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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. PACIFIC WEST CAPITAL GROUP, INC.; ANDREW B CALHOUN IV; PWCG TRUST; BRENDA CHRISTINE BARRY; BAK WEST, INC.; ANDREW B CALHOUN JR.; ERIC CHRISTOPHER CANNON; CENTURY POINT, LLC; MICHAEL WAYNE DOTTA; and CALEB AUSTIN MOODY (dba SKY STONE), Defendants.	Case No. 2:15-cv-02563 AB (ASx) **RECEIVER'S THIRTY-FOURTH INTERIM REPORT AND RECOMMENDATIONS** Ctrm.: 7B Judge: Hon. André Birotte Jr.

Thomas C. Hebrank ("Receiver"), the Court-appointed permanent receiver for PWCG Trust pursuant to the Judgment as to Defendant PWCG Trust ("Appointment Order") (Dkt. No. 145), hereby submits this Thirty-Fourth Interim Report and Recommendations. This report covers the Receiver's activities during the second quarter of 2026.

I. EXECUTIVE SUMMARY

Pursuant to the powers, authority, and directives contained in the Appointment Order, the Receiver has continued his work to preserve and protect the assets of PWCG Trust, including its life insurance policies ("Policies") and cash reserves. Pursuant to the Court's orders, the Receiver has pooled the cash reserves and, with assistance from Longevity, formerly known as ITM Twentyfirst ("21st"), has continued to manage the portfolio of Policies, make all required premium payments to keep the Policies in force, and tracked and collected death benefits from Policy maturities. The Receiver was also able to make a further interim distribution during the first quarter of 2026 in the total amount of $9 million and, due to additional recent policy maturities, is in the process of making another interim distribution in the total amount of $12 million.

II. SUMMARY OF THE RECEIVER'S WORK AND POLICIES

A. <u>The Status of the Policies.</u>

The portfolio of Policies currently contains a total of 30 active Policies with death benefits totaling approximately $55.8 million. In 2021, the Receiver was able to issue an initial round of interim distribution checks in the aggregate amount of $37 million to investors with allowed claims.[1] This interim distribution reduced the total allowed investor net loss claims in the receivership from approximately $106 million to approximately $69 million.

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

The Receiver continues to closely monitor the performance of the portfolio, including periodic evaluations of whether it is best to hold or sell the remaining Policies. In 2025, the Receiver obtained an updated valuation, including updated medical records and life expectancy reports ("LE Reports") on each of the insureds from 21st. The data obtained indicates that the recovery for investors will be substantially greater if the Receiver continues to hold the Policies until maturity, as opposed to selling them in the near term. The LE Reports and projections indicated that the total net recovery from the portfolio (after all Policies have matured, less the cost of premiums, but excluding administrative expenses and taxes) would be approximately $58 million. That would mean that, factoring in the prior distribution noted above and the funds distributed from the Mills Potoczak settlement, that the net recovery from the remaining portfolio may be close to sufficient to pay investor net loss claims in full, although it is projected to take until 2033 (or possibly beyond) to achieve that result.

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

During the last few weeks of 2025 and the first few weeks of 2026, six Policies matured, which resulted in the receivership receiving a little over $12.4 million in death benefits. The Receiver adjusted and reevaluated the cash flow projection to account for these earlier than anticipated maturities and was able to make a third interim distribution[2] in the total amount of $9 million pursuant to the Court-approved Distribution Plan. Then in May 2026, 2 additional policies matured, which resulted in the receivership receiving $14.45 million in death benefits. The Receiver again adjusted and reevaluated the cash flow projection to account for these earlier than anticipated maturities and is in the process of making a fourth interim distribution in the total amount of $12 million.

Pursuant to the Court-approved Distribution Plan, the Receiver will make further rounds of interim distributions to investors with allowed claims at such times as when, as a result of Policy maturities, cash has accumulated in the receivership estate to allow the Receiver to safely make such distributions.

B. Investor Communications

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

[2] The first interim distribution being the $37 million distributed in 2021 and the second being the $8.25 million distributed in 2023-2024 as part of the settlement with Mills Potoczak & Company.

III. SUMMARY OF RECEIPTS AND DISBURSEMENTS

The following table reflects a summary of the receipts and disbursements for the receivership estate from April 1, 2026, through June 30, 2026:

Balance as of 4/1/26	$7,157,184
Policy Maturities	$14,529,278
Interest & Misc. Income	$4,521
Disbursements to Receiver/Professionals	($42,905)
Policy Premium Pmts & Business Asset Expenses	($1,671,292)
Federal & State Taxes	($57,404)
Investor Distributions	($2,228,387)
Ending Balance as of 6/30/26	$17,690,995

In addition, the Standardized Fund Accounting Report for the receivership estate for the corresponding time period of April 1, 2026, through June 30, 2026, 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. <u>Life Expectancy and Cash Flow Analysis</u>

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

B. <u>Provide Reports to the Court on a Quarterly Basis</u>

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.

