

1 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
2 DAVID R. ZARO (BAR NO. 124334)
865 South Figueroa Street, Suite 2800
3 Los Angeles, California 90017-2543
Phone: (213) 622-5555
4 Fax: (213) 620-8816
E-Mail: dzaro@allenmatkins.com

5 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
6 EDWARD G. FATES (BAR NO. 227809)
One America Plaza
7 600 West Broadway, 27th Floor
8 San Diego, California 92101-0903
Phone: (619) 233-1155
9 Fax: (619) 233-1158
E-Mail: tfates@allenmatkins.com

10 Attorneys for Receiver
11 THOMAS HEBRANK

12 **UNITED STATES DISTRICT COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**

14 SECURITIES AND EXCHANGE
15 COMMISSION,

16 Plaintiff,

17 v.

18 PACIFIC WEST CAPITAL GROUP,
INC.; ANDREW B CALHOUN IV;
19 PWCG TRUST; BRENDA CHRISTINE
BARRY; BAK WEST, INC.;
20 ANDREW B CALHOUN JR.; ERIC
CHRISTOPHER CANNON; CENTURY
21 POINT, LLC; MICHAEL WAYNE
DOTTA; and CALEB AUSTIN MOODY
22 (dba SKY STONE),

23 Defendants.

Case No. 2:15-cv-02563 AB (ASx)

**RECEIVER'S THIRTY-FIRST
INTERIM REPORT AND
RECOMMENDATIONS**

Ctrm.: 7B
Judge: Hon. André Birotte Jr.

1 Thomas C. Hebrank ("Receiver"), the Court-appointed permanent receiver
2 for PWCG Trust pursuant to the Judgment as to Defendant PWCG Trust
3 ("Appointment Order") (Dkt. No. 145), hereby submits this Thirty-First Interim
4 Report and Recommendations. This report covers the Receiver's activities during
5 the third quarter of 2025.

6 I. EXECUTIVE SUMMARY

7 Pursuant to the powers, authority, and directives contained in the
8 Appointment Order, the Receiver has continued his work to preserve and protect
9 the assets of PWCG Trust, including its life insurance policies ("Policies") and
10 cash reserves. Pursuant to the Court's orders, the Receiver has pooled the cash
11 reserves and, with assistance from Longevity, formerly known as ITM Twentyfirst
12 ("21st"), has continued to manage the portfolio of Policies, make all required
13 premium payments to keep the Policies in force, and tracked and collected death
14 benefits from Policy maturities.

15 II. SUMMARY OF THE RECEIVER'S WORK AND POLICIES

16 A. The Status of the Policies.

17 The Receiver's focus during the current quarter was on managing and
18 servicing the portfolio of Policies, which currently contains a total of 35 active
19 Policies with death benefits totaling approximately \$81.0 million. In 2018, it
20 looked as though the Receiver would need to borrow against the portfolio to cover
21 Policy premiums until sufficient death benefits were received from Policy
22 maturities to make interim distributions. Fortunately that turned out not be the
23 case, and not only did the Receiver not have to borrow (or incur any costs
24 associated therewith), but in 2021, the Receiver was able to issue an initial round
25 of interim distribution checks in the aggregate amount of \$37 million to investors
26
27
28

1 with allowed claims.¹ This interim distribution reduced the total allowed investor
2 net loss claims in the receivership from approximately \$106 million to
3 approximately \$69 million.

4 The Receiver continues to closely monitor the performance of the portfolio,
5 including periodic evaluations of whether it is best to hold or sell the remaining
6 Policies. The Receiver recently obtained an updated valuation, including updated
7 medical records and life expectancy reports ("LE Reports") on each of the insureds
8 from 21st. The data obtained indicates that the recovery for investors will be
9 substantially greater if the Receiver continues to hold the Policies until maturity, as
10 opposed to selling them in the near term. The LE Reports and projections
11 indicated that the total net recovery from the portfolio (after all Policies have
12 matured, less the cost of premiums, but excluding administrative expenses and
13 taxes) would be approximately \$58 million. That would mean that, factoring in the
14 prior distribution and the MPC settlement funds paid, that the net recovery from
15 the remaining portfolio may be close to sufficient to pay investor net loss claims in
16 full, although it is projected to take until 2033 or possibly beyond to achieve that
17 result.

