium for Executive Court Condominium One (the "Declaration"), which includes a provision requiring the Receiver to formally notify certain parties of his intent to sell, allowing them the opportunity to exercise their right of first refusal. The Receiver sent the letters of first refusal to such parties on December 27, 2024.

As to the maintenance of the 2295 Corporate Property, the Receiver continues to pay the electricity bills as they become due. In early October, the Receiver was notified by the Condominium Association's counsel that the 2295 Corporate property obtained water damage from an issue with the air conditioning unit. The Condominium Association advised the Receiver that the association accessed the property to make necessary repairs. Then on or about October 17, 2024, the Receiver visited the property to investigate the water damage, the repairs, and to

speak with the property manager. The Receiver cleared out debris from the water damage and adjusted the air conditioning in the unit accordingly to prevent future issues.

b. The 4050 NW Property

The 4050 NW Property is a standalone two-story commercial building located in Plantation, Florida. On or about October 17, 2024, the Receiver visited the 4050 NW Property and discovered that the property was abandoned and secured by wire fencing, which the Receiver later discovered was put up by the city of Plantation (“Plantation”). There was also a notice of code violations posted on the fence issued by Plantation. During the initial visit to the property, the Receiver was only able to walk the outside perimeter of the property, but did not have keys to access the inside of the property. A few days after the initial visit, the Receiver had the locks changed to ensure the property was secured.

The Receiver contacted Plantation regarding the code violations, which were primarily related to landscaping and maintenance of debris, trash, and shrubbery on the adjacent sidewalks. The Receiver assured the city that the violations would be addressed and successfully avoid a hearing on the violations. Since then, the Receiver has arranged for a landscaper to maintain the 4050 NW Property on a bi-monthly basis. Plantation has since installed a new wire fence around the property for additional security.

During the reporting period, the Receiver began searching for a qualified real estate broker with experience and expertise in selling commercial properties in Broward County, Florida. Around mid-December, a Plantation city employee reached out to the Receiver and expressed interest in potentially purchasing the 4050 NW Property as part of a larger plan to develop the surrounding area. The Receiver plans to discuss the potential offer in further detail to better assess whether the sale would be beneficial to the Receivership Estate.

c. The 4800 Federal Property

The mortgage lender and the condominium association for the 4800 Federal property have both initiated foreclosure proceedings against the property. The Receiver successfully cancelled a foreclosure sale of the 4800 Federal property, as discussed in the First Status report. During the reporting period, the Receiver had several communications with the condominium association and the mortgage lender regarding disposition of the property and the amounts owed.

On October 17, 2024, the Receiver visited the 4800 Federal property. The Receiver was able to obtain keys to access the inside of the property from the previous property manager. The property is an office suite, that formerly ran as a restaurant. Accordingly, much of the space serves as an industrial kitchen, with the remaining space serving as an eating area. Currently, there are no tenants.

During the visit, the Receiver met with the Condominium Association and property management representative, who expressed interest in assisting the Receiver with selling the unit. The representative expressed that it is common for suite owners in the building to sell units through the association, and often times these suites are purchased by other unit owners within the building. Since then, the Receiver has been in communication with the representative to discuss additional details regarding listing the property for sale.

The Receiver continues to explore the best option for the disposition of the 4800 Federal property. In preparation for a potential sale, the Receiver started searching for qualified real estate brokers with experience and expertise in selling commercial properties in Boca Raton, Florida.

d. The 1070 Boca Property

During the reporting period, the Receiver also secured the property owned by 1070 Boca Raton Square, LLC. The 1070 Boca property is a beachfront residential apartment located in Riviera Beach, Florida. The Receiver inspected the property and changed all the locks to ensure the property is secure. The 1070 Boca Property is vacant and does not generate any rental income.

Like the other Receivership properties, the lender has filed a foreclosure action against 1070 Boca. The Receiver succeeded in staying the foreclosure action. During the Reporting Period, the Receiver and his counsel have been in communication with the lender regarding negotiations to settle the amount owed to the lender.

The Receiver plans to list the property for sale and has been in communication with Keys Realty to sell the property. As described here, the Receiver and his professionals have spent a considerable amount of time negotiating, reviewing, and revising the terms of the listing agreement.

e. The Boca Square One Property

The Boca Square One Property is a 4-bedroom home located in Boca Raton, Florida, and is owned by Boca Square One, LLC. The Receiver discovered that Defendant Joseph's family were living at the property rent free. During the reporting period, the Receiver negotiated with Joseph's counsel a date certain for Joseph's family to vacate the property. After Joseph's family vacated the property, the Receiver conducted an inspection the property and changed all the locks to ensure the property was secure.