C. Future Distributions

As discussed above, the Receiver will continue to closely monitor the performance of the portfolio and, pursuant to the Court-approved Distribution Plan, will make further rounds of interim distributions to investors with allowed claims at such times as when, as a result of Policy maturities, cash has accumulated in the receivership estate such that the Receiver can safely make such distributions.

Dated: August 19, 2026

ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS LLP

By: */s/ Edward G. Fates*
EDWARD G. FATES
Attorneys for Receiver
THOMAS HEBRANK

EXHIBIT A

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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 04/01/26 TO 06/30/26

STANDARDIZED FUND ACCOUNTING REPORT for PWCG Trust - Cash Basis
Case No. 2:15-cv-02563 FMO (FFMx)
Reporting Period 04/01/26 to 06/30/26

FUND ACCOUNTING (See instructions):		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 04/01/26):	7,157,184		7,157,184
	Increases in Fund Balance:			
Line 2	Business Income			-
Line 3	Policy Maturities	14,529,278		14,529,278
Line 4	Interest/Dividend Income	4,408		4,408
Line 5	Business Asset Liquidation	-		-
Line 6	Personal Asset Liquidation	-		-
Line 7	Third-Party Litigation Income			-
Line 8	Misc - Insurance & Prop Tax Refunds	113		113
	Total Funds Available (Lines 1 - 8):	21,690,983		21,690,983
	Decreases in Fund Balance:			
Line 9	Disbursements to Investors	(2,228,387)		(2,228,387)
Line 10	Disbursements to Receivership Operations			
Line 10a	*Disbursement to Receiver or Other Professionals*	(42,905)		(42,905)
Line 10b	*Business Asset Expenses*	(1,671,292)		(1,671,292)
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*	(57,404)		(57,404)
	Total Disbursements for Receivership Operations	(57,404)		(1,771,601)
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):			(3,999,988)
Line 13	Ending Balance (As of 06/30/26):			17,690,995

STANDARDIZED FUND ACCOUNTING REPORT for PWCG Trust - Cash Basis
Case No. 2:15-cv-02563 FMO (FFMx)
Reporting Period 04/01/26 to 06/30/26

Line 14	**Ending Balance of Fund - Net Assets:**			
Line 14a	*Cash & Cash Equivalents*			17,690,995
Line 14b	*Investments*			-
Line 14c	*Other Assets or Uncleared Funds*			-
	Total Ending Balance of Fund - Net Assets			17,690,995

OTHER SUPPLEMENTAL INFORMATION:		**Detail**	**Subtotal**	**Grand Total**
	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

Thomas C. Hebrank
Court-Appointed Receiver

Date: 7/31/26

PWCG Trust

Quarterly Operating Report - Financial Summaries

	RR#30 06/30/25	RR#31 09/30/25	RR#32 12/31/25	RR#33 03/31/26	RR#34 06/30/26
Beginning Cash	6,400,666	6,353,183	4,558,743	4,722,159	7,157,184
Receipts					
Policy Maturities	2,013,315	-	1,914,609	10,565,814	14,529,278
Investor Recoveries	-	-	-	-	-
Interest Income	16,995	27,246	6,558	10,098	4,408
Miscellaneous - Other	5,735	-	24,295	19	113
Policy Sales	-	-	-	-	-
Total Receipts	2,036,046	27,246	1,945,462	10,575,931	14,533,799
Disbursements					
Disbursements to Receiver/Professionals	(10,485)	(35,317)	-	(38,105)	(33,094)
Disbursements to Portfolio Manager				(11,709)	(9,811)
Business Asset Expenses	(1,748,856)	(1,786,370)	(1,782,046)	(1,592,791)	(1,671,291)
Investor Distributions				(6,498,301)	(2,228,387)
Litigation Expenses	-	-	-	-	-
Net Business Asset Expenses	(1,759,341)	(1,821,687)	(1,782,046)	(8,140,906)	(3,942,583)
Federal and State Tax Payments/Refunds	(324,187)				(57,404)
Total Disbursements	(2,083,528)	(1,821,687)	(1,782,046)	(8,140,906)	(3,999,987)
Ending Cash	6,353,183	4,558,743	4,722,159	7,157,184	17,690,995
Bank Statements					
Checking	63,262	101,575	93,016	50,391	42,310
PWCG Trust #1	1,198,495	713,521	753,954	3,724,354	4,624,894
PWCG Trust #2	1,728,844	353,873	478,885	591,502	456,516
CD	3,082,188	3,109,215	3,115,610	-	-
CBB					
Western Alliance	280,394	280,559	280,694	2,790,937	12,567,275
	6,353,183	4,558,742	4,722,159	7,157,184	17,690,995