

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

**KINETIC INVESTMENT GROUP, LLC and
MICHAEL SCOTT WILLIAMS,**

CASE NO.: 8:20-cv-394-MSS-SPF

Defendants, and

**KINETIC FUNDS I, LLC,
KCL SERVICES, LLC d/b/a LENDACY,
SCPIO, LLC, LF42, LLC, EL MORRO
FINANCIAL GROUP, LLC, and
KIH, INC. f/k/a KINETIC INTERNATIONAL, LLC,**

Relief Defendants.

**RECEIVER'S TENTH INTERIM OMNIBUS APPLICATION FOR
ALLOWANCE AND PAYMENT OF PROFESSIONALS' FEES
AND REIMBURSEMENT OF EXPENSES FOR
APRIL 1, 2022 – JUNE 30, 2022¹**

Mark A. Kornfeld, Esq., in his capacity as the court-appointed Receiver (the “Receiver”) for Defendant, Kinetic Investment Group, LLC, and Relief Defendants, Kinetic Funds I, LLC, KCL Services, LLC d/b/a Lendacy, Scpio, LLC, LF 42, LLC, El Morro Financial Group, LLC, and KIH Inc., f/k/a Kinetic International, LLC (collectively, the “Receivership Defendants”), moves this Court for the entry of an order awarding fees and reimbursement of costs to the Receiver and his

¹ See Order Appointing Receiver (Doc. 34) at ¶ 54.

professionals whose retention has been approved by the Court. *See* Docs. 41-43, 47, 154, 207. This motion covers all fees and costs incurred from April 1, 2022, through June 30, 2022 (the “Application Period”). The Securities and Exchange Commission’s (the “SEC” or “Commission”) Standardized Fund Accounting Report (“SFAR”) for this period is attached hereto as **Exhibit 1**. The Commission does not oppose this Motion, and Defendant Williams does not take a position on the Motion. In support thereof, the Receiver states as follows:

I. Preliminary Statement

The Receiver seeks Court approval to pay the sum of **\$88,016.07** to the professionals engaged by the Receiver for fees incurred and reimbursement of **\$108.82** in expenses for a total payment of **\$89,182.02**. This Application includes time billed for the three-month period from April 1, 2022 through June 30, 2022. The professionals who seek payment hereunder have made various accommodations given the public interest nature of this appointment, including providing a discount to their normally-charged rates, agreeing to seek payment of fees on a quarterly basis, and not seeking payment for any time incurred prior to the Receiver’s appointment.

This is an extremely complex receivership involving the simultaneous operation of multiple sub-funds in a hedge fund structure, a purportedly independent-yet-intertwined and financially-related lending platform, and the use of investor funds to purchase at least two parcels of real estate and fund the operation of no less than three companies in Puerto Rico. The Receiver has also faced challenges in carrying

out his duties given the current COVID-19 pandemic. Despite these challenges, the Receiver and his retained professionals have worked expeditiously and efficiently to provide valuable services and secure investor assets, have billed at significantly reduced rates, and are entitled to reasonable payment of the fees and reimbursement of their expenses.

For the time covered by this Motion,² the Receiver and his Retained Professionals have performed extensive and valuable services on behalf of the Receivership estate which include, but are not limited to, the following:

1. Moved to Approve the Sale of the Villa Gabriela Properties with the Court (Doc. 275) and Addressed Defendant William's Opposition Motion to the Approval of Sale (Doc. 277) with Receiver's Memorandum in Reply (Doc. 281)

- In connection with the Receiver's efforts to transfer title of the Villa Gabriela properties (consisting of two properties and two parking spots) in San Juan, Puerto Rico from Defendant Williams to the Receiver, as provided in the Court's Order approving the Receiver's Motion for Turnover (Doc. 72), the Receiver also was required to utilize his Puerto Rico counsel to address and resolve several existing deficiencies from the previous sale to Defendant Williams. After obtaining title, the Receiver was able to gain access to, and assess the condition of, the Villa Gabriella properties. The Receiver then worked with his Puerto Rico legal counsel to list the Villa Gabriela properties for sale, and details of the listing are posted on the Receiver's website at www.kineticreceivership.com/assets-for-sale. Following extensive marketing efforts and bidding process (which included interest from over two dozen potential buyers), the Receiver ultimately agreed to sell the Properties for \$2,100,000.00 to Allan Rothstein (the "Purchaser"), as set forth in the Purchase and Sale Agreement. The proposed sale price is 40% higher than the price previously paid by Williams using funds traceable to investor deposits. On April 1, 2022, the Receiver filed Receiver's Motion for Approval of the Sale of the (1) Private Sale of Puerto Rico Real Properties and Parking Spaces; and (2) Proposed Publication, Marketing, and Overbid Procedures Associated with the Sale of the Real Properties. (Doc. 275).

² Neither the Receiver nor his attorneys charged for the time spent preparing this motion.

- On April 15, 2022, Defendant Williams filed his Response in Opposition to the Receiver's Motion for Approval of Sale of Condos (Doc. 277.) In this Response, Defendant Williams puts forward multiple scattered arguments asking the Court to deny the approval of the sale. In this Motion, Defendant Williams' expressly ignores the previously-entered Joint Stipulation, in which he agreed that title to the Real Property would be transferred to the Receiver. (Doc. 103.) Williams also agreed to "use reasonable and best efforts to cooperate with the Receiver to effect the transfer of ownership." (Doc. 103, ¶¶ 5, 6.) Now, at the point where Receiver is in the final stages of receiving approval of the sale from the Court, Williams claims he engaged in no "wrongdoing" and that the sale should not be approved. (Doc. 103.) To address Defendant Williams' opposition to the approval of the sale, Receiver and Receiver's staff have expended valuable resources to prepare a seven-page memorandum in Reply (Doc. 281) and by continuing to handle the administrative costs of the Receivership Estates' Real Property. Furthermore, the real estate professionals, hired by the Receiver to handle the sale, have been holding \$63,000.00 of buyer's escrow funds for approximately four months. These professionals cannot release the funds until the sale is approved. Every month that Receiver continues to hold title to the Real Property, Receiver must continue to pay administrative costs in the form of Homeowners Association Fees and Real Property Taxes. Receiver will continue to adamantly oppose Defendant Williams' arguments that the sale should not be approved by the Court.

2. Administered and paid expenses for Real Property outstanding costs including Homeowners Association Fees and Real Property Taxes.

- During the reporting period, Receiver paid certain outstanding administrative costs involving the Receivership's Real Property including: (1) the Homeowners Association Fees for the Villa Gabriella Property; and (2) the real estate taxes for the Villa Gabriella Property. During the reporting period, Receiver, as title owner of the Villa Gabriella Property, closed out all back-owed Homeowners Association Fees, which totaled **\$35,033.25** and paid all due Real Property Taxes, which totaled **\$11,178.49**. Both the HOA monthly fees and the Real Property Taxes are continuing in nature. As long as title remains with Receiver, Receiver will be responsible for these sums and must continue to make payment to avoid late fees and fines.

3. Reviewed Potential Third-Party Claims, Sent Demand Letters To Third-Parties, And Obtained Resolutions

- The Receiver has identified various potential claims with respect to third-parties that may have received improper transfers consisting of investor assets.

After the Court granted his Unopposed Motion to Approve Procedure to Pursue Potential Third Party Claims, the Receiver and his professionals continued evaluating those potential claims pursuant to the procedures approved by the Court. In May 2021, the Receiver and his professionals sent out seven demand letters to various individuals seeking the return of funds the Receiver believes are rightfully owing to the Receivership Entities. For several of those claims, the Receiver has reached an agreement to recover the full amount sought. For other claims, the Receiver is continuing to pursue a beneficial outcome which could include filing litigation against those third-parties. For one of those claims, the Receiver filed a motion seeking the Court's approval of a negotiated settlement (Doc. 271). During the Reporting Period, Receiver has engaged multiple individuals regarding debt repayment plans.

4. The Ninth Interim Report

- The Receiver prepared and filed his Ninth Interim Report on May 9, 2022 (Doc. 284), which provided a comprehensive summary, analysis, and supporting documentation of the Receiver's continuing investigation as well as the tracing of investor funds.

4. Continued Investigation And Review of Relevant Documentation and Information

- The Receiver and his professionals continued their investigation of the business operations of the various Receivership Entities. This included identifying, obtaining, and reviewing relevant documentation and information from the Receivership Entities' offices and interviewing various individuals.

5. Attended To Litigation Matters

- The Receiver continues to monitor the Court's docket given that the Commission's claims against Mr. Williams remain pending.

6. Continued Investor Outreach and Website Updates

- The Receiver responded to phone calls and written communications from Kinetic Funds investors and continued to provide updates and announcements on the informational website at www.kineticreceivership.com for investors and other interested parties.

The above activities are discussed in more detail in the Receiver's Tenth Interim Report which was filed on July 29, 2022 (Doc. 287) (the "Tenth Report"), as well as the Receiver's previously-filed Interim Reports which are available on the Receiver's website at www.kineticreceivership.com. The Receiver incorporates the Tenth Report into this Application and attaches a true and correct copy of the Tenth Report as **Exhibit 2** for the Court's convenience.

II. Background

On February 20, 2020, the Commission filed a complaint (Doc. 1) (the "Complaint") in the United States District Court for the Middle District of Florida (the "Court") against the Defendants Kinetic Investment Group, LLC and Michael S. Williams and Relief Defendants Kinetic Funds I, LLC, KCL Services, LLC d/b/a Lendacy, Scipio, LLC, LF 42, LLC, El Morro Financial Group, LLC, and KIH Inc., f/k/a Kinetic International, LLC, alleging that the Defendants violated the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Advisers Act of 1940 by making false or materially misleading representations to investors and that over \$6 million of investor funds was misappropriated to fund other business ventures and pay for other unauthorized expenses. Doc. 1.³

According to the Complaint, the scheme involved securities offerings made on behalf of Relief Defendant Kinetic Funds, a purported hedge fund with a sub-fund structure managed by Defendants Kinetic Investment Group, LLC ("Kinetic

³ On April 27, 2020, Williams served his Answer and Affirmative Defenses largely denying the Commission's allegations (Doc. 56).

Investment”) and Williams. Defendants represented to investors that the largest sub-fund, Kinetic Funds Yield (“KFYield”), invested all of its assets in income-producing U.S. listed financial products hedged by listed options. *Id.* ¶ 2. Potential investors were told that KFYield was a liquid investment that would “maintain 90% principle [sic] protection” and that an investor could redeem their principal investment “100%...without penalties” with a 30-day written notice. *Id.* ¶¶2, 28.

Investors in the KFYield fund, which attracted the near-entirety of investor funds, were also often provided with documentation from Bloomberg’s reporting service containing claims about KFYield’s performance including that the fund had achieved positive annual returns every year since inception. Many, but not all, KFYield investors were also attracted to the investment opportunity given the advertised ability to simultaneously obtain a low- interest loan at the time of their investment from Relief Defendant KCL Services d/b/a Lendacy (“Lendacy”) based on the amount of their KFYield investment. Investors understood that Lendacy utilized its own private funding source to make the low-interest loans.

On March 6, 2020, the Court granted the Commission’s Motion for Appointment of Receiver and entered an Order appointing Mark A. Kornfeld as the Receiver over Defendant Kinetic Investment Group, LLC and the Relief Defendants (“Order Appointing Receiver”) (Doc. 34). The Receiver’s preliminary investigation has uncovered evidence supporting the Commission’s allegations that Defendants made a number of misrepresentations relating to the promised and actual use of investor funds and the performance of the Kinetic Funds portfolios. The Receiver’s

preliminary forensic accounting also shows that at least \$6 million of investor funds were either misappropriated or otherwise diverted to other projects and expenses unrelated to the Kinetic Funds investment opportunity.

A mediation was held on August 28, 2020, but resulted in an impasse (Doc. 132). Both the Commission and Mr. Williams have filed motions for summary judgment. On July 21, 2021, the Court granted the Commission's request to postpone the trial pending resolution of the pending case-dispositive motions (Doc. 257).

III. Professional Services

Pursuant to the Order Appointing Receiver, the Receiver obtained approval to engage various Retained Personnel to assist him in carrying out his duties and responsibilities in the Order Appointing Receiver. The Order Appointing Receiver further set forth the frequency and procedures pursuant to which the Receiver was to seek compensation and expense reimbursement for the Receiver and his Retained Professionals. Doc. 34 ¶¶ 53-54. In accordance with the Commission's Billing Instructions, the Receiver states as follows:

- (a) **Time period covered by the Application:** April 1, 2022 – June 30, 2022.
- (b) **Date of Receiver's appointment:** March 6, 2020.
- (c) **Date services commenced:** February 14, 2020.⁴

⁴ As further described in the Receiver's First Omnibus Fee Application, the Receiver and his professionals began undertaking efforts in the weeks prior to his appointment to prepare for the possibility of the Order Appointing Receiver being entered at or following the hearing on March 6, 2020, but neither the Receiver nor his Professionals sought reimbursement of those fees or expenses.

- (d) **Names and rates of all professionals:** See Exs. 5-6.
- (e) **Interim or Final Application:** Interim.
- (f) **Records supporting fee application:** See below.

The following exhibits are provided in accordance with the Billing Instructions:

Exhibit 3: Receiver's Certification

Exhibit 4: Total compensation and expenses requested; any amounts previously requested; and total compensation and expenses previously awarded

Exhibit 5: Fee Schedule: Names and Hourly Rates of Professionals and Paraprofessionals & Total Amount Billed for each Professional and Paraprofessional:

Exhibit 5(a): Buchanan Ingersoll & Rooney PC

Exhibit 5(b): E-Hounds

Exhibit 5(c): PDR CPAs + Advisors

Exhibit 5(d): IRW Law Offices

Exhibit 6: The Professionals' time records for the time period covered by this Application, sorted in chronological order, including a summary and breakdown of the requested reimbursement of expenses:

Exhibit 6(a): Buchanan Ingersoll & Rooney PC

Exhibit 6(b): E-Hounds

Exhibit 6(c): PDR CPAs + Advisors

Exhibit 6(d): IRW Law Offices

IV. **Case Status**

- (a) **Cash on hand**

As of the date of this Application, the Receivership bank accounts have a cumulative balance of \$6,625,370.36.⁵

(b) Summary of the administration of the case

Since his appointment on March 6, 2020, the Receiver has administered the case with the objective of efficiently fulfilling his duties under the Order Appointing Receiver while doing so as cost-effectively as possible by, wherever available, leveraging the use of professionals with favorable rate structures.

During this reporting period, the Receiver has focused on (i) continuing his investigation of the underlying business operations of the various Receivership Entities, (ii) enhancing and preserving the value of Receivership assets, including exploring potential third party claims and serving demand letters on third parties and also continuing the process of preparing for the sale of the Villa Gabriela real estate in Puerto Rico, (iii) investigating potential avenues to recover additional assets, and (iv) continuing to implement a Court-approved claims process that included making a First Interim Distribution to Investor Claimants. Although the Receiver has made significant progress, Defendant Williams continues to contest the Commission's allegations and thus the Receiver is unable to offer an estimate as to when the case is expected to close.

⁵ This balance includes approximately \$234,526.78 in funds previously held in Mr. Williams' prior counsel's trust account and which were subsequently transferred to the Receiver's fiduciary accounts to be held in trust pending further Order from the Court. In the interim, the Court has authorized the payment of various living and legal expenses to or for Mr. Williams' benefit.

(c) Summary of creditor claims proceedings

The Receiver, along with his Retained Professionals, undertook significant efforts to understand the relationship between the Receivership Entities and current and former investors in order to determine the most equitable framework for a Court-approved claims process to return investor funds. Complicating this analysis was the fact that many of the current and former investors in Kinetic Funds also obtained a loan (or loans) from Receivership Entity Lendacy, which required the Receiver and his forensic professionals to conduct a full forensic analysis of the flow of funds between investors and all Receivership Entities over a seven-year period based on available financial records.

Following the Court's approval of the Receiver's Amended Motion to Establish and Approve (i) Procedure to Administer and Determine Claims; (ii) Proof of Claim Form; and (iii) Claims Bar Date and Notice Procedures (Doc. 155), the Receiver mailed out over 100 proof of claim packets to potential claimants and creditors on November 17, 2020, published notification of the claim bar date of **February 15, 2021** in specified newspapers and his website, and filed his Notice of Publication and Claim Bar Date (Doc. 165). The Receiver ultimately received 37 proof of claim packets.

On June 18, 2021, the Receiver filed his Claims Approval Motion in which he requested the Court's approval of his determinations of the approval and priority of the submitted claims as well as a plan for distribution. The Court entered an Order granting the Claims Approval Motion on July 21, 2021 (Doc. 256). After the passage

of time to implement the Objection Procedure, the Receiver filed his Unopposed Motion to Approve First Interim Distribution (the “Distribution Motion”) on September 3, 2021 in which he requested Court approval to make an initial interim distribution to eligible Investor Claimants consisting of 40% of each Investor Claimant’s approved claim. Doc. 263. On October 29, 2021, the Court entered an Order granting the Distribution Motion, and the Receiver mailed out the approved distribution checks within the 10-day period following the Court’s Order.

The Receiver will also continue to evaluate an appropriate time to seek Court approval for any additional distribution(s). At this stage, the Receiver does not believe that sufficient funds exist to satisfy all anticipated investor claims in full.

(d) Description of assets

In additional to the descriptions provided herein, for detailed information about the assets of the receivership estate, including the anticipated or proposed disposition of the assets, the Receiver respectfully refers the Court and interested parties to the Tenth Report attached hereto as **Exhibit 2**.

(e) Description of liquidated and unliquidated claims held by the Receiver

The Receiver continues to review potential causes of action against the principals of the Receivership Defendants and various third parties, which claims remain subject to the Receiver’s ongoing investigation with the assistance of his legal and forensic professionals. These claims may include common law claims and claims under fraudulent transfer statutes. While the Receiver cannot yet predict the

likelihood, amount or cost-effectiveness of particular claims or the claims as a whole, the Receiver continues to diligently evaluate claims against third parties.

V. Services Provided And Compensation Sought By The Professionals

(a) Services Provided By The Receiver And Buchanan Ingersoll & Rooney PC

The Receiver is a Shareholder at the law firm of Buchanan Ingersoll & Rooney PC (“Buchanan Ingersoll”). The Receiver has practiced law for nearly thirty years and has experience handling fraud recovery cases. The Receiver initially obtained Court approval to retain the services of Quarles & Brady, LLP (“Quarles & Brady”) to serve as his legal counsel. As an accommodation to the Receiver and the public interest nature of this matter, Quarles & Brady agreed to reduce the billing rate of its professionals for this case as provided in the Fee Schedule attached hereto as **Exhibit 5(a)** which was, on average, more than 20% (and in some instances, closer to 30%) less than the customary rate charged to clients. To date, these discounts resulted in a total reduction of over \$100,000 from the rates customarily charged by Quarles & Brady attorneys to clients. As of December 14, 2020, the Receiver and his counsel became associated with Buchanan Ingersoll. The Court approved the retention of Buchanan Ingersoll on December 9, 2020 (Doc. 159), including Buchanan Ingersoll’s agreement to continue the reduced existing billing rate of the Receiver and his professionals. To date, these discounts resulted in a total reduction of over \$100,000 from the rates customarily charged by Buchanan Ingersoll attorneys to clients.

The standard hourly rate which the Receiver charges clients begins at (and often exceeds) \$625. The Receiver agreed that for purposes of his appointment as the Receiver, his hourly rate would be reduced to \$437.50 per hour, representing approximately a thirty percent (30%) discount off the standard hourly rate which he charges clients in comparable matters. This rate was set forth in the Commission's Motion to Appoint Receiver, which the Court granted on March 6, 2020 (Doc. 34). During the time covered by this motion, the Receiver seeks compensation for 161.90 hours expended on this Receivership and seeks compensation for professional services in the amount of \$70,831.25 and costs in the amount of \$108.82. The statement summarizing the services rendered by the Receiver is attached as **Exhibit 6(a)**.

