

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

**FILED
UNITED STATES DISTRICT COURT
DENVER, COLORADO**

11:32 am, Sep 28, 2026

JEFFREY P. COLWELL, CLERK

**UNITED STATES SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

MEDIATRIX CAPITAL INC., et al.,

Defendants,

and

MEDIATRIX CAPITAL FUND LTD., et al.,

Relief Defendants.

Civil Action No.
1:19-cv-02594-RM-STV

**JOINT MOTION OF MICHAEL S.
STEWART AND VICTORIA M.
STEWART, SUI JURIS, FOR
DETERMINATION OF
RECEIVERSHIP AUTHORITY
OVER FUNDS ATTRIBUTED TO
SANDY TOES LLC; IMMEDIATE
SEGREGATION AND
PRESERVATION; VERIFIED
ACCOUNTING; EVIDENTIARY
HEARING; AND RELEASE IF
THE FUNDS ARE NOT
RECEIVERSHIP PROPERTY**

Michael-Shawn; Stewart and Victoria M. Stewart (collectively, “Movants”), Sui Juris, in their individual capacities pursuant to 28 U.S.C. § 1654, respectfully move the Court under Fed. R. Civ. P. 66, 28 U.S.C. §§ 754 and 1692, the Court’s September 11, 2020 Order Appointing Receiver (“Receiver Order”), ECF No. 153, and the Court’s inherent authority to supervise its equity receiver, for an order determining the lawful basis, if any, for treating approximately \$2,434,590 carried in the Receiver’s own records under “Sandy Toes LLC / Drohan Lee LLP” as Receivership Property; immediately segregating and preserving those funds and their traceable earnings pending determination; requiring a verified accounting and production of the authority relied upon; conducting an evidentiary hearing if material facts are disputed; and directing release to the lawful owner if the Receiver cannot establish that the funds fall within ECF No. 153.

D.C.COLO.LCivR 7.1 STATEMENT

Michael-Shawn; Stewart is presently incarcerated and unrepresented. D.C.COLO.LCivR 7.1(b)(1) excepts from the conferral requirement a motion filed in a case involving an unrepresented prisoner or detainee. Victoria M. Stewart has also raised the Sandy Toes LLC ownership and authority dispute directly with the Receiver and Receiver's counsel. This motion therefore presents the dispute for judicial determination without conceding that any informal communication could alter the scope of ECF No. 153.

I. RELIEF REQUESTED AND LIMITED CAPACITY OF MOVANTS

1. Movants are existing parties to this action. Michael-Shawn; Stewart is a named Defendant. Victoria M. Stewart is a named Relief Defendant. They invoke 28 U.S.C. § 1654 to conduct their own cases personally. The words "sui juris" are used here to reflect that each appears for himself or herself in an individual capacity.
2. Movants do not purport to appear as counsel for Sandy Toes LLC or to sign a pleading on the LLC's behalf. See *Harrison v. Wahatoyas, L.L.C.*, 253 F.3d 552, 556 (10th Cir. 2001). Their request is narrower: because the Receiver Order operates against Michael-Shawn; Stewart's Receivership Assets and Victoria's Recoverable Assets, and because the Receiver has classified a separately titled nonparty entity's funds as part of the Receivership Estate, Movants ask this Court to construe and enforce the limits of its own order before the disputed funds are transferred or distributed.
3. If the Court concludes that affirmative recovery of the funds may ultimately be requested only by Sandy Toes LLC itself, Movants request alternative relief preserving and segregating the disputed funds, excluding them from any transfer to the Department of Justice or final

distribution, and establishing a procedure that gives the lawful owner notice and a meaningful opportunity to assert its interest before disposition.

II. RELEVANT RECORD

4. The SEC filed its Complaint on September 12, 2019. ECF No. 1. The caption names Michael-Shawn; Stewart as a Defendant and Victoria M. Stewart as a Relief Defendant. Sandy Toes LLC is not named as a Defendant or Relief Defendant.

