

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

**CASE NO.: 8:20-cv-00394**

**SECURITIES AND EXCHANGE COMMISSION,** )  
 )  
 **Plaintiff,** )  
 )  
 **v.** )  
 )  
 **KINETIC INVESTMENT GROUP, LLC and** )  
 **MICHAEL SCOTT WILLIAMS,** )  
 )  
 **Defendants, and** )  
 )  
 **KINETIC FUNDS I, LLC,** )  
 **KCL SERVICES, LLC d/b/a LENDACY,** )  
 **SCIPIO, LLC,** )  
 **LF42, LLC,** )  
 **EL MORRO FINANCIAL GROUP, LLC, and** )  
 **KIH, INC. f/k/a KINETIC INTERNATIONAL, LLC,** )  
 )  
 **Relief Defendants.** )  
 )  
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**PLAINTIFF SECURITIES AND EXCHANGE COMMISSION’S  
EMERGENCY MOTION AND MEMORANDUM OF LAW  
FOR ASSET FREEZE AND OTHER RELIEF**

**I. INTRODUCTION**

The Commission seeks emergency relief to protect investors from an ongoing securities fraud perpetrated by Kinetic Investment Group, LLC (“Kinetic Group”) and Michael Scott Williams (“Williams”) (collectively, “Defendants”). Since at least 2013, Defendants have raised at least \$39 million from at least 30 investors located in Florida and Puerto Rico in an unregistered securities offering. Defendants solicited investors to invest in Kinetic Funds I, LLC (“Kinetic Funds”), a purported hedge fund with a sub-fund structure that they managed.

They steered investors toward the largest sub-fund, Kinetic Funds Yield (“KFYield”), on the premise that the fund was conservative and safe. Specifically, Defendants told investors that their entire capital would be invested in income-producing U.S. listed financial products and that their principal would be secure because the KFYield portfolio would be hedged with listed options. They also touted the liquidity of KFYield assets and represented to investors that their “money is always available.”

In reality, Defendants diverted a substantial portion of KFYield investor capital to KCL Services, LLC d/b/a Lendacy (“Lendacy”), a private, start-up company owned by Williams. Lendacy was neither listed on a U.S. exchange nor capable of being hedged with listed options. Williams then directed Lendacy to make purported loans using KFYield assets to himself, entities controlled by him, and others. Since at least 2015, Williams has misappropriated at least \$6.3 million<sup>1</sup> of Kinetic Funds’ assets to fund other business ventures and to pay for personal expenses. Relief Defendants Kinetic Funds, Lendacy, Scipio, LLC (“Scipio”), LF42, LLC (“LF42”), El Morro Financial Group, LLC (“El Morro”), and KIH, Inc. f/k/a Kinetic International, LLC (“KIH”) (collectively, “Relief Defendants”) all received Kinetic Funds assets and proceeds of Defendants’ securities violations without any legitimate entitlement to the funds. Through their fraudulent conduct, Defendants have each violated Section 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 (“Exchange Act”), and Sections 206(1), 206(2), 206(4) and Rule 206(4)-8 of the Investment Advisers Act of 1940 (“Advisers Act”).

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<sup>1</sup> Ex. 1, Declaration of Crystal C. Ivory at ¶14.



To protect investors and prevent further dissipation of assets, the Commission seeks asset freezes and other emergency relief against Defendants and Relief Defendants. Williams is in sole control of Kinetic Group and Relief Defendants, as well as their assets and bank accounts. As of October 2019, Kinetic Funds has approximately \$28.7 million in assets<sup>2</sup> and approximately \$6.4 million of pending redemption requests.<sup>3</sup> Due to the shortfall in Kinetic Funds' assets caused by Defendants' misappropriation, any payment of redemptions will result in a preference to redeeming investors at the expense of the remaining investors. Unless the assets of Defendants and Relief Defendants are frozen, Williams will retain control over their assets and responsibility for ensuring the return of investors' funds, a role he is utterly unfit to fulfill.

## **II. FACTS**

### **A. Defendants**

**Kinetic Group**, formerly known as Kinetic Management Group, LLC, is a private Florida limited liability company formed by Williams in 2013 with its principal place of business in Sarasota, Florida.<sup>4</sup> Kinetic Group manages Kinetic Funds, a private pooled investment fund,<sup>5</sup> and charges Kinetic Funds a 1% management fee.<sup>6</sup>

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<sup>2</sup> Ex. 1, Ivory at ¶8.

<sup>3</sup> Ex. 2, Redemption requests at KFI 6479-6498.

<sup>4</sup> Ex. 3, Kinetic Group Florida corporate filing.

<sup>5</sup> *Id.*; Ex. 4, Form D filed by Kinetic Funds; Ex. 5, E-mail from Williams at SEC-Consultiva-E 0059619; Ex. 6, Kelly Locke Tr. at 26:24-27:8.

<sup>6</sup> Ex. 7, E-mail from Williams enclosing Kinetic Funds' Subscription Agreement, Operating Agreement, Exhibit B-1 and Exhibit C-2 thereto, and Offering Questionnaire, at SEC-Consultiva-E 0061263 and 0061268; Ex. 6, Locke at 186:17-20.

**Williams**, age 51, is a resident of San Juan, Puerto Rico, and resided in Sarasota, Florida during the relevant time period.<sup>7</sup> Williams is the managing member of Kinetic Group,<sup>8</sup> Kinetic Funds<sup>9</sup>, Lendacy<sup>10</sup> and LF42<sup>11</sup>, the president of Scipio<sup>12</sup> and El Morro,<sup>13</sup> and a shareholder of KIH.<sup>14</sup> Williams is also the managing member of Kinetic Partners, LLC, which in turn is a managing member of Kinetic Funds.<sup>15</sup> At all relevant times, Williams had an ownership interest in, controlled, and exercised ultimate authority over Kinetic Group and Relief Defendants.<sup>16</sup>

## **B. Relief Defendants**

**Kinetic Funds** is a Delaware limited liability company with its principal place of business in Sarasota, Florida.<sup>17</sup> Kinetic Funds was formed by Williams in 2012 and operates as a private pooled investment fund managed by Defendants.<sup>18</sup> Kinetic Funds filed a Form D with the Commission in October 2016 claiming an exemption under Rule 506(c) of the Securities Act for its pooled investment fund interests with a first sale date of October 2012.<sup>19</sup>

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<sup>7</sup> Ex. 8, Williams CRD/IARD; Ex. 9, Recorded deed for Puerto Rico residence; Ex. 6, Locke at 20:12-15, 64:23-65:2, 110:1-8, 109:22-25; Ex. 10, Keli Pufahl Tr. at 58:19-22.

<sup>8</sup> Ex. 3; Ex. 11, BMO Harris records at SEC-BMO-P 0000481-0000484.

<sup>9</sup> Ex. 7, SEC-Consultiva-E at 0061310 and 0061271.

<sup>10</sup> Ex. 12, Lendacy Florida corporate filing; Ex. 13, BMO Harris record at SEC-BMO-P 0001407-0001409, 0000004-0000010.

<sup>11</sup> Ex. 14, BMO Harris record at SEC-BMO-P 0000803-0000809.

<sup>12</sup> Ex. 15, Certificate of Formation as to Scipio.

<sup>13</sup> Ex. 16, Certificate of Formation as to El Morro.

<sup>14</sup> Ex. 17, Unanimous Written Consent of the Board of Directors of KIH.

<sup>15</sup> Ex. 18, BMO Harris records at SEC-BMO-P0001198-0001204; Ex. 7 SEC-Consultiva-E at 0061304.

<sup>16</sup> See *supra* n. 8-14.

<sup>17</sup> Ex. 19, Kinetic Funds Delaware corporate filing; Ex. 4.

<sup>18</sup> *Id.*

<sup>19</sup> Ex. 4.

**Lendacy** is a Florida limited liability company formed by Williams in 2013 with its principal place of business in Sarasota, Florida.<sup>20</sup> Lendacy was formed by Williams in 2013 and is purportedly in the business of providing lines of credit to accredited investors.<sup>21</sup> Lendacy received at least \$11 million of investor assets and approximately \$9.1 million has not been returned.<sup>22</sup> Defendants then used the investor funds diverted to Lendacy to fund purported loans to Williams, his business entities, and others, and at least \$6.8 million remains outstanding from Williams and his entities.<sup>23</sup>

**Scipio** is a Puerto Rico limited liability company formed by Williams in 2016 with its principal place of business in San Juan, Puerto Rico.<sup>24</sup> Scipio used at least \$2,755,000 of investor assets routed through Lendacy to purchase a historic bank building in San Juan, Puerto Rico.<sup>25</sup>

**El Morro** is a Puerto Rico limited liability company formed by Williams in 2016 with its principal place of business in San Juan, Puerto Rico.<sup>26</sup> El Morro received at least \$565,000

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<sup>20</sup> Ex. 12.

<sup>21</sup> *Id.*; Ex. 20, E-mail enclosing Lendacy brochure, Bloomberg reports and Lendacy credit application, at pp. 3-4.

<sup>22</sup> Ex. 1, Ivory at ¶11.

<sup>23</sup> Ex. 21, Credit Facility Agreement and Disclosure (“Agreement”) between Lendacy and Williams for \$1,517,000; Ex. 22, Agreement between Lendacy and Scipio for \$2,755,000; Ex. 23, Agreement between Lendacy and LF42 for \$550,000; Ex. 24, Agreement between Lendacy and LF42 for \$2,000,000; Ex. 25, SEC-BishopJ-E 0000002, Summary of misappropriated funds.

<sup>24</sup> Ex. 15; Ex. 6, Locke at 83:11-25.

<sup>25</sup> Ex. 6, Locke at 85:8-94:19; Ex. 22; Ex. 26, Recorded deed for bank building; Ex. 27 and 28, BMO Harris records showing fund transfers for purchase; Ex. 29, check payments for fees associated with purchase; Ex. 25.

<sup>26</sup> Ex. 16; Composite Ex. 30, Certificate of Existence, Certificate of Organization.

of investor assets, routed through Lendacy, to fund general operating expenses for Williams' various entities and to partially fund a multi-day launch event for KIH.<sup>27</sup>

**KIH** is a Puerto Rico corporation with its principal place of business in San Juan, Puerto Rico.<sup>28</sup> Williams formed KIH in 2018 as a purported Puerto Rico licensed international financial entity.<sup>29</sup> KIH used at least \$1,380,000 of investor assets to fund its start-up costs.<sup>30</sup>

**LF42** is a Delaware limited liability company formed by Williams in 2012 with its principal place of business in Sarasota, Florida.<sup>31</sup> LF42 executed a credit agreement with Lendacy reflecting a loan for \$2,550,000, of which a substantial portion was used by El Morro and KIH and at least \$100,000 was retained by LF42.<sup>32</sup>

### **III. VENUE**

This Court has personal jurisdiction over Defendants and Relief Defendants and venue is proper in the Middle District of Florida. Kinetic Group maintains an office in Sarasota, Florida.<sup>33</sup> Williams maintains sole control over Kinetic Group and resided in Sarasota, Florida during the relevant time period.<sup>34</sup> As of June 2019, Defendants raised at least \$39 million from investors, including at least five residing in this district.<sup>35</sup>

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<sup>27</sup> Ex. 1, Ivory at ¶14; Ex. 10, Pufahl at 109:21-111:9, 112:14-113:13.

<sup>28</sup> Ex. 31, Certificate of Formation.

<sup>29</sup> *Id.*

<sup>30</sup> Ex. 1, Ivory at ¶14; Ex. 25; Ex. 32, Carla Mendez Tr. at 77:15-80:3; 94:7-96:12.

<sup>31</sup> Ex. 33, Certificate of Formation.

<sup>32</sup> Ex. 1, Ivory at ¶14; Ex. 23; Ex. 24; Ex. 32 Mendez Tr. at 104:12-20.

<sup>33</sup> Ex. 3.

<sup>34</sup> Ex. 6, Locke at 20:12-15, 64:23-65:2, 110:1-8, 109:22-25; Ex. 10, Pufahl Tr. at 58:19-22.

<sup>35</sup> Ex. 1, Ivory at ¶10; Ex. 34, Investor statements.

#### **IV. FACTS**

##### **A. The Kinetic Funds Offering**

Since 2012, Defendants have offered Kinetic Funds as an investment opportunity.<sup>36</sup> Kinetic Funds employs four investment strategies through sub-funds characterized as yield, gold, growth, and inflation.<sup>37</sup> The yield strategy, known as KFYield, accounted for approximately 98% of Kinetic Funds' assets as of January 2019.<sup>38</sup>

Defendants solicited investors for Kinetic Funds in several ways. Williams initially offered Kinetic Funds to his friends, partners and associates.<sup>39</sup> Over time, Defendants developed marketing brochures, websites and used referrals to solicit additional investors.<sup>40</sup>

Defendants did not utilize a private placement or confidential memorandum to provide disclosures to potential investors.<sup>41</sup> Rather, Defendants typically provided potential investors with (a) a copy of the Kinetic Funds Subscription Agreement ("Subscription Agreement"), (b) either Exhibit "B-1" or "C-1" to the Kinetic Funds Operating Agreement ("Operating Agreement"), which investors used to designate the strategy they wanted to invest in, (c) the Kinetic Funds Offering Questionnaire ("Offering Questionnaire"), and (d) Kinetic Funds marketing brochures.<sup>42</sup> Defendants gave some investors a copy of the Operating Agreement.<sup>43</sup>

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<sup>36</sup> Ex. 4.

<sup>37</sup> Ex. 1, Ivory at ¶10; Ex. 6, Locke at 33:22-34:8.

<sup>38</sup> *Id.*; Ex. 34.

<sup>39</sup> Ex. 5 at SEC-Consultiva-E-0059617.

<sup>40</sup> *Id.*; Ex. 35, E-mail from K. Locke at p. 1; Ex. 6, Locke at 174:15-175:6, 190:21-191:20, 193:21-196:8.

<sup>41</sup> Ex. 6, Locke at 106:21-112:11; Ex. 7 at SEC-Consultiva-E-0061256; Ex. 36, Letter from Kinetic Group to Florida Office of Financial Regulation.

<sup>42</sup> Ex. 6, Locke at 106:21-112:11; Ex. 7 at SEC-Consultiva-E-0061256.

<sup>43</sup> Ex. 6, Locke at 106:21-112:11.

In most cases, investors signed the Subscription Agreement and either Exhibit B-1 or C-1 to the Operating Agreement, and completed the Offering Questionnaire.<sup>44</sup>

The Subscription Agreement provides that an investor “irrevocably subscribes for a membership interest” in Kinetic Funds and that such membership interests are “‘restricted securities’ as that term is defined in Rule 144 under the [Securities Act of 1933].”<sup>45</sup> Exhibits B-1 and C-1 to the Kinetic Funds Operating Agreement state that an investor agrees to invest in at least one of the Kinetic Funds investment strategies and that Williams has “full and complete discretion to make any and all trading decisions and affect any strategies as [he] shall determine . . . .”<sup>46</sup> It provides that the KFYield focuses on “income generation” and that investors can make principal withdrawal requests under certain conditions.<sup>47</sup> It further authorizes Kinetic Group to charge an annual 1% management fee.<sup>48</sup>

In 2015, Williams expanded the marketing materials in order to attract more investors.<sup>49</sup> He arranged to have, among other things, a description of KFYield and its performance information, assets under management and holdings available on Bloomberg.<sup>50</sup> Williams took this step in order to make KFYield appear transparent and to give it a measure of credibility.<sup>51</sup> From that point on, Defendants provided potential investors with Bloomberg

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<sup>44</sup> *Id.*

<sup>45</sup> Ex. 7 at SEC-Consultiva-E-0061271.

<sup>46</sup> *Id.* at SEC-Consultiva-E-0061261 and 0061266.

<sup>47</sup> *Id.* at SEC-Consultiva-E-0061263 and 0061268.

<sup>48</sup> *Id.*

<sup>49</sup> *See, e.g.*, Ex. 20.

<sup>50</sup> Ex. 38, E-mail enclosing Bloomberg reports; Ex. 6, Locke at 139:24-142:13.

<sup>51</sup> Ex. 6, Locke at 113:6-16.

reports about the KFYield strategy.<sup>52</sup> Williams was responsible for the content and accuracy of the information provided to Bloomberg.<sup>53</sup>

Williams also began in 2015 to market Kinetic Funds with his other entity, Lendacy.<sup>54</sup> Williams sometimes described Lendacy as a “real estate lending structure” designed to meet credit demands of accredited investors.<sup>55</sup> Williams and his associate, who later became Lendacy’s president, told prospective investors that if they invested in KFYield they were eligible to receive a Lendacy credit line of up to 70% of their investment in KFYield at low interest rates.<sup>56</sup> They promoted case studies with various scenarios regarding the potential use of drawing on the credit line, such as refinancing a home.<sup>57</sup>

In 2016, Williams moved from Florida to Puerto Rico, opened a second office there, and began soliciting investors in Puerto Rico to invest in Kinetic Funds.<sup>58</sup>

Defendants ultimately raised approximately \$39 million from at least 30 investors located mostly in Florida and Puerto Rico.<sup>59</sup>

## **B. The Misrepresentations and Omissions**

Defendants made, both orally and in writing, material misrepresentations to investors and prospective investors regarding Kinetic Funds and the use of investor funds:

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<sup>52</sup> *Id.* at 142:6-13.

<sup>53</sup> *Id.* at 114:11-13, 140:9-142:1, Ex. 39, Anadi Gaur Tr. at 266:12-267:10; Ex. 40, E-mail from K. Locke

<sup>54</sup> Ex. 5 at SEC-Consultiva-E-0059613; Ex. 6, Locke at 46:18-47:10, 223:3-224:18; Ex. 7; Ex. 41, E-mail from K. Locke enclosing Lendacy brochure; Ex. 42, E-mail marketing Lendacy and KFYield together.

<sup>55</sup> Ex. 43, Lendacy brochure.

<sup>56</sup> Ex. 6, Locke at 31:4-32:3, 40:14-19, 223:3-24; Ex. 43 at SEC-Consultiva-E-0064920.

<sup>57</sup> Ex. 43 at SEC-Consultiva-E-0064942.

<sup>58</sup> Ex. 6, Locke at 20:12-15, 109:22-25, 110:1-8.

<sup>59</sup> Ex. 1, Ivory at ¶10; Ex. 34.

a. Defendants told investors that their money would be invested in income-producing U.S. listed financial products.<sup>60</sup> Exhibits B-1 and C-1 to the Operating Agreement likewise state that Kinetic Funds “will trade derivatives, but may also be invested in individual stocks, components of the indices, cash, and other exchange listed products . . .”.<sup>61</sup>

b. Defendants advised investors that their principal would be secure because the KFYield portfolio would be hedged with listed options.<sup>62</sup> Written marketing materials state that Kinetic Funds will “maintain 90% principle [sic] protection” and that “90% [of KFYield’s] portfolio [is] hedged using listed options against market volatility risk.”<sup>63</sup>

c. With respect to the Lendacy credit line product, Defendants led prospective investors to believe Lendacy had a separate funding source that would finance the loan from Lendacy to the investor, and that their entire capital would be invested in KFYield.<sup>64</sup> They gave investors marketing materials stating: “[y]ou keep 100% of your capital working, generating dividends and interest with the opportunity for continued appreciation.”<sup>65</sup>

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<sup>60</sup> Ex. 5 at SEC-Consultiva-E-0059606-0059607, 0059617; Ex. 35 at pp. 5-7, Ex. 43 at SEC-Consultiva-E-0064932-0064933; Ex. 6, Locke at 155:10-156:13, 174:15-175:6; Ex. 44, Declaration of Wilmer Gonzalez Vargas at ¶¶8-9.

<sup>61</sup> Ex. 7 at SEC-Consultiva-E-0061262, 0061267.

<sup>62</sup> Ex. 43 at SEC-Consultiva-E-0064932-0064933; Ex. 44, Vargas at ¶¶8-9.

<sup>63</sup> Ex. 35 at p. 6; Ex. 43 at SEC-Consultiva-E-0064920, 0064932.

<sup>64</sup> Ex. 6, Locke at 31:4-32:3-8, 126:24-127:17, 212:23-213:1-8; Ex. 45, Myrna Rivera Tr. at 51:8-52:10.

<sup>65</sup> Ex. 43 at SEC-Consultiva-E-0064938.



d. Defendants touted the liquidity of KFYield assets.<sup>66</sup> Written brochures claim: “Your money is always available . . . The fund’s positions are hedged out to 90 days, so with a 30 day written notice prior to the quarter end, the fund can redeem 100% principal without penalties.”<sup>67</sup>

Defendants knew the representations were false:

a. Defendants did not invest all investor funds in U.S. listed financial products.<sup>68</sup> Since at least 2013, Defendants invested a substantial portion of investor capital in Lendacy, Williams’ entity.<sup>69</sup> Lendacy is not a U.S. listed financial product.<sup>70</sup>

b. Defendants did not hedge at least 90% of KFYield’s portfolio using listed options.<sup>71</sup> KFYield assets diverted to Lendacy accounted for more than 23% of KFYield’s proceeds between January 2015 and September 2019.<sup>72</sup> And, Lendacy could not be hedged using listed options.<sup>73</sup>

c. Defendants used KFYield assets, not a separate funding source, to fund Lendacy and its undisclosed loans.<sup>74</sup> For example, if an investor invested \$100,000 in KFYield and simultaneously borrowed \$70,000 from Lendacy, Kinetic Group would transfer \$70,000 from KFYield to Lendacy, and Lendacy would wire \$70,000 to the investor making it appear Lendacy made the loan using its own funds. The investor’s

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<sup>66</sup> Ex. 44, Vargas at ¶¶8-9; Ex. 5 at SEC-Consultiva-E-0059606-0059607.

<sup>67</sup> Ex. 5 at SEC-Consultiva-E-0059617.

<sup>68</sup> Ex. 1, Ivory at ¶¶11-14; Ex. 24.

<sup>69</sup> *Id.*

<sup>70</sup> Ex. 39, Gaur at 292:1-293:3.

<sup>71</sup> Ex. 1, Ivory at ¶¶11-14; Ex. 25.

<sup>72</sup> Ex. 1, Ivory at ¶¶8, 11.

<sup>73</sup> Ex. 39, Gaur at 292:1-293:3.

<sup>74</sup> Ex. 6, Locke at 32:9-25; 52:3-19.

KFYield monthly statement would reflect their \$100,000 investment, plus any monthly profit or loss, even though only \$30,000 was used pursuing KFYield's stated investment strategy. Most investors were not told KFYield assets were used to fund their or others' Lendacy loans.<sup>75</sup>

d. KFYield's investment in Lendacy, the assets of which were unsecured loans primarily to Williams, significantly limits its ability to honor redemption requests to all investors equitably. Moreover, any redemptions made would further concentrate KFYield's assets in its illiquid investment in Lendacy.<sup>76</sup>

Furthermore, Defendants provided false account statements to investors regarding their holdings in Kinetic Funds.<sup>77</sup> Kinetic Funds' known assets are less than the aggregate amount reflected on investor account statements.<sup>78</sup>

Williams had ultimate authority for the false and misleading statements and omissions made orally and in documents provided to clients and prospective clients.<sup>79</sup>

### **C. The Misappropriation of Investor Funds**

Once investors invested in KFYield, Williams then misappropriated KFYield funds for the benefit of himself and other business ventures.

Payoff of Relative's Mortgage. In April 2015, Williams used \$37,000 of KFYield funds, routed to Lendacy, to pay off the mortgage on his relative's house.<sup>80</sup> On April 29, 2015,

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<sup>75</sup> *Id.*

<sup>76</sup> *See e.g.*, Ex. 21-24.

<sup>77</sup> Ex. 1, Ivory at ¶5-9 and Ex. D; Ex. 6, Locke 61:9-62:13.

<sup>78</sup> *Id.*

<sup>79</sup> Ex. 6, Locke 121:15-22, 132:19-22, 156:8-13, 172:13-174:8.

<sup>80</sup> Ex. 6, Locke at 96:9-16; Ex. 10; Pufahl at 139:12-141:5.

Williams executed a Lendacy “Credit Facility Agreement” reflecting a purported loan for \$40,000.<sup>81</sup> The relative did not grant Lendacy a mortgage or any other consideration to Lendacy, and the Credit Facility Agreement was unsecured.<sup>82</sup>

Purchase of Real Property for Personal Use. In March 2017, Williams purchased for \$1,512,575.50 three luxury apartments and two parking spaces for himself in San Juan, Puerto Rico.<sup>83</sup> Williams used KFYield funds, diverted to Lendacy, to pay for the properties.<sup>84</sup> Williams titled these properties in his name.<sup>85</sup>

Certain employees subsequently raised concerns to Williams about his use of KFYield funds to pay for the San Juan properties.<sup>86</sup> Williams responded by stating that he was expecting a future payout from the sale of an unrelated company and would pay KFYield back at that time.<sup>87</sup> After employees pressed the issue, Williams executed a Lendacy “Credit Facility Agreement” for a \$1,517,000 loan.<sup>88</sup> Williams did not grant Lendacy a mortgage on the properties, and the Credit Facility Agreement is unsecured.<sup>89</sup>

Purchase of Commercial Property. In May 2018, Williams used at least \$2,755,000 of KFYield funds, routed to Lendacy in the form of a Lendacy loan, to purchase a historic bank

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<sup>81</sup> Ex. 46, Agreement between Lendacy and Williams for \$40,000.

<sup>82</sup> *Id.*

<sup>83</sup> Ex. 6, Locke at 67:19-79:18, Ex. 10, Pufahl at 24:23-27:1; Ex. 21; Exs. 47-48, BMO Harris records showing fund transfers for purchase.

<sup>84</sup> *Id.*; Ex. 1, Ivory at ¶14.

<sup>85</sup> Ex. 9; Ex. 6, Locke at 64:23-65:2.

<sup>86</sup> Ex. 10, Pufahl at 33:2-19, 141:20-142:24.

<sup>87</sup> Ex. 10, Pufahl at 25:22-26:16.

<sup>88</sup> Ex. 21.

<sup>89</sup> *Id.*

building in Old San Juan, Puerto Rico.<sup>90</sup> Williams titled the building in the name of his entity, Scipio, and executed a Lendacy “Credit Facility Agreement” on Scipio’s behalf.<sup>91</sup> Scipio did not grant Lendacy a mortgage on the property, and Williams did not guarantee repayment of the purported loan, which is unsecured.<sup>92</sup>

Funding of Williams’ Other Companies. In April 2019, Williams used \$2,050,000 of additional KFYield funds in the form of two Lendacy loans to provide financial support to his outside business ventures.<sup>93</sup> These expenses included, among others, paying for the development of KIH, an international financial entity in Puerto Rico, the development of an international exchange in Puerto Rico, and paying more than \$600,000 for a multi-day event held to highlight and introduce KIH to the public at a luxury hotel in Puerto Rico.<sup>94</sup> Williams executed two “Credit Facility Agreements” reflecting a total loan in the amount of \$2,550,000 on behalf of his entity, LF42.<sup>95</sup> Williams did not guarantee repayment of the purported loan, which is unsecured.<sup>96</sup>

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<sup>90</sup> Ex. 1, Ivory at ¶14; Ex. 6, Locke at 79:21-92:1; Ex. 10, Pufahl at 71:24-72:8; Ex. 49, Contract of Option; Ex. 50, First Amendment to Contract of Option; Ex. 51, Purchase Agreement Term Extension; Ex. 52, Recorded deed for property; Ex. 27-28; Ex. 29.

<sup>91</sup> Ex. 22; Ex. 52.

<sup>92</sup> Ex. 22.

<sup>93</sup> Ex. 1, Ivory at ¶14; Exs. 23-24.

<sup>94</sup> Ex. 1, Ivory at ¶14; Ex. 10, Pufahl at 45:13-47:20, 101:24-118:2; Ex. 32, Mendez at 95:15-101:10, 99:21-100:10; Ex. 25.

<sup>95</sup> Exs. 23-24

<sup>96</sup> *Id.*

As of October 2019, Lendacy had at least \$12.6 million in outstanding purported loans made with KFYield assets to Williams, his entities, and other investors.<sup>97</sup> Of that amount, at least \$6.8 million reflects outstanding loans from Williams and two of his entities.<sup>98</sup>

#### **D. The Undisclosed Conflicts of Interest**

Defendants had multiple conflicts of interest relating to the operation and management of Kinetic Funds:

- a. Defendants transferred investor capital amounting to at least \$9.1 million net to Lendacy, an entity owned by Williams;<sup>99</sup>
- b. Williams and two of his entities took unsecured loans amounting to at least \$6.8 million funded with KFYield assets;<sup>100</sup> and
- c. Between January 2015 and October 2017, Defendants used \$30,872.44 of investor funds to pay Silexx Financial Systems, LLC (“Silexx”), another company that Williams partially owned and/or had a financial interest in.<sup>101</sup>

#### **E. Pending Redemption Requests**

Since September 2019, Kinetic Group has received at least \$6.4 million in Kinetic Funds investor redemption requests.<sup>102</sup> Williams retains exclusive authority over the payment of the redemptions.<sup>103</sup> Because Kinetic Funds’ liabilities exceed its assets as of January 2019

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<sup>97</sup> Ex. 1, Ivory at ¶6 and Ex. B.

<sup>98</sup> Exs. 21-25.

<sup>99</sup> Ex. 1, Ivory at ¶11.

<sup>100</sup> Ex. 1, Ivory at Exs. B and E; Exs. 20-23.

<sup>101</sup> Ex. 1, Ivory at ¶12.

<sup>102</sup> Ex. 2.

<sup>103</sup> Ex. 7 at SEC-Consultiva-E -0061263, 0061268.

and because of those assets' limited liquidity, paying redemptions will severely disadvantage non-redeeming investors.<sup>104</sup>

## V. MEMORANDUM OF LAW

### A. Standard for Obtaining An Asset Freeze Order

The Court may order an asset freeze “as a means of preserving funds for the equitable remedy of disgorgement.” *SEC v. ETS Payphones, Inc.*, 408 F.3d 727, 734 (11th Cir. 2005). The Commission’s “burden for showing the amount of assets subject to disgorgement (and, therefore available for freeze) is light: a reasonable approximation of a defendant’s ill-gotten gains” is all that is required. “Exactitude is not a requirement . . . .” *ETS Payphones*, 408 F.3d at 735 (citation and quotation omitted); *FTC v. IAB Marketing Associates, LP*, 746 F.3d 1228, 1234 (11th Cir. 2014). The Commission’s burden to demonstrate the potential for dissipation of funds is even lighter. *FTC v. IAB Marketing Associates, LP*, 972 F. Supp. 2d 1307, 1313 n.3 (S.D. Fla. 2013) (“There does not need to be evidence that assets will likely be dissipated in order to impose an asset freeze”) (internal citations omitted); *SEC v. Gonzalez de Castilla*, 145 F. Supp. 2d 402, 415 (S.D.N.Y. 2001) (“the SEC must demonstrate only . . . a concern that defendants will dissipate their assets . . .”).

The Court’s power to freeze assets extends to relief defendants. *See CFTC v. Walsh*, 618 F.3d 218, 225 (2d Cir. 2010); *SEC v. Cavanagh*, 155 F.3d 129, 136 (2d Cir. 1998); *CFTC v. International Berkshire Group Holdings, Inc.*, 2006 WL 3716390, \*10 (S.D. Fla. Nov. 3, 2006). A relief defendant is a party not charged with wrongdoing who nevertheless “possesses illegally obtained profits but has no legitimate claim to them.” *SEC v. Huff*, 758 F. Supp. 2d

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<sup>104</sup> Ex. 1, Ivory at ¶¶8, 10 and Ex. D; Ex. 2.

1288, 1362 (S.D. Fla. 2010), *aff'd on other grounds*, 455 F. App'x 882 (11th Cir. 2012) (unpublished). To obtain a freeze of a relief defendant's assets, the Commission "must demonstrate only that [it] is likely ultimately to succeed in disgorging the frozen funds." *Walsh*, 618 F.3d at 225.

The Commission's evidence in this case warrants entry of the requested asset freeze and other relief. The declarations, testimony transcripts, bank and brokerage records, marketing materials, and other exhibits attached to this motion demonstrate that Defendants are violating the antifraud provisions of the federal securities laws and, therefore, are liable to investors for disgorgement and unfit to ensure the return of investor funds.

**B. Defendants Violated the Antifraud Provisions of the Securities Laws**

**1. Misstatement Liability: Section 17(a)(2) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5(b) Thereunder**

Section 17(a)(2) of the Securities Act prohibits any person, in the offer or sale of a security, from directly or indirectly obtaining money or property by means of an untrue statement of a material fact or an omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading. A violation of Section 17(a)(2) can be shown by negligent conduct. *See Aaron v. SEC*, 446 U.S. 680, 701-02 (1980).

Section 10(b) of the Exchange Act and Rule 10b-5(b) prohibit the making of (1) a false statement or omission, (2) of material fact, (3) with scienter, (4) in connection with the purchase or sale of a security. *SEC v. Merchant Capital, LLC*, 483 F.3d 747, 766 (11th Cir. 2007). A fact is material if there is a "substantial likelihood that a reasonable [investor] would consider it important in deciding how to [invest]." *Basic Inc. v. Levinson*, 485 U.S. 224, 231

(1988); *Finnerty v. Stiefel Labs., Inc.*, 756 F.3d 1310, 1321 (11th Cir. 2014). The Eleventh Circuit has concluded scienter may be established by a showing of knowing misconduct or severe recklessness. *ZPR Inv. Mgmt. Inc. v. SEC*, 861 F.3d 1239, 1252 (11th Cir. 2017); *SEC v. Carriba Air Inc.*, 681 F.2d 1318, 1324 (11th Cir. 1982). For purposes of Rule 10b-5(b), the maker of a statement is the person or entity with ultimate authority over the statement, including its content and whether and how to communicate it. *See Janus Capital Group, Inc. v. First Derivative Traders*, 564 U.S. 135, 142 (2011).

**a. Defendants Made False Statements In Connection with the Purchase or Sale of Securities**

Investments into Kinetic Funds constitute investment contracts and, therefore, are securities. *See* 15 U.S.C. §§ 77b(a)(1), 78c(a)(10) (defining security to include investment contracts under the Securities Act and Exchange Act). Under *SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946), an investment contract exists if there is “(1) an investment of money, (2) a common enterprise, and (3) the expectation of profits to be derived solely from the efforts of others.” *SEC v. Unique Financial Concepts*, 196 F.3d 1195, 1199 (11th Cir. 1999). Here, investors provided Defendants with money for the purpose of investing in Kinetic Funds. Commonality exists because investors were passive, relying on Defendants’ purported skill in creating and managing a hedge fund that would generate income with little risk to principal. *Id.* (applying a standard of “broad” vertical commonality, requiring only a finding that investors’ fortunes were “inextricably tied to the efficacy of the [promoter].”). As for profits being derived “solely” from the efforts of others, “the focus is on the dependency of the investor on the entrepreneurial or managerial skills of a promoter or other party.” *SEC v. Merchant Capital, LLC*, 483 F.3d 747, 755 (11th Cir. 2007). This prong is satisfied because



Defendants retained total control over Kinetic Funds' profitability. All investors had to do was give Defendants their money and wait to receive income from their principal investment.

**b. Defendants Knowingly Made Material Misrepresentations**

Defendants told investors that KFYield would invest in U.S. listed financial products and hedge at least 90% of those holdings using listed options to ensure the safety and liquidity of investor capital. Contrary to Defendants' representations, KFYield assets were not invested in U.S. listed financial products, the KFYield portfolio was not 90% hedged with listed options, and KFYield did not remain liquid. Rather, Defendants transferred KFYield assets to Lendacy, which at Williams' direction, made "loans" to Williams, his entities, and other investors.

These misrepresentations were material. *See e.g., SEC v. Smart*, 678 F.3d.850, 857 (10th Cir. 2012) (the fact money was not being used as represented would be material to a reasonable investor). Instead of investing their funds as promised, Defendants used investor funds, to the tune of at least \$6.3 million, to purchase real estate, to pay-off a relative's mortgage, to cover operating expenses and to fund other business ventures, among other things.

Williams knew his representations were false because he directed the transfer of KFYield assets to Lendacy, and Lendacy's subsequent "loans" to himself and his entities.

**2. Scheme Liability: Sections 17(a)(1) and (3) of the Securities Act and Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder**

Defendants knowingly engaged in a scheme to defraud investors. Scheme liability under Sections 17(a)(1) and 17(a)(3) and Rule 10b-5(a) and (c) generally requires a showing that the defendant committed a manipulative or deceptive act in furtherance of the alleged scheme to defraud, with scienter (with respect to Section 17(a)(1) and Rules 10b-5(a) and (c))

or negligently (with respect to Section 17(a)(3)). *See SEC v. Morgan Keegan & Co., Inc.*, 678 F.3d 1233, 1244 (11th Cir. 2012). The language of these provisions is “expansive” and “capture a wide range of conduct.” *Lorenzo v. SEC*, 139 S. Ct. 1094, 1101-02 (2019). In *Lorenzo*, the Supreme Court recognized that there is “considerable overlap among the subsections of” Rule 10b-5 and Section 17(a), and thus the same underlying conduct may establish a violation of more than one subsection. *Id.* at 1101-02 (knowing dissemination of misrepresentations with an intent to deceive violates Rule 10b-5(a) and (c) and Section 17(a)(1)); *see also Malouf v. SEC*, 933 F.3d 1248, 1260 (10th Cir. 2019) (applying *Lorenzo* to Section 17(a)(3) because it “is virtually identical to Rule 10b-5(c)”).

Here, Williams engaged in a long-running scheme designed to deceive investors. Williams, as the sole person in control of Kinetic Group, not only made material misrepresentations and omissions to investors, but also controlled the relevant bank accounts, made preferential payments to redeeming investors based on false account values that he created, and misappropriated at least \$6.3 million of investor funds for his own personal enjoyment. *See SEC v. Zanford*, 535 U.S. 813, 821-22 (2002) (misappropriation of client’s securities for personal use states a claim for scheme to defraud). Williams’ scienter can be imputed to Kinetic Group. *SEC v. Manor Nursing Centers, Inc.*, 458 F.2d 1082, 1096 n.16 (2d Cir. 1972); *In re Sunbeam Sec. Litig.*, 89 F. Supp. 2d 1326, 1340 (S.D. Fla. 1999) (finding that the scienter of corporate officers is properly imputed to the corporation).

**C. Defendants Violated the Antifraud Provisions of the Advisers Act**

Defendants violated Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder because they acted as an investment adviser while misrepresenting and

omitting material facts and engaging in the fraudulent conduct discussed above. Section 202(a)(11) of the Advisers Act defines an “investment adviser” “as any person who, for compensation, engages in the business of advising others ... as to the value of securities or as to the advisability of investing in, purchasing, or selling securities.” This definition includes a general partner of a hedge fund or investment manager of a limited partnership, such as Kinetic Group, which manages a fund’s investments for compensation. *See Abrahamson v. Fleschner*, 568 F.2d 862, 869-70 (2d Cir. 1977). Williams carried out Kinetic Group’s responsibilities as investment adviser and made certain of the investment decisions for Kinetic Funds for a 1% management fee. Therefore, Williams meets the definition of an “investment adviser.” *See In the Matter of John J. Kenny*, Advisers Act Rel. No. 2128, 2003 WL 21078085, \*17 n.54 (May 14, 2003).

The Supreme Court has held the Advisers Act establishes a statutory fiduciary duty for investment advisers to act for the benefit of their clients. *Transamerica Mortgage Adviser, Inc. v. Lewis*, 444 U.S. 11, 17 (1979). An adviser’s fiduciary duties include “an affirmative duty of utmost good faith, and full and fair disclosure of all material facts.” *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 191-94 (1963). The duty to disclose all material information is intended “to eliminate, or at least expose, all conflicts of interest which might incline an investment adviser –consciously or unconsciously – to render advice which was not disinterested.” *Id.* at 191-92. The existence of a conflict of interest is a material fact which an investment adviser must fully and fairly disclose to its client, so the client can understand the conflict and have a basis to consent to the conflict or reject it. *Id.*

**1. Scheme Liability: Sections 206(1) and 206(2) of the Advisers Act**

Section 206(1) of the Advisers Act prohibits any investment adviser from, directly or indirectly, employing any device, scheme or artifice to defraud any client or prospective client. Section 206(2) of the Advisers Act prohibits any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client. Scienter is required for a violation of Section 206(1), but not for Section 206(2). *See Capital Gains*, 375 U.S. at 184, 191-92

Defendants violated Sections 206(1) and 206(2) of the Advisers Act. They misappropriated and misused investor funds to make purported loans to Williams and others, to fund Williams' other business ventures and to cover operating costs. In addition, Defendants failed to disclose conflicts of interest, namely, that Williams diverted investor funds into Lendacy, an entity owned by him, and then directed Lendacy to make unsecured "loans" funded with KFYield assets to himself.

**2. Misstatement Liability: 206(4) of the Advisers Act and Rule 206(4)-8 thereunder**

Section 206(4) of the Advisers Act, modeled on Sections 206(1) and (2) thereof, prohibits an investment adviser from, directly or indirectly, engaging in any act, practice, or course of business which is fraudulent, deceptive, or manipulative. Rule 206(4)-8 defines such prohibited conduct. Under the Rule, advisers to "pooled investment vehicles," which include hedge funds such as Kinetic Funds, violate Section 206(4) if they make false or misleading statements to investors or prospective investors in those pools or otherwise defraud investors or prospective investors. *Prohibition of Fraud by Advisers to Certain Pooled Investment*

*Vehicles* (SEC Rel. No. IA-2628, 2007 WL 2239114, \*3 Aug. 9, 2007). Scienter is not required – conduct that is negligently, recklessly, or deliberately deceptive is sufficient. *Id.* at \*5.

Defendants violated Section 206(4) of the Advisers Act and Rule 206(4)-8 by misrepresenting and omitting material facts concerning the use of investor funds. As discussed above, Defendants stated that KFYield would invest in U.S. listed financial products and hedge at least 90% of those holdings using listed options to ensure the safety and liquidity of investor capital. Defendants instead diverted a substantial portion of KFYield assets to Williams’ start-up venture Lendacy, which proceeded to make purported loans to Williams, his entities and other investors.

**D. Disgorgement is an Appropriate Remedy**

Disgorgement is warranted because Defendants, directly and indirectly through Relief Defendants, misappropriated at least \$6.3 million from investors as detailed above. *SEC v. Monterosso*, 756 F.3d 1326, 1337 (11th Cir. 2014) (“Disgorgement is an equitable remedy intended to prevent unjust enrichment.”); *CFTC v. Gresham*, 2012 WL 1606037, \*3 (N.D. Ga. May 7, 2012) (““An individual may be a proper relief defendant even if she does not possess the actual ill-gotten gains if she previously received benefits that were derived from another person’s unlawful conduct.””) (quoting *SEC v. Aragon Capital Advisors, LLC*, 2011 WL 3278907, \*18 (S.D.N.Y. July 26, 2011)).

These “reasonable approximation[s] of the defendant[s]’ unlawfully acquired assets . . . shift[] [the burden] to the defendants to demonstrate the SEC’s estimate is not reasonable.” *SEC v. Levin*, 849 F.3d 995, 1006 (11th Cir. 2017). The Commission need not trace a defendant’s ill-gotten gains to assets currently possessed. *See FTC v. Leshin*, 719 F.3d 1227,

1234 (11th Cir. 2013) (“[A] disgorgement order establishes a personal liability, which the defendant must satisfy regardless whether he retains the proceeds of his wrongdoing.”) (citation and quotation omitted); *SEC v. Lauer*, 445 F. Supp. 2d 1362, 1369 (S.D. Fla. 2006) (“[D]isgorgement is an equitable obligation to return a sum equal to the amount wrongfully obtained, rather than a requirement to replevy a specific asset . . . .”) (citation and quotation omitted), *aff’d*, 240 F. App’x 355 (11th Cir. 2007).

**E. A Total Asset Freeze is Appropriate**

The Court should freeze Defendants’ assets to ensure that a disgorgement award can be satisfied and to prevent further dissipation of investor funds. A total asset freeze is warranted when the assets to be frozen are worth less than the likely disgorgement award. *See SEC v. Lauer*, 478 F. App’x 550, 554 (11th Cir. 2012) (unpublished) (“[I]f potential disgorgement is greater than the value of the defendant’s assets, the district court can order a full asset freeze.”); *ETS Payphones*, 408 F.3d at 735-36 (affirming order that “froze all of [defendant’s] assets” when estimated disgorgement and value of frozen assets were comparable); *see also FTC v. RCA Credit Services, LLC*, 2008 WL 5428039, \*4 (M.D. Fla. Dec. 31, 2008) (defendants “may not use their victims’ assets to hire counsel to help them retain the fruits of their violations”).

Williams owns a residence in Puerto Rico (bought with investor funds) and recently received a substantial payment from a business venture.<sup>105</sup> However, the Commission is not aware of Williams or Kinetic Group owning assets worth the \$6.3 million disgorgement

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<sup>105</sup> The freeze on the real estate should place no hardship on Williams: the order would simply prevent him from selling or granting a mortgage on the property.

amount.

Furthermore, the Court should freeze the assets of Relief Defendants because they received investor capital transferred from Kinetic Funds. They thus will likely be subject to a disgorgement order as well because they lack any legitimate claim to the funds they received. *Walsh*, 618 F.3d at 226; *SEC v. George*, 426 F.3d 786, 798 (6th Cir. 2005). A contrary conclusion “would allow almost any defendant to circumvent the SEC’s power to recapture fraud proceeds, by the simple procedure of giving [assets] to friends and relatives.” *SEC v. Cavanagh*, 155 F.3d 129, 137 (2d Cir. 1998). A freeze also would prevent the possibility of further dissipation of assets. Williams maintains control over Relief Defendants and their bank accounts. Absent a freeze, Williams would have the opportunity to remove Relief Defendants’ ill-gotten assets, thereby depriving investors of funds that rightfully belong to them.

**F. Sworn Accounting**

In its Complaint, the Commission seeks disgorgement orders against all Defendants and Relief Defendants. Sworn accountings by Defendants and Relief Defendants are necessary to enable the Commission and the Court to more precisely determine the amounts Defendants have raised, spent, and transferred to Relief Defendants in perpetration of their fraud, and to better identify the amount of Defendants’ and Relief Defendants’ unjust enrichment as well as the assets available for disgorgement. *See SEC v. Lybrand*, 2000 WL 913894, \*12 (S.D.N.Y. July 6, 2000).

**G. An Order Prohibiting Destruction of Records**

An Order against Defendants prohibiting the destruction of records is warranted to prevent the destruction of documents before this Court can adjudicate the Commission’s

claims, and to ensure that whatever equitable relief might ultimately be appropriate is available.