During the period covered by this Application, Buchanan Ingersoll spent 72.30 hours assisting the Receiver in fulfilling his duties under the Order Appointing Receiver, but only seeks compensation for 60.00 of those hours. Buchanan Ingersoll seeks compensation for professional services in the amount of \$16,200.00 and costs in the amount of \$0. The statement summarizing the services rendered by Buchanan Ingersoll is also encompassed within **Exhibit 6(a)** attached hereto. The work performed by Buchanan Ingersoll has been focused on investigating the fraud and related activities underlying this matter; locating and taking control of Receivership assets; investigating and pursuing additional assets for the Receivership, and coordinating the framework and procedures for a Court-approved claims process as detailed in the Interim Report. For the period from April 1, 2022, through June 30,

2022, the Receiver requests that the Court award the Receiver and Buchanan Ingersoll fees for professional services rendered and costs incurred in the amounts of \$78,328.12 and \$108.82, respectively, for a total of \$78,436.94⁶.

The Receiver and his legal professionals with Buchanan Ingersoll provided these services to investigate the affairs of the Receivership Entities, preserve Receivership assets and attempt to locate and recover additional assets, and to distribute assets to Investor Claimants with approved claims. These services were incurred in connection with the administration of the Receivership and are for the benefit of aggrieved investors, creditors, and other interested parties of the Receivership Entities. All of the services for which compensation is sought were rendered on behalf of the Receivership Entities and in furtherance of the duties of the Receiver, and in discharge of the Receiver's responsibilities under the Order Appointing Receiver.

(b) Services Provided By Yip & Associates

The Receiver obtained Court approval to retain the services of Yip Associates, experienced forensic accountants, to assist in investigating and analyzing the flow of funds both into and out of the various businesses operated by the Receivership Entities, and to assist in locating any additional funds. Yip & Associates has significant experience conducting forensic and fraud investigations in actions brought by state and federal regulators including the Securities and Exchange Commission.

⁶ The Receiver provided a 10% discount off the original fee invoice amount of \$87,031.25, which lowered the total Receivership fee invoice sum by \$8,703.13 for a total due and owing of \$78,436.94.

As set forth in the Receiver's Motion to Retain Yip & Associates, Yip & Associates agreed to reduce the rates of its professionals for this case. Hal Levenberg, a Director at Yip & Associates whose normal hourly rate charged to clients is \$395, agreed to cap his rate at \$295 which is the same rate charged by the Receiver's lead counsel, Jordan D. Maglich. Yip & Associates also agreed to discount the hourly rates charged by associates and senior associates from \$195 to \$245 to \$175 and \$220, respectively.

The Receiver has relied on Yip & Associates' extensive forensic accounting experience to assist him in understanding the complex relationship between the various Receivership Entities as well as account for the numerous inflows and outflows over the past seven-year period for which the Receiver has obtained voluminous banking and brokerage statements. These services were instrumental to helping the Receiver understand and account for the flow of funds between the various entities and also saved the Receiver considerable time in preparing various documents and pleadings incorporating this forensic analysis including the Interim Reports. Yip & Associates also provided necessary services to allow the Receiver to efficiently formulate a Court-approved claims process that ultimately resulted in the Receiver's mail-out of over 100 proof of claim packets to potential claimants and creditors, the review and determination for each of the submitted claims, and the preparation of the checks mailed out in the Court-approved First Interim Distribution.

During the period covered by this Application, Yip & Associates billed no hours in assisting the Receiver in fulfilling his duties under the Order Appointing

Receiver and the Receiver seeks no professional fees for Yip & Associates for this second quarter period.

(c) Services Provided By E-Hounds, Inc.

The Receiver obtained Court approval to retain the services of E-Hounds, Inc. (“E-Hounds”) to assist with managing and facilitating access to data imaged from electronic devices and hardware belonging to the Receivership Entities. As set forth in the Receiver’s Motion to Retain Information Technology Professionals) (the “IT Motion”) (Doc. 38), E- Hounds principal Adam Sharp has extensive experience in this field and also with assisting court-appointed receivers including in matters brought by the SEC. As an accommodation to the Receiver, E-Hounds agreed not to charge an up-front retainer and provided preferred hourly rates ranging from \$195 to \$250 for customary forensic imaging tasks.⁷ The Receiver has leveraged E-Hounds’ lower rate structure to identify and preserve electronic data obtained from Receivership Entities’ computer servers, electronic devices and paper files located at the Sarasota office and utilize the firm’s review platform as a central review platform on a flat-fee structure with no additional servicing or storage fees. The Court granted the Receiver’s Motion to retain E-Hounds on March 6, 2020 (Doc. 42).

The extent of services provided by E-Hounds to the Receiver during this application period has primarily consisted of updating and maintaining the document

⁷ E-Hounds’ fee proposal, which was included in the Receiver’s IT Motion, also included additional fees and services for non-customary tasks including expert witness and “triage reporting” services. Doc. 38 Ex. 2.

review platform and, where necessary, performing one-off forensic imaging tasks. The Receiver anticipates that this will remain the primary services provided by E-Hounds for the foreseeable future. During the period covered by this Application, E-Hounds seeks reimbursement of expenses in the sum of \$1,485.00. A copy of the statement summarizing the services rendered by E-Hounds is attached hereto as **Exhibit 6(b)**. The Receiver requests that the Court award E-Hounds fees for costs incurred from April 1, 2022, through June 30, 2022, in the amount of \$1,485.00.

(d) Services Provided By PDR CPAs + Advisors.

The Receiver obtained Court approval to retain the services of PDR CPAs + Advisors (“PDR”) to handle tax-related issues for the Receivership Entities. (Doc. 47.) This includes the preparation of any required tax-related documents as well as analyzing previous tax documents to assist the Receiver in performing his duties. PDR’s principal, Bill Price, routinely provides tax and accounting services in receivership matters. During the period covered by this Application, PDR billed 20.30 hours in assisting the Receiver in fulfilling his duties under the Order Appointing Receiver, which included the continued efforts to terminate a retirement plan previously administered by Kinetic Investment Group, and seeks professional fees in the sum of \$4,628.75 as set forth in the invoices attached as **Exhibit 6(c)**. The Receiver requests that the Court award PDR fees for professional services rendered and costs incurred from April 1, 2022, through June 30, 2022, in the amount of \$4,628.75.

(e) Services Provided By IRW Law Offices.

In connection with his efforts to market and sell various Receivership real property located in Puerto Rico, the Receiver obtained Court approval to retain the services of IRW Law Offices (“IRW”) based in Puerto Rico to provide legal services to the Receiver regarding those efforts. (Doc. 154). This includes the preparation of necessary sale-related documents and other services to assist the Receiver in performing his duties. During the period covered by this Application, the Receiver required IRW’s assistance in handling various tasks associated with the Villa Gabriela property, including the ongoing process of addressing and correcting title issues and also completing the transfer of title of the property from Mr. Williams to the Receiver. During this period, IRW seeks compensation for 13.50 hours expended on this matter and billed the Receiver for professional services rendered in the amount of \$3,375.00 and expenses of \$90.38 as set forth in the invoices attached as **Exhibit 6(d)**. The Receiver requests that the Court award IRW fees for professional services rendered from April 1, 2022, through June 30, 2022, in the amount of \$3,465.38.

MEMORANDUM OF LAW

A receiver appointed by a court who reasonably and diligently discharges his duties is entitled to be fairly compensated for services rendered and expenses incurred. *See SEC v. Elliott*, 953 F.2d 1560 (11th Cir. 1992) (“[I]f a receiver reasonably and diligently discharges his duties, he is entitled to compensation.”); *Donovan v. Robbins*, 588 F. Supp. 1268, 1272 (N.D. Ill. 1984) (“[T]he receiver diligently and successfully discharged the responsibilities placed upon him by the Court and is entitled to reasonable compensation for his efforts.”); *SEC v. Custable*, 1995 WL 117935 (N.D.

Ill. Mar. 15, 1995) (receiver is entitled to fees where work was of high quality and fees were reasonable); *SEC v. Mobley*, 2000 WL 1702024 (S.D.N.Y. Nov. 13, 2000) (court awarded reasonable fees for the receiver and his professionals). In determining reasonable compensation for the services rendered by the Receiver and his Professionals, the Court should consider the circumstances surrounding the receivership. *See Elliot*, 953 F.2d at 1577.

In addition to fees, the receiver is “also entitled to be reimbursed for the actual and necessary expenses” that the receiver “incurred in the performance of [its] duties.” *Fed. Trade Comm'n v. Direct Benefits Grp., LLC*, 2013 WL 6408379, at *3 (M.D. Fla. 2013). The Receiver and his Professionals support their claims for reimbursement of expenses with “sufficient information for the Court to determine that the expenses are actual and necessary costs of preserving the estate.” *SEC v. Kirkland*, 2007 WL 470417, at *2 (M.D. Fla. 2007) (citing *In re Se. Banking Corp.*, 314 B.R. 250, 271 (Bankr. S.D. Fla. 2004)).

Here, because of the nature of this case, it was necessary for the Receiver to employ attorneys, accountants, and professionals experienced and familiar with financial frauds, federal receiverships, securities laws, banking, finance, and trusts and estates. Further, in order to perform the services required and achieve the results obtained to date, the skills and experience of the Receiver and the Professionals in the areas of fraud, securities, computer and accounting forensics, and financial transactions were indispensable.

The Receiver and his legal, forensic, and information technology professionals have each discounted their normal and customary rates as an accommodation to the Receivership and to conserve Receivership assets. The rates charged by the attorneys and paralegals are at or below those charged by attorneys and paralegals of comparable skill from other law firms in the Middle District of Florida. This case has been time-intensive for the Receiver and his Professionals because of the need to resolve many issues rapidly and efficiently. The attached Exhibits detail the time, nature and extent of the professional services rendered by the Receiver and his Professionals for the benefit of investors, creditors, and other interested parties. The Receiver anticipates that additional funds will be obtained through the Receiver's negotiations or litigation with third parties.

The Receiver is sensitive to the need to conserve the Receivership Entities' assets and respectfully submits that the fees and costs expended to date were reasonable, necessary, and benefited the Receivership. Notably, the Commission has no objection to the relief sought in this motion. *Custable*, 1995 WL 117395, *7 (“In securities law receiverships, the position of the SEC in regard to the awarding of fees will be given great weight.”)

CONCLUSION

Under the terms and conditions of the Order Appointing Receiver, the Receiver, among other things, is authorized, empowered, and directed to engage professionals to assist him in carrying out his duties and obligations. The Order further provides that he apply to the Court for authority to pay himself and his

Professionals for services rendered and costs incurred. In exercising his duties, the Receiver has determined that the services rendered and their attendant fees and costs were reasonable, necessary, advisable, and in the best interest of the Receivership.

WHEREFORE, Mark A. Kornfeld, the Court-appointed Receiver, respectfully requests that this Court award the following sums and direct that payment be made from the Receivership assets:

Mark A. Kornfeld, Esq. and Buchanan Ingersoll	\$78,436.94
E-Hounds	\$1,485.00
PDR CPAs + Advisors	\$4,628.75
IRW Law Offices	\$3,465.38

A proposed Order is attached as **Exhibit 7**.

WHEREFORE, the Receiver seeks entry of an Order granting this motion and awarding the Receiver and his professionals their interim fees, reimbursement of costs, and for such other relief that is just and proper.

LOCAL RULE 3.01(g) CERTIFICATION

Pursuant to Local Rule 3.01(g), the Receiver hereby certifies that he has conferred with counsel for Plaintiff, Securities and Exchange Commission, which does

not oppose the requested relief. The Receiver has also conferred with counsel for Defendant Michael S. Williams, who takes no position on the requested relief.

Respectfully submitted,

BUCHANAN INGERSOLL & ROONEY PC



Lauren V. Humphries, Esq. (FBN 117517)

401 E. Jackson St., Suite 2400

Tampa, FL 33602

Telephone: (813) 222-2098

Facsimile: (813) 222-8189

Email: Lauren.Humphries@bipc.com

Attorneys for Receiver Mark A. Kornfeld

CERTIFICATE OF SERVICE

I hereby certify that on August 5, 2022, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system which will send a Notice of Electronic Filing to the following counsel of record:

Christine Nestor, Esq.
Stephanie N. Moot, Esq.
John T. Houchin, Esq.
Barbara Viniegra, Esq.
Securities and Exchange Commission
801 Brickell Avenue, Suite 1950
Miami, FL 33131
nestorc@sec.gov
moots@sec.gov
houchinj@sec.gov
viniegrab@sec.gov
Counsel for Plaintiff

Timothy W. Schulz, Esq.
Timothy W. Schulz, P.A.
224 Datura Street, Suite 815
West Palm Beach, FL 33401
e-service@twslegal.com

Jon A. Jacobson, Esq.
Jacobson Law, P.A.
224 Datura Street, Suite 812
West Palm Beach, FL 33401
jjacobson@jlpa.com
e-service@jlpa.com
Counsel for Defendant Michael Williams

By: 

Attorney

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT “1”

Standardized Fund Accounting Report for
Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis
Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
Reporting Period 04/01/2022-06/30/2022

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 04/01/2022):			\$ 6,747,214.73
	Increases in Fund Balance:			
Line 2	Business Income			
Line 3	Cash and Securities**			
Line 4	Interest/Dividend Income	4,442.55		
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income	5,000.00		
Line 8	Miscellaneous - Other			
	Total Funds Available (Line 1 - 8):		9,442.55	6,756,657.28
	Decreases in Fund Balance:			
Line 9	Disbursements to Claimants	-		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	91,375.82		
Line 10b	Business Asset Expenses	37,233.25		
Line 10c	Personal Asset Expenses	8,829.36		
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	25,860.49		
	Total Disbursements for Receivership Operations		163,298.92	163,298.92
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 Development 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) Reporting 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 Disbursements to Court/Other:			
	Total Funds Disbursed (Lines 9 - 11)			163,298.92
Line 13	Ending Balance (As of 06/30/2022)			6,593,358.36

**Standardized Fund Accounting Report for
 Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis
 Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
 Reporting Period 04/01/2022-06/30/2022**

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets:			6,593,358.36
Line 14a	Cash & Cash Equivalents			6,593,358.36
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds			
	Total Ending Balance of Fund - Net Assets			6,593,358.36
OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
Line 15	Report of Items Not To Be Paid by the Fund			
	Disbursements 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 Development 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. Federal Account for Investor Restitution (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 Disbursements to Court/Other Not Paid by the Fund		-	
Line 17	DC & State Tax Payments			
Line 18	No of Claims			
	# of Claims Received This Reporting Period _____			
	# of Claims Received Since Inception of Fund _____			
Line 19	No of Claimants/Investors:			
Line 19a	# of Claimants/Investors Paid This Reporting Period _____			
	# of Claimants/Investors Paid Since Inception of Fund _____			

***Broker accounts U1364167 and U1364170 are not part on the Receivership and not included in above report. Accounts were closed and transferred out to the investors**

Receiver: _____
 By: _____
 Title _____
 Date _____

Standardized Fund Accounting Report for
Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis
Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
Reporting Period From Inception 03/06/2020 to 06/30/2022

FUND ACCOUNTING (See Instructions):	Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 03/06/2020):		\$ -
	Increases in Fund Balance:		
Line 2	Business Income		
\\	Cash and Securities	13,652,912.22	
Line 4	Interest/Dividend Income	128,800.13	
Line 5	Business Asset Liquidation	4,025,500.00	
Line 6	Personal Asset Liquidation		
Line 7	Third-Party Litigation Income	3,487,645.95	
Line 8	Miscellaneous - Other	223,877.75	
	Total Funds Available (Line 1 - 8):	21,518,736.05	21,518,736.05
	Decreases in Fund Balance:		
Line 9	Disbursements to Claimants	13,216,050.91	
Line 10	Disbursements for Receivership Operations		
Line 10a	Disbursements to Receiver or Other Professionals	1,484,082.15	
Line 10b	Business Asset Expenses	73,014.43	
Line 10c	Personal Asset Expenses	70,635.18	
Line 10d	Investment Expenses	55,113.36	
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	26,481.66	
	Total Disbursements for Receivership Operations	14,925,377.69	14,925,377.69
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 Development 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) Reporting 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 Disbursements to Court/Other:		
	Total Funds Disbursed (Lines 9 - 11)		14,925,377.69
Line 13	Ending Balance (As of 06/30/2022)		6,593,358.36

Standardized Fund Accounting Report for
Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis
Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
Reporting Period From Inception 03/06/2020 to 06/30/2022

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets:			6,593,358.36
Line 14a	Cash & Cash Equivalents			6,593,358.36
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds			
	Total Ending Balance of Fund - Net Assets			6,593,358.36
OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
Report of Items Not To Be Paid by the Fund				
Line 15	Disbursements 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 Development 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. Federal Account for Investor Restitution (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 Disbursements to Court/Other Not Paid by the Fund		-	
Line 17	DC & State Tax Payments			
Line 18	No of Claims			
	# of Claims Received This Reporting Period _____			
	# of Claims Received Since Inception of Fund _____			
Line 19	No of Claimants/Investors:			
Line 19a	# of Claimants/Investors Paid This Reporting Period _____			
	# of Claimants/Investors Paid Since Inception of Fund _____			

Receiver:
 By: _____
 Title _____
 Date _____

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT “2”

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

**KINETIC INVESTMENT GROUP, LLC and
MICHAEL SCOTT WILLIAMS, Case No: 8:20-cv-394-MSS-SPF**

Defendants, and

**KINETIC FUNDS I, LLC,
KCL SERVICES, LLC d/b/a LENDACY,
SCPIO, LLC, LF 42, LLC, EL MORRO
FINANCIAL GROUP, LLC, and KIH, INC.,
f/k/a KINETIC INTERNATIONAL, LLC,**

Relief Defendants.

_____ /

RECEIVER’S TENTH INTERIM REPORT

Mark A. Kornfeld, Esq., in his capacity as the court-appointed Receiver (the “Receiver”) for Kinetic Investment Group, LLC (“KIG”), Kinetic Funds I, LLC (“Kinetic Funds”), KCL Services, LLC d/b/a Lendacy (“Lendacy”), Scipio, LLC (“Scipio”), LF 42, LLC (“LF42”), El Morro Financial Group, LLC (“El Morro”), and KIH Inc., f/k/a Kinetic International, LLC (“Kinetic International”) (collectively, the “Receivership Defendants”), respectfully files his Tenth Interim Report (the “Tenth Report”) covering information and activity occurring from April 1, 2022 to June 30, 2022. In addition to providing notice of the receivership to all

known investors shortly after his appointment, the Receiver has also established an informational website at www.kineticreceivership.com, which is regularly updated with important court filings (including previous and subsequent Interim Reports), announcements, and other news that might be relevant to interested parties.

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I. INTRODUCTION

A. Overview of Significant Activities During This Reporting Period

(I) **RECEIVER CONTINUES TO INCUR COSTS RELATED TO HOLDING TITLE TO VILLA GABRIELA PROPERTY UNTIL COURT APPROVES SALE AS REQUESTED IN RECEIVER'S APRIL 1, 2022 MOTION TO APPROVE SALE (DOC. 175.)**

During the time period covered by this Tenth Report (April 1, 2022 to June 30, 2021), the Receiver and his team of legal, technology, tax, and accounting professionals (collectively, the “Retained Professionals”) have engaged in significant activities regarding the Receivership Estate, which are discussed more thoroughly in the forthcoming report. On April 1, 2022, Receiver filed a Motion to approve the sale with the Court (Doc. 175) for the Villa Gabriela Property. Subsequent to this Motion, on April 15, 2022, Defendant Williams filed an opposition to the Motion (Doc. 277), which was responded to promptly by Receiver in his Reply Memorandum (Doc. 281). As discussed in Receiver’s Reply and the original Motion for Approval, Receiver has full authority to sell the Villa Gabriela Property to obtain valuable funds for defrauded investors. Receiver retains this authority not only due to the Order Appointing Receiver (Doc. 34) from this Court but also due the Joint Stipulation (Doc. 103) executed by Defendant Williams and Receiver, in which Defendant Williams gives full title to Receiver and specifically affirms to “use reasonable and best efforts to cooperate with the Receiver to effect the transfer of ownership.” (Doc. 103, ¶¶ 5, 6.)