Since taking control of the Boca Square One Property, the Receiver has had the home valued and is determining the best plan for disposition of the property. During the reporting

period, the Receiver and his counsel have spent considerable time negotiating a listing agreement with Keyes Realty. Additionally, the Receiver has been in communication with the mortgage lender for the Boca Square One home in hopes of negotiating a deal to pay off the lender upon the sale of the Boca Square One home.

f. The Oakland Land Property

The Oakland Land property consists of two lots which are located adjacent to the LW Square Office property. There is a tow-truck company on the property that is paying monthly rent to the Receivership. During the reporting period, the Receiver continued to collect rent from the tenant, which generates approximately \$5,803 monthly income for the Receivership.

The Receiver has also been in communication with real estate brokers regarding the sale of the property. The Receiver also had the property value by two real estate brokers, who estimate that the property can be sold for \$2-\$4 million.

g. The 930 Parkside Property

Finally, the 930 Parkside property is a residential home located in Boca Raton, Florida, and was Bingham and Joseph's personal residence. The 930 Parkside property is now vacant and does not generate income for the Receivership Estate. During the reporting period, the Receiver paid off outstanding balances owed to Florida, Power, & Light for electric bills and continues to pay monthly electric bills as they are due. The Receiver has also made efforts to maintain the exterior of the home to avoid issues with the HOA. For example, the Receiver has had the landscaping for the property done and contracted with a pool servicing company to clean the pool, which had developed algae and collected debris due to lack of maintenance.

The Receiver plans to list the property for sale and has been in communication with Keyes Realty to sell the property. As described here, the Receiver and his professionals have

spent a considerable amount of time negotiating, reviewing, and revising the terms of the listing agreement.

v. *JCB Trent Property*

The JCB Trent Property is a residential home located in 11324 S Trent Dr, South Jordan, UT 84095 (the “JCB Trent Property”). The JCB Trent Property is owned by JCB Trent, LLC, a Utah limited liability company. JCB Trent, LLC, is not one of the Receivership Defendants, and according to documents in the Receiver’s possession, Bingham is the sole member with 100% interest in JCB Trent, LLC. The JCB Trent Property was purchased with investor funds and Ms. Bingham has offered to turn the property over to the Receivership.

During the First Reporting Period, the Receiver and his attorneys communicated with the real estate agent in Utah who is attempting to sell the JCB Trent Property. Prior to the Receiver’s appointment, there was an offer to purchase the property for \$1.05 million. The Receiver and his attorneys also communicated with counsel for the mortgage lender, who informed the Receiver that a foreclosure sale had been set.

During the Reporting Period, the foreclosure sale was continued until January. The Receiver has been in communication with the mortgage lender to inquire as to whether the lender would be agreeable to reduce the amount owed. If not, the Receiver does not believe it would be in the best interest of the Receivership Estate to take over this property.

C. Securing Personal Property

As reported in the First Status Report, the Receiver has taken possession of certain personal property that Bingham and Joseph purchased with investor funds. Specifically, the Receiver took possession of: (1) a 2023 Tesla vehicle; (2) two Peter Lik photographs valued together at approximately \$56,550.00; (3) a Gemological Institute of America (“GIA”) certified

diamond ring valued at approximately \$18,000-\$25,000; (4) Joseph's MacBooks and desktop computers; and (5) furnishings inside the 930 Parkside house.

The diamond ring was sold during the first reporting period for \$21,000.00 and the details regarding this sale are included in the First Status Report. During the first reporting period the Receiver worked on obtaining title to the Tesla vehicle. On November 20, 2024, the Receiver obtained title documents needed to sell the vehicle. The Receiver received a quote from Carvana to purchase the vehicle for \$47,400.00 and from Carmax to purchase the vehicle for \$50,000.00. On December 31, 2024, the Receiver sold the Tesla to Carmax for \$50,000.00.

The Receiver engaged the company Ellyn's Estate Sales ("EES") to conduct an estate sale of the personal items and furnishings inside the 930 Parkside property. EES has also assisted the Receiver with finding a private buyer to purchase the Peter Lik photographs. The sale was scheduled for the first week of January. The Receiver worked with EES to assist EES in taking inventory of all sellable items in the home. EES will advertise the items to potential buyers prior to the sale, and the Receiver will work with the Homeowner's Association to ensure that EES associates as well as customers have access on the dates of the sale. EES has agreed to take 30% of total proceeds from the sale of the Peter Lik Photographs, leaving 70% of profits for the Receivership Estate, and 40% of total proceeds from the sale of all other items, leaving 60% of profits for the Receivership Estate.