5. Paragraph 27 of the September 12, 2019 Complaint mentions Sandy Toes LLC in describing Keystone Business Trust and identifies Michael-Shawn; Stewart and Victoria Stewart as managing members of Sandy Toes LLC. ECF No. 1, ¶ 27. Sandy Toes LLC nevertheless was not named as a Defendant or Relief Defendant. The Complaint does not identify Drohan Lee LLP, does not identify the approximately \$2,434,590.35 now carried by the Receiver under the Sandy Toes LLC name, and does not identify any government or Receiver co-signatory arrangement concerning that money. Accordingly, the public record shows awareness of the entity name in 2019, but it does not show that the SEC then knew of, asserted control over, or adjudicated rights to the specific Sandy Toes funds now in dispute.

6. On September 11, 2020, the Court entered ECF No. 153. The Receiver Order lists the Receivership Defendants and Receivership Relief Defendants over whose assets or recoverable assets the receivership extends. Sandy Toes LLC is not on either list. ECF No. 153 at 2.

7. At the same time, paragraph 4(A) of the Receiver Order defines “Receivership Property” broadly to include property interests that a Receivership Defendant or Receivership Relief Defendant owns, possesses, has a beneficial interest in, or controls directly or indirectly. Paragraph 4(B) authorizes the Receiver to recover such Receivership Property from third parties.

Thus, the question is not resolved merely by Sandy Toes LLC's nonparty status; the controlling question is whether the Receiver can establish that these particular funds satisfy the definition in ECF No. 153.

8. The Receiver's own records make the classification question concrete and establish the relevant fall-2020 timing. The Receiver's first administrative report, filed January 29, 2021 as ECF No. 215, records a receipt in October 2020 of \$2,434,590.35 from "Drohan Lee LLP" under the separate category "Sandy Toes LLC." ECF No. 215, Administrative Report at 12, 16. Later Receiver reports continue to carry the Sandy Toes source separately. The accounting therefore identifies the disputed money as a Sandy Toes LLC source and places the Receiver's acquisition or control of that specific amount in October 2020, after entry of the September 11, 2020 Receiver Order.

9. The timing is material. The Q2 2026 report states that the Receiver is preparing to seek approval to turn over most of approximately \$26 million in Receivership Funds to the Department of Justice for distribution in connection with the criminal forfeiture process. ECF No. 706-1 at 3-4. Once disputed funds are transferred into a separate federal distribution process and paid out, effective relief may become substantially more difficult. A threshold classification determination should occur first.

III. ARGUMENT

A. The Court should determine whether the Sandy Toes funds actually fall within ECF No. 153 before permitting disposition.

10. Federal Rule of Civil Procedure 66 places administration of a federal equity receivership under the appointing court's supervision. The Tenth Circuit recognizes broad equitable authority

in administering receiverships, but that discretion is exercised through the court's orders and for the purposes of the estate. See *SEC v. Vescor Capital Corp.*, 599 F.3d 1189, 1194 (10th Cir. 2010). Here, ECF No. 153 itself supplies the operative boundary: the Receiver may take third-party property only if it is Receivership Property as defined by that order.

11. The present record identifies Sandy Toes LLC as a nonparty entity mentioned in the 2019 Complaint but never named as a Defendant or Relief Defendant, while the specific \$2,434,590.35 receipt appears in the Receiver's accounting only in October 2020 from Drohan Lee LLP. That chronology requires a transparent showing of the basis on which the Receiver concluded that these particular funds were owned, beneficially owned, possessed, or controlled by a named Receivership Defendant or constituted Recoverable Assets of a named Relief Defendant. It is not enough simply to point to the fact that Michael-Shawn; Stewart or Victoria Stewart was a member or manager of the LLC.