The sale price for the Villa Gabriela Property is over \$2M and will benefit the defrauded investors once it may be obtained for the Receivership Estate. At present, the Receivership Estate is losing money due to holding title of the Villa Gabriela Property by way of having to pay the maintenance costs, real property taxes, and the monthly HOA costs. The payment of these sums, which is detailed more thoroughly in Sections (1) - (2) of the report below, has been taken on by the Receiver since he obtained title. In addition to paying the administrative costs of holding the property, the Receiver is also responsible for paying for any costs related to the physical property-such as plumbing issues or general home maintenance. Once the property title is transferred in the proposed sale, Receiver will no longer have to expend its resources to care for the property. Additionally, the prospective purchaser for the property, who has signed a contract and provided a deposit of \$63,000.00 in escrow, has inquired as to when he may expect to close on the property. Without further information from the Court, Receiver is unable to provide a date of the closing to the purchaser or his real estate professionals.

If the Court necessitates any further documents or information regarding the proposed sale of the Villa Gabriela Property, Receiver is willing to supply anything necessary to facilitate approval and obtain the sale proceeds for investors and cease making continued payments of costs for caring for the property.

1. **Moved to Approve The Sale of the Villa Gabriela Properties with the Court (Doc. 275) and Addressed Defendant William’s Opposition Motion to the Approval of Sale (Doc. 277) with Receiver’s Memorandum in Reply (Doc. 281).**
- In connection with the Receiver’s efforts to transfer title of the Villa Gabriela properties (consisting of two properties and two parking spots) in San Juan, Puerto Rico from Defendant Williams to the Receiver, as provided in the Court’s Order approving the Receiver’s Motion for Turnover (Doc. 72), the Receiver utilized his Puerto Rico counsel to address and resolve several existing deficiencies from the previous sale to Defendant Williams. After obtaining title, the Receiver was able to gain access to, and assess the condition of, the Villa Gabriella properties. The Receiver also worked with his Puerto Rico real estate broker to list all Villa Gabriela Properties for sale. Following extensive marketing efforts and bidding process (which included interest from over two dozen potential buyers), the Receiver ultimately agreed to sell the Properties for \$2,100,000.00 to Allan Rothstein (the “Purchaser”), as set forth in the Purchase and Sale Agreement. Details of the Villa Gabriela Properties were posted to the Receiver’s website, www.kineticreceivership.com/assets-for-sale. The proposed sale price is 40% higher than the price previously paid by Williams using funds traceable to investor deposits. To secure the purchase, Mr. Rothstein placed \$63,000.00 in escrow, which remains with the Receiver’s real estate professionals until the sale is approved by the Court. On April 1, 2022, the Receiver filed Receiver’s Motion for Approval of the Sale of the (1) Private Sale of Puerto Rico Real Properties and Parking Spaces; and (2) Proposed Publication, Marketing, and Overbid Procedures Associated with the Sale of the Real Properties. (Doc. 271).
 - On April 15, 2022, Defendant Williams filed a Response in Opposition to the Receiver’s Motion for Approval of Sale of Condos (Doc. 277.) In this Response, Defendant Williams alleges multiple scattered arguments requesting the Court deny the approval of the sale – specifically claiming that he engaged in no wrongdoing. In his Motion, Defendant Williams’ expressly ignores the previously-entered Joint Stipulation (Doc. 103), in which he unequivocally agreed that title to the Real Property would be transferred to the Receiver and that he would facilitate the transition. (Doc. 103.) Specifically, in said Joint Stipulation, Williams agreed to “use reasonable and best efforts to cooperate with the Receiver to effect the

transfer of ownership.” (Doc. 103, ¶¶ 5, 6.) Now, at the point where Receiver is in the final stages of receiving approval of the sale from the Court to bring in necessary funds to distribute to the investors, Williams claims he engaged in no “wrongdoing” and that the sale should not be approved. (Doc. 103.) To address Defendant Williams’ opposition to the approval of the sale, Receiver and Receiver’s staff expended valuable resources in preparing a seven-page memorandum in Reply, addressing Defendant Williams’ arguments. (Doc. 281).

- Additionally, the Receiver’s staff has continued to handle the administrative costs of holding title to the Villa Gabriela Property, which is explained in more detail in Section (2). Furthermore, the real estate professionals, hired by the Receiver to handle and administer the sale, have continued to hold \$63,000.00 of buyer’s escrow deposit for approximately four months. The real estate professionals cannot release the funds to the Receivership Estate until the sale is approved by the Court. As detailed below, every month that Receiver continues to hold title to the Villa Gabriela Property, Receiver must continue to pay administrative costs in the form of Homeowners Association Fees and Real Property Taxes. Receiver will continue to adamantly oppose Defendant Williams’ arguments that the sale should not be approved by the Court.

2. Administered and paid expenses for continuing costs of holding title to Real Property including Homeowners Association Fees and Real Property Taxes.

- During the reporting period, Receiver paid certain outstanding administrative costs involving the Receivership’s Real Property including: (1) the Homeowners Association Fees for the Villa Gabriella Property; and (2) the real estate taxes for the Villa Gabriella Property. During the reporting period, Receiver, as title owner of the Villa Gabriella Property, closed out all back-owed Homeowners Association Fees, which totaled **\$35,033.25** and paid all due Real Property Taxes, which totaled **\$11,178.49**. Both the HOA monthly fees and the Real Property Taxes are continuing in nature. As long as title remains with Receiver, Receiver will be responsible for these sums and must continue to make payment to avoid late fees and fines.

3. Reviewed Potential Third-Party Claims, Sent Demand Letters To Third-Parties, And Obtained Resolutions

- The Receiver has identified various potential claims with respect to third-parties that may have received improper transfers consisting of investor assets. After the Court granted his Unopposed Motion to Approve Procedure to Pursue Potential Third Party Claims, the Receiver and his professionals continued evaluating those potential claims pursuant to the procedures approved by the Court. In May 2021, the Receiver and his professionals sent out seven demand letters to various individuals seeking the return of funds the Receiver believes are rightfully owing to the Receivership Entities. For several of those claims, the Receiver has reached an agreement to recover the full amount sought. For other claims, the Receiver is continuing to pursue a beneficial outcome which could include filing litigation against those third-parties. For one of those claims, the Receiver filed a motion seeking the Court's approval of a negotiated settlement (Doc. 271). The Receiver received one lump sum payment of \$111,472.12 from one investor.

4. The Ninth Interim Report

- The Receiver prepared and filed his Ninth Interim Report on March 29, 2022 (Doc. 280), which provided a comprehensive summary, analysis, and supporting documentation of the Receiver's continuing investigation as well as the tracing of investor funds.

5. Continued Investigation And Review of Relevant Documentation and Information

- The Receiver and his professionals continued their investigation of the business operations of the various Receivership Entities. This included identifying, obtaining, and reviewing relevant documentation and information from the Receivership Entities' offices and interviewing various individuals.

6. Attended To Litigation Matters

- The Receiver continues to monitor the Court's docket given that the Commission's claims against Mr. Williams remain pending.

7. Continued Investor Outreach and Website Updates

- The Receiver responded to phone calls and written communications from Kinetic Funds investors and continued to provide updates and

announcements on the informational website at www.kineticreceivership.com for investors and other interested parties. The Receiver plans to prepare a second Motion for Distribution once the sale of the Vila Gabriela Properties is approved by the Court.

In summary, as of the date of this Report, the Receiver has (i) secured, frozen, marshaled, and liquidated assets for the benefit of victim that resulted in the deposit of **approximately \$20 million**¹ in the Receiver's fiduciary bank accounts during the Receiver's appointment; (ii) secured significant real property assets and commenced the process of marketing and liquidating those assets which shall result in additional proceeds deposited with the Receivership Estate; and (iii) made an initial distribution of **\$13.2 million** to Investor Claimants with approved claims, which amount constitutes 40% of each Investor Claimant's approved claim.

The nearly \$20 million recovered for the benefit of victims is the result of the following actions:

- March 6, 2020: Froze approximately **\$7.6 million** in Receivership bank accounts located at BMO Harris Bank;
- March 20, 2020: Liquidated securities located in Kinetic Funds sub-accounts at Interactive Brokers. After satisfying the account margin

¹ This amount includes approximately \$251,928.02 in funds previously held in Mr. Williams' prior counsel's trust account and which were subsequently transferred to the Receiver's fiduciary accounts to be held in trust pending further Order from the Court. In the interim, the Court has authorized the payment of various living and legal expenses to or for Mr. Williams' benefit.

obligations, approximately **\$5.5 million** was transferred to the Receiver's bank accounts on January 7, 2021;

- June 25, 2020: Liquidated gold coins held by Kinetic Funds for total proceeds of **\$223,877.75** which were deposited into the Receiver's bank accounts;
- November 10, 2020: Received nearly **\$3.5 million from** two Kinetic Funds investors as part of a settlement that ultimately offset roughly \$8 million of the approximately \$12 million in margin obligations in Kinetic Funds' Interactive Brokers' sub-accounts;
- May 11, 2021: Received approximately **\$4.0 million** in net sales proceeds from the sale of the property located at 152 Tetuan Street, San Jan, Puerto Rico 00901; and
- Through September 30, 2021, the Receiver and his retained legal, accounting, tax, and technology professionals have been paid approximately **\$1,250,000** in fees and expenses for their services.

The Receiver has updated his website and filed a notice with the Court regarding his closing of the sale of the El Banco Espanol building.

The Receiver also continues to evaluate the viability and equities of advancing potential claims against third parties to recover additional funds for the benefit of defrauded victims. Through these efforts, the Receiver has sought to and continues to investigate the relevant issues in order to enforce the Estate's rights and protect and maximize the Kinetic Funds' assets available for future return to investors. The above-referenced activities are discussed in more detail in the pertinent sections of this Tenth Report.

II. BACKGROUND

A. Procedure and Chronology

On February 20, 2020, the Commission filed a complaint (the “Complaint”) (Doc. 1) in the United States District Court for the Middle District of Florida (the “Court”) against Defendants and Relief Defendants alleging that Defendants violated the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Advisers Act of 1940 by making false or materially misleading representations to investors and that over \$6 million of investor funds was misappropriated to fund other business ventures and pay for other unauthorized expenses. Doc. 1 ¶¶4, 28-38.

The Complaint alleged that the scheme involved securities offerings made on behalf of Kinetic Funds, a purported hedge fund with a sub-fund structure managed by Kinetic Investment Group and Defendant Williams. *Id.* ¶ 2. Defendants represented to investors that the largest sub-fund, KFYield, invested all of its assets in income-producing U.S. listed financial products hedged by listed options. *Id.* Potential investors were told that KFYield was a liquid investment that would “maintain 90% principle [sic] protection” and that an investor could redeem their principal investment “100% . . . without penalties” with a 30-day written notice. *Id.* ¶¶ 2, 28. Investors in the KFYield fund, which attracted the near-entirety of investor funds entrusted to Kinetic Funds, were routinely provided

with documentation from Bloomberg's reporting service that claimed KFYield had achieved positive annual returns every year since inception. *Id.* ¶ 24. Many, but not all, investors were also attracted to the Kinetic Funds investment opportunity by the advertised ability to obtain low-interest and unsecured loans from Lendacy based on their KFYield investment and with the understanding that 100% of their KFYield investment would continue earning dividends. *Id.* ¶ 28.

On March 6, 2020, the Court entered the Order Appointing Receiver. By separate Order, the Court also granted the Commission's Motion for Asset Freeze and granted other relief as to all Defendants (Doc. 33). Among other things, the Orders froze Defendants' assets and enjoined any further violations of federal securities laws.

On May 12, 2020, Defendant Williams filed his Answer and Affirmative Defenses to the Commission's Complaint in which he denied the Commission's substantive allegations and set forth 13 affirmative defenses (Doc. 56). On May 28, 2020, the Commission filed its Motion for Judgment of Permanent Injunction (Doc. 86) following the Receiver's execution of a Consent Judgment on behalf of the various Receivership Entities named in the Complaint, and the Court entered that Consent Judgment on November 5, 2020 (Doc. 156). The Commission and Defendant Williams mediated this case on August 28, 2020, which resulted in an impasse (Doc. 132). Both the Commission and Defendant Williams have filed

pending dispositive motions seeking judgment in their favor. Docs. 200-202. On July 21, 2021, the Court granted the Commission’s request to postpone the trial pending resolution of the pending case-dispositive motions. (Doc. 257).

B. The Receiver’s Role and Responsibilities

As an independent agent of the Court, the Receiver’s powers and responsibilities are set forth in the Order Appointing Receiver which provides, in relevant part, that the Receiver:

- “[S]hall have all powers, authorities, rights and privileges heretofore possessed by the officers, directors, managers and general and limited partners of the Receivership Defendants under applicable state and federal law...” and “shall assume and control the operation of the Receivership Defendants and shall pursue and preserve all of their claims.” Doc. 34 ¶¶ 4-5;
- Shall “take custody, control, and possession of all Receivership Property and records relevant thereto from the Receivership Defendants...” and “manage, control, operate and maintain the Receivership Estates and hold in his possession, custody and control all Receivership Property pending further Order of this Court.” *Id.* ¶ 7(B);
- Is “authorized, empowered, and directed to investigate the manner in which the financial and business affairs of the Receivership Defendants were conducted and...to institute such actions and legal proceedings...as the Receiver deems necessary and appropriate...” *Id.* ¶ 37; and
- Is directed to “develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property...and to “file and serve a full report and accounting of each Receivership Estate” for each calendar quarter. *Id.* ¶¶ 46, 48.

C. Receivership Defendants

The Receiver incorporates by reference herein the descriptions of the various Receivership Defendants and Other Relevant Non-Parties set forth in the First Report. *See* Doc. 60 at pp. 12-16.

III. OVERVIEW OF RECEIVER’S PRELIMINARY FINDINGS

The Receiver’s issuance of interim quarterly reports is intended to, among other things, present a detailed summary of various preliminary findings and ongoing investigation. Unless specifically indicated herein, those preliminary findings are incorporated herein and remain consistent with the Receiver’s ongoing investigation. The Receiver reserves the right to revise, amend, and/or supplement these conclusions as the investigation progresses. The Receiver presents the following non-exclusive conclusions that he continues to supplement based on his preliminary review of the documents in his possession and with the assistance of his Retained Professionals.

A. Discrepancies Between Kinetic Funds’ Actual And Reported Performance And Assets

i. Performance Discrepancies

Many investors were attracted to KFYield through promises of consistent investment returns made possible through lower risk, “principle [sic] protection,” and “maximum liquidity.” No later than early 2017, KFYield’s performance and other information were listed on Bloomberg, and those reports were provided to

current and prospective investors showing that KFYield had achieved consistent positive returns. For example, the Q2 2019 Quarterly Report distributed to current investors included a Bloomberg report indicating that the fund had profitable monthly returns for 41 out of the 50 months during the period from April 2015 to June 2019 - including a streak of 21 consecutive months of positive monthly returns from October 2017 to June 2019.²

The following chart lists KFYield's annual performance from 2013 to 2019 based on figures reported by Bloomberg and distributed to current and prospective investors:

<u>Year</u>	<u>Bloomberg Reported Performance For KFYield Fund</u>
2013	9.79%
2014	21.27%
2015	.21%
2016	2.24%
2017	1.04%
2018	7.09%
2019 (through June 28, 2019) ³	2.45%

² With the exception of a -3.33% monthly return in 2015, the fund's performance for the remaining reported eight unprofitable months during that period ranged from -.02% to -.61%.

³ The Receiver has not seen any information indicating that Kinetic Funds updated the Fund's reported Bloomberg performance figures after September 2019.

Beginning in June 2014, Kinetic Funds moved its brokerage accounts for KFYield and other sub-accounts to Interactive Brokers.⁴ According to Interactive Brokers’ Portfolio Analyst tool, the KFYield trading account’s performance (and change in net asset value) from 2015 (the first full year at Interactive Brokers) to 2019 was:

<u>Year</u>	<u>Actual Interactive Brokers Performance For KFYield Fund</u>
2015	-8.8%
2016	-3.8%
2017	-27.5%
2018	12.8%
2019 (annual)	-1.2%

There are significant discrepancies between the figures reported on Bloomberg and calculated by Interactive Brokers.

For example, in the “Fourth Quarter 2017” quarterly report distributed by Kinetic Investment Group that included the fund’s reported performance data on Bloomberg for that period, Defendant Williams stated that “[l]ast year maintained a conservative approach of over-hedging against potential market volatility.” The Bloomberg report included with that Quarterly Report showed that, as of

⁴ Prior to June 2014, trading accounts for KFYield and other sub-funds were held at Bank of America/Merrill Lynch by Kinetic Securities Trading (“KST”), a predecessor to Kinetic Funds.

December 29, 2017, the fund had total assets of \$31.78 million and its year-to-date performance was 1.04%.

However, the 2017 annual statement produced by Interactive Brokers for KFYield’s trading account showed that the account declined in value by over 25% during that period:

Net Asset Value					
	December 31, 2016	December 31, 2017			Change
	Total	Long	Short	Total	
Cash	-11,437,677.94	0.00	-88,877,936.84	-88,877,936.84	-77,440,258.90
Stock	17,663,496.00	104,667,799.00	-219,768.00	104,438,041.00	86,784,546.00
Options	264,376.52	3,067,374.02	-13,927,674.86	-10,860,300.83	-11,124,677.36
Interest Accruals	-4,140.83	0.00	-99,942.86	-99,942.86	-96,802.03
Dividend Accruals	34,887.82	134,620.11	0.00	134,620.11	99,632.29
Total	6,610,940.57	107,869,693.13	-103,126,312.66	4,734,380.58	-1,776,669.99
Time Weighted Rate of Return					-27.62%

According to this statement, KFYield had a Net Asset Value (“NAV”) of \$6,510,940.57 as of December 31, 2016, and that NAV declined to \$4,734,380.58 as of December 31, 2017 - an annual change of -\$1,776,559.99 or -27.62% of the account’s NAV. As of December 31, 2017, the account holdings consisted of over \$104 million in stock positions, -\$10.8 million in net options positions, and a cash balance of nearly -\$89 million.⁵

⁵ Unlike previous reports, which included the fund’s top 10 holdings as of the end of the relevant quarter, the 2017 Q4 report included the fund’s top holdings as of February 13, 2018 - approximately 45 days after the end of the relevant quarter and which were significantly different than the fund’s holdings as of December 29, 2017.

Another portion of that statement entitled “Change in NAV” showed a breakdown of the annual change in the NAV during that period:

Change in NAV	Total
Starting Value	6,510,940.67
Mark-to-Market	-3,164,606.38
Position Transfers	16,684.00
Dividends	1,923,148.82
Withholding Tax	-2,036.76
Change in Dividend Accruals	99,632.29
Interest	-439,632.20
Change in Interest Accruals	-95,802.03
Other Fees	-263.30
Commissions	-120,842.30
Transaction Fees	-2,953.13
Ending Value	4,734,380.68

As the statement shows, the KFYield account generated nearly \$2 million in dividends during this period (which appeared to have largely been generated by using significant amounts of margin to purchase dividend-generating equities) but also incurred mark-to-market losses of over -\$3.1 million and paid over \$500,000 in commissions and margin interest charges.

