

1 DAVID R. ZARO (BAR NO. 124334)
E-Mail: dzaro@allenmatkins.com
2 MATTHEW D. PHAM (BAR NO. 287704)
E-Mail: mpham@allenmatkins.com
3 ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP
4 865 South Figueroa Street, Suite 2800
Los Angeles, California 90017-2543
5 Phone: (213) 622-5555
Fax: (213) 620-8816

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

11 Attorneys for Court-Appointed Receiver
12 KRISTA L. FREITAG

13 UNITED STATES DISTRICT COURT
14 CENTRAL DISTRICT OF CALIFORNIA

15
16 SECURITIES AND EXCHANGE
17 COMMISSION,

18 Plaintiff,

19 vs.

20 INTEGRATED NATIONAL
RESOURCES, INC. dba
21 WEEDGENICS, ROLF MAX
HIRSCHMANN aka "MAX
22 BERGMANN," PATRICK EARL
WILLIAMS,

23 Defendants, and,

24 WEST COAST DEVELOPMENT LLC,
25 INR CONSULTING LLC (WYOMING
ENTITY), OCEANS 19 INC.,
26 AUTOBAHN PERFORMANCE LLC,
ONE CLICK GENERAL MEDIA INC.,
27 OPUS COLLECTIVE, JOHN ERIC
FRANCOM, INR-CA INVESTMENT
28 HOLDINGS, LLC, MICHAEL
DELGADO. TOTAL SOLUTION

Case No. 8:23-cv-00855-JWH (KES)

**RECEIVER'S SIXTH INTERIM
REPORT AND
RECOMMENDATIONS**

1 CONSTRUCTION LLC, BAGPIPE
2 HOLDINGS LLC, BAGPIPE
3 MULTIMEDIA LLC, TYLER
4 CAMPBELL, INR CONSULTING LLC
5 (CALIFORNIA ENTITY), HIDDEN
6 SPRINGS HOLDINGS GROUP LLC,
7 and ALEXANDRIA PORTER BOVEE
8 aka "AIA MONTGOMERY",

Relief Defendants.

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

TABLE OF CONTENTS

1		
2		<u>Page</u>
3	I.	BACKGROUND.....4
4	II.	EXECUTIVE SUMMARY7
5	III.	SUMMARY OF RECEIVER'S ACTIVITIES9
6	1.	Business Operations.....9
7	2.	Funds Recovered to Date9
8	3.	Real Property Assets10
9	4.	Personal Property Assets Identified and Recovered to Date13
10	5.	Real and Personal Property Insurance15
11	6.	Other Investments and Loans.....16
12	7.	Digital Records17
13	8.	Receipts and Disbursements18
14	9.	Investor Communications19
15	10.	Forensic Accounting20
16	IV.	PRELIMINARY RECOMMENDATIONS.....21
17	1.	Document Recovery Efforts21
18	2.	Receivership Asset Recovery Efforts and Investigation22
19	3.	Accounting.....22
20	V.	CONCLUSION22

21
22
23
24
25
26
27
28

1 Krista Freitag ("Receiver"), the Court-appointed permanent receiver for
2 Defendant INTEGRATED NATIONAL RESOURCES, INC., DBA
3 WEEDGENICS, And Relief Defendants, WEST COAST DEVELOPMENT LLC,
4 INR CONSULTING LLC (WYOMING ENTITY), OCEANS 19 INC.,
5 AUTOBAHN PERFORMANCE LLC, ONE CLICK GENERAL MEDIA INC.,
6 OPUS COLLECTIVE, INR-CA INVESTMENT HOLDINGS, LLC, TOTAL
7 SOLUTION CONSTRUCTION LLC, BAGPIPE HOLDINGS LLC, BAGPIPE
8 MULTIMEDIA LLC, INR CONSULTING LLC (CALIFORNIA ENTITY), AND
9 HIDDEN SPRINGS HOLDINGS GROUP LLC, and their subsidiaries and affiliates
10 (collectively the "Receivership Entities" or individually, a "Receivership Entity")
11 hereby submits this Sixth Interim Report and Recommendations ("Sixth Interim
12 Report").

13 **I. BACKGROUND**

14 On May 19, 2023, this Court entered the Temporary Restraining Order and
15 Orders: (1) Freezing Assets; (2) Appointing a Temporary Receiver; (3) Requiring
16 Accountings; (4) Prohibiting the Destruction of Documents; and (5) Granting
17 Expedited Discovery; and Order to Show Cause why a Preliminary Injunction
18 should not be Granted and a Permanent Receiver should not be Appointed. (the
19 "Temporary Restraining Order" or "TRO"). (Dkt. 17).

20 Subsequently, the Court entered Preliminary Injunction Orders as follows:

21 1. June 2, 2023 - as to Defendants Integrated National Resources Inc. dba
22 WeedGenics ("INR"), Rolf Max Hirschmann aka "Max Bergmann" ("Hirschmann"),
23 and Patrick Earl Williams ("Williams") (collectively, "Defendants"), and various
24 Relief Defendants, including West Coast Development LLC ("WCD"), INR
25 Consulting LLC (Wyoming Entity) ("INR Consulting/Williams"), Oceans 19 Inc.
26 ("Oceans 19"), Autobahn Performance LLC ("Autobahn"), One Click General
27 Media Inc. ("One Click"), and Opus Collective ("Opus"). (Dkt. 33.) This order
28 made the receivership permanent as to the listed entities.