12. Puerto Rico LLC law recognizes the separation between a member's interest and the entity's specific property: "A member shall have no interest in specific LLC property." 14 L.P.R.A. § 3992. That state-law rule does not itself defeat a valid federal receivership claim, but it means that membership alone is not proof that a particular LLC asset is the individual member's property. The Receiver must identify the tracing, beneficial-ownership, control, fraudulent-transfer, nominee, alter-ego, or other legal theory actually relied upon and the evidence supporting it.

B. Sandy Toes LLC was mentioned but never named as a party; the specific \$2.434 million receipt appears in the receivership record only in fall 2020.

13. Sandy Toes LLC was formed on December 6, 2017. More than eight years have now elapsed. The SEC's 2019 Complaint mentioned the entity in connection with Keystone Business Trust but did not name Sandy Toes LLC as a Defendant or Relief Defendant and did not identify the \$2,434,590.35 Drohan Lee LLP receipt now at issue. If the SEC now seeks to add Sandy Toes LLC as a new party or assert a direct claim against the LLC that was not timely commenced, it must satisfy Fed. R. Civ. P. 15 and every applicable limitations provision. The distinct question presented here is whether the Receiver had lawful authority in fall 2020 to take control of the specific Sandy Toes funds without first naming the LLC or obtaining an adjudication directed to those funds.

14. Rule 15(c)(1)(C) permits relation back when the requirements of Rule 15(c)(1)(B) are met and, within the Rule 4(m) service period, the party to be added received sufficient notice and knew or should have known it would have been sued but for a mistake concerning the proper party's identity. Knowledge of an entity coupled with a conscious choice not to sue it may materially bear on whether there was such a "mistake." See *Nelson v. Adams USA, Inc.*, 529 U.S. 460, 467 n.1 (2000). Movants preserve that objection.

15. The limitations period also depends on the remedy actually asserted. 28 U.S.C. § 2462 generally imposes a five-year period for an action enforcing a civil fine, penalty, or forfeiture unless Congress provides otherwise. Congress has separately provided five- and ten-year periods for specified SEC disgorgement claims and a ten-year period for specified equitable remedies. 15 U.S.C. § 78u(d)(8). Movants therefore do not ask the Court to adopt an automatic "eight-year

bar.” They ask the SEC and Receiver to identify the precise claim, remedy, accrual date, relation-back theory, and tolling theory, if any, before treating Sandy Toes LLC as though it had been named and adjudicated from the outset.

C. The Receiver should identify the legal situs and statutory filings relied upon for any property claimed through 28 U.S.C. §§ 754 and 1692.

16. Section 754 requires a receiver appointed over property situated in different federal districts to file copies of the complaint and appointment order in each district in which such property is located within ten days after entry of the appointment order; failure to make the required filing divests the receiver of jurisdiction and control over property in that district. 28 U.S.C. § 754. Section 1692 provides that orders affecting receivership property situated in different districts shall be entered of record in each such district.

17. Because Sandy Toes LLC is a Puerto Rico entity, and because the Complaint alleges accounts and activity associated with Puerto Rico, the Receiver should identify the legal situs of the disputed \$2.434 million at the time ECF No. 153 was entered and when the Receiver took control. If any of those funds or relevant property were situated in the District of Puerto Rico for purposes of § 754, the Receiver should provide the filing date and docket number for the required complaint and appointment-order filings, together with any § 1692 record entry on which he relies. Movants recognize that the § 754 issue depends on the property’s actual legal situs, not merely the LLC’s place of formation; the accounting should resolve that factual issue.

D. The Drohan Lee LLP transfer requires a documented chain of authority.

18. The Receiver’s first administrative report identifies Drohan Lee LLP as the source of the \$2,434,590.35 Sandy Toes LLC receipt and places that receipt in October 2020. ECF No. 215.

Movants dispute that any attorney-client relationship Vivian Drohan or Drohan Lee LLP may have had with an individual Stewart, standing alone, established authority to surrender, transfer, pledge, freeze, encumber, or confer government or Receiver signatory control over property owned by a separate LLC. If the Receiver relies on authorization from Sandy Toes LLC, that authorization should be produced.