18 As part of the current updated valuation, the Receiver also looked at whether
19 a sale of the portfolio of policies may be advisable in lieu of holding them until
20 maturity. According to the updated valuation from 21st, the portfolios current
21 valuation, based on a 15% internal rate of return or net present value would be
22 approximately \$30 million, after payment of a 2% sales commission. This is
23 substantially lower than the projected \$58 million net recovery if all policies are
24 held until their projected maturity dates.

27 ¹ The Receiver believes the fact that certain policies matured earlier than
28 projected, making borrowing unnecessary and a first interim distribution possible
earlier than expected, was due primarily to the COVID-19 pandemic.

Because some investors have expressed a desire for an earlier payout, and current projections are estimating a 15 year lifespan for the receivership (a 2033 projected end date since the 2018 inception date), the Receiver explored the possibility of a partial portfolio sale. The Receiver focused on the policies with the oldest forecast maturity dates (those projected to mature in 2029 and beyond). The results of this analysis was that the 17 policies with maturity dates of 2029 and beyond would net approximately \$7 million if sold this year (after sale commission). Conversely, if these policies were held until their projected maturity dates, these policies are projected to net approximately \$19 million, after payment of premiums due before the policies mature. The Receiver did review both scenarios for potential tax implications, and both scenarios projected tax losses, and therefore no associated tax liabilities.

Policy	Projected Maturity Date	Policies Held			Policies Sold
		Maturity	Premiums thru Maturity	Net Gain/Loss	Sale Price
30641	6/25/2031	\$500,000	\$209,588	\$290,412	\$114,752
30658	12/7/2030	\$10,000,000	\$4,657,101	\$5,342,899	\$1,814,685
30659	4/11/2029	\$1,000,000	\$479,227	\$520,773	\$206,871
30665	8/28/2030	\$3,000,000	\$1,420,335	\$1,579,665	\$595,236
30674	4/12/2029	\$400,000	\$107,066	\$292,934	\$179,729
30675	4/12/2029	\$250,000	\$67,081	\$182,919	\$112,222
30676	10/21/2032	\$1,000,000	\$675,463	\$324,537	\$ -
30682	1/23/2033	\$500,000	\$73,353	\$426,647	\$122,585
30693	8/25/2030	\$930,000	\$426,599	\$503,401	\$145,529
30695	4/18/2030	\$5,000,000	\$1,662,547	\$3,337,453	\$1,607,528
30704	7/11/2029	\$1,000,000	\$343,929	\$656,071	\$179,455
30720	5/21/2029	\$3,700,000	\$2,588,596	\$1,111,404	\$176,059
30721	11/24/2030	\$1,000,000	\$234,079	\$765,921	\$335,310
30724	10/16/2030	\$2,554,719	\$1,457,882	\$1,096,837	\$227,841
30737	4/20/2030	\$1,000,000	\$324,538	\$675,462	\$304,792
30741	1/18/2029	\$2,000,000	\$918,445	\$1,081,555	\$603,622
30744	4/6/2029	\$2,922,852	\$1,990,356	\$932,496	\$394,940
		\$36,757,571	\$17,636,185	\$19,121,386	\$7,121,156

1 Accordingly, a partial portfolio sale of policies with later projected maturity
2 dates would not be in the best interests of the receivership estate or the investors as
3 a whole.

4 Pursuant to the Court-approved Distribution Plan, the Receiver will make
5 further rounds of interim distributions to investors with allowed claims at such
6 times as when, as a result of Policy maturities, cash has accumulated in the
7 receivership estate to allow the Receiver to safely make such distributions. Based
8 on the updated valuation just received, this would not be projected to occur until
9 late 2027.