1 2. June 9, 2023 – as to Relief Defendants Michael Delgado, Total
2 Solution Construction LLC ("TSC"), Bagpipe Holdings LLC ("Bagpipe Holdings")
3 and Bagpipe Multimedia LLC ("Bagpipe MM"). (Dkt. 48.) This order made the
4 receivership permanent as to TSC, Bagpipe Holdings, and Bagpipe MM.

5 3. June 9, 2023 – as to Relief Defendants Tyler Campbell, INR
6 Consulting LLC (California Entity) ("INRC"), and Hidden Springs Holdings Group
7 LLC ("Hidden Springs"). (Dkt. 49). This order made the receivership permanent as
8 to INRC and Hidden Springs.

9 4. June 29, 2023 - as to Relief Defendants John Eric Francom and INR-
10 CA Investment Holdings, LLC's ("INR-CA") Joint Stipulated Request for a
11 Preliminary Injunction Order and Orders: (1) Freezing Assets; (2) Appointing a
12 Permanent Receiver; and (3) Prohibiting the Destruction of Documents. (Dkt. 95).
13 This order made the receivership permanent as to INR-CA.¹

14 5. July 13, 2023 – as to Relief Defendant Alexandria Porter Bovee AKA
15 "Aia Montgomery."

16 On June 29, 2023, the Court issued an Order Approving Stipulation
17 Regarding Limited Modification to Preliminary Injunction Order with Respect to
18 Certain Defendants and Relief Defendants and Orders: (1) Freezing Assets; (2)
19 Appointing A Permanent Receiver; (3) Requiring Accountings; And (4) Prohibiting
20 The Destruction Of Documents ("Hirschmann Stipulation") (Dkt 93). The
21 stipulation allowed Defendant Hirschmann to remain in possession of two
22 residential properties located in Boise, Idaho occupied by Hirschmann, his wife, and
23 his father, as well as two vehicles owned by Autobahn (the properties were to be
24 vacated and the vehicles turned over to the Receiver no later than September 20,
25 2023). On September 14, 2023, Defendant Hirschman filed an Ex Parte Application
26 for Modification of Order Approving Stipulation For Limited Modification to
27

28 ¹ On November 28, 2023, the Court granted the unopposed motion of Relief Defendant Francom to lift the freeze on his personal assets.

1 Preliminary Injunction with Respect to Certain Defendants and Relief Defendants,
2 (Dkt 155) seeking to delay turnover of the real properties to the Receiver. On
3 September 25, 2023, the Court issued an Order Denying this Ex Parte Application
4 (Dkt 160), requiring prompt turnover of the real properties.

5 On July 6, 2023, the Receiver filed her Motion for Order in Aid of
6 Receivership (Dkt. 107), and on July 28, 2023, the Court granted this motion (Dkt.
7 125), which among other things authorizes the Receiver to engage the law firm of
8 Allen Matkins Leck Gamble Mallory & Natsis LLP as her general counsel, to
9 prepare and file interim reports with the Court on a quarterly basis, to provide notice
10 to all investors, creditors and other interested parties via electronic mail and the
11 receivership-specific website – www.INReceivership.com and grants relief from
12 Local Rule 66-7.

13 On September 29, 2023, the Receiver filed a Motion for Authority to
14 (A) Engage Licensed Auctioneers and Dealers to Assist in Selling Personal
15 Property, (B) Sell Automobiles, Jewelry and Other Personal Property of the
16 Receivership Entities (C) Engage Brokers to List Real Properties for Sale.
17 (“Authority to Sell Motion”) (Dkt 162). This motion was approved on April 9, 2024
18 (Dkt 218).

19 On December 1, 2023, the Receiver filed a motion for authority to pursue
20 certain claims for recovery on behalf of the receivership estate (known as clawback
21 claims) and for authority to settle such claims within certain parameters (Dkt. 197).
22 This motion was likewise approved on April 9, 2024 (Dkt 218).

23 This quarterly report covers the Receiver's activities during the second quarter
24 of 2024, including accounting information from inception of the receivership on
25 May 19, 2023 through June 30, 2024, and also reflects the status of certain assets as
26 of the date of this report, if material activity has occurred between June 30, 2024
27 and the date of this report.

28

1 **II. EXECUTIVE SUMMARY**

2 In its Complaint, the Commission alleges that from June 2019 to April 2023,
3 defendants Williams and Hirschman, along with INR raised approximately
4 \$61.7 million – including over \$22.4 million from November 2022 to April 2023 –
5 from approximately 350 investors nationwide. The Complaint alleges Defendants
6 lied about the existence of, revenue from, and permits associated with INR facilities
7 that supposedly cultivated cannabis in Adelanto, California and Las Vegas, Nevada.
8 The Complaint further alleges that Defendants fraudulently used investor funds to
9 enrich themselves rather than to fund their purported business. To date, no evidence
10 of such cannabis business operations has been found and Defendant Patrick
11 Williams has admitted there were none.