As for Joseph's MacBook and Desktops, the Receiver was able to turn on the devices, but the devices are encrypted. The Receiver is working with technicians to unlock the devices to recover files and other data.

III FINANCIAL AFFAIRS²

Defendants purportedly raised at least \$56 million dollars in investor funds. *See* the Complaint at ¶1. Defendants, personally and through a web of sales agents, told investors that these funds were going to be used to invest in income generating real estate development projects. However, of the \$56 million dollars, approximately \$11 million dollars were traced to the actual purchase of real estate. *See id.* at ¶3. According to the Complaint, and based on the Receiver's initial investigations, the remaining funds were likely diverted by Bingham and Joseph to engage in speculative trading and to purchase luxury items. *See id.* at ¶72.

A. Financial Accounts

The Receivership Entities' financial accounts were frozen in accordance with the Receivership Order. The Receivership Order also provides the Receiver with control and signatory authority for all financial accounts. *See* Receivership Order, ¶¶7,11. The Receiver has taken control of the Receivership Defendants' existing financial accounts and opened new accounts. There has been no change in the status of the Receivership defendants' financial accounts since the First Reporting period. The accounts remain frozen or closed in conformity with the Receivership Order. Additionally, the Receiver has not uncovered any previously unknown accounts with any financial institutions in the name of the Receivership Defendants.

² The Receiver has opened a Wells Receivership depository account with City National Bank. All funds deposited into the Receivership Estate, primarily through rental incomes and profits from the sale of Receivership Property, are being deposited into the Wells Receivership depository account. Accordingly, the financial accounts described in Section A *infra* are not being utilized and there has not been a change in the status of these accounts from the First Reporting period.

i. Receivership Defendants' Brokerage Accounts

During the first reporting period, the Receiver uncovered three brokerage accounts held at NinjaTrader opened under LW Square, 60 Yacht Club, and Wells, and seven brokerage accounts held at Interactive Brokers opened under 60 Yacht Club, 1070 Boca, 4800 Federal, Cambridge, Globe Offices, LW Square, and Wells. Both NinjaTrader and Interactive Brokers are online trading platforms, primarily utilized by users to trade futures, options, and other stock funds. These accounts remain frozen in accordance with the Asset Freeze Order and the Preliminary Injunction, and the Receiver has obtained statements for these accounts.

During this Reporting Period, the Receiver spoke to Interactive Brokers to liquidate funds remaining in certain accounts. The Interactive Brokers accounts had a small balance across all accounts of approximately \$2,000.00. The Receiver has been in communication with an Interactive Brokers representative to liquidate the accounts and collect these funds to be deposited into the Receivership Estate. However, this process has been delayed due to Interactive Brokers' internal processes for obtaining disbursement approval.

Additionally, the Receiver requested and obtained additional records from Interactive Brokers regarding the Receivership Defendants' accounts. The Receiver asked for and received copies of the account agreements, customer agreements, and new account forms that were executed when the accounts were created.

Because the brokerage accounts remain frozen, there has been no new activity on the accounts during the reporting period.

D. The Receivership Defendants' Business Operations

As described in the First Status Report, the timing of the Receivership was particularly challenging from a cash flow perspective. Bingham and Joseph promoted Wells as a successful

real estate development company. These properties, managed through the Receivership Defendant entities, failed to generate significant income. Most of the properties were financed through high-interest loans from hard money lenders, and several mortgage lenders had initiated foreclosure proceedings before the Receiver's involvement, leaving the Receivership Estate owing over \$20 million in mortgages. Additionally, some properties had been sold at foreclosure sales for below-market value before the Receivership began.

Upon taking control of the properties, the Receiver discovered they were severely indebted to vendors and service providers, with utilities and services at risk due to unpaid bills. For instance, the properties owed approximately \$20,000 to Florida Power and Electric (FPL), putting the electricity at risk of being shut off. Waste management services had also been suspended due to unpaid bills, leading to tenant complaints. Vendors, including landscapers and janitorial services, ceased work due to nonpayment, causing code violations across multiple properties. The Receiver swiftly negotiated payment plans with creditors to ensure essential services continued, cleared past due utility bills, and resumed regular payments. Additionally, the Receiver hired landscapers and cleaning services to maintain the properties and bring them up to county code standards, addressing the existing violations and preventing further issues.