10 **B. MPC Settlement**

11 At the time of the Receiver's appointment, PWCG Trust had been named as
12 a defendant in four lawsuits pending in the LASC.² These lawsuits had each been
13 filed by one or more investors, either individually or as a putative class. Mills
14 Potozcek & Company ("MPC"), the former Trustee of PWCG Trust, was also a
15 named defendant in some of these lawsuits. On May 5, 2020, the Receiver filed
16 his motion for authority to pursue claims against MPC, which motion was granted
17 on July 31, 2020. Dkt. 335, 357. The Receiver then filed his Complaint against
18 MPC (along with a Notice of Related Action to have the case assigned to this
19 Court) on September 3, 2020. MPC filed its Answer to the Receiver's Complaint
20 on November 19, 2020.

21 The Receiver, through counsel, continued to discuss a possible settlement
22 with MPC and counsel for the putative investor class. In March 2022, the
23 Receiver, the investor class, and MPC reached a settlement in principle, subject to
24 the settlement being approved by this Court and the LASC. The settlement terms
25 are very favorable, recovering \$9.75 million out of the \$10 million in available
26

27 _____
28 ² Two of these cases, known as the *Rhyme* and *Names* cases, have since been
dismissed. The two other cases, known as the *Shechter* and *Applebaum* cases,
have been related before the same court.

1 insurance coverage. Preliminary approval of the settlement was granted by the
2 LASC in March 2023 and final approval was granted on August 31, 2023. This
3 Court then approved the settlement on October 17, 2023. Dkt. 586. During the
4 fourth quarter of 2023, the Receiver received the full settlement payments from
5 MPC's insurance carriers and began the process of distributing the net settlement
6 funds of \$8,257,500 (after payment of approved fees for class counsel (\$1,462,500)
7 and approved service awards for class representatives (\$30,000)). The distribution
8 process was completed in 2024 and, pursuant to the Settlement Agreement, the
9 residual net settlement funds from investor checks that were not cashed were
10 turned over to the California Unclaimed Property Fund under the names of the
11 applicable claimants. The Receiver then provided settlement class counsel with a
12 final report on the class settlement distributions, which class counsel filed with the
13 LASC in September 2024.

14 **C. Investor Communications**

15 The Receiver has established a dedicated web page on his website which is
16 being used to provide case information, regular updates, and answers to frequently
17 asked questions to investors and creditors. The Internet address for the webpage is
18 as follows: <http://www.ethreadvisors.com/cases/pwcg/>. The Receiver mailed a
19 letter to all investors in the week following his appointment to inform them of the
20 receivership and direct them to the website to obtain further notices and updates.
21 The Receiver has posted the Appointment Order and other filings relating to the
22 receivership on the webpage and will continue to update it with relevant filings and
23 orders of the Court. Investors and creditors can sign up at the webpage to receive
24 monthly email updates about the case. To ensure receipt of future notices,
25 investors and creditors should promptly contact the Receiver's office at
26 pwcg@ethreadvisors.com if their contact information changes and provide their
27 new contact information.
28

III. SUMMARY OF RECEIPTS AND DISBURSEMENTS

The following table reflects a summary of the receipts and disbursements for the receivership estate from July 1, 2025, through September 30, 2025:

Balance as of 7/1/25	\$6,353,183
Policy Maturities	\$0
Interest & Misc. Income	\$27,246
Disbursements to Receiver/Professionals	(\$35,317)
Policy Premium Pmts & Business Asset Expenses	(\$1,786,370)
Federal & State Taxes	\$0
Investor Distributions	\$0
Ending Balance as of 9/30/25	\$4,558,742

In addition, the Standardized Fund Accounting Report for the receivership estate for the corresponding time period of July 1, 2025, through September 30, 2025, is attached hereto as Exhibit A.