12 As previously reported, upon entry of the TRO, the Receiver and her team
13 worked to review as much of the Complaint and evidence submitted by the
14 Commission as possible. Despite repeated requests for meetings and demands for
15 turnover of assets, books and records, the cooperation of the Defendants and Relief
16 Defendants has been very limited. Most of what is known about the Receivership
17 Entities' assets and operations has come from gathering and reviewing records from
18 third parties (including through the issuance of more than a hundred subpoenas). In
19 fact, nearly all information, assets, books and records the Receiver has recovered or
20 obtained in this case is a result of her and her team's subpoena efforts and very
21 specific inquiries (resulting from the Receiver's review of third-party
22 documentation) that she, through counsel, has posed to Defendants and Relief
23 Defendants. In other words, unless the Receiver has identified them first and then
24 demanded turnover thereof, assets have not been voluntarily disclosed and/or turned
25 over to the Receiver. Defendant Williams has not responded to any requests for
26 information, while Defendant Rolf Hirschmann and Relief Defendants Michael
27 Delgado and Tyler Campbell have asserted their Fifth Amendment rights. As it
28 relates to digital records and assets (e.g., websites, emails, company

1 phones/computers, and financial books and records), Defendants and Relief
2 Defendants have provided minimal information. Through her own efforts, the
3 Receiver has been able to obtain control over Receivership Entity websites, email
4 accounts (many of which were empty due to deletion) and limited financial
5 information. The data available from these sources is largely incomplete,
6 deleted/destroyed, or otherwise non-existent.

7 With limited cooperation and little to no data turned over, the Receiver,
8 through her counsel, has been forced to issue over 200 subpoenas requesting
9 information from third parties related to the Receivership Entities and their
10 investors; this process involves significant time preparing the subpoenas, following
11 up with subpoena recipients to secure document productions and reviewing the
12 productions received. These efforts have not only provided the Receiver with
13 contact information for hundreds of investors and records critical to the
14 investigation of potential claims against third parties, but also have confirmed the
15 existence of and to date, provided for the Receiver's recovery of the following
16 assets:

- 17 • Over \$8 million in cash (see Receipts and Disbursements below),
- 18 • Fourteen (14) mostly exotic and luxury vehicles,
- 19 • Six (6) real properties, and
- 20 • Various pieces of jewelry and artwork.

21 During the second quarter of 2024, the Receiver continued to concentrate
22 efforts on advancing the forensic accounting, continuing to secure the assets,
23 beginning the sale of the recovered assets, and pursuing and investigating potential
24 claims and recoveries.

25 As discussed herein, the Receiver and her professionals have made significant
26 progress, especially considering the minimal cooperation and very limited organic
27 company data available. However, work remains to be done – notably on
28

1 completing the forensic accounting, investigating and pursuing claims,² the
2 recovery/monetization of receivership assets,³ and a claims and distribution process.

3 **III. SUMMARY OF RECEIVER'S ACTIVITIES**

4 **1. Business Operations**

5 Although virtual addresses associated with the Receivership Entities have
6 been identified, no physical cannabis operations or premises operated or owned by
7 the Receivership Entities have been located to date. Moreover, no revenue
8 generated from any cannabis operations has been identified to date.

9 As noted in the Receiver's initial report, where possible, change of addresses
10 for the Receivership Entities' virtual addresses have been completed with the United
11 States Postal Service (the USPS does not allow change of addresses for commercial
12 mail receiving agencies – e.g., a UPS Store) to ensure all Entity related mail is
13 forwarded to the Receiver.

14 The Receiver, through counsel, has issued subpoenas on various electronic
15 and accounting related software companies to recover organic company related data;
16 however, some of the responses to these subpoenas remain pending.

17 **2. Funds Recovered to Date**

18 The Receiver promptly notified each bank and known financial institution
19 identified as having an account associated with the Receivership Entities. Through
20 June 30, 2024, the Receiver recovered over \$8.0 million from bank accounts
21 previously controlled by the defendants, legal retainers, a pre-receivership vehicle
22 deposit, a post-TRO sale of a vehicle owned by Autobahn, and funds withdrawn
23 from accounts by Mr. Hirschmann (which funds were previously unknown to the
24

25
26 ² On December 1, 2023, the Receiver filed a motion for authority to pursue
27 clawback claims and for approval of proposed procedures (Dkt. 197), which
28 motion was approved on April 9, 2024 (Dkt 218).

³ On September 29, 2023, the Receiver filed a motion for authority to sell personal
and real property assets (Dkt. 162), which motion was approved on April 9, 2024
(Dkt 218).