Despite having open equity positions with a value of more than \$100 million as of December 29, 2017, the account statement shows that the vast majority of these holdings were purchased using margin and that the net account value was actually \$4.734 million as of December 29, 2017. In other words, the account’s liquidation would have generated less than \$5 million in net proceeds. The fund’s reported NAV of roughly \$4.7 million (and thus value of its investment holdings)

as of December 31, 2017, differs by over \$25 million compared to the total assets represented in the Bloomberg report for the same time period. Similarly, the account's annual decline of over 27% during 2017 is significantly different than the 1.04% increase represented in the Bloomberg report for the same period. The Receiver has made requests to Defendant Williams' counsel for more information and clarification regarding the calculation of investment performance for KFYield but has, to date, not received any formal response.

ii. Apparent Shortfall

Based on the above-identified discrepancies, there appears to have been a shortfall between actual and reported fund assets since at least 2017. Using the late-2017 timeframe as an example, the December 2017 monthly statements distributed to KFYield investors show the total market value of the KFYield fund investments as nearly \$27 million.⁶ This theoretically is the amount of funds that were being held and managed on behalf of KFYield investors, and accordingly is the amount that would need to be returned in the event that all investors elected to redeem their investments.

However, it appears that Kinetic Funds had approximately half of the amount represented to KFYield investors readily accessible and available for

⁶ This figure also appears to differ from the Bloomberg report showing total KFYield assets of nearly \$32 million as of December 29, 2017.

withdrawal as of December 31, 2017. As of December 31, 2017, Kinetic Funds' bank account at BMO Harris (which held investor deposits) had a balance of approximately \$9.8 million, and KFYield's sub-account at Interactive Brokers had a value of approximately \$4.73 million. Thus, Kinetic Funds had approximately \$14.5 million of available cash or securities assets to satisfy total KFYield investor obligations of approximately \$27 million (which does not include holdings or margin obligations in Kinetic Funds' other sub-accounts at Interactive Brokers⁷). Although the Receiver understands that Kinetic Funds had extended various Lendacy loans to investors and non-investors, the near-entirety of those loans specifically provided that the loans were unsecured and thus were not assets that could be immediately called or otherwise converted to cash to meet investor redemptions. Indeed, in the event that KFYield's largest investor alone sought to liquidate its \$18 million investment (which did not have a corresponding Lendacy loan), it is unclear how Kinetic Funds would have been able to satisfy that redemption - let alone maintain continuity of operations. The Receiver continues to investigate the origin, extent, and duration of this shortfall.

B. Analyzing The Use Of Investor Deposits

⁷ For example, Kinetic Funds' master account had a negative margin balance of -\$7.3 million as of December 31, 2017 for which Kinetic Funds was legally responsible.

From January 15, 2013 to March 4, 2020 (the “Relevant Period”), approximately \$44.1 million was deposited into Kinetic Funds’ BMO Harris bank account with account number ending in x4255 (the “KF Bank Account”). The analysis by the Receiver and his Retained Professionals shows the following flow of funds and transaction activity in the BMO Account holding investor deposits:

- Approximately **\$11 million** was transferred during the Relevant Period from the KF Bank Account to Kinetic Funds’ Interactive Brokers brokerage account in the master account with account number ending in x8796 (the “Brokerage Account”). This included a \$5 million transfer on December 29, 2016 which was used to reduce the then-outstanding -\$12.23 million margin balance to -\$7.24 million as of December 31, 2016, and thus never deposited into the KFYield sub-account. Another \$5 million was transferred to the Brokerage Account on June 29, 2018, of which \$4.995 million was transferred to the KFYield sub-account that same day.
- Nearly **\$13 million** of investor deposits was transferred from the KF Bank Account to Lendacy’s BMO Harris bank accounts ending in x8676 and x1081 (the “Lendacy BMO Accounts”) during the Relevant Period, which was in turn used for various purposes including:
 - Making at least 34 loans totaling **\$6.1 million** to various investors, insiders, and third-parties (excluding Michael Williams);
 - Transferring an additional **\$4.3 million** at the direction, and for the benefit, of Defendant Williams for two separate purchases of real estate in Puerto Rico;
 - Transferring nearly **\$1 million** to Kinetic Investment Group’s BMO Harris bank account;
 - Transferring **\$586,550** to El Morro Financial;
 - Transferring **\$550,000** to LF42; and
 - Transferring nearly **\$500,000** for a private investment in an aerospace company in the name of Kinetic International.

- At least **\$6.1 million** of investor deposits was transferred from the KF Bank Account to current and former investors in the form of redemptions and distributions.
- Nearly **\$3.9 million** was transferred from the KF Bank Account to Kinetic Investment Group’s BMO Harris bank account during the Relevant Period.⁸ Kinetic Investment Group’s bank account also received transfers of nearly \$1 million from Lendacy.
- Over **\$4 million** was transferred by the Receivership Entities to various third parties for professional services or payments, including:
 - Over \$1.53 million to ADP, a payroll processing company;
 - Nearly \$1 million to American Express for credit card payments;
 - Nearly \$700,000 for rental payments for the Sarasota KIG office and the Puerto Rico office used by El Morro and other entities;
 - Roughly \$230,000 for health insurance;
 - Approximately \$122,000 to Bloomberg LP; and
 - Nearly \$500,000 to legal and accounting firms.
- Over **\$1 million** was transferred in connection with Receivership Entity KIH, Inc. f/k/a Kinetic International, LLC’s efforts to develop a software exchange platform known as ISX, including:
 - The transfer of **\$550,000** from the KF Bank Account to two Puerto Rico bank accounts established for Kinetic International, LLC;
 - The transfer of over **\$500,000** to fund a “launch event” in March 2019 and to pay outside contractors and developers.

⁸ Kinetic Investment Group also received nearly \$1 million in transfers from the Lendacy Accounts, which received the near-entirety of their funding from the KF Bank Account (\$12.9 million) and payments from loan recipients (\$2.7 million).

On March 5, 2020, one day before the Court’s hearing on the Commission’s motions seeking an asset freeze and appointment of a receiver, Defendant Williams deposited approximately \$2.9 million with the Receivership Entities which included a \$2.35 million deposit into the KF Bank Account. Prior to that deposit the day before the Court’s hearing, the KF Bank Account had a balance of less than \$5.2 million. Following appointment of the Receiver on March 6, 2020, a total of approximately \$7.6 million was frozen in the Receivership Entities’ bank accounts at BMO Harris.

C. Kinetic Funds Management Fees

The Receiver’s investigation shows Kinetic Funds and Lendacy made total transfers of nearly \$5 million to Kinetic Investment Group over the relevant period - including nearly \$3.9 million alone from Kinetic Funds. Although the agreements between Kinetic Funds and its investors specified that Kinetic Funds would pay Kinetic Investment Group a management fee of 1% of assets under management as well as 20% of any profits realized from trading of investor assets, the total transfers of nearly \$5 million appear to be significantly larger than what the 1% “expense ratio” for assets under management would have been even using the numbers reported to investors at the end of each calendar year.⁹ Based on the

⁹ This also assumes that Kinetic Investment Group was entitled to receive this “expense ratio” fee even if a majority of investor funds were never deposited into brokerage accounts as represented.

Receiver's investigation, it appears that at least a portion of these transfers were used by Kinetic Investment Group for other unauthorized expenses that did not benefit investors. For example, Kinetic Investment Group made nearly \$1 million in transfers to El Morro Financial during the period of March 2017 to December 2019. *See* First Report pp. 47-53.¹⁰ The Receiver continues to investigate these discrepancies.

D. Lendacy's Funding Source Was Kinetic Funds

Lendacy received approximately \$17 million into its bank accounts from February 2013 to March 2020, including nearly \$13 million in transfers of investor funds from Kinetic Funds' bank account. Lendacy used these transfers to fund at least 34 loans to various individuals and entities during that time period. These loans often featured significantly below-market rates, were not typically collateralized, and contained little recourse in the event of default. Of those loans, roughly a third were made to insiders and non-KFYield investors that were necessarily funded using investor assets.

¹⁰ The vast majority of these transfers appear to have been made pursuant to monthly invoices ranging from \$25,000 to \$50,000 generated by El Morro for purported services relating to "Statement Reporting" and other various expenses apparently for Kinetic Funds investors. El Morro also funded a lavish Kinetic Financial Summit in San Juan, Puerto Rico in early 2019 that had no discernible benefit to Kinetic Funds investors.

For example, a Lendacy loan was made to non-investor M.J. on or about May 4, 2016. It is believed that M.J. is Defendant Williams' niece, and the purpose of the loan appears to have been to fund a summer college program. The loan has been in default since M.J. last made a payment in June 2019. At least four employees also received Lendacy loans for various reasons including a "sales draw" and also to fund employee K.P.'s purchase of Defendant Williams' car. Each of those loans were in default no later than February 2019. Another Lendacy loan was made to Puerto Rico resident A.C. for what appears to be repairs to a business located in Puerto Rico. None of those Lendacy loan recipients were Kinetic Funds investors, meaning that their "loans" were necessarily funded with investor deposits.

A document located in Kinetic Funds' files and prepared by the former office administrator shows that a number of the investor loans were also in default as of December 2019 – including some loan recipients that had not made payments in months or even years. For example, Lendacy loans totaling approximately **\$2.5 million** to investors L.W., M.S., and C.G. appear to have been in default **since at least 2015**.

E. Significant Losses From Association With VTrader Pro, LLC

At the March 6, 2020 hearing, Defendant Williams' counsel disclosed that part of the Kinetic Funds asset shortfall identified by the Court was attributable to

losses suffered in connection with Kinetic Funds' previous relationship with a failed broker-dealer named VTrader Pro, LLC ("VTrader"). The Receiver has seen evidence that Kinetic Funds' predecessor, KST, was a Class B, "Entrepreneurial Member Trader" of VTrader before VTrader's registration was terminated in January 2013.¹¹ As an "Entrepreneurial Member Trader," KST shared in the profits and losses of VTrader and received distributions based on the percentage of profits in its individual trading accounts. There were number of other Member Traders in VTrader that were unrelated to KST or Defendant Williams. KST and every other Member Traders' trading accounts were assets of VTrader and essentially comingled. This meant that KST's trading account was subject to VTrader's obligations and third party claims and exposed to the losses and shortfalls incurred by other Member Traders.

At some point in 2011, VTrader suffered heavy losses and needed a capital infusion to remain viable. To this end, Defendant Williams agreed to exchange \$1 million from the KST Class B investment in VTrader and convert it to Class A stock. VTrader subsequently collapsed, resulting in the loss of KST's \$1 million investment. It appears those losses were satisfied by (and correspondingly

¹¹ See <https://brokercheck.finra.org/firm/summary/131920>.

depleted) investor assets.¹² A K-1 was also generated showing a \$1 million loss for Kinetic Partners, LLC.

Between mid-2012 through the end of 2012, it appears KST moved its accounts out of VTrader and over to Bank of America/Merrill Lynch. The Receiver's investigation into these events has been hampered by the passage of nearly ten years from these events and the unavailability of sufficient documentation, but it appears that investor funds were adversely affected.

F. Williams' Use Of Investor Funds For His Own Benefit

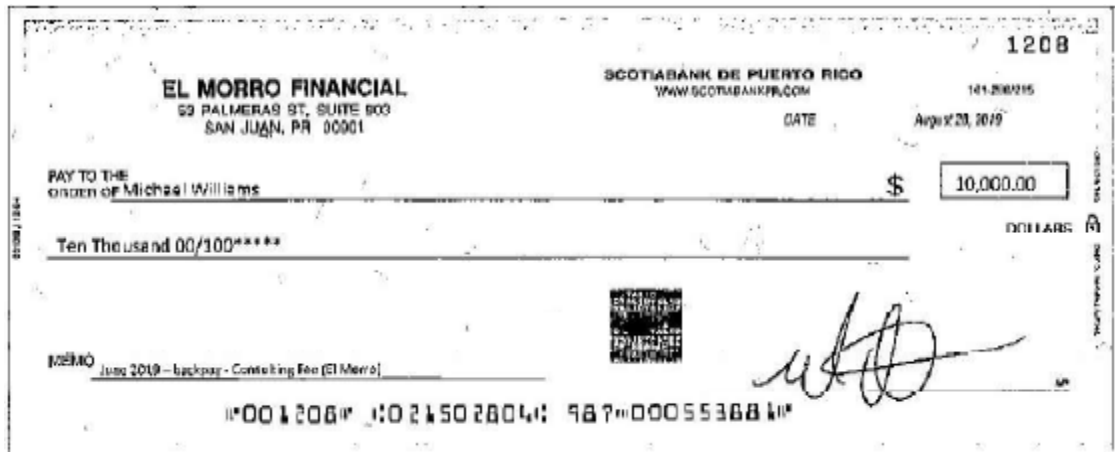
The Receiver's review of the financial transactions among the various Receivership Entities has allowed him to trace millions of dollars in investor funds that were transferred to or for the benefit of Defendant Williams and without any discernible authorized purpose or benefit to Kinetic Funds. As further detailed in the First Report, these transfers include:

- The use of \$1.5 million in investor funds, later classified as a Lendacy loan, to purchase two luxury apartments in Puerto Rico and corresponding parking spaces. In addition to using one of the apartments as his primary residence, Defendant Williams also rented out one of the units to a tenant for which he received monthly rental income not turned over to Kinetic Funds (Doc. 60 pp. 43-44);

¹² In January 2012, VTrader informed Williams that most of the \$1 million that KST had converted to Class A stock had been used to pay down debt balances owed by Class B members and was gone. With respect to the \$1 million Williams converted into a Class A investment, it appears that KST received only \$5,000 in the liquidation. Thus, in addition to any trading losses KST incurred on its subaccounts, it also seemingly lost nearly \$1,000,000 as a result of its Class A investment in VTrader.

- The use of \$2.755 million in investor funds, later classified as a Lendacy loan, to purchase a historic commercial bank building in San Juan, Puerto Rico on behalf of Receivership Entity Scipio, LLC (Doc. 60 pp. 45-46);
- The use of \$2 million in investor funds, later classified as a Lendacy loan on behalf of Receivership Entity LF42, for various expenses relating to several Receivership Entities located and operating in San Juan, Puerto Rico, including the funding of the “Kinetic Summit” in February 2019 (Doc. 60 p. 47);
- The payment of nearly \$1 million in investor funds to Receivership Entity El Morro Financial purportedly for statement preparation and other services and the payment of more than \$50,000 in salary to Defendant Williams from mid-2017 to mid-2019. Several \$10,000 checks were also written payable to (and signed by) Defendant Williams in late 2019 that contained the notation “Consulting Fee” in the memo portion:





(See First Report pp. 47-53);

- The structuring of at least one “Consulting Agreement” between Kinetic Investment Group and LF42, Defendant Williams’ entity, including an agreement in September 2019 - after Defendant Williams was on notice of the Commission’s investigation - signed by Defendant Williams on behalf of KIG and LF42 and pursuant to which Kinetic Investment Group transferred \$10,000 per month to LF42 from September 2019 to February 2020 for Defendant Williams’ benefit (See First Report p. 47);
- The sale of Defendant Williams’ car to an employee in the Sarasota, Florida Kinetic Funds office for which the employee signed a Lendacy loan for \$18,000 and the same sum was wired to Defendant Williams (See First Report p. 47); and
- Arranging for who the Receiver understands to be Defendant Williams’ girlfriend to be on the payroll of Kinetic Investment Group despite the lack of any justifiable business purpose or services for value (See First Report pp. 47).

IV. ACTIONS TAKEN BY RECEIVER DURING REPORTING PERIOD

During the period covered by this Interim Report, the Receiver took a number of steps to fulfill his duties under the Order Appointing Receiver.

- A. Moved to Approve The Sale of The Villa Gabriela Properties with the Court on April 1, 2022 (Doc. 275) and Addressed Defendant**

**William’s Opposition Motion to the Approval of Sale (Doc. 277)
with Receiver’s Memorandum in Reply (Doc. 281).**

In addition to the Bank Building, the Commission’s Complaint also alleged that Defendant Williams “used KFYield funds” to purchase “three luxury apartments and two parking spaces for himself in San Juan, Puerto Rico.” Doc. 1 ¶ 34. The Receiver’s investigation revealed evidence supporting these allegations, including that funds from Kinetic Funds’ bank account were directly traceable to the purchase of the Villa Gabriela Properties. *See, e.g.*, First Report pp. 43-44. On May 15, 2020, the Receiver filed his Motion for Possession of and Title to Residential Real Property (the “Motion for Turnover”) (Doc. 72) seeking turnover of the Villa Gabriela Properties in order to secure and liquidate the property to generate additional funds to be used to compensate Kinetic Funds investors.¹³ After the Motion for Turnover was filed, the Receiver was approached by Defendant Williams’ counsel and subsequently entered into an agreement to resolve the Motion for Turnover that was set forth in the Joint Stipulation filed on July 6, 2020, and later adopted by the Court on July 8, 2020 (Doc. 105).

After the mediation between the Commission and Defendant Williams resulted in an impasse, the Receiver reached out to local appraisers and obtained

¹³ On March 6, 2020, Williams’ counsel informed the Receiver’s counsel of their position that the Villa Gabriella property was not subject to the Receiver’s reach since it was held and owned by Williams individually. The Receiver temporarily agreed not to seek possession of the Villa Gabriella property in which Williams (and his girlfriend) were allegedly living.

three appraisals of the Villa Gabriela Properties. In late May 2021, Defendant Williams' counsel communicated to the Receiver that Mr. Williams opposed any sale of the Villa Gabriella property before the case was scheduled for trial. Mr. Williams also refused to discuss turning over possession of the Villa Gabriela Properties, indicating that Defendant Williams' girlfriend and other family members were residing in the penthouse unit of the property.

After learning that the penthouse unit of the Villa Gabriela Properties had been vacant for some time, and also being informed that the tenant in the other property would be moving out, the Receiver has worked with his Puerto Rico local counsel to take steps to transfer title of the Villa Gabriela Properties to the Receiver as provided in the agreement between the Receiver and Mr. Williams. After significant efforts, title was successfully transferred to the Receiver. The Receiver also worked with his Puerto Rico local counsel to address an outstanding administrative issue from the time the property was initially sold to Mr. Williams, and that issue was also resolved during the Reporting Period.

After title was transferred to the Receiver, the Receiver learned from property representatives that there had not been any inhabitants in the penthouse unit (including Defendant Williams' girlfriend or mother) for some time and also that Mr. Williams had been delinquent in paying monthly HOA fees for the penthouse unit to the Council of Owners of Villa Gabriela. The Receiver

subsequently took possession of the Villa Gabriela Properties and has been in contact with the Council of Owners of Villa Gabriela to address the pending deficiencies. The Receiver also worked with his Puerto Rico real estate broker to list the Villa Gabriela Properties for sale. Following extensive marketing efforts and bidding process (which included interest from over two dozen potential buyers), the Receiver ultimately agreed to sell the Properties for \$2,100,000.00 to Allan Rothstein (the “Purchaser”), as set forth in the Purchase and Sale Agreement. Details of the Villa Gabriela Properties were posted to the Receiver’s website, www.kineticreceivership.com/assets-for-sale. The proposed sale price is 40% higher than the price previously paid by Williams using funds traceable to investor deposits. On April 1, 2022, the Receiver filed Receiver’s Motion for Approval of the Sale of the (1) Private Sale of Puerto Rico Real Properties and Parking Spaces; and (2) Proposed Publication, Marketing, and Overbid Procedures Associated with the Sale of the Real Properties. (Doc. 271).