*SEC v. Shiner*, 268 F. Supp. 2d 1333, 1345-46 (S.D. Fla. 2003).

**H. Expedited Deposition of Williams**

If Williams intends to testify during the hearing on this motion, the Commission requests an Order directing Williams to appear for deposition before the Commission at least three (3) business days prior to the hearing.

**VI. CONCLUSION**

For the reasons set forth above, the Commission requests that the Court grant the Commission's Emergency Motion for Asset Freeze and Other Relief and enter the Commission's proposed order.



February 20, 2020

Respectfully submitted,

By: /s/ Christine Nestor & Stephanie N. Moot

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**DECLARATION OF CRYSTAL C. IVORY**

Pursuant to 28 U.S.C. § 1746, the undersigned states as follows:

**I. INTRODUCTION**

1. My name is Crystal C. Ivory. I am over twenty-one years of age and have personal knowledge of the matters set forth herein.
2. I am a certified public accountant, licensed by the State of Florida since 2007. I am currently employed as a Senior Staff Accountant by the Securities and Exchange Commission (“Commission”), Division of Enforcement, in the Miami Regional Office.
3. I provide this declaration in support of the Commission’s emergency civil action against Kinetic Investment Group, LLC and Michael S. Williams (“Williams”). As part of my duties as an accountant with the Commission, as further described in the below paragraphs, I was asked to perform the following:
  - a. determine the total cash held in BMO Harris Bank accounts in the name of Kinetic Funds I, LLC (“Kinetic Funds”) and KCL Services, LLC (“KCL”) as of October 31, 2019;
  - b. determine the total outstanding Lendacy loan balance as of October 2019;
  - c. determine the total net asset value for the Interactive Broker LLC’s Kinetic Funds master account XXXX8796 as of October 31, 2019;
  - d. determine the total number of investors and investor proceeds received by Kinetic Funds from January 2013 through October 31, 2019, and Williams’ total investment into Kinetic Funds;
  - e. determine the percentage of investor assets held in the KFYield fund;

- f. identify and determine the total amount of funds transferred from Kinetic Funds to KCL;
- g. identify and determine the total payments made to Silexx Financial Systems, LLC between January 2015 and October 2017;
- h. identify and determine the total payments made to Margery J. King; and
- i. trace and agree a list of specified transactions to Kinetic Funds or KCL bank records.

## **II. DOCUMENTS REVIEWED**

- 4. As part of my analysis, I reviewed the following materials:
  - a. business checking account number XXXXXX4255 in the name of Kinetic Funds at BMO Harris Bank for the period January 2015 through October 2019;
  - b. business checking account number XXXXXX8676 in the name of KCL at BMO Harris Bank for the period January 2015 through October 2019;
  - c. business checking account number XXXXXX1081 in the name of KCL at BMO Harris Bank for the period January 2015 through October 2019;
  - d. the “KF Transactions” tab of a spreadsheet entitled, “Copy of Monthly transactions – Kinetic Funds I, LLC” produced to the Commission on November 21, 2019 (EXHIBIT A);
  - e. a report from Lendacy as of October 2019 reflecting purported loans and amounts outstanding produced to the Commission on October 8, 2019 (EXHIBIT B);

- f. an Interactive Brokers, LLC Activity Statement for the Kinetic Funds Master account number XXXX8796 as of October 31, 2019 produced to the Commission on December 6, 2019 (EXHIBIT C);
- g. Investor Statements as of January 2019 produced to the Commission on May 31, 2019 (EXHIBIT D); and
- h. a printed spreadsheet showing transfers to Williams produced to the Commission on May 20, 2019 (EXHIBIT E).

### **III. ANALYSIS**

#### **A. Asset Balances as of October 2019**

5. Based on my review of the BMO Harris Bank account statements, as illustrated in the table below, the total cash balance as of October 31, 2019 is approximately \$5.6 million:

<b>Account Number</b>	<b>Account Name</b>	<b>Balance as of 10/31/2019</b>
XXXXXX4255	Kinetic Funds I	\$5.6 million
XXXXXX8676	KCL Services	\$32 thousand
XXXXXX1081	KCL Services	\$3 thousand
<b>Total</b>		<b>\$5.6 million</b>

- 6. Based on my review of the Lendacy report included as EXHIBIT B, total outstanding loans is approximately \$12.6 million as of October 2019.
- 7. Based on my review of the Interactive Brokers statements included as EXHIBIT C, the total net asset value is approximately \$10.5 million for the Kinetic Funds master account XXXX8796 as of October 31, 2019.
- 8. Based on my review of the aforementioned BMO Harris Bank account statements for Kinetic Funds and KCL accounts, EXHIBIT B, and EXHIBIT C, I computed total assets of approximately \$28.7 million as of October 2019.

**B. Investors and Investor proceeds**

9. Based on my review of the KF Transactions tab of the Monthly Transactions spreadsheet included as EXHIBIT A, total investor proceeds is approximately \$39 million from about 30 investors between January 2013 and June 2019. To identify investors and investor proceeds, I reviewed Exhibit A for deposits with comments such as “account opening”, “new account”, “new client”, “investment”, “additional investment”, and/or “KFYield”. Included in total proceeds are two deposits totaling approximately \$1.6 million from “Michael Williams”.

10. Based on my review of Investor Statements included as EXHIBIT D, I noted at least four funds: KFYIELD, KFGRWTH, KFINFLT, and KFGOLDS and one other category labelled “Other Investments”. Based on the market values reported on the statements (Exhibit D), the total market value for the four aforementioned funds is approximately \$39 million as of January 2019, of which about 98% was held in the KFYield fund.

**C. Transfers and Payments**

11. Based on my review of the BMO Harris Bank statements for the Kinetic Funds and KCL accounts, approximately \$9.1 million (net) was transferred from the Kinetic Funds bank account ending in 4255 to KCL bank accounts ending in 8676 and 1081 between January 2015 and September 2019, as follows:

	<b>KCL 8676</b>	<b>KCL 1081</b>	<b>Total</b>
Outflows from Kinetic Funds to KCL	\$10.3 million	\$725 thousand	\$11 million
Inflows from KCL to Kinetic Funds	(\$1.9 million)	-	(\$1.9 million)
<b>Net Transfers from Kinetic Funds to KCL</b>	<b>\$8.4 million</b>	<b>\$725 thousand</b>	<b>\$9.1 million</b>

12. Based on my review of the BMO Harris Bank statements for the Kinetic Funds and KCL accounts, approximately \$31 thousand in payments were made to Silexx Financial Systems, LLC from the Kinetic Funds bank account ending in 4255 between January 2015 and October 2017, as follows:

	<b>Bank Stmt Date</b>	<b>Check Payee</b>	<b>Check Amount</b>
1	11/30/2016	Silexx Financial Systems, LLC	(2,200)
2	12/31/2016	Silexx Financial Systems, LLC	(2,200)
3	1/31/2017	Silexx Financial Systems, LLC	(2,200)
4	2/28/2017	Silexx Financial Systems, LLC	(3,800)
5	3/31/2017	Silexx Financial Systems, LLC	(2,200)
6	4/30/2017	Silexx Financial Systems, LLC	(2,742)
7	5/31/2017	Silexx Financial Systems, LLC	(2,600)
8	6/30/2017	Silexx Financial Systems, LLC	(2,600)
9	7/31/2017	Silexx Financial Systems, LLC	(2,539)
10	8/31/2017	Silexx Financial Systems, LLC	(2,531)
11	9/30/2017	Silexx Financial Systems, LLC	(2,531)
12	10/31/2017	Silexx Financial Systems, LLC	(2,731)
<b>Total Payments to Silexx</b>			<b>(30,872)</b>

13. Based on my review of the BMO Harris Bank statements for the Kinetic Funds and KCL accounts, one payment was made to Margery J. King in May 2015 for approximately \$37 thousand from the KCL account ending in 8676.

**D. Specified Transactions**

14. Using the transaction details from the BMO Harris Bank account statements for the Kinetic Funds and KCL accounts and the list of transfers included as EXHIBIT E, I traced and agreed approximately \$6.3 million in transfers in EXHIBIT E to bank records. The following transfers were traced and agreed to the bank records using transaction details such as the transaction date, amount, payee, and transaction type (e.g. wire, internal transfer, etc.):

Excerpt of Transactions from Exhibit E				
Date	Transaction Type	Amount	Credit to	Description
3/23/2017	Wire	\$ 250.00	Williams	PH Purchase
3/23/2017	Wire	\$ 90,000.00	Williams	PH Purchase
3/23/2017	Wire	\$ 1,422,325.50	Williams	PH Purchase
<b>Subtotal PH Purchase</b>		<b>\$ 1,512,575.50</b>		
5/4/2018	Wire	\$ 2,676,564.36	Scipio, LLC	Banco Espanol Purchase
5/4/2018	Wire	\$ 78,435.64	Scipio, LLC	Banco Espanol Purchase
<b>Subtotal Banco Espanol Purchase</b>		<b>\$ 2,755,000.00</b>		
9/28/2018	Dep	\$ 550,000.00	Trans from Kinetic Funds to SOL COOP to open Kinetic International LLC accounts	
<b>Subtotal Paid to SOL COOP</b>		<b>\$ 550,000.00</b>		
1/14/2019	Internal Transfer	\$ 500,000.00	Paid to Kinetic International from \$1M transfer from KFYield	Cover ISX Development Expenses
3/8/2019	Internal Transfer	\$ 185,000.00	Paid to Kinetic International from \$1M transfer from KFYield	Kinetic Financial Summit Expenses (AMEX)
4/16/2019	Internal Transfer	\$ 150,000.00	Paid to Kinetic International from \$1M transfer from KFYield	To pay outside contractors...
<b>Subtotal Paid to Kinetic Internal</b>		<b>\$ 835,000.00</b>		
2/11/2019	Wire	\$ 60,000.00	Paid to El Morro Financial from \$1M transfer from KFYield	Cover PR Office February Operations
2/19/2019	Wire	\$ 150,000.00	Paid to El Morro Financial from \$1M transfer from KFYield	Kinetic Financial Summit Expenses
2/25/2019	Wire	\$ 175,000.00	Paid to El Morro Financial from \$1M transfer from KFYield	Kinetic Financial Summit Expenses
3/8/2019	Wire	\$ 120,000.00	Paid to El Morro Financial from \$1M transfer from KFYield	Kinetic Financial Summit Expenses
3/8/2019	Wire	\$ 60,000.00	Paid to El Morro Financial from \$1M transfer from KFYield	Cover PR Office March Operations
<b>Subtotal Paid to El Morro</b>		<b>\$ 565,000.00</b>		
4/3/2019	Wire	\$ 50,000.00	Paid to LF42 by direction of MW	No reason given - just told to transfer...
4/16/2019	Wire	\$ 50,000.00	Paid to LF42 by direction of MW	Said he had invoices to pay add to ISX credit line
<b>Subtotal Paid to LF42</b>		<b>\$ 100,000.00</b>		
<b>Total</b>		<b>\$ 6,317,575.50</b>		

I declare under penalty of perjury that the foregoing is true, correct and made in good faith.

Executed on this 20<sup>th</sup> day of February, 2020.

  
Crystal Ivory

# EXHIBIT A



←

Info

New

Open

Save

Save As

Save as Adobe PDF

Print

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Publish

Close

Account

Options

Copy of Monthly transactions - Kinetic Funds I, LLC (6) - Excel

Info

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Copy of Monthly Transactions - Kiretic Funds I, LLC

Date	Account #	DEP / WD	FIRM	Names	Check #	Amount	Comments
	589		KF	John Symmes		\$ 30,000.00	into his Gemini fund
05/10/13	58		KF	Julie Maurer		\$ 1,630.00	check from Vantage rollover
07/11/13	new	Deposited	KF	Eddie Ball		\$ 250,000.00	came into KF was transferred into KCL and wired 135,677.06 American Trust FSB on 7/16/2013
07/11/13	302		KF			\$ 1,663.00	outgoing wire
07/23/13	472	Withdrawal	KF	Gamburd		\$ 76,900.46	\$113,501.00 zero out on investment account 61398 loan paid of \$34,708.00 a check amount \$76,800.45
08/07/13	gold	Withdrawal	KF		wire	\$ 84,555.53	John Maben Rare Coin
08/13/13	Fogarty	Withdrawal	KF	Fogarty		\$ 246.00	overage wire
08/26/13	620	Cash out	KF	Haddow	10500	\$ 80,111.00	paid via check \$10500 in the amt of \$10,111.00
09/05/13		Withdrawal	KF	Haddow		\$ 10,111.00	payoff
09/09/13		Withdrawal	KF	Gold		\$ 23,658.00	John Maben Rare Coin
09/12/13		Withdrawal	KF	Fogarty		\$ 1,738.00	overage wire
09/16/13		Deposit	KF	Sorochinsky		\$ 200,000.00	Investment into the fund
09/20/13		Deposit	KF	Cell		\$ 225,000.00	Investment into the fund
09/22/13		Deposit	KF	Frey Financial - gold		\$ 2,850.00	contribution to gold
10/10/13		Withdrawal	KF	Gold		\$ 9,592.20	John Maben Rare Coin
10/10/13		Withdrawal	KF	Haddow		\$ 3,000.00	Allianz Life Insurance
10/15/13		Withdrawal	KF	Gold		\$ 4,443.00	John Maben Rare Coin
10/17/13		Deposit	KF	Gold purchase not assigned to any investor		\$ 12,493.20	payment for Gold & Silver by Frey and Specter
11/08/13	Pensco Trust	Withdrawal	KST	Gamburd	511	\$ 8,500.00	Return of Profits
11/19/13	Pensco Trust	Withdrawal	KST	Gamburd	513	\$ 400.00	Return of Profits
12/06/13		Withdrawal	KF	Fogarty		\$ 2,325.00	overage wire
01/06/14	106	Deposit	KF	Eaves		\$ 650,000.00	New client
01/06/14	472	Withdrawal	KF	Fogarty		\$ 1,090.00	outgoing wire to Wells Fargo
01/08/14		Withdrawal	KF			\$ 51,180.00	Outgoing wire to Chase FBO LP. Voortman Corporation
01/10/14		Withdrawal	KF	Haddow	10502	\$ 3,000.00	Check issued payable to Allianz Life Ins. FBO Policy # 66287
01/14/14	Pensco Trust	Withdrawal	KF	Gamburd		\$ 185,714.00	Outgoing wire - zero out thru Pensco from KST
01/22/14		Withdrawal	KF			\$ 150,000.00	Transfer to KF (werbin wire)
01/24/14		Withdrawal	KF			\$ 175,000.00	transfer to KF (Eaves wire)
02/11/14	96-2	Deposit	KF	EMS Sorochinsky		\$ 230,000.00	
02/12/14		Withdrawal	KF	EMS Sorochinsky		\$ 230,000.00	230k in Defined Benefit Plan - 230K out of 401(k)
03/07/14		Withdrawal	KF	Jon Fogarty		\$ 1,033.00	Outgoing wire for February Fees
04/02/14		Deposit	KF	Rotterdam		\$ 20,000.00	Account opening
04/04/14		Withdrawal	KF	Fogarty		\$ 631.74	overage wire
04/04/14	530	Withdrawal	KF	Haddow		\$ 3,000.00	Allianz Life Insurance
05/09/14	Fogarty	Withdrawal	KF	Fogarty		\$ 297.00	Overage wire
07/08/14	620	Withdrawal	KF	Haddow	10503	\$ 3,000.00	Allianz Life Insurance
08/12/14	Fogarty	Withdrawal	KF	Jon Fogarty		\$ 4,246.00	Wire
09/04/14		Deposit	KF	Mary Wiecek		\$ 16,000.00	IRA
09/04/14		Deposit	KF	Glenn Wiecek		\$ 41,000.00	Roth
09/04/14		Deposit	KF	Mary Wiecek		\$ 49,000.00	Roth
09/04/14		Deposit	KF	Glenn Wiecek		\$ 289,000.00	IRA
09/05/14		Deposit	KF	Glenn & Mary Wiecek		\$ 130,000.00	
09/09/14		Withdrawal	KF	Jon Fogarty		\$ 3,529.00	overage wire
09/12/14		Deposit	KF	Jonnie Dwyer		\$ 95,000.00	Account opening
09/12/14		Deposit	KF	Jon Fogarty		\$ 107,000.00	
09/23/14		Withdrawal	KF	Rotterdam		\$ 19,500.00	
10/07/14	620	Withdrawal	KF	Check issued to Allianz Life Insurance		\$ 3,000.00	FBO Haddow
11/13/14		Deposit	KF	Todd Berardell		\$ 62,000.00	Account funding
11/18/14	472	Withdrawal	KF	Jon Fogarty		\$ 2,080.00	Overage wire
11/09/14		Withdrawal	KF	Jon Fogarty		\$ 544.00	Overage wire
12/23/14		Deposit	KF	Sorochinsky		\$ 230,000.00	
12/29/14		Withdrawal	KF	Sorochinsky		\$ 522,480.00	
01/12/15	Haddow	Withdrawal	KF	Check issued to Allianz Life Insurance		\$ 3,000.00	FBO Haddow
NO KF ACTIVITY FOR FEB 2015							
03/27/15	Rotterdam	Withdrawal	KF	Rotterdam		\$ 500.00	Account closing



Copy of Monthly transactions - Kinetic Funds I, LLC

Date	Account #	DEP / WD	FIRM	Names	Check #	Amount	Comments
04/07/15	████407	Deposit	KF	Fred and Mary Lang		\$ 390,546.48	Account opening
04/15/15	Fogarty	Withdrawal	KF	Jon Fogarty		\$ 3,762.00	Overage wire
04/17/15	Haddow	Withdrawal	KF	Haddow		\$ 3,000.00	Allianz Life Insurance
04/24/15	████323	Deposit	KF	Michelle S'va		\$ 109,000.00	
05/04/15		Deposit	KF	Michael Williams		\$ 665,000.00	Account opening
NO KF ACTIVITY FOR JUNE 2015							
6/30/2015 (JULY)		Withdrawal	KF	Jon Fogarty		\$ 323.00	Overage wire
07/08/15	Haddow	Withdrawal	KF	Haddow		\$ 3,000.00	Allianz Life Insurance
08/14/15	████106	Deposit	KF	Rodney Eaves		\$ 220,000.00	Create new statement with new account #1401068 (non qualified - using dividend to make Lendacy payment QTRLY)
NO KF ACTIVITY FOR SEPT 2015							
10/02/15	████107	Withdrawal	KF	Bruce Foster		\$ 100,000.00	KF Yield redemption FBO Bruce Foster
10/05/15	Haddow	Withdrawal	KF	Haddow		\$ 3,000.00	Allianz Life Insurance
10/16/15	████02015	Deposit	KF	F. Scott Corbett, MD		\$ 650,000.00	Account opening
10/26/15	████106	Deposit	KF	Rodney Eaves		\$ 35,211.00	Additional investment for KF Yield
11/11/15	████123		KF	Michelle Silva			Michelle wants to change her address on the statement to ██████████ Sarasota, FL ██████████
12/07/15	████22015	Deposit	KF	Patricia Reynolds		\$ 500,000.00	Account opening
12/09/15	████93 █████96-1		KF	Lenny Werbin			Please change ██████████ Werbin's address to ██████████ Cove, NV ██████████ for ALL his statements
12/09/15	████299		KF	Michael Sinski			Please change ██████████ Sinski's address to ██████████ Sarasota, FL ██████████ for ALL his statements
01/04/15	████901-E	Withdrawal	KF	Wiecek		\$ 133,684.00	KF Yield redemption
01/15/16	████1019	Deposit	KF	F. Scott Corbett, MD		\$ 279,009.04	Additional investment for KF Yield
03/11/16	████1201		KF	Pareyn			Please change name from ██████████ Reynolds per ██████████ and ██████████ They want it to say ██████████ for the Lendacy statements only
04/12/16	████12016	Deposit	KF	Larry Casey		\$ 81,000.00	Account opening - Qualified Funds from his IRA
04/15/16		Withdrawal	KF	Silverman		\$ 625,392.00	Account closing
04/15/16		Withdrawal	KF	Haddow		\$ 3,000.00	Allianz Life Insurance
05/05/16	████12016	Deposit	KF	Antonio Luis Ferre		\$ 725,000.00	Account opening
06/10/16	████1118	Deposit	KF	Larry Casey		\$ 15,500.00	Account opening - Personal account
07/12/16	████0712	Deposit	KF	Angelo Diaz-Gonzalez		\$ 110,000.00	Account opening - Personal account
07/12/16	████07128	Deposit	KF	Angelo Diaz-Gonzalez & Brenda Santos-Rivera		\$ 25,000.00	Account opening - Personal account/joint account with wife
07/15/16	Haddow	Withdrawal	KF	Haddow		\$ 3,000.00	Allianz Life Insurance
07/22/16	████1113	Deposit	KF	Todd Berardelli		\$ 40,000.00	Additional investment for KF Yield
07/29/16	████0301	Withdrawal	KF	Jon Fogarty		\$ 10,000.00	Partial Dividend Payment
07/30/16	████1019		KF	F. Scott Corbett, MD			Please change address to ██████████ Sarasota, FL ██████████
08/12/16	████0411	Deposit	KF	Larry Casey		\$ 47,888.98	Additional investment for KF Yield
08/22/16	████1601	Deposit	KF	Larry Casey		\$ 47,000.00	Additional investment for KF Yield - Personal Account-8/26 CHECK BOUNCED. Check is from a closed account DO NOT ADD this 47K to account only the 48K BELOW
08/31/16	████1601	Deposit	KF	Larry Casey		\$ 48,000.00	Additional investment for KF Yield - Personal Account
09/06/16	████1906	Deposit	KF	Dianne Casey		\$ 23,781.58	Account Opening for Dianne Casey
10/14/16	████1302	Withdrawal	KF	Bruce Foster		\$ 175,000.00	Partial KFYIELD Redemption
10/14/16	Haddow	Withdrawal	KF	Haddow		\$ 3,000.00	Allianz Life Insurance
11/02/16	████1106	Deposit	KF	Rodney L. Eaves		\$ 225,000.00	Additional investment for KFYIELD (his Non-Qualified account)
11/14/16	████1306	Withdrawal	KF	Sandra Kadota		\$ 20,000.00	KFYIELD redemption
11/29/16	████1129	Deposit	KF	AEELA		\$ 500,000.00	Account Opening - KFYIELD - Please create statement showing balance (for Nov statements going out in Dec)
11/30/16	████10106	Withdrawal	KF	Rodney L. Eaves		\$ 1,457.00	██████████ is using 50% of his dividends to pay down his credit line with Lendacy. Please withdraw from his Non-Qualified Account



Copy of Monthly transactions - Kinetic Funds I, LLC

Date	Account #	DEP / WD	FIRM	Names	Check #	Amount	Comments
12/07/16	1207	Deposit	KF	State Insurance Fund Corporation of the Commonwealth of		\$ 15,000,000.00	Account Opening - KFYIELD
12/09/16	1209	Deposit	KF	ACAA		\$ 2,000,000.00	Account Opening - KFYIELD
12/19/16	0901	Withdrawal	KF	Dianne Casey		\$ 900.00	KFYIELD redemption from her IRA account
12/21/16	0106	Withdrawal	KF	Rodney L. Eaves		\$ 1,266.50	is using 50% of his dividends to pay down his credit line with Lendacy. Please withdraw from his Non-Qualified Account
01/17/17	Haddow	Withdrawal	KF	Haddow		\$ 3,000.00	Allianz Life Insurance
01/17/17	1201	Withdrawal	KF	Patricia Reynolds		\$ 154,606.00	Account closed, final distribution amount. Paid off Lendacy line
01/31/17	0106	Withdrawal	KF	Rodney L. Eaves		\$ 3,018.00	is using 50% of his dividends to pay down his credit line with Lendacy. Please withdraw from his Non-Qualified Account
02/07/17	0201	Deposit	KF	Samuel Padilla Rosa		\$ 450,000.00	Account Opening - KFYIELD
02/09/17	0202	Deposit	KF	FMB 1, LLC		\$ 1,000,000.00	Account Opening \$900,000 KFYIELD; \$100,000 KFFVALUE
02/27/17	0106	Withdrawal	KF	Rodney Eaves		\$ 741.17	is using 50% of his dividends to pay down his credit line with Lendacy. Please withdraw from his Non-Qualified Account
03/09/17	0701	Deposit	KF	Angelo Diaz-Gonzalez		\$ 10,000.00	Additional investment for his personal account - KFYIELD
03/20/17	0701	Deposit	KF	Angelo Diaz-Gonzalez		\$ 7,000.00	Additional investment for his personal account - KFYIELD
04/07/17	0423	Withdrawal	KF	Vantage FBO Michelle Silva, IRA		\$ 90,000.00	KFYIELD redemption
04/15/17	Haddow	Withdrawal	KF	Haddow		\$ 3,000.00	Allianz Life Insurance
04/30/17	0103 & 0110		KF	Werbin			Please change Werbin's address to [redacted] Austin, TX [redacted] ALL his statements
05/01/17	0501	Deposit	KF	Plan de Pensiones Ministerial, Inc.		\$ 500,000.00	Account Opening - KFYIELD, Client address [redacted] San Juan, PR [redacted]
05/19/17	0423	Deposit	KF	Vantage FBO Michelle Silva, IRA		\$ 90,000.00	KFYIELD - Paid back 90k that was withdrawn on 4/7/17
05/30/17		Withdrawal	KF	Padilla		\$ 1,738.64	Interest Payment to KCL-record as cash transaction and reinvest remaining dividend
06/02/17	0701	Deposit	KF	Angelo Diaz Gonzalez		\$ 20,000.00	Additional investment for his personal account - KFYIELD
06/16/17	0202	Withdrawal	KF	FMB 1, LLC		\$ 4,483.73	Dividend Withdrawal May 2017 (reflected on May 2017 statement)
06/29/17	0106	Withdrawal	KF	Sinski		\$ 2,100.00	Dividend Withdrawal end of 2nd quarter 2017 (reflected on June 2017 statement)
06/30/17	0201	Withdrawal	KF	Padilla		\$ 721.07	Interest Payment to KCL-record as cash transaction and reinvest remaining dividend
07/14/17	Haddow	Withdrawal	KF	Haddow		\$ 3,000.00	Allianz Life Insurance
07/17/17	0101	Withdrawal	KF	Vantage FBO Sandra Kadotani, IRA		\$ 20,205.00	KFYIELD redemption
07/17/17	0201	Withdrawal	KF	Vantage FBO Bruce Foster, IRA		\$ 160,000.00	KFYIELD redemption
07/21/17	02101	Deposit	KF	Ehret Inc., Pre Need		\$ 500,000.00	Account Opening - KFYIELD, Address [redacted] San Juan, PR [redacted]
07/26/17	0202	Withdrawal	KF	FMB 1, LLC		\$ 5,822.86	Dividend Withdrawal from June 2017 statement (reflected on June 2017 statement)
07/28/17	0201	Withdrawal	KF	Padilla		\$ 747.61	Interest Payment to KCL-record as cash transaction and reinvest remaining dividend
08/25/17	0202	Withdrawal	KF	FMB 1, LLC		\$ 5,403.21	Dividend Withdrawal from July 2017 statement (reflected on July 2017 statement)
08/30/17	0423		KF	Vantage FBO Michelle Silva, IRA			Address Change: Please change Silva's address to [redacted] Sarasota, FL [redacted]
08/30/17	0201	Withdrawal	KF	Padilla			100% of his dividends will pay his Lendacy CL
09/30/17	0106	Withdrawal	KF	Sinski		\$ 2,100.00	Dividend withdrawal end of 3rd quarter 2017 (reflected on Sept statement)
10/15/17	Haddow	Withdrawal	KF	Haddow		\$ 3,000.00	Allianz Life Insurance
10/13/17	0901	Withdrawal	KF	Vantage FBO Dianne Casey, IRA		\$ 1,000.00	Dianne took a \$1000 withdrawal for her IRA
11/28/17	Haddow	Withdrawal	KF	Haddow		\$ 3,000.00	Allianz Life Insurance
01/02/18	0106	Withdrawal	KF	Sinski		\$ 2,100.00	Dividend withdrawal end of 4th quarter 2017 (reflected on March statement)
02/06/18	0301	Deposit	KF	Jon Fogarty		\$ 115,000.00	Additional investment for his account
02/20/18	0701	Deposit	KF	Angelo Diaz-Gonzalez		\$ 160,000.00	Additional investment for his personal account - KFYIELD
03/08/18	0701	Deposit	KF	Angelo Diaz Gonzalez		\$ 50,000.00	Additional investment for his personal account - KFYIELD
03/26/18	0601		KF	Larry Casey			Will use 100% of his dividends to pay down his Lendacy credit line. Please withdraw from his non-qualifying account.



Copy of Monthly Transactions Kinetic Funds I, LLC

Date	Account #	DEP / WD	RRM	Names	Check #	Amount	Comments
03/31/18	0106	Withdrawal	KF	Sinski		\$ 2,100.00	Dividend withdrawal end of 1st quarter 2018
04/10/18	0501	Deposit	KF	Plan de Pensiones Ministerial, Inc.		\$ 300,000.00	Additional investment for their account - KFYIELD
04/17/18	0202		KF	FMB 1, LLC			Address Change. Please change FMB1's address to [REDACTED] Guaynabo, PR [REDACTED]
04/26/18	2101	Deposit	KF	Ehret Inc., Pre Need		\$ 1,165,000.00	Additional investment for their account - KFYIELD (reflected on JUNE statement)
05/03/18	0504	Deposit	KF	Michael Williams		\$ 1,500,000.00	Additional investment for KFYIELD
05/09/18	0509	Deposit	KF	Puerto Rico Community Foundation		\$ 1,000,000.00	Account opening - KFYIELD
05/29/18	0701	Deposit	KF	Angelo Diaz-Gonzalez		\$ 40,000.00	Additional investment for his personal account - KFYIELD
05/29/18	0701	Deposit	KF	Angelo Diaz-Gonzalez		\$ 100,000.00	Additional investment for his personal account - KFYIELD
6/26/2018	0101	Withdrawal	KF	Vantage FBO Sandra Kadotani, IRA		\$ 19,015.00	KFYIELD redemption
6/26/2018	0901	Withdrawal	KF	Dianne Casey		\$ 90,000	KFYIELD redemption from her IRA account
6/27/2018	106	Withdrawal	KF	Sinski		\$ 2,100.00	KFYIELD dividend distribution to credit line
7/19/2018	0107		KF	Fogarty			Address change: Please change Fogarty Trust address to [REDACTED] Mountain View, CA [REDACTED]
7/19/2018	0719	Deposit	KF	Sacred Heart University (USC)		\$ 2,000,000.00	Account opening - KFYIELD Address [REDACTED] San Juan, PR [REDACTED]
7/19/2018		Withdrawal	KF	Jon Fogarty		\$ 23,094.00	[REDACTED] dividends withdrawal from his personal account JF in Interactive Brokers.
8/8/2018	0501	Withdrawal	KF	Plan de Pensiones Ministerial, Inc.		\$ 300,000.00	KFYIELD redemption
8/8/2018	0109	Withdrawal	KF	Julie Maurer		all funds	KFYIELD liquidation
8/30/2018	201	Withdrawal	KF	Bruce Foster		all funds	KFYIELD liquidation
8/1/2018	0104	Withdrawal	KF	Haddow			KFYIELD 100% dividends to be paid to Lendacy credit line
10/28/2018	0106	Withdrawal	KF	Sinski		\$ 2,100.00	KFYIELD dividend distribution to credit line
10/31/2018	0423		KF	Michelle Silva			Address change: 4691 Country Manor Dr Sarasota, FL 34233
11/13/2018	0701	Deposit	KF	Angelo Diaz-Gonzalez		\$ 100,000.00	Additional investment for his personal account - KFYIELD
11/21/2018	0701	Deposit	KF	Angelo Diaz Gonzalez		\$ 25,000.00	Additional investment for his personal account - KFYIELD
11/22/2018	0501	Deposit	KF	Antonio Luis Ferre		\$ 385,000.00	Additional investment for his personal account - KFYIELD
12/20/2018	0701	Deposit	KF	Angelo Diaz-Gonzalez		\$ 15,000.00	Additional investment for his personal account - KFYIELD
12/27/2018	0106	Withdrawal	KF	Sinski		\$ 2,100.00	KFYIELD dividend distribution to credit line
12/28/2018	0902	Withdrawal	KF	Glenn Wiecek		\$ 12,000.00	KFYIELD redemption from IRA account
12/28/2018	1201	Deposit	KF	ACAA		\$ 2,000,000.00	Additional investment to KFYIELD
12/28/2018	0110		KF	Lenny Werbin			Address change: [REDACTED] Lakeway, TX [REDACTED]
1/10/2019	0106		KF	Michael Sinski			Address change: [REDACTED] Sarasota, FL [REDACTED]
1/31/2019	0701	Deposit	KF	Angelo Diaz-Gonzalez		\$ 85,000.00	Additional investment for his personal account - KFYIELD
1/31/2019	0701	Deposit	KF	Angelo Diaz-Gonzalez		\$ 75,000.00	Additional investment for his personal account - KFYIELD

02/01/19

03/01/19

3/5/2019	0701	Deposit	KF	Angelo Diaz-Gonzalez		\$ 40,000.00	Additional investment for his personal account - KFYIELD
3/8/2019	0701	Deposit	KF	Angelo Diaz-Gonzalez		\$ 15,000.00	Additional investment for his personal account - KFYIELD
3/18/2019	0701	Deposit	KF	Angelo Diaz-Gonzalez		\$ 20,000.00	Additional investment for his personal account - KFYIELD
3/18/2019	0504		KF	Michael Williams			Use dividends to pay off Credit Line in KCL
3/25/2019	0701	Deposit	KF	Angelo Diaz Gonzalez		\$ 60,000.00	Additional investment for his personal account - KFYIELD
3/31/2019	0106	Withdrawal	KF	Sinski		\$ 2,100.00	KFYIELD dividend distribution to credit line
3/31/2019	0501	Withdrawal	KF	Plan de Pensiones Ministerial, Inc.		\$ 400,000.00	KFYIELD redemption

04/01/19

04/03/19	0701	Deposit	KF	Angelo Diaz-Gonzalez		\$ 60,000.00	Additional investment for his personal account - KFYIELD
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Copy of Monthly transactions - Kinetic Funds I, LLC

Date	Account #	DEP / WD	FIRM	Names	Check #	Amount	Comments
04/24/19	0424	Deposit	KF	SPMT LLC		\$ 250,000.00	Account opening - KFYELD 100% of dividends will be reinvested.
04/29/19	1202	Deposit	KF	CFSE: Corporacion del Fondo del Seguro del Esta		\$ 3,000,000.00	Additional investment - KFYELD

05/01/19

06/01/19

6/13/2019	0501	Deposit	KF	Plan de Pensiones Ministerial, Inc.		\$ 400,000.00	Additional Investment
06/31/19	0105	Withdrawal	KF	Rodney L. Eaves		All Funds	Closing Account
06/31/19	0814	Withdrawal	KF	Vantage FBO Rodney Lee Eaves, IRA		all funds	Closing Account
06/31/19	0903	Withdrawal	KF	Vantage FBO Glenn Wiecek Roth IRA		40000	Paying off KCL Loan
06/31/19	0902	Withdrawal	KF	Vantage FBO Glenn Wiecek IRA		40000	
06/31/19	0106	Withdrawal	KF	Sinski		2100	KFYELD dividend distribution to credit line
06/31/19	0106	Withdrawal	KF	Sinski		All Funds	Closing Account
06/31/19	0701	Withdrawal	KF	Angelo Diaz		all funds	Closing Account
06/31/19	0702	Withdrawal	KF	Angelo Diaz		all funds	Closing Account

07/01/19

08/01/19

09/01/19

09/30/19	0101	Withdrawal	KF	Sandra Kadotani		\$ 19,842.00	
09/30/19	0501	Withdrawal	KF	Antonio Lu's Ferre		All FUNDS	Closing Account
09/30/19	1113	Withdrawal	KF	Todd Bernardeh		All FUNDS	Closing Account

10/01/19

10/18/19	0901	Deposit	KF	Dianne Casey		\$ 1,000.00	Casey Annual Distribution
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# EXHIBIT B

# LENDACY

Oct-19

Account Name	Loan	Paid	Balance
Ball	\$ (56,783)	\$ 56,783	\$ -
Berardelli	\$ (74,728)	\$ 74,728	\$ -
Call	\$ (199,348)	\$ 360	\$ (198,988)
Casey	\$ (150,024)	\$ 301	\$ (149,723)
Causin	\$ (4,734)	\$ -	\$ (4,734)
Corbett	\$ (673,724)	\$ -	\$ (673,724)
Cypress Guarantor	\$ (433,019)	\$ -	\$ (433,019)
Diaz	\$ (706,133)	\$ 706,133	\$ -
Dwyer	\$ (66,996)	\$ 500	\$ (66,496)
Eaves	\$ (521,164)	\$ 521,164	\$ -
Eaves	\$ -	\$ -	\$ -
Eaves	\$ -	\$ -	\$ -
EHS - Sorochinsky	\$ (754,034)	\$ -	\$ (754,034)
EHS - Werbin	\$ (1,393,413)	\$ -	\$ (1,393,413)
Fogarty	\$ (100,000)	\$ 100,000	\$ -
Haddow	\$ (308,127)	\$ 2,001	\$ (306,126)
Jones	\$ (6,153)	\$ -	\$ (6,153)
Kadotani	\$ (176,173)	\$ -	\$ (176,173)
LF42 (ISX / Tech)	\$ (2,500,000)	\$ -	\$ (2,500,000)
Lang	\$ (46,124)	\$ (2,000)	\$ (48,124)
Locke	\$ (15,564)	\$ -	\$ (15,564)
Padilla	\$ (211,829)	\$ 1,958	\$ (209,871)
Pufahl	\$ (3,883)	\$ -	\$ (3,883)
Sayre	\$ (105,437)	\$ -	\$ (105,437)
Scipio, LLC	\$ (2,866,282)	\$ 7,000	\$ (2,859,282)
Silva	\$ (87,932)	\$ -	\$ (87,932)
Sinski	\$ (140,262)	\$ 140,262	\$ -
Symmes	\$ (172,238)	\$ 1,224	\$ (171,014)
Wiecek	\$ (333,656)	\$ -	\$ (333,656)
Williams	\$ (1,618,265)	\$ 5,000	\$ (1,613,265)
Williams	\$ (13,748)	\$ 455	\$ (13,293)
Zephyr (Bishop)	\$ (497,300)	\$ -	\$ (497,300)
	\$ (14,237,073)	\$ 1,615,869	\$ (12,621,204)



# EXHIBIT C

## Activity Statement

October 1, 2019 - October 31, 2019

Interactive Brokers LLC, Two Pickwick Plaza, Greenwich, CT 06830

### Account Information

Name Kinetic Funds I, LLC  
 Account Alias MASTER  
 Account █████ 8796 (Consolidated)  
 Accounts Included █████ 796, █████ 2008, █████ 2028, █████ 4161, █████ 4162, █████ 4165, █████ 166, █████ 167, █████ 4170, █████ 4172  
 Account Type Institution Master  
 Customer Type Limited Liability Company  
 Account Capabilities Portfolio Margin  
 Base Currency USD

### Net Asset Value

	September 30, 2019		October 31, 2019		
	Total	Long	Short	Total	Change
Cash	-32,843,946.69	1,719,952.49	-43,304,737.48	-41,584,784.99	-8,740,838.29
Stock	42,518,762.53	50,806,329.12	-18,613.00	50,887,716.12	8,367,953.59
Options	563,814.41	3,226,343.84	-2,177,816.61	1,048,527.23	484,712.82
Interest Accruals	-58,697.20	72,757.55	-138,663.11	-65,905.56	-7,208.36
Dividend Accruals	232,051.90	197,230.50	0.00	197,230.50	-34,821.40
Soft Dollars	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>10,412,984.96</b>	<b>56,122,613.51</b>	<b>45,638,830.20</b>	<b>10,482,783.31</b>	<b>69,798.36</b>

Time Weighted Rate of Return

0.67%

Analyze this data with PortfolioAnalyst.