19. Movants state, based on the information presently available to them, that in the fall of 2020 government counsel and/or the Receiver asserted that Vivian Drohan would face contempt unless she permitted a government or Receivership representative to obtain co-signatory status, approval authority, or comparable control over the account holding the Sandy Toes funds.

Movants further state that Vivian Drohan did not represent Sandy Toes LLC for purposes of surrendering or transferring the LLC's property and had no authority from the LLC to confer a governmental ownership interest or signatory right. Because the public Receiver reports establish the October 2020 Drohan Lee LLP source and amount but do not disclose the alleged contempt demand or signatory arrangement, Movants request the underlying communications, motions, orders, account documents, and authority so the Court can determine exactly what occurred, who demanded it, what legal authority was invoked, and whether Sandy Toes LLC consented through a person authorized to act for it.

20. At minimum, the Receiver should identify and produce or file under appropriate protection: (a) the legal title and financial institution for the account from which the funds came; (b) the account-opening, escrow, trust, or custodial agreement; (c) all signatories, co-signatories, persons with approval authority, and persons whose approval was required for transfer; (d) any Sandy Toes LLC resolution, operating-agreement provision, power of attorney, consent, instruction, or

other authority relied upon; (e) every written or recorded communication in fall 2020 in which the SEC, Receiver, government counsel, or any governmental representative demanded, requested, or discussed co-signatory status or threatened contempt, sanctions, or court action against Vivian Drohan or Drohan Lee LLP in relation to these funds; (f) every motion, proposed order, entered order, subpoena, turnover demand, or other legal process asserted as authority for such a demand; (g) the identity and governmental or Receivership capacity of every person who was made, requested to be made, or claimed the right to become a signatory, co-signatory, or approving party; (h) the date and amount of each transfer; and (i) the specific court order or legal authority invoked to take and retain the funds.

E. Preservation is necessary before any DOJ turnover or final distribution.

21. The Receiver reports that a motion is being prepared to transfer most Receivership Funds to the Department of Justice for victim distribution. ECF No. 706-1 at 3-4. Movants are not asking the Court to halt legitimate preservation expenses or to prevent distribution of undisputed Receivership Property. They ask only that the specifically identified Sandy Toes LLC amount, together with its traceable share of investment earnings, remain segregated and undistributed until the Court determines whether it belongs in the estate.

22. That narrow preservation relief protects all sides. If the Court determines the funds are Receivership Property, they remain available for the authorized distribution process. If the Court determines they are not, segregation prevents the ownership question from becoming entangled with payments to numerous third parties. Due process favors resolving a known and concrete property dispute before irreversible disposition. See *Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306, 314 (1950).

IV. REQUESTED ORDER

For the foregoing reasons, Michael-Shawn; Stewart and Victoria M. Stewart respectfully request that the Court enter an order:

1. DIRECTING the Receiver immediately to segregate and preserve \$2,434,590, or the exact amount presently traceable to the Sandy Toes LLC / Drohan Lee LLP receipt, together with a reasonable traceable allocation of investment earnings and proceeds, and prohibiting transfer of that disputed amount to the Department of Justice or any claimant pending further order;
2. DIRECTING the Receiver, within fourteen days or such time as the Court sets, to file a verified accounting identifying the origin, account title, legal situs, receipt date, current location, investment history, tracing, and present amount of the Sandy Toes funds;
3. DIRECTING the Receiver and SEC to identify the exact provision of ECF No. 153 and the legal/factual theory by which they contend the funds constitute Receivership Property or Recoverable Assets, including any tracing, beneficial-ownership, control, fraudulent-transfer, nominee, alter-ego, or other theory;
4. DIRECTING production of the Drohan Lee LLP authority and account records described in paragraphs 18-20 above, including all fall-2020 communications, demands, motions, orders, or other records concerning any threatened contempt, sanction, compelled co-signatory status, approval authority, or government/Receivership control over the Sandy Toes funds, subject to an appropriate protective order or in camera review for material legitimately requiring confidentiality;
5. DIRECTING the Receiver to identify the legal situs of the funds when the Receiver Order was entered and when possession was taken, and, if 28 U.S.C. § 754 is invoked for property

situated outside this District, to identify the corresponding district, filing dates, and docket numbers for the complaint and appointment order, together with any § 1692 entries relied upon;