On April 15, 2022, Defendant Williams filed a Response in Opposition to the Receiver’s Motion for Approval of Sale of Condos (Doc. 277.) In this Response, Defendant Williams alleges multiple scattered arguments requesting the Court to deny the approval of the sale – specifically claiming that he engaged in no wrongdoing. In his Motion, Defendant Williams’ expressly ignores the previously-entered Joint Stipulation, in which he agreed that title to the Real

Property would be transferred to the Receiver. (Doc. 103.) Williams also agreed to “use reasonable and best efforts to cooperate with the Receiver to effect the transfer of ownership.” (Doc. 103, ¶¶ 5, 6.) Now, at the point where Receiver is in the final stages of receiving approval of the sale from the Court to bring in necessary funds to distribute to the investors, Williams claims he engaged in no “wrongdoing” and that the sale should not be approved. (Doc. 103.) To address Defendant Williams’ opposition to the approval of the sale, Receiver and Receiver’s staff expended valuable resources in preparing a seven-page memorandum in Reply, addressing Defendant Williams’ arguments (Doc. 281).

Additionally, the Receiver’s staff has continued to handle the administrative costs of holding title to the Villa Gabriela Property, which is explained in more detail in Section (2) below. Furthermore, the real estate professionals, hired by the Receiver to handle the sale and administer the sale, have continued to hold \$63,000.00 of buyer’s escrow deposit for approximately four months. The real estate professionals cannot release the funds to the Receivership Estate until the sale is approved by the Court. As detailed below, every month that Receiver continues to hold title to the Villa Gabriela Property, Receiver must continue to pay administrative costs in the form of Homeowners Association Fees and Real Property Taxes. Receiver will continue to adamantly oppose Defendant Williams’ arguments that the sale should not be approved by the Court.

B. Administered and paid expenses for continuing costs of holding title to Villa Gabriela Real Property including Homeowners Association Fees, Maintenance Costs, and Real Property Taxes.

During the reporting period, Receiver paid certain outstanding administrative costs involving the Receivership's Real Property including: (1) the Homeowners Association Fees for the Villa Gabriella Property, and (2) the real estate taxes, which all are continuing in nature. During the reporting period, Receiver, as title owner of the Villa Gabriella Property, paid and closed out all back-owed Homeowners Association Fees, which totaled **\$35,033.25**. These Association fees were incurred partially during the time period Williams held the Real Property. Due to potential continuing fines and interest, the Receiver chose to satisfy all outstanding payment as the title holder. The maintenance of the Villa Gabriela Property continues to be managed by the HOA. The monthly HOA payments and potential assessments will continue to be levied on Receiver until the property is fully transferred to purchaser. During the reporting period, a plumbing leak occurred in the property, which Receiver promptly handled by professionals in Puerto Rico. The Receivership Estate continues to lose funds while the Receiver remains responsible for all property taxes for the Villa Gabriela Property. During the reporting period, Receiver paid all outstanding taxes, which totaled \$11,178.49. Both the HOA monthly fees and the Real Property Taxes are continuing in nature. As long as title remains with Receiver, Receiver will be

responsible for these sums and must continue to make payment to avoid late fees and fines.

C. Reviewed Potential Third-Party Claims, Sent Demand Letters To Third-Parties, And Obtained Resolutions

The analysis performed by the Receiver and his Retained Professionals identified various potential claims with respect to third-parties that may have received improper transfers consisting of investor assets. This included, without limitation, non-investors and/or insiders that received Lendacy loans as well as third-parties that received an inequitable transfer and/or benefit traceable to investor funds. The Receiver filed his Unopposed Motion to Approve Procedure to Pursue Potential Third Party Claims on February 10, 2021, and the Court approved the motion on February 25, 2021 (Doc. 181).

The Receiver identified seven entities and individuals who received loan payments from Lendacy or Kinetic entities which were funded using investor funds. The total of these loans amounted to **\$235,129.92**. To recover these funds for the Estate, the Receiver sent demand letters to each individual or entity in which he agreed to accept repayment of the outstanding loan amount as of the date of the Receiver's appointment in exchange for not pursuing any accrued interest or fees (as well as attorney's fees incurred in that process). All individuals, with the exception of one, have responded to the Receiver's letters and openly communicated regarding the debts. One individual sent the Receiver a check for

repayment of their outstanding loan amount. The Receiver has established a payment plan with multiple investors regarding their debts. Of note, The Receiver obtained a lump sum payment of the full debt owed- **\$111,472.12** from one investor, obviating the need for a debt repayment plan. The Receiver has also evaluated claims of hardship made by individuals who assert they do not have the financial ability to pay the full outstanding debt. In the event the Receiver is not able to reach an amicable resolution regarding an individual's debt, he intends to consider all alternatives including filing litigation.

D. The Ninth Interim Report

The Receiver prepared and filed his Ninth Interim Report on April 29, 2022 (Doc. 280), which provided a comprehensive summary, analysis, and supporting documentation of the Receiver's continuing investigation as well as the tracing of investor funds.

C. Continued Investigation And Review of Relevant Documentation and Information and Tended to Ongoing Litigation Matters

The Receiver and his professionals continued their investigation of the business operations of the various Receivership Entities. This included identifying, obtaining, and reviewing relevant documentation and information from the Receivership Entities' offices and interviewing various individuals. The Receiver has also, as necessary, continued to monitor the Court's docket given

that the Commission's claims against Mr. Williams remain pending. The Receiver continues to make monthly transfers to Defendant Williams to pay Court-ordered monthly living expenses (Doc. 95). Both the Commission and Defendant Williams filed their respective motions for summary judgment on March 16, 2021, with Defendant Williams also filing his Motion for Judgment on the Pleadings. Those motions are fully briefed and remain pending. On July 21, 2021, the Court entered an Order granting the Commission's request to postpone any trial date pending resolution of several pending case-dispositive motions. Doc. 251. That Order also denied Mr. Williams' request to modify the asset freeze order. *Id.*

A. Continued Investor Outreach and Administration Of Website

Throughout the relevant period, the Receiver continued to communicate with investors and other interested parties regarding the status of his efforts and any particular questions or issues brought to the Receiver's attention. The Receiver also continued to administer his informational website located at www.kineticreceivership.com which is regularly updated with court filings and reports and also allows interested parties to contact the Receiver.

B. Receivership Accounting

Receivership funds are currently being held at ServisFirst Bank. The Receiver has attached a standardized fund accounting report showing the total funds on hand and secured as of July 28, 2022 as **Exhibit 1**.¹⁴

CI. THE NEXT QUARTER

A. Investigation

The Receiver believes he has identified and, if applicable, frozen or secured all known assets attributable to investor funds, and he continues to investigate the Receivership Defendants' business operations and underlying financial transactions between those operations.¹⁵ These investigative efforts remain ongoing through the review of additional documents from (and, where necessary, interviews with) third parties. The Receiver continues to work diligently and efficiently on this task, which includes a substantial amount of documentation and financial records. The Receiver will continue to attempt to locate additional funds and other assets and will likely institute proceedings to recover assets on behalf of the Receivership Defendants. In an effort to more fully understand the conduct at

¹⁴ The report includes the bank account holding funds previously transferred by Williams' former counsel to the Receiver.

¹⁵ A further description of these assets and the Receiver's intended liquidation plan is set forth in the Receiver's Liquidation Plan (Doc. 92) available on the Receiver's website and incorporated herein.

issue and in an attempt to locate more assets, the Receiver will continue to conduct interviews and/or depositions of parties and third parties who may have knowledge of the fraudulent scheme. The Receiver believes that continuation of the Receivership (and employment of the Retained Professionals) is necessary and imperative for the continued marshaling, liquidation, and distribution of assets.

B. Continuing Implementation Of Claims Process

The Receiver has prioritized the process of returning investor funds as soon as possible, which resulted in a First Interim Distribution being made in November 2021 to Investor Claimants with approved claims. The First Interim Distribution represented the return of 40% of each Investor Claimant's approved claim. Going forward, the Receiver will continue to monitor the Court docket and work with his Retained Professionals to determine the appropriate time to request Court approval for any subsequent distribution(s).

C. Liquidation of Assets

The Receiver continues to prioritize the marketing and sale of the Receivership Estate's real property assets. Following his successful liquidation of the Bank Building for net proceeds of **\$4.0 million**, the Receiver worked with his professionals to transfer title of the Villa Gabriela Properties from Defendant Williams to the Receiver and has now listed the properties for sale. Any interested parties can obtain additional details by visiting the Receiver's website at www.kineticreceivership.com/assets-for-sale. If and when the Receiver enters

into a contract to sell the Villa Gabriella property, he will file a motion seeking Court approval.

The Receiver has now disposed of all of the remaining personal property secured from Kinetic Funds' office in Sarasota, Florida, which has included donations to three local non-profits. As for the ISX software, the Receiver was previously provided with a "Summary & Valuation of ISX Codebase" prepared by Marshall Swatt which, among other things, concluded that the "codebase is largely a preliminary design, for proof of concept or demonstration purposes, rather than suitable for actual use" and estimated that the software has a current market value of approximately \$45,000. The Receiver intends to explore available options to realize any value from the ISX asset. Finally, the Receiver will continue to engage in discussions with the Zephyr principal regarding the ability to receive any value for that investment. Any interested parties should visit the Receiver's website at www.kineticreceivership.com for more information.

D. Potential Third-Party Claims

The Court granted the Receiver's Unopposed Motion to Approve Procedure to Pursue Potential Third Party Claims on February 25, 2021. The Receiver is proceeding with pursuing some of those potential claims and will report back to the Court as those efforts progress. It is too early to estimate whether or not the Receiver will bring any such claims or whether any claims will result in any recovery to the Receivership Estate, and thus the Receiver is not yet able to

predict the likelihood, amount or effectiveness of any particular claim or the claims as a whole. The Court did approve the Receiver's plan to, in some instances, first offer those who are required to return money to the Receivership Estate the opportunity to do so cooperatively and at a slight discount in an effort to avoid costly litigation for all involved. The Receiver will keep the Court apprised if any such actions are instituted.

Respectfully submitted,
BUCHANAN INGERSOLL & ROONEY PC

By:



Lauren V. Humphries, Esq.
401 E. Jackson St., Suite 2400
Tampa, FL 33602
Telephone: (813) 222-2098
Facsimile: (813) 222-8189
Email: lauren.humphries@bipc.com
Attorneys for Receiver Mark A. Kornfeld


CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 29th day of July, 2022, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system which will send a Notice of Electronic Filing to the following counsel of record:

Christine Nestor, Esq.
Stephanie N. Moot, Esq.
John T. Houchin, Esq.
Barbara Viniegra, Esq.
Securities and Exchange Commission
801 Brickell Avenue, Suite 1950
Miami, FL 33131
nestorc@sec.gov
moots@sec.gov
houchinj@sec.gov
viniegrab@sec.gov
Counsel for Plaintiff

Timothy W. Schulz, Esq.
Timothy W. Schulz, P.A.
224 Datura Street, Suite 815
West Palm Beach, FL 33401
e-service@twslegal.com

Jon A. Jacobson, Esq.
Jacobson Law, P.A.
224 Datura Street, Suite 812
West Palm Beach, FL 33401
jjacobson@jlpa.com
e-service@jlpa.com
Counsel for Defendant Michael Williams



Attorney

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT "1"

Standardized Fund Accounting Report for
Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis
Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
Reporting Period 04/01/2022-06/30/2022

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 04/01/2022):			\$ 6,747,214.73
	Increases in Fund Balance:			
Line 2	Business Income			
Line 3	Cash and Securities**			
Line 4	Interest/Dividend Income	4,442.55		
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income	5,000.00		
Line 8	Miscellaneous - Other			
	Total Funds Available (Line 1 - 8):		9,442.55	6,756,657.28
	Decreases in Fund Balance:			
Line 9	Disbursements to Claimants	-		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	91,375.82		
Line 10b	Business Asset Expenses	37,233.25		
Line 10c	Personal Asset Expenses	8,829.36		
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	25,860.49		
	Total Disbursements for Receivership Operations		163,298.92	163,298.92
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 Development 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) Reporting 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 Disbursements to Court/Other:			
	Total Funds Disbursed (Lines 9 - 11)			163,298.92
Line 13	Ending Balance (As of 06/30/2022)			6,593,358.36

**Standardized Fund Accounting Report for
 Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis
 Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
 Reporting Period 04/01/2022-06/30/2022**

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets:			6,593,358.36
Line 14a	Cash & Cash Equivalents			6,593,358.36
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds			
	Total Ending Balance of Fund - Net Assets			6,593,358.36
OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
Line 15	Report of Items Not To Be Paid by the Fund			
	Disbursements 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 Development 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. Federal Account for Investor Restitution (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 Disbursements to Court/Other Not Paid by the Fund		-	
Line 17	DC & State Tax Payments			
Line 18	No of Claims			
	# of Claims Received This Reporting Period _____			
	# of Claims Received Since Inception of Fund _____			
Line 19	No of Claimants/Investors:			
Line 19a	# of Claimants/Investors Paid This Reporting Period _____			
	# of Claimants/Investors Paid Since Inception of Fund _____			

***Broker accounts U1364167 and U1364170 are not part on the Receivership and not included in above report. Accounts were closed and transferred out to the investors**

Receiver: _____
 By: _____
 Title _____
 Date _____

**Standardized Fund Accounting Report for
 Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis
 Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
 Reporting Period From Inception 03/06/2020 to 06/30/2022**

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 03/06/2020):			\$ -
	Increases in Fund Balance:			
Line 2	Business Income			
\\	Cash and Securities	13,652,912.22		
Line 4	Interest/Dividend Income	128,800.13		
Line 5	Business Asset Liquidation	4,025,500.00		
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income	3,487,645.95		
Line 8	Miscellaneous - Other	223,877.75		
	Total Funds Available (Line 1 - 8):		21,518,736.05	21,518,736.05
	Decreases in Fund Balance:			
Line 9	Disbursements to Claimants	13,216,050.91		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	1,484,082.15		
Line 10b	Business Asset Expenses	73,014.43		
Line 10c	Personal Asset Expenses	70,635.18		
Line 10d	Investment Expenses	55,113.36		
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	26,481.66		
	Total Disbursements for Receivership Operations		14,925,377.69	14,925,377.69
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 Development 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) Reporting 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 Disbursements to Court/Other:			
	Total Funds Disbursed (Lines 9 - 11)			14,925,377.69
Line 13	Ending Balance (As of 06/30/2022)			6,593,358.36

**Standardized Fund Accounting Report for
 Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis
 Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
 Reporting Period From Inception 03/06/2020 to 06/30/2022**

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets:			6,593,358.36
Line 14a	Cash & Cash Equivalents			6,593,358.36
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds			
	Total Ending Balance of Fund - Net Assets			6,593,358.36
OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
Line 15	Report of Items Not To Be Paid by the Fund			
Line 15a	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
	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 Development 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. Federal Account for Investor Restitution (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 Disbursements to Court/Other Not Paid by the Fund		-	
Line 17	DC & State Tax Payments			
Line 18	No of Claims			
	# of Claims Received This Reporting Period _____			
	# of Claims Received Since Inception of Fund _____			
Line 19	No of Claimants/Investors:			
Line 19a	# of Claimants/Investors Paid This Reporting Period _____			
	# of Claimants/Investors Paid Since Inception of Fund _____			

Receiver:
 By: _____
 Title _____
 Date _____

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT “3”

CERTIFICATION

I, **MARK A. KORNFELD** (the "Applicant"), declare under penalty of perjury that the following is true and correct:

1. The Applicant is a Shareholder in the law firm of Buchanan Ingersoll & Rooney PC ("Buchanan Ingersoll") and the Receiver in this action. This Certification is based on the Applicant's first-hand knowledge of and review of the books, records and documents prepared and maintained by Buchanan Ingersoll in the ordinary course of its business. The Applicant knows that the facts contained in this motion regarding work performed by the Receiver and his staff and the facts contained in this Certification are true, and the Applicant is authorized by Buchanan Ingersoll to make this Certification. Having reviewed the time records and data which support the motion, the Applicant further certifies that said motion is well grounded in fact and justified.

2. The billing records of Buchanan Ingersoll which are attached to this Application are true and correct copies of the records maintained by Buchanan Ingersoll. These records were made at or near the time the acts, events, conditions or opinions described in such records occurred or were made. The Applicant knows that the records were made by persons with knowledge of the transactions or occurrences described in such records or that the information contained in the records was transmitted by a person with knowledge of the transactions or occurrences described in the records. The records were kept in the ordinary course of the regularly conducted business activity of Buchanan Ingersoll and it is the regular business practice of Buchanan Ingersoll to prepare these records.

3. To the best of the Applicant's knowledge, information and belief formed after reasonable inquiry, this motion and all fees and expenses herein are true and accurate and comply with the Billing Instructions for Receivers in Civil Actions Commenced by the SEC.

4. All fees contained in this Application are based on the rates listed in the fee schedule attached hereto and such fees are reasonable, necessary and commensurate with the skill and experience required for the activity performed.

5. The Applicant has not included in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment, or capital outlay (except to the extent that any such amortization is included within the permitted allowable amounts set forth herein for photocopies and facsimile transmission).

6. In seeking reimbursement for a service which Buchanan Ingersoll justifiably purchased or contracted for from a third party, the Applicant requests reimbursement only for a service which the Applicant justifiably purchased or contracted for from a third party, the Applicant requests reimbursement only for the amount billed to the Applicant by the third-party vendor and paid by the Applicant to such vendor. If such services are performed by the Applicant, the Applicant will certify that he is not making a profit on such reimbursable service.

Executed this 3rd day of August, 2022.