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Change in NAV	Total
Starting Value	10,412,984.96
Markto-Market	-77,111.21
Dividends	260,740.86
Withholding Tax	-342.37
Change in Dividend Accruals	-34,821.40
Interest	-60,698.84
Change in Interest Accruals	-7,208.36
Other Fees	-16.28
Commissions	-10,744.05
Ending Value	10,482,783.31

## Mark-to-Market Performance Summary

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
<b>Stocks</b>									
ABV	7,000	14,000	75.7200	79.5500	60,140.00	50,227.24	67.26	0.00	110,299.98
ADP	0	0	--	--	0.00	0.00	0.00	5,530.00	5,530.00
AVB	1,000	0	215.3300	--	4,840.00	-170.00	-4.67	1,520.00	6,185.33
BA	0	14,000	--	339.9100	112,901.00	-327,373.00	-25.00	0.00	-440,299.00
BLK	2,000	3,000	445.6400	461.7000	14,580.00	103,740.00	24.86	0.00	-118,344.86
EX	2,000	2,000	48.8400	53.1600	8,640.00	0.00	0.00	0.00	8,640.00
CAT	23,000	0	126.3100	--	44,778.00	622,833.12	-535.02	0.00	667,076.10
CB	0	0	--	--	0.00	0.00	0.00	3,750.00	3,750.00
CBRL	0	0	--	--	2,600.00	2,538.00	-8.93	0.00	5,129.07
CEO	0	0	--	--	0.00	0.00	0.00	3,863.40	3,863.40
CL	10,000	0	73.5100	--	-81,100.00	156,129.83	-83.53	0.00	74,946.30
COST	0	2,000	--	297.1100	-3,660.00	42,880.00	0.00	0.00	39,220.00
CSC	0	0	--	--	3,590.00	10,362.68	-54.91	1,400.00	15,297.77
CVX	0	8,000	--	116.1400	0.00	4,303.00	40.00	0.00	4,263.00
DBA	600	600	15.8600	15.9400	48.00	0.00	0.00	0.00	48.00
DE	10,000	0	168.6800	--	52,400.00	39,200.00	36.38	0.00	13,163.62
EIX	0	0	--	--	0.00	1,951.44	-6.62	0.00	1,944.82
EW	2,000	2,000	219.9100	238.3800	36,940.00	0.00	0.00	0.00	36,940.00
GANS	11,547	11,547	35.0000	35.0000	0.00	0.00	0.00	0.00	0.00
GD	5,000	12,200	182.7300	176.8000	-31,450.00	3,331.00	36.00	0.00	-28,155.00
GIS	5,000	0	55.1200	--	-12,850.00	44,776.89	255.8	0.00	31,901.31
GLD	0	600	--	142.4300	976.00	241.00	-2.56	0.00	732.44
HAS	0	6,000	--	97.3100	5,844.00	81,984.00	0.00	0.00	-76,140.00
HYG	0	0	--	--	-365.00	365.00	-0.96	0.00	0.96
IBM	11,000	18,000	145.4200	133.7300	-147,830.00	25,541.00	53.27	0.00	122,342.27
ITW	4,000	4,000	156.4900	168.5800	48,360.00	0.00	0.00	9,630.00	57,990.00
JNJ	62,928	65,928	129.3800	132.0400	176,958.48	25,641.10	23.66	0.00	151,293.72
JPM	20,000	0	117.6900	--	110,510.00	22,299.40	-235.52	27,900.00	160,473.87
KHC	0	10,000	--	32.3300	41,900.00	-900.00	-50.00	0.00	40,950.00
KMB	14,000	13,000	142.0500	132.8800	113,360.00	-934.56	-23.86	21,630.00	92,688.43
KO	0	0	--	--	0.00	2,572.00	12.53	9,000.00	11,559.47
LLY	0	10,000	--	113.9500	9,600.00	5,233.00	-50.00	0.00	14,783.00
LMT	0	4,000	--	376.6800	4,222.00	72,206.00	45.12	0.00	68,029.12
MCD	0	11,000	--	196.7000	1,780.00	-121,253.00	-42.66	0.00	123,075.66
MCEP	9,900	9,900	0.3911	0.3600	307.89	0.00	0.00	0.00	307.89
MDY	11,000	11,000	352.4700	356.2300	41,360.00	0.00	0.00	15,098.71	56,458.71
MMM	0	16,000	--	164.9900	51,538.00	-391,698.00	0.00	0.00	-340,160.00
MTN	3,000	0	227.5600	--	15,780.00	141,540.00	-17.74	5,280.00	162,582.26
NEE	3,000	3,000	232.9900	238.3400	16,050.00	0.00	0.00	0.00	16,050.00
OKE	10,000	10,000	73.6900	69.8300	-38,600.00	0.00	0.00	0.00	38,600.00
OXY	0	0	--	--	0.00	0.00	0.00	6,636.00	6,636.00
PFE	50,000	50,000	35.9300	38.3700	122,000.00	0.00	0.00	0.00	122,000.00
PG	0	10,000	--	124.5100	27,700.00	3,785.00	-50.00	0.00	23,865.00
PM	0	0	--	--	0.00	0.00	0.00	18,720.00	18,720.00
PM	11,000	11,000	140.1600	146.7000	78,380.00	3,508.70	40.46	0.00	75,768.76

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
RTN	19,000	5,000	196.1900	212.2100	175,980.00	200,761.62	-174.03	0.00	376,567.59
SLB	25,000	10,000	34.1700	32.6900	-42,700.00	5,259.40	-65.86	12,500.00	-25,006.46
SPY	10,000	10,000	296.7700	303.3300	74,490.00	-6,518.60	78.90	101,004.19	168,896.49
STX	0	0	--	--	0.00	0.00	0.00	3,150.00	3,150.00
TIP	500	500	116.2900	116.0600	-115.00	0.00	0.00	98.19	-16.81
TUP	10,000	10,000	15.8700	9.6300	-62,400.00	0.00	0.00	5,400.00	-57,000.00
TXN	7,000	9,000	129.2400	117.9900	-80,670.00	1,546.22	10.86	0.00	-79,134.64
UDN	0	100	--	20.6500	-1.00	66.00	0.00	0.00	65.00
UUP	-700	-700	27.1000	26.5900	357.00	0.00	0.00	0.00	357.00
VFC	0	8,000	--	82.2900	8,880.00	5,378.00	-40.00	0.00	3,462.00
VZ	0	10,000	--	60.4700	7,500.00	-2,432.98	-50.00	0.00	5,017.02
WPC	8,000	0	89.5000	--	31,600.00	-17,600.00	-16.06	8,288.00	22,271.94
Total					514,171.59	145,968.38	2,032.80	260,398.49	918,505.66
Equity and Index Options									
AAPL 18OCT19 205.0 P	-20	0	0.6250	--	3,830.00	-180.00	-24.73	0.00	3,625.27
AAPL 18OCT19 207.5 P	0	0	--	--	-2,525.20	315.20	-43.85	0.00	-2,253.85
AAPL 01NOV19 230.0 P	0	-20	--	0.0250	4,220.00	69.00	-10.21	0.00	4,298.79
AAPL 15NOV19 215.0 P	20	20	5.4500	0.2368	-10,426.40	0.00	0.00	0.00	-10,426.40
AAPL 15NOV19 235.0 P	0	20	--	0.9703	-7,559.40	43.00	-10.08	0.00	7,526.48
ABBV 04OCT19 60.0 P	50	0	0.0001	--	-0.50	0.00	0.00	0.00	-0.50
ABBV 11OCT19 60.0 P	10	0	0.0010	--	-1.00	0.00	0.00	0.00	-1.00
ABBV 11OCT19 69.0 C	30	0	6.7841	--	-6,462.30	-13,890.00	0.00	0.00	-20,352.30
ABBV 11OCT19 69.0 P	30	0	0.0812	--	-243.60	0.00	0.00	0.00	-243.60
ABBV 11OCT19 71.5 P	0	0	--	--	-195.00	15.00	17.81	0.00	-197.81
ABBV 11OCT19 76.0 P	0	0	--	--	-549.80	-5,270.20	-9.93	0.00	-5,829.93
ABBV 11OCT19 80.0 P	50	0	5.3659	--	5,020.50	-31,850.00	0.00	0.00	-26,829.50
ABBV 18OCT19 62.5 P	40	0	0.0400	--	160.00	0.00	0.00	0.00	-160.00
	-20	0	8.2774	--	2,654.80	520.00	-9.93	0.00	3,164.87

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
ABBV 18OCT19 67.5 C									
ABBV 18OCT19 69.0 P	0	0			-1,815.00	31.00	-87.18	0.00	1,871.18
ABBV 01NOV19 70.0 P	0	165		0.0306	-2,988.15	52.05	-122.73	0.00	-3,058.83
ABBV 08NOV19 70.5 P	0	100		0.0435	390.00	-315.00	-82.16	0.00	-787.16
ABBV 15NOV19 60.0 P	50	50	0.1550	0.0011	-769.50	0.00	0.00	0.00	-769.50
ABBV 15NOV19 65.0 P	0	50		0.0235	-757.50	-175.00	-37.19	0.00	-969.69
ABBV 15NOV19 70.0 C	-30	30	6.1541	9.7549	-10,802.40	0.00	0.00	0.00	-10,802.40
ABBV 17JAN20 72.5 C	0	110		8.3120	-43,546.80	-325.20	-59.62	0.00	-43,931.62
AVB 18OCT19 200.0 P	30	0	0.2251		-675.30	0.00	0.00	0.00	-675.30
AVB 18OCT19 210.0 P	10	0	1.0500		-1,050.00	0.00	0.00	0.00	-1,050.00
AVB 18OCT19 220.0 C	0	0			0.00	240.00	-7.46	0.00	232.54
AVB 18OCT19 220.0 P	10	0	5.3269		-5,326.90	0.00	0.00	0.00	-5,326.90
BA 25OCT19 342.5 C	0	0			-21,227.20	-8,436.80	-13.13	0.00	-29,677.13
BA 25OCT19 342.5 P	-20	0	2.8154		290.80	5,340.00	0.00	0.00	5,630.80
BA 25OCT19 365.0 C	0	0			-890.00	-90.00	14.88	0.00	-994.88
BA 25OCT19 370.0 P	0	0			37,589.90	84,111.10	-18.14	0.00	121,682.86
BA 25OCT19 395.0 P	0	0			-903.42	45,024.42	-8.37	0.00	44,112.63
BA 25OCT19 435.0 P	-30	0	54.7058		-24,730.20	188,847.60	0.00	0.00	164,117.40
BA 08NOV19 360.0 P	0	50		22.2391	0.00	3,950.50	-22.94	0.00	3,927.56

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
BA 08NOV19 370.0 P									
BA 15NOV19 350.0 C	0	-10	--	2.6200	7,330.00	3,108.00	-7.73	0.00	10,430.27
BA 15NOV19 350.0 P	20	20	6.0750	14.3669	16,583.80	0.00	0.00	0.00	16,583.80
BA 15NOV19 355.0 C	0	-10	--	1.5700	6,305.00	2,518.00	-5.92	0.00	8,817.08
BA 15NOV19 395.0 P	0	10	--	56.9771	3,963.50	6,792.60	-7.44	0.00	10,748.66
BA 15NOV19 435.0 P	30	30	56.4828	96.9551	121,416.90	0.00	0.00	0.00	121,416.90
BLK 18OCT19 440.0 P	10	0	7.3500	--	-7,350.00	0.00	0.00	0.00	-7,350.00
BLK 18OCT19 450.0 C	-10	0	7.7500	--	7,750.00	-100.00	-7.44	0.00	7,642.56
BLK 18OCT19 500.0 C	-10	0	0.3337	--	67.80	115.90	-6.84	0.00	176.86
BLK 18OCT19 500.0 P	10	0	54.5293	--	430.70	-54,960.00	0.00	0.00	-54,529.30
BLK 01NOV19 452.5 P	0	15	--	0.2500	-28.95	1,735.95	-17.64	0.00	1,689.36
BLK 01NOV19 457.5 P	0	30	--	0.7250	825.00	-4,263.00	-9.41	0.00	-3,447.41
BLK 29NOV19 520.0 P	0	0	--	--	-1,200.00	156,809.00	-20.30	0.00	155,588.70
BLK 20DEC19 520.0 P	0	30	--	61.8992	16,451.40	4,305.20	-17.01	0.00	20,739.59
BX 01NOV19 49.0 C	0	20	--	4.1600	6,266.20	-145.20	-12.22	0.00	6,108.78
BX 01NOV19 49.0 P	0	20	--	0.0001	-2,368.00	-192.80	-12.22	0.00	-2,573.02
BX 01NOV19 58.0 P	20	20	9.6903	5.3300	-8,720.60	0.00	0.00	0.00	-8,720.60
CAT 11OCT19 117.0 P	0	0	--	--	-970.00	-410.00	-14.88	0.00	-1,394.88
CAT 11OCT19 119.0 P	0	0	--	--	-1,205.00	325.00	-19.73	0.00	-899.73

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
CAT 11OCT19 126.0 P									
CAT 18OCT19 117.0 C	0	0			9,021.40	-12,533.40	-7.44	0.00	-3,519.44
CAT 18OCT19 117.0 P	0	0			-2,015.00	-1,267.00	7.44	0.00	-3,289.44
CAT 18OCT19 124.0 P	0	0			-1,160.00	70.00	-7.44	0.00	-1,237.44
CAT 18OCT19 126.0 C	20	0	2.9526		-4,255.00	-130.20	-24.43	0.00	-4,409.63
CAT 18OCT19 126.0 P	20	0	3.1148		-6,229.60	0.00	0.00	0.00	-6,229.60
CAT 18OCT19 130.0 C	-30	0	1.2000		2,265.00	-765.00	-23.81	0.00	1,476.19
CAT 18OCT19 130.0 P	30	0	5.5825		-16,747.50	0.00	0.00	0.00	-16,747.50
CAT 18OCT19 132.0 C	0	0			1,305.30	704.70	-39.34	0.00	1,970.66
CAT 18OCT19 135.0 C	-75	0	0.2850		1,435.50	-873.00	-82.64	0.00	479.86
CAT 18OCT19 135.0 P	160	0	9.8206		-88,489.60	-68,640.00	0.00	0.00	-157,129.60
CAT 18OCT19 136.0 P	0	0			1,158.10	-19,612.10	-27.52	0.00	18,481.52
CAT 18OCT19 137.0 P	0	0			5,380.65	-105,068.65	-122.73	0.00	-99,810.73
CAT 18OCT19 139.0 P	0	0			330.10	-8,130.10	-7.44	0.00	-7,807.44
CAT 18OCT19 140.0 P	0	0			3,301.00	-90,888.00	-74.38	0.00	-87,661.38
CAT 18OCT19 142.0 P	0	0			6,932.10	234,031.10	-149.00	0.00	227,248.00
CAT 18OCT19 150.0 P	40	0	24.5770		-21,148.00	-77,160.00	0.00	0.00	-98,308.00
CAT 01NOV19 137.0 P	0	30		0.4800	-585.00	-255.00	-29.45	0.00	-869.45
CBRL 18OCT19 160.0 C	0	0			-3,214.60	138.60	-1.99	0.00	-3,077.99

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
CBRL 18OCT19 160.0 P									
CL 25OCT19 70.5 C	0	0	--	--	-6,974.00	224.00	-25.79	0.00	-6,775.79
CL 25OCT19 70.5 P	0	0	--	--	2,175.50	-10,625.50	-25.79	0.00	-8,475.79
CL 25OCT19 73.5 C	50	0	1.2350	--	-3,350.00	-475.00	-55.69	0.00	-3,880.69
CL 25OCT19 73.5 P	50	0	1.4018	--	18,441.00	-25,450.00	0.00	0.00	-7,009.00
CL 25OCT19 78.5 P	100	0	5.3588	--	47,312.00	-100,900.00	0.00	0.00	-53,588.00
COST 25OCT19 277.5 C	0	0	--	--	12,571.80	-38,449.80	-13.48	0.00	-25,891.48
COST 25OCT19 277.5 P	-20	0	4.3462	--	8,272.40	-20.00	-6.68	0.00	8,245.72
COST 17JAN20 285.0 C	0	-20	--	19.3477	-7,170.40	276.00	-14.17	0.00	-6,908.57
COST 17JAN20 290.0 P	20	20	15.7256	7.5500	-16,351.20	0.00	0.00	0.00	-16,351.20
CSCO 04OCT19 46.5 C	50	0	2.9279	--	-9,539.50	-5,100.00	0.00	0.00	-14,639.50
CSCO 04OCT19 46.5 P	50	0	0.0375	--	-187.50	0.00	0.00	0.00	-187.50
CSCO 04OCT19 48.0 C	-50	0	1.4595	--	5,979.00	368.50	-39.69	0.00	6,307.81
CSCO 04OCT19 49.0 C	40	0	0.6206	--	-2,482.40	0.00	0.00	0.00	-2,482.40
CSCO 04OCT19 49.0 P	40	0	0.4250	--	4,220.00	-5,920.00	0.00	0.00	-1,700.00
CVX 04OCT19 114.0 C	0	0	--	--	840.00	300.00	-22.31	0.00	-562.31
CVX 15NOV19 115.0 C	0	40	--	2.6323	0.00	1,454.20	-13.25	0.00	1,440.95
CVX 15NOV19 115.0 P	0	40	--	2.0150	0.00	-1,185.00	13.25	0.00	-1,198.25
CVX 15NOV19 122.0 P	0	80	--	7.0602	0.00	-4,536.40	-40.30	0.00	-4,576.70



Symbol	Quantity		Price		Markto-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
DE 18OCT19 170.0 C									
DE 18OCT19 170.0 P	100	0	4.2510	--	-42,510.00	0.00	0.00	0.00	-42,510.00
DE 20DEC19 160.0 P	0	-40	--	2.1200	2,760.00	-81.00	-27.51	0.00	2,651.49
DE 17JAN20 165.0 P	0	40	--	4.4911	-3,835.60	81.00	-27.20	0.00	-3,781.80
EIX 18OCT19 72.5 C	10	0	3.8175	--	-3,817.50	0.00	0.00	0.00	-3,817.50
EIX 18OCT19 72.5 P	10	0	0.6750	--	1,305.00	-1,980.00	0.00	0.00	-675.00
EW 11OCT19 200.0 P	30	0	0.3137	--	-941.10	0.00	0.00	0.00	-941.10
EW 11OCT19 217.5 C	-20	0	5.4262	--	-8,367.60	-498.00	-5.78	0.00	-8,871.38
EW 11OCT19 225.0 P	0	0	--	--	0.00	-25.00	0.78	0.00	-24.22
EW 25OCT19 205.0 P	0	0	--	--	-142.97	-7.03	-0.24	0.00	-150.24
EW 25OCT19 210.0 P	0	0	--	--	-3,856.65	141.65	-13.49	0.00	-3,728.49
EW 01NOV19 215.0 P	0	1	--	0.0001	-422.51	52.52	-1.09	0.00	-371.08
EW 08NOV19 215.0 P	0	30	--	0.1154	-2,746.20	182.40	-10.31	0.00	-2,574.11
EW 15NOV19 210.0 C	0	-5	--	28.6322	-3,503.05	186.95	-0.46	0.00	-3,316.56
EW 15NOV19 220.0 C	0	-10	--	18.9380	-4,653.20	-431.80	-1.69	0.00	-5,086.69
GD 25OCT19 190.0 C	0	0	--	--	-3,937.50	784.50	-62.05	0.00	-3,215.05
GD 01NOV19 175.0 P	0	20	--	0.2000	-1,350.00	550.00	-27.99	0.00	-827.99
GD 15NOV19 190.0 C	0	105	--	0.0750	-525.00	-159.50	-62.45	0.00	-746.95
GD 15NOV19 205.0 C	75	75	0.3000	0.0004	-2,247.00	0.00	0.00	0.00	-2,247.00

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
GD 17JAN20 160.0 C									
GD 17JAN20 160.0 P	0	72	--	17250	-13,500.00	-506.00	-53.55	0.00	-14,059.55
GD 17JAN20 175.0 C	-50	50	13.5279	7.6258	29,510.50	0.00	0.00	0.00	29,510.50
GD 17JAN20 175.0 P	50	50	6.1500	5.6500	-2,500.00	0.00	0.00	0.00	-2,500.00
GD 17JAN20 190.0 C	0	70	--	1.5500	12,600.70	-1,307.70	-41.96	0.00	11,251.04
GD 17JAN20 200.0 C	-50	0	2.4501	--	10,875.50	-124.00	-49.99	0.00	10,701.51
GD 17JAN20 205.0 C	0	50	--	0.1750	-3,000.50	-124.50	78.04	0.00	-3,203.04
GIS 18OCT19 55.0 C	30	0	0.8300	--	-2,715.00	-75.00	-23.79	0.00	-2,813.79
GIS 18OCT19 55.0 P	30	0	1.0810	--	4,107.00	-7,350.00	0.00	0.00	3,243.00
GIS 18OCT19 60.0 P	50	0	5.3539	--	10,480.50	-37,250.00	0.00	0.00	26,769.50
GLD 04OCT19 138.5 P	5	0	0.7950	--	-397.50	0.00	0.00	0.00	-397.50
GLD 04OCT19 139.0 P	5	0	1.0355	--	517.75	0.00	0.00	0.00	517.75
GLD 04OCT19 139.5 P	4	0	1.3217	--	528.68	0.00	0.00	0.00	528.68
GLD 04OCT19 140.0 P	-4	0	1.6500	--	660.00	0.00	0.00	0.00	660.00
GLD 04OCT19 141.0 P	5	0	2.4069	--	-1,203.45	0.00	0.00	0.00	-1,203.45
GLD 04OCT19 142.0 P	-4	0	3.2715	--	1,208.46	0.14	4.97	0.00	1,203.63
GLD 11OCT19 140.0 P	5	0	2.0730	--	1,036.50	0.00	0.00	0.00	-1,036.50
GLD 11OCT19 141.0 P	-4	0	2.7763	--	722.52	388.00	0.00	0.00	1,110.52
GLD 18OCT19 135.0 P	5	0	0.4150	--	207.50	0.00	0.00	0.00	207.50

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
GLD 18OCT19 137.0 P									
GLD 18OCT19 138.0 P	-5	0	1.2750	--	484.50	-18.00	-5.93	0.00	460.57
GLD 18OCT19 139.0 P	0	0	--	--	165.50	9.50	-5.47	0.00	169.53
GLD 18OCT19 143.0 C	0	0	--	--	-27.50	-2.50	-2.97	0.00	-32.97
GLD 18OCT19 144.0 P	-5	0	5.4513	--	95565	1,770.00	0.00	0.00	2,725.65
GLD 18OCT19 144.5 P	0	0	--	--	411.15	-2,061.15	-3.72	0.00	-1,653.72
GLD 25OCT19 142.0 C	0	0	--	--	49.50	-850	-3.03	0.00	37.97
GLD 01NOV19 136.0 P	0	30	--	0.0001	-854.70	-45.00	-22.31	0.00	-922.01
GLD 01NOV19 138.0 P	0	-20	--	0.0028	1,314.40	0.00	-14.94	0.00	1,299.46
GLD 01NOV19 138.5 P	0	20	--	0.0068	0.00	-46.40	-6.88	0.00	-53.28
GLD 01NOV19 142.0 P	5	5	4.2086	0.3050	1,951.80	0.00	0.00	0.00	-1,951.80
GLD 01NOV19 142.5 C	0	-1	--	0.4300	39.50	-0.50	-1.10	0.00	37.90
GLD 01NOV19 146.0 P	-5	-4	7.5104	3.5735	1,968.45	357.35	0.00	0.00	2,325.80
GLD 08NOV19 143.0 C	0	-1	--	0.8100	15.50	-5.50	-1.51	0.00	8.49
GLD 15NOV19 143.5 C	0	-1	--	0.9800	11.00	-6.00	-1.10	0.00	3.90
HAS 25OCT19 110.0 C	0	0	--	--	-717.00	-3.00	-44.63	0.00	-764.63
HAS 25OCT19 110.0 P	-16	0	2.1452	--	-75,733.04	83,606.36	-16.31	0.00	7,857.01
HAS 08NOV19 115.0 P	16	60	4.0500	17.6900	86,220.64	-213.64	-16.13	0.00	85,990.87
HYG 04OCT19 87.0 P	5	0	0.2538	--	158.10	-285.00	0.00	0.00	-126.90

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
HYG 18OCT19 87.0 C									
IBM 04OCT19 140.0 P	0	0	--	--	370.00	1,510.00	-28.05	0.00	1,851.95
IBM 04OCT19 141.0 P	20	0	0.1800	--	-360.00	0.00	0.00	0.00	-360.00
IBM 04OCT19 144.0 P	20	0	0.6600	--	700.00	-2,020.00	0.00	0.00	-1,320.00
IBM 11OCT19 142.0 C	0	0	--	--	1,100.00	-2,100.00	-14.88	0.00	-1,014.88
IBM 18OCT19 137.0 C	0	0	--	--	-280.00	-40.00	-23.75	0.00	-343.75
IBM 18OCT19 137.0 P	0	0	--	--	-5,180.00	10,985.00	-23.20	0.00	5,781.80
IBM 18OCT19 140.0 P	0	0	--	--	13,660.00	-22,705.00	-23.00	0.00	-9,068.00
IBM 08NOV19 133.0 C	0	20	--	1.5052	-2,419.80	1,590.20	-12.63	0.00	-842.23
IBM 08NOV19 133.0 P	0	20	--	1.7304	-1,254.20	-1,585.00	12.63	0.00	-2,851.83
IBM 08NOV19 142.0 P	0	70	--	9.8886	13,040.60	-7,132.40	-39.47	0.00	5,868.73
IBM 08NOV19 144.0 C	0	0	--	--	7,028.40	2,049.60	-24.59	0.00	9,053.41
IBM 15NOV19 145.0 C	-70	0	5.1250	--	35,070.00	-116.00	-76.26	0.00	34,877.74
IBM 15NOV19 145.0 P	110	110	5.3830	12.8646	82,297.60	0.00	0.00	0.00	82,297.60
IBM 15NOV19 150.0 C	-40	0	2.7751	--	10,860.40	40.00	-15.65	0.00	10,884.75
INTC 08NOV19 56.5 C	0	50	--	0.6050	1,800.00	290.00	-29.69	0.00	-1,539.69
INTC 08NOV19 56.5 P	0	50	--	0.8095	-509.00	-358.50	-29.69	0.00	-897.19
ITW 18OCT19 175.0 C	50	0	0.0176	--	-88.00	0.00	0.00	0.00	-88.00
ITW 25OCT19 157.5 P	0	0	--	--	3,250.00	143.00	-11.13	0.00	-3,118.13

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
ITW 01NOV19 167.5 P									
ITW 01NOV19 170.0 C	0	20	--	0.2104	0.00	179.20	-11.88	0.00	191.08
ITW 15NOV19 175.0 C	0	40	--	0.5250	1,000.00	-180.00	-31.75	0.00	788.25
ITW 20DEC19 160.0 P	40	40	8.5244	2.3233	-24,804.40	0.00	0.00	0.00	24,804.40
ITW 20DEC19 165.0 C	-40	-40	3.5500	7.6760	-16,504.00	0.00	0.00	0.00	16,504.00
ITW 20DEC19 170.0 C	40	40	2.0500	4.7000	-10,600.00	0.00	0.00	0.00	10,600.00
JNJ 18OCT19 130.0 P	620	0	2.4657	--	117,077.40	5,106.00	342.25	0.00	122,525.65
JNJ 18OCT19 131.0 C	0	0	--	--	1,590.00	17.00	-8.38	0.00	1,615.38
JNJ 18OCT19 131.0 P	0	0	--	--	1,420.00	-3,176.00	-10.88	0.00	-1,766.88
JNJ 18OCT19 135.0 P	10	0	5.8818	--	8,068.20	14,432.00	-20.24	0.00	-6,384.04
JNJ 25OCT19 133.0 C	0	0	--	--	410.00	350.00	-14.88	0.00	774.88
JNJ 08NOV19 140.0 P	0	0	--	--	-5,141.39	33,107.39	-20.40	0.00	27,945.60
JNJ 15NOV19 130.0 P	0	620	--	0.9500	38,392.20	3,207.20	453.09	0.00	35,638.09
JNJ 15NOV19 135.0 P	0	10	--	3.4573	1,205.50	93.80	-53.4	0.00	1,293.96
JNJ 22NOV19 123.0 C	0	20	--	9.4682	6,092.40	1,000.00	12.63	0.00	5,079.77
JNJ 29NOV19 129.0 P	0	20	--	1.4514	-4,565.60	412.40	12.63	0.00	-4,165.83
JNJ 29NOV19 140.0 P	0	30	--	8.7668	5,349.60	704.00	19.76	0.00	-4,665.36
JPM 04OCT19 107.0 C	50	0	10.7429	--	-27,608.00	-26,106.50	0.00	0.00	-53,714.50
JPM 04OCT19 109.0 P	0	0	--	--	-725.00	175.00	37.19	0.00	-937.19

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
JPM 11OCT19 111.0 P									
JPM 11OCT19 116.0 C	20	0	2.1711	--	-4,342.20	0.00	0.00	0.00	4,342.20
JPM 11OCT19 116.0 P	20	0	1.1600	--	-2,320.00	0.00	0.00	0.00	-2,320.00
JPM 11OCT19 120.0 C	20	0	0.3200	--	-640.00	0.00	0.00	0.00	-640.00
JPM 11OCT19 120.0 P	40	0	3.4223	--	1,750.80	-15,440.00	0.00	0.00	-13,689.20
JPM 18OCT19 115.0 C	-50	0	3.3905	--	-10,847.50	27,800.00	0.00	0.00	16,952.50
JPM 18OCT19 115.0 P	50	0	1.4450	--	-7,225.00	0.00	0.00	0.00	-7,225.00
JPM 18OCT19 119.0 P	0	0	--	--	-2,675.00	125.00	-59.29	0.00	-2,609.29
JPM 18OCT19 120.0 C	-200	0	0.8050	--	10,987.50	-1,787.50	-178.17	0.00	9,021.83
JPM 18OCT19 120.0 P	200	0	3.8959	--	-82,494.50	1,726.50	-58.79	0.00	-80,826.79
JPM 18OCT19 121.0 P	0	0	--	--	-82.04	18.04	-4.92	0.00	-68.92
KHC 15NOV19 28.0 C	0	20	--	4.3382	8,133.20	159.80	-7.93	0.00	5,965.47
KHC 15NOV19 28.0 P	0	20	--	0.0523	-2,465.80	-26.60	-7.93	0.00	-2,500.33
KHC 15NOV19 30.5 C	0	-20	--	1.9458	0.00	-891.60	1.52	0.00	-890.08
KHC 15NOV19 32.0 P	0	100	--	0.6642	-36,256.00	1,198.00	-37.78	0.00	-35,095.78
KMB 18OCT19 135.0 C	-15	0	7.7542	--	10,731.30	117.00	-10.41	0.00	10,837.89
KMB 18OCT19 135.0 P	30	0	0.4750	--	-1,425.00	0.00	0.00	0.00	1,425.00
KMB 18OCT19 140.0 C	-15	0	3.7548	--	4,507.20	328.00	-11.16	0.00	4,824.04
KMB 18OCT19 150.0 C	60	0	0.2750	--	-1,650.00	0.00	0.00	0.00	-1,650.00

Symbol	Quantity		Price		Mark-to Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
KMB 18OCT19 155.0 C									
KMB 25OCT19 132.0 C	0	0	--	--	3,712.40	-4,632.40	-13.68	0.00	-933.68
KMB 15NOV19 155.0 C	60	60	0.6750	0.0005	-4,047.00	0.00	0.00	0.00	-4,047.00
KMB 29NOV19 152.5 C	0	50	--	0.0455	1,147.50	-76.00	-36.44	0.00	-1,259.94
KMB 20DEC19 130.0 P	0	20	--	2.8000	750.00	66.00	-8.68	0.00	807.32
KMB 20DEC19 140.0 C	0	-40	--	1.0750	1,900.40	844.60	-17.58	0.00	2,727.42
KMB 20DEC19 150.0 C	0	20	--	0.2000	-100.00	-161.00	-8.68	0.00	-269.68
KMB 20DEC19 155.0 C	0	20	--	0.0642	-771.80	-4.80	-14.88	0.00	-791.48
KMB 17JAN20 130.0 C	-110	110	14.6514	5.9311	95,923.30	0.00	0.00	0.00	95,923.30
KMB 17JAN20 130.0 P	110	110	2.5250	3.6000	11,825.00	0.00	0.00	0.00	11,825.00
KMB 17JAN20 150.0 C	-40	0	3.2000	--	10,500.00	-200.00	-28.95	0.00	10,271.05
KMB 17JAN20 155.0 C	-40	50	1.8750	0.1247	4,747.00	151.50	-78.71	0.00	4,516.79
KO 18OCT19 54.0 C	0	0	--	--	100.00	-1,600.00	-14.88	0.00	-1,514.88
KO 18OCT19 54.0 P	0	0	--	--	-1,868.20	208.20	-14.88	0.00	-1,674.88
KO 29NOV19 55.0 C	0	30	--	0.4900	-1,215.00	-275.00	22.31	0.00	1,512.31
KO 29NOV19 55.0 P	0	30	--	1.2438	26.10	95.30	-22.31	0.00	99.09
LLY 15NOV19 112.0 C	0	30	--	2.9063	1,174.80	898.10	-24.27	0.00	2,048.63
LLY 15NOV19 112.0 P	0	30	--	1.1850	-1,890.00	-696.00	-24.27	0.00	-2,610.27
LLY 15NOV19 119.0 P	0	100	--	5.7536	-10,503.00	-4,728.00	-50.38	0.00	-15,281.38

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
LMT 18OCT19 370.0 C									
LMT 18OCT19 370.0 P	-20	0	1.5000	--	3,000.00	-300.00	14.88	0.00	2,685.12
LMT 18OCT19 372.5 C	0	0	--	--	0.00	1,322.00	-21.84	0.00	1,300.16
LMT 18OCT19 372.5 P	0	0	--	--	-460.00	-92.00	-14.88	0.00	-566.88
LMT 15NOV19 360.0 C	0	20	--	17.9828	503.00	3,584.60	-6.98	0.00	4,080.62
LMT 15NOV19 360.0 P	0	-20	--	1.0000	5,400.00	-920.00	-8.65	0.00	4,471.35
LMT 15NOV19 410.0 P	0	0	--	--	1,305.20	77,048.80	12.59	0.00	78,341.41
LMT 20DEC19 375.0 C	0	-10	--	9.7978	1,502.20	-1,248.00	-3.72	0.00	250.48
LMT 20DEC19 375.0 P	0	20	--	9.3000	-8,100.00	1,583.00	-8.48	0.00	-4,525.48
LMT 20DEC19 380.0 C	0	-10	--	7.0500	1,850.00	-874.00	-3.67	0.00	972.33
LMT 20DEC19 380.0 P	20	20	11.0500	11.7994	1,498.80	0.00	0.00	0.00	1,498.80
LMT 20DEC19 385.0 C	0	-20	--	4.9000	7,200.00	2,165.00	-14.41	0.00	9,350.59
LMT 20DEC19 410.0 P	0	20	--	36.2954	-7,489.60	-3,273.60	10.93	0.00	-10,774.13
MCD 25OCT19 205.0 C	0	0	--	--	-600.00	-680.00	-29.75	0.00	-1,309.75
MCD 25OCT19 205.0 P	0	0	--	--	-36,240.00	41,075.00	-32.16	0.00	4,802.84
MCD 25OCT19 207.5 P	0	0	--	--	43,060.00	-50,770.00	-39.34	0.00	7,749.34
MCD 25OCT19 222.5 C	0	0	--	--	-420.00	0.00	-36.56	0.00	-456.56
MCD 25OCT19 222.5 P	0	0	--	--	-63,250.80	136,659.80	-32.62	0.00	73,376.38
MCD 29NOV19 192.5 C	0	20	--	5.8770	5,663.80	-724.80	-9.78	0.00	4,929.22



Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
MCD 29NOV19 192.5 P									
MCD 29NOV19 207.5 P	0	50	--	11.9919	22,985.50	2,180.00	-25.64	0.00	-20,831.14
MCD 29NOV19 222.5 P	0	60	--	26.7575	76,718.40	2,499.60	-30.98	0.00	79,187.02
MDY 18OCT19 375.0 C	165	0	0.0530	--	-874.50	0.00	0.00	0.00	-874.50
MDY 25OCT19 347.5 P	0	0	--	--	-700.00	-100.00	-11.29	0.00	-811.29
MDY 20DEC19 305.0 C	-110	-110	51.2048	52.8459	-18,052.10	0.00	0.00	0.00	-18,052.10
MDY 20DEC19 305.0 P	90	90	2.0054	0.6953	-11,790.90	0.00	0.00	0.00	-11,790.90
MDY 20DEC19 370.0 C	-110	-110	3.6748	1.8785	19,759.30	0.00	0.00	0.00	19,759.30
MDY 20DEC19 375.0 C	0	150	--	0.9790	4,920.00	-735.00	-179.57	0.00	4,005.43
MDY 17JAN20 305.0 P	20	20	2.8531	1.2350	-3,236.20	0.00	0.00	0.00	-3,236.20
MMM 11OCT19 150.0 P	0	0	--	--	-615.00	5.00	-7.44	0.00	-617.44
MMM 25OCT19 160.0 P	0	0	--	--	5,350.00	-1,446.00	-52.81	0.00	3,851.19
MMM 25OCT19 165.0 P	0	0	--	--	-11,650.00	2,046.00	-29.03	0.00	-9,633.03
MMM 25OCT19 180.0 P	0	0	--	--	-16,767.60	172,201.60	-36.17	0.00	155,397.83
MMM 01NOV19 135.0 P	0	35	--	0.0001	-2,362.15	190.50	-22.43	0.00	2,194.08
MMM 01NOV19 165.0 P	0	50	--	0.8864	2,067.00	-502.00	-29.69	0.00	1,535.31
MMM 01NOV19 190.0 C	0	50	--	0.0001	-274.50	25.00	-16.25	0.00	-265.75
MMM 01NOV19 1900 P	0	0	--	--	8,132.08	212,636.92	-66.40	0.00	220,702.60
MMM 22NOV19 144.0 P	0	0	--	--	7,995.75	-943.75	-43.83	0.00	7,008.17

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
MMM 22NOV19 180.0 P									
MMM 22NOV19 182.5 C	0	0	--	--	1,752.60	-113.60	-75.22	0.00	1,563.78
MMM 22NOV19 190.0 P	0	100	--	26.4205	27,361.00	2,545.00	-61.63	0.00	29,844.37
MSFT 15NOV19 125.0 P	-30	0	1.2502	--	3,345.60	-105.00	-31.16	0.00	3,209.44
MSFT 15NOV19 130.0 P	-20	-20	2.0301	0.1042	3,851.80	0.00	0.00	0.00	3,851.80
MSFT 15NOV19 131.0 P	0	-20	--	0.1110	2,388.00	511.00	-9.28	0.00	2,889.72
MSFT 15NOV19 132.0 P	0	40	--	0.1300	-140.00	-60.00	-40.95	0.00	-240.95
MSFT 20DEC19 130.0 P	50	50	3.1550	0.6900	-12,325.00	0.00	0.00	0.00	-12,325.00
MSFT 20DEC19 135.0 P	0	20	--	1.2800	-5,590.00	-851.00	-9.18	0.00	-6,450.18
MTN 18OCT19 210.0 P	-5	0	0.9500	--	475.00	0.00	0.00	0.00	475.00
MTN 18OCT19 220.0 P	20	0	2.8750	--	5,750.00	0.00	0.00	0.00	-5,750.00
MTN 18OCT19 280.0 P	30	0	53.7968	--	-19,850.40	-141,540.00	0.00	0.00	-161,390.40
NEE 15NOV19 220.0 P	-20	-30	1.9000	0.2250	4,050.00	97.00	-3.53	0.00	4,143.47
NEE 20DEC19 230.0 P	20	30	6.5000	2.8000	-9,850.00	-415.00	-3.49	0.00	-10,268.49
NEE 20DEC19 240.0 C	-30	0	4.6000	--	4,500.00	657.00	-30.74	0.00	5,126.26
NEE 20DEC19 240.0 P	30	30	11.6603	6.7771	-14,649.60	0.00	0.00	0.00	-14,649.60
OKE 01NOV19 81.5 C	130	130	0.2083	0.0001	-2,706.60	0.00	0.00	0.00	-2,706.60
OKE 15NOV19 80.0 C	0	50	--	0.0001	-668.00	16.50	-36.44	0.00	-687.94
OKE 17JAN20 70.0 P	50	50	2.5500	3.0383	2,441.50	0.00	0.00	0.00	2,441.50

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
OKE 17JAN20 72.5 C									
OKE 17JAN20 72.5 P	50	50	3.4000	4.5318	5,659.00	0.00	0.00	0.00	5,659.00
OKE 17JAN20 80.0 C	-100	0	1.1500	--	6,875.00	-625.00	-74.83	0.00	6,175.17
PFE 20DEC19 36.0 P	50	50	1.5710	0.3400	-6,155.00	0.00	0.00	0.00	-6,155.00
PFE 20DEC19 37.0 C	-50	-50	0.8800	1.7080	-4,140.00	0.00	0.00	0.00	-4,140.00
PFE 20DEC19 43.0 P	450	450	7.3334	4.9629	-106,672.50	0.00	0.00	0.00	-106,672.50
PG 25OCT19 130.0 C	0	0	--	--	-3,200.00	-715.00	-61.33	0.00	-3,976.33
PG 17JAN20 115.0 C	0	-100	--	10.9046	-12,675.00	3,102.00	-69.89	0.00	-9,642.89
PG 17JAN20 115.0 P	0	100	--	1.0000	-19,950.00	-42.00	-67.63	0.00	-20,059.63
PG 17JAN20 130.0 C	0	0	--	--	11,901.00	2,073.00	-144.30	0.00	13,829.70
PG 17JAN20 135.0 C	0	25	--	0.4800	625.00	-100.00	-18.60	0.00	506.40
PM 20DEC19 82.5 C	0	30	--	1.8250	-1,185.00	-105.00	-17.81	0.00	-1,307.81
PM 20DEC19 82.5 P	0	30	--	3.4960	1,009.80	-196.80	-17.81	0.00	795.19
PNC 04OCT19 139.0 C	0	0	--	--	4,200.00	-4,350.00	-17.81	0.00	-167.81
PNC 11OCT19 140.0 C	0	0	--	--	410.00	-1,590.00	14.88	0.00	-1,194.88
PNC 18OCT19 150.0 C	140	0	0.2250	--	-3,525.00	-175.00	-43.24	0.00	-3,743.24
PNC 25OCT19 150.0 C	0	0	--	--	-525.00	-75.00	-74.45	0.00	-674.45
PNC 01NOV19 144.0 P	0	20	--	0.0964	-17.20	-310.00	-11.88	0.00	339.08
PNC 01NOV19 152.5 C	0	150	--	0.0001	-823.50	-525.00	-159.59	0.00	-1,508.09

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
PNC 08NOV19 152.5 C									
PNC 17JAN20 130.0 C	110	-110	13.2137	18.3128	56,090.10	0.00	0.00	0.00	56,090.10
PNC 17JAN20 130.0 P	110	110	3.9500	1.3950	-28,105.00	0.00	0.00	0.00	-28,105.00
PNC 17JAN20 150.0 C	110	110	2.5800	3.9000	-14,520.00	0.00	0.00	0.00	-14,520.00
RTN 04OCT19 192.5 C	0	0	--	--	1,602.00	-2,983.00	-38.85	0.00	-1,419.85
RTN 04OCT19 197.5 C	20	0	1.3650	--	-3,840.00	-86.00	-21.65	0.00	-3,947.65
RTN 11OCT19 182.5 P	20	0	0.4450	--	-890.00	0.00	0.00	0.00	-890.00
RTN 11OCT19 185.0 C	20	0	11.5229	--	5,085.80	-1,071.00	-11.33	0.00	4,003.47
RTN 11OCT19 192.5 C	0	0	--	--	-2,405.88	2,801.88	-47.70	0.00	348.30
RTN 11OCT19 195.0 P	30	0	3.1336	--	-9,400.80	0.00	0.00	0.00	-9,400.80
RTN 11OCT19 197.5 C	-30	0	2.3589	--	3,416.70	3,660.00	0.00	0.00	7,076.70
RTN 11OCT19 197.5 P	0	0	--	--	-3,680.00	480.00	-32.63	0.00	-3,232.63
RTN 11OCT19 200.0 C	-20	0	1.3262	--	1,232.20	220.20	-13.00	0.00	1,439.40
RTN 11OCT19 200.0 P	20	0	6.2154	--	-9,870.80	-2,560.00	0.00	0.00	-12,430.80
RTN 11OCT19 202.5 P	30	0	8.0702	--	12,870.60	11,340.00	0.00	0.00	-24,210.60
RTN 11OCT19 205.0 C	-60	0	0.4371	--	973.20	-410.60	4755	0.00	515.05
RTN 11OCT19 205.0 P	30	0	10.3834	--	-12,310.20	-18,840.00	0.00	0.00	-31,150.20
RTN 11OCT19 210.0 P	0	0	--	--	-26,012.38	-41,917.62	-20.36	0.00	-67,950.36
RTN 11OCT19 215.0 P	50	0	20.0511	--	-18,855.50	-81,400.00	0.00	0.00	-100,255.50

Symbol	Quantity		Price		Mark-to Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
RTN 11OCT19 220.0 P									
RTN 25OCT19 200.0 P	0	0	--	--	-4,980.80	935.80	-27.10	0.00	-4,072.10
RTN 25OCT19 210.0 P	0	0	--	--	-2,250.00	1,250.00	-5.88	0.00	-1,005.88
RTN 22NOV19 212.5 C	0	30	--	4.8523	9,747.60	-1,019.70	-17.36	0.00	8,710.54
RTN 22NOV19 215.0 C	0	45	--	3.2897	9,350.55	-737.90	-28.97	0.00	8,583.68
RTN 17JAN20 175.0 C	0	-50	--	38.9798	79,403.50	1,747.50	-40.07	0.00	-77,696.07
RTN 17JAN20 175.0 P	0	50	--	1.3015	15,992.50	1,192.00	-37.54	0.00	-14,838.04
RTN 17JAN20 210.0 C	0	-50	--	10.1765	-30,007.50	1,298.00	-31.45	0.00	-28,740.95
SLB 04OCT19 34.5 C	0	0	--	--	-150.00	-25.00	-19.64	0.00	-194.64
SLB 18OCT19 32.5 P	150	0	0.5600	--	-5,550.00	-2,850.00	0.00	0.00	8,400.00
SLB 18OCT19 34.5 C	0	0	--	--	-1,575.00	-75.00	-37.19	0.00	-1,687.19
SLB 18OCT19 35.0 C	300	0	0.8350	--	20,733.00	-333.00	-282.87	0.00	20,117.13
SLB 18OCT19 37.5 C	150	0	0.2000	--	-3,000.00	0.00	0.00	0.00	-3,000.00
SLB 17JAN20 35.0 P	100	100	3.2154	3.6135	3,981.00	0.00	0.00	0.00	3,981.00
SLB 17JAN20 37.5 C	-200	-125	1.2350	0.4350	14,987.50	-250.00	-55.72	0.00	14,681.78
SLB 17JAN20 40.0 C	100	100	0.6600	0.2000	4,600.00	0.00	0.00	0.00	-4,600.00
SPX 30SEP19 2920.0 P	2	0	--	--	0.00	0.00	0.00	0.00	0.00
SPX 30SEP19 2925.0 P	-2	0	--	--	0.00	0.00	0.00	0.00	0.00
SPX 30SEP19 2935.0 P	-10	0	--	--	0.00	0.00	0.00	0.00	0.00

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
SPX 30SEP19 2940.0 P									
SPX 08NOV19 2400.0 P	1	1	1.4750	0.0001	-147.49	0.00	0.00	0.00	-147.49
SPX 15NOV19 2990.0 P	0	-1	--	12.0000	2,765.00	255.00	1.53	0.00	3,018.47
SPX 15NOV19 2995.0 P	0	-4	--	12.8292	11,516.76	621.56	-5.09	0.00	12,133.23
SPX 15NOV19 3000.0 P	0	5	--	13.8416	-13,576.50	-452.70	-5.92	0.00	-14,035.12
SPX 20DEC19 2390.0 P	-1	-1	5.5942	1.3773	421.69	0.00	0.00	0.00	421.69
SPX 20DEC19 2410.0 P	0	1	--	1.5018	-113.83	4.01	-1.53	0.00	-111.35
SPX 20DEC19 2940.0 P	-1	1	73.4500	28.1500	4,530.00	0.00	0.00	0.00	4,530.00
SPX 20DEC19 2960.0 P	1	1	79.5500	31.9000	-4,765.00	0.00	0.00	0.00	-4,765.00
SPX 20DEC19 2965.0 P	-8	-8	81.1500	32.9000	38,600.00	0.00	0.00	0.00	38,600.00
SPX 20DEC19 2970.0 P	8	8	82.8500	33.9500	-39,120.00	0.00	0.00	0.00	-39,120.00
SPX 31DEC19 2920.0 P	0	-1	--	30.3142	1,981.52	37.06	1.63	0.00	2,016.95
SPX 31DEC19 3000.0 P	0	1	--	47.8954	-2,575.94	-124.52	1.63	0.00	-2,702.09
SPY 04OCT19 292.0 C	0	0	--	--	3,480.00	-3,660.00	-20.08	0.00	200.00
SPY 04OCT19 294.0 C	0	0	--	--	1,125.00	-2,955.00	-57.69	0.00	-1,887.69
SPY 04OCT19 300.0 C	0	0	--	--	-165.00	-75.00	-17.51	0.00	-257.51
SPY 11OCT19 287.5 P	0	0	--	--	960.00	220.00	-46.23	0.00	1,133.77
SPY 11OCT19 289.0 P	0	0	--	--	-2,020.00	400.00	-23.08	0.00	-1,643.08
SPY 11OCT19 289.5 P	0	0	--	--	-890.00	-410.00	-23.08	0.00	-1,323.08

Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
SPY 18OCT19 288.0 P									
SPY 18OCT19 292.0 P	0	0	--	--	-2,110.00	370.00	-23.48	0.00	-1,763.48
SPY 25OCT19 293.0 P	0	0	--	--	-1,310.00	-90.00	-23.08	0.00	-1,423.08
SPY 25OCT19 300.0 P	0	0	--	--	-3,651.20	1,951.20	-20.78	0.00	-1,720.78
SPY 01NOV19 299.0 P	0	30	--	0.0750	-1,995.00	-180.00	-30.11	0.00	-2,205.11
SPY 01NOV19 302.0 P	0	20	--	0.3650	-1,160.00	130.00	-11.88	0.00	-1,041.88
SPY 01NOV19 305.0 C	0	20	--	0.1650	-780.00	-322.00	-10.64	0.00	-1,112.64
SPY 15NOV19 314.0 C	100	100	0.3650	0.0750	-2,900.00	0.00	0.00	0.00	-2,900.00
SPY 20DEC19 314.0 C	0	50	--	1.0650	2,475.00	-300.00	-36.69	0.00	2,138.31
SPY 17JAN20 280.0 C	-100	-100	23.5777	25.8582	-22,805.00	0.00	0.00	0.00	-22,805.00
SPY 17JAN20 280.0 P	100	100	5.3800	2.3950	-29,850.00	0.00	0.00	0.00	-29,850.00
SPY 17JAN20 314.0 C	-100	-100	2.3000	1.9950	3,050.00	0.00	0.00	0.00	3,050.00
T 11OCT19 37.5 C	50	0	0.5627	--	-2,413.50	500.00	-52.85	0.00	-1,966.35
T 11OCT19 37.5 P	50	0	0.5400	--	-2,700.00	0.00	0.00	0.00	-2,700.00
TGT 08NOV19 104.0 P	0	-20	--	0.3800	1,410.00	-142.00	-12.86	0.00	1,255.14
TGT 08NOV19 105.0 P	0	20	--	0.5750	790.00	-40.00	-22.58	0.00	727.42
TGT 22NOV19 107.0 P	0	20	--	4.4146	788.60	94.60	-12.78	0.00	868.42
TIP 18OCT19 114.0 P	5	0	0.0448	--	-22.40	0.00	0.00	0.00	22.40
TUP 15NOV19 10.0 C	0	100	--	0.3750	-2,267.00	-2,905.00	-37.38	0.00	-5,209.38