In an effort to maintain business operations while the Receiver determines the best way to dispose of the Receivership properties, the Receiver has been negotiating with mortgage lenders, collecting rents from tenants, and has continued to maintain the properties.

IV LITIGATION

A. Ongoing Legal Proceedings Involving the Receivership Defendants

As described in the First Status Report, each of the Receivership properties was in foreclosure at the time the Receiver was appointed. After his appointment, the Receiver

successfully canceled any pending foreclosure sales and stayed all foreclosure actions. During the Reporting Period, the foreclosure actions remained stayed and there were no significant changes to the status of the foreclosure actions. Moreover, no new foreclosure actions were filed during the Reporting Period. Additionally, and as described in more detail in the First Status Report, there is an action pending in Palm Beach County against Panorama. This case was stayed prior to the Receiver's appointment, and remains stayed. The Receiver is investigating any potential actions against Panorama and Sanders Family Offices ("SFO").

B. The Estate's Potential Claims against Third Parties

During the initial days and weeks of the Receivership, much of the Receiver's and his professionals' efforts were spent identifying, securing, and marshalling the Receivership Defendants' funds and other assets that were readily identifiable and recoverable. Throughout the First Reporting Period, the Receiver's professionals, including his Forensic Accountant, paid particular attention to all potential sources from which the Receivership Estate could recover funds belonging to the Receivership Defendants, including affiliates, sales agents, and third parties who received funds or other assets traceable to the Receivership Defendants' businesses or investors.

During this Reporting Period, the Receiver, and his professionals continued to investigate potential individuals who may be implicit in the Wells' investment scheme. The Receiver was able to compile a list of names of those who the Receiver believes were directly involved in assisting Bingham and Joseph with carrying out the scheme, primarily through assisting with locating investors. The Receiver was also able to identify an insurance agent who assisted Bingham and Joseph with obtaining property insurance for several of the Receivership

properties at exorbitantly high premiums. The Receiver continues to investigate and analyze potential claims against the insurance broker.

Additionally, the Receiver is investigating whether the Receivership Defendants may have claims against certain brokerage companies where the Receivership Defendants maintained accounts. The Receiver obtained opening account documents as well as contracts between said brokerage accounts and the Receivership Defendants. In an effort to determine whether the brokerage firms are implicit for violating any securities laws as it relates to opening, maintaining, and servicing the Receivership Defendants' accounts, the Receiver has sent relevant documents in his possession to be reviewed by an attorney with experience in securities litigation. Based on the attorney's assessment, the Receiver may bring such claims at a later time.

The Receiver will continue to gather evidence of additional transfers for the purposes of developing and bringing claims to recover fraudulent and other avoidable transfers. The Receiver will pursue those claims he believes are meritorious and likely to result in a significant recovery to the Receivership Estate.

V ADMINISTRATION OF RECEIVERSHIP ESTATE

The Receiver has assembled a team of professionals with experience and skills working on receivership and other similar matters.

A. The Receiver and His Professionals

The Receiver is the founding partner at the law firm Rivero Mestre and has been practicing law for 37 years. The Receiver is a commercial litigator with experience in representing corporations and individuals in intellectual property disputes, antitrust and securities claims, partnership and shareholder controversies and significant white-collar criminal matters. Prior to finding Rivero Mestre, the Receiver was a litigation partner at Greenburg Taurig. The

Receiver also has experience in government service as a former federal prosecutor in the Southern District of Florida.

The Receiver is working with a team of attorneys and paralegals at the law firm Rivero Mestre to administer this case. Rivero Mestre has extensive experience in the area of receivership law. Jorge Mestre and Amanda Fernandez have assumed primary responsibility of representing the Receiver in this matter. Mr. Mestre has extensive experience litigating complex financial cases, including banking, accounting, malpractice, and directors, and officers' liability lawsuits. Ms. Fernandez has served as legal counsel for receivers in at least five cases involving the SEC or the Commodity Futures Trading Commission.

The Receiver is also working with forensic accountants at EisnerAmper to provide accounting and forensic work for the Receivership. EisnerAmper has extensive experience in providing forensic accounting services in litigation matters, and performing audits for public, private, and government entities.