1 Commission but discovered by the Receiver). See below in the Receipts and
2 Disbursements section for more detail.

3 The Receiver, through her counsel, has also subpoenaed all known financial
4 institutions for all account records, which records are necessary for the Receiver to
5 complete an accounting, as ordered by the Court. The Receiver is still awaiting
6 some follow-up requests from certain financial institutions, but the Receiver's
7 ongoing accounting work is progressing and is further discussed below. It should be
8 noted that the Receiver does anticipate filing her forensic accounting report early in
9 the fourth quarter of 2024.

10 **3. Real Property Assets**

11 As previously discussed, the Receiver has confirmed that six (6) real
12 properties (all are residential except for one (1) commercial storage unit, and each
13 property is part of a homeowner's association) are owned by Autobahn. These
14 properties are in Boise, Idaho, Las Vegas, Nevada, and Fort Lauderdale, Florida.
15 The Receiver remained in possession of six (6) real properties including a luxury
16 condo ("Isle of Venice"), a commercial storage unit ("Summersweet"), two
17 townhomes ("Riverpark" and "Sultana"), and two single-family residences
18 ("Hacienda" and "Gracemoor"). Summersweet, Riverpark, Sultana and Hacienda
19 are all located in the Boise, Idaho area. Gracemoor is located in Las Vegas, Nevada
20 and Isle of Venice is located in Fort Lauderdale, Florida.

21 As previously discussed, the property management efforts in the Boise area
22 were turned over to the listing agent. In preparation to market the properties for
23 sale, the listing agent is to visit the properties on a weekly (or likely more frequent)
24 basis to show the homes. The listing agent is also incentivized to keep the homes in
25 marketable condition and has assisted the Receiver in coordinating various repairs
26 and maintenance projects at each property. At Hacienda, the wall between the
27 living area and the garage was completed, and various other repair and maintenance
28 items were identified and scheduled for repair. At Sultana, similar work was done

1 to prepare the home for listing. This wear and tear/clean-up work was due to
2 Defendant Hirschmann's and his father's previous occupation of the homes.
3 Weekly pool maintenance is also completed at Hacienda and Gracemoor and
4 landscaping is performed as needed at each property. Summersweet, Sultana,
5 Riverpark and Isle of Venice are part of an HOA, so landscaping and exterior
6 maintenance is part of the HOA responsibilities. The cameras previously installed
7 at the properties remain onsite to give the Receiver "real-time" status on each
8 property. Even so, minor vandalism has occurred at the Gracemoor property. While
9 the costs for this vandalism are nominal, the Receiver continues to explore cost-
10 effective ways to mitigate the vandalism.

11 As previously discussed, the Gracemoor HOA notified the Receiver of
12 alleged pre-receivership violations of the HOA rules related to a carport/awning
13 structure added to the property, among other complaints. In various
14 communications since her appointment, the Receiver has reminded the HOA of the
15 Court's stay order that prohibits placing a lien on the property. Nonetheless, on
16 January 17, 2024, the Receiver received a notice from a debt collector representing
17 the HOA advising of a lien placed on the property due to various unpaid violation
18 notices. The Receiver, through counsel, demanded that the HOA remove the lien.
19 On February 1, 2024, the debt collector responded that the lien would be removed
20 promptly and on February 7, 2014, the Receiver received confirmation of the lien
21 removal.

22 After reviewing the materials related to the alleged HOA violation, it appears
23 that a structure was approved for construction at the site, however, the HOA alleges
24 that the structure erected is different than what was approved. In July 2023, the
25 HOA rescinded approval for the existing structure and began to assess a weekly
26 \$100 fine against the property. Those fines are currently over \$4,000. It should be
27 noted that the prior occupants hired a licensed contractor to professionally build the
28 structure. The structure was inspected and approved by the county and the

1 contractor claims that the structure built is consistent with the plans submitted to the
2 HOA. Unfortunately, after various discussions, the Receiver and the HOA were
3 unable to resolve the dispute. As an alternative resolution, the HOA has recently
4 provided the Receiver with a notice explaining that the home is in non-compliance
5 with the HOA, and that any buyer would have to either: (1) remove the structure; (2)
6 modify the structure to the form that the HOA believes that they approved; (3)
7 discuss alternate plans with the HOA. The Receiver, through the broker, is advising
8 buyers of this notice and providing all prospective buyers with a copy.

9 Finally, the Receiver was notified by a vendor of a mechanic's lien placed on
10 the property due to non-payment for security window screens for the Gracemoor
11 property. The screens have not been installed at the property. Pursuant to the
12 aforementioned stay order, the Receiver requested the vendor remove the lien and
13 has issued the vendor a subpoena for records. The vendor has thus far refused to
14 remove the lien, asserting that it did not have notice of the stay of creditor actions in
15 the Preliminary Injunction Orders when the lien was recorded, but has provided
16 records.