Symbol	Quantity		Price		Mark to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
TUP 20DEC19 17.5 P									
TUP 17JAN20 15.0 P	100	100	1.5500	5.7378	41,878.00	0.00	0.00	0.00	41,878.00
TUP 17JAN20 17.5 C	-200	-200	1.2000	0.0311	23,378.00	0.00	0.00	0.00	23,378.00
TUP 17JAN20 20.0 C	100	100	0.6000	0.0095	-5,905.00	0.00	0.00	0.00	-5,905.00
TXN 25OCT19 121.0 P	-20	0	1.4205	--	1,225.00	516.00	-15.25	0.00	1,725.72
TXN 15NOV19 125.0 P	20	20	3.6750	7.0401	6,730.20	0.00	0.00	0.00	6,730.20
TXN 17JAN20 135.0 P	70	70	10.5606	17.0665	45,541.30	0.00	0.00	0.00	45,541.30
TXN 17JAN20 140.0 C	-70	0	2.8150	--	18,620.00	-103.00	-41.75	0.00	18,475.25
TXN 17JAN20 145.0 C	-70	0	1.6550	--	10,938.20	-397.20	-40.97	0.00	10,500.03
TXN 17JAN20 150.0 C	70	70	0.9150	0.0162	-6,291.60	0.00	0.00	0.00	-6,291.60
UDN 18OCT19 20.0 C	1	0	0.2000	--	46.00	-66.00	0.00	0.00	-20.00
UUP 20DEC19 28.0 C	10	10	0.0850	0.0012	-83.80	0.00	0.00	0.00	-83.80
VFC 15NOV19 85.5 C	0	20	--	0.3052	-1,839.60	-547.00	-11.13	0.00	-2,397.73
VFC 15NOV19 85.5 P	0	-20	--	3.4466	-5,033.20	122.00	-8.81	0.00	-4,920.01
VFC 20DEC19 82.5 C	0	20	--	2.4250	900.00	-813.00	-3.73	0.00	83.27
VFC 20DEC19 82.5 P	0	20	--	2.8221	-1,423.60	961.80	-3.73	0.00	-465.53
VFC 20DEC19 87.5 C	0	-10	--	0.8500	600.00	327.00	-5.24	0.00	921.76
VFC 20DEC19 87.5 P	0	20	--	6.2718	7,843.40	-34.80	-8.73	0.00	7,799.87
VFC 20DEC19 90.0 C	0	0	--	--	374.90	5.10	-11.91	0.00	368.09



Symbol	Quantity		Price		Mark-to-Market P/L				
	Prior	Current	Prior	Current	Position	Transaction	Commissions	Other	Total
VFC 20DEC19 90.0 P									
VFC 20DEC19 95.0 P	0	70	--	13.3150	-5,908.70	5,385.70	-39.17	0.00	-562.17
VZ 18OCT19 60.0 C	50	0	0.8300	--	1,100.00	998.00	-36.82	0.00	2,061.18
VZ 18OCT19 60.0 P	50	0	0.9253	--	-4,626.50	0.00	0.00	0.00	4,626.50
VZ 22NOV19 61.0 C	0	300	--	0.5750	-8,406.00	-1,283.00	-124.26	0.00	-9,813.26
VZ 17JAN20 57.5 C	0	100	--	3.6962	-3,523.00	1,249.00	75.30	0.00	-2,349.30
VZ 17JAN20 57.5 P	0	100	--	0.7750	-10,650.00	963.00	-74.38	0.00	-9,761.38
VZ 17JAN20 60.0 C	0	-200	--	1.8608	1,384.00	1,053.00	-84.06	0.00	2,352.94
WHR 25OCT19 146.0 P	0	0	--	--	5,670.00	-95.00	-10.27	0.00	5,564.73
WHR 25OCT19 155.0 P	0	0	--	--	-160.00	-77.00	-19.57	0.00	256.57
WHR 22NOV19 152.5 P	0	20	--	4.6573	-5,736.60	266.20	-10.12	0.00	-5,460.52
WMT 15NOV19 113.0 P	0	-60	--	1.0200	840.00	-966.00	-45.07	0.00	171.07
WMT 20DEC19 115.0 P	0	60	--	2.5050	-510.00	1,638.00	-37.78	0.00	1,090.22
WPC 18OCT19 90.0 C	-60	0	1.2000	--	-13,500.00	20,700.00	0.00	0.00	7,200.00
WPC 18OCT19 90.0 P	60	0	1.2849	--	-7,709.40	0.00	0.00	0.00	-7,709.40
WPC 18OCT19 95.0 P	20	0	5.5000	--	-7,900.00	-3,100.00	0.00	0.00	-11,000.00
<b>Total</b>					<b>-601,013.43</b>	<b>-136,237.75</b>	<b>-8,711.24</b>	<b>0.00</b>	<b>-745,962.42</b>
<b>Forex</b>									
USD	-32,843,946.69	-41,584,784.99	1.0000	1.0000	0.00	0.00	0.00	0.00	0.00
<b>Total</b>					<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total (All Assets)</b>					<b>-86,841.84</b>	<b>9,730.63</b>	<b>-10,744.05</b>	<b>260,398.49</b>	<b>172,543.24</b>
<b>Broker Interest Paid and Received</b>									<b>-60,698.84</b>
<b>Other Fees</b>									<b>-16.28</b>
<b>Total P/L for Statement Period</b>									<b>111,828.12</b>

## Realized &amp; Unrealized Performance Summary

		Realized					Unrealized			
Symbol	Cost Adj.	S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss
Stocks										
ABBV	0.00	37,920.67	0.00	0.00	0.00	37,920.67	82,311.00	0.00	0.00	0.00
AVB	0.00	11,208.89	0.00	0.00	0.00	11,208.89	0.00	0.00	0.00	0.00
BA	0.00	0.00	0.00	0.00	0.00	0.00	33,552.81	-138,021.44	0.00	0.00
BLK	0.00	82,033.13	0.00	0.00	0.00	82,033.13	0.00	-19,311.30	0.00	0.00
BX	0.00	0.00	0.00	0.00	0.00	0.00	5,828.01	0.00	0.00	0.00
CAT	0.00	319,901.84	-338,997.90	0.00	0.00	-19,096.06	0.00	0.00	0.00	0.00
CBRL	0.00	2,831.08	0.00	0.00	0.00	2,831.08	0.00	0.00	0.00	0.00
CL	0.00	36,467.05	-31,345.43	0.00	0.00	5,121.62	0.00	0.00	0.00	0.00
COST	0.00	0.00	0.00	0.00	0.00	0.00	13,328.52	0.00	0.00	0.00
CSCO	0.00	3,288.30	-1,848.99	0.00	0.00	1,439.31	0.00	0.00	0.00	0.00
CVX	0.00	0.00	0.00	0.00	0.00	0.00	4,263.00	0.00	0.00	0.00
DBA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-5,812.64
DE	0.00	292,723.27	0.00	0.00	0.00	292,723.27	0.00	0.00	0.00	0.00
EIX	0.00	0.00	-1,323.66	0.00	0.00	-1,323.66	0.00	0.00	0.00	0.00
EW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	273,447.21	0.00
GANS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	299,566.13	0.00
GO	0.00	0.00	0.00	0.00	0.00	0.00	1,988.00	-42,392.00	0.00	0.00
GIS	0.00	2,739.25	2,450.45	0.00	0.00	288.80	0.00	0.00	0.00	0.00
GLD	0.00	636.42	0.00	0.00	0.00	636.42	1,659.62	0.00	0.00	0.00
HAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-68,260.95	0.00	0.00
HYG	0.00	0.00	-314.94	0.00	0.00	-314.94	0.00	0.00	0.00	0.00
IBM	0.00	8,657.32	-6,509.07	0.00	0.00	2,148.25	5,316.00	-66,795.59	0.00	0.00
ITW	0.00	0.00	0.00	0.00	0.00	0.00	71,811.69	0.00	0.00	0.00
JNJ	0.00	5,757.21	-693.72	0.00	0.00	5,063.49	4,065.60	0.00	4,018,851.84	0.00
JPM	0.00	360,704.79	-2,661.83	0.00	0.00	358,042.96	0.00	0.00	0.00	0.00
KHC	0.00	0.00	0.00	0.00	0.00	0.00	40,950.00	0.00	0.00	0.00
KMB	0.00	0.00	-16,301.93	0.00	0.00	-16,301.93	826.32	-91,422.10	0.00	0.00
KO	0.00	1,044.60	0.00	0.00	0.00	1,044.60	0.00	0.00	0.00	0.00
LLY	0.00	0.00	0.00	0.00	0.00	0.00	14,783.00	0.00	0.00	0.00
LMT	0.00	2,190.15	-13,280.98	0.00	0.00	-11,090.83	20,467.31	0.00	0.00	0.00
MCD	0.00	0.00	-18,849.41	0.00	0.00	-18,849.41	21,742.00	-55,538.37	0.00	0.00
MCEP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-23,163.08
MDY	0.00	0.00	0.00	0.00	0.00	0.00	69,848.50	0.00	0.00	0.00
MMM	0.00	0.00	0.00	0.00	0.00	0.00	65,337.83	-29,397.40	0.00	0.00
MTN	0.00	0.00	-6,120.53	0.00	0.00	-6,120.53	0.00	0.00	0.00	0.00
NEE	0.00	0.00	0.00	0.00	0.00	0.00	41,608.00	0.00	0.00	0.00
OKE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-57,192.00	0.00	0.00
PFE	0.00	0.00	0.00	0.00	0.00	0.00	51,120.77	-11,209.00	0.00	0.00
PG	0.00	0.00	0.00	0.00	0.00	0.00	23,865.00	0.00	0.00	0.00
PNC	0.00	2,663.57	-3,208.74	0.00	0.00	-545.17	73,821.31	0.00	0.00	0.00
RTN	0.00	90,992.94	-45,996.93	0.00	0.00	44,996.01	77,137.07	0.00	0.00	0.00
SLB	0.00	5,063.02	-8,176.74	0.00	0.00	-3,113.72	7,740.40	0.00	0.00	0.00

Symbol	Cost Adj.	Realized					Unrealized			
		S/T Profit	S/T Loss	LT Profit	LT Loss	Total	S/T Profit	S/T Loss	LT Profit	LT Loss
TIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,830.80	0.00
TUP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-45,644.59	0.00	0.00
TXN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-67,216.97	0.00	0.00
UDN	0.00	0.00	0.00	0.00	0.00	0.00	9.66	0.00	0.00	0.00
UUP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,116.51	0.00	0.00
VFC	0.00	0.00	0.00	0.00	0.00	0.00	3,462.00	0.00	0.00	0.00
VZ	0.00	0.00	0.00	0.00	0.00	0.00	5,017.02	0.00	0.00	0.00
WPC	0.00	17,779.71	-10,636.46	0.00	0.00	7,143.25	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>1,284,603.21</b>	<b>-543,200.71</b>	<b>0.00</b>	<b>0.00</b>	<b>741,402.50</b>	<b>623,010.19</b>	<b>-694,518.21</b>	<b>4,593,695.97</b>	<b>-28,975.72</b>
<b>Equity and Index Options</b>										
AAPL 18OCT19 205.0 P	0.00	5,583.01	0.00	0.00	0.00	5,583.01	0.00	0.00	0.00	0.00
AAPL 18OCT19 207.5 P	0.00	0.00	-2,253.85	0.00	0.00	-2,253.85	0.00	0.00	0.00	0.00
AAPL 01NOV19 230.0 P	0.00	0.00	0.00	0.00	0.00	0.00	4,298.79	0.00	0.00	0.00
AAPL 15NOV19 215.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-12,999.56	0.00	0.00
AAPL 15NOV19 235.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,526.48	0.00	0.00
ABBV 04OCT19 60.0 P	0.00	0.00	789.64	0.00	0.00	789.64	0.00	0.00	0.00	0.00
ABBV 11OCT19 60.0 P	0.00	0.00	-305.23	0.00	0.00	-305.23	0.00	0.00	0.00	0.00
ABBV 11OCT19 69.0 P	0.00	0.00	-5,928.24	0.00	0.00	-5,928.24	0.00	0.00	0.00	0.00
ABBV 11OCT19 71.5 P	0.00	0.00	-197.81	0.00	0.00	-197.81	0.00	0.00	0.00	0.00
ABBV 18OCT19 62.5 P	0.00	0.00	-5,015.72	0.00	0.00	-5,015.72	0.00	0.00	0.00	0.00
ABBV 18OCT19 67.5 C	0.00	0.00	-8,569.32	0.00	0.00	-8,569.32	0.00	0.00	0.00	0.00
ABBV 18OCT19 69.0 P	0.00	0.00	1,871.18	0.00	0.00	1,871.18	0.00	0.00	0.00	0.00
ABBV 01NOV19 70.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,058.83	0.00	0.00
ABBV 08NOV19 70.5 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-787.16	0.00	0.00
ABBV 15NOV19 69.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,230.14	0.00	0.00

Symbol	Cost Adj.	Realized					Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss
ABBV 15NOV19 65.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-969.69	0.00	0.00
ABBV 15NOV19 70.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-16,472.81	0.00	0.00
ABBV 17JAN20 72.5 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-43,931.62	0.00	0.00
AVB 18OCT19 200.0 P	0.00	0.00	-8,210.24	0.00	0.00	-8,210.24	0.00	0.00	0.00	0.00
AVB 18OCT19 210.0 P	0.00	0.00	-6,409.38	0.00	0.00	-6,409.38	0.00	0.00	0.00	0.00
AVB 18OCT19 220.0 P	0.00	0.00	-13,013.73	0.00	0.00	-13,013.73	0.00	0.00	0.00	0.00
BA 25OCT19 342.5 C	0.00	0.00	-29,677.13	0.00	0.00	-29,677.13	0.00	0.00	0.00	0.00
BA 25OCT19 365.0 C	0.00	0.00	-994.88	0.00	0.00	-994.88	0.00	0.00	0.00	0.00
BA 08NOV19 360.0 P	0.00	0.00	0.00	0.00	0.00	0.00	3,927.56	0.00	0.00	0.00
BA 08NOV19 370.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-32,157.76	0.00	0.00
BA 15NOV19 350.0 C	0.00	0.00	0.00	0.00	0.00	0.00	10,430.27	0.00	0.00	0.00
BA 15NOV19 350.0 P	0.00	0.00	0.00	0.00	0.00	0.00	13,881.94	0.00	0.00	0.00
BA 15NOV19 355.0 C	0.00	0.00	0.00	0.00	0.00	0.00	8,817.08	0.00	0.00	0.00
BA 15NOV19 395.0 P	0.00	0.00	0.00	0.00	0.00	0.00	10,748.66	0.00	0.00	0.00
BA 15NOV19 435.0 P	0.00	0.00	0.00	0.00	0.00	0.00	121,925.66	0.00	0.00	0.00
BLK 18OCT19 440.0 P	0.00	0.00	-8,859.29	0.00	0.00	-8,859.29	0.00	0.00	0.00	0.00
BLK 18OCT19 450.0 C	0.00	14,757.06	0.00	0.00	0.00	14,757.06	0.00	0.00	0.00	0.00
BLK 18OCT19 500.0 C	0.00	2,038.97	0.00	0.00	0.00	2,038.97	0.00	0.00	0.00	0.00
BLK 01NOV19 452.5 P	0.00	824.08	0.00	0.00	0.00	824.08	565.29	0.00	0.00	0.00

Symbol	Cost Adj.	Realized					Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss
BLK 01NOV19 457.5 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3,447.41	0.00	0.00
BLK 20DEC19 520.0 P	0.00	0.00	0.00	0.00	0.00	0.00	20,739.59	0.00	0.00	0.00
BX 01NOV19 49.0 C	0.00	0.00	0.00	0.00	0.00	0.00	6,108.78	0.00	0.00	0.00
BX 01NOV19 49.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,573.02	0.00	0.00
BX 01NOV19 58.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,734.46	0.00	0.00
CAT 11OCT19 117.0 P	0.00	0.00	1,394.88	0.00	0.00	-1,394.88	0.00	0.00	0.00	0.00
CAT 11OCT19 119.0 P	0.00	0.00	899.73	0.00	0.00	-899.73	0.00	0.00	0.00	0.00
CAT 11OCT19 126.0 P	0.00	0.00	-914.88	0.00	0.00	-914.88	0.00	0.00	0.00	0.00
CAT 18OCT19 117.0 P	0.00	0.00	-3,289.44	0.00	0.00	3,289.44	0.00	0.00	0.00	0.00
CAT 18OCT19 124.0 P	0.00	0.00	1,237.44	0.00	0.00	-1,237.44	0.00	0.00	0.00	0.00
CAT 18OCT19 126.0 C	0.00	0.00	-5,563.19	0.00	0.00	5,563.19	0.00	0.00	0.00	0.00
CAT 18OCT19 126.0 P	0.00	0.00	-6,852.76	0.00	0.00	-6,852.76	0.00	0.00	0.00	0.00
CAT 18OCT19 130.0 C	0.00	2,748.24	0.00	0.00	0.00	2,748.24	0.00	0.00	0.00	0.00
CAT 18OCT19 130.0 P	0.00	0.00	-26,655.69	0.00	0.00	-26,655.69	0.00	0.00	0.00	0.00
CAT 18OCT19 132.0 C	0.00	1,970.66	0.00	0.00	0.00	1,970.66	0.00	0.00	0.00	0.00
CAT 18OCT19 135.0 C	0.00	11,401.49	0.00	0.00	0.00	11,401.49	0.00	0.00	0.00	0.00
CAT 01NOV19 137.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	869.45	0.00	0.00
CBRL 18OCT19 160.0 C	0.00	0.00	-3,077.99	0.00	0.00	-3,077.99	0.00	0.00	0.00	0.00
CL 25OCT19 70.5 C	0.00	0.00	-6,775.79	0.00	0.00	-6,775.79	0.00	0.00	0.00	0.00

Symbol	Cost Adj.	Realized					Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss
CL 25OCT19 73.5 C	0.00	0.00	-4,099.23	0.00	0.00	-4,099.23	0.00	0.00	0.00	0.00
COST 25OCT19 277.5 P	0.00	6,278.49	0.00	0.00	0.00	6,278.49	0.00	0.00	0.00	0.00
COST 17JAN20 285.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,908.57	0.00	0.00
COST 17JAN20 290.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8,836.66	0.00	0.00
CSCO 04OCT19 46.5 P	0.00	0.00	-7,770.34	0.00	0.00	-7,770.34	0.00	0.00	0.00	0.00
CSCO 04OCT19 48.0 C	0.00	7,562.51	0.00	0.00	0.00	7,562.51	0.00	0.00	0.00	0.00
CSCO 04OCT19 49.0 C	0.00	0.00	-4,582.12	0.00	0.00	-4,582.12	0.00	0.00	0.00	0.00
CVX 04OCT19 114.0 C	0.00	0.00	562.31	0.00	0.00	562.31	0.00	0.00	0.00	0.00
CVX 15NOV19 115.0 C	0.00	0.00	0.00	0.00	0.00	0.00	1,440.95	0.00	0.00	0.00
CVX 15NOV19 115.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,198.25	0.00	0.00
CVX 15NOV19 122.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-4,576.70	0.00	0.00
DE 18OCT19 1700 P	0.00	0.00	-286,648.39	0.00	0.00	-286,648.39	0.00	0.00	0.00	0.00
DE 20DEC19 160.0 P	0.00	0.00	0.00	0.00	0.00	0.00	2,651.49	0.00	0.00	0.00
DE 17JAN20 165.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3,781.80	0.00	0.00
EIX 18OCT19 72.5 C	0.00	0.00	2,440.48	0.00	0.00	2,440.48	0.00	0.00	0.00	0.00
EW 11OCT19 200.0 P	0.00	0.00	-5,192.39	0.00	0.00	-5,192.39	0.00	0.00	0.00	0.00
EW 11OCT19 217.5 C	0.00	0.00	9,292.29	0.00	0.00	9,292.29	0.00	0.00	0.00	0.00
EW 11OCT19 225.0 P	0.00	0.00	-24.22	0.00	0.00	-24.22	0.00	0.00	0.00	0.00
EW 25OCT19 205.0 P	0.00	0.00	150.24	0.00	0.00	150.24	0.00	0.00	0.00	0.00

Symbol	Cost Adj.	Realized					Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss
EW 25OCT19 210.0 P	0.00	0.00	-3,728.49	0.00	0.00	-3,728.49	0.00	0.00	0.00	0.00
EW 01NOV19 215.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-371.08	0.00	0.00
EW 08NOV19 215.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,574.11	0.00	0.00
EW 15NOV19 210.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3,316.56	0.00	0.00
EW 15NOV19 220.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-5,086.69	0.00	0.00
GD 25OCT19 190.0 C	0.00	0.00	-3,215.05	0.00	0.00	-3,215.05	0.00	0.00	0.00	0.00
GD 01NOV19 175.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-827.99	0.00	0.00
GD 15NOV19 190.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-746.95	0.00	0.00
GD 15NOV19 205.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,117.57	0.00	0.00
GD 17JAN20 180.0 C	0.00	0.00	0.00	0.00	0.00	0.00	5,171.09	0.00	0.00	0.00
GD 17JAN20 160.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-14,059.55	0.00	0.00
GD 17JAN20 175.0 C	0.00	0.00	0.00	0.00	0.00	0.00	40,063.64	0.00	0.00	0.00
GD 17JAN20 175.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1,296.64	0.00	0.00
GD 17JAN20 190.0 C	0.00	0.00	0.00	0.00	0.00	0.00	11,251.04	0.00	0.00	0.00
GD 17JAN20 200.0 C	0.00	15,611.51	0.00	0.00	0.00	15,611.51	0.00	0.00	0.00	0.00
GD 17JAN20 205.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3,203.04	0.00	0.00
GLS 18OCT19 55.0 C	0.00	0.00	-2,172.18	0.00	0.00	-2,172.18	0.00	0.00	0.00	0.00
GLD 04OCT19 138.5 P	0.00	0.00	-431.11	0.00	0.00	-431.11	0.00	0.00	0.00	0.00
GLD 04OCT19 139.0 P	0.00	0.00	-571.71	0.00	0.00	-571.71	0.00	0.00	0.00	0.00

Symbol	Cost Adj.	Realized				Total	Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss		S/T Profit	S/T Loss	L/T Profit	L/T Loss
GLD 04OCT19 139.5 P	0.00	555.09	0.00	0.00	0.00	555.09	0.00	0.00	0.00	0.00
GLD 04OCT19 140.0 P	0.00	703.41	0.00	0.00	0.00	703.41	0.00	0.00	0.00	0.00
GLD 04OCT19 141.0 P	0.00	0.00	-350.41	0.00	0.00	-350.41	0.00	0.00	0.00	0.00
GLD 04OCT19 142.0 P	0.00	334.69	0.00	0.00	0.00	334.69	0.00	0.00	0.00	0.00
GLD 11OCT19 140.0 P	0.00	0.00	-350.46	0.00	0.00	-350.46	0.00	0.00	0.00	0.00
GLD 18OCT19 135.0 P	0.00	0.00	-170.34	0.00	0.00	-170.34	0.00	0.00	0.00	0.00
GLD 18OCT19 137.0 P	0.00	0.00	-747.93	0.00	0.00	-747.93	0.00	0.00	0.00	0.00
GLD 18OCT19 138.0 P	0.00	315.76	29.06	0.00	0.00	286.70	0.00	0.00	0.00	0.00
GLD 18OCT19 139.0 P	0.00	169.53	0.00	0.00	0.00	169.53	0.00	0.00	0.00	0.00
GLD 18OCT19 143.0 C	0.00	0.00	-32.97	0.00	0.00	-32.97	0.00	0.00	0.00	0.00
GLD 25OCT19 142.0 C	0.00	37.97	0.00	0.00	0.00	37.97	0.00	0.00	0.00	0.00
GLD 01NOV19 136.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	922.01	0.00	0.00
GLD 01NOV19 138.0 P	0.00	0.00	0.00	0.00	0.00	0.00	1,299.46	0.00	0.00	0.00
GLD 01NOV19 138.5 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-53.28	0.00	0.00
GLD 01NOV19 142.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,290.19	0.00	0.00
GLD 01NOV19 142.5 C	0.00	0.00	0.00	0.00	0.00	0.00	37.90	0.00	0.00	0.00
GLD 01NOV19 146.0 P	0.00	0.00	0.00	0.00	0.00	0.00	832.19	0.00	0.00	0.00
GLD 08NOV19 143.0 C	0.00	0.00	0.00	0.00	0.00	0.00	8.49	0.00	0.00	0.00
GLD 15NOV19 143.5 C	0.00	0.00	0.00	0.00	0.00	0.00	3.90	0.00	0.00	0.00



Symbol	Cost Adj.	Realized					Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss
HAS 25OCT19 110.0 C	0.00	0.00	-764.63	0.00	0.00	764.63	0.00	0.00	0.00	0.00
HAS 08NOV19 115.0 P	0.00	0.00	0.00	0.00	0.00	0.00	85.18534	0.00	0.00	0.00
IBM 04OCT19 140.0 P	0.00	1,851.95	0.00	0.00	0.00	1,851.95	0.00	0.00	0.00	0.00
IBM 04OCT19 141.0 P	0.00	0.00	1,571.86	0.00	0.00	-1,571.86	0.00	0.00	0.00	0.00
IBM 18OCT19 137.0 C	0.00	0.00	-343.75	0.00	0.00	343.75	0.00	0.00	0.00	0.00
IBM 08NOV19 133.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	842.23	0.00	0.00
IBM 08NOV19 133.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,851.83	0.00	0.00
IBM 08NOV19 142.0 P	0.00	0.00	0.00	0.00	0.00	0.00	11.00972	5,140.99	0.00	0.00
IBM 08NOV19 144.0 C	0.00	9,053.41	0.00	0.00	0.00	9,053.41	0.00	0.00	0.00	0.00
IBM 15NOV19 145.0 C	0.00	25,514.41	0.00	0.00	0.00	25,514.41	0.00	0.00	0.00	0.00
IBM 15NOV19 145.0 P	0.00	0.00	0.00	0.00	0.00	0.00	12,892.38	0.00	0.00	0.00
IBM 15NOV19 150.0 C	0.00	9,312.65	0.00	0.00	0.00	9,312.65	0.00	0.00	0.00	0.00
INTC 08NOV19 56.5 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1,539.69	0.00	0.00
INTC 08NOV19 56.5 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	897.19	0.00	0.00
ITW 18OCT19 175.0 C	0.00	0.00	-556.14	0.00	0.00	556.14	0.00	0.00	0.00	0.00
ITW 25OCT19 157.5 P	0.00	0.00	-3,118.13	0.00	0.00	3,118.13	0.00	0.00	0.00	0.00
ITW 01NOV19 167.5 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	677.56	0.00	0.00
ITW 01NOV19 170.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	191.08	0.00	0.00
ITW 15NOV19 175.0 C	0.00	0.00	0.00	0.00	0.00	0.00	788.25	0.00	0.00	0.00

Symbol	Cost Adj	Realized					Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss
ITW 20DEC19 160.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-51,461.15	0.00	0.00
ITW 20DEC19 165.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-17,303.39	0.00	0.00
ITW 20DEC19 170.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-9,782.30	0.00	0.00
JNJ 18OCT19 130.0 P	0.00	0.00	-145,518.78	0.00	0.00	-145,518.78	0.00	0.00	0.00	0.00
JNJ 18OCT19 131.0 C	0.00	0.00	-1,615.38	0.00	0.00	-1,615.38	0.00	0.00	0.00	0.00
JNJ 18OCT19 135.0 P	0.00	0.00	-5,475.30	0.00	0.00	-5,475.30	0.00	0.00	0.00	0.00
JNJ 25OCT19 133.0 C	0.00	0.00	-774.88	0.00	0.00	-774.88	0.00	0.00	0.00	0.00
JNJ 15NOV19 130.0 P	0.00	0.00	0.00	0.00	0.00	0.00	4,174.01	-39,812.09	0.00	0.00
JNJ 15NOV19 135.0 P	0.00	0.00	0.00	0.00	0.00	0.00	1,293.96	0.00	0.00	0.00
JNJ 22NOV19 123.0 C	0.00	0.00	0.00	0.00	0.00	0.00	5,079.77	0.00	0.00	0.00
JNJ 29NOV19 129.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-4,165.83	0.00	0.00
JNJ 29NOV19 140.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-4,665.36	0.00	0.00
JPM 04OCT19 109.0 P	0.00	0.00	-937.19	0.00	0.00	-937.19	0.00	0.00	0.00	0.00
JPM 11OCT19 111.0 P	0.00	0.00	-1,245.83	0.00	0.00	-1,245.83	0.00	0.00	0.00	0.00
JPM 11OCT19 116.0 P	0.00	0.00	-6,208.76	0.00	0.00	-6,208.76	0.00	0.00	0.00	0.00
JPM 11OCT19 120.0 C	0.00	0.00	-4,450.86	0.00	0.00	-4,450.86	0.00	0.00	0.00	0.00
JPM 18OCT19 115.0 P	0.00	0.00	-40,815.90	0.00	0.00	-40,815.90	0.00	0.00	0.00	0.00
JPM 18OCT19 119.0 P	0.00	0.00	-2,609.29	0.00	0.00	-2,609.29	0.00	0.00	0.00	0.00
JPM 18OCT19 121.0 C	0.00	25,586.01	0.00	0.00	0.00	25,586.01	0.00	0.00	0.00	0.00

Symbol	Cost Adj.	Realized					Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss
JPM 18OCT19 120.0 P	0.00	0.00	-323,485.37	0.00	0.00	323,485.37	0.00	0.00	0.00	0.00
JPM 18OCT19 121.0 P	0.00	0.00	-68.92	0.00	0.00	-68.92	0.00	0.00	0.00	0.00
KHC 15NOV19 28.0 C	0.00	0.00	0.00	0.00	0.00	0.00	5,965.47	0.00	0.00	0.00
KHC 15NOV19 28.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,500.33	0.00	0.00
KHC 15NOV19 30.5 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-890.08	0.00	0.00
KHC 15NOV19 32.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-35,095.78	0.00	0.00
KMB 18OCT19 135.0 C	0.00	5,438.15	0.00	0.00	0.00	5,438.15	0.00	0.00	0.00	0.00
KMB 18OCT19 135.0 P	0.00	0.00	-15,388.01	0.00	0.00	-15,388.01	0.00	0.00	0.00	0.00
KMB 18OCT19 140.0 C	0.00	1,985.86	0.00	0.00	0.00	1,985.86	0.00	0.00	0.00	0.00
KMB 18OCT19 150.0 C	0.00	0.00	-4,836.14	0.00	0.00	-4,836.14	0.00	0.00	0.00	0.00
KMB 18OCT19 155.0 C	0.00	0.00	1,555.12	0.00	0.00	-1,555.12	0.00	0.00	0.00	0.00
KMB 15NOV19 155.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1,342.27	0.00	0.00
KMB 29NOV19 152.5 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1,259.94	0.00	0.00
KMB 20DEC19 130.0 P	0.00	0.00	0.00	0.00	0.00	0.00	807.32	0.00	0.00	0.00
KMB 20DEC19 140.0 C	0.00	0.00	0.00	0.00	0.00	0.00	2,727.42	0.00	0.00	0.00
KMB 20DEC19 150.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-269.68	0.00	0.00
KMB 20DEC19 155.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-791.48	0.00	0.00
KMB 17JAN20 130.0 C	0.00	0.00	0.00	0.00	0.00	0.00	99,510.45	0.00	0.00	0.00
KMB 17JAN20 130.0 P	0.00	0.00	0.00	0.00	0.00	0.00	1,628.18	0.00	0.00	0.00

Symbol	Cost Adj.	Realized				Total	Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss		S/T Profit	S/T Loss	L/T Profit	L/T Loss
KMB 17JAN20 150.0 C	0.00	8,837.77	0.00	0.00	0.00	8,837.77	0.00	0.00	0.00	0.00
KMB 17JAN20 155.0 C	0.00	4,346.86	0.00	0.00	0.00	4,346.86	0.00	-426.31	0.00	0.00
K● 18OCT19 54.0 P	0.00	0.00	-1,674.88	0.00	0.00	1,674.88	0.00	0.00	0.00	0.00
K● 29NOV19 55.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1,512.31	0.00	0.00
KO 29NOV19 55.0 P	0.00	0.00	0.00	0.00	0.00	0.00	99.09	0.00	0.00	0.00
LLY 15NOV19 112.0 C	0.00	0.00	0.00	0.00	0.00	0.00	2,048.63	0.00	0.00	0.00
LLY 15NOV19 112.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,610.27	0.00	0.00
LLY 15NOV19 119.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-15,281.38	0.00	0.00
LMT 18OCT19 370.0 P	0.00	8,266.20	0.00	0.00	0.00	8,266.20	0.00	0.00	0.00	0.00
LMT 18OCT19 372.5 C	0.00	380.42	0.00	0.00	0.00	380.42	0.00	0.00	0.00	0.00
LMT 15NOV19 360.0 C	0.00	0.00	0.00	0.00	0.00	0.00	4,080.62	0.00	0.00	0.00
LMT 15NOV19 360.0 P	0.00	0.00	0.00	0.00	0.00	0.00	4,471.35	0.00	0.00	0.00
LMT 20DEC19 375.0 C	0.00	0.00	0.00	0.00	0.00	0.00	250.48	0.00	0.00	0.00
LMT 20DEC19 375.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-4,525.48	0.00	0.00
LMT 20DEC19 380.0 C	0.00	0.00	0.00	0.00	0.00	0.00	972.33	0.00	0.00	0.00
LMT 20DEC19 380.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-4,593.91	0.00	0.00
LMT 20DEC19 385.0 C	0.00	0.00	0.00	0.00	0.00	0.00	9,350.59	0.00	0.00	0.00
LMT 20DEC19 410.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-10,774.13	0.00	0.00
MCD 25OCT19 205.0 C	0.00	0.00	-1,309.75	0.00	0.00	1,309.75	0.00	0.00	0.00	0.00

Symbol	Cost Adj.	Realized					Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss
MCD 25OCT19 222.5 C	0.00	0.00	456.56	0.00	0.00	456.56	0.00	0.00	0.00	0.00
MCD 29NOV19 192.5 C	0.00	0.00	0.00	0.00	0.00	0.00	4,929.22	0.00	0.00	0.00
MCD 29NOV19 192.5 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3,764.78	0.00	0.00
MCD 29NOV19 207.5 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,831.14	0.00	0.00
MCD 29NOV19 222.5 P	0.00	0.00	0.00	0.00	0.00	0.00	79,187.02	0.00	0.00	0.00
MDY 18OCT19 375.0 C	0.00	0.00	-5,250.93	0.00	0.00	5,250.93	0.00	0.00	0.00	0.00
MDY 25OCT19 347.5 P	0.00	0.00	811.29	0.00	0.00	811.29	0.00	0.00	0.00	0.00
MDY 20DEC19 305.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	57,970.47	0.00	0.00
MDY 20DEC19 305.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22,375.66	0.00	0.00
MDY 20DEC19 370.0 C	0.00	0.00	0.00	0.00	0.00	0.00	18,952.84	0.00	0.00	0.00
MDY 20DEC19 375.0 C	0.00	0.00	0.00	0.00	0.00	0.00	4,005.43	0.00	0.00	0.00
MDY 17JAN20 305.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,415.16	0.00	0.00
MMM 11OCT19 150.0 P	0.00	0.00	-617.44	0.00	0.00	-617.44	0.00	0.00	0.00	0.00
MMM 25OCT19 160.0 P	0.00	3,851.19	0.00	0.00	0.00	3,851.19	0.00	0.00	0.00	0.00
MMM 25OCT19 165.0 P	0.00	0.00	9,633.03	0.00	0.00	9,633.03	0.00	0.00	0.00	0.00
MMM 01NOV19 135.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,194.08	0.00	0.00
MMM 01NOV19 165.0 P	0.00	0.00	0.00	0.00	0.00	0.00	1,651.39	116.08	0.00	0.00
MMM 01NOV19 190.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	265.75	0.00	0.00
MMM 22NOV19 144.0 P	0.00	7,008.17	0.00	0.00	0.00	7,008.17	0.00	0.00	0.00	0.00

Symbol	Cost Adj.	Realized					Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss
MMM 22NOV19 180.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-63,970.63	0.00	0.00
MMM 22NOV19 182.5 C	0.00	1,563.78	0.00	0.00	0.00	1,563.78	0.00	0.00	0.00	0.00
MMM 22NOV19 190.0 P	0.00	0.00	0.00	0.00	0.00	0.00	29,844.37	0.00	0.00	0.00
MSFT 15NOV19 125.0 P	0.00	6,604.84	0.00	0.00	0.00	6,604.84	0.00	0.00	0.00	0.00
MSFT 15NOV19 130.0 P	0.00	0.00	0.00	0.00	0.00	0.00	6,875.56	0.00	0.00	0.00
MSFT 15NOV19 131.0 P	0.00	0.00	0.00	0.00	0.00	0.00	2,889.72	0.00	0.00	0.00
MSFT 15NOV19 132.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	240.95	0.00	0.00
MSFT 20DEC19 130.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19,769.64	0.00	0.00
MSFT 20DEC19 135.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-6,450.18	0.00	0.00
MTN 18OCT19 210.0 P	0.00	1,622.79	0.00	0.00	0.00	1,622.79	0.00	0.00	0.00	0.00
MTN 18OCT19 220.0 P	0.00	0.00	11,894.11	0.00	0.00	11,894.11	0.00	0.00	0.00	0.00
NEE 15NOV19 220.0 P	0.00	0.00	0.00	0.00	0.00	0.00	4,172.49	0.00	0.00	0.00
NEE 20DEC19 230.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,681.35	0.00	0.00
NEE 20DEC19 240.0 C	0.00	509.07	986.98	0.00	0.00	-477.91	0.00	0.00	0.00	0.00
NEE 20DEC19 240.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37,684.49	0.00	0.00
OKE 01NOV19 81.5 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,981.83	0.00	0.00
OKE 15NOV19 80.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	687.94	0.00	0.00
OKE 17JAN20 70.0 P	0.00	0.00	0.00	0.00	0.00	0.00	4,127.36	0.00	0.00	0.00
OKE 17JAN20 72.5 C	0.00	0.00	0.00	0.00	0.00	0.00	44,531.36	0.00	0.00	0.00

Symbol	Cost Adj.	Realized				Total	Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss		S/T Profit	S/T Loss	L/T Profit	L/T Loss
OKE 17JAN20 72.5 P	0.00	0.00	0.00	0.00	0.00	0.00	7,745.86	0.00	0.00	0.00
OKE 17JAN20 80.0 C	0.00	12,931.10	0.00	0.00	0.00	12,931.10	0.00	0.00	0.00	0.00
PFE 20DEC19 36.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-6,074.60	0.00	0.00
PFE 20DEC19 37.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3,357.80	0.00	0.00
PFE 20DEC19 43.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,550.71	0.00	0.00
PG 25OCT19 130.0 C	0.00	0.00	-3,976.33	0.00	0.00	-3,976.33	0.00	0.00	0.00	0.00
PG 17JAN20 115.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-9,642.89	0.00	0.00
PG 17JAN20 115.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-20,059.63	0.00	0.00
PG 17JAN20 130.0 C	0.00	13,829.70	0.00	0.00	0.00	13,829.70	0.00	0.00	0.00	0.00
PG 17JAN20 135.0 C	0.00	0.00	0.00	0.00	0.00	0.00	506.40	0.00	0.00	0.00
PM 20DEC19 82.5 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,307.81	0.00	0.00
PM 20DEC19 82.5 P	0.00	0.00	0.00	0.00	0.00	0.00	795.19	0.00	0.00	0.00
PNC 18OCT19 150.0 C	0.00	0.00	-4,169.01	0.00	0.00	-4,169.01	0.00	0.00	0.00	0.00
PNC 25OCT19 150.0 C	0.00	0.00	-674.45	0.00	0.00	-674.45	0.00	0.00	0.00	0.00
PNC 01NOV19 144.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-339.08	0.00	0.00
PNC 01NOV19 152.5 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1,508.09	0.00	0.00
PNC 08NOV19 152.5 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-764.07	0.00	0.00
PNC 17JAN20 130.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-56,732.94	0.00	0.00
PNC 17JAN20 130.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-28,175.92	0.00	0.00

Symbol	Cost Adj.	Realized					Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss
PNC 17JAN20 150.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-13,848.82	0.00	0.00
RTN 04OCT19 192.5 C	0.00	0.00	-1,419.85	0.00	0.00	-1,419.85	0.00	0.00	0.00	0.00
RTN 04OCT19 197.5 C	0.00	0.00	4,678.65	0.00	0.00	4,678.65	0.00	0.00	0.00	0.00
RTN 11OCT19 182.5 P	0.00	0.00	-7,513.31	0.00	0.00	-7,513.31	0.00	0.00	0.00	0.00
RTN 11OCT19 185.0 C	0.00	0.00	-7,157.92	0.00	0.00	-7,157.92	0.00	0.00	0.00	0.00
RTN 11OCT19 192.5 C	0.00	348.30	0.00	0.00	0.00	348.30	0.00	0.00	0.00	0.00
RTN 11OCT19 195.0 P	0.00	0.00	-12,174.19	0.00	0.00	-12,174.19	0.00	0.00	0.00	0.00
RTN 11OCT19 197.5 P	0.00	0.00	-3,232.63	0.00	0.00	-3,232.63	0.00	0.00	0.00	0.00
RTN 11OCT19 200.0 C	0.00	1,266.05	0.00	0.00	0.00	1,266.05	0.00	0.00	0.00	0.00
RTN 11OCT19 205.0 C	0.00	15,461.59	0.00	0.00	0.00	15,461.59	0.00	0.00	0.00	0.00
RTN 25OCT19 200.0 P	0.00	0.00	-4,072.10	0.00	0.00	-4,072.10	0.00	0.00	0.00	0.00
RTN 25OCT19 210.0 P	0.00	0.00	1,005.88	0.00	0.00	1,005.88	0.00	0.00	0.00	0.00
RTN 22NOV19 212.5 C	0.00	0.00	0.00	0.00	0.00	0.00	8,710.54	0.00	0.00	0.00
RTN 22NOV19 215.0 C	0.00	0.00	0.00	0.00	0.00	0.00	8,583.68	0.00	0.00	0.00
RTN 17JAN20 175.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-77,696.07	0.00	0.00
RTN 17JAN20 175.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-14,838.04	0.00	0.00
RTN 17JAN20 210.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28,740.95	0.00	0.00
SLB 04OCT19 34.5 C	0.00	0.00	194.64	0.00	0.00	194.64	0.00	0.00	0.00	0.00
SLB 18OCT19 34.5 C	0.00	0.00	1,687.19	0.00	0.00	1,687.19	0.00	0.00	0.00	0.00



Symbol	Cost Adj.	Realized				Total	Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss		S/T Profit	S/T Loss	L/T Profit	L/T Loss
SLB 18OCT19 35.0 C	0.00	37,004.53	0.00	0.00	0.00	37,004.53	0.00	0.00	0.00	0.00
SLB 18OCT19 37.5 C	0.00	0.00	-9,426.86	0.00	0.00	9,426.86	0.00	0.00	0.00	0.00
SLB 17JAN20 35.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17,764.29	0.00	0.00
SLB 17JAN20 37.5 C	0.00	5,620.25	0.00	0.00	0.00	5,620.25	12,445.29	0.00	0.00	0.00
SLB 17JAN20 40.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-5,927.49	0.00	0.00
SPX 30SEP19 2920.0 P	0.00	0.00	-2,172.27	0.00	0.00	2,172.27	0.00	0.00	0.00	0.00
SPX 30SEP19 2925.0 P	0.00	2,367.73	0.00	0.00	0.00	2,367.73	0.00	0.00	0.00	0.00
SPX 30SEP19 2935.0 P	0.00	10,696.67	0.00	0.00	0.00	10,696.67	0.00	0.00	0.00	0.00
SPX 30SEP19 2940.0 P	0.00	0.00	11,373.33	0.00	0.00	-11,373.33	0.00	0.00	0.00	0.00
SPX 08NOV19 2400.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	191.62	0.00	0.00
SPX 15NOV19 2990.0 P	0.00	0.00	0.00	0.00	0.00	0.00	3,018.47	0.00	0.00	0.00
SPX 15NOV19 2995.0 P	0.00	0.00	0.00	0.00	0.00	0.00	12,133.23	0.00	0.00	0.00
SPX 15NOV19 3000.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14,035.12	0.00	0.00
SPX 20DEC19 2390.0 P	0.00	0.00	0.00	0.00	0.00	0.00	460.74	0.00	0.00	0.00
SPX 20DEC19 2410.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	111.35	0.00	0.00
SPX 20DEC19 2940.0 P	0.00	0.00	0.00	0.00	0.00	0.00	4,058.47	0.00	0.00	0.00
SPX 20DEC19 2960.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,276.53	0.00	0.00
SPX 20DEC19 2965.0 P	0.00	0.00	0.00	0.00	0.00	0.00	35,301.74	0.00	0.00	0.00
SPX 20DEC19 2970.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35,788.26	0.00	0.00

Symbol	Cost Adj.	Realized					Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss
SPX 31DEC19 2920.0 P	0.00	0.00	0.00	0.00	0.00	0.00	2,016.95	0.00	0.00	0.00
SPX 31DEC19 3000.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,702.09	0.00	0.00
SPY 04OCT19 300.0 C	0.00	0.00	257.51	0.00	0.00	-257.51	0.00	0.00	0.00	0.00
SPY 11OCT19 287.5 P	0.00	1,133.77	0.00	0.00	0.00	1,133.77	0.00	0.00	0.00	0.00
SPY 11OCT19 289.0 P	0.00	0.00	1,643.08	0.00	0.00	1,643.08	0.00	0.00	0.00	0.00
SPY 11OCT19 289.5 P	0.00	0.00	1,323.08	0.00	0.00	1,323.08	0.00	0.00	0.00	0.00
SPY 18OCT19 288.0 P	0.00	0.00	-903.08	0.00	0.00	903.08	0.00	0.00	0.00	0.00
SPY 18OCT19 292.0 P	0.00	0.00	1,763.48	0.00	0.00	1,763.48	0.00	0.00	0.00	0.00
SPY 25OCT19 293.0 P	0.00	0.00	1,423.08	0.00	0.00	1,423.08	0.00	0.00	0.00	0.00
SPY 25OCT19 300.0 P	0.00	0.00	-1,720.78	0.00	0.00	1,720.78	0.00	0.00	0.00	0.00
SPY 01NOV19 299.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,205.11	0.00	0.00
SPY 01NOV19 302.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,041.88	0.00	0.00
SPY 01NOV19 305.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,112.64	0.00	0.00
SPY 15NOV19 314.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-9,565.72	0.00	0.00
SPY 20DEC19 314.0 C	0.00	0.00	0.00	0.00	0.00	0.00	2,138.31	0.00	0.00	0.00
SPY 17JAN20 280.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-733.83	0.00	0.00
SPY 17JAN20 280.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-24,088.29	0.00	0.00
SPY 17JAN20 314.0 C	0.00	0.00	0.00	0.00	0.00	0.00	14,371.37	0.00	0.00	0.00
T 11OCT19 37.5 C	0.00	0.00	1,737.62	0.00	0.00	1,737.62	0.00	0.00	0.00	0.00