Andrew Bernstein has assumed primary responsibility for this matter on behalf of EisnerAmper. Mr. Bernstein is a Managing Director in EisnerAmper's Advisory Group's Financial Advisory Services, which includes forensic, litigation and valuation services, bankruptcy and restructuring, and other consulting services, and he has served as a forensic accountant in both state and federal receivership actions.

Adam Karasick is assisting Mr. Bernstein with this matter. Mr. Karasick is one of EisnerAmper's practice leaders in data analytics and business intelligence and has 12 years of experience in applying data analytics as part of many forensic accounting investigations.

In addition to Rivero Mestre and EisnerAmper, during the reporting period, the Receiver filed his application to hire Day Pitney as real estate counsel. Because a significant portion of

the Receivership Estate assets consist of real properties, the Receiver is working with Day Pitney to assist with any real estate related matters that may come up throughout the course of administering the Receivership.

Day Pitney has extensive experience in representing international, national, regional, and local corporations as well as individuals in complex real estate development, purchase, and sale transactions. Sandra Ferrera has assumed primary responsibility on behalf of Day Pitney. Ms. Ferrera has extensive experience representing real estate developers in all phases of complex commercial real estate transactions, including the negotiation, documentation, and closing of the acquisition and sale, development and financing of commercial real estate. Notably, Ms. Ferrera has handled real estate transactions in other federal court receiverships, making her well-equipped for this role.

B. Cash on Hand and Administrative Expenses

The Receiver presently holds a total of \$217,081.07 in cash on hand in two fiduciary accounts at City National Bank in Miami, Florida, as follows:

Receivership Account: \$214,577.00

Money Market Account: \$2,504.07

During the Reporting Period, the Receiver has made disbursements totaling \$141,054.43 from the Receivership Account for necessary expenses to preserve and administer the Receivership Estate. Such expenses include electric, water, trash, and sewer bill payments, and other expenses related to the operation of the real properties. Attached here as **Exhibit A** is a detailed statement of the Receivership Estate's Receipts and Disbursements during this Reporting Period.

C. Claims

The nature of this Receivership may present the need for multiple claims. Individual investors may have claims for monetary damages because of the total or partial loss of their investments as well as other damages incurred because of a loss of their investments. As discussed *supra* in Section IV, several creditors, including mortgage lenders and HOA's have already brought claims in state civil court throughout Broward and Palm Beach counties to recover on their claims. The Receiver anticipates that additional creditors, such as vendors and service providers, may seek payment for the services provided and labor performed prior to the Receivership. The Receiver foresees developing a claims process to address and verify the various claims. This claims process will be developed over time and submitted to the Court for approval when finalized.

D. Communications

i. Investor Communications

During the reporting period, several investors reached out to the Receiver through email and telephone. Primarily, investors were concerned with recovering amounts owed under their promissory notes executed by Wells as part of the real estate investment scheme described in the SEC's complaint. The Receiver advised that such issues will be handled at a later time when the Receiver is ready to initiate the claims administration process.

Several investors also sent the Receiver copies of documents executed in relation to their investments in Wells, such as Memorandums of Understandings, which the Receiver, with the help of Rivero Mestre is in the processing of reviewing. Additionally, agents who assisted Bingham and Josephs with recruiting investors have communicated with the Receiver and have sent the Receiver additional lists of investors who invested with Wells.

The Receiver has posted copies of court filings, correspondence with investors, and other pertinent information on the website. The Receiver will continue to post copies of key filings in this case on the website. The Receiver will also continue to use the website as the primary method of communicating with investors throughout the Receivership.

ii. Communications with Lenders, Creditors, and Other Interested Parties

Since the inception of the Receivership, the Receiver has been in communication with known creditors, primarily mortgage lenders and HOAs. The Receiver has put all known lenders, creditors, and similarly interested third parties on notice of this Receivership. Several of the known lenders and creditors are represented by counsel in the foreclosure actions.

As the Receivership has carried on, other creditors, primarily HOAs, have reached out to the Receiver by phone or e-mail. Accordingly, the Receiver has primarily communicated with such creditors through e-mail or telephone.

E. Recommendations

The Receiver recommends the continuation of the Receivership. There is a considerable amount of work to be done in administering the remaining real property, reconstructing the Receivership Defendants' financial operations and transactions, assessing the amounts due to investors and creditors, and pursuing recoveries on behalf of the victim investors.

Dated: January 30, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that on January 30, 2025, I electronically filed this document with the Clerk of the Court using CM/ECF. I also certify that this document is being electronically served today on all counsel of record through CM/ECF.

By: /s/ Andres Rivero
Andres Rivero