IV. RECOMMENDATIONS

The Receiver's efforts to maximize recoveries for the receivership estate are ongoing. The Receiver and his professionals make the following recommendations.

A. Life Expectancy and Cash Flow Analysis

The Receiver, with the assistance of 21st, will continue to monitor the portfolio and evaluate the benefits of holding versus selling the Policies.

B. Provide Reports to the Court on a Quarterly Basis

The Receiver will continue to provide reports to the Court on a quarterly basis, as well as seeking Court approval of fees and costs on a quarterly basis.

EXHIBIT A

Thomas C. Hebrank, Receiver
E3 Advisors
501 West Broadway, Suite 290
San Diego, CA 92101
(619) 567-7223

STANDARDIZED FUND ACCOUNTING REPORT

CIVIL - RECEIVERSHIP FUND

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,
v.
PACIFIC WEST CAPITAL GROUP, INC.; ANDREW B CALHOUN IV; PWCG TRUST; et
al, Defendants

Case No. 2:15-cv-02563 FMO (FFMx)

REPORTING PERIOD 07/01/25 TO 09/30/25

STANDARDIZED FUND ACCOUNTING REPORT for PWCG Trust - Cash Basis

Case No. 2:15-cv-02563 FMO (FFMx)

Reporting Period 07/01/25 to 09/30/25

FUND ACCOUNTING (See instructions):			
	Detail	Subtotal	Grand Total
Line 1 Beginning Balance (As of 07/01/25):	6,353,183		6,353,183
<i>Increases in Fund Balance:</i>			
Line 2 Business Income			-
Line 3 Policy Maturities	-		-
Line 4 Interest/Dividend Income	27,246		27,246
Line 5 Business Asset Liquidation	-		-
Line 6 Personal Asset Liquidation	-		-
Line 7 Third-Party Litigation Income	-		-
Line 8 Misc - Insurance & Prop Tax Refunds	-		-
Total Funds Available (Lines 1 - 8):	6,380,429		6,380,429
<i>Decreases in Fund Balance:</i>			
Line 9 Disbursements to Investors			-
Line 10 Disbursements to Receivership Operations			
Line 10a Disbursement to Receiver or Other Professionals	(35,317)		(35,317)
Line 10b Business Asset Expenses	(1,786,370)		(1,786,370)
Line 10c Personal Asset Expenses	-		-
Line 10d Investment Expenses	-		-
Line 10e Third-Party Litigation Expenses	-		-
1. Attorney Fees	-		-
2. Litigation Expenses	-		-
Total Third-Party Litigation Expenses	-		-
Line 10f Tax Administrator Fees and Bonds	-		-
Line 10g Federal and State Tax Payments	-		-
Total Disbursements for Receivership Operations	-		(1,821,687)
Line 11 Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a Distribution Plan Development Expenses:			
1. Fees:			
Fund Administrator.....	-		-
Independent Distribution Consultant (IDC).....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Miscellaneous	-		-
Total Plan Developmental Expenses	-		-
Line 11b Distribution Plan Implementation Expenses:			
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Investor Identification:			
Notice/Publishing Approved Plan.....	-		-
Claimant Identification.....	-		-
Claims Processing.....	-		-
Web Site Maintenance/Call Center.....	-		-
4. Fund Administrator Bond	-		-
5. Miscellaneous	-		-
6. Federal Account for Investor Restitution (FAIR) Reports Expenses	-		-
Total Plan Implementation Expenses	-		-
Total Disbursements for Distribution Expenses Paid by the Fund	-		-
Line 12 Disbursements to Court/Other:			
Line 12a Investment Expenses/Court Registry Investment System (CRIS) Fees	-		-
Line 12b Federal Tax Payments	-		-
Total Disbursement to Court/Other:	-		-
Total Funds Disbursed (Lines 9 - 11):			(1,821,687)
Line 13 Ending Balance (As of 09/30/25):			4,558,742