Symbol	Cost Adj.	Realized				Total	Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss		S/T Profit	S/T Loss	L/T Profit	L/T Loss
T 11OCT19 37.5 P	0.00	0.00	-4,579.74	0.00	0.00	-4,579.74	0.00	0.00	0.00	0.00
TGT 08NOV19 104.0 P	0.00	0.00	0.00	0.00	0.00	0.00	1,255.14	0.00	0.00	0.00
TGT 08NOV19 105.0 P	0.00	0.00	0.00	0.00	0.00	0.00	727.42	0.00	0.00	0.00
TGT 22NOV19 107.0 P	0.00	0.00	0.00	0.00	0.00	0.00	868.42	0.00	0.00	0.00
TIP 18OCT19 114.0 P	0.00	0.00	125.21	0.00	0.00	125.21	0.00	0.00	0.00	0.00
TUP 15NOV19 10.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,209.38	0.00	0.00
TUP 20DEC19 17.5 P	0.00	0.00	0.00	0.00	0.00	0.00	4,166.81	0.00	0.00	0.00
TUP 17JAN20 15.0 P	0.00	0.00	0.00	0.00	0.00	0.00	38,925.76	0.00	0.00	0.00
TUP 17JAN20 17.5 C	0.00	0.00	0.00	0.00	0.00	0.00	19,491.70	0.00	0.00	0.00
TUP 17JAN20 20.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-4,778.24	0.00	0.00
TXN 25OCT19 121.0 P	0.00	4,099.52	0.00	0.00	0.00	4,099.52	0.00	0.00	0.00	0.00
TXN 15NOV19 125.0 P	0.00	0.00	0.00	0.00	0.00	0.00	3,844.14	0.00	0.00	0.00
TXN 17JAN20 135.0 P	0.00	0.00	0.00	0.00	0.00	0.00	41,647.93	0.00	0.00	0.00
TXN 17JAN20 140.0 C	0.00	26,094.98	0.00	0.00	0.00	26,094.98	0.00	0.00	0.00	0.00
TXN 17JAN20 145.0 C	0.00	12,777.10	0.00	0.00	0.00	12,777.10	0.00	0.00	0.00	0.00
TXN 17JAN20 150.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-8,376.10	0.00	0.00
UUP 20DEC19 28.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	84.68	0.00	0.00
VFC 15NOV19 85.5 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,397.73	0.00	0.00
VFC 15NOV19 85.5 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,920.01	0.00	0.00

Symbol	Cost Adj.	Realized					Unrealized			
		S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss
VFC 20DEC19 82.5 C	0.00	0.00	0.00	0.00	0.00	0.00	83.27	0.00	0.00	0.00
VFC 20DEC19 82.5 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-465.53	0.00	0.00
VFC 20DEC19 87.5 C	0.00	0.00	0.00	0.00	0.00	0.00	921.76	0.00	0.00	0.00
VFC 20DEC19 87.5 P	0.00	0.00	0.00	0.00	0.00	0.00	7,799.87	0.00	0.00	0.00
VFC 20DEC19 90.0 C	0.00	368.09	0.00	0.00	0.00	368.09	0.00	0.00	0.00	0.00
VFC 20DEC19 90.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-774.64	0.00	0.00
VFC 20DEC19 95.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	562.17	0.00	0.00
VZ 18OCT19 60.0 C	0.00	1,576.00	0.00	0.00	0.00	1,576.00	0.00	0.00	0.00	0.00
VZ 18OCT19 60.0 P	0.00	0.00	9,348.88	0.00	0.00	9,348.88	0.00	0.00	0.00	0.00
VZ 22NOV19 61.0 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,813.26	0.00	0.00
VZ 17JAN20 57.5 C	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-2,349.30	0.00	0.00
VZ 17JAN20 57.5 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,761.38	0.00	0.00
VZ 17JAN20 60.0 C	0.00	0.00	0.00	0.00	0.00	0.00	2,421.60	-68.66	0.00	0.00
WHR 25OCT19 146.0 P	0.00	5,564.73	0.00	0.00	0.00	5,564.73	0.00	0.00	0.00	0.00
WHR 25OCT19 155.0 P	0.00	0.00	256.57	0.00	0.00	256.57	0.00	0.00	0.00	0.00
WHR 22NOV19 152.5 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-5,460.52	0.00	0.00
WMT 15NOV19 113.0 P	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-171.07	0.00	0.00
WMT 20DEC19 115.0 P	0.00	0.00	0.00	0.00	0.00	0.00	1,090.22	0.00	0.00	0.00
WPC 18OCT19 90.0 P	0.00	0.00	-21,827.57	0.00	0.00	21,827.57	0.00	0.00	0.00	0.00

Symbol	Cost Adj.	Realized					Unrealized				
		S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total	S/T Profit	S/T Loss	L/T Profit	L/T Loss	Total
Total	0.00	343,766.07	-1,197,132.61	0.00	0.00	-853,368.54	953,536.17	-1,114,904.49	0.00	0.00	-161,368.32
Total (All Assets)	0.00	1,628,369.27	-1,740,333.31	0.00	0.00	-111,964.04	1,778,546.36	-1,809,422.70	4,593,695.97	-28,975.72	4,564,720.25

## Cash Report

	Total	Securities	Futures
<b>Base Currency Summary</b>			
Starting Cash	-32,843,946.69	-32,843,946.69	0.00
Commissions	-10,744.05	-10,744.05	0.00
Dividends	130,420.29	130,420.29	0.00
Broker Interest Paid and Received	-60,698.84	-60,698.84	0.00
Net Trades (Sales)	36,667,269.81	36,667,269.81	0.00
Net Trades (Purchase)	-45,597,047.43	-45,597,047.43	0.00
Other Fees	-16.28	-16.28	0.00
Payment in Lieu of Dividends	130,320.57	130,320.57	0.00
Withholding Tax	-342.37	-342.37	0.00
Ending Cash	-41,584,784.99	-41,584,784.99	0.00
Ending Settled Cash	-38,754,710.99	-38,754,710.99	0.00

## Open Positions

Symbol	Quantity	Mult	Cost Price	Cost Basis	Close Price	Value	Unrealized P/L	Code
<b>Stocks</b>								
<b>USD</b>								
ABBV	14,000	1	736.706426	1,031,389.00	79.5500	1,113,700.00	82,311.00	
BA	14,000	1	347.372045	4,863,208.63	339.9100	4,758,740.00	-104,468.63	
BLK	3,000	1	468.1370984	1,404,411.30	461.7000	1,385,100.00	-19,311.30	
BX	2,000	1	50.2459936	100,491.99	53.1600	106,320.00	5,828.01	
COST	2,000	1	290.445738	580,891.48	297.1100	594,220.00	13,328.52	
CVX	8,000	1	115.607125	924,857.00	116.1400	929,120.00	4,263.00	
DBA	600	1	25.627735	15,376.64	15.9400	9,564.00	-5,812.64	
EW	2,000	1	101.6563969	203,312.79	238.3800	476,760.00	273,447.21	
GANS	11,547	1	9.0568	104,578.87	35.0000	404,145.00	299,566.13	
GD	12,200	1	180.1118033	2,197,364.00	176.8000	2,156,960.00	-40,404.00	
GLD	600	1	139.6639625	83,798.38	142.4300	85,458.00	1,659.62	
HAS	6,000	1	108.6868245	652,120.95	97.3100	583,860.00	-68,260.95	
IBM	18,000	1	137.1455329	2,468,619.59	133.7300	2,407,140.00	-61,479.59	
ITW	4,000	1	150.6270767	602,508.31	168.5800	674,320.00	71,811.69	
JNJ	65,928	1	71.0201384	4,682,215.68	132.0400	8,705,133.12	4,022,917.44	
KHC	10,000	1	28.2350	282,350.00	32.3300	323,300.00	40,950.00	
KMB	13,000	1	139.848906	1,818,035.78	132.8800	1,727,440.00	-90,595.78	
LLY	10,000	1	112.4717	1,124,717.00	113.9500	1,139,500.00	14,783.00	
LMT	4,000	1	371.5631727	1,486,252.69	376.6800	1,506,720.00	20,467.31	
MCD	11,000	1	199.7723971	2,197,496.37	196.7000	2,163,700.00	-33,796.37	
MCEP	9,900	1	2.6997051	26,727.08	0.3600	3,564.00	-23,163.08	

Symbol	Quantity	Mult	Cost Price	Cost Basis	Close Price	Value	Unrealized P/L	Code
MDY	11,000	1	349.8801364	3,848,681.50	356.2300	3,918,530.00	69,848.50	
MMM	16,000	1	162.7437228	2,603,899.57	164.9900	2,639,840.00	35,940.43	
NEE	3,000	1	224.4706667	673,412.00	238.3400	715,020.00	41,608.00	
OKE	10,000	1	75.5492	755,492.00	69.8300	698,300.00	-57,192.00	
PFE	50,000	1	37.5717645	1,878,588.23	38.3700	1,918,500.00	39,911.77	
PG	10,000	1	122.1235	1,221,235.00	124.5100	1,245,100.00	23,865.00	
PNC	11,000	1	139.9889718	1,539,878.69	146.7000	1,613,700.00	73,821.31	
RTN	5,000	1	196.782586	983,912.93	212.2100	1,061,050.00	77,137.07	
SLB	10,000	1	31.91596	319,159.60	32.6900	326,900.00	7,740.40	
SPY	10,000	1	295.2150266	2,952,150.27	303.3300	3,033,300.00	81,149.73	
TIP	500	1	112.3984058	56,199.20	116.0600	58,030.00	1,830.80	
TUP	10,000	1	14.194459	141,944.59	9.6300	96,300.00	-45,644.59	
TXN	9,000	1	125.4585523	1,129,126.97	117.9900	1,061,910.00	-67,216.97	
UDN	100	1	20.553429	2,055.34	20.6500	2,065.00	9.66	
UUP	700	1	23.5664116	16,496.49	26.5900	18,613.00	-2,116.51	
VFC	8,000	1	81.85725	654,858.00	82.2900	658,320.00	3,462.00	
VZ	10,000	1	59.968298	599,682.98	60.4700	604,700.00	5,017.02	
<b>Total</b>				<b>46,194,503.89</b>		<b>50,887,716.12</b>	<b>4,693,212.23</b>	

Symbol	Quantity	Mult	Cost Price	Cost Basis	Close Price	Value	Unrealized P/L	Code
<b>Equity and Index Options</b>								
<b>USD</b>								
AAPL 01NOV19 230.0 P	20	100	2.1743969	-4,348.79	0.0250	-50.00	4,298.79	
AAPL 15NOV19 215.0 P	20	100	6.736579	13,473.16	0.2368	47360	12,999.56	
AAPL 15NOV19 235.0 P	20	100	4.733538	9,467.08	0.9703	1,940.60	-7,526.48	
ABBV 01NOV19 70.0 P	165	100	0.2159835	3,563.73	0.0306	504.90	3,058.83	
ABBV 08NOV19 70.5 P	100	100	0.162216	1,622.16	0.0835	835.00	787.16	
ABBV 15NOV19 60.0 P	50	100	0.447129	2,235.64	0.0011	5.50	-2,230.14	
ABBV 15NOV19 65.0 P	50	100	0.217438	1,087.19	0.0235	117.50	969.69	
ABBV 15NOV19 70.0 C	-30	100	4.2639626	12,791.89	9.7549	-29,264.70	16,472.81	
ABBV 17JAN20 72.5 C	-110	100	4.3182161	-47,500.38	8.3120	-91,432.00	43,931.62	
BA 08NOV19 360.0 P	50	100	21.453588	107,267.94	22.2391	111,195.50	3,927.56	
BA 08NOV19 370.0 P	30	100	42.7578547	128,273.56	32.0386	96,115.80	32,157.76	
BA 15NOV19 350.0 C	10	100	13.0502717	13,050.27	2.6200	2,620.00	10,430.27	
BA 15NOV19 350.0 P	20	100	7.425929	14,851.86	14.3669	28,733.80	13,881.94	
BA 15NOV19 355.0 C	-10	100	10.3870769	10,387.08	1.5700	1,570.00	8,817.08	
BA 15NOV19 395.0 P	10	100	46.228438	46,228.44	56.9771	56,977.10	10,748.66	
BA 15NOV19 435.0 P	30	100	56.3132123	168,939.64	96.9551	290,865.30	121,925.66	
BLK 01NOV19 452.5 P	-15	100	0.8268582	1,240.29	0.2500	375.00	865.29	
BLK 01NOV19 457.5 P	30	100	1.874138	5,622.41	0.7250	2,175.00	3,447.41	
BLK 20DEC19 520.0 P	30	100	54.9860047	164,958.01	61.8992	185,697.60	20,739.59	
BX 01NOV19 49.0 C	20	100	1.105608	2,211.22	4.1600	8,320.00	6,108.78	
BX 01NOV19 49.0 P	20	100	1.286608	2,573.22	0.0001	0.20	2,573.02	
BX 01NOV19 58.0 P	20	100	6.197229	12,394.46	5.3300	10,660.00	1,734.46	
CAT 01NOV19 137.0 P	30	100	0.769818	2,309.45	0.4800	1,440.00	869.45	
COST 17JAN20 285.0 C	20	100	15.8934129	-31,786.83	19.3477	38,695.40	-6,908.57	
COST 17JAN20 290.0 P	20	100	11.968329	23,936.66	7.5500	15,100.00	-8,836.66	
CVX 15NOV19 115.0 C	40	100	2.272063	9,088.25	2.6323	10,529.20	1,440.95	
CVX 15NOV19 115.0 P	40	100	2.314563	9,258.25	2.0150	8,060.00	-1,198.25	

Symbol	Quantity	Mult	Cost Price	Cost Basis	Close Price	Value	Unrealized P/L	Code
CVX 15NOV19122.0 P	80	100	7.632288	61,058.30	7.0602	56,481.60	-4,576.70	
DE 20DEC19 160.0 P	-40	100	2.7828718	-11,131.49	2.1200	-8,480.00	2,651.49	
DE 17JAN20 165.0 P	40	100	5.4365505	21,746.20	4.4911	17,964.40	-3,781.80	
EW 01NOV19 215.0 P	-1	100	3.710938	371.09	0.0001	0.01	-371.08	
EW 08NOV19 215.0 P	30	100	0.973438	2,920.31	0.1154	346.20	2,574.11	
EW 15NOV19 210.0 C	-5	100	21.9990866	-10,999.54	28.6322	-14,316.10	-3,316.56	
EW 15NOV19 220.0 C	-10	100	13.8513052	-13,851.31	18.9380	18,938.00	-5,086.69	
GD 01NOV19 175.0 P	20	100	0.613993	1,227.99	0.2000	400.00	-827.99	
GD 15NOV19 190.0 C	105	100	0.146138	1,534.45	0.0750	787.50	-746.95	
GD 15NOV19 205.0 C	75	100	0.6827423	5,120.57	0.0004	3.00	-5,117.57	
GD 17JAN20 160.0 C	-72	100	19.6756068	-141,664.37	18.9574	-136,493.28	5,171.09	
GD 17JAN20 160.0 P	72	100	3.6777158	26,479.55	1.7250	12,420.00	14,059.55	
GD 17JAN20 175.0 C	-50	100	15.6385272	-78,192.64	7.6258	-38,129.00	40,063.64	
GD 17JAN20 175.0 P	50	100	5.909329	29,546.64	5.6500	28,250.00	1,296.64	
GD 17JAN20 190.0 C	-70	100	3.1572908	-22,101.04	1.5500	-10,850.00	11,251.04	
GD 17JAN20 205.0 C	50	100	0.815608	4,078.04	0.1750	875.00	-3,203.04	
GLD 01NOV19 136.0 P	30	100	0.307438	922.31	0.0001	0.30	-922.01	
GLD 01NOV19 138.0 P	-20	100	0.6525283	1,305.06	0.0028	-5.60	1,299.46	
GLD 01NOV19 138.5 P	20	100	0.033438	66.88	0.0068	13.60	-53.28	
GLD 01NOV19 142.0 P	5	100	2.885389	1,442.69	0.3050	152.50	-1,290.19	
GLD 01NOV19 142.5 C	-1	100	0.809025	-80.90	0.4300	-43.00	37.90	
GLD 01NOV19 146.0 P	-4	100	5.6539838	-2,261.59	3.5735	1,429.40	832.19	
GLD 08NOV19 143.0 C	-1	100	0.8949232	-89.49	0.8100	-81.00	8.49	
GLD 15NOV19 143.5 C	-1	100	1.0190207	-101.90	0.9800	-98.00	3.90	
HAS 08NOV19 115.0 P	60	100	3.4924439	20,954.66	17.6900	106,140.00	85,185.34	
IBM 08NOV19 133.0 C	20	100	1.926313	3,852.63	1.5052	3,010.40	-842.23	
IBM 08NOV19 133.0 P	20	100	3.156313	6,312.63	1.7304	3,460.80	-2,851.83	
IBM 08NOV19 142.0 P	70	100	9.0502094	63,351.47	9.8886	69,220.20	5,868.73	
IBM 15NOV19 145.0 P	110	100	11.6925654	128,618.22	12.8646	141,510.60	12,892.38	
INTC 08NOV19 56.5 C	50	100	0.912938	4,564.69	0.6050	3,025.00	-1,539.69	
INTC 08NOV19 56.5 P	50	100	0.988938	4,944.69	0.8095	4,047.50	-897.19	
ITW 01NOV19 167.5 P	20	100	0.838778	1,677.56	0.5000	1,000.00	-677.56	
ITW 01NOV19 170.0 C	20	100	0.305938	611.88	0.2104	420.80	-191.08	
ITW 15NOV19 175.0 C	40	100	0.327938	1,311.75	0.5250	2,100.00	788.25	
ITW 20DEC19 160.0 P	40	100	15.188588	60,754.35	2.3233	9,293.20	-51,461.15	
ITW 20DEC19 165.0 C	-40	100	3.3501525	13,400.61	7.6760	30,704.00	-17,303.39	
ITW 20DEC19 170.0 C	-40	100	2.2544252	-9,017.70	4.7000	-18,800.00	-9,782.30	
JNJ 15NOV19 130.0 P	620	100	1.5248078	94,538.09	0.9500	58,900.00	-35,638.09	
JNJ 15NOV19 135.0 P	10	100	2.163338	2,163.34	3.4573	3,457.30	1,293.96	
JNJ 22NOV19 123.0 C	20	100	6.928313	13,856.63	9.4682	18,936.40	5,079.77	
JNJ 29NOV19 129.0 P	20	100	3.534313	7,068.63	1.4514	2,902.80	-4,165.83	
JNJ 29NOV19 140.0 P	30	100	10.3219213	30,965.76	8.7668	26,300.40	-4,665.36	
KHC 15NOV19 28.0 C	20	100	1.355463	2,710.93	4.3382	8,676.40	5,965.47	
KHC 15NOV19 28.0 P	20	100	1.302463	2,604.93	0.0523	104.60	-2,500.33	
KHC 15NOV19 30.5 C	-20	100	1.500761	-3,001.52	1.9458	-3,891.60	-890.08	
KHC 15NOV19 32.0 P	100	100	4.173778	41,737.78	0.6642	6,642.00	-35,095.78	
KMB 15NOV19 155.0 C	60	100	0.2242123	1,345.27	0.0005	3.00	-1,342.27	
KMB 29NOV19 152.5 C	50	100	0.297488	1,487.44	0.0455	227.50	-1,259.94	
KMB 20DEC19 130.0 P	20	100	2.396338	4,792.68	2.8000	5,600.00	807.32	

Symbol	Quantity	Mult	Cost Price	Cost Basis	Close Price	Value	Unrealized P/L	Code
KMB 20DEC19 140.0 C	-40	100	1.7568555	-7,027.42	1.0750	-4,300.00	2,727.42	
KMB 20DEC19 150.0 C	20	100	0.334838	669.68	0.2000	40000	-269.68	
KMB 20DEC19 155.0 C	20	100	0.459938	919.88	0.0642	128.40	-791.48	
KMB 17JAN20 130.0 C	-110	100	14.9775044	-164,752.55	5.9311	-65,242.10	99,510.45	
KMB 17JAN20 130.0 P	110	100	3.4519835	37,971.82	3.6000	39,600.00	1,628.18	
KMB 17JAN20 155.0 C	50	100	0.209962	1,049.81	0.1247	623.50	-426.31	
KO 29NOV19 55.0 C	30	100	0.9941047	2,982.31	0.4900	1,470.00	-1,512.31	
KO 29NOV19 55.0 P	30	100	1.2107713	3,632.31	1.2438	3,731.40	99.09	
LLY 15NOV19 112.0 C	30	100	2.2234247	6,670.27	2.9063	8,718.90	2,048.63	
LLY 15NOV19 112.0 P	30	100	2.0550913	6,165.27	1.1850	3,555.00	-2,610.27	
LLY 15NOV19 119.0 P	100	100	7.281738	72,817.38	5.7536	57,536.00	15,281.38	
LMT 15NOV19 360.0 C	20	100	15.942488	31,884.98	17.9828	35,965.60	4,080.62	
LMT 15NOV19 360.0 P	-20	100	3.2356749	-6,471.35	1.0000	-2,000.00	4,471.35	
LMT 20DEC19 375.0 C	-10	100	10.0482839	-10,048.28	9.7978	-9,797.80	250.48	
LMT 20DEC19 375.0 P	20	100	11.562738	23,125.48	9.3000	18,600.00	-4,525.48	
LMT 20DEC19 380.0 C	-10	100	8.0223259	-8,022.33	7.0500	-7,050.00	972.33	
LMT 20DEC19 380.0 P	20	100	14.096354	28,192.71	11.7994	23,598.80	-4,593.91	
LMT 20DEC19 385.0 C	-20	100	9.5752936	-19,150.59	4.9000	-9,800.00	9,350.59	
LMT 20DEC19 410.0 P	20	100	41.682463	83,364.93	36.2954	72,590.80	-10,774.13	
MCD 29NOV19 192.5 C	20	100	3.412388	6,824.78	5.8770	11,754.00	4,929.22	
MCD 29NOV19 192.5 P	20	100	3.747388	7,494.78	1.8650	3,730.00	-3,764.78	
MCD 29NOV19 207.5 P	50	100	16.158128	80,790.64	11.9919	59,959.50	-20,831.14	
MCD 29NOV19 222.5 P	60	100	13.559663	81,357.98	26.7575	160,545.00	79,187.02	
MDY 20DEC19 305.0 C	-110	100	47.5758569	-523,334.43	52.8459	-581,304.90	-57,970.47	
MDY 20DEC19 305.0 P	90	100	3.1814846	28,633.36	0.6953	6,257.70	-22,375.66	
MDY 20DEC19 370.0 C	-110	100	3.6014854	-39,616.34	1.8785	-20,683.50	18,952.84	
MDY 20DEC19 375.0 C	150	100	0.7119713	10,679.57	0.9790	14,685.00	4,005.43	
MDY 17JAN20 305.0 P	20	100	3.942579	7,885.16	1.2350	2,470.00	-5,415.16	
MMM 01NOV19 135.0 P	35	100	0.6269809	2,194.43	0.0001	0.35	-2,194.08	
MMM 01NOV19 165.0 P	50	100	0.579338	2,896.69	0.8864	4,432.00	1,535.31	
MMM 01NOV19 190.0 C	50	100	0.05325	266.25	0.0001	0.50	-265.75	
MMM 22NOV19 180.0 P	60	100	27.1404713	162,842.83	16.4787	98,872.20	-63,970.63	
MMM 22NOV19 190.0 P	100	100	23.436063	234,360.63	26.4205	264,205.00	29,844.37	
MSFT 15NOV19 130.0 P	-20	100	3.5419775	-7,083.96	0.1042	-208.40	6,875.56	
MSFT 15NOV19 131.0 P	-20	100	1.5558597	-3,111.72	0.1110	-222.00	2,889.72	
MSFT 15NOV19 132.0 P	40	100	0.190238	760.95	0.1300	520.00	-240.95	
MSFT 20DEC19 130.0 P	50	100	4.643929	23,219.64	0.6900	3,450.00	-19,769.64	
MSFT 20DEC19 135.0 P	20	100	4.505088	9,010.18	1.2800	2,560.00	-6,450.18	
NEE 15NOV19 220.0 P	-30	100	1.6158311	-4,847.49	0.2250	-675.00	4,172.49	
NEE 20DEC19 230.0 P	30	100	6.3604487	19,081.35	2.8000	8,400.00	-10,681.35	
NEE 20DEC19 240.0 P	30	100	19.3385957	58,015.79	6.7771	20,331.30	-37,684.49	
OKE 01NOV19 81.5 C	130	100	0.3063944	3,983.13	0.0001	1.30	3,981.83	
OKE 15NOV19 80.0 C	50	100	0.137688	688.44	0.0001	0.50	-687.94	
OKE 17JAN20 70.0 P	50	100	2.212829	11,064.14	3.0383	15,191.50	4,127.36	
OKE 17JAN20 72.5 C	-100	100	5.5281364	-55,281.36	1.0750	-10,750.00	44,531.36	
OKE 17JAN20 72.5 P	50	100	2.982629	14,913.14	4.5318	22,659.00	7,745.86	
PFE 20DEC19 36.0 P	50	100	1.554919	7,774.60	0.3400	1,700.00	-6,074.60	
PFE 20DEC19 37.0 C	-50	100	1.0364395	-5,182.20	1.7080	-8,540.00	-3,357.80	



Symbol	Quantity	Mult	Cost Price	Cost Basis	Close Price	Value	Unrealized P/L	Code
PFE 20DEC19 43.0 P	450	100	5.1084713	229.881.21	4.9629	223,330.50	-6,550.71	
PG 17JAN20 115.0 C	-100	100	9.9403111	-99,403.11	10.9046	-109,046.00	-9,642.89	
PG 17JAN20 115.0 P	100	100	3.005963	30,059.63	1.0000	10,000.00	-20,059.63	
PG 17JAN20 135.0 C	25	100	0.277438	693.60	0.4800	1,200.00	506.40	
PM 20DEC19 82.5 C	30	100	2.260938	6,782.81	1.8250	5,475.00	-1,307.81	
PM 20DEC19 82.5 P	30	100	3.230938	9,692.81	3.4960	10,488.00	795.19	
PNC 01NOV19 144.0 P	20	100	0.255938	531.88	0.0964	192.80	-339.08	
PNC 01NOV19 152.5 C	150	100	0.1006393	1,509.59	0.0001	1.50	-1,508.09	
PNC 08NOV19 152.5 C	150	100	0.165938	2,489.07	0.1150	1,725.00	-764.07	
PNC 17JAN20 130.0 C	-110	100	13.1552604	-144,707.86	18.3128	-201,440.80	-56,732.94	
PNC 17JAN20 130.0 P	110	100	3.9564472	43,520.92	1.3950	15,345.00	-28,175.92	
PNC 17JAN20 150.0 C	-110	100	2.6410162	-29,051.18	3.9000	-42,900.00	-13,848.82	
RTN 22NOV19 212.5 C	30	100	1.948788	5,846.36	4.8523	14,556.90	8,710.54	
RTN 22NOV19 215.0 C	45	100	1.3822158	6,219.97	3.2897	14,803.65	8,583.68	
RTN 17JAN20 175.0 C	-50	100	23.4405866	-117,202.93	38.9798	-194,899.00	-77,696.07	
RTN 17JAN20 175.0 P	50	100	4.269108	21,345.54	1.3015	6,507.50	-14,838.04	
RTN 17JAN20 210.0 C	-50	100	4.4283102	-22,141.55	10.1765	-50,882.50	-28,740.95	
SLB 17JAN20 35.0 P	100	100	5.389929	53,899.29	3.6135	36,135.00	-17,764.29	
SLB 17JAN20 37.5 C	-125	100	1.4306228	-17,882.79	0.4350	-5,437.50	12,445.29	
SLB 17JAN20 40.0 C	100	100	0.792749	7,927.49	0.2000	2,000.00	-5,927.49	
SPX 08NOV19 2400.0 P	1	100	1.916329	191.63	0.0001	0.01	-191.62	
SPX 15NOV19 2990.0 P	-1	100	42.184662	-4,218.47	12.0000	-1,200.00	3,018.47	
SPX 15NOV19 2995.0 P	-4	100	43.162287	-17,264.91	12.8292	-5,131.68	12,133.23	
SPX 15NOV19 3000.0 P	5	100	41.911838	20,955.92	13.8416	6,920.80	-14,035.12	
SPX 20DEC19 2390.0 P	-1	100	5.984671	-598.47	1.3773	-137.73	460.74	
SPX 20DEC19 2410.0 P	1	100	2.615338	261.53	1.5018	150.18	-111.35	
SPX 20DEC19 2940.0 P	-1	100	68.734671	-6,873.47	28.1500	-2,815.00	4,058.47	
SPX 20DEC19 2960.0 P	1	100	74.665329	7,466.53	31.9000	3,190.00	-4,276.53	
SPX 20DEC19 2965.0 P	-8	100	77.027171	-61,621.74	32.9000	-26,320.00	35,301.74	
SPX 20DEC19 2970.0 P	8	100	78.685329	62,948.26	33.9500	27,160.00	-35,788.26	
SPX 31DEC19 2920.0 P	-1	100	50.483662	-5,048.37	30.3142	-3,031.42	2,016.95	
SPX 31DEC19 3000.0 P	1	100	74.916338	7,491.63	47.8954	4,789.54	-2,702.09	
SPY 01NOV19 299.0 P	30	100	0.810038	2,430.11	0.0750	225.00	-2,205.11	
SPY 01NOV19 302.0 P	20	100	0.905938	1,811.88	0.3850	770.00	-1,041.88	
SPY 01NOV19 305.0 C	20	100	0.721318	1,442.64	0.1650	330.00	-1,112.64	
SPY 15NOV19 314.0 C	100	100	1.031572	10,315.72	0.0750	750.00	-9,565.72	
SPY 20DEC19 314.0 C	50	100	0.637338	3,186.69	1.0650	5,325.00	2,138.31	
SPY 17JAN20 280.0 C	-100	100	25.7848171	-257,848.17	25.8582	-258,582.00	-733.83	
SPY 17JAN20 280.0 P	100	100	4.803829	48,038.29	2.3950	23,950.00	-24,088.29	
SPY 17JAN20 314.0 C	-100	100	3.4321368	-34,321.37	1.9950	-19,950.00	14,371.37	
TGT 08NOV19 104.0 P	-20	100	1.007571	-2,015.14	0.3800	-760.00	1,255.14	
TGT 08NOV19 105.0 P	20	100	0.211288	422.58	0.5750	1,150.00	727.42	
TGT 22NOV19 107.0 P	20	100	3.980388	7,960.78	4.4146	8,829.20	868.42	
TUP 15NOV19 10.0 C	100	100	0.895938	8,959.38	0.3750	3,750.00	-5,209.38	
TUP 20DEC19 17.5 P	50	100	7.330238	36,651.19	8.1636	40,818.00	4,166.81	
TUP 17JAN20 15.0 P	100	100	1.845224	18,452.24	5.7378	57,378.00	38,925.76	
TUP 17JAN20 17.5 C	-200	100	1.0056851	-20,113.70	0.0311	-622.00	19,491.70	
TUP 17JAN20 20.0 C	100	100	0.487324	4,873.24	0.0095	95.00	-4,778.24	
TXN 15NOV19 125.0 P	20	100	5.118029	10,236.06	7.0401	14,080.20	3,844.14	

Symbol	Quantity	Mult	Cost Price	Cost Basis	Close Price	Value	Unrealized P/L	Code
TXN 17JAN20 135.0 P	70	100	11.1167951	77,817.57	17.0665	119,465.50	41,647.93	
TXN 17JAN20150.0 C	70	100	1.2127861	8,489.50	0.0162	11340	-8,376.10	
UUP 20DEC19 28.0 C	10	100	0.085879	85.88	0.0012	1.20	-84.68	
VFC 15NOV19 85.5 C	20	100	1.504063	3,008.13	0.3052	610.40	-2,397.73	
VFC 15NOV19 85.5 P	-20	100	0.9865965	-1,973.19	3.4466	-6,893.20	-4,920.01	
VFC 20DEC19 82.5 C	20	100	2.383363	4,766.73	2.4250	4,850.00	83.27	
VFC 20DEC19 82.5 P	20	100	3.054863	6,109.73	2.8221	5,644.20	-465.53	
VFC 20DEC19 87.5 C	10	100	1.5717594	-1,571.76	0.6500	-650.00	921.76	
VFC 20DEC19 87.5 P	20	100	2.371863	4,743.73	6.2718	12,543.60	7,799.87	
VFC 20DEC19 90.0 P	10	100	9.255938	9,255.94	8.4813	8,481.30	-774.64	
VFC 20DEC19 95.0 P	70	100	13.3953094	93,767.17	13.3150	93,205.00	-562.17	
VZ 22NOV19 61.0 C	300	100	0.9021087	27,063.26	0.5750	17,250.00	-9,813.26	
VZ 17JAN20 57.5 C	-100	100	3.4612702	-34,612.70	3.6962	-36,962.00	-2,349.30	
VZ 17JAN20 57.5 P	100	100	1.751138	17,511.38	0.7750	7,750.00	-9,761.38	
VZ 17JAN20 60.0 C	-200	100	1.978447	-39,568.94	1.8608	-37,216.00	2,352.94	
WHR 22NOV19 152.5 P	20	100	7.387558	14,775.12	4.6573	9,314.60	-5,460.52	
WMT 15NOV19 113.0 P	-60	100	0.991488	-5,948.93	1.0200	-6,120.00	-171.07	
WMT 20DEC19 115.0 P	60	100	2.3232963	13,939.78	2.5050	15,030.00	1,090.22	
<b>Total</b>				<b>1,209,895.55</b>		<b>1,048,527.23</b>	<b>-161,368.32</b>	

## Trades

## Fees

Account	Date	Description	Amount
<b>Other Fees</b>			
<b>USD</b>			
4161	2019-10-23	CEO(US1261321095) Cash Dividend USD 4.205964 per Share - FEE	16.28
<b>Total</b>			<b>16.28</b>

## Dividends

Account	Date	Description	Amount
<b>USD</b>			
4161	2019-10-01	ADP(US0530151036) Cash Dividend USD 0.79 per Share (Ordinary Dividend)	5,530.00
4161	2019-10-01	KO(US1912161007) Cash Dividend USD 0.40 per Share (Ordinary Dividend)	7,239.60
4161	2019-10-01	KO(US1912161007) Payment in Lieu of Dividend (Ordinary Dividend)	1,760.40
4161	2019-10-02	KMB(US4943681035) Cash Dividend USD 1.03 per Share (Ordinary Dividend)	7,019.45
4161	2019-10-02	KMB(US4943681035) Payment in Lieu of Dividend (Ordinary Dividend)	14,610.55
4161	2019-10-04	TUP(US8998961044) Payment in Lieu of Dividend (Ordinary Dividend)	3,998.70
4161	2019-10-04	TUP(US8998961044) Cash Dividend USD 0.27 per Share (Ordinary Dividend)	1,401.30
4166	2019-10-07	TIP(US4642871762) Cash Dividend USD 0.196375 per Share (Ordinary Dividend)	98.19
4161	2019-10-09	ITW(US4523081093) Cash Dividend USD 1.07 per Share (Ordinary Dividend)	9,630.00
4161	2019-10-09	STX(IE00B58JVZ52) Payment in Lieu of Dividend (Ordinary Dividend)	2,569.77
4161	2019-10-09	STX(IE00B58JVZ52) Cash Dividend USD 0.63 per Share (Ordinary Dividend)	580.23
4161	2019-10-11	CB(CH0044328745) Cash Dividend USD 0.75 per Share (Ordinary Dividend)	3,579.75
4161	2019-10-11	CB(CH0044328745) Payment in Lieu of Dividend (Ordinary Dividend)	170.25
4161	2019-10-11	PM(US7181721090) Cash Dividend USD 1.17 per Share (Ordinary Dividend)	17,782.83
4161	2019-10-11	PM(US7181721090) Payment in Lieu of Dividend (Ordinary Dividend)	937.17



Account	Date	Description	Amount
4161	2019-10-11	SLB(AN8068571086) Cash Dividend USD 0.50 per Share (Ordinary Div - NRA Withholding Exempt)	12,500.00
4161	2019-10-15	AVB(US0534841012) Cash Dividend USD 1.52 per Share (Ordinary Dividend)	1,520.00
4161	2019-10-15	OXY(US6745991058) Payment in Lieu of Dividend (Ordinary Dividend)	189.60
4161	2019-10-15	OXY(US6745991058) Cash Dividend USD 0.79 per Share (Ordinary Dividend)	6,446.40
4161	2019-10-15	WPC(US92936U1097) Cash Dividend USD 1.036 per Share (Ordinary Dividend)	8,288.00
4161	2019-10-23	CEO(US1261321095) Cash Dividend USD 4.205964 per Share (Ordinary Dividend)	3,423.66
4161	2019-10-23	CEO(US1261321095) Payment in Lieu of Dividend (Ordinary Dividend)	782.11
4161	2019-10-23	CSCO(US17275R1023) Cash Dividend USD 0.35 per Share (Ordinary Dividend)	947.45
4161	2019-10-23	CSCO(US17275R1023) Payment in Lieu of Dividend (Ordinary Dividend)	452.55
4161	2019-10-25	MTN(US91879Q1094) Cash Dividend USD 1.76 per Share (Ordinary Dividend)	1,203.84
4161	2019-10-25	MTN(US91879Q1094) Payment in Lieu of Dividend (Ordinary Dividend)	4,076.16
4161	2019-10-31	JPM(US46625H1005) Cash Dividend USD 0.90 per Share (Ordinary Dividend)	20,854.80
4161	2019-10-31	JPM(US46625H1005) Payment in Lieu of Dividend (Ordinary Dividend)	7,045.20
4161	2019-10-31	MDY(US78467Y1073) Payment in Lieu of Dividend (Ordinary Dividend)	5,646.92
4161	2019-10-31	MDY(US78467Y1073) Cash Dividend USD 1.37261 per Share (Ordinary Dividend)	9,451.79
4161	2019-10-31	SPY(US78462F1030) Payment in Lieu of Dividend (Ordinary Dividend)	88,081.19
4161	2019-10-31	SPY(US78462F1030) Cash Dividend USD 1.383619 per Share (Ordinary Dividend)	12,923.00
<b>Total</b>			<b>268,740.86</b>

## Withholding Tax

Account	Date	Description	Amount	Code
<b>USD</b>				
4161	2019-10-23	CEO(US1261321095) Cash Dividend USD 4.205964 per Share - CN Tax	-342.37	
<b>Total</b>			<b>-342.37</b>	

## Interest

Account	Date	Description	Amount
<b>USD</b>			
8796	2019-10-03	USD Debit Interest for Sep-2019	-60,616.49
8796	2019-10-03	USD Net Short Stock Interest for Sep-2019	-82.36
2028	2019-10-03	USD Debit Interest for Sep-2019 from U1358796	-15,768.15
8796	2019-10-03	USD Debit Interest for Sep-2019 to U1362028	15,768.15
8796	2019-10-03	USD Credit Interest for Sep-2019 to U1364170	-385.98
4170	2019-10-03	USD Credit Interest for Sep 2019 from U1358796	385.98
4167	2019-10-03	USD Debit Interest for Sep 2019 from U1358796	-9,416.61
8796	2019-10-03	USD Debit Interest for Sep-2019 to U1364167	9,416.61
8796	2019-10-03	USD Credit Interest for Sep-2019 to U1364166	-870.39
166	2019-10-03	USD Credit Interest for Sep 2019 from U1358796	870.39
4166	2019-10-03	USD Net Short Stock Interest for Sep-2019 from U1358796	-77.13
8796	2019-10-03	USD Net Short Stock Interest for Sep-2019 to U1364166	77.13
8796	2019-10-03	USD Credit Interest for Sep-2019 to U1364162	-854.70
4162	2019-10-03	USD Credit Interest for Sep-2019 from U1358796	854.70
8796	2019-10-03	USD Credit Interest for Sep-2019 to U1364165	-14.62
4165	2019-10-03	USD Credit Interest for Sep-2019 from U1358796	14.62
4165	2019-10-03	USD Debit Interest for Sep-2019 from U1358796	-5.64
8796	2019-10-03	USD Debit Interest for Sep-2019 to U1364165	5.64
4165	2019-10-03	USD Net Short Stock Interest for Sep-2019 from U1358796	-0.79

Account	Date	Description	Amount
8796	2019-10-03	USD Net Short Stock Interest for Sep-2019 to U1364165	0.79
4161	2019-10-03	USD Debit Interest for Sep-2019 from U1358796	-40,828.69
8796	2019-10-03	USD Debit Interest for Sep-2019 to U1364161	-40,828.69
<b>Total</b>			<b>-60,698.64</b>

## Interest Accruals

## Base Currency Summary

Starting Accrual Balance	-58,697.20
Interest Accrued	-67,907.20
Accrual Reversal	60,698.84
FX Translation	0.00
Ending Accrual Balance	-65,905.56

## Change in Dividend Accruals

Account	Symbol	Date	Ex Date	Pay Date	Quantity	Tax	Fee	Gross Rate	Gross Amount	Net Amount	Code
Starting Dividend Accruals in USD										232,051.90	
Stocks											
USD											
4161	ABBV	2019-10-10	2019-10-11	2019-11-15	21,000	0.00	0.00	1.07	22,470.00	22,470.00	Po
4161	ADP	2019-10-01	2019-09-12	2019-10-01	7,000	0.00	0.00	0.79	-5,530.00	-5,530.00	Re
4161	AVB	2019-10-15	2019-09-27	2019-10-15	1,000	0.00	0.00	1.52	-1,520.00	-1,520.00	Re
4161	CAT	2019-10-17	2019-10-18	2019-11-20	74,200	0.00	0.00	1.03	76,426.00	76,426.00	Po
4161	CB	2019-10-11	2019-09-19	2019-10-11	5,000	-1,252.91	0.00	0.75	-3,750.00	-2,497.09	Re
4161	CBRL	2019-10-16	2019-10-17	2019-11-05	1,000	0.00	0.00	1.30	1,300.00	1,300.00	Po
4161	CEO	2019-10-23	2019-09-11	2019-10-23	1,000	-342.44	-16.28	4.21	-4,206.63	-3,847.91	Re
4161	CL	2019-10-21	2019-10-22	2019-11-15	20,000	0.00	0.00	0.43	8,600.00	8,600.00	Po
4161	COST	2019-10-30	2019-10-31	2019-11-15	2,000	0.00	0.00	0.65	1,300.00	1,300.00	Po
4161	CSCO	2019-10-02	2019-10-03	2019-10-23	4,000	0.00	0.00	0.35	1,400.00	1,400.00	Po
4161	CSCO	2019-10-23	2019-10-03	2019-10-23	4,000	0.00	0.00	0.35	-1,400.00	-1,400.00	Re
4161	GD	2019-10-09	2019-10-10	2019-11-15	12,200	0.00	0.00	1.02	12,444.00	12,444.00	Po
4161	GIS	2019-10-08	2019-10-09	2019-11-01	5,000	0.00	0.00	0.49	2,450.00	2,450.00	Po
4161	HAS	2019-10-30	2019-10-31	2019-11-15	6,000	0.00	0.00	0.68	4,080.00	4,080.00	Po
4161	ITW	2019-10-09	2019-09-27	2019-10-09	9,000	0.00	0.00	1.07	-9,630.00	-9,630.00	Re
4161	JPM	2019-10-02	2019-10-03	2019-10-31	31,000	0.00	0.00	0.90	27,900.00	27,900.00	Po



Account	Symbol	Date	Ex Date	Pay Date	Quantity	Tax	Fee	Gross Rate	Gross Amount	Net Amount	Code
████4161	JPM	2019-10-31	2019-10-03	2019-10-31	31,000	0.00	0.00	0.90	-27,900.00	-27,900.00	Re
████4161	KMB	2019-10-02	2019-09-05	2019-10-02	21,000	0.00	0.00	1.03	-21,630.00	-21,630.00	Re
████4161	KO	2019-10-01	2019-09-13	2019-10-01	22,500	0.00	0.00	0.40	-9,000.00	-9,000.00	Re
████4161	MDY	2019-10-31	2019-09-20	2019-10-31	11,000	0.00	0.00	1.37	-15,098.71	-15,098.71	Re
████4161	MTN	2019-10-04	2019-10-07	2019-10-25	3,000	0.00	0.00	1.76	5,280.00	5,280.00	Po
████4161	MTN	2019-10-25	2019-10-07	2019-10-25	3,000	0.00	0.00	1.76	-5,280.00	-5,280.00	Re
████4161	OXY	2019-10-15	2019-09-09	2019-10-15	8,400	0.00	0.00	0.79	-6,636.00	-6,636.00	Re
████4161	PG	2019-10-16	2019-10-17	2019-11-15	10,000	0.00	0.00	0.75	7,459.00	7,459.00	Po
████4161	PM	2019-10-11	2019-09-24	2019-10-11	16,000	0.00	0.00	1.17	-18,720.00	-18,720.00	Re
████4161	PNC	2019-10-15	2019-10-16	2019-11-05	11,000	0.00	0.00	1.15	12,650.00	12,650.00	Po
████4161	RTN	2019-10-07	2019-10-08	2019-11-07	27,800	0.00	0.00	0.94	26,201.50	26,201.50	Po
████4161	SLB	2019-10-11	2019-09-03	2019-10-11	25,000	0.00	0.00	0.50	12,500.00	-12,500.00	Re
████4161	SPY	2019-10-31	2019-09-20	2019-10-31	73,000	0.00	0.00	1.38	-101,004.19	101,004.19	Re
████4161	STX	2019-10-09	2019-09-24	2019-10-09	5,000	0.00	0.00	0.63	-3,150.00	3,150.00	Re
████4166	TIP	2019-09-30	2019-10-01	2019-10-07	500	0.00	0.00	0.20	98.19	98.19	Po
████4166	TIP	2019-10-07	2019-10-01	2019-10-07	500	0.00	0.00	0.20	-98.19	-98.19	Re
████4161	TUP	2019-10-04	2019-09-17	2019-10-04	20,000	0.00	0.00	0.27	-5,400.00	-5,400.00	Re
████4161	TXN	2019-10-29	2019-10-30	2019-11-18	9,000	0.00	0.00	0.90	8,100.00	8,100.00	Po
████151	VZ	2019-10-08	2019-10-09	2019-11-01	10,000	0.00	0.00	0.62	6,150.00	6,150.00	Po
████4161	WPC	2019-10-15	2019-09-27	2019-10-15	8,000	0.00	0.00	1.04	8,288.00	-8,288.00	Re
<b>Total</b>						<b>-1,595.35</b>	<b>-16.28</b>		<b>-36,433.03</b>	<b>-34,821.40</b>	
<b>Ending Dividend Accruals in USD</b>										<b>197,230.50</b>	