6. DETERMINING that Sandy Toes LLC was not named in the Complaint as a Defendant or Relief Defendant and was not listed in ECF No. 153 as a Receivership Defendant or Receivership Relief Defendant, while reserving the separate question whether the particular funds nevertheless satisfy ECF No. 153's definition of Receivership Property;

7. CONDUCTING an evidentiary hearing if the Receiver's asserted basis for ownership, beneficial ownership, control, transfer authority, or situs presents a genuine factual dispute material to classification of the funds;

8. ORDERING that, if the Receiver fails to establish that the disputed funds are Receivership Property under ECF No. 153, the funds and traceable earnings be excluded from the Receivership Estate and released to the lawful owner or titleholder pursuant to a procedure specified by the Court;

9. ALTERNATIVELY, if the Court determines that affirmative release can be sought only through a separate appearance by Sandy Toes LLC, continuing segregation and preservation and setting a defined notice-and-claim procedure before any distribution of the disputed funds; and

10. GRANTING such other and further relief as the Court deems just and necessary to protect disputed property pending a final ownership determination.

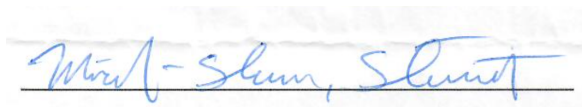
V. REQUEST FOR PROMPT DETERMINATION

Because ECF No. 706 states that the Receiver is preparing to seek authority to transfer most of the Receivership Funds to the Department of Justice for distribution, Movants respectfully request that the Court resolve the preservation component of this motion before

authorizing any turnover that would include the Sandy Toes LLC amount. Movants do not request ex parte relief and request that the SEC and Receiver be afforded the response time the Court deems appropriate.

Respectfully submitted this 28th day of September, 2026.

Signature:



Michael-Shawn; Stewart
Defendant, Sui Juris
P No.: P01166197
Institution: Jefferson County Detention
Facility
PO Box 16700 Golden, CO 80402-6700

Signature:

/s/ Victoria M. Stewart

Victoria M. Stewart
Relief Defendant, Sui Juris
Address: 8082 E Arroyo Hondo Rd
Scottsdale, AZ 85266
Email: Vstewart1989@gmail.com

CERTIFICATE OF SERVICE

I certify that on September 28, 2026, a true and correct copy of the foregoing was served on all counsel and parties entitled to service by the following method(s): electronic submission and U.S. Mail, including counsel for the Securities and Exchange Commission and counsel to Receiver Mark B. Conlan.

Service shall include counsel for the Securities and Exchange Commission, Receiver Mark B. Conlan, and counsel to the Receiver, including Dale E. Barney, at their addresses or electronic-service addresses of record.

/s/ Victoria M. Stewart

Victoria M. Stewart

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,**

Plaintiff,

v.

MEDIATRIX CAPITAL INC., et al.,

Defendants,

and

**MEDIATRIX CAPITAL FUND LTD., et
al.,**

Relief Defendants.