17 The Receiver has signed listing agreements for all the properties. The
18 Receiver used the recent National Association of Realtors ("NAR") settlement as
19 the basis to negotiate highly reduced commissions on all the residential properties.
20 Commercial properties are not a part of the NAR settlement, however the proposed
21 broker commission for Summersweet is within industry standards. Recently, offers
22 were received, negotiated and accepted for the Riverpark and Sultana properties.
23 Motions seeking approval for the sale of each of these properties have been filed
24 (Dkt. Nos. 257 and 264, respectively), a hearing on which is scheduled for August
25 30, 2024. Further, an offer on Gracemoor has been accepted and the buyer is
26 conducting their due diligence. Pursuant to the approved sale procedures, all
27 properties with accepted offers are being marketed for overbids. The repairs on
28

1 Hacienda have been completed and marketing has recently begun on this remaining
2 real property.

3 Based on the appraisals received and recommendations from the listing
4 agents, the Receiver has set aspirational pricing standards as the initial listing price
5 for each improved property. As mentioned in previous reports, many properties
6 were over-improved; that is, the expense of the home purchase and its remodel are
7 not supported by the comparable properties in the area. This aspirational pricing
8 may mean that the Receiver will have to lower pricing periodically to discover the
9 true market value for each property. For example, at the recommendation of the
10 listing agent, the pricing on Gracemoor was recently lowered by 5%. The property
11 had been marketed for a few weeks and dozens of showings had occurred without an
12 offer. Shortly after the price drop, an offer was received and accepted. As
13 mentioned before, the buyer is conducting their due diligence, and provided buyer
14 releases contingencies as contracted, the Receiver anticipates filing a motion for
15 approval in the coming weeks.

16 **4. Personal Property Assets Identified and Recovered to Date**

17 In addition to the real property, the Receiver noted dozens of vehicle
18 purchases by Receivership Entities or with funds raised from investors. To date, the
19 Receiver had identified 13 vehicles owned by Autobahn, all but one of which have
20 been recovered from Defendant Hirschman. Almost immediately after the TRO was
21 entered on May 19, 2023, Hirschmann sold a Maserati automobile for \$170,000
22 cash (about half of what Autobahn had purchased it for six months earlier). The
23 Receiver was able to recover the \$170,000, which Hirschmann had instructed the
24 buyer to wire to a criminal defense law firm. Further recovery from the fraudulent
25 transfer of the Maserati is being pursued and is anticipated, as further discussed
26 below.

27 The Receiver is also aware of numerous vehicles owned by Defendants or
28 Relief Defendants. Relief Defendant Campbell turned over two (2) vehicles to date.

1 A third vehicle, a Ford Mustang, remains in Relief Defendant Campbell's
2 possession. The vehicle is believed to have no net value due to an existing loan
3 secured by the vehicle. The Receiver also identified and made demand on three
4 (3) luxury SUV's, which were purchased by Autobahn and gifted by Hirschmann to
5 three (3) women located throughout the country. Further pursuit of these vehicles is
6 forthcoming pursuant to the Court's granting of authority for the Receiver to pursue
7 the clawback claims and completion of the forensic accounting.

8 As discussed in prior reports, the Receiver has been holding all 14⁴ vehicles
9 recovered to date in a secured storage facility in Southern California. The facility
10 regularly maintains the vehicles to ensure that they remain in running condition. As
11 part of these efforts, two of the vehicles have recently required service. As these are
12 luxury and exotic vehicles, even something as common place as an oil change is
13 orders of magnitude more expensive than a typical consumer vehicle. The Receiver
14 has undertaken this maintenance to ensure that at sale, a buyer will not discount the
15 vehicle price due to an unexpected dashboard warning light coming on at the time of
16 inspection.

17 As the Receiver has been granted the authority to sell the personal property, a
18 listing agreement has been signed with a reputable asset disposition firm for the sale
19 of the automobiles. The automobiles were prepared for sale and marketing has been
20 ongoing for approximately a month. Like the real properties, the Receiver set
21 aspirational prices and after three weeks of marketing without an offer, lowered
22 prices as recommended by the asset disposition firm. Shortly thereafter, offers on
23 vehicles began to come in. Offers have been accepted on two (2) of the
24 aforementioned vehicles, the Toyota Tundra and the BMW M5, the latter of which
25 sale has now been completed.

26
27
28 ⁴ One (1) of the vehicles being stored has been sold, so at the time of this report,
13 of the vehicles remain in storage.

1 Based on the best information available at this time, the Receiver identified
2 hundreds of thousands of dollars of jewelry purchases. Approximately thirteen (13)
3 jewelry pieces have been recovered and secured in a safe deposit box at a Southern
4 California bank vault. Additionally, four large metal art sculptures weighing
5 hundreds of pounds are located in the Boise area. After contacting the retailer that
6 sold the sculptures to Defendant Hirschmann, the value suggested for all pieces was
7 \$7,500. That said, receipts provided by the retailer indicate that nearly \$70,000 was
8 paid for the sculptures. Efforts to identify, locate and recover additional jewelry,
9 luxury goods, artwork and other valuable personal property are ongoing. The
10 Receiver is currently attempting to recover another undisclosed valuable piece of art
11 from Defendant Hirschmann, which the Receiver discovered was purchased by
12 Oceans 19. Attached as **Exhibit A** is a schedule detailing the assets collected to
13 date, including real property, automobiles, jewelry and artwork.