Commissions Charged in Service Accounts

Financial Instrument Information

Codes

Notes/Legal Notes

# EXHIBIT D

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# **INVESTOR STATEMENTS**

Statement Summary: January-19  
 Account Number: [REDACTED] 201  
 Account Title: ACAA: Administración de Compensaciones por Accidentes de Automóviles  
 Mailing Address: [REDACTED]  
 Hato Rey, PR [REDACTED]



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	36,213.20	0.529	19,143.61	166.59	36,379.79	4,180,660.84
<b>Total</b>				<b>19,143.61</b>			<b>4,180,660.84</b>

Asset Allocation



- KFYIELD
- KFINFLT
- KFGROWTH
- KFGOLD
- GLHRS

## Market Performance:

KFYIELD	S&P 500	Gold	10 Year T Note

## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	19,143.61	166.59	166.59	-	-

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Statement Summary: January-19  
 Account Number: [REDACTED] 101  
 Account Title: AEELA  
 Mailing Address: [REDACTED]  
 Hato Rey, PR [REDACTED]



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	4,727.36	0.529	2,499.06	21.75	4,749.11	545,754.09
Total				2,499.06			545,754.09

Asset Allocation



- KFYIELD
- KFINELT
- KRGWTH
- KRGOLD
- OTHER

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	2,499.06	21.75	21.75	-	-

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Statement Summary: January-19  
 Account Number: 801  
 Account Title: Vantage FBO [REDACTED] Bail, IRA  
 Mailing Address: [REDACTED]  
 Anthem, AZ [REDACTED]



## Portfolio Summary:

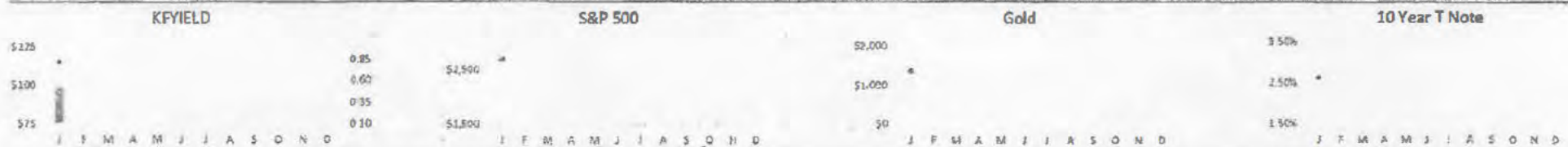
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFY:ELD	114.92	2,999.36	0.529	1,585.57	13.80	3,013.16	346,263.78
<b>Total</b>				<b>1,585.57</b>			<b>346,263.78</b>

Asset Allocation



- KFYELD
- KFINEL
- KFGROWTH
- KFGOLD
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYELD	114.92	-	-	100%	1,585.57	13.80	13.80	-	-

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Statement Summary: January-19  
 Account Number: 113  
 Account Title: Vantage FBO Berardelli, IRA  
 Mailing Address: Orland Park IL



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	985.62	0.529	521.03	4.53	990.15	113,785.27
<b>Total</b>				<b>521.03</b>			<b>113,785.27</b>

Asset Allocation



- KFYIELD
- KFAPST
- KFGWTH
- KFODLS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	521.03	4.53	4.53	-	-

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Reports are generated by El Morro Financial, LLC



Statement Summary: February-19  
 Account Number: 920  
 Account Title: Vantage FBO Call, IRA  
 Mailing Address: Orland Park, IL



## Portfolio Summary:

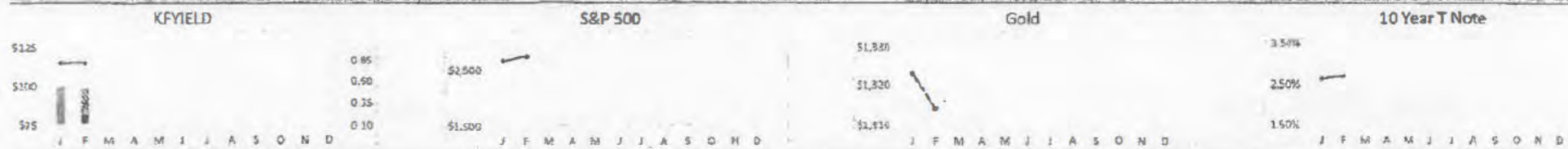
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	115.05	2,699.43	0.516	1,394.16	12.12	2,711.55	311,971.58
<b>Total</b>				<b>1,394.16</b>			<b>311,971.58</b>

Asset Allocation



- + KFYIELD
- + KFINFLT
- + KFGROWTH
- + KFGOLDS
- + Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYELD	115.05	-	-	100%	1,394.16	12.12	12.12	-	-

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Statement Summary: January-19  
 Account Number: 0411  
 Account Title: Vantage FBO Casey, IRA  
 Mailing Address: Phoenix, AZ



## Portfolio Summary:

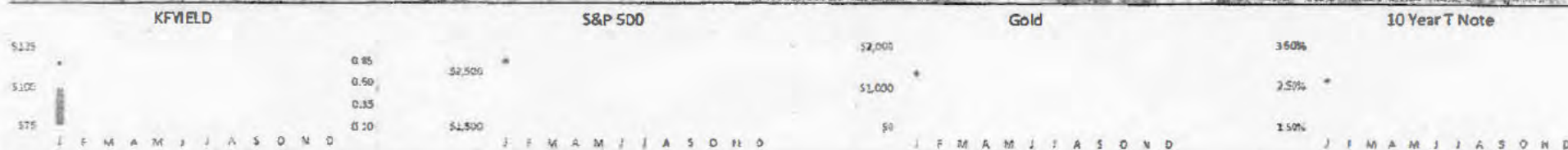
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	1,234.40	0.529	652.55	5.68	1,240.08	142,506.42
<b>Total</b>				<b>652.55</b>			<b>142,506.42</b>

Asset Allocation



- KFYIELD
- KINIFET
- KFORWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total		Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares		Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	652.55	5.68	5.68	-	-	-

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Statement Summary: January-19  
 Account Number: 0601  
 Account Title: Casey  
 Mailing Address: Phoenix, AZ



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	570.23	0.529	301.44	-	570.23	65,528.79
<b>Total</b>				<b>301.44</b>			<b>65,528.79</b>

Asset Allocation



- KFYIELD
- K5INFLY
- K7GRWTH
- KFGOLDOS
- Others

## Market Performance:

KFYIELD	S&P 500	Gold	10 Year T Note

## Transactions:

Fund Transactions				Dividend Reinvestment		Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	0%	-	-	-	(301.44)

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Statement Summary: January-19  
 Account Number: 1202  
 Account Title: CFSE: Corporacion del Fondo del Seguro del Estado  
 Mailing Address:   
 San Juan, PR



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	141,146.50	0.529	74,615.15	649.30	141,795.79	16,294,766.18
<b>Total</b>				<b>74,615.15</b>			<b>16,294,766.18</b>

## Asset Allocation



- KFYIELD
- KFINFLT
- KFGROWTH
- KFSOLDS
- Others

## Market Performance:

KFYIELD	S&P 500	Gold	10 Year T Note

## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	74,615.15	649.30	649.30	-	-

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Statement Summary: January-19  
 Account Number: 1019  
 Account Title: Vantage FBO Corbett, IRA  
 Mailing Address: Sarasota, FL



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	9,004.98	0.529	4,760.36	41.42	9,046.40	1,039,586.53
<b>Total</b>				<b>4,760.36</b>			<b>1,039,586.53</b>

Asset Allocation



- KFYIELD
- KEAPLT
- KFGROWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment		Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	4,760.36	41.42	-	-

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Statement Summary: January-19  
 Account Number: 0908  
 Account Title: Vantage FBO Dwyer, IRA  
 Mailing Address: Bradenton, FL



## Portfolio Summary:

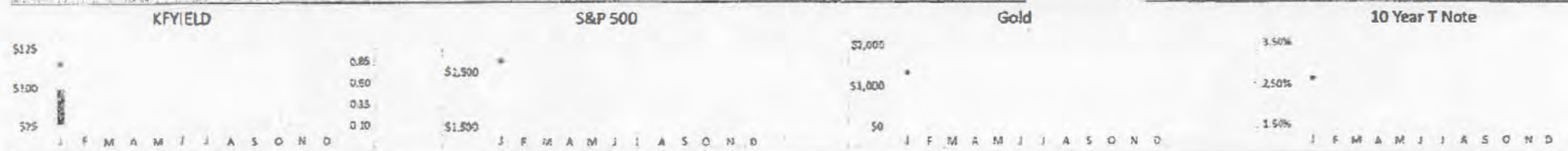
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	948.02	0.529	501.16	4.36	952.38	109,444.34
<b>Total</b>				<b>501.16</b>			<b>109,444.34</b>

## Asset Allocation



- KFYIELD
- KFNFLT
- KTGWTH
- KFGOLD
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	501.16	4.36	4.36	-	-

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Statement Summary: January 19  
 Account Number: 105  
 Account Title: Eaves  
 Mailing Address: Scottsdale, AZ



## Portfolio Summary:

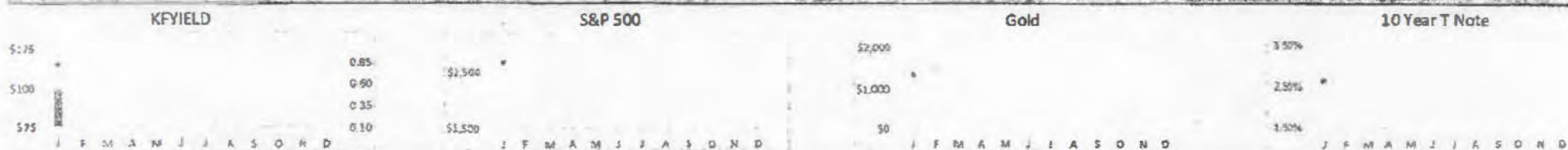
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	8,979.04	0.529	4,746.65	20.65	8,999.69	1,034,219.01
<b>Total</b>				<b>4,746.65</b>			<b>1,034,219.01</b>

Asset Allocation



- KFYIELD
- KFINPIT
- KFGROWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	50%	2,373.32	20.65	20.65	-	(2,373.32)

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Statement Summary: January-19  
 Account Number: 0701  
 Account Title: Pre Need  
 Mailing Address: San Juan, PR



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	15,153.22	0.529	8,010.54	69.71	15,222.92	1,749,374.65
<b>Total</b>				<b>8,010.54</b>			<b>1,749,374.65</b>

Asset Allocation



- \* KFYIELD
- \* KFMFLT
- \* KPGWTH
- \* KPGOLD
- \* Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment		Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	8,010.54	69.71	-	-

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Statement Summary: January-19  
 Account Number: 0105  
 Account Title: (Saronchisky)  
 Mailing Address: Los Angeles, CA



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	11,663.42	0.529	6,165.71	53.65	11,717.08	1,346,493.02
<b>Total</b>				<b>6,165.71</b>			<b>1,346,493.02</b>

## Asset Allocation



- KFYIELD
- KFNULT
- KFGROWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	6,165.71	53.65	53.65	-	-

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Statement Summary: January 19  
 Account Number: 601  
 Account Title: Ferre Retirement Plan  
 Mailing Address: San Juan, PR



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	10,329.84	0.529	5,460.73	47.52	10,377.36	1,192,536.02
<b>Total</b>				<b>5,460.73</b>			<b>1,192,536.02</b>

## Asset Allocation



- KFYIELD
- KF-NFLT
- KF-SRWTH
- KF-CLOS
- QTHAY

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	5,460.73	47.52	47.52	-	-

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Statement Summary: January-19  
 Account Number: 0202  
 Account Title: FMB 1, LLC  
 Mailing Address: [REDACTED]  
 Guaynabo PR [REDACTED]



## Portfolio Summary:

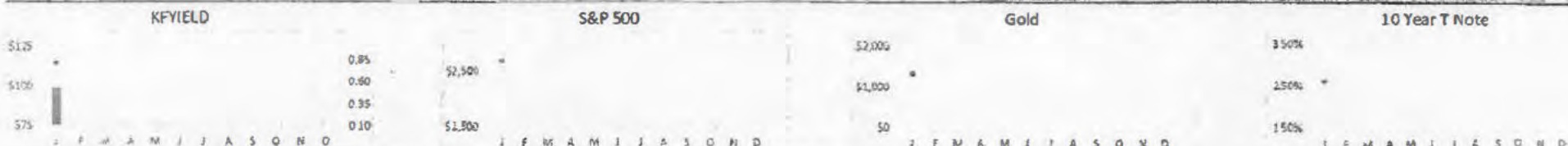
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	7,499.06	0.529	3,964.28	-	7,499.06	861,770.83
KFGRWTH	127.16	821.56	-	-	-	821.56	104,470.25
<b>Total</b>				<b>3,964.28</b>			<b>966,241.09</b>

Asset Allocation



- KFYIELD
- KFGRWTH
- KFGCLOS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	0%	-	-	-	-	(3,964.28)
KFGRWTH	127.16	-	-	0%	-	-	-	-	-

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Statement Summary: January-19  
 Account Number: 0201  
 Account Title: Vantage FBO Foster, IRA  
 Mailing Address: Phoenix, AZ



### Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	(0.00)	0.529	(0.00)	(0.00)	(0.00)	(0.00)
<b>Total</b>				(0.00)			(0.00)

Asset Allocation



- KFYIELD
- KFINPLT
- KFGROWTH
- KFGOLOS
- Others

### Market Performance:



### Transactions:

Fund Transactions				Dividend Reinvestment		Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	(0.00)	(0.00)	(0.00)	-

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Statement Summary: January-19  
 Account Number: 0407  
 Account Title: [REDACTED] Lang  
 Mailing Address: [REDACTED]  
 Chandler, AZ [REDACTED]



## Portfolio Summary:

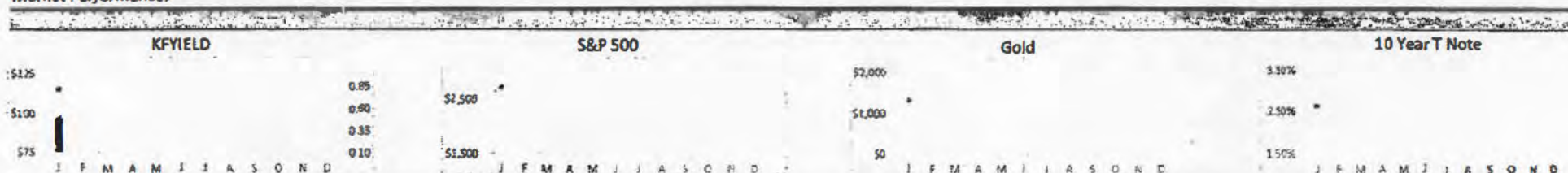
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	3,704.45	0.529	1,958.30	17.04	3,721.49	427,662.66
				1,958.30			427,662.66

Asset Allocation



- KFYIELD
- KFNEFT
- KFGWTH
- KFGOLD
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	1,958.30	17.04	17.04	-	-

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Statement Summary: January-19  
 Account Number: 0701  
 Account Title: Gonzalez  
 Mailing Address: Guaynabo, PR



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	5,603.00	0.529	2,961.95	1,405.19	7,008.20	805,361.79
<b>Total</b>				<b>2,961.95</b>			<b>805,361.79</b>

Asset Allocation



- KFYIELD
- KFINFLT
- KFORWTH
- KFGOLD
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	160,000.00	1,392.31	50%	1,480.97	12.89	1,405.19	160,000.00	(1,480.97)

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Statement Summary: January 19  
 Account Number: 11702  
 Account Title: [REDACTED] Gonzalez [REDACTED] Rivera  
 Mailing Address: [REDACTED]  
 Guaynabo, PR [REDACTED]



## Portfolio Summary:

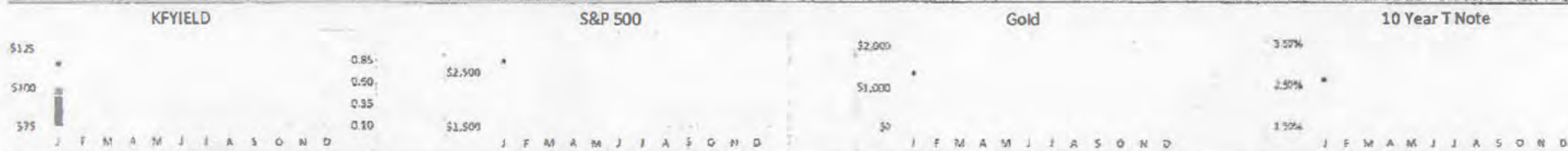
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	238.63	0.529	126.15	1.10	239.73	27,549.02
<b>Total</b>				<b>126.15</b>			<b>27,549.02</b>

Asset Allocation



- KFYIELD
- KPNFET
- KPGOVTH
- KPGOIDS
- Cash

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment		Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	126.15	1.10	-	-

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Statement Summary: January-19  
 Account Number: 0902  
 Account Title: Vantage FBO Wiecek, IRA  
 Mailing Address: Bradenton, FL



## Portfolio Summary:

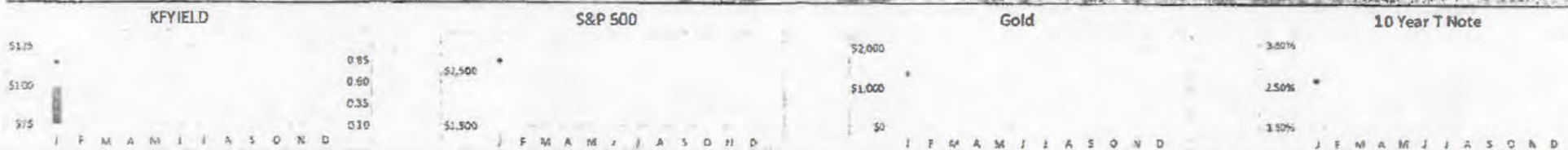
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	2,777.60	0.529	1,468.34	12.78	2,790.38	320,662.73
Total				1,468.34			320,662.73

Asset Allocation



- KFYIELD
- KFHYFLY
- KFGWTH
- KFGOLD
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	1,468.34	12.78	12.78	-	-

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Statement Summary: January-19  
 Account Number: 0901  
 Account Title: Vantage FBO Wiecek, Roth  
 Mailing Address: Bradenton, FL



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	408.57	0.529	215.99	1.88	410.45	47,167.92
<b>Total</b>				<b>215.99</b>			<b>47,167.92</b>

Asset Allocation



- KFYIELD
- KPRFLT
- KFGWTH
- KFGDLS
- Others

## Market Performance:

KFYIELD	S&P 500	Gold	10 Year T Note

## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	215.99	1.88	1.88	-	-

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Statement Summary: January-19  
 Account Number: 0104  
 Account Title: Haddow  
 Mailing Address: Sarasota, FL



## Portfolio Summary:

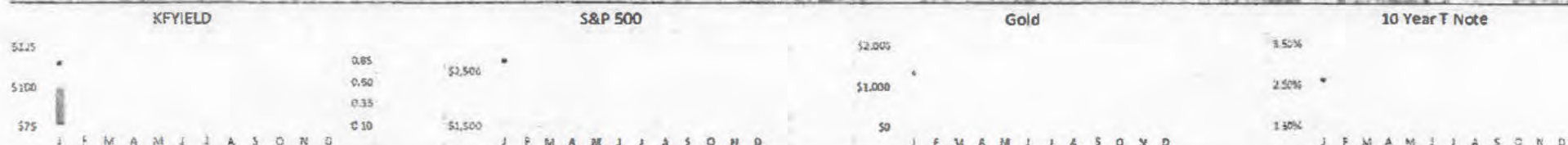
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	3,790.14	0.529	2,003.60	-	3,790.14	435,551.74
KFINFLT	112.02	365.66	0.0000	-	-	365.66	40,959.09
KFGRWTH	127.16	196.58	-	-	-	196.58	24,996.96
<b>Total</b>				<b>2,003.60</b>			<b>501,507.80</b>

Asset Allocation



- \* KFYIELD
- \* KFINFLT
- \* KFGRWTH
- \* KFGOLD
- \* CASH

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment		Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	0%	-	-	-	(2,003.60)
KFINFLT	112.02	-	-	100%	-	-	-	-
KFGRWTH	127.16	-	-	100%	-	-	-	-

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Statement Summary: January-19  
 Account Number: 0301  
 Account Title: Fogarty  
 Mailing Address: Bend, OR



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	4,886.91	0.529	2,583.40	1.60	4,888.50	561,772.99
KFGOLDS	114.71	552.62	-	-	-	552.62	63,391.05
Other Investments							27,656.97
<b>Total</b>				<b>2,583.40</b>			<b>652,821.01</b>

Asset Allocation



- KFYIELD
- KFGOLDS
- Other Investments

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment		Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	(2,400.00)	(20.88)	100%	2,583.40	22.48	-	(2,400.00)
KFGOLDS	114.71	-	-	100%	-	-	-	-

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Statement Summary: January 19  
 Account Number: 101  
 Account Title: Vantage FBO Kadotani, IRA  
 Mailing Address: Scottsdale, AZ



## Portfolio Summary:

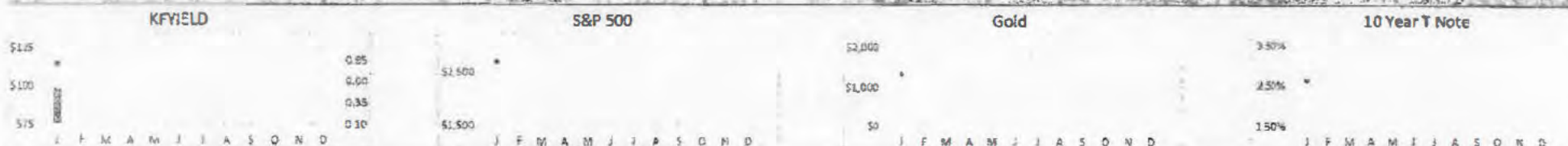
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	2,916.24	0.529	1,541.63	13.42	2,929.65	336,667.51
KFINFLT	112.02	1,223.53	0.0000	-	-	1,223.53	137,054.25
<b>Total</b>				<b>1,541.63</b>			<b>473,721.76</b>

Asset Allocation



- \* KFYIELD
- \* KFINFLT
- \* KFCRWTH
- \* KFCOLDS
- \* OTHERS

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	1,541.63	13.42	13.42	-	-
KFINFLT	112.02	-	-	100%	-	-	-	-	-

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Statement Summary: January 19  
 Account Number: 0109  
 Account Title: Vantage FBO Maurer, IRA  
 Mailing Address: [REDACTED]  
 Phoenix, AZ [REDACTED]



## Portfolio Summary:

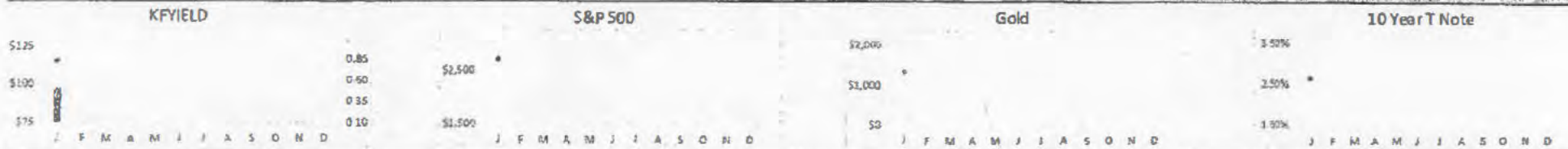
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	(0.00)	0.529	(0.00)	(0.00)	(0.00)	(0.00)
Total				(0.00)			(0.00)

Asset Allocation



- \* KFYIELD
- \* KFINCLT
- \* KGRWTH
- \* KFGOLDS
- \* OTHERS

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment		Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	(0.00)	(0.00)	(0.00)	-

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Statement Summary: January-19  
 Account Number: 0904  
 Account Title: Vantage FBO Wiecek, IRA  
 Mailing Address: Bradenton, FL



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	159.66	0.529	84.40	0.73	160.40	18,432.64
<b>Total</b>				<b>84.40</b>			<b>18,432.64</b>

Asset Allocation



- KFYIELD
- KFYELT
- KFGROWTH
- KFGOLD
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	84.40	0.73	0.73	-	-

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Statement Summary: January 19  
 Account Number: 0903  
 Account Title: Vantage FBO Wlecek, Roth  
 Mailing Address: Bradenton, FL



## Portfolio Summary:

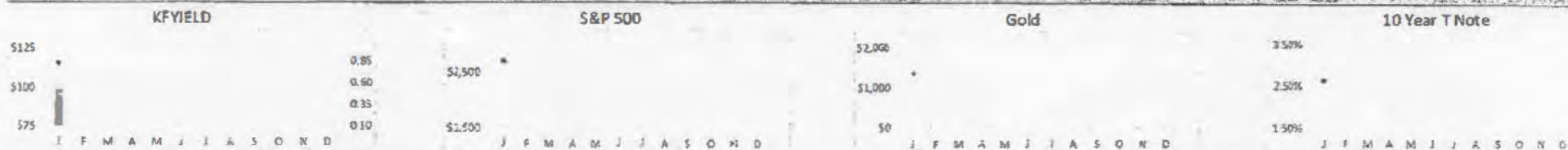
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	486.94	0.529	257.41	2.24	489.18	56,214.77
<b>Total</b>				<b>257.41</b>			<b>56,214.77</b>

## Asset Allocation



- KFYIELD
- KRIFSET
- KFGROWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	257.41	2.24	2.24	-	-

## KINETIC INVESTMENT GROUP, LLC

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Statement Summary: January-19  
 Account Number: 0201  
 Account Title: [REDACTED] Rosa  
 Mailing Address: [REDACTED]  
 Manati, PR [REDACTED]



## Portfolio Summary:

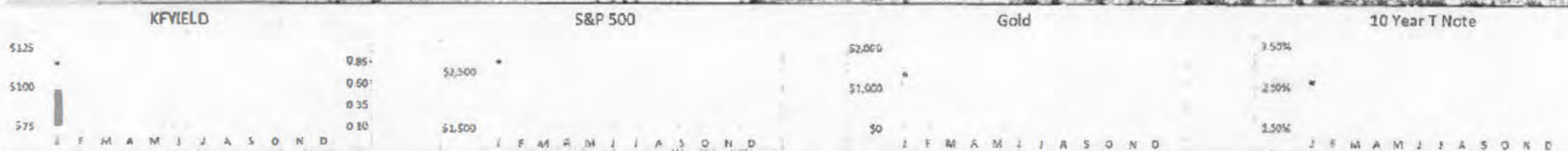
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	3,707.34	0.529	1,959.84	-	3,707.34	426,037.42
<b>Total</b>				<b>1,959.84</b>			<b>426,037.42</b>

Asset Allocation



- KFYIELD
- KFINTLT
- KFGRWTH
- KFGOLDS
- Other

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	0%	-	-	-	-	(1,959.84)

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Statement Summary: January-19  
 Account Number: 0501  
 Account Title: Plan de Pensiones Ministerial, Inc  
 Mailing Address: [REDACTED]  
 San Juan, PR [REDACTED]



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	7,371.98	0.529	3,897.10	33.91	7,405.89	851,064.01
<b>Total</b>				<b>3,897.10</b>			<b>851,064.01</b>

## Asset Allocation



- KFYIELD
- KPNFLT
- KFGWTH
- KFGOLD
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	3,897.10	33.91	33.91	-	-

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Statement Summary: January-19  
 Account Number: 509  
 Account Title: Puerto Rico Community Foundation  
 Mailing Address: San Juan, PR



## Portfolio Summary:

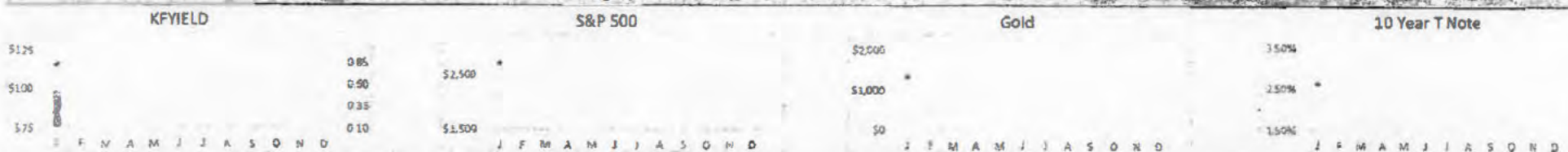
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	8,615.25	0.529	4,554.33	-	8,615.25	990,039.72
<b>Total</b>				<b>4,554.33</b>			<b>990,039.72</b>

Asset Allocation



- KFYIELD
- KFINFLY
- KFGROWTH
- KFGOLD
- Others

## Market Performance:



## Transactions:

Fund Transactions					Dividend Reinvestment		Total Shares	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	0%	-	-	-	-	(4,554.33)

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Statement Summary: January-19  
 Account Number: 719  
 Account Title: Sacred Heart University (USC)  
 Mailing Address: San Juan PR



## Portfolio Summary:

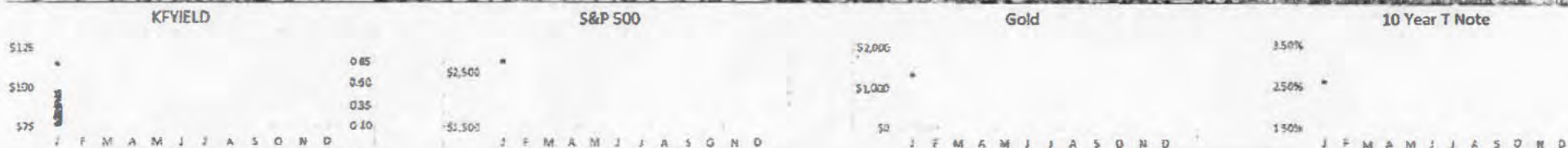
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	17,339.60	0.529	9,166.34	-	17,339.60	1,992,616.98
<b>Total</b>				<b>9,166.34</b>			<b>1,992,616.98</b>

Asset Allocation



- KFYIELD
- KFINFL
- KFGKWTN
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment		Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	0%	-	-	-	(9,166.34)

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Statement Summary: January-19  
 Account Number: 0423  
 Account Title: Vantage F80 Silva, IRA  
 Mailing Address: Sarasota, FL



## Portfolio Summary:

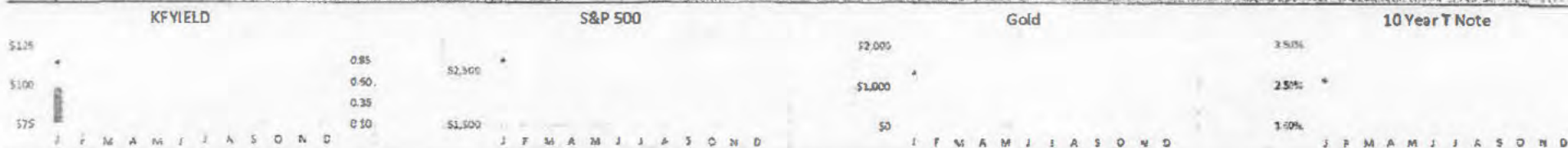
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	1,032.61	0.529	545.88	4.75	1,037.36	119,210.98
<b>Total</b>				<b>545.88</b>			<b>119,210.98</b>

Asset Allocation



- KFYIELD
- KFINFLT
- KFCRWTH
- KFGOLDS
- Other

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment		Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	545.88	4.75	4.75	-

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Statement Summary: January-19  
 Account Number: 0106  
 Account Title: Sinski  
 Mailing Address: Sarasota, FL



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	2,369.74	0.529	1,252.73	10.90	2,380.64	273,576.55
<b>Total</b>				<b>1,252.73</b>			<b>273,576.55</b>

Asset Allocation



- KFYIELD
- BSMTLT
- KFGWTH
- KFGOLD
- Others

## Market Performance:

KFYIELD	S&P 500	Gold	10 Year T Note
\$125		\$2,000	3.50%
\$100		\$1,000	2.50%
\$75		\$0	1.50%
J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D

## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	1,252.73	10.90	10.90	-	-

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Statement Summary: January-19  
 Account Number: 0108  
 Account Title: Vantage [REDACTED] Symmes, IRA  
 Mailing Address: [REDACTED]  
 Phoenix, AZ [REDACTED]



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	1,811.09	0.529	957.41	8.33	1,819.42	209,082.49
KFINFLT	112.02	622.79	0.0000	-	-	622.79	69,762.40
KFGRWTH	127.16	734.47	-	-	-	734.47	93,396.48
<b>Total</b>				<b>957.41</b>			<b>372,241.37</b>

Asset Allocation



= KFYIELD  
 = KFINFLT  
 = KFGRWTH  
 = KFOOLS  
 = OTHER

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	957.41	8.33	8.33	-	-
KFINFLT	112.02	-	-	100%	-	-	-	-	-
KFGRWTH	127.16	-	-	100%	-	-	-	-	-

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Statement Summary: January-19  
 Account Number: 0110  
 Account Title: Werbin  
 Mailing Address: Lakeway, TX



## Portfolio Summary:

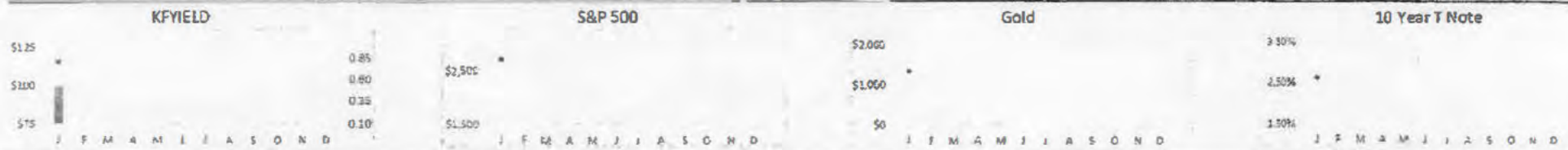
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFGOLDS	114.71	931.77	-	-	-	931.77	106,883.89
Other Investments							44,132.06
Total							151,015.94

Asset Allocation



• KFGOLDS  
 • Other Investments

## Market Performance:



## Transactions:

Fund	Fund Transactions			Dividend Reinvestment		Total Shares	Cash Transactions	
	Price \$	\$	Shares	%	\$		Deposit \$	Withdrawal \$
KFGOLDS	114.71	-	-	100%	-	-	-	-

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Statement Summary: January-19  
 Account Number: 0504  
 Account Title: Williams  
 Mailing Address: Sarasota, FL



## Portfolio Summary:

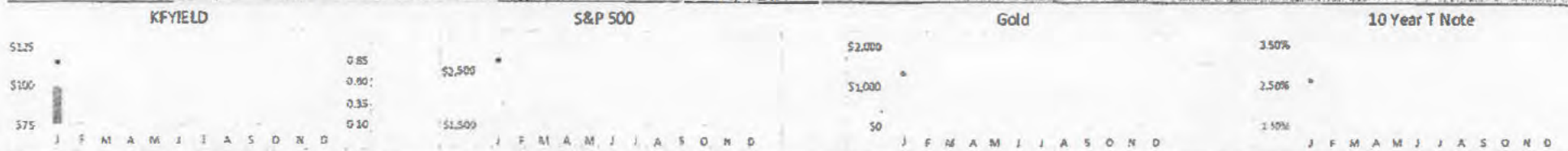
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	14,049.45	0.529	7,427.05	64.63	14,114.08	1,621,949.61
<b>Total</b>				<b>7,427.05</b>			<b>1,621,949.61</b>

Asset Allocation



- KFYIELD
- KFINRT
- KFGRWTH
- KPGOLD
- Others

## Market Performance:



## Transactions:

Fund Transactions			Dividend Reinvestment			Total	Cash Transactions		
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	7,427.05	64.63	64.63	-	-

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# EXHIBIT E

## Ivory, Crystal C

---

**From:** Houchin, John T.  
**Sent:** Monday, May 20, 2019 9:51 AM  
**To:** Ordaz, Magaly  
**Cc:** Busto, Eric R.; Viniegra, Barbara; Ivory, Crystal C  
**Subject:** FW: smail Kinetic Financial Advisers LLC (FL-0184)  
**Attachments:** Scan May 20, 2019.pdf

-----Original Message-----

**From:** jimbishop@me.com <jimbishop@me.com>  
**Sent:** Monday, May 20, 2019 3:59 AM  
**To:** Houchin, John T. <HouchinJ@SEC.GOV>  
**Cc:** Ordaz, Magaly <OrdazM@SEC.GOV>  
**Subject:** RE: smail Kinetic Financial Advisers LLC (FL-0184)

Per our conversation last week please find attached a spaghetti diagram and simple spread sheets showing transfers to MW.

--- Originally sent by houchinj@sec.gov on May 17, 2019 11:00 AM

This message was sent securely using Zix®

James,



See attached correspondence. Thanks again for your cooperation.

Regards,

John T. Houchin

Senior Counsel

U.S. Securities and Exchange Commission

Division of Enforcement

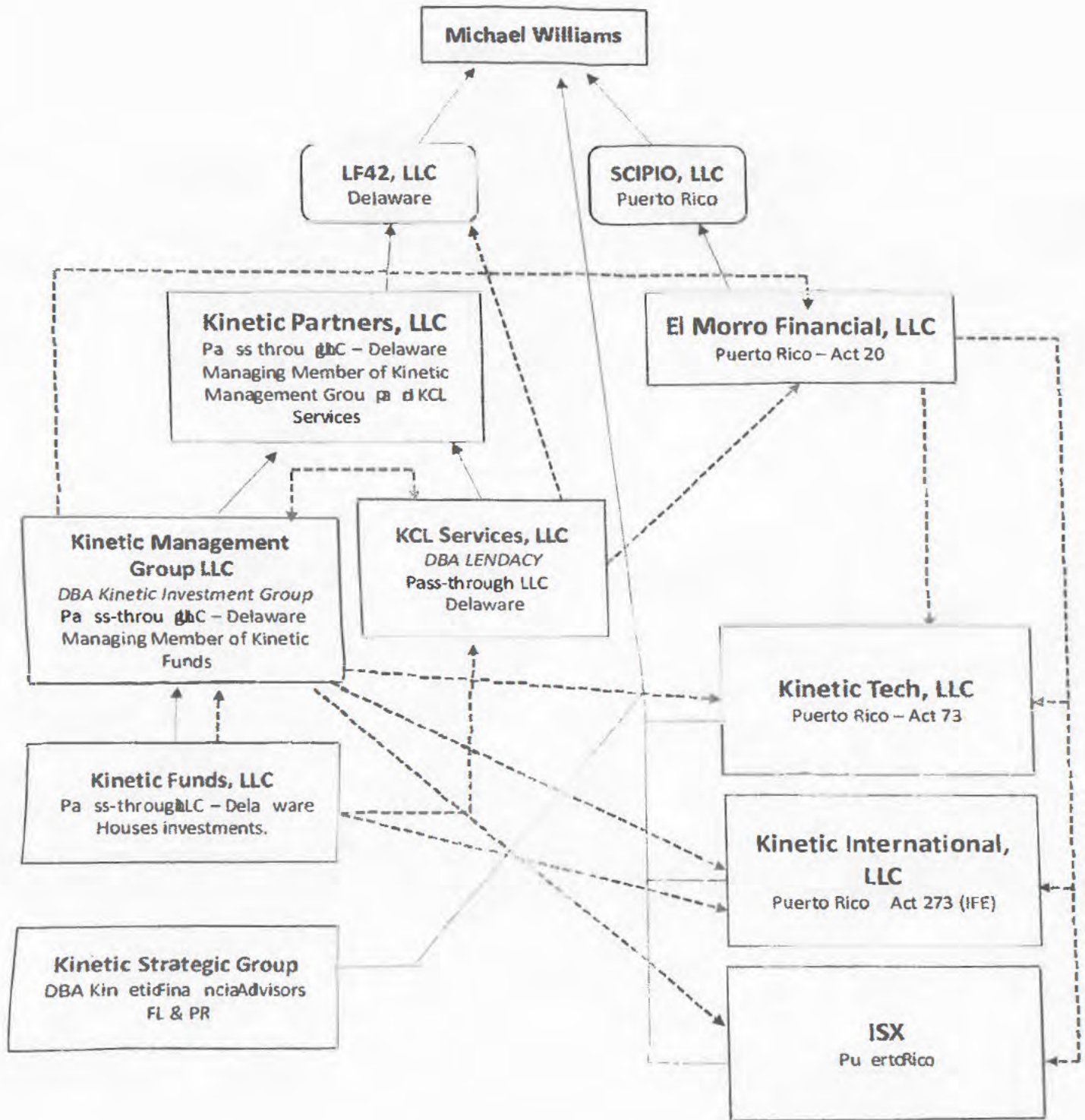
801 Brickell Avenue, Suite 1800

Miami, FL 33131

305-416-6292

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Date	Type	Method	Amount	Credit to	Description
<b>Transfers for PH, Vacation, and Banco Espanol Building</b>					
3/23/2017	wire	WD	\$ 250.00	Williams	PH Purchase
3/23/2017	wire	WD	\$ 90,000.00	Williams	PH Purchase
3/23/2017	wire	WD	\$ 1,422,325.50	Williams	PH Purchase
3/31/2017	wire	WD	\$ 3,716.01	Williams	PH Purchase
7/20/2017	wire	WD	\$ 1,924.24	Williams	Greece sailing trip payment
5/4/2018	wire	WD	\$ 2,676,564.36	Scipio, LLC	Greece sailing trip payment
5/4/2018	wire	WD	\$ 78,435.64	Scipio, LLC	Banco Espanol Purchase
subtotal			<u>\$ 4,273,215.75</u>		Banco Espanol Purchase

<b>Zephyr Aerospace Safenote Transfers - no copy of safenote has been provided</b>					
12/3/2018	wire	WD	\$54,000.00	Style and Design	
3/14/2019	wire	WD	\$200,000.00	ACIA Studio LLC	
3/14/2019	wire	WD	\$8,000.00	Neil Mehta	
3/21/2019	wire	WD	\$25,000.00	Holland & Knight	Consultant (Commercialization)
3/21/2019	wire	WD	\$10,000.00	SWS	Legal Services
3/21/2019	wire	WD	\$5,000.00	Frederic Massard	Product Certification
3/21/2019	wire	WD	\$5,000.00	Katharine Miles	Consultant (Trade Show)
3/21/2019	wire	WD	\$150,300.00	Style and Design	Consultant (Trim/ Finish)
3/21/2019	wire	WD	\$20,000.00	Zephyr Aerospace	Engineering
3/21/2019	wire	WD	\$20,000.00	Zephyr Aerospace	Trade Show Costs
			<u>\$497,300.00</u>		Mock-up Transportation/Storage

<b>Money Transferred from Kinetic Funds to open KIB banking accounts</b>					
9/28/2018	DEP		<u>\$550,000.00</u>	Trans from Kinetic Funds to SOL COOP to open Kinetic International LLC accounts	
	WD		\$240,000.00	To fund operational account	
	WD		\$310,000.00	to fund CD pledge to Secretary of OCIF Commissioner	

<b>\$2 Million Credit line to ISK to be paid back to LF42, LLC</b>					
1/14/2019	DEP		\$1,000,000.00	Transferred from Kinetic Funds to KCL for Operational Expenses	
4/16/2019	DEP		\$150,000.00	Transferred from Kinetic Funds to KCL for Operational Expenses	
1/14/2019	WD	internal transfer	\$500,000.00	paid to Kinetic International from \$1M transfer from KFYIELD	Cover ISK Development Expenses
2/11/2019	WD	wire	\$60,000.00	paid to El Morro Financial from \$1M transfer from KFYIELD	Cover PR Office February Operations
2/19/2019	WD	wire	\$150,000.00	paid to El Morro Financial from \$1M transfer from KFYIELD	Kinetic Financial Summit Expenses
2/25/2019	WD	wire	\$175,000.00	paid to El Morro Financial from \$1M transfer from KFYIELD	Kinetic Financial Summit Expenses
3/8/2019	WD	internal transfer	\$185,000.00	paid to Kinetic International from \$1M transfer from KFYIELD	Kinetic Financial Summit Expenses (AMEX)
3/8/2019	WD	wire	\$120,000.00	paid to El Morro Financial from \$1M transfer from KFYIELD	Kinetic Financial Summit Expenses
3/8/2019	WD	wire	\$60,000.00	paid to El Morro Financial from \$1M transfer from KFYIELD	Cover PR Office March Operations
4/3/2019	WD	wire	\$50,000.00	paid to LF42 by direction of MW	No reason given - just told to transfer ans add to ISK credit line
4/16/2019	WD	internal transfer	\$150,000.00	paid to Kinetic International from \$1M transfer from KFYIELD	To pay outside contractors. Lorena Coffey
4/16/2019	WD	wire	\$50,000.00	paid to LF42 by direction of MW	\$17,600, Global Screen - \$72,243.52, Fintech Agency - \$30,000, Mband - \$30,000 for a Total
			<u>\$1,500,000.00</u>		\$149,843.52
			<u>\$6,820,815.75</u>		Said he had invoices to pay add to ISK credit line





## REDEMPTION REQUEST

BY U.S. MAIL:

INVESTMENT GROUP, LLC

FL

This letter serves as my 30 calendar-days' notice to Kinetic Investment Group, LLC for a redemption request of all or part of my investment. I understand, if approved, my redemption (if any) will be authorized on the earliest quarter-end valuation date following this 30 calendar-days' notice.

Fund / Investment Name: Kinetic Fund I LLCDollar Value or %: 100%Account Name: AEELAAccount Number: 101

Client Signature: \_\_\_\_\_

Date: October 1, 2019

State of: Puerto Rico County of: San Juan  
 I, Angela Rodriguez Acosta ESQ, do hereby certify that before me personally appeared Claudio AEELA's Executive Director, on this date 10 / 1 / 2019, who I am satisfied is the individual described in and who executed the foregoing instrument and acknowledged to me that he/she signed said instrument voluntarily for the uses and purposes herein set forth.  
 Notary Seal: ANGELA RODRIGUEZ ACOSTA No. 329

Notary Public Signature: \_\_\_\_\_

NOTARY PUBLIC'S COMMISSION DOES NOT EXPIRE.

THIS FORM MUST BE RECEIVED BY, NO LATER THAN, 30 DAYS PRIOR TO QUARTER-END FOR REDEMPTIONS TO BE CONSIDERED. REDEMPTIONS (IF ANY) WILL BE MADE ON THE 10<sup>TH</sup> BUSINESS DAY FOLLOWING QUARTER-END ONCE APPROVED.

Note

1. One form must be submitted per account/redemption.
2. Redemptions over \$100,000 must include a notary and submitted with original signature by mail.
3. All redemption notices need to be signed and submitted no later than 30 days prior to quarter-end for redemptions at the end of the quarter.
4. Investment funds may be subject to certain redemption policies; such as, but not limited to, private equity placement, regulatory restrictions, or liquidation policies.
5. All redemption requests are subject to review based on risk, compliance, IRS, and regulatory audits prior to being released. Some restrictions may apply.