MARK A. KORNFELD
Receiver

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT "4"

**Total Compensation And Expenses Requested;
Any Amounts Previously Requested;
And Total Compensation And Expenses Previously Awarded**

Name	Specialty	Hours	Fees	Expenses	Total	Fees Previously Awarded	Expenses Previously Awarded
Receiver and Quarles & Brady LLC	Attorneys	0.00	\$0.00	\$0.00	\$0.00	\$503,944.23	\$23,177.24
Receiver and Buchanan Ingersoll & Rooney PC	Attorneys	221.90	\$78,328.12	\$108.82	\$78,436.94	\$425,553.75	\$9,310.23
Yip & Associates	Accountants	0.00	\$0.00	\$0.00	\$0.00	\$265,788.25	\$558.80
E-Hounds, Inc.	Information Technology and Forensic Technology	0.00	\$0.00	\$1,485.00	\$1,485.00	\$40,490.00	\$17,605.00
IRW Law Offices	Attorneys	13.50	\$3,375.00	\$90.38	\$3,465.38	\$14,186.25	\$345.00
PDR CPAs + Advisors	Accountants	20.30	\$4,628.75	\$0.00	\$4,628.75	\$30,506.25	\$598.03
K. Tek Systems	Website	0.00	\$0.00	\$0.00	\$0.00	\$3,990.00	\$720.00
Marshall Swatt		0.00	\$0.00	\$0.00	\$0.00	\$8,475.00	\$0.00
Total		255.70	\$86,331.87	\$1,684.20	\$88,016.07	\$1,292,933.73	\$52,314.30

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT “5a”

Name	Practice Area	Title	Year Licensed	Standard Rate	Reduced Rate	Total Hours	Total Billed
Mark A. Kornfeld	Litigation	Shareholder	1993	\$ 645.00	\$ 437.50	161.90	\$ 70,831.25
Jordan D. Maglich	Litigation	Counsel	2010	\$ 455.00	\$ 295.00		\$ -
Lauren Humphries	Litigation	Associate	2015	\$ 390.00	\$ 270.00	60.00	\$ 16,200.00
Tabitha Pellegrine	Labor & Employment	Paralegal		\$ 280.00	\$ 195.00		\$ -
Total Fees							\$ 87,031.25
Less: Credit							(\$8,703.13)
Total Expenses							\$ 108.82
Total						221.90	\$ 78,436.94

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT “5b”

Name	Title	Standard Rate	Reduced Rate	Total Hours	Total Billed
Robert Rohr	Senior Analyst	\$195 - \$250	\$195 - \$250	0	
Ernesto Rojas	Evidence Technician	\$195	\$195	0	\$ -
Sean Organ	Evidence Technician	\$225	\$225	0	\$ -
David A. Bukas	VP of Operations	\$195	\$195	0	\$ -
Total Fees					\$ -
Less: Credit					\$ -
Total Expenses					\$ 1,485.00
Total				0	\$ 1,485.00

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT “5c”

PDR CPAs

Name	Title	Year Licensed/ Experience	Standard Rate	Billing Rate	Total Hours	Total Billed
William E. Price	CPA	45+	\$ 320.00	\$ 320.00	7.25	\$ 2,320.00
Gail Heinold	Accounting Manager	20+	\$ 210.00	\$ 155.00	0.50	\$ 77.50
William E. Price	CPA	45+		\$ 335.00	2.75	\$ 921.25
Gail Heinold	Accounting Manager	20+		\$ 160.00	2.25	\$ 360.00
Tammy Warden	Staff Accountant			\$ 125.00	7.00	\$ 875.00
Sharon O'Brien	Staff Accountant	10+	\$ 150.00	\$ 125.00	0.30	\$ 37.50
Megan Justice	Staff Accountant	4+	\$ 150.00	\$ 125.00		\$ -
Shelly Spencer	Staff Accountant			\$125.00		\$ -
Michael Yanchunis	Staff Accountant			\$125.00		\$ -
SGH				\$60.00		\$ -
LH				\$150.00	0.25	\$ 37.50
Tracy Hess	Tax Manager	5+	\$ 225.00	\$ 210.00		\$ -
Total Fees						\$ 4,628.75
Less: Credit						0.00
Total Expenses						\$ -
Total					20.3	\$ 4,628.75

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT “5d”

Name	Practice Area	Title	Year Licensed	Standard Rate	Reduced Rate	Total Hours	Total Billed
Ivonne Rodriguez	Litigation	Attorney	2009	\$ 250.00	\$ 250.00		\$ -
Zwindi Iglesias	Litigation	Attorney	2011	\$ 225.00	\$ 200.00		\$ -
Zwindi Iglesias	Litigation	Attorney	2011		\$ 250.00	0.50	\$ 125.00
DK		Paralegal		\$ 150.00	\$ 150.00		\$ -
Gabriela Díaz		Attorney		\$ 200.00	\$ 200.00		\$ -
Gabriela Díaz		Attorney			\$ 250.00	12.50	\$ 3,125.00
Gabriela Díaz		Attorney			\$ 600.00		\$ -
Carla Martinez		Attorney			\$ 250.00	0.50	\$ 125.00
RB		Associate		\$ 150.00	\$ 150.00		\$ -
DR		Paralegal		\$ 150.00	\$ 150.00		\$ -
Total Fees							\$ 3,375.00
Less: Credit							\$ -
Total Expenses							\$ 90.38
Total						13.50	\$ 3,465.38

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT “6a”



TRUIST Place
401 E. Jackson Street, Suite 2400
Tampa, FL 33602-5236

T 813 222 8180
F 813 222 8189
www.bipc.com

MARK KORNFELD, RECEIVER
C/O BUCHANAN INGERSOLL & ROONEY
SUNTRUST FINANCIAL CENTRE
401 E. JACKSON STREET, SUITE 240
ATTN: JORDAN MAGLICH, ESQUIRE
TAMPA, FL 33602

July 11, 2022
Invoice No. 12173417

INVOICE SUMMARY

For Professional Services Rendered:

RE: IN RE: KINETICS
Our Reference: 0103373-000001

Total Fees:	\$87,031.25	
Less 10% Discount:	<u>(\$8,703.13)</u>	
Fees:		\$78,328.12
Disbursements:		<u>\$108.82</u>

Total Current Invoice: \$78,436.94



TRUIST Place
401 E. Jackson Street, Suite 2400
Tampa, FL 33602-5236

T 813 222 8180
F 813 222 8189
www.bipc.com

MARK KORNFELD, RECEIVER
C/O BUCHANAN INGERSOLL & ROONEY
SUNTRUST FINANCIAL CENTRE
401 E. JACKSON STREET, SUITE 240
ATTN: JORDAN MAGLICH, ESQUIRE
TAMPA, FL 33602

July 11, 2022
Invoice No. 12173417

For Professional Services Rendered:

RE: IN RE: KINETICS
Our Reference: 0103373-000001

SERVICES AND COSTS INCLUDING

Timekeeper	Date	Task	Narrative	Hours	Amount
Asset Analysis and Recovery					
L. Humphries	4/1/2022	B120	Drafted edits to Motion to Approve Real Property Sale and exhibits for filing with Court.	1.50	405.00
M. A. Kornfeld	4/1/2022	B120	Emails confer with J. Maglich regarding storage items and assets for consignment or sale.	0.40	175.00
M. A. Kornfeld	4/1/2022	B120	Review, analyze emails, correspondence, messages from brokers, counsel, finalize and serve motion papers in order to sell Villa Gabriela apartments and parking spaces.	2.70	1,181.25
L. Humphries	4/1/2022	B120	Attendance at meeting with J. Maglich regarding upcoming deadlines.	0.40	108.00
L. Humphries	4/1/2022	B120	Meeting with Jordan Maglich on transition. (NO CHARGE)	0.80	N/C
M. A. Kornfeld	4/4/2022	B120	Review, analyze, outline issues for analysis and discussion with L. Humphries relating to sale of apartments.	2.00	875.00
L. Humphries	4/5/2022	B120	Attendance at meeting with Receiver regarding upcoming deadlines to Court and payment to vendors.	0.40	108.00
L. Humphries	4/6/2022	B120	Attendance at multiple meetings with Servis Bank; administration of issues for vendor payment per court Order.	2.50	675.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	4/7/2022	B120	Review, analyze, throughout day, tend to communications from claimants regarding distributions, future motions, banking info, status of sale of apartments efforts and timing relating to same.	1.50	656.25
L. Humphries	4/7/2022	B120	Preparation of review of file, transition memorandum, and Servis Bank information regarding Receiver staff change. (NO CHARGE)	4.50	N/C
M. A. Kornfeld	4/8/2022	B120	Emails respond confer with L. Humphries regarding ongoing claimants outreach.	0.40	175.00
M. A. Kornfeld	4/8/2022	B120	Review analyze emails, reports from broker and Puerto Rico counsel regarding motions for sale of assets, power of attorney, statutory overbidding process, notice and publication, potential objections to motion.	1.50	656.25
L. Humphries	4/12/2022	B120	Preparation of update to Ninth Fee Application. (NO CHARGE)	3.00	N/C
L. Humphries	4/13/2022	B120	Attendance at phone conference with Roderick Smith regarding Servis Bank accounts for Receivership.	2.00	540.00
L. Humphries	4/15/2022	B120	Drafted update to Interim Report for Court.	0.70	189.00
M. A. Kornfeld	4/18/2022	B120	Review, analyze arguments relating to pleading the 5th, waiver, abandonment, constructive trust, equity for claimants.	2.00	875.00
M. A. Kornfeld	4/18/2022	B120	Review, analyze, statutory bidding procedures and necessary repairs and "as is" warranties and representations based on Mr. Williams having not maintained the condos in habitable condition prior to abandoning them.	1.50	656.25
M. A. Kornfeld	4/18/2022	B120	Emails, review, analysis of "time of essence" nature of purchase and sale agreement for sale of Puerto Rico Condos in light of Mr Williams objection to same.	1.00	437.50

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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	4/18/2022	B120	Review, analyze tracing analysis and usage of Lendacy proceeds funded by Kinetics investors for individual lifestyle purchases by Mr. Williams including purchase of Puerto Rico Condos and parking spaces.	1.50	656.25
M. A. Kornfeld	4/19/2022	B120	Communications with Receiver's broker-dealer relating to sale approval process.	0.20	87.50
M. A. Kornfeld	4/19/2022	B120	Emails, calls throughout day with L. Humphries and with SEC regarding Receiver's Motion for Approval of Sale of Puerto Rico Condos, Mr Williams opposition to same and motions for leave to reply and extend time for respond to same.	1.50	656.25
M. A. Kornfeld	4/19/2022	B120	Review, analyze case law on turnover and Receiver's authority for sale and possession of real estate, and the equities favoring claimants during pending enforcement action.	2.00	875.00
L. Humphries	4/19/2022	B120	Review and analysis of Motion in Opposition regarding Receiver's Motion to Approve Sale.	0.70	189.00
M. A. Kornfeld	4/19/2022	B120	Outline response to Mr. Williams opposition relating to stipulation and order of appointment.	1.50	656.25
M. A. Kornfeld	4/20/2022	B120	Preparation, review, analysis of key documents throughout day for, call with, instruct L. Humphries regarding outline of issues for reply to Mr. Williams opposition to Motion to Approve Sale of Condos as to turnover, waiver, release and discharge, title, Williams' prior assertion of pleading/taking fifth amendment, merits, scope of the Receiver's discretion and authority for sale of Receivership assets in Order confirming Mr. Williams was unable to continue as a fiduciary.	3.50	1,531.25
L. Humphries	4/20/2022	B120	Preparation of various correspondence to counsel for SEC regarding response to Mr. Williams' opposition Motion.	0.20	54.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	4/21/2022	B120	Preparation of various correspondence to counsel for SEC regarding the Receiver's Reply Motion to Williams.	0.20	54.00
M. A. Kornfeld	4/21/2022	B120	Multiple, calls emails analysis throughout day with broker dealer Puerto Rico counsel L. Humphries regarding leave to reply, extension, timing of motion for communications with would be purchaser, impact of objection and timing delay, or money currently in escrow, statutory overbidding process.	2.00	875.00
M. A. Kornfeld	4/21/2022	B120	Review analyze key documents and pleadings for reply to Mr Williams opposition to Motion for Approval to sell Puerto Rico Condos.	2.00	875.00
L. Humphries	4/25/2022	B120	Assessed prior arguments and Motion to Approve Sale in preparation of response to Williams' opposition.	1.80	486.00
L. Humphries	4/28/2022	B120	Drafted next Interim Report.	1.50	405.00
M. A. Kornfeld	4/29/2022	B120	Review, analyze case law, review revise brief on issues relating to waiver and turnover and compliance with court orders as well as equitable principles supporting sale of real property during pendency of SEC enforcement proceeding.	3.00	1,312.50
M. A. Kornfeld	4/29/2022	B120	Emails confer with L. Humphries regarding former tenant, settlement agreements, drafting a release of Receiver and agents with regards to request for payment.	1.00	437.50
L. Humphries	4/29/2022	B120	Preparation of Reply to Mr. William's Opposition regarding Sale of Real Property (apartments).	3.20	864.00
M. A. Kornfeld	4/30/2022	B120	Emails, direct, L. Humphries throughout day, review, revise Receiver's Reply Brief in support of motion to approve sale of Real Property in Puerto Rico (Villa Gabriella apartments).	4.00	1,750.00
L. Humphries	4/30/2022	B120	High-level research regarding Mr. Williams' arguments opposing sale of Puerto Rico Property.	0.60	162.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	4/30/2022	B120	Emails with, review, analyze Order of Appointment to arrange for, confirm payment of former tenant security deposit.	0.50	218.75
L. Humphries	4/30/2022	B120	Drafted Reply Memorandum to Mr. Williams' Opposition Motion.	2.00	540.00
L. Humphries	5/1/2022	B120	Receipt and review of various correspondence regarding Ninth Fee Application. (NO CHARGE)	0.20	N/C
L. Humphries	5/2/2022	B120	Drafted further arguments regarding Reply to Mr. Williams' Motion in Opposition to sale of apartments.	3.20	864.00
M. A. Kornfeld	5/3/2022	B120	Emails, analysis of prior work product, briefs, filings in Puerto Rico, confer with direct L. Humphries, communications with Commission regarding Mr. Williams request for a sur reply brief in connection with Receiver's Motion to Approve the Sale of Puerto Rico condos.	1.50	656.25
M. A. Kornfeld	5/3/2022	B120	Emails, direct, confer with L. Humphries regarding release agreement required relating to discussions with former tenant, tracing and forensics analysis, and review and analyze same, work product from forensics team.	1.50	656.25
L. Humphries	5/3/2022	B120	Attendance at phone conference with former tenant.	0.30	81.00
L. Humphries	5/3/2022	B120	Review and analysis of various correspondence regarding former tenant.	0.20	54.00
L. Humphries	5/3/2022	B120	Review and analysis of outstanding claims on Lendacy borrowers.	0.30	81.00
M. A. Kornfeld	5/4/2022	B120	Review, analyze work product associated with source code, IXS, any Zephyr as potential assets to try to monetize.	1.00	437.50
M. A. Kornfeld	5/4/2022	B120	Phone call with investigators In Puerto Rico, confer with L. Humphries regarding same.	0.70	306.25

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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	5/4/2022	B120	Review, confer with L. Humphries and the SEC regarding cross briefing on Receiver motion to approve sale of real property, Mr. Williams' request and proposed Motion for leave to file a sur-reply.	1.00	437.50
M. A. Kornfeld	5/4/2022	B120	Confer, emails, direct L. Humphries regarding requests for payment by former tenant and response to same.	0.40	175.00
L. Humphries	5/5/2022	B120	Preparation of filing of Fee Application for Court after receipt of correspondence from SEC. (NO CHARGE)	0.40	N/C
M. A. Kornfeld	5/5/2022	B120	Review, re-analyze Yip Associates, follow money flow, "trading" analysis and documentation, bank records per recent briefing on sale of condos and how they were acquired.	3.00	1,312.50
M. A. Kornfeld	5/5/2022	B120	Analyze work product and customer claims in connection with recent inquiries, and review cross summary judgment briefing and attachments for, continue discussions with L. Humphries relating to same and ongoing administration of Receivership Estates.	3.00	1,312.50
L. Humphries	5/5/2022	B120	Phone conference with former tenant regarding necessary broad, general release language.	0.40	108.00
L. Humphries	5/6/2022	B120	Preparation of various correspondence to Scott Corbett regarding banking issue.	0.40	108.00
L. Humphries	5/6/2022	B120	Preparation of draft Release to former tenant.	0.60	162.00
L. Humphries	5/6/2022	B120	Review and analysis of Omnibus Motion regarding Interim Report and Payment of Professional Fees. (NO CHARGE)	1.20	N/C
M. A. Kornfeld	5/9/2022	B120	Review analyze turnover case law, waiver, files relating to efforts to market and sell Puerto Rico based condos, proceedings, discussions with broker and counsel and discussions relating to buyer, timing.	2.00	875.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	5/9/2022	B120	Emails, calls, analysis with SEC, MC regarding forensic analysis, ongoing investigation, losses, expected distributions, claimant information.	2.50	1,093.75
M. A. Kornfeld	5/10/2022	B120	Calls, emails, analysis throughout day on motion for approval to sell condos, review of other possible assets to monetize, outline questions and timing for next distribution related motion.	3.00	1,312.50
L. Humphries	5/10/2022	B120	Preparation of various correspondence to former tenant regarding repayment of initial \$2,200 deposit deliver to Mr. Williams.	0.20	54.00
M. A. Kornfeld	5/11/2022	B120	Emails, confer with L. Humphries regarding former tenant, release of claims.	0.40	175.00
L. Humphries	5/12/2022	B120	Review and analysis of Sur-Reply regarding Motion for Approval of Sale.	0.40	108.00
M. A. Kornfeld	5/12/2022	B120	Calls confer with SEC, MC, L. Humphries regarding attempts to sell condos.	1.00	437.50
M. A. Kornfeld	5/16/2022	B120	Emails, confer with B. Rivera, L. Humphries regarding sale of condos motion practice, timing, review of sale agreement and escrow.	1.00	437.50
M. A. Kornfeld	5/16/2022	B120	Review, analyze outstanding expenses and obligations of the estate for 2022 payments.	0.50	218.75
M. A. Kornfeld	5/16/2022	B120	Review, analyze work product relating to next steps and strategy as to trying to monetize ongoing equity interests in Zephyr and IXS code.	1.50	656.25
M. A. Kornfeld	5/17/2022	B120	Emails, advise L. Humphries regarding discussions with former tenant, broker regarding status of Motion to Approve Sale of condos.	0.50	218.75
L. Humphries	5/18/2022	B120	Assessed outstanding issues regarding effectuating real property sale.	0.70	189.00
L. Humphries	5/18/2022	B120	Assessed various correspondence regarding real estate taxes at Villa Gabriel.	0.40	108.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	5/19/2022	B120	Preparation of memorandum to file regarding upcoming deadlines, tasks per discussions with Receiver.	0.40	108.00
L. Humphries	5/20/2022	B120	Review and analysis of various documents regarding tax and HOA costs associated with sale of real property.	1.20	324.00
M. A. Kornfeld	5/23/2022	B120	Review, analyze, Emails confer with L. Humphries throughout day relating to execution of releases, payments and administration of deposits, claims, taxes, HOA fees, motion to approve sale of condos	2.00	875.00
L. Humphries	5/23/2022	B120	Receipt and review of various correspondence from broker on HOA issues.	0.20	54.00
L. Humphries	5/23/2022	B120	Preparation of various correspondence to Puerto Rico counsel and brokers regarding issues to be resolved prior to closing.	0.50	135.00
L. Humphries	5/24/2022	B120	Preparation of correspondence to former tenant regarding closure of claim and re payment from Receiver.	0.30	81.00
L. Humphries	5/24/2022	B120	Preparation of various correspondence regarding payment of real estate taxes for Receivership property.	0.20	54.00
L. Humphries	5/25/2022	B120	Phone conference with KTek Systems Inc.'s Ron During regarding Receivership website and updates.	0.30	81.00
L. Humphries	5/25/2022	B120	Communicated with Puerto Rico counsel on HOA issue with real property.	0.40	108.00
L. Humphries	5/25/2022	B120	Review and analysis of various correspondence from B. Greene regarding issues with Villa Gabriela property.	0.20	54.00
L. Humphries	5/27/2022	B120	Assessed various documents and correspondence regarding payment of real estate taxes of Receiver Estates real property.	0.80	216.00
L. Humphries	5/27/2022	B120	Draft various correspondence to Lendacy investors regarding outstanding claims and proposed settlement agreements.	1.20	324.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	5/27/2022	B120	Review and analysis of various communications from Puerto Rican counsel regarding payment of real property taxes.	0.40	108.00
L. Humphries	5/31/2022	B120	Preparation of updated Settlement Agreements for Lendacy claimants.	0.80	216.00
L. Humphries	6/1/2022	B120	Receipt and review of various correspondence regarding Jacobson's fees.	0.20	54.00
L. Humphries	6/3/2022	B120	Preparation of various tasks regarding payment of property taxes for real property in Receivership Estate.	1.00	270.00
L. Humphries	6/3/2022	B120	Review and analysis of prior correspondence with representative of Zephyr prior to meeting with Receiver.	0.60	162.00
M. A. Kornfeld	6/8/2022	B120	Call with B. Rivera regarding follow up at condos on assets and ownership certificates.	0.40	175.00
M. A. Kornfeld	6/9/2022	B120	Emails, confer, review analyze with counsel, Broker, L. Humphries throughout day on administration of fees and taxes and verifications of title and Puerto Rico judicial proceedings.	2.50	1,093.75
M. A. Kornfeld	6/13/2022	B120	Review, analyze case law and documents relating to clawback and purchase of equity interest and monetization to same.	2.00	875.00
L. Humphries	6/14/2022	B120	Preparation of various correspondence to Fernando Cercovni regarding HOA payment for real property of estate.	0.40	108.00
L. Humphries	6/16/2022	B120	Preparation of various correspondence (and receipt of same) with Fernando Cervoni regarding Counsel of Owners approval of money related to real property.	0.40	108.00
L. Humphries	6/21/2022	B120	Preparation of updated False Profit letters to investors and correspondence settlement agreements.	2.60	702.00
L. Humphries	6/24/2022	B120	Drafted proposed Settlement Agreements regarding false profit demands.	0.50	135.00