14 The Receiver is likewise pursuing avenues to sell the jewelry and artwork.
15 Unfortunately, it does not appear that selling the jewelry and artwork will be as
16 efficient as selling the real property and vehicles, due to the highly subjective nature
17 of the value of each item. The net recoveries may be lower as well in relation to
18 funds expended to purchase the items. Individual tastes and preferences will highly
19 influence the marketability for these items and will require an individual approach to
20 each sale. As noted before, prospective consignment sellers and auctioneers have
21 also expressed a softening market for such items (and personal property items are
22 subject to high retail mark-ups when purchased).

23 **5. Real and Personal Property Insurance**

24 The Receiver maintains general liability and property insurance over all the
25 real properties. It should be noted that the insurance marketplace appears to be a
26 general state of transition, and that carriers are increasingly unwilling to renew
27 policies, or make changes that were typical to the industry in certain markets highly
28 susceptible to climate change. Thus far, the Receiver has been able to maintain

1 effective policies over these assets. The Receiver previously reorganized coverage
2 on the vehicles in her possession to obtain quality coverage that considered the lack
3 of daily driving on the vehicles. As assets are sold, they will be removed from
4 insurance coverage.

5 Coverage for the jewelry was previously placed, however, after determining
6 that the jewelry would not be worn daily or held in a home environment, the carrier
7 withdrew the coverage. The Receiver intends to place coverage for the jewelry and
8 artwork while in transit and prior to sale. As part of these efforts, the Receiver may
9 be required to engage an appraisal service to confirm appropriate coverage with a
10 carrier.

11 **6. Other Investments and Loans**

12 After reviewing the banking records and then documents and information
13 produced by the web hosting company in response to her subpoena, the Receiver
14 discovered an operating business owned by Raw Sports, LLC (a Hirschmann
15 controlled entity), which had recently purchased Rari Nutrition ("Rari"). Rari was a
16 nutritional supplements company largely sold through the Amazon.com website, but
17 also through its own website at rarinutrition.com.⁵ Through various subpoenas, the
18 Receiver confirmed that Raw Sports, LLC dba Rari was an existing operating
19 business that Hirschmann purchased through Raw Sports, LLC, just prior to the
20 Receiver's appointment with what appears to be investor funds. After the Receiver
21 obtained this information, Hirschmann agreed to turn control of the company and its
22 operations over to the Receiver. An experienced Amazon.com operations team was
23 operating the virtual storefront, along with existing product, which consisted of
24 various health/exercise supplements. The Receiver worked with the operations team
25 and continued to gather information regarding the business to support its operations
26 (from manufacturing of product inventory to warehouse inventory to insurance).

27 _____
28 ⁵ No known sales occurred through the website and the Receiver disabled the
capability for sales on it.

1 Unfortunately, the prior net losses reported, the limited revenue activity and
2 complete lack of cooperation by the manufacturer of the supplements has led to a
3 wind down of operations. The Receiver also did discover that the intellectual
4 property associated with the business (e.g., the trademark) had lapsed and was not
5 recoverable by the Receiver (the window had passed prior to the Receiver's
6 appointment).

7 While information is limited at this time as to the nature, status and
8 collectability thereof, the Receiver, with the assistance of counsel is working to
9 pursue information on material amounts of transfers made to numerous individuals
10 and companies from Receivership Entities and investor funds, including an alleged
11 cannabis-related operation located in Oklahoma. A prospective settlement is
12 anticipated as part of the Maserati fraudulent transfer; further updates should be
13 forthcoming.

14 **7. Digital Records**

15 Without a physical operation and with very limited cooperation from the
16 Defendants and Relief Defendants, the Receiver has also been working diligently to
17 identify any payments to any companies associated with the Receivership Entities.
18 As part of her effort to identify, obtain, control and preserve the business records
19 associated with the Receivership Entities, with the assistance of counsel, the
20 Receiver has also served various vendors, and other third parties (including the
21 internet service provider, website hosting companies, and other key vendors
22 believed to service the Receivership Entities) with subpoenas and has made a
23 demand that they each preserve all electronic and other documents in their
24 possession, custody or control.

25 Initially, the Receiver took control of six (6) primary domains (ocgm.com,
26 weedgenics.com, inr.green, wcdev.us, xjus.com, rarinutrition.com), and nine (9)
27 add-on domains and if applicable, their related email accounts. Since appointment,
28 the Receiver has taken possession of a total of 47 domains, however 34 appear to be

1 parked, meaning the domain name is owned/controlled by the Receivership Entities,
2 but no other web assets appear to be related to the name (e.g. no corresponding
3 website or email account is operating). Hirschmann, through counsel, has asserted
4 that various of the domains should be outside of the scope of the PI Order. Control
5 over these accounts allows the Receiver to make a static copy of the primary domain
6 websites for archival purposes and re-direct any website traffic to the Receiver's
7 website at www.INRreceivership.com. Out of an abundance of caution, the
8 Receiver has continued to pay for the annual renewal of all domains until their
9 further utility can be ascertained. During the period, the Receiver reorganized the
10 domains to a lower cost option to save on annual registration fees.