TO BE FILLED IN BY KINETIC INVESTMENT GROUP, LLC

AUTHORIZED BY: \_\_\_\_\_ SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_







## WIRE TRANSFER REQUEST

TRANSFER AMOUNT \$ 100% of investment (USD)

## ORIGINATOR

FULL NAME Kineti c Funds I, LLC

ADDRESS [REDACTED]

CITY, STATE, ZIP Sarasota, FL

PHONE NUMBER [REDACTED] 9544

## INTERMEDIARY FINANCIAL INSTITUTION (If applicable)

NAME

ROUTING NUMBER

ADDRESS

CITY/STATE or PROVINCE and COUNTRY

## BENEFICIARY FINANCIAL INSTITUTION

NAME Banco Popular de Puerto Rico

ROUTING NUMBER [REDACTED]

SWIFT NUMBER [REDACTED]

(Swift for international wires only)

ADDRESS 209 Ave Muñoz Rivera

CITY/STATE or PROVINCE H a o Rey PR 009 18

COUNTRY Puerto Rico

## BENEFICIARY INFORMATION

BENEFICIARY NAME Asociación de Empleados del Est add Libre Asociado de Puerto Rico

BENEFICIARY ACCOUNT NUMBER [REDACTED] 0344

BENEFICIARY ADDRESS [REDACTED]

CITY/STATE or PROVINCE and COUNTRY San Juan, PR [REDACTED]

ORIGINATOR TO BENEFICIARY INFO (Optional):

Client Name (print): Asociación de Empleados del ELA (AEELA)

Client Signature: [REDACTED]

Claudio - Executive Director

Date: October 1, 2019

## Disclaimers and Notices:

This constitutes of a request ONLY for release of funds from your selected fund on page 1, Redemption Request.

No funds will be released without this form being completed and approved.

Account holders are liable, accountable, and responsible for all wires to third parties. KMG and affiliates are not liable for any monies sent to 3<sup>rd</sup> parties. It is suggested by KMG that checks and/or wires be sent ONLY to KMG account holders to avoid any liabilities.

Funds are issued with-in 24 hours upon approval. Cut-off time for daily wires is 4pm ET.

\*All wires are subject to a \$13 wire fee. Wire fees are subject to change without notice from the banking institutions.

**POPULAR.**

**Wire Transfers Instructions:**

BENEFICIARY BANK: Banco Popular de Puerto Rico

ABA: [REDACTED] 2011 or SWIFT: [REDACTED]

ADDRESS: [REDACTED]  
Hato Rey, PR [REDACTED]

BENEFICIARY NAME: ASOCIACION EMPLEADOS DEL ESTADO LIBRE ASOCIADO DE PUERTO RICO

ADDRESS: [REDACTED]  
SAN JUAN PR [REDACTED]

BENEFICIARY ACCOUNT NUMBER: [REDACTED] 0344

SPECIAL INSTRUCTIONS: \_ \_ \_ \_ \_



## REDEMPTION REQUEST

BY U.S. MAIL:  
KINETIC INVESTMENT GROUP, LLC  
[REDACTED]  
SARASOTA, FL [REDACTED]



This letter serves as my 30 calendar-days' notice to Kinetic Investment Group, LLC for a redemption request of all or part of my investment. I understand, if approved, my redemption (if any) will be authorized on the earliest quarter-end valuation date following this 30 calendar-days' notice.

Fund/Investment Name: KF Field  
Dollar Value or %: 100%  
Account Name: Elvira Inc. Pre Seed  
Account Number: [REDACTED]  
Client Signature: [REDACTED]  
Date: 11/20/2019

State of: Puerto Rico City of: San Juan  
I, Roberto A. Abogado, hereby certify that before me personally appeared [REDACTED], on this date 11/20/2019, who I am satisfied is the individual described in and who executed the foregoing instrument and acknowledged to me that he/she signed said instrument voluntarily for the uses and purposes herein set forth.  
Notary Public Signature: [Signature]  
Notary Public: Roberto A. Abogado Notario  
Aff: 17543

THIS FORM MUST BE RECEIVED BY, NO LATER THAN, 30 DAYS PRIOR TO QUARTER-END FOR REDEMPTIONS TO BE CONSIDERED. REDEMPTIONS (IF ANY) WILL BE MADE BY THE 18<sup>TH</sup> BUSINESS DAY FOLLOWING QUARTER-END ONCE APPROVED.

## Note

1. One form must be submitted per account/redemption.
2. Redemptions over \$100,000 must include a notary and submitted with original signature by mail.
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5. All redemption requests are subject to review based on risk, compliance, IRS, and regulatory audits prior to being released. Some restrictions may apply.

TO BE FILLED IN BY KINETIC INVESTMENT GROUP, LLC

AUTHORIZED BY: \_\_\_\_\_ SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_





## WIRE TRANSFER REQUEST

TRANSFER AMOUNT \$ 100,000.00 (USD)

## ORIGINATOR

FULL NAME \_\_\_\_\_  
 ADDRESS \_\_\_\_\_  
 CITY, STATE, ZIP \_\_\_\_\_  
 PHONE NUMBER \_\_\_\_\_

## INTERMEDIARY FINANCIAL INSTITUTION (If applicable)

NAME \_\_\_\_\_  
 ROUTING NUMBER \_\_\_\_\_  
 ADDRESS \_\_\_\_\_  
 CITY/STATE or PROVINCE and COUNTRY \_\_\_\_\_

## BENEFICIARY FINANCIAL INSTITUTION

NAME Louisiana Financial Services, LLC  
 ROUTING NUMBER [REDACTED]  
 SWIFT NUM \_\_\_\_\_ (Swift for international wires only)  
 ADDRESS [REDACTED]  
 CITY/STATE or PROVINCE St. Louis, MO  
 COUNTRY \_\_\_\_\_

## BENEFICIARY INFORMATION

BENEFICIARY NAME Sub. Inv. Engr. Clean. Serv. Co., LLC  
 BENEFICIARY ACCOUNT NUMBER [REDACTED]  
 BENEFICIARY ADDRESS [REDACTED]  
 CITY/STATE or PROVINCE and COUNTRY St. Louis, MO

ORIGINATOR TO BENEFICIARY INFO (Optional): Elvert Inc. Pre Need - Acct. [REDACTED] 3191

Client Name (print): <u>[REDACTED] Molina</u>	
Client Signature: <u>[REDACTED]</u>	Date: <u>11/20/2019</u>
<p><b>Disclaimers and Notices:</b></p> <p>This constitutes of a request ONLY for release of funds from your selected fund on page 1, Redemption Request. No funds will be released without this form being completed and approved.</p> <p>Account holders are liable, accountable, and responsible for all wires to third parties. KMG and affiliates are not liable for any monies sent to 3<sup>rd</sup> parties. It is suggested by KMG that checks and/or wires be sent ONLY to KMG account holders to avoid any liabilities.</p> <p>Funds are issued with-in 24 hours upon approval. Cut-off time for daily wires is 4pm ET.</p> <p>*All wires are subject to a \$13 wire fee. Wire fees are subject to change without notice from the banking institutions.</p>	



## REDEMPTION REQUEST

BY U.S. MAIL:

KINETIC INVESTMENT GROUP, LLC

FL

This letter serves as my 30 calendar-days' notice to Kinetic Investment Group, LLC for a redemption request of all or part of my investment. I understand, if approved, my redemption (if any) will be authorized on the earliest quarter-end valuation date following this 30 calendar-days' notice.

Fund / Investment Name: Gemini FoundDollar Value or %: Full AmountAccount Name: Plan de Pensiones Ministerial, Inc.Account Number: 501

Client Signature: \_\_\_\_\_

Date: September 23, 2019

Agencia 744

State of: Puerto Rico County of: San Juan

I, Lizandra M. M. M. M., hereby certify that before me personally appeared [REDACTED], on this date 09/23/2019, who is the individual described in and who executed the foregoing instrument and acknowledged to me that he/she signed said instrument voluntarily for the uses and purposes herein set forth.

Notary Seal: [REDACTED]

Notary Public Signature: [Signature]

BOGADA-NOTARY

THIS FORM MUST BE RECEIVED BY, NO LATER THAN, 30 DAYS PRIOR TO QUARTER-END FOR REDEMPTIONS TO BE CONSIDERED. REDEMPTIONS (IF ANY) WILL BE MADE ON THE 10<sup>TH</sup> BUSINESS DAY FOLLOWING QUARTER-END ONCE APPROVED.

- Q1 = Jan Mar (notice cut off Feb 28<sup>th</sup>) issued 10<sup>th</sup> business day of April
- Q2 = Apr Jun (notice cut-off May 31<sup>st</sup>) issued 10<sup>th</sup> business day of July
- Q3 = Jul Sep (notice cut-off Aug 31<sup>st</sup>) issued 10<sup>th</sup> business day of October
- ☒ Q3 = Oct Dec (notice cut-off Nov 30<sup>th</sup>) issued 10<sup>th</sup> business day of January

## Note

- One form must be submitted per account/redemption.
- Redemptions over \$100,000 must include a notary and submitted with original signature by mail.
- All redemption notices need to be signed and submitted no later than 30 days prior to quarter-end for redemptions at the end of the quarter.
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- All redemption requests are subject to review based on risk, compliance, IRS, and regulatory audits prior to being released. Some restrictions may apply.

TO BE FILLED IN BY KINETIC INVESTMENT GROUP, LLC

AUTHORIZED BY: \_\_\_\_\_ SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_







## WIRE TRANSFER REQUEST

TRANSFER AMOUNT \$ Full Amount (USD)

## ORIGINATOR

FULL NAME [REDACTED] Vargas  
 ADDRESS [REDACTED]  
 CITY, STATE, ZIP San Juan PR [REDACTED]  
 PHONE NUMBER [REDACTED]

## INTERMEDIARY FINANCIAL INSTITUTION (If applicable)

NAME [REDACTED]  
 ROUTING NUMBER [REDACTED]  
 ADDRESS [REDACTED]  
 CITY/STATE or PROVINCE and COUNTRY [REDACTED]

## BENEFICIARY FINANCIAL INSTITUTION

NAME Banco Popular de Puerto Rico  
 ROUTING NUMBER [REDACTED] 2011  
 SWIFT NUMBER [REDACTED] 285 (Swift for international wires only)  
 ADDRESS [REDACTED]  
 CITY/STATE or PROVINCE San Juan, P.R.  
 COUNTRY [REDACTED]

## BENEFICIARY INFORMATION

BENEFICIARY NAME Plan de Pensiones Ministerial, Inc.  
 BENEFICIARY ACCOUNT NUMBER [REDACTED] 501  
 BENEFICIARY ADDRESS [REDACTED]  
 CITY/STATE or PROVINCE and COUNTRY San Juan PR [REDACTED]

## ORIGINATOR TO BENEFICIARY INFO (Optional):

Client Name (print): [REDACTED] VargasClient Signature: [REDACTED]Date: September 23, 2019

## Disclaimers and Notices:

This constitutes of a request ONLY for release of funds from your selected fund on page 1, Redemption Request.  
 No funds will be released without this form being completed and approved.

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Funds are issued with-in 24 hours upon approval. Cut-off time for daily wires is 4pm ET.

\*All wires are subject to a \$13 wire fee. Wire fees are subject to change without notice from the banking institutions.





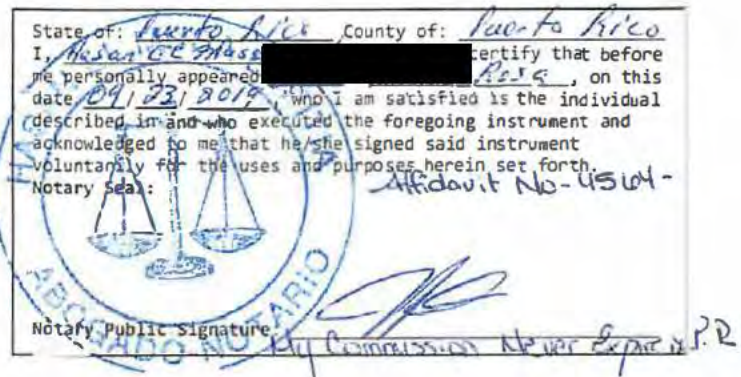
## REDEMPTION REQUEST

BY U.S. MAIL:

KINETIC INVESTMENT GROUP, LLC

██████████  
 5 ████████ FL ████████

This letter serves as my 30 calendar-days' notice to Kinetic Investment Group, LLC for a redemption request of all or part of my investment. I understand, if approved, my redemption (if any) will be authorized on the earliest quarter-end valuation date following this 30 calendar-days' notice.

Fund / Investment Name: KEYIELDDollar Value or %: 100%Account Name: ██████████Account Number: ██████ 201Client Signature: ████████████████████Date: September 1231 2019

THIS FORM MUST BE RECEIVED BY, NO LATER THAN, 30 DAYS PRIOR TO QUARTER-END FOR REDEMPTIONS TO BE CONSIDERED. REDEMPTIONS (IF ANY) WILL BE MADE ON THE 10<sup>TH</sup> BUSINESS DAY FOLLOWING QUARTER-END ONCE APPROVED.

Note

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5. All redemption requests are subject to review based on risk, compliance, IRS, and regulatory audits prior to being released. Some restrictions may apply.

TO BE FILLED IN BY KINETIC INVESTMENT GROUP, LLC

AUTHORIZED BY: \_\_\_\_\_ SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_





## WIRE TRANSFER REQUEST

TRANSFER AMOUNT \$ \_\_\_\_\_ (USD)

**ORIGINATOR**

FULL NAME \_\_\_\_\_ USA

ADDRESS \_\_\_\_\_

CITY, STATE, ZIP NAHATI P.R.

PHONE NUMBER \_\_\_\_\_ OFFICE

**INTERMEDIARY FINANCIAL INSTITUTION (If applicable)**

NAME \_\_\_\_\_

ROUTING NUMBER \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY/STATE or PROVINCE and COUNTRY \_\_\_\_\_

**BENEFICIARY FINANCIAL INSTITUTION**

NAME Banco Popular de P.R.

ROUTING NUMBER 2011

SWIFT NUMB \_\_\_\_\_ (Swift for international wires only)

ADDRESS \_\_\_\_\_

CITY/STATE or OV PR

COUNTRY PUERTO RICO + USA

**BENEFICIARY INFORMATION**

BENEFICIARY NAME \_\_\_\_\_

BENEFICIARY ACCOUNT \_\_\_\_\_

BENEFICIARY ADDRESS \_\_\_\_\_

CITY/STATE or PROVINCE and COUNTRY NAHATI + P.R. + USA

**ORIGINATOR TO BENEFICIARY INFO (Optional):**

Client Name (print): \_\_\_\_\_ Rosa

Client Signature: \_\_\_\_\_

Date: September 23/2019

**Disclaimers and Notices:**

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## REDEMPTION REQUEST

BY U.S. MAIL:  
KINETIC INVESTMENT GROUP, LLC  
[REDACTED]  
SARASOTA, FL [REDACTED]



This letter serves as my 30 calendar-days' notice to Kinetic Investment Group, LLC for a redemption request of all or part of my investment. I understand, if approved, my redemption (if any) will be authorized on the earliest quarter-end valuation date following this 30 calendar-days' notice.

Fund / Investment Name: Kinetic Funds

Dollar Value or %: 100 %

Account Name: Puerto Rico Community Fund

Account Number: [REDACTED] 509

Client Signature: [REDACTED]

Date: November 13, 2019

State of: Puerto Rico County of: San Juan  
I, [REDACTED], do hereby certify that before me personally appeared [REDACTED], on this date 11/13/2019, and I am satisfied is the individual described in and who executed the foregoing instrument and acknowledged to me that he/she signed said instrument voluntarily for the uses and purposes herein set forth.  
Notary Seal:  
  
Notary Public Signature: [Signature]

THIS FORM MUST BE RECEIVED BY, NO LATER THAN, 30 DAYS PRIOR TO QUARTER-END FOR REDEMPTIONS TO BE CONSIDERED. REDEMPTIONS (IF ANY) WILL BE MADE ON THE 10<sup>TH</sup> BUSINESS DAY FOLLOWING QUARTER-END ONCE APPROVED.

## Note

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TO BE FILLED IN BY KINETIC INVESTMENT GROUP, LLC

AUTHORIZED BY: \_\_\_\_\_ SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_





UNIVERSIDAD DEL  
SAGRADO CORAZÓN

Gilberto J. Marxuach-Torres  
President

October 30, 2019

**BY US MAIL TO:**

Kinetic Investment Group, LLC  
[REDACTED]  
[REDACTED]  
Sarasota, Florida [REDACTED]

Re: Redemption Request for account [REDACTED] 719

Dear Sirs:

The Universidad del Sagrado Corazón, Inc. ("Sagrado"), is a not for profit corporation for higher education organized under the laws of the Commonwealth of Puerto Rico, with its office located at [REDACTED] San Juan, Puerto Rico [REDACTED], is a Limited Partner and registered holder of an ending Capital Balance as of October 22, 2019 in the amount of \$1,981,801.89.

This action was authorized by the Finance and Investment Committee on September 30<sup>th</sup>, 2019. On that same meeting, the Committee authorized the undersigned officer to sign and execute the Redemption Request and all or all documents related to facilitate the closing of the investments with Kinetic Investment Group., and the totality of the funds and the proceeds. As requested in your Redemption Request form, we include the two page original form completed by a notary and signed by the authorized representative.

In San Juan, Puerto Rico, this 30<sup>th</sup> day of October 2019.

[REDACTED]  
[REDACTED]

President

Enclosure

PO BOX 12383 SAN JUAN PR 00914-8505 | 787 728-1515



## REDEMPTION REQUEST

BY U.S. MAIL:  
KINETIC INVESTMENT GROUP, LLC  
[REDACTED]  
SARASOTA, FL [REDACTED]

This letter serves as my 30 calendar-days' notice to Kinetic Investment Group, LLC for a redemption request of all or part of my investment. I understand, if approved, my redemption (if any) will be authorized on the earliest quarter-end valuation date following this 30 calendar-days' notice.

Fund / Investment Name: KFYI LDE

Dollar Value or %: \$1,981,801.89

Account Name: Sacred Heart University (USC)

Account Number: [REDACTED] 9

Client Signature: [REDACTED]

Date: October 2019

State of: Puerto Rico County of: San Juan  
I, Diego Aguero, do hereby certify that before me personally appeared [REDACTED] on this date 10/22/2019, who is an individual described in and who executed the foregoing instrument and acknowledged to me that he/she signed said instrument voluntarily for the uses and purposes herein set forth.  
Notary Seal:  
Oficial No. 2760  
Notary Public Signature: [REDACTED]

THIS FORM MUST BE RECEIVED BY, NO LATER THAN, 30 DAYS PRIOR TO QUARTER END FOR REDEMPTIONS TO BE CONSIDERED. REDEMPTIONS (IF ANY) WILL BE MADE ON THE 10<sup>TH</sup> BUSINESS DAY FOLLOWING QUARTER END ONCE APPROVED.

## Note

1. One form must be submitted per account/redemption.
2. Redemptions over \$100,000 must include a notary and submitted with original signature by mail.
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5. All redemption requests are subject to review based on risk, compliance, IRS, and regulatory audits prior to being released. Some restrictions may apply.

TO BE FILL IN BY KINETIC INVESTMENT GROUP, LLC  
AUTHORIZ EDBY: \_\_\_\_\_ SIGNED: \_\_\_\_\_

DATE: \_\_\_\_\_







## WIRE TRANSFER REQUEST

TRANSFER AMOUNT \$ 1,981.801.89 (USD)

## ORIGINATOR

 FULL NAME \_\_\_\_\_  
 ADDRESS \_\_\_\_\_  
 CITY, STATE, ZIP \_\_\_\_\_  
 PHONE NUMBER \_\_\_\_\_
INTERMEDIARY FINANCIAL INSTITUTION (If applicable)  
NAME \_\_\_\_\_
 ROUTING NUMBER \_\_\_\_\_  
 ADDRESS \_\_\_\_\_  
 CITY/STATE or PROVINCE and COUNTRY \_\_\_\_\_

## BENEFICIARY FINANCIAL INSTITUTION

NAME WELLS FARGO BANKING SERVICES, LLCROUTING NUMBER 248

SWIFT NUM \_\_\_\_\_ (Swift for international wires only)

ADDRESS \_\_\_\_\_

CITY/STATE St. Louis, MO

COUNTRY \_\_\_\_\_

## BENEFICIARY INFORMATION

BENEFICIARY NAME Wells Fargo Banking Services, LLC

BENEFICIARY ACCOUNT NUM \_\_\_\_\_

\_\_\_\_\_ a \_\_\_\_\_ Louis, MO

ORIGINATOR TO BENEFICIARY INFO (Optional): Sacred Heart University, Acct 7259-6992

Client Name (print):

UNIVERSIDAD DEL SACRADO CORAZON

Client

\_\_\_\_\_

Mark Torro

Date:

MARXUACH TORRO22 Oct 2019

## Disclaimers and Notices:

This constitutes of a request ONLY for release of funds from your selected fund on page 1, Redemption Request.

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Funds are issued within 24 hours upon approval. Cut off time for daily wires is 4pm ET.

\*All wires are subject to a \$13 wire fee. Wire fees are subject to change without notice from the banking institutions.





## REDEMPTION REQUEST

BY U.S. MAIL;

KINETIC INVESTMENT GROUP, LLC

SARASOTA, FL

This letter serves as my 30 calendar-days' notice to Kinetic Investment Group, LLC for a redemption request of all or part of my investment. I understand, if approved, my redemption (if any) will be authorized on the earliest quarter-end valuation date following this 30 calendar-days' notice.

Fund / Investment Name: KF YieldDollar Value or %: 100%Account Name: SPMT LLCAccount Number: 424

Client Signature: \_\_\_\_\_

Date: 11/25/2019

State of: Puerto Rico County of: Dorado  
 I, Waleska Rivera, do hereby certify that before  
 me personally appeared \_\_\_\_\_, on this  
 date 11/11/2019, who I am satisfied is the individual  
 described in and who executed the foregoing instrument and  
 acknowledged to me that he/she signed said instrument  
 voluntarily for the uses and purposes herein set forth.  
 Notary Seal: #85897

Notary Public Signature: \_\_\_\_\_

THIS FORM MUST BE RECEIVED BY, NO LATER THAN, 30 DAYS PRIOR TO QUARTER-END FOR REDEMPTIONS TO BE CONSIDERED.  
 REDEMPTIONS (IF ANY) WILL BE MADE ON THE 10<sup>TH</sup> BUSINESS DAY FOLLOWING QUARTER-END ONCE APPROVED.

Note

1. One form must be submitted per account/redemption.
2. Redemptions over \$100,000 must include a notary and submitted with original signature by mail.
3. All redemption notices need to be signed and submitted no later than 30 days prior to quarter end for redemptions at the end of the quarter.
4. Investment funds may be subject to certain redemption policies; such as, but not limited to, private equity placement, regulatory restrictions, or liquidation policies.
5. All redemption requests are subject to review based on risk, compliance, IRS, and regulatory audits prior to being released. Some restrictions may apply.

TO BE FILLED IN BY KINETIC INVESTMENT GROUP, LLC  
 AUTHORIZED BY: \_\_\_\_\_ SIGNED: \_\_\_\_\_ DATE: \_\_\_\_\_



## WIRE TRANSFER REQUEST

TRANSFER AMOUNT \$ 100% (All funds) (USD)

## ORIGINATOR

FULL NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY, STATE, ZIP \_\_\_\_\_

PHONE NUMBER \_\_\_\_\_

## INTERMEDIARY FINANCIAL INSTITUTION (If applicable)

NAME \_\_\_\_\_

ROUTING NUMBER \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY/STATE or PROVINCE and COUNTRY \_\_\_\_\_

## BENEFICIARY FINANCIAL INSTITUTION

NAME Wells Fargo Clearing Services, LLCROUTING NUMBER [REDACTED]

SWIFT NUMBER \_\_\_\_\_ (Swift for international wires only)

ADDRESS [REDACTED]CITY/STATE or PROVINCE St. Louis, MO

COUNTRY \_\_\_\_\_

## BENEFICIARY INFORMATION

BENEFICIARY NAME Wells Fargo Clearing Services, LLCBENEFICIARY ACCOUNT NUMBER [REDACTED] 3337BENEFICIARY ADDRESS [REDACTED]CITY/STATE or PROVINCE and COUNTRY St. Louis, MOORIGINATOR TO BENEFICIARY INFO (Optional): DPMT LLC - Acct. [REDACTED] 2999Client Name (print): [REDACTED]Client Signature: [REDACTED]Date: 11/25/2019

## Disclaimers and Notices:

This constitutes of a request ONLY for release of funds from your selected fund on page 1, Redemption Request.

No funds will be released without this form being completed and approved.

Account holders are liable, accountable, and responsible for all wires to third parties. KMG and affiliates are not liable for any monies sent to 3<sup>rd</sup> parties. It is suggested by KMG that checks and/or wires be sent ONLY to KMG account holders to avoid any liabilities.

Funds are issued with-in 24 hours upon approval Cut off time for daily wires is 4pm ET.

\*All wires are subject to a \$13 wire fee. Wire fees are subject to change without notice from the banking institutions.






I certify the attached is a true and correct copy of the complete file of KINETIC INVESTMENT GROUP, LLC, a limited liability company, organized under the laws of the State of Florida, as shown by the records of this office.

The document number of this company is L13000084189.



Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capital, this the  
Twenty-second day of March, 2019

  
Laurel M. Lee  
Secretary of State

**Electronic Articles of Organization  
For  
Florida Limited Liability Company**

**L13000084189  
FILED 8:00 AM  
June 11, 2013  
Sec. Of State  
nculligan**

**Article I**

The name of the Limited Liability Company is:  
KINETIC MANAGEMENT GROUP, LLC

**Article II**

The street address of the principal office of the Limited Liability Company is:  
1800 SECOND STREET  
955  
SARASOTA, FL. 34236

The mailing address of the Limited Liability Company is:  
1800 SECOND STREET  
955  
SARASOTA, FL. 34236

**Article III**

The purpose for which this Limited Liability Company is organized is:  
ANY AND ALL LAWFUL BUSINESS.

**Article IV**

The name and Florida street address of the registered agent is:  
MICHAEL S WILLIAMS  
1800 SECOND STREET  
955  
SARASOTA, FL. 34236

Having been named as registered agent and to accept service of process for the above stated limited liability company at the place designated in this certificate, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

Registered Agent Signature: MICHAEL S. WILLIAMS



### **Article V**

The name and address of managing members/managers are:

Title: MR.  
MICHAEL S WILLIAMS  
1800 SECOND STREET, STE. 955  
SARASOTA, FL. 34236

**L13000084189**  
**FILED 8:00 AM**  
**June 11, 2013**  
**Sec. Of State**  
**nculligan**

### **Article VI**

The effective date for this Limited Liability Company shall be:

06/15/2013

Signature of member or an authorized representative of a member

Electronic Signature: MICHAEL S. WILLIAMS

I am the member or authorized representative submitting these Articles of Organization and affirm that the facts stated herein are true. I am aware that false information submitted in a document to the Department of State constitutes a third degree felony as provided for in s.817.155, F.S. I understand the requirement to file an annual report between January 1st and May 1st in the calendar year following formation of the LLC and every year thereafter to maintain "active" status.

**FILED**

DOCUMENT# L13000084189

**Entity Name:** KINETIC MANAGEMENT GROUP, LLC

**Feb 26, 2014**  
**Secretary of State**  
**CC6208151112**

**Current Principal Place of Business:**

1800 SECOND STREET  
955  
SARASOTA, FL 34236

**Current Mailing Address:**

1800 SECOND STREET  
955  
SARASOTA, FL 34236

**FEI Number:** 46-3103606

**Certificate of Status Desired:** Yes

**Name and Address of Current Registered Agent:**

WILLIAMS, MICHAEL S  
1800 SECOND STREET  
955  
SARASOTA, FL 34236 US

*The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.*

**SIGNATURE:**

\_\_\_\_\_  
Electronic Signature of Registered Agent

\_\_\_\_\_  
Date

**Authorized Person(s) Detail :**

Title MR.  
Name WILLIAMS, MICHAEL S  
Address 1800 SECOND STREET, STE. 955  
City-State-Zip: SARASOTA FL 34236

*I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.*

**SIGNATURE:** MICHAEL WILLIAMS

**MANAGER**

**02/26/2014**

\_\_\_\_\_  
Electronic Signature of Signing Authorized Person(s) Detail

\_\_\_\_\_  
Date

**FILED**

**Apr 27, 2015**  
**Secretary of State**  
**CC4587407457**

DOCUMENT# L13000084189

**Entity Name:** KINETIC MANAGEMENT GROUP, LLC

**Current Principal Place of Business:**

1800 SECOND STREET  
955  
SARASOTA, FL 34236

**Current Mailing Address:**

1800 SECOND STREET  
955  
SARASOTA, FL 34236

**FEI Number:** 46-3103606

**Certificate of Status Desired:** Yes

**Name and Address of Current Registered Agent:**

WILLIAMS, MICHAEL S  
1800 SECOND STREET  
955  
SARASOTA, FL 34236 US

*The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.*

**SIGNATURE:**

\_\_\_\_\_  
Electronic Signature of Registered Agent

\_\_\_\_\_  
Date

**Authorized Person(s) Detail :**

Title MR.  
Name WILLIAMS, MICHAEL S  
Address 1800 SECOND STREET, STE. 955  
City-State-Zip: SARASOTA FL 34236

*I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.*

**SIGNATURE:** MICHAEL WILLIAMS

**MANAGING PARTNER**

**04/27/2015**

\_\_\_\_\_  
Electronic Signature of Signing Authorized Person(s) Detail

\_\_\_\_\_  
Date

**FILED**  
**Jan 25, 2016**  
**Secretary of State**  
**CC0918558059**

DOCUMENT# L13000084189

**Entity Name:** KINETIC MANAGEMENT GROUP, LLC

**Current Principal Place of Business:**

1800 SECOND STREET  
955  
SARASOTA, FL 34236

**Current Mailing Address:**

1800 SECOND STREET  
955  
SARASOTA, FL 34236

**FEI Number:** 46-3103606

**Certificate of Status Desired:** Yes

**Name and Address of Current Registered Agent:**

WILLIAMS, MICHAEL S  
1800 SECOND STREET  
955  
SARASOTA, FL 34236 US

*The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.*

**SIGNATURE:**

\_\_\_\_\_  
Electronic Signature of Registered Agent

\_\_\_\_\_  
Date

**Authorized Person(s) Detail :**

Title MR.  
Name WILLIAMS, MICHAEL S  
Address 1800 SECOND STREET, STE. 955  
City-State-Zip: SARASOTA FL 34236

*I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.*

**SIGNATURE:** MICHAEL WILLIAMS

**MANAGING PARTNER**

**01/25/2016**

\_\_\_\_\_  
Electronic Signature of Signing Authorized Person(s) Detail

\_\_\_\_\_  
Date



**FILED**  
**Jan 09, 2017**  
**Secretary of State**  
**CC7217736704**

DOCUMENT# L13000084189

**Entity Name:** KINETIC MANAGEMENT GROUP, LLC

**Current Principal Place of Business:**

1800 SECOND STREET  
955  
SARASOTA, FL 34236

**Current Mailing Address:**

1800 SECOND STREET  
955  
SARASOTA, FL 34236

**FEI Number:** 46-3103606

**Certificate of Status Desired:** No

**Name and Address of Current Registered Agent:**

WILLIAMS, MICHAEL S  
1800 SECOND STREET  
955  
SARASOTA, FL 34236 US

*The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.*

**SIGNATURE:**

\_\_\_\_\_  
Electronic Signature of Registered Agent

\_\_\_\_\_  
Date

**Authorized Person(s) Detail :**

Title MR.  
Name WILLIAMS, MICHAEL S  
Address 1800 SECOND STREET, STE. 955  
City-State-Zip: SARASOTA FL 34236

*I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.*

**SIGNATURE:** MICHAEL WILLIAMS

**MANAGING MEMBER**

**01/09/2017**

\_\_\_\_\_  
Electronic Signature of Signing Authorized Person(s) Detail

\_\_\_\_\_  
Date

**ARTICLES OF AMENDMENT  
TO  
ARTICLES OF ORGANIZATION  
OF**

**KINETIC MANAGEMENT GROUP, LLC**

(Name of the Limited Liability Company as it now appears on our records.)  
(A Florida Limited Liability Company)

The Articles of Organization for this Limited Liability Company were filed on 06/11/2013 and assigned  
Florida document number L13000084189.

This amendment is submitted to amend the following:

A. If amending name, enter the new name of the limited liability company here:

**KINETIC INVESTMENT GROUP, LLC**

The new name must be distinguishable and contain the words "Limited Liability Company," the designation "LLC" or the abbreviation "L.L.C."

Enter new principal offices address, if applicable:

(Principal office address MUST BE A STREET ADDRESS)

Enter new mailing address, if applicable:

(Mailing address MAY BE A POST OFFICE BOX)

FILED  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA  
17 MAR 14 AM 8:55

B. If amending the registered agent and/or registered office address on our records, enter the name of the new registered agent and/or the new registered office address here:

Name of New Registered Agent:

New Registered Office Address:

Enter Florida street address

\_\_\_\_\_, Florida \_\_\_\_\_  
City Zip Code

New Registered Agent's Signature, if changing Registered Agent:

*I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent as provided for in Chapter 605, F.S. Or, if this document is being filed to merely reflect a change in the registered office address, I hereby confirm that the limited liability company has been notified in writing of this change.*

If Changing Registered Agent, Signature of New Registered Agent

If amending Authorized Person(s) authorized to manage, enter the title, name, and address of each person being added or removed from our records:

MGR = Manager

AMBR = Authorized Member

<u>Title</u>	<u>Name</u>	<u>Address</u>	<u>Type of Action</u>
MGR	Kenneth Rachon	1800 2nd Street Suite 955	<input checked="" type="checkbox"/> Add
		Sarasota, FL 34236	<input type="checkbox"/> Remove
			<input type="checkbox"/> Change
			<input type="checkbox"/> Add
			<input type="checkbox"/> Remove
			<input type="checkbox"/> Change
			<input type="checkbox"/> Add
			<input type="checkbox"/> Remove
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			<input type="checkbox"/> Change
			<input type="checkbox"/> Add
			<input type="checkbox"/> Remove
			<input type="checkbox"/> Change

FILED  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA  
17 MAR 14 PM 8:55





# Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "KINETIC INVESTMENT GROUP, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FOURTEENTH DAY OF MARCH, A.D. 2017.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "KINETIC INVESTMENT GROUP, LLC" WAS FORMED ON THE EIGHTEENTH DAY OF APRIL, A.D. 2013.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.

17 MAR 14 AM 8:55

SECRETARY OF STATE  
JALLAHASCIOTLONDA



5321226 8300

SR# 20171754895

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

A handwritten signature of Jeffrey W. Bullock in black ink, written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Jeffrey W. Bullock, Secretary of State

Authentication: 202192175

Date: 03-14-17

**FILED**

**Jan 24, 2018**  
**Secretary of State**  
**CC0768240943**

**DOCUMENT#** L13000084189

**Entity Name:** KINETIC INVESTMENT GROUP, LLC

**Current Principal Place of Business:**

1800 SECOND STREET  
855  
SARASOTA, FL 34236

**Current Mailing Address:**

1800 SECOND STREET  
855  
SARASOTA, FL 34236 US

**FEI Number:** 46-3103606

**Certificate of Status Desired:** Yes

**Name and Address of Current Registered Agent:**

COGENCY GLOBAL INC.  
56 W MAIN STREET  
STE 302  
NEWARK, FL 19702 US

*The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.*

**SIGNATURE:** CARLA MENDEZ

01/24/2018

Electronic Signature of Registered Agent

Date

**Authorized Person(s) Detail :**

<b>Title</b>	MR.	<b>Title</b>	MGR
<b>Name</b>	WILLIAMS, MICHAEL S	<b>Name</b>	MENDEZ, CARLA
<b>Address</b>	1800 SECOND STREET STE 855	<b>Address</b>	1800 SECOND STREET STE 855
<b>City-State-Zip:</b>	SARASOTA FL 34236	<b>City-State-Zip:</b>	SARASOTA FL 34236

*I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.*

**SIGNATURE:** CARLA MENDEZ

**MANAGER**

01/24/2018

Electronic Signature of Signing Authorized Person(s) Detail

Date



**UNITED STATES OF AMERICA**  
SECURITIES AND EXCHANGE COMMISSION

**ATTESTATION**

IT IS HEREBY ATTESTED THAT:

The attached Form D was received in this Commission on 10/26/2016, under the name of Kinetic Funds I, LLC, File No. 021-273274, pursuant to the relevant Act(s) of the Commission.

This certified document was produced from the files of this Commission on

3/18/2019

*Date*

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, DC, which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission and was such official custodian at the time of executing the above attestation.

For the Commission

A handwritten signature in dark ink, appearing to read "Brent J. Fields", written over a horizontal line.

Secretary

The Securities and Exchange Commission has not necessarily reviewed the information in this filing and has not determined if it is accurate and complete.

The reader should not assume that the information is accurate and complete.

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM D

### Notice of Exempt Offering of Securities

#### OMB APPROVAL

OMB Number: 3235-0076  
Estimated average burden  
hours per response: 4.00

#### 1. Issuer's Identity

CIK (Filer ID Number)

[0001688552](#)

Name of Issuer

[Kinetic Funds I, LLC](#)

Jurisdiction of Incorporation/Organization

[DELAWARE](#)

Year of Incorporation/Organization

☐ Over Five Years Ago

☒ Within Last Five Years (Specify Year) [2012](#)

☐ Yet to Be Formed

Previous  
Names

☒ None

Entity Type

☐ Corporation

☐ Limited Partnership

☒ Limited Liability Company

☐ General Partnership

☐ Business Trust

☐ Other (Specify)

#### 2. Principal Place of Business and Contact Information

Name of Issuer

[Kinetic Funds I, LLC](#)

Street Address 1

[1800 2ND STREET SUITE 955](#)

Street Address 2

City

[SARASOTA](#)

State/Province/Country

[FLORIDA](#)

ZIP/Postal Code

[34236](#)

Phone Number of Issuer

[941-870-9544](#)

#### 3. Related Persons

Last Name

[Williams](#)

First Name

[Michael](#)

Middle Name

[Scott](#)

Street Address 1

[7644 Sandalwood Way](#)

Street Address 2

City

[Sarasota](#)

State/Province/Country

[FLORIDA](#)

ZIP/Postal Code

[34231](#)

Relationship: ☐ Executive Officer ☒ Director ☐ Promoter

Clarification of Response (if Necessary):

#### 4. Industry Group

☐ Agriculture

Banking & Financial Services

☐ Commercial Banking

☐ Insurance

☐ Investing

☐ Investment Banking

☒ Pooled Investment Fund

☒ Hedge Fund

☐ Private Equity Fund

☐ Venture Capital Fund

☐ Other Investment Fund

Is the issuer registered as  
an investment company under

Health Care

☐ Biotechnology

☐ Health Insurance

☐ Hospitals & Physicians

☐ Pharmaceuticals

☐ Other Health Care

☐ Manufacturing

Real Estate

☐ Commercial

☐ Construction

☐ REITS & Finance

☐ Retailing

☐ Restaurants

Technology

☐ Computers

☐ Telecommunications

☐ Other Technology

Travel

☐ Airlines & Airports

☐ Lodging & Conventions

☐ Tourism & Travel Services

☐ Other Travel



the Investment Company  
Act of 1940?☐ Residential☐ Other☐ Yes☒ No☐ Other Real Estate☐ Other Banking & Financial Services☐ Business Services

Energy

☐ Coal Mining☐ Electric Utilities☐ Energy Conservation☐ Environmental Services☐ Oil & Gas☐ Other Energy**5. Issuer Size**

Revenue Range

OR

Aggregate Net Asset Value Range

☐ No Revenues☐ No Aggregate Net Asset Value☐ \$1 - \$1,000,000☐ \$1 - \$5,000,000☐ \$1,000,001 - \$5,000,000☒ \$5,000,001 - \$25,000,000☐ \$5,000,001 - \$25,000,000☐ \$25,000,001 - \$50,000,000☐ \$25,000,001 - \$100,000,000☐ \$50,000,001 - \$100,000,000☐ Over \$100,000,000☐ Over \$100,000,000☐ Decline to Disclose☐ Decline to Disclose☐ Not Applicable☐ Not Applicable**6. Federal Exemption(s) and Exclusion(s) Claimed (select all that apply)**☐ Rule 504(b)(1) (not (i), (ii) or (iii))☐ Investment Company Act Section 3(c)☐ Rule 504 (b)(1)(i)☐ Section 3(c)(1)☐ Section 3(c)(9)☐ Rule 504 (b)(1)(ii)☐ Section 3(c)(2)☐ Section 3(c)(10)☐ Rule 504 (b)(1)(iii)☐ Section 3(c)(3)☐ Section 3(c)(11)☐ Rule 505☐ Section 3(c)(4)☐ Section 3(c)(12)☐ Rule 506(b)☐ Section 3(c)(5)☐ Section 3(c)(13)☒ Rule 506(c)☐ Section 3(c)(6)☐ Section 3(c)(14)☐ Securities Act Section 4(a)(5)☐ Section 3(c)(7)**7. Type of Filing**☒ New Notice Date of First Sale 2012-10-01 ☐ First Sale Yet to Occur☐ Amendment**8. Duration of Offering**Does the Issuer intend this offering to last more than one year? ☐ Yes ☒ No**9. Type(s) of Securities Offered (select all that apply)**☐ Equity☒ Pooled Investment Fund Interests☐ Debt☐ Tenant-in-Common Securities☐ Option, Warrant or Other Right to Acquire Another Security☐ Mineral Property Securities☐ Security to be Acquired Upon Exercise of Option, Warrant or Other Right to Acquire Security☐ Other (describe)**10. Business Combination Transaction**

Is this offering being made in connection with a business combination transaction, such as a merger, acquisition or exchange offer?

☐ Yes ☒ No

Clarification of Response (if Necessary):

#### 11. Minimum Investment

Minimum investment accepted from any outside investor \$250,000 USD

#### 12. Sales Compensation

Recipient

Recipient CRD Number ☒ None

(Associated) Broker or Dealer ☒ None

(Associated) Broker or Dealer CRD Number ☒ None

Street Address 1

Street Address 2

City

State/Province/Country

ZIP/Postal Code

State(s) of Solicitation (select all that apply)

Check "All States" or check individual States ☐ All States

☐ Foreign/non-US

#### 13. Offering and Sales Amounts

Total Offering Amount USD or ☒ Indefinite

Total Amount Sold \$0 USD

Total Remaining to be Sold USD or ☒ Indefinite

Clarification of Response (if Necessary):

#### 14. Investors

☐ Select if securities in the offering have been or may be sold to persons who do not qualify as accredited investors, and enter the number of such non-accredited investors who already have invested in the offering.

Regardless of whether securities in the offering have been or may be sold to persons who do not qualify as accredited investors, enter the total number of investors who already have invested in the offering:

0

#### 15. Sales Commissions & Finder's Fees Expenses

Provide separately the amounts of sales commissions and finders fees expenses, if any. If the amount of an expenditure is not known, provide an estimate and check the box next to the amount.

Sales Commissions \$0 USD ☐ Estimate

Finders' Fees \$0 USD ☐ Estimate

Clarification of Response (if Necessary):

#### 16. Use of Proceeds

Provide the amount of the gross proceeds of the offering that has been or is proposed to be used for payments to any of the persons required to be named as executive officers, directors or promoters in response to Item 3 above. If the amount is unknown, provide an estimate and check the box next to the amount.

\$0 USD ☒ Estimate

Clarification of Response (if Necessary):

#### Signature and Submission

Please verify the information you have entered and review the Terms of Submission below before signing and clicking SUBMIT below to file this notice.

#### Terms of Submission

In submitting this notice, each issuer named above is:

- Notifying the SEC and/or each State in which this notice is filed of the offering of securities described and undertaking to furnish them, upon written request, in the accordance with applicable law, the information furnished to offerees.\*
- Irrevocably appointing each of the Secretary of the SEC and, the Securities Administrator or other legally designated officer of the State in which the issuer maintains its principal place of business and any State in which this notice is filed, as its agents for service of process, and agreeing that these persons may accept service on its behalf, of any notice, process or pleading, and further agreeing that such service may be made by registered or certified mail, in any Federal or state action, administrative proceeding, or arbitration brought against the issuer in any place subject to the jurisdiction of the United States, if the action, proceeding or arbitration (a) arises out of any activity in connection with the offering of securities that is the subject of this notice, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these statutes, or (ii) the laws of the State in which the issuer maintains its principal place of business or any State in which this notice is filed.
- Certifying that, if the issuer is claiming a Regulation D exemption for the offering, the issuer is not disqualified from relying on Regulation D for

Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

For signature, type in the signer's name or other letters or characters adopted or authorized as the signer's signature.

Issuer	Signature	Name of Signer	Title	Date
Kinetic Funds I, LLC	Michael Scott Williams	Michael Scott Williams	Managing Director	2016-10-26

*Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.*

\* This undertaking does not affect any limits Section 102(a) of the National Securities Markets Improvement Act of 1996 ("NSMA") [Pub. L. No. 104-290, 110 Stat. 3416 (Oct. 11, 1996)] imposes on the ability of States to require information. As a result, if the securities that are the subject of this Form D are "covered securities" for purposes of NSMA, whether in all instances or due to the nature of the offering that is the subject of this Form D, States cannot routinely require offering materials under this undertaking or otherwise and can require offering materials only to the extent NSMA permits them to do so under NSMA's preservation of their anti-fraud authority.

To: Eileen Rivera [REDACTED]@consultiva.com]; Myrna Rivera [REDACTED]@consultiva.com]; Kelly Locke [REDACTED]@lendacy.com]; Evangeline Davila [REDACTED]@consultiva.com]  
Cc: Eduardo Ferrer [REDACTED]@live.com]; JUAN C. MENDEZ [REDACTED]@reichardescalera.com]  
From: Michael Williams  
Sent: 2016-02-18T11:12:07-05:00  
Importance: Normal  
Subject: Kientic/Lendacy - Follow-up from the phone call  
Received: 2016-02-18T11:12:17-05:00  
[KFYIELD REPORT DEC15.pdf](#)  
[Fund History v2 \(2\).pdf](#)  
[KFYIELD-JAN.pdf](#)  
[KFYIELD-JAN1.pdf](#)

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Ms. Myrna Rivera and Ms. Eileen Rivera,

Thank you for the opportunity. We look forward to expanding our relationship and building a unique investment operation in Puerto Rico. Of course Kelly and I will be working diligently on our Spanish.