Civil Action No. 1:19-cv-02594-RM-STV

**[PROPOSED] ORDER ON JOINT
MOTION OF MICHAEL S. STEWART
AND VICTORIA M. STEWART, PRO SE,
SUI JURIS, CONCERNING FUNDS
ATTRIBUTED TO SANDY TOES LLC**

This matter comes before the Court on the Joint Motion of Michael-Shawn; Stewart and Victoria M. Stewart, Sui Juris, in their individual capacities, for determination of receivership authority over approximately \$2,434,590 carried in the Receiver’s records under “Sandy Toes LLC / Drohan Lee LLP,” for preservation and segregation of the disputed funds, for a verified accounting, and for related relief (the “Motion”). The Court, being fully advised, ORDERS as follows:

1. Pending further order of this Court, the Receiver shall segregate and preserve the exact amount presently traceable to the “Sandy Toes LLC / Drohan Lee LLP” receipt, together with traceable proceeds or an appropriate traceable allocation of earnings, and shall not transfer, distribute, or turn over that disputed amount to the Department of Justice or any claimant.

2. Within fourteen (14) days of this Order, the Receiver shall file a verified accounting identifying: (a) the amount originally received; (b) the date and source of each receipt; (c) the legal title of the account or property from which the funds came; (d) the legal situs of the funds or property when the Receiver Order, ECF No. 153, was entered and when the Receiver obtained possession or control; (e) the present custodian and account in which the funds are held; (f) investment activity, earnings, losses, transfers, and allocations traceable to the funds; and (g) the amount presently attributable to the Sandy Toes LLC source.
3. Within the same fourteen (14) days, the Receiver and the Securities and Exchange Commission shall identify the specific provision of ECF No. 153 and the legal and factual theory by which they contend the disputed funds constitute Receivership Property or Recoverable Assets, including any asserted ownership, beneficial ownership, control, tracing, fraudulent-transfer, nominee, alter-ego, or other theory.
4. The Receiver shall identify and, subject to any appropriate protective order, privilege objection, or in camera procedure approved by the Court, produce the nonprivileged records sufficient to establish the chain of authority for the transfer and control of the disputed funds from or through Drohan Lee LLP, including the account title, account-opening or escrow/trust records, authorized signatories and co-signatories, transfer instructions, dates and amounts of transfers, any Sandy Toes LLC resolution, consent, operating-agreement provision, power of attorney, instruction, or other authority relied upon, and all fall-2020 communications, demands, motions, proposed orders, entered orders, or other records concerning any threatened contempt, sanction, compelled

co-signatory status, approval authority, or governmental/Receivership control over the Sandy Toes funds.

5. If the Receiver relies upon 28 U.S.C. § 754 with respect to property situated in a federal district outside the District of Colorado, the Receiver shall identify each such district and the filing date and docket number for the complaint and order of appointment required by § 754, together with any entry of record relied upon under 28 U.S.C. § 1692.
6. For purposes of this Order only, the Court notes that Sandy Toes LLC is not named in the caption of the Complaint as a Defendant or Relief Defendant and is not listed in ECF No. 153 as a Receivership Defendant or Receivership Relief Defendant. The Court further notes that the Receiver's first administrative report records the \$2,434,590.35 Sandy Toes LLC receipt from Drohan Lee LLP in October 2020. This paragraph does not determine whether the particular disputed funds nevertheless fall within ECF No. 153's definition of Receivership Property or whether any fall-2020 account-control arrangement was validly authorized.
7. Nothing in this Order authorizes Michael- Shawn; Stewart or Victoria M. Stewart to appear as counsel for Sandy Toes LLC. The preservation and accounting relief ordered here is entered in supervision of the Court's receivership and to permit a determination of the scope of ECF No. 153 before disposition of specifically disputed property.
8. After the Receiver and SEC make the submissions required by this Order, the Court will determine whether additional briefing or an evidentiary hearing is necessary and whether the disputed funds are Receivership Property. If the Court determines that the funds are

not Receivership Property, the Court will direct an appropriate procedure for excluding them from the Receivership Estate and releasing them to the lawful owner or titleholder.

9. All other requested relief is RESERVED pending the filings required above.

DATED: September 28, 2026.

BY THE COURT:

United States District Judge