11 In addition to website traffic, the domains are also capable of having
12 associated email accounts, e.g. user@inr.green or user@ocgm.com. Thus far, the
13 Receiver noted various instances of the Defendants or Relief Defendants using those
14 email accounts (e.g. max@ocgm.com, max.bergmann@inr.green, max@xjus.com or
15 aia.montgomery@inr.green), however upon taking control of those domains, the
16 Receiver noted that almost no emails existed in the accounts. Furthermore, the
17 Receiver has discovered that certain of the receivership entity accounts were deleted
18 and has been able to trace those deletion efforts to the IP address associated with the
19 Defendant Hirschmann occupied Hacienda property shortly after the TRO was
20 entered.

21 **8. Receipts and Disbursements**

22 The following reflects the cash activity of the receivership estate for the
23 period from May 19, 2023, through June 30, 2024. A summary of the receipts and
24 disbursements is as follows:

25 Total Bank Account Balances at	
26 takeover	\$6,541,700
27 Hirschmann Withdrawal Recovery	\$1,128,921
28	

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

Legal Retainer Recovery	\$370,000
Vehicle Deposit Recovery	\$30,000
Interest Income	\$207,542
Parking Lease Income	\$500
Raw Sports Net Operating Revenue	\$47,994
TOTAL RECEIPTS	\$8,326,657
Raw Sports Operating Expenses	(\$43,288)
Real Property Related Expenses (e.g., HOA monthly dues, property taxes, insurance)	(\$128,721)
Vehicle Expenses (e.g., repossession, transportation, security, storage, insurance)	(\$165,249)
General Receivership Expenses (primarily includes asset search related expenses)	(\$44,836)
Receiver Fees and Expenses	(\$421,569)
Receivership Legal Fees and Expenses	(\$390,106)
TOTAL DISBURSEMENTS	(\$1,193,769)
CASH BALANCE AT JUNE 30, 2024	\$7,132,888

22
23
24
25
26
27
28

As of June 30, 2024, outstanding checks totaled \$11,153, thus the actual bank balance as of June 30, 2024, was \$7,121,735.

9. Investor Communications

Upon entry of the TRO, the Receiver promptly established a dedicated web page with a link to same on the Receiver's company's website which will be used to provide case information, regular updates, and answers to frequently asked questions to investors. The Internet address for the webpage is

1 www.INRreceivership.com. In addition, the Receiver is maintaining a dedicated e-
2 mail address and telephone line for all inquiries.

3 As previously discussed, a complete investor database was not turned over to
4 the Receiver. As a result, the Receiver promptly posted an initial communication
5 with investors on the receivership website and proceeded to work diligently to
6 identify physical mailing addresses for investors through banking records and to
7 otherwise identify investors through a subpoena to DocuSign – the platform used by
8 investors to sign subscription agreements. As a result of these efforts, the Receiver
9 was able to send a physical letter to all known investors for whom addresses were
10 attainable and given the DocuSign production, the Receiver also believes she should
11 have email addresses used by all investors who signed subscription agreements.
12 However, even with this list of investors, until the Receiver completes a forensic
13 accounting and a claims process, it is possible that the complete list of investors
14 (and creditors) will remain unknown.

15 The Receiver has also been working to identify any payments to accounting
16 software, customer relationship manager (CRM) entities, or similar types of
17 programs. To date, only one such vendor has been identified and a subpoena for
18 records was issued. While the Receiver was able to glean certain information from
19 the resulting production, limited transactional level detail existed in the account
20 produced to the Receiver. As a result, no useful accounting or investor transactional
21 information can be derived from this production.

22 **10. Forensic Accounting**

23 The Receiver and her team have made significant progress on the Court-
24 ordered forensic accounting. Notably, the Receiver has not seen any material
25 transactions incurred by the Receivership Entities which are associated with revenue
26 generating cannabis operations, but has seen *material* amounts of credit card
27 payments, payments to numerous (unexplained) non-investor individuals and
28 entities (mentioned above), payments to investors, cash withdrawals, real and

1 personal property purchases (discussed above), real property
2 renovation/improvement related expenses, and other personal affect-type
3 transactions. The forensic accounting efforts to date have also been critical in
4 assisting with the ongoing investigation of potential third-party claims and
5 recoveries.

6 Given that no accounting system or data for the companies has been located
7 or turned over by any of the Defendants or Relief Defendants, the Receiver, through
8 her counsel, has issued numerous subpoenas to gather banking records (as discussed
9 above) and is using a project-specific and cost-effective AI software to upload the
10 tens of thousands of banking transactions into a database. This software is saving
11 considerable time and expense and will shorten the time required to complete the
12 accounting, which in some complex cases can take years (depending on the number
13 of bank accounts and volume of transactions). As previously mentioned, while
14 some subpoenaed and follow-on information remains pending receipt, the Receiver
15 anticipates filing her forensic accounting report early in the fourth quarter of 2024.
16 Thereafter, the Receiver also anticipates seeking authority to begin a claims process
17 that will largely mirror the results of the forensic accounting. After the claims
18 process is approved and completed, the Receiver will seek authority to begin
19 distributions to investors and creditors with approved claims. This claims and
20 distribution process is expected to take time to complete due to ongoing recovery
21 efforts discussed above.