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L. Humphries	6/28/2022	B120	Communicated with Fernando Cervoni regarding outcome of Owners Meeting on HOA fees owed due to Williams' non-payment.	0.40	108.00
M. A. Kornfeld	6/28/2022	B120	Open questions relating to administration and sale of condos including payment of taxes, fees, ongoing charges, ongoing escrow, timing, pending motion with court, and continued obligations to purchaser	0.80	350.00
M. A. Kornfeld	6/28/2022	B120	Review, analyze files and emails relating to Zephyr for discussion with company and L. Humphries week of 7-4.	1.00	437.50
M. A. Kornfeld	6/28/2022	B120	Review of files and correspondence and emails and loan files and deadlines associated with Lendacy borrowers M.S., M.R., D.G., M.E, M.F. for settlements of past debts.	2.00	875.00
L. Humphries	6/29/2022	B120	Preparation of correspondence to Puerto Rico counsel regarding closure of debts on property.	0.40	108.00
L. Humphries	6/29/2022	B120	Continued preparation of next Interim Report.	1.50	405.00
M. A. Kornfeld	6/30/2022	B120	Emails confer with broker, analyze options relating to distribution, assets while motion to sell condos still remains pending.	1.00	437.50
L. Humphries	6/30/2022	B120	Attendance at phone conference with Michael Sayre regarding language of draft Debt Repayment Agreement.	0.40	108.00
L. Humphries	6/30/2022	B120	Communicated with counsel in Puerto Rico regarding property sale issues.	0.20	54.00
Subtotal Asset Analysis and Recovery				122.30	42,337.25
Claims and Plan					

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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	05/11/22	B300	Emails to, from, Yip & Associates, review and analysis regarding the forensic modeling of receivership estate losses, bank statements, individual claimants alleged losses and claims for calls with M.C. and draft for next motion to approve claimants' distribution.	3.50	1,531.25
M. A. Kornfeld	05/11/22	B300	Call with Stephanie Moot regarding claimants' data and information.	0.20	87.50
M. A. Kornfeld	06/03/22	B300	Review, analyze distribution claims and reserve requirements and payment of taxes and expenses in connection with sale of condos and in anticipation of next distribution motion and potential administrative closure of Kinetic estates.	3.50	1,531.25
M. A. Kornfeld	06/21/22	B300	Analyze documents and issues relating to reserves for second claimants administration.	2.00	875.00
Subtotal Claims and Plan				9.20	4,025.00
Tax Issues					
M. A. Kornfeld	05/17/22	B240	Review, analyze outline issues relating to administration of retirement issues, taxes owed on properties.	1.00	437.50
M. A. Kornfeld	06/16/22	B240	Emails, direct B. Price relating to tax issues.	0.20	87.50
Subtotal Tax Issues				1.20	525.00
Case Administration					
L. Humphries	4/5/2022	B110	Preparation of review of Interim Report to Court.	1.80	486.00
M. A. Kornfeld	4/11/2022	B110	Tend to, confer with L. Humphries as to Interim Report and sale of apartments documentation throughout day.	2.50	1,093.75

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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	4/12/2022	B110	Review, analyze motion relating to sale of apartments, drafting of next Interim Report and analysis of other potential assets to be monetized for discussions throughout day with L. Humphries.	2.50	1,093.75
M. A. Kornfeld	4/13/2022	B110	Review, analyze, edit Interim Report, confer with L. Humphries relating to same.	1.00	437.50
M. A. Kornfeld	4/14/2022	B110	Review transcripts, summary's judgment papers and outline themes and issues relating to prior turnover motion and stipulation, equity, monetizing assets for claimants and distribution, disgorgement, waiver, release, abandonment, failure to make repairs, and fundamental fairness to claimants.	4.50	1,968.75
M. A. Kornfeld	4/14/2022	B110	Emails, confer with L. Humphries regarding Mr. Williams expected opposition to sale of apartments in Puerto Rico to be filed 4-15.	1.00	437.50
M. A. Kornfeld	4/15/2022	B110	Review, analyze the appointment of Receiver Order and memoranda and initial Interim Report and forensics analysis, tracing proceeds from investors directly to the purchase of the apartments.	2.50	1,093.75
M. A. Kornfeld	4/15/2022	B110	Review, analyze correspondence about Mr. Williams' abandonment of the apartments and breaching of the agreement by Mr. Williams with the Receiver in terms of fees and repairs.	0.40	175.00
M. A. Kornfeld	4/15/2022	B110	Review, analyze, emails, confer with L Humphries regarding Mr. Williams opposition to the receivers motion to sell the Gabrielle Villas in Puerto Rico.	1.00	437.50
M. A. Kornfeld	4/15/2022	B110	Review, analyze attachments and exhibits relating to Mr Williams pleading.	0.50	218.75

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M. A. Kornfeld	4/15/2022	B110	Review, analyze cross summary judgment papers and record and exhibits filed by the SEC v. Mr. Williams and by Mr. Williams v. the SEC as to the tracing of misappropriated funds and documents and testimony that Lendacy and Mr. Williams were not engaged in an arms length transaction since Mr. Williams controlled Lendacy and there was no independent funding for his purchase and use of residential property.	2.50	1,093.75
M. A. Kornfeld	4/15/2022	B110	Review, analyze prior Receiver motion and accompanying exhibits for turnover, stipulation with Mr Williams on transfer of title and court Order regarding same.	1.00	437.50
L. Humphries	4/20/2022	B110	Drafted Motion for Leave to File Reply regarding response to Williams' Opposition Memorandum.	0.50	135.00
M. A. Kornfeld	4/22/2022	B110	Outline reply arguments and touch point, analytical focus to court on Mr. Williams' voluntary stipulation, release, waiver, title, case law on Receiver's equity as to the core turnover, paragraphs 7, 19, 20, Mr. Williams ongoing breach of stipulation on repairs and habitability; Receiver's timing of essence with as is buyer, and rebutting ancillary sidebar positions relating to Mr. Williams' "merits" dispute with the Commission about alleged wrongdoing, importance of Mr. Williams having taking the fifth amendment, flight, unverified death threats, statements, and personal "loan" by Lendacy controlled not at arms length by Mr. Williams and under his exclusive control in accessing Kinetic investor monies for personal lifestyle expenditures.	4.50	1,968.75
M. A. Kornfeld	4/22/2022	B110	Review analyze files, Emails throughout day with former tenant regarding complaints and demands as to Mr. Williams tenure as landlord, security deposit.	1.00	437.50

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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	4/22/2022	B110	Emails confer with L. Humphries regarding HOA fees, inquiry from former tenant regarding security deposit and other complaints against Mr. Williams and reply brief relating to motion to approve sale of Puerto Rico condos.	1.00	437.50
M. A. Kornfeld	4/27/2022	B110	Outline, comments to Interim Report and reply brief on motion to approve sale of Puerto Rico condos.	1.00	437.50
M. A. Kornfeld	4/27/2022	B110	Emails, calls, confer with L. Humphries regarding reply brief, Interim Report, former tenant, HOA fees and next steps.	1.00	437.50
L. Humphries	4/29/2022	B110	Preparation of draft Ninth Interim Report and related attachments for filing with Court.	2.60	702.00
M. A. Kornfeld	5/1/2022	B110	Emails, analysis, review, revise, confer throughout day with L. Humphries regarding Reply Brief in support of motion to approve sale of apartments.	3.00	1,312.50
L. Humphries	5/1/2022	B110	Preparation of argument, requested by Receiver for regarding Reply Brief to Court.	1.60	432.00
M. A. Kornfeld	5/2/2022	B110	Emails, confer throughout day with L. Humphries, review, revise, finalize reply brief in support of motion to approve sale of real property, payment of security deposit to former tenant.	2.00	875.00
M. A. Kornfeld	5/4/2022	B110	Outline items to be filed in late summer, early fall and motion and reserves and timing for motion for second claimants' distribution, for discussion with L. Humphries.	3.00	1,312.50
L. Humphries	5/5/2022	B110	Receipt and review of correspondence from Todd Merer regarding payment per agreement.	0.20	54.00

MARK KORNFELD, RECEIVER
 RE: IN RE: KINETICS
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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	5/6/2022	B110	Phone calls, emails throughout day with MC, SEC, L. Humphries, regarding Mr. Williams opposition and briefing and Sur-Reply for Receiver motion to approve sale of condos in Puerto Rico, and review analyze issues relating to same confer with L. Humphries regarding same.	3.50	1,531.25
L. Humphries	5/7/2022	B110	Preparation of various correspondence to Scott Corbett regarding check dispersement.	0.20	54.00
L. Humphries	5/9/2022	B110	Drafted correspondence to Todd Merer on Receiver claim.	0.20	54.00
L. Humphries	5/17/2022	B110	Drafted various correspondence to tenant of Villa Gabriel regarding claim.	0.30	81.00
M. A. Kornfeld	5/18/2022	B110	Review, analyze work product and potential issues for a second interim distribution to claimants, timing, establishing necessary reserves, claimant demands, further recoveries and interrelated strategies as to same.	1.60	700.00
L. Humphries	5/19/2022	B110	Attendance at meeting with Receiver regarding second distribution and outstanding tasks to administer estate.	1.00	270.00
L. Humphries	5/19/2022	B110	Assessed release language signed by former tenant.	0.30	81.00
M. A. Kornfeld	5/24/2022	B110	Work on Distribution motion, administrative filing, settlements, asset and claims monetization efforts.	3.00	1,312.50
L. Humphries	5/25/2022	B110	Administer to Court Order granting Motion for Attorney's Fees and other Costs.	0.40	108.00
M. A. Kornfeld	5/25/2022	B110	Emails, confer with L. Humphries regarding court Order, administration of assets, sale of condos, distribution motion other assets	2.50	1,093.75
M. A. Kornfeld	5/26/2022	B110	Review, analyze outline points for second distribution to claimants.	0.50	218.75
M. A. Kornfeld	5/26/2022	B110	Review, direct, administer payment per fee order from court, response to vendor inquiries.	0.50	218.75

MARK KORNFELD, RECEIVER
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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	5/26/2022	B110	Preparation of various tasks regarding fee application approval and vendor payment. (NO CHARGE)	1.80	N/C
L. Humphries	5/31/2022	B110	Review and analysis of various correspondence regarding payment of Real Property taxes.	0.20	54.00
M. A. Kornfeld	6/1/2022	B110	Review, analyze prior turnover motion, responsibility for costs, and Mr. Williams' legal obligations.	0.70	306.25
L. Humphries	6/1/2022	B110	Phone conference with A. Sharp regarding E-Hounds invoices for attorneys of Williams.	0.40	108.00
M. A. Kornfeld	6/1/2022	B110	Emails, texts, direct counsel regarding vendor inquiries based on Mr. Williams obligations.	1.00	437.50
M. A. Kornfeld	6/2/2022	B110	Review, analyze communications about taxes fees and payments and assets to monetize and payments to claimants throughout day.	1.50	656.25
M. A. Kornfeld	6/6/2022	B110	Review, analyze throughout day assorted tax, fees, banking, Zephyr, source code, housing substantive and administrative issues in advance of status update and 6/8 strategic advancement meeting with L. Humphries.	2.50	1,093.75
L. Humphries	6/6/2022	B110	Attendance at phone conference with ACCO APM group regarding HOA fees owed on the property.	0.40	108.00
L. Humphries	6/6/2022	B110	Preparation of various tasks regarding closure of fees and costs owed on real property of estate.	1.50	405.00
L. Humphries	6/7/2022	B110	Attendance at phone conference with Puerto Rico counsel regarding real estate taxes and outstanding issues with property.	0.50	135.00
L. Humphries	6/7/2022	B110	Preparation of various tasks regarding real property HOA fees, litigation involving same, and communications with Fernando Cervoni.	2.00	540.00
L. Humphries	6/17/2022	B110	Preparation of high-level research regarding potential claim against Zephyr.	1.50	405.00

MARK KORNFELD, RECEIVER
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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	6/21/2022	B110	Preparation of various correspondence regarding property tax payments.	0.20	54.00
L. Humphries	6/22/2022	B110	Preparation of various correspondence regarding property taxes owed and sale of real property.	0.20	54.00
L. Humphries	6/23/2022	B110	Drafted Settlement Agreements for false profit demand notices.	1.80	486.00
L. Humphries	6/24/2022	B110	Researched Zephyr regarding potential claim for misappropriated \$500,000.	1.40	378.00
L. Humphries	6/29/2022	B110	Attendance at meeting with the Receiver regarding status of real property expenses due to ownership of Villa Gabriel property.	0.50	135.00
Subtotal Case Administration				74.70	28,594.00
Administration					
M. A. Kornfeld	4/5/2022	B100	Meeting with L. Humphries regarding Interim Report, discussions with service providers, follow up calls on taxes, Zephyr equity interest, distributions, assets, sale of apartment.	1.50	656.25
M. A. Kornfeld	5/17/2022	B100	Review, outline, analyze multiple issues for 5-19 meeting with L. Humphries relating to second distribution, timing approach to same.	1.50	656.25
M. A. Kornfeld	5/19/2022	B100	Emails, analysis, review documents and work product for, lead meeting with L. Humphries regarding claimants, asset storage, timeline, correspondence, preserving valuables, appraisals.	3.40	1,487.50
M. A. Kornfeld	5/20/2022	B100	Outline, identify, draft, memorialize key issues throughout day in connection with anticipated motions to be filed relating to second claimant distribution, timing, strategy, reserves.	1.80	787.50
M. A. Kornfeld	5/20/2022	B100	Emails, confer with L. Humphries throughout day relating to administration of condos as to taxes, HOA fees, pending motion, former tenant.	0.50	218.75

MARK KORNFELD, RECEIVER
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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	5/27/2022	B100	Emails. analysis. review files, cases in order to direct counsel as to payment of outstanding real estate and HOA taxes and other estate expenses, next steps if and when motion to approve sale of condos is granted.	2.40	1,050.00
M. A. Kornfeld	5/31/2022	B100	Review, analyze emails and documents, and work product associated with Receivership Estate's Zephyr equity interest, intellectual property and source code and miscellaneous assets to be appraised consigned or donated.	2.50	1,093.75
M. A. Kornfeld	5/31/2022	B100	Emails, analysis directions relating to administration of expenses, recent payments for HOA and taxes on properties and former tenant.	1.00	437.50
M. A. Kornfeld	6/1/2022	B100	Direct, advise L. Humphries, B. Rivera regarding condos, improvements/repairs.	0.40	175.00
M. A. Kornfeld	6/7/2022	B100	Emails, confer direct L. Humphries throughout day regarding emails from counsel, brokers regarding ownership, filings, certificates, title, taxes, HOA fees and other costs and expenses to be addressed and paid.	2.00	875.00
M. A. Kornfeld	6/7/2022	B100	Review, analyze Zephyr work product in advance of 6/8 meeting with L. Humphries relating to asset monetization, strategies, next steps.	2.00	875.00
M. A. Kornfeld	6/8/2022	B100	Prepare, review documents, correspondence, emails, files, in advance of, lead, case update strategy Meeting, with L. Humphries regarding ongoing issues involving taxes, HOA fees, valuables, storage, house maintenance, timing for sale, overbidding, Zephyr equity interest, accrued interest and penalties to Estate, administrative filings for banking and different money market and checking accounts, memo to file relating to same.	3.70	1,618.75

MARK KORNFELD, RECEIVER
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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	6/14/2022	B100	Emails with broker, L. Humphries, SEC, counsel throughout day regarding taxes, fees, real estate sale, administration of same.	1.00	437.50
M. A. Kornfeld	6/22/2022	B100	Emails, confer, review open issues on administration with L. Humphries.	0.50	218.75
M. A. Kornfeld	6/28/2022	B100	Emails, confer analysis review of correspondence and emails with L. Humphries regarding compliance with information request.	0.50	218.75
M. A. Kornfeld	6/28/2022	B100	Preparing and substance of a comprehensive motion for second interim distribution to claimants and timing relating to same.	0.70	306.25
M. A. Kornfeld	6/29/2022	B100	Meet confer with L. Humphries regarding Interim Report, regarding second motion for distribution to claimants.	1.00	437.50

Subtotal Administration **26.40** **11,550.00**

Total Hours 233.80

Total Fees	\$87,031.25
Less 10% Discount	(\$8,703.13)
Adjusted Fee Total	\$78,328.12

DESCRIPTION OF COSTS

Description		Amount
05/03/22	Postage - M. A. Kornfeld	7.33
05/03/22	Postage - M. A. Kornfeld	15.46
06/09/22	Express Mail - FedEx - DILIP PATEL - Tracking #777083832151	40.85
06/27/22	Postage - M. A. Kornfeld	7.53
06/27/22	Postage - M. A. Kornfeld	15.06
06/28/22	Postage - M. A. Kornfeld	22.59
Total Costs		\$108.82

MARK KORNFELD, RECEIVER
RE: IN RE: KINETICS
0103373-000001

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July 11, 2022
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Amount Due This Invoice:	\$78,436.94
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MARK KORNFELD, RECEIVER
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TIMEKEEPER SUMMARY

Name	Title	Hours	Rate	Amount
L. Humphries	Associate	60.00	270.00	16,200.00
L. Humphries	Associate	11.90	N/C	N/C
M. A. Kornfeld	Partner	161.90	437.50	70,831.25
	Total	233.80		87,031.25



TRUIST Place
401 E. Jackson Street, Suite 2400
Tampa, FL 33602-5236

T 813 222 8180
F 813 222 8189
www.bipc.com

REMITTANCE STATEMENT

MARK KORNFELD, RECEIVER
C/O BUCHANAN INGERSOLL & ROONEY
SUNTRUST FINANCIAL CENTRE
401 E. JACKSON STREET, SUITE 240
ATTN: JORDAN MAGLICH, ESQUIRE
TAMPA, FL 33602

July 11, 2022
Invoice No. 12173417

Our Reference:	0103373-000001
Client Name:	MARK KORNFELD, RECEIVER
Invoice Date:	July 11, 2022
Invoice Number:	12173417
Total Due This Invoice:	\$78,436.94

Total Due All Invoices For this Matter:	\$78,436.94
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**PLEASE RETURN THIS REMITTANCE STATEMENT WITH YOUR PAYMENT
THANK YOU**

Make checks payable to: Buchanan Ingersoll & Rooney
Union Trust Building
Attn: Accounting Department
501 Grant Street – Suite 200
Pittsburgh, PA 15219-4413
Tax ID: 25-1381032

Wire / ACH Information
PNC Bank, N.A.
Buchanan Ingersoll & Rooney Operating Account
Account #: 1133081072
Routing#: 043000096
SWIFT CODE: PNCCUS33

Please Reference 0103373-000001 Invoice: 12173417

Amount remitted this payment: \$ _____

**RECENT FEES AND DISBURSEMENTS MAY NOT
YET BE ENTERED ON YOUR ACCOUNT AND
IF NOT, WILL BE SUBSEQUENTLY BILLED**

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT “6b”



Invoice for Services

All funds payable to:

E-Hounds, Inc.

32815 US 19 North Suite 100
 Palm Harbor, Florida 34684
 support@ehounds.com (727) 726-8985

Open Date	Close Date	Invoice #	Balance Due	Case Reference (E9578)	Terms
04/01/2022	04/30/2022	34626	\$495.00	in RE: Kinetic	Due on Receipt

Invoice to:
 BIPC
 in RE: Kinetic
 401 E. Jackson St
 Suite 2400
 Tampa, FL 33602-5236

Case Contact:
 Buchanan Ingersoll
 Jordan Maglich
 813-222-2098

Q	Date	Expedited	All quantities are based Hourly unless otherwise noted	Tech	Price	Ext
1	04/05/2022		E-Hounds Review Platform (incl 1 user seat) Courtesy Rate Monthly		\$495.00	\$495.00

All balances are due upon receipt. Thank you!