Below are notes from our meeting. I hope I have included everything, but if there is anything further you need, please do not hesitate to contact me.

**Michael Williams (Kinetic)**

[REDACTED]

**Kelly Locke (Lendacy)**

[REDACTED]

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**Schedule:**

Michael arrives in PR on Sunday evening (21st Feb.) through March 12th. I will be returning to PR again in late March.

Kelly arrive in PR on Thursday morning (25th Feb).

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**Meeting / Events:**

**1. Consultiva Symposium (Thursday)**

Kelly and I will attend next Thursday the Consultiva Symposium at Banco Popular

**2. Client Meeting (Tuesday)**

I will be available at 4:30pm on Tuesday (23rd) to meet with you/client if needed.

**3. Monday Morning Adviser Meeting (Monday/s)**

I can make myself available for your Monday morning adviser meetings - if needed.





#### 4. Options Course:

I am willing to teach option/risk management courses as directed (level of detail / length of time - TBD). I can create/have power point, text books, and materials. This is something I enjoy doing - so it is never a problem.

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#### **Kinetic Funds (symbol: KFYIELD)**

*KFYIELD fund has been profitable in January in this extreme volatile market. Our positions are currently over-hedged (see screen shot below).*

**Bloomberg:** <http://www.bloomberg.com/quote/KFYIELD:US>

If you have a Bloomberg terminal one can get more details. I also have access to a terminal - so we can do it in person or via go-to meeting.

**Silexx** ([www.silexx.com](http://www.silexx.com)) is my risk management / trading software company. It is integrated to almost every major firm in the U.S. and also execution gate ways. Attached is a screen shot of the fund and I can also show you in person (in real-time).

**Bloomberg Reports:** Attached is the two Bloomberg reports for January - these are generated by Bloomberg.

**Kinetic Funds Info:** Attached is Kinetic Funds History and also a report. Please note we are putting together quarterly reports as well.

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#### **Disclosures:**

Our Attorney in PR:

**Juan Carlos Mendez**

██████████@reichardescalera.com

Reichard & Escalera Attorneys and Counsellors at Law

Consultant (paid): For helping with translations, attending meetings, and setting up offices.

**Eduardo Ferrer**

██████████@live.com

(Lawyer and former Congressmen)

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#### **Current Office: (TEMP)**

Kinetic/Lendacy

San Juan, PR

Note: We currently have a term sheet signed for Miramar Plaza. We are reviewing space at that location and waiting to see if they can accommodate us.

### Silexx Screen Shot (Can show in person or Go-to meeting)

The screenshot displays a complex financial table within the Silexx software. The table is organized into several sections, including a header for 'Fund' and 'Asset', followed by columns for 'Current HC', 'Net Assets', and various performance metrics such as 'Return', 'Volatility', and 'Sharpe Ratio'. The data is presented in a grid format with multiple rows and columns, allowing for a comprehensive view of the investment portfolio's performance and characteristics.

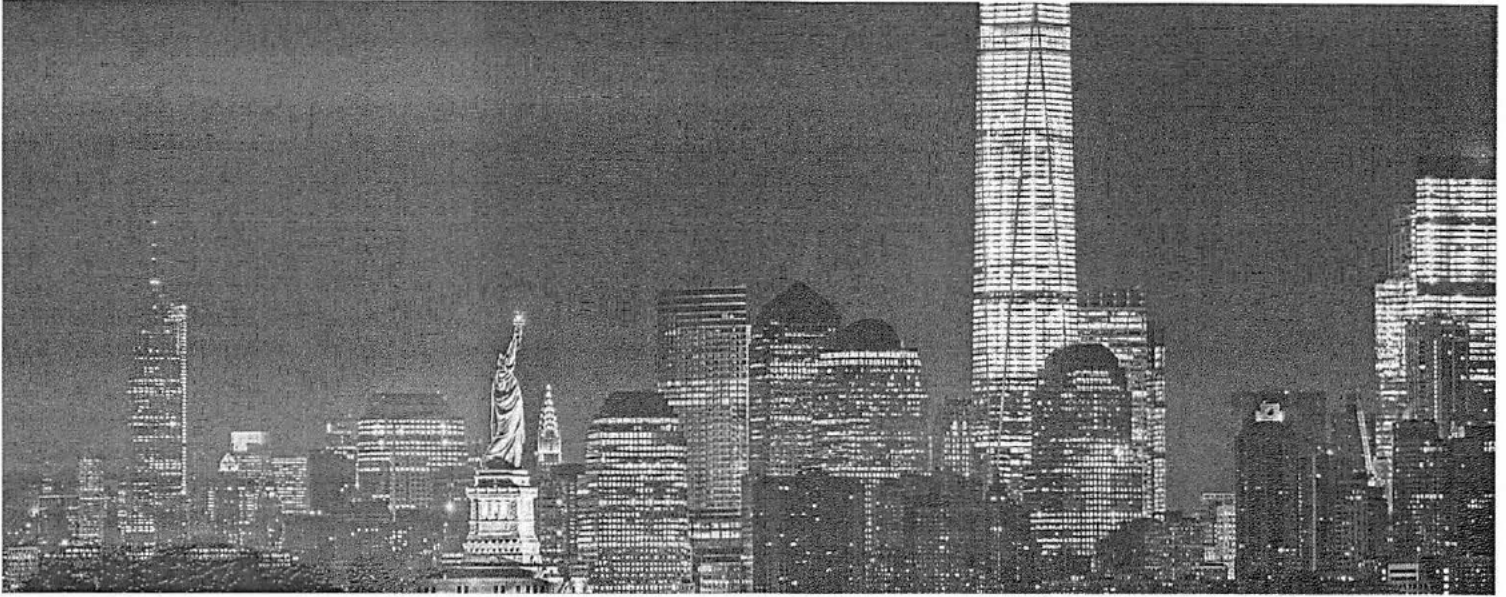
Michael Williams  
Managing Partner

Sarasota, FL

Kinetic Investment Group, LLC  
[www.kineticfunds.com](http://www.kineticfunds.com)

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address record can be corrected.



## KINETIC FUNDS: KFYIELD

REPORT: DECEMBER 2015

The material produced in this document is intended for informational purposes only and should not be construed as an offer or solicitation for the purchase or sale of any financial instrument. The information provided herein reflects current market practices and is not intended to constitute legal, tax, or accounting advice. The information and data contained herein has been obtained from internal data processing, fund administrators as well as other outside sources and, although it is believed to be accurate, no guarantee of completeness or accuracy is being made. Bloomberg LP shall not be liable for any losses or damage that anyone may suffer as a result of relying on this information. The information may be changed by Bloomberg LP at any time.



**GENERATE REVENUE.**  
**PROTECT YOUR WEALTH.**  
**BUILD YOUR LEGACY.**

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KINETIC FUNDS: KFYIELD WAS DESIGNED TO PROVIDE  
REVENUE, GROWTH, AND PRINCIPLE PROTECTION.

OUR TEAM HAS DEVELOPED A PRIVATE INVESTMENT FUND  
THAT ACHIEVES THESE GOALS WHILE MAINTAINING LIQUIDITY.

CAN YOU AFFORD NOT TO INVEST IN A PRINCIPAL PROTECTED,  
LIQUID, REVENUE GENERATING INVESTMENT?

## KINETIC FUNDS: KFYIELD

Kinetic Funds: KFYIELD is an open end fund incorporated in the United States. It is a conservative blended fund that targets income while securing principal. The strategy employs options to mitigate risk, and ensure growth and income. The fund's holdings are primarily invested in preferred shares, publicly listed equities, government bonds including TIPS, corporate bonds, REITs and MLPs.

So that access to money is never an issue, our funds can distribute liquidity on a quarterly basis with the option of reinvestment or redistribution of profits. The decision is always yours. Our fund is also listed on Bloomberg to provide investors full transparency, objective benchmarking and portfolio review. Bloomberg Ticker Symbol: KFYIELD.

Kinetic Funds: KFYIELD offers:

- Liquidity (quarterly liquidation with 30-day notice on any unencumbered funds)
- Monthly/Quarterly distributions on profits or reinvestment.
- 90% portfolio hedged using listed options against market volatility risk.

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The Fund has been rated by Bloomberg as:

**OBJECTIVE:** CONSERVATIVE ALLOCATION  
**ASSET CLASS FOCUS:** MIXED ALLOCATION

## STRATEGY ASSESSMENT

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**GOAL:**

The strategy is primarily focused on maximizing income, rather than market performance.

The goal of Kinetic Funds: KFYIELD is:

- Maximize yield (income)
- Create 90% principal protection in volatile market conditions
- Maintain maximum liquidity
- Adjust to a volatile interest rate environment

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PRODUCTS:

Kinetic Funds: KFYIELD includes a variety of listed financial products, including but not limited to, treasury inflation protected securities (TIPS), corporate bonds, government bonds, preferred shares, public listed equities, real estate investment trusts (REITs), master limited partnerships (MLPs), and exchange traded funds (ETFs). All products are listed on the U.S. exchanges and all products have a yield component.

Liquidity and volume of products are in the top 20% of all listed securities. Analysis of these listed products reflect a very high liquidity factor and improves the ability to mitigate risk and/or liquidate positions in a timely fashion.

Volatility risk is limited by the very nature of the products. The portfolio contains; liquid stocks, government and corporate bonds, ETFs and indices. These products combined are not exposed to the same kind of volatility that many individual stocks experience. While this does not guarantee against risk of loss, it does reflect lower volatility risk.

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TIME FRAME, BALANCE, AND ROTATION:

Kinetic Funds: KFYIELD product selection is based on value, yield, and risk. The fund is always trying to maximize yield enhancement and thus the fund is rebalanced and products are rotated based on the yields maturity, value, and risk. The core product types remain the same, however individual issue and their weighting is constantly monitored, rebalanced and rotated if products do not meet the criteria. The rebalancing and rotation is a slow process that is adjusted on a limited basis monthly and quarterly.

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RISK:

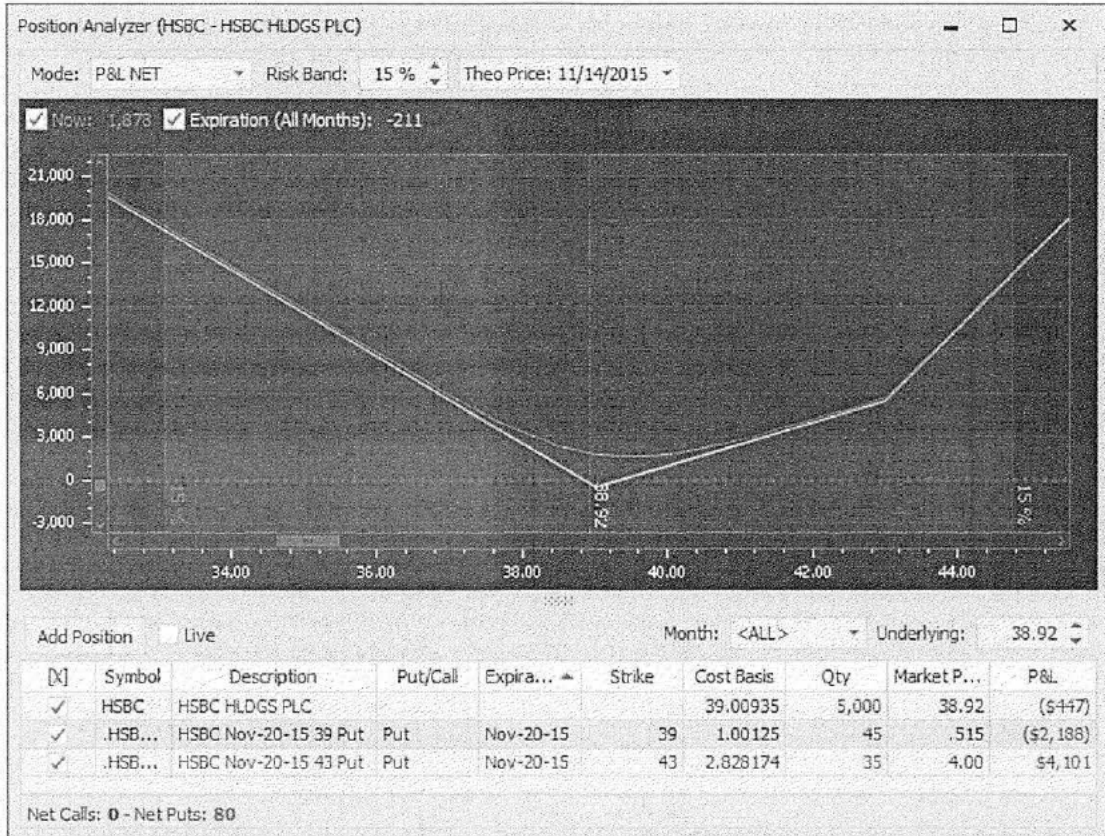
The risk exposure of the fund is based on the assets held in the portfolio. The products are typically, low volatility issues when compared to typical equity positions. To limit downside risk the fund is proactively hedged with long put option contracts, a type of insurance against future losses. The fund proactively implements strategy to hedge 90% of the portfolio against adverse moves, which significantly reduces losses from "Black Swan" type events, Flash Crashes, and other adverse short-term risks.

The products are all in the listed market and liquid, allowing for the managers to take quick and decisive measures as market conditions change.

All assets are hedged using listed options to a minimum of 90% principal. This ensures that in any market conditions that the underlying assets are hedged against adverse market movements.

## RISK SAMPLE HEDGE:

HSBC +5,000 shares | +45 NOV 39 Put | +35 NOV 43 Put (position over hedged 60%)  
 RISK = (\$211)





## PORTFOLIO HEDGE:

RISK ANALYSIS ON \$10m portfolio sample (every position hedged with listed puts 100% or greater)

CRASH RISK (down 25%): +601,000

Risk Radar X

Account Group: KFYIELD    Update Now (6s)    Interval: 60    Real-Time Mode    Date: 11/13/2015    Step %: 3.0 %    Vol: Fitted    IV: 0 %

Drag a column header here to group by that column

Account	P&L Net	P&L Day	Net Puts #	Crash	-15.00 %	-12.00 %	-9.00 %	-6.00 %	-3.00 %	3.00 %	6.00 %	9.00 %	12.00 %	15.00 %
64161-G	40,562	19,294	2,663	601,261	302,657	219,105	141,775	76,094	30,066	34,347	95,606	194,515	326,715	485,151
	40,562	19,294	2,663	601,261	302,657	219,105	141,775	76,094	30,066	34,347	95,606	194,515	326,715	485,151

Drag a column header here to group by that column

Symbol	Last	% Change	P&L Day	Net Stoc...	Net Puts #	-15.00 %	-12.00 %	-9.00 %	-6.00 %	-3.00 %	3.00 %	6.00 %	9.00 %	12.00 %	15.00 %
PPF	33.06 (ETH:33.06)	-0.75 %	-108	9,000	120	12,646	9,675	6,732	3,944	1,700	1,731	5,272	11,097	18,548	26,880
EWG	26.05 (ETH:26.05)	-0.99 %	-650	7,900	90	4,748	3,930	3,201	2,692	2,588	4,538	6,946	10,349	14,645	19,647
HCP	32.75 (ETH:32.75)	-1.15 %	-1,550	7,500	80	2,349	1,869	1,388	907	426	-532	-960	-1,087	-246	2,419
STWD	20.13 (ETH:19.96)	0.00 %	-600	6,700	130	8,004	5,378	3,144	1,480	491	789	2,066	4,017	6,545	9,518
MRK	53.03 (ETH:53.03)	0.00 %	-480	6,200	80	10,730	7,875	5,068	2,461	458	912	4,492	10,118	18,124	26,981
OKE	28.49 (ETH:28.49)	0.96 %	3,258	5,400	60	1,963	1,459	955	450	-54	-1,061	-1,561	-2,049	-2,503	-2,881
EWV	30.05 (ETH:30.04)	-0.46 %	-292	5,200	90	9,018	5,878	3,088	870	-512	-105	1,564	4,214	7,603	11,514
TS	24.81 (ETH:24.6768)	0.23 %	-305	5,200	80	3,945	2,331	1,030	196	-111	1,123	2,676	4,736	7,315	10,265
MUR	28.77 (ETH:28.77)	0.45 %	0	5,000	50	-437	-433	-428	-421	-404	-241	-2	-423	1,087	2,021
HSBC	38.92 (ETH:38.92)	-1.64 %	90	5,000	70	10,431	8,113	5,848	3,708	1,769	709	2,121	4,553	8,323	13,358
SO	43.95 (ETH:43.95)	0.14 %	180	5,000	60	6,023	4,712	3,401	2,091	805	1,544	6,367	12,709	19,290	25,883
MOS	32.21 (ETH:32.21)	1.74 %	640	4,600	60	3,394	2,128	1,007	193	-132	1,355	3,323	6,042	9,372	13,149
COH	29.23 (ETH:29.23)	-2.63 %	761	4,600	70	4,744	3,016	1,562	504	-49	585	1,836	3,656	6,051	8,846
EWY	51.26 (ETH:51.36)	-1.76 %	239	4,200	70	13,444	9,428	5,807	2,854	876	820	2,941	6,312	10,696	15,849
VVO	33.70 (ETH:33.75)	-1.17 %	-230	4,200	60	7,756	6,029	4,442	3,116	2,209	2,352	3,399	5,284	7,893	11,005
ED	61.91 (ETH:61.91)	-1.01 %	680	4,000	40	-259	-258	-258	-257	-256	183	2,419	7,595	14,558	21,947
PM	83.40 (ETH:83.40)	-0.74 %	422	4,000	50	9,799	7,307	4,865	2,596	805	723	3,476	8,335	15,131	23,320
CTL	27.70 (ETH:27.70)	-1.07 %	-75	4,000	90	12,024	8,237	4,886	2,230	540	374	1,764	3,888	6,540	9,506
GRPH	35.39 (ETH:35.39)	-2.45 %	407	3,900	50	3,975	2,642	1,777	958	201	223	1,149	2,766	5,020	7,825
IVZ	31.72 (ETH:31.72)	-1.52 %	-152	3,800	38	1,320	1,323	1,325	1,327	1,330	1,343	1,412	1,727	2,638	4,458
SE	26.31 (ETH:26.31)	-0.30 %	320	3,500	40	1,729	1,338	948	565	225	208	960	2,396	4,435	6,871
DUK	66.89 (ETH:66.89)	-0.59 %	200	3,500	40	6,871	5,875	4,879	3,883	2,888	991	824	2,894	7,820	14,372
MAT	23.20 (ETH:23.20)	-1.11 %	481	3,500	60	3,812	2,353	1,133	266	-161	431	1,469	2,886	4,650	6,639
BFT	37.35 (ETH:37.35)	-1.16 %	282	3,500	115	33,855	25,049	16,499	8,974	3,611	-111	-155	611	2,561	5,642
TOT	48.05	-0.17 %	504	3,400	36	1,937	1,633	1,243	710	148	362	1,747	4,080	7,253	11,085
WMT	56.42 (ETH:56.40)	-0.97 %	565	3,100	50	10,961	7,639	4,913	2,401	655	515	2,402	5,439	9,358	13,881
SFA	59.29 (ETH:59.3954)	-0.66 %	441	3,000	34	4,238	3,529	2,827	2,163	1,623	1,621	2,564	4,337	6,917	10,238
FXI	37.13 (ETH:37.13)	-2.01 %	495	3,000	50	4,519	2,590	913	-383	-1,186	-1,075	-103	1,435	3,446	5,885
CDH	29.90 (ETH:29.90)	0.03 %	251	2,900	50	3,998	2,695	1,659	919	521	780	1,430	2,410	3,682	5,230
AMJ	31.06 (ETH:31.1998)	0.61 %	803	2,900	40	2,892	1,899	1,030	363	-19	302	1,078	2,251	3,794	5,632
PAYX	52.36 (ETH:52.36)	-0.93 %	-42	2,800	28	188	191	193	196	198	176	122	112	112	112
			19,294	109,007	2,663	302,657	219,105	141,775	76,094	30,066	34,347	95,606	194,515	326,715	485,151

## PORTFOLIO ALLOCATION &amp; WEIGHTING:

The portfolio weighting changes on a monthly basis. The fund is additionally reviewed on a quarterly basis for reallocation and any possible larger adjustments. Please note that this can and will change based on the fund manager's discretion as market conditions change.

Sample holdings on Bloomberg

(Note: Holdings can be reviewed on Bloomberg in real-time for full transparency)

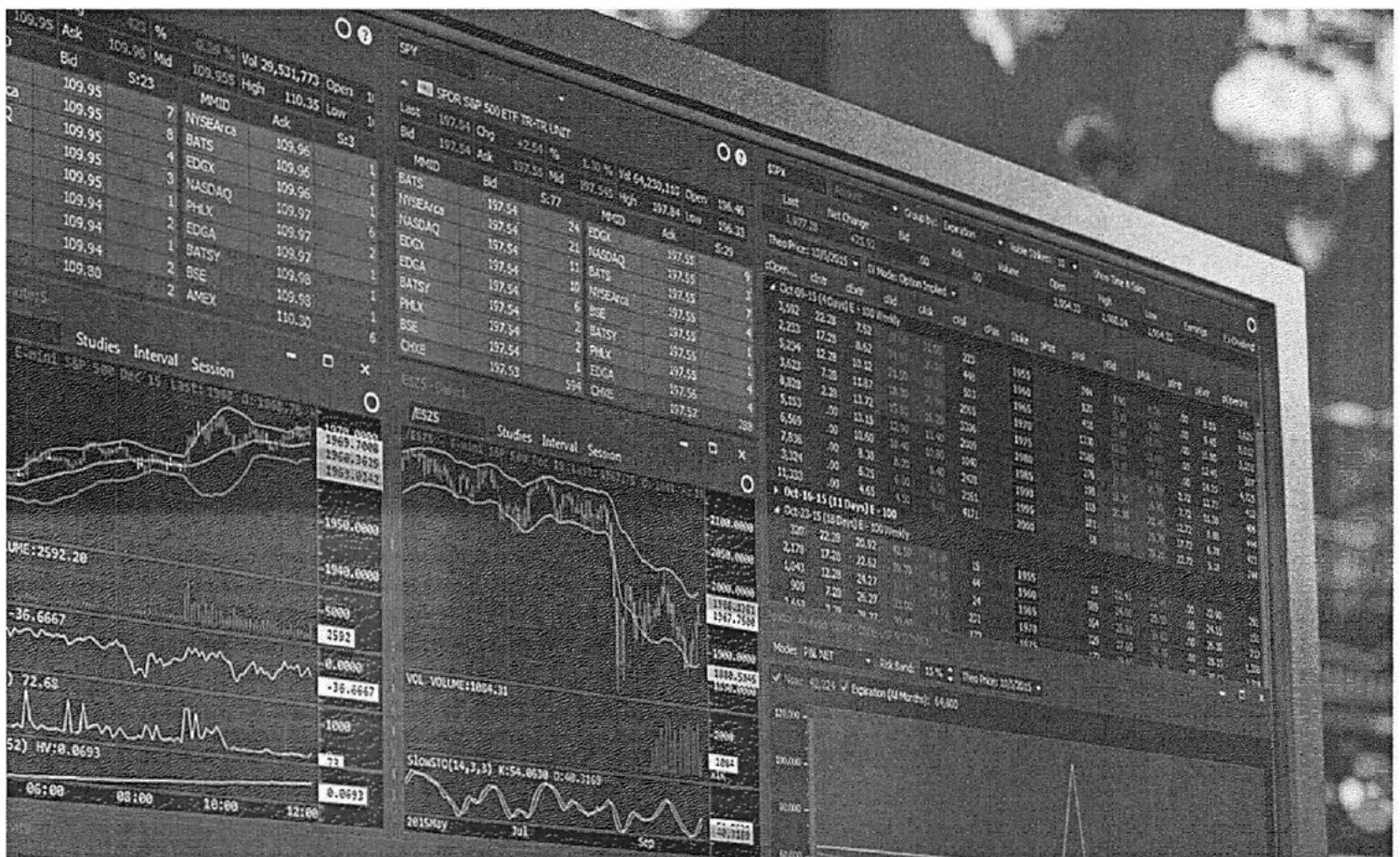
KFYIELD US \$ NAV 126.80		--	Purch Prc		--
On 30 Oct					
KFYIELD US Equity		90 Holdings Analysis		Page 1/10	Mutual Fund Holdings
KINETIC FUNDS YIELD		Portfolio Filing Date		11/3/2015	
Fund Type	Open-End Fund		Cash Position	3.23M USD	
Asset Class	Mixed Allocation				
Name	Ticker	Position	Value(USD)	Change	%Net
1) HSBC Holdings PLC	HSBC US	7,000	273.14k	4,500	2.809
2) HCP Inc	HCP US	6,600	242.42k		2.493
3) ManpowerGroup Inc	MAN US	2,500	231.33k	2,500	2.379
4) Philip Morris International In	PM US	2,600	229.68k		2.362
5) Duke Energy Corp	DUK US	3,000	216.72k	3,000	2.229
6) Macquarie Infrastructure Cor	MIC US	2,500	200.33k	-100	2.060
7) PPL Corp	PPL US	5,800	199.23k	5,800	2.049
8) ONEOK Inc	OKE US	5,400	183.98k		1.892
9) Southern Co/The	SO US	3,900	177.22k	3,900	1.822
10) Plum Creek Timber Co Inc	PCL US	4,000	164.68k		1.693
11) Wal-Mart Stores Inc	WMT US	2,800	162.71k	2,800	1.673
12) Merck & Co Inc	MRK US	2,900	159.82k		1.643
13) TOTAL SA	TOT US	3,100	157.32k	3,100	1.618
14) National Grid PLC	NGG US	2,200	156.88k		1.613
15) Murphy Oil Corp	MUR US	5,000	152.60k	5,000	1.569
16) Reliance Steel & Aluminum Co	RS US	2,500	150.45k		1.547
17) iShares MSCI Germany ETF	EWG US	5,400	147.58k	5,400	1.518
18) Paychex Inc	PAYX US	2,800	144.87k		1.490
Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2015 Bloomberg Finance L.P. SN 115776 H325-2867-0 13-Nov-15 16:17:33 EST GMT-5:00					

## TECHNOLOGY

## SILEXX:

The management team is unique in that they have developed their own financial risk management and trading system and formed the company, Silexx Financial Systems ([www.silexx.com](http://www.silexx.com)). It has become the cardinal independent platform used by hedge funds and intuitions internationally and is integrated with top-tier Wall Street firms.

Technology is an integral part of our trading operation and strategy. The team's experience in developing financial software, execution and risk systems, has been instrumental in designing and deploying their own proprietary systems for Kinetic Funds.



## RELATIONSHIPS

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### CLEARING

The management team has experience with clearing relationships at Merrill Lynch, Goldman Sachs, and Spear Leads. After careful consideration for access to markets, execution fees, technology, and specialization in the options market, the management team selected Interactive Brokers (IB) as their primary clearing house.

This is a special consideration after the 2008-2009 financial crisis in which large investment firms were exposed to serious risk due to their involvement with traditional banking and lending services. Kinetic had cleared at Merrill Lynch, but during the crisis Kinetic became concerned with Merrill's risk and after their merger with Bank of America, it was apparent that Kinetic needed to seek safe harbor with a firm that had experience in the financial markets and did not co-mingle with outside banking relationships.

Kinetic's management team was well acquainted with the largest options marketing making firm, Timber Hill. The founder of the company, Thomas Peterffy is well respected in the financial industry for his experience in the options market, integrating technology and market making, and his focus of independence.

Peterffy created IB after he saw a need for an independent self-clearing firm that could bring forth the technology, market access, and clearing without the interconnected reliance of the traditional banking risks that had become apparent during the financial crisis. Timber Hill's experience, Mr. Peterffy's sterling reputation, and Silexx's integration has made IB the premier choice for clearing.

IB History: <https://www.interactivebrokers.com>

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### EXECUTION

Kinetic has also established outside execution relationships. Additional execution relationships provide not only back-up gate-ways for execution, but also widens breadth of execution access and adds additional execution algorithms.

Third party execution services provided an unencumbered and independent avenue for execution. With no vested interest in clearing, this allows the execution firm to seek best execution gateways, liquidity, and specialized algorithmic trading.

Dash Financial is one of the premier independent execution services. The same theory of remaining independent and agnostic in the creation of Silexx, is at the core of Dash Financial. Silexx is fully integrated into the Dash Financial services. <https://www.dashfinancial.com>



## BIOGRAPHY

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### MICHAEL S. WILLIAMS

Michael brings more than 25 years and a wide breadth of experience in the financial markets and his role in the Kinetic family of companies.

As an institutional broker on the trading floor of the PCX/NYSE options exchange, he represented Goldman Sachs, Swiss Bank, and Morgan Stanley. He later became an options market maker and member of the exchange, making markets in the technology industry including Applied Materials (AMAT) and Advanced Micro Devices (AMD).

Michael was selected by the exchange to represent the Options Industry Council (OIC) as a guest speaker and instructor. He has lectured at the Securities Exchange Commission (SEC), at Universities and as a guest speaker at financial conferences throughout the country on the use of derivatives and risk management. He was commissioned to write the Exchange Floor Membership Exam and also co-authored the McGraw Hill textbook, "Fundamentals of the Options Market". He has created and managed Broker Dealers, Registered Investment Advisor Firms, and consulted for hedge funds and institutional operations.

In 2008 Michael and his partner developed their own financial risk management, trading, and OMS system and formed the company, Silexx Financial Systems ([www.silexx.com](http://www.silexx.com)). It has become the cardinal independent platform used by hedge funds and institutions internationally and is integrated with top-tier Wall Street Firms.

His experience in understanding pricing models, probability, and pro-active hedging strategies were instrumental in designing a trading model that focused on principle protection and yield, rather than market direction. This lead to the development of Kinetic Investment Group, LLC ([www.kineticfunds.com](http://www.kineticfunds.com)). Investing their own and partner monies they built their own track record, listed on Bloomberg: KFYIELD.

In 2014, Michael and his team created Lendacy ([www.lendacy.com](http://www.lendacy.com)) to meet the financing demands of accredited investors and qualified purchasers, as access to capital has become encumbered by the traditional banking industry under the weight of Dodd/Frank and compliance related issues. Lendacy joins other companies in the booming private lending industry of peer-to-peer, crowd funding, and private financing.

Michael writes the Market Preview, a weekly economic and financial news letter read through the country by industry professionals and has been quoted on CNBC and the Wall Street Journal.

An honored Navy veteran who served in the Gulf and is still an avid sailor, Michael has raced sailboats in his native Michigan and in San Francisco.

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RETURNS NOTES:

KFYIELD ATTEMPTS TO MAINTAIN A 90% PRINCIPAL INSURANCE USING LISTED OPTIONS.

- THE STRATEGY IS FOCUSED ON INCOME AND NOT MARKET PERFORMANCE.
- YIELD INCOME IS GENERATED EVERY MONTH, WITH THE POSSIBLE EXCEPTION FOR JANUARY IN WHICH INCOME IS NOT ALWAYS ISSUED, IN THOSE CASES IT IS PAID TWICE IN DECEMBER THE PRECEDING YEAR FOR TAX REASONS.
- STANDARD DEVIATION IS LOW RELATIVE TO TYPICAL EQUITY POSITIONS.
- MONTHLY RISK BASED HAIRCUT (RBH MARGIN) REMAINS IN THE 25% RANGE.
- THE FUND IS NOT LEVERED.
- INVESTORS MAY ELECT TO TAKE YIELD DISTRIBUTIONS OR REINVEST THEM
- THIS IS NOT A HIGH FREQUENCY STRATEGY.
- POSITIONS ARE CARRIED OVER NIGHT.
- POSITIONS ARE USUALLY ROLLED PRIOR TO EXPIRATION.
- LISTED OPTIONS ARE USED TO REDUCE EQUITY RISK.

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DISCLAIMER

OPTIONS INVOLVE A HIGH DEGREE OF RISK AND ARE NOT SUITABLE FOR ALL INVESTORS. FOR MORE INFORMATION, PLEASE READ CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS, AVAILABLE AS OF THE EFFECTIVE DATE OF THIS AGREEMENT, AT:  
[HTTP://WWW.OPTIONSCLEARING.COM/PUBLICATIONS/RISKS/RISKSTOC.PDF](http://www.optionsclearing.com/publications/risks/riskstoc.pdf).

THIS STUDY DOES NOT INCLUDE A REVIEW OF ANY LEGAL DOCUMENTS, REGULATORY REQUIREMENTS, INVESTOR REQUIREMENTS, OR CURRENT INVESTORS REPORTS.

THIS REPORT DOES NOT ENDORSE OR RECOMMEND ANY INVESTMENTS AND SHOULD BE STRICTLY USED FOR INFORMATION PURPOSES BASED ON THE DATA PROVIDED BY VPRO AND MERRILL LYNCH PROFESSIONAL CLEARING

BEFORE MAKING ANY INVESTMENTS CHECK WITH YOUR REGISTERED INVESTMENT ADVISOR.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RETURNS.

FOR MORE INFORMATION:  
**KINETIC INVESTMENT GROUP, LLC**  
**1800 2ND STREET, SUITE 955**  
**SARASOTA, FL 34236**

Risk Radar X

Account Group: KFYIELD

Update Now (\$2k)

Interval: 60

Real-Time Mode

Date: 2/13/2016

Step %: 3.0 %

1 Vol: Fitted

2V +/- 0 %

Drag a column header here to group by that column

Account	P&L Day	Current HC	Min Req	Premium	Net Stock #	Net Calls #	Net Puts #	Delta	Crash	-15.00 %	-12.00 %	-9.00 %	-6.00 %	-3.00 %	3.00 %	6.00 %	9.00 %	12.00 %	15.00 %
64161-G	-7,692	66,631	61,350	136,136	194,800	-46	2,408	8,494	387,795	180,908	123,464	71,584	29,991	4,209	23,302	73,738	152,002	253,747	375,244
	-7,692		61,350	136,136	194,800	-46	2,408	8,494	387,795	180,908	123,464	71,584	29,991	4,209	23,302	73,738	152,002	253,747	375,244

Drag a column header here to group by that column

Symbol	Last	% Change	P&L Day	Current HC	Min. Req	Net Stock #	Net Calls #	Net Puts #	Delta	-15.00 %	-12.00 %	-9.00 %	-6.00 %	-3.00 %	3.00 %	6.00 %	9.00 %	12.00 %	15.00 %	Earnings	Ex-Dividend
ADQ	34.58	-0.55 %	240	595	500	2,000	0	20	47	-238	-224	-217	-207	-194	-148	-112	-64	-3	70		
AJN	29.71	-1.16 %	-715	2,200	2,200	7,700	0	88	615	5,204	4,403	3,792	3,304	2,136	4,116	5,929	8,250	11,445	15,342		
BMT	32.70	-0.67 %	-251	1,325	1,325	1,100	0	53	628	14,742	10,624	6,801	3,870	284	705	1,793	2,862	3,941	5,020		
BCE	42.61	0.57 %	235	1,250	1,250	1,500	0	50	540	10,174	6,147	2,798	537	-453	742	2,282	4,057	5,931	7,840		
BHP	24.20	0.33 %	55	595	250	1,000	0	10	70	-509	-401	-478	-457	-420	-322	-233	-110	-48	251		
BP	30.015	0.22 %	325	1,232	1,250	5,000	0	50	2	230	232	234	236	238	242	244	246	248	250		
BK	25.45	-0.68 %	-489	2,228	2,225	8,900	0	89	5	211	207	204	200	196	184	111	340	1,570	5,350		
BXMT	24.37	0.87 %	622	1,330	1,250	1,800	0	50	382	8,062	1,409	320	448	790	314	393	1,291	2,354	3,520		
CF	33.915	6.09 %	-1,800	1,250	1,250	5,000	0	50	1	1,203	1,204	1,205	1,206	1,207	1,209	1,209	1,210	1,211	1,212		
CHRW	70.71	0.18 %	325	1,030	1,250	2,500	0	50	198	16,046	10,977	6,383	2,671	398	1,147	3,940	7,890	12,537	17,554		
CMH	96.91	-0.64 %	-70	230	250	1,000	0	10	0	658	659	659	660	661	664	664	664	664	664		
CTL	30.295	1.00 %	324	1,175	1,175	2,100	5	42	351	1,467	738	205	112	189	391	1,051	1,930	2,979	4,152		
D	69.96	0.27 %	84	2,100	2,100	3,200	0	84	464	23,921	17,230	13,706	4,845	742	2,602	9,056	17,979	28,171	38,885		
DUK	75.90	0.53 %	570	750	750	3,000	0	30	1	76	77	79	81	82	86	87	89	91	144		
EO	70.865	1.28 %	655	598	275	1,100	0	11	0	-988	-497	-497	-496	-496	-495	-496	-496	-496	-496		
ETN	56.34	0.59 %	235	2,500	2,500	4,500	0	100	414	24,454	16,037	8,730	3,302	-42	1,082	4,983	10,432	16,891	23,938		
ETR	72.76	2.46 %	1,050	1,381	750	2,000	-10	20	567	-1,361	-1,380	-1,379	-1,378	-1,379	-1,379	-1,379	-1,379	-1,379	-1,379		
EXC	31.605	1.66 %	688	891	800	3,200	0	32	38	-891	-891	-891	-891	-891	-891	-891	-891	-891	-891		
GLPI	24.95	-2.88 %	-702	300	500	1,600	0	20	44	2,520	2,296	2,138	1,972	1,891	1,967	2,140	2,429	2,819	3,314		
GM	29.375	0.36 %	-1,075	1,075	1,075	4,800	0	40	53	349	350	350	350	351	352	353	356	366	396		
GRMN	39.33	-1.16 %	-739	2,250	2,250	3,500	0	90	322	10,854	7,402	4,499	2,292	1,042	1,692	3,666	6,691	10,561	15,208		
GSK	38.63	0.58 %	395	875	875	3,500	0	35	1	-43	-103	-162	-222	-282	-401	-499	-680	-132	1,424		
HON	58.71	3.86 %	1,996	2,843	1,600	6,200	0	64	-177	-1,081	-1,429	-1,778	-2,127	-2,475	-2,843	-3,201	-3,582	-3,954	-4,326		
HOP	28.015	2.36 %	1,967	2,020	1,425	5,700	0	57	2	-2,020	-2,018	-2,015	-2,012	-2,011	-2,007	-2,005	-2,002	-2,000	-1,997		
HSDC	22.395	-0.99 %	-540	1,333	750	3,000	0	30	46	-1,533	-1,537	-1,538	-1,496	-1,469	-1,372	-1,284	-1,187	-978	-712		
IP	35.43	-0.42 %	155	580	500	500	0	20	151	4,771	3,203	1,752	622	15	250	717	1,236	1,766	2,297		
IRH	29.16	0.34 %	-380	1,065	950	3,800	0	38	79	-1,068	-1,068	-1,065	-1,064	-1,061	-1,017	-931	-736	-556	297		
IVZ	27.3399	-0.40 %	-1,031	1,150	1,250	5,000	0	50	1	1,075	1,076	1,077	1,078	1,079	1,081	1,082	1,083	1,084	1,084		
LAMP	54.82	0.92 %	220	800	800	2,200	0	32	439	3,788	2,316	1,066	191	-145	1,249	2,003	3,351	5,161	7,115		
LVS	46.22	-0.22 %	360	649	550	1,100	-11	11	13	-572	-572	-573	-573	-577	-587	-597	-608	-627	-649		
MAT	31.71	-0.63 %	-2,330	2,300	2,000	8,000	0	80	696	424	-429	-433	-439	-475	-513	-547	-581	-615	-649		
MDC	20.79	-1.24 %	-63	550	550	2,500	0	34	48	2,990	2,305	1,619	925	288	458	1,616	2,969	4,340	5,712		
MET	39.22	-0.13 %	430	1,650	1,250	5,000	0	50	1	-265	-254	-263	-262	-260	-258	-257	-256	-254	-253		
MIC	59.98	-0.68 %	930	750	750	3,000	0	30	1	723	723	727	730	732	736	738	741	743	745		
MROK	50.61	0.02 %	-530	2,300	2,500	5,000	0	100	372	24,713	17,299	10,262	4,611	887	1,823	6,175	12,148	19,063	26,412		
MUR	17.18	-4.45 %	-2,125	625	525	2,500	0	25	1	1,616	1,617	1,617	1,618	1,619	1,620	1,621	1,621	1,621	1,622		
NTL	22.90	-0.69 %	1,080	560	500	2,000	0	20	1	214	215	215	216	216	217	218	218	219	219		
NVO	50.69	0.00 %	250	560	500	1,000	0	20	73	3,080	2,630	1,463	578	54	248	922	1,887	3,066	4,393		
NVS	74.19	0.73 %	-4,995	1,475	1,475	5,500	0	55	-108	6,021	5,138	4,208	3,387	2,564	1,444	1,551	2,512	4,670	8,304		
PAA	20.11	2.24 %	-215	300	900	3,600	0	36	3	-169	-168	-166	-164	-163	-159	-157	-152	-132	-57		
PATX	50.96	0.69 %	930	1,150	1,150	4,600	0	46	12	-202	-183	-164	-145	-126	-88	-69	-50	-31	-11		
PCL	37.99	-1.61 %	1,088	1,200	1,200	4,400	0	48	109	1,911	1,456	1,002	552	154	626	2,562	5,900	10,239	15,063		
PFL	36.4485	1.27 %	-520	500	300	1,200	0	12	55	-502	-502	-502	-501	-501	-501	-501	-501	-501	-501		
RIO	27.0799	-1.00 %	-550	250	250	1,000	0	10	43	732	734	735	736	737	742	746	752	761	774		
SE	28.995	-1.07 %	-896	302	500	1,800	0	20	294	135	-29	-143	-128	-108	-88	-68	-48	-28	-8		
-7,692 61,350 194,800 -46 2,408 8,494 180,908 123,464 71,584 29,991 4,209 23,302 73,738 152,002 253,747 375,244																					



## KINETIC FUNDS: KFYIELD

### Fund History

In the early 1990s, Michael Williams started as an institutional floor broker in the derivatives markets. His chief responsibility was executing option orders to hedge institutional equity positions. Institutions like Goldman, Morgan, Swiss Bank (all of whom he represented on the trading floor) do not take positions in the equity market without insuring their positions. At the end of the day, they know sometimes they are going to be wrong and they need to minimize their risk.

Listed options are the single best hedging product based on one sole reason, they are regulated, managed, and assigned by the U.S. government agencies. If you exercise an options contract, the counter party is forced by the full weight of the U.S. government to assume the equity position or have the equity position possessed. This security is the principal reason why we see institutional hedging in the listed markets. In some respects, it is better than FDIC insurance which the standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category.

Mr. Williams later became an options market maker. Going forward his trading/investing has been myopically focused around the use of options, either as a hedging instrument, income instrument, or a stock alternative.

**Kinetic [www.kineticfunds.com](http://www.kineticfunds.com)**

In 2008-2009, Michael's family and friends lost a significant amount of money in the markets. Michael and his partners did very well, not because they were right about the market decline, but because they were hedged (insured) and in some cases were over insured. Michael had been using the same strategies since the early 1990s to hedge stock for Goldman, later as a market maker, and then in his own private fund.

To address the problems of 2008-2009 Michael and his partners decided to create a fund with three simple objectives.

- 1. Protection.** The investment fund is charted to hedge 90% of the portfolio at all times.

In a market crash, flash crash, black swan event, etc. - the maximum loss is 10%. Since that time the fund has been running 93-95% principal protection. Since November of 2015, the fund has been over hedged while waiting for the Fed to hike rates and due to concerns about market volatility. The over hedging means that if the market were to collapse, the fund would actually generate a profit. This is not to say that the firm expects a crash to occur, but the probability of a more volatile market is certainly at hand. At no time is the fund uninsured.

- 2. Income.** Our fund generates income that exceeds government bonds.

The Federal Reserve intervention of QE and zero interest rates has drastically reduced income from instruments such as fixed income, bonds and/or CDs. Michael has designed the fund to constantly acquire stocks, preferred shares, ETFs, REITS, and MLPS that all pay a dividend. In that last 4+ years the fund has averaged over 5.5% annualized income. The fund can even make these dividends payable to investors on a monthly or quarterly basis, as a source of income, or they can reinvest it.

- 3. Liquidity.** Your money is always available.

The housing market and private equity investments can quickly become illiquid. Even certain financial products like annuities can have significant penalties and liquidity problems. Michael wanted to make sure that investors can liquidate their investment. The fund's positions are hedged out to 90 days, so with a 30 day written notice prior to the quarter end, the fund can redeem 100% of principal without penalties.

The fund was initially designed for Michael's personal assets, his partner's money, and initially close friends and family. Over time it has grown and Michael has gone through the process of expanding the fund and making it available to accredited investors.



### **Transparency**

The fund is listed on Bloomberg to create as much transparency as possible (far more than any other private fund). You can view the stocks and options the fund is holding, paid dividends, risk, and performance benchmarks daily by logging into a Bloomberg terminal. Because the fund is hedged and not leveraged, Bloomberg rates it as a conservative mixed-allocation mutual fund.

### **Puerto Rico**

In 2015 Michael and his partner traveled to Puerto Rico at the request of a business owner who was in need of a solid investment with the ability to create credit lines when needed. The meeting in November of 2015 spawned interest from many others with similar needs in Puerto Rico, as banks have reduced lending while secure income producing investment opportunities are limited.

Michael and his partner have begun the process of applying for Act 20, hiring staff, and opening an office in Miramar Plaza to meet the needs of both the private and public sector.

### **Lendacy [www.lendacy.com](http://www.lendacy.com)**

Much like the Fund was born out of a need, the lending program had a similar birth. One investor who did not want to liquidate, needed money for a real-estate investment. With the help of the clearing firm (bank) for access to capital, Mr. Williams was able to keep him fully invested and provide him a 70% LTV credit line at 2.75% simple interest. In fact, he decided to use his dividend income to pay interest and principal. His investment is paying off his loan. A few months later another investor inquired about needing capital. From the need of investors, Michael created a new company called Lendacy to meet the liquidity and capital requirements of his investors.

### **Silexx [www.silexx.com](http://www.silexx.com)**

Mr. Williams co-founded a financial software company called Silexx, out of a personal need for a more robust risk management and trading platform. The software company is now integrated with every major Wall-Street firm and is now expanding into Europe and the Asian markets.

Silexx, Kinetic, and Lendacy are all synergistic and all born out of the needs of the investor and trader. Michael also writes a **Market Preview** - as often as he can <http://marketpreview.silexx.com/>

# Bloomberg