22 **IV. PRELIMINARY RECOMMENDATIONS**

23 The Receiver's efforts to marshal and recover assets and relevant
24 Receivership Entity documents and records are ongoing. In the near term, the
25 Receiver and her professionals make the following recommendations.

26 **1. Document Recovery Efforts**

27 The Receiver will continue to obtain records from all available sources
28 identified and associated with the Receivership Entities, including all financial

1 institutions where the Receivership Entities maintained accounts, as well as from
2 attorneys and accountants engaged by the Receivership Entities.

3 **2. Receivership Asset Recovery Efforts and Investigation**

4 As appropriate, the Receiver will seek to locate any presently unaccounted for
5 receivership assets that may exist. As part of her investigation, the Receiver is and
6 will continue to evaluate claims to pursue recovery of assets of the Receivership
7 Entities from third parties. With the exception of clawback claims, which the Court
8 has already authorized, the Receiver will seek Court approval before pursuing any
9 such claims.

10 **3. Accounting**

11 The Receiver will proceed with the forensic accounting to establish, among
12 other things, identification of assets not already identified, potential clawbacks and
13 other recoverable claims, the identification of investors and the money in-money out
14 account balances associated with the investors identified.

15 **V. CONCLUSION**

16 Based upon the Receiver's preliminary investigation and findings, the
17 Receiver recommends and requests that the Court order the Receiver to continue her
18 work pursuant to the orders issued by the Court. The Receiver also requests the
19 Court authorize her continuing investigation and approve this sixth report and
20 recommendations.

21
22 Dated: August 2, 2024

ALLEN MATKINS LECK GAMBLE
MALLORY & NATSIS LLP

By: /s/Edward G. Fates

EDWARD G. FATES
Attorneys for Court-Appointed
Receiver KRISTA L. FREITAG

23
24
25
26
27
28

EXHIBIT A

Exhibit A - Schedule of Assets

Real Property Assets:

	Address	City	State	Description	Notes
1	865 E. Riverpark	Boise	ID	Attached Townhome	Offer accepted; pending approval of sale
2	2158 Summersweet	Boise	ID	Commerical Condominium Storage Unit	Receiver Possession
3	21 Isle of Venice	Fort Lauderdale	FL	Condominium	Receiver Possession
4	5963 N. Hacienda	Boise	ID	Single Family Residence	Receiver Possession
5	9641 Sultana	Garden City	ID	Attached Townhome	Offer accepted; pending approval of sale
6	7691 Gracemoor	Las Vegas	NV	Single Family Residence	Offer accepted; pending due diligence/contingency release

Personal Property - Autos:

	Make	Model	Year	Notes		
1	Toyota	Tundra	2021	Surrendered by Hirschmann, in storage	Offer Accepted; awaiting confirmation of sale	
2	Mclaren	620R	2020	Surrendered by Hirschmann, in storage		
3	Bentley	Continental	2022	Surrendered by Hirschmann, in storage		
4	Aston Martin	DBS	2019	Surrendered by Hirschmann, in storage		
5	Mercedes Benz	G Wagon	2022	Surrendered by Hirschmann, in storage		
6	BMW	X3	2022	Surrendered by Hirschmann, in storage		
7	Mercedes Benz	S AMG	2020	Surrendered by Hirschmann, in storage		
8	Lamborghini	Huracan	2022	Surrendered by Hirschmann, in storage		
9	Ferrari	F8 Tributo	2022	Surrendered by Hirschmann, in storage		
10	Ferrari	488 EVO	2020	Surrendered by Hirschmann, in storage		
11	Mercedes Benz	C63 Coupe	2023	Surrendered by Campbell, in storage		
12	Kawasaki	Ninja	2022	Surrendered by Campbell, in storage		
13	BMW	X5	2022	Surrendered by Hirschmann, in storage		Sold
14	BMW	M5	2021	Surrendered by Hirschmann, in storage		
15	Ford	Mustang	2019	Held by Campbell, believed to have no value due to outstanding auto loan secured by title to the vehicle.		

Personal Property - Jewelry and Sculptures (all except statues in safe deposit box):

- 1 Breitling Emergency Mission men's watch
- 2 Breitling Super Ocean men's watch
- 3 Breitling Navitimer PanAM men's watch
- 4 Breitling Special Edition Military Ops men's watch
- 5 Carl Bucherer Travel Tec GMT men's watch
- 6 Breitling Chronomat diamond ladies' watch
- 7 Mikimoto diamond pendant necklace
- 8 Mikimoto diamond pendant earrings
- 9 Mikimoto triple row bracelet
- 10 Hearts of Fire aerial dewdrop twisted bangle
- 11 SC Moonstone pendant necklace
- 12 SC Moonstone pendant earrings
- 13 JBS oval diamond earrings
- 14 Standing Anubis Statue
- 15 Standing Hours Statue
- 16 Standing Knight Statue
- 17 Bugatti Car Statue