Payments Applied

SUBTOTAL **\$495.00**

TOTAL **\$495.00**

Balance Due \$495.00

Retainer Amount Remaining **\$0.00**

Please note: Our fees are subject to change annually. Last change: 2/1/2022

Statement of Limited Liability and Financial Responsibility

E-Hounds, Inc. shall not be liable under any circumstances for any special, consequential, or exemplary damages arising from the use or misuse of data or equipment after it has been returned to the client and/or owner(s). E-Hounds shall not be liable for the continued storage of recovered data for more than 30 days unless otherwise specified in writing by the client. Any problems with recovered data must be reported to E-Hounds within 5 business days of receipt. Property and/or equipment held for legal matters is held for 1 Year at the client's request or upon case closure. Additional storage fees may apply to extended storage/maintenance. ABSOLUTELY NO REFUNDS. This invoice is made under the fee agreement signed on behalf of the above listed client. As stated in the Fee Agreement for E-Hound's services, Final billing must be satisfied before the final release of equipment or findings/reporting. All billing is DUE ON RECEIPT, unless stated otherwise above. All unpaid balances over 30 days will be subject to a 1.5% fee per month. Any unpaid balances over 60 days will be subject to equipment liquidation, collection process and reasonable attorney's fees incurred in collection. Services by E-Hounds is rendered on behalf of the agency, agent, or party contracting for the services, and payment for such services is the sole liability and responsibility of that agency, agent, or party, and is not transferrable or assignable.

E-Hounds also accepts:



Venmo: @ehounds

Zelle: support@ehounds.com



venmo



PayPal



Invoice for Services

All funds payable to:

E-Hounds, Inc.

32815 US 19 North Suite 100
 Palm Harbor, Florida 34684
 support@ehounds.com (727) 726-8985

Open Date	Close Date	Invoice #	Balance Due	Case Reference (E9578)	Terms
05/01/2022	05/31/2022	35495	\$495.00	in RE: Kinetic	Due on Receipt

Invoice to:
 BIPC
 in RE: Kinetic
 401 E. Jackson St
 Suite 2400
 Tampa, FL 33602-5236

Case Contact:
 Buchanan Ingersoll
 Jordan Maglich
 813-222-2098

Q	Date	Expedited	All quantities are based Hourly unless otherwise noted	Tech	Price	Ext
1	05/05/2022		E-Hounds Review Platform (incl 1 user seat) Courtesy Rate Monthly		\$495.00	\$495.00

All balances are due upon receipt. Thank you!

Payments Applied

SUBTOTAL **\$495.00**

TOTAL **\$495.00**

Balance Due \$495.00

Retainer Amount Remaining **\$0.00**

Please note: Our fees are subject to change annually. Last change: 2/1/2022

Statement of Limited Liability and Financial Responsibility

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E-Hounds also accepts:



Venmo: @ehounds

Zelle: support@ehounds.com



venmo



PayPal



Invoice for Services

All funds payable to:

E-Hounds, Inc.

32815 US 19 North Suite 100
 Palm Harbor, Florida 34684
 support@ehounds.com (727) 726-8985

Open Date	Close Date	Invoice #	Balance Due	Case Reference (E9578)	Terms
06/01/2022	06/30/2022	36276	\$495.00	in RE: Kinetic	Due on Receipt

Invoice to:
 BIPC
 in RE: Kinetic
 401 E. Jackson St
 Suite 2400
 Tampa, FL 33602-5236

Case Contact:
 Buchanan Ingersoll
 Lauren V Humphries
 813-222-1141

Q	Date	Expedited	All quantities are based Hourly unless otherwise noted	Tech	Price	Ext
1	06/05/2022		E-Hounds Review Platform (incl 1 user seat) Courtesy Rate Monthly		\$495.00	\$495.00

All balances are due upon receipt. Thank you!

Payments Applied

SUBTOTAL **\$495.00**

TOTAL **\$495.00**

Balance Due \$495.00

Retainer Amount Remaining **\$0.00**

Please note: Our fees are subject to change annually. Last change: 2/1/2022

Statement of Limited Liability and Financial Responsibility

E-Hounds, Inc. shall not be liable under any circumstances for any special, consequential, or exemplary damages arising from the use or misuse of data or equipment after it has been returned to the client and/or owner(s). E-Hounds shall not be liable for the continued storage of recovered data for more than 30 days unless otherwise specified in writing by the client. Any problems with recovered data must be reported to E-Hounds within 5 business days of receipt. Property and/or equipment held for legal matters is held for 1 Year at the client's request or upon case closure. Additional storage fees may apply to extended storage/maintenance. ABSOLUTELY NO REFUNDS. This invoice is made under the fee agreement signed on behalf of the above listed client. As stated in the Fee Agreement for E-Hound's services, Final billing must be satisfied before the final release of equipment or findings/reporting. All billing is DUE ON RECEIPT, unless stated otherwise above. All unpaid balances over 30 days will be subject to a 1.5% fee per month. Any unpaid balances over 60 days will be subject to equipment liquidation, collection process and reasonable attorney's fees incurred in collection. Services by E-Hounds is rendered on behalf of the agency, agent, or party contracting for the services, and payment for such services is the sole liability and responsibility of that agency, agent, or party, and is not transferrable or assignable.

E-Hounds also accepts:



Venmo: @ehounds

Zelle: support@ehounds.com



venmo



PayPal

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT “6c”



**Mark A. Kornfeld, Esq. Receiver for Kenetic Investment, LLC
 April 1, 2022 through April 30, 2022**

Date	Activity Category	Timekeeper	Description	Hours	Rate	Amount
4/4/2022	Tax Return for Settlement	LH	Filed NC state extension	0.25	\$ 150.00	\$ 37.50
	Total Tax			0.25		\$ 37.50
4/5/2022	Consulting	WEP	Reviewed IRS Form 5500 for 2021	1.75	\$ 335.00	\$ 586.25
4/14/2022	Consulting	WEP	Finalized IRS Form 5500 for 2021	1.00	\$ 335.00	\$ 335.00
	Total Consulting			2.75		\$ 921.25
4/4/2022	Accounting & Auditing	TMW	Reviewed broker statements; voided & re-issued check to correct payee	0.75	\$ 125.00	\$ 93.75
4/4/2022	Accounting & Auditing	GAH	Re-issued check	0.25	\$ 160.00	\$ 40.00
4/7/2022	Accounting & Auditing	TMW	Reviewed broker statements; reconciled all accounts and printed QB reports	1.50	\$ 125.00	\$ 187.50
4/11/2022	Accounting & Auditing	GAH	Reviewed accounting	0.25	\$ 160.00	\$ 40.00
4/12/2022	Accounting & Auditing	TMW	Prepared Court Report and reprinted QB reports	0.75	\$ 125.00	\$ 93.75
4/13/2022	Accounting & Auditing	GAH	Reviewed 1st Quarter report	0.50	\$ 160.00	\$ 80.00
4/13/2022	Accounting & Auditing	GAH	Reviewed final report and changed letter & email	0.75	\$ 160.00	\$ 120.00
4/29/2022	Accounting & Auditing	GAH	Updated from inception & emailed final report to client	0.50	\$ 160.00	\$ 80.00
	Total Accounting & Auditing			5.25		\$ 735.00

Total Mark. A. Kornfeld, Esq. Receiver for Kenetic Investment, LLC

8.25

\$ 1,693.75



4023 Tampa Road, Suite 2000
Oldsmar, FL 34677
Phone (727) 785-4447 Fax (727) 784-5491
www.pdr-cpa.com

**Mark A. Kornfeld, Esq. Receiver for Kenetic Investment, LLC
May 1, 2022 through May 31, 2022**

Date	Activity Category	Timekeeper	Description	Hours	Rate	Amount
4/29/2022	Consulting	WEP	Final review of IRS Form 5500	0.75	\$ 320.00	\$ 240.00
4/14/2022	Consulting	WEP	Filed final IRS Form 5500	3.25	\$ 320.00	\$ 1,040.00
	Total Consulting			4.00		\$ 1,280.00
2/10/2022	Accounting & Auditing	GAH	Discussed bank access with Tamra	0.50	\$ 155.00	\$ 77.50
5/19/2022	Accounting & Auditing	SAO	Recorded bank activity	0.30	\$ 125.00	\$ 37.50
5/25/2022	Accounting & Auditing	TMW	Printed check for K-Tek Systems	0.25	\$ 125.00	\$ 31.25
5/26/2022	Accounting & Auditing	TMW	Mailed check for K-Tek Systems to Kinetic	0.25	\$ 125.00	\$ 31.25
	Total Accounting & Auditing			1.30		\$ 177.50

Total Mark. A. Kornfeld, Esq. Receiver for Kenetic Investment, LLC

5.30

\$ 1,457.50



Mark A. Kornfeld, Esq. Receiver for Kenetic Investment, LLC
June 1, 2022 through June 30, 2022

Date	Activity Category	Timekeeper	Description	Hours	Rate	Amount
6/1/2022	Consulting	WEP	Received workpapers to file 1120 Tax Return (1120-SF)	1.75	\$ 320.00	\$ 560.00
6/15/2022	Consulting	WEP	Followed up on condos for tax treatment	0.75	\$ 320.00	\$ 240.00
6/28/2022	Consulting	WEP	Reviewed workpapers for 1120-SF	0.75	\$ 320.00	\$ 240.00
	Total Consulting			3.25		\$ 1,040.00
6/8/2022	Accounting & Auditing	TMW	Emailed Sabrina with account number	0.25	\$ 125.00	\$ 31.25
6/15/2022	Accounting & Auditing	TMW	Emailed Sabrina with questions about residence and to confirm address; printed checks & sent to client	0.75	\$ 125.00	\$ 93.75
6/24/2022	Accounting & Auditing	TMW	Downloaded bank statements, entered missing transactions and reconciled each account	2.50	\$ 125.00	\$ 312.50
	Total Accounting & Auditing			3.50		\$ 437.50
Total Mark. A. Kornfeld, Esq. Receiver for Kenetic Investment, LLC				<u>6.75</u>		<u>\$ 1,477.50</u>

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT “6d”

IRW Law Office

INVOICE

PMB 721
 1353 Ave. Luis Vigoreaux
 Guaynabo, PR 00966
 USA

irwlawoffice@me.com
 O: 7877750624

Number	201905426
Issue Date	7/7/2022
Due Date	8/6/2022
Email	lauren.humphries@bipc.com

Bill To:

Buchanan Ingersoll & Rooney
 O: 813-222-2098

Time Entries

Time Entries	Billed By	Rate	Hours	Sub
Senior Attorney CM 5/23/2022 Internal meeting with Atty. Gabriela Díaz. Re: Check for CRIM payment.	Carla Martinez	\$250.00	0.25	\$62.50
Senior Attorney GD 5/23/2022 Received email from Att. Lauren Humphries, Re: Status on check for CRIM payment. Review client's file and emails. Call with Att. Zwindi Iglesias, Re: Status of check. Review of CRIM portal, add properties to account, search digital cadaster to find Parking #16 number. Send internal email to Maiti Rachid with instruction to call CRIM for certification of debt of Parking #16.	Gabriela Díaz	\$250.00	1.50	\$375.00
Senior Attorney GD 5/24/2022 Draft and send email to Lauren Humphries, Re: Send status of check. Request date to issue debt certifications.	Gabriela Díaz	\$250.00	0.25	\$62.50
Senior Attorney GD 5/24/2022 Research on "Catastro Digital" for identification of Parking #16. Prepare and fill change of CRIM ownership for all 5 properties. Prepare documents to be presented with change of CRIM ownership.	Gabriela Díaz	\$250.00	1.50	\$375.00
Senior Attorney GD 5/25/2022 Call Oscar Rivera (CRIM), Re: Request for Statement of Account for Parking #16, Villa Gabriela Apartments in Old San Juan. Send text message.	Gabriela Díaz	\$250.00	0.25	\$62.50
Senior Attorney GD 5/25/2022 Several attempts to call CRIM, Re: Request Statement of Account for Parking #16, Villa Gabriela Apartments. 30 minutes of waiting time.	Gabriela Díaz	\$250.00	0.50	\$125.00
Senior Attorney GD 5/25/2022 Receive call from Oscar Rivera, Re: Request of CRIM certification of Parking #16. Draft and send email to Oscar with property information.	Gabriela Díaz	\$250.00	0.25	\$62.50

Time Entries	Billed By	Rate	Hours	Sub
Senior Attorney GD 5/25/2022 Exchange of email with Lauren Humphries, Re: Status CRIM request of certificate to third party.	Gabriela Díaz	\$250.00	0.25	\$62.50
Senior Attorney CM 5/27/2022 Internal meeting with Atty. Díaz. Re: CRIM and change of owner.	Carla Martinez	\$250.00	0.25	\$62.50
Senior Attorney GD 5/27/2022 Request CRIM Statements of Account, Re: 5 properties of Villa Gabriela & La Cochera. Review CRIM webpage information on process to pay property taxes at their offices. Draft and send email to Att. Lauren Humphries, Re: Copy of statements of account, process of payment, and instructions of address to send checks.	Gabriela Díaz	\$250.00	1.25	\$312.50
Senior Attorney GD 5/27/2022 Follow up on Oscar Rivera, Re: CRIM certification. Receive email from Oscar with Certification, Re: Parking #16.	Gabriela Díaz	\$250.00	0.25	\$62.50
Senior Attorney GD 5/31/2022 Send follow up email to Lauren Humphries, Re: Email with CRIM balances and certifications.	Gabriela Díaz	\$250.00	0.25	\$62.50
Senior Attorney GD 6/7/2022 Call with Lauren Humphries, Re: Status of purchase of Villa Gabriela, Motion of offer on the property, CRIM transfers and CRIM certifications for checks. Brief meeting with Zwindi Iglesias.	Gabriela Díaz	\$250.00	0.50	\$125.00
Senior Attorney GD 6/7/2022 Modify CRIM's change of owner form.	Gabriela Díaz	\$250.00	0.25	\$62.50
Senior Attorney GD 6/8/2022 Request and issue, Re: New CRIM Statement Balance Certifications at CRIM Portal. Draft and send email to Lauren Humphries and Sabrina Storno for instructions to send checks.	Gabriela Díaz	\$250.00	1.00	\$250.00
Senior Attorney GD 6/8/2022 Call Oscar Rivera, Re: New CRIM certification of Parking #16 of La Cochera. Send email requesting certification/Statement of Account.	Gabriela Díaz	\$250.00	0.25	\$62.50
Senior Attorney GD 6/9/2022 Call with Oscar Rivera, Re: Email sent requesting new certification for Parking #16. Discuss current discount and payment. Review previous certification for discount.	Gabriela Díaz	\$250.00	0.25	\$62.50
Senior Attorney GD 6/9/2022 Various Exchanges of emails with Att. Lauren Humphries and Sabrina Storno, Re: CRIM checks and delivery via Fedex, Parking #16 current CRIM status and issue to change ownership. 2nd call with Oscar Rivera, Re: Process to correct change of ownership tract.	Gabriela Díaz	\$250.00	1.25	\$312.50

Time Entries	Billed By	Rate	Hours	Sub
Senior Attorney ZI 6/14/2022 Internal meeting with Attorney Gabriela Diaz regarding the Cochera parkings and the CRIM Debts. Conference call with the Cochera SE representative to request documents from old transfers of ownerships to be able to resolve the ownership issue at the CRIM.	Zwindi M Iglesias	\$250.00	0.50	\$125.00
Senior Attorney GD 6/14/2022 Receive checks for CRIM Payments. Digitalize checks and archive in digital file.	Gabriela Díaz	\$250.00	0.25	\$62.50
Senior Attorney GD 6/14/2022 Draft and send email to Lauren Humphries, Re: Receipt of checks for payment at CRIM.	Gabriela Díaz	\$250.00	0.25	\$62.50
Senior Attorney GD 6/20/2022 Organize documents for presentation at CRIM. Make copies and give instructions to Maiti Rachid for CRIM change of owner presentation and check payments.	Gabriela Díaz	\$250.00	0.75	\$187.50
Senior Attorney GD 6/22/2022 Receive receipts from Maiti Rachid of CRIM payments and organize. Review online CRIM accounts and make additional payments online, Re: Villa Gabriela Properties. Draft and send email to Lauren Humphries with status of payments and receipts.	Gabriela Díaz	\$250.00	1.25	\$312.50
Senior Attorney GD 6/22/2022 Exchange of emails with Lauren Humphries, Re: Parking #16 change of owner and status.	Gabriela Díaz	\$250.00	0.25	\$62.50
Time Entries Total			13.50	\$3,375.00

Expenses

Expense	Billed By	Price	Qty	Sub
Uncategorized 5/27/2022 Bank Fee RE: WT 05.26.22	Zwindi M Iglesias	\$15.00	1.00	\$15.00
Other 5/27/2022 4 CRIM Statements of Account, Re: Villa Gabriela & Cochera properties. \$2.50/ each.	Gabriela Díaz	\$10.00	1.00	\$10.00
Other 6/22/2022 Outstanding CRIM payment covered by IRW for (4) Villa Gabriela Properties after check payment.	Gabriela Díaz	\$41.45	1.00	\$41.45
Other 6/22/2022 Outstanding CRIM balance of Villa Gabriela paid by IRW, Re: Apt. 2-E.	Gabriela Díaz	\$7.02	1.00	\$7.02
Other 6/22/2022 Outstanding CRIM balance Villa Gabriela paid by IRW, Re: PH-B.	Gabriela Díaz	\$16.91	1.00	\$16.91

Expense	Billed By	Price	Qty	Sub
Expenses Total:			5.00	\$90.38

Total (USD)	\$3,465.38
Paid	\$0.00
Balance	\$3,465.38

Terms & Conditions

Payments can be made by check or ACH transfer:

BY CHECK: Please make check payable to Ivonne Rodriguez-Wiewall and send to: PMB 721, #1353 Ave. Luis Vigoreaux, Guaynabo, PR 00966

Payments made through wire-transfer must include an additional \$15.00, which is the fee charged by the bank.

BY ACH TRANSFER:

Bank Name	Banco Popular de Puerto Rico (BPPR)
Routing number	021502011
Account Name	IRW Law Office
Account Holder's Address	PMB 721, #1353 Luis Vigoreaux Ave. Guaynabo, PR 00966
Account Number	367-111189
Additional information	Please contact Ms. Rosaymar Berrios at 787-775-0624 or 787-590-7070, or by email at rosaymar@irwlaw.com , should you encounter any difficulties.

Thank you!

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT “7”

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

KINETIC INVESTMENT GROUP, LLC
and MICHAEL SCOTT WILLIAMS,

CASE NO.: 8:20-cv-394-MSS-SPF

Defendants, and

KINETIC FUNDS I, LLC, KCL SERVICES,
LLC d/b/a LENDACY, SCIPIO, LLC,
LF 42, LLC, EL MORRO FINANCIAL
GROUP, LLC, and KIH, INC., f/k/a
KINETIC INTERNATIONAL, LLC,

Relief Defendants.

ORDER GRANTING RECEIVER'S TENTH INTERIM OMNIBUS
APPLICATION FOR ALLOWANCE AND PAYMENT OF
PROFESSIONALS' FEES AND REIMBURSEMENT OF EXPENSES
FOR APRIL 1, 2022 – JUNE 30, 2022

THIS CAUSE came before the Court on the Receiver's (the "Receiver") Tenth Interim Omnibus Application for Allowance and Payment of Professionals' Fees and Reimbursement of Expenses for April 1, 2022 through June 30, 2022 (Doc. __) (the "Application"). With the Court having considered the Application, reviewed the file, and finding that cause exists to grant the Application, it is hereby **ORDERED** as follows:

1. The Application is **GRANTED**.

2. The Court awards the following sums and directs that payment be

made from Receivership assets:

Mark A. Kornfeld, Esq. and Buchanan Ingersoll	\$78,436.94
E-Hounds	\$1,485.00
PDR CPAs + Advisors	\$4,628.75
IRW Law Offices	\$3,465.38

DONE and ORDERED this ____ day of _____, 2022 in Tampa,
Florida.

**UNITED STATES DISTRICT COURT
JUDGE**

4876-5618-7432, v. 1