STANDARDIZED FUND ACCOUNTING REPORT for PWCG Trust - Cash Basis

Case No. 2:15-cv-02563 FMO (FFMx)

Reporting Period 07/01/25 to 09/30/25

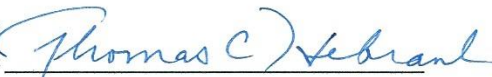
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents			4,558,742
Line 14b	Investments			-
Line 14c	Other Assets or Uncleared Funds			-
	Total Ending Balance of Fund - Net Assets			4,558,742

OTHER SUPPLEMENTAL INFORMATION:

	<u>Detail</u>	<u>Subtotal</u>	<u>Grand Total</u>
Report of Items NOT to be Paid by the Fund:			
Line 15	Disbursement for Plan Administration Expenses Not Paid by the Fund:		
Line 15a	Plan Development Expenses Not Paid by the Fund:		
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Miscellaneous	-		-
	Total Plan Developmental Expenses Not Paid by the Fund		-
Line 15b	Plan Implementation Expenses Not Paid by the Fund		
1. Fees:			
Fund Administrator.....	-		-
IDC.....	-		-
Distribution Agent.....	-		-
Consultants.....	-		-
Legal Advisors.....	-		-
Tax Advisors.....	-		-
2. Administrative Expenses	-		-
3. Investor Identification			
Notice/Publishing Approved Plan.....	-		-
Claimant Identification.....	-		-
Claims Processing.....	-		-
Web Site Maintenance/Call Center.....	-		-
4. Fund Administrator Bond	-		-
5. Miscellaneous	-		-
6. FAIR Reporting Expenses	-		-
	Total Plan Implementation Expenses Not Paid by the Fund		-
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund		-
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund		-
Line 16	Disbursements to Court/Other Not Paid by the Fund:		
Line 16a	Investment Expenses/CRIS Fees	-	-
Line 16b	Federal Tax Payments	-	-
	Total Disbursement to Court/Other Not Paid by the Fund:		-
Line 17	DC & State Tax Payments	-	-
Line 18	No. of Claims:		
Line 18a	# of Claims Received This Reporting Period.....		1,548
Line 18b	# of Claims Received Since Inception of Fund.....		1,548
Line 19	No. of Claimants/Investors:		
Line 19a	# of Claimants/Investors Paid this Reporting Period.....		1,548
Line 19b	# of Claimants/Investors Paid Since Inception of Fund.....		1,548

Receiver:

By:



Thomas C. Hebrank

Court-Appointed Receiver

Date:

11/7/25

PWCG Trust

Quarterly Operating Report - Financial Summaries

	RR#29 03/31/25	RR#30 06/30/25	RR#31 06/30/25
Beginning Cash	4,145,970	6,400,666	6,353,183
<u>Receipts</u>			
Policy Maturities	4,068,540	2,013,315	-
Investor Recoveries	-	-	-
Interest Income	30,400	16,995	27,246
Miscellaneous - Other	420	5,735	-
Policy Sales	-	-	-
Total Receipts	4,099,360	2,036,046	27,246
<u>Disbursements</u>			
Disbursements to Receiver/Professionals	-	(10,485)	(35,317)
Business Asset Expenses	(1,834,563)	(1,748,856)	(1,786,370)
Investor Distributions	(10,101)		
Litigation Expenses	-	-	-
Net Business Asset Expenses	(1,844,664)	(1,759,341)	(1,821,687)
Federal and State Tax Payments/Refunds	-	(324,187)	
Total Disbursements	(1,844,664)	(2,083,528)	(1,821,687)
Ending Cash	6,400,666	6,353,183	4,558,743
<u>Bank Statements</u>			
Checking	76,056	63,262	101,575
PWCG Trust #1	2,323,458	1,198,495	713,521
PWCG Trust #2	655,495	1,728,844	353,873
CD	3,065,427	3,082,188	3,109,215
CBB			
Western Alliance	280,230	280,394	280,559
	6,400,666	6,353,183	4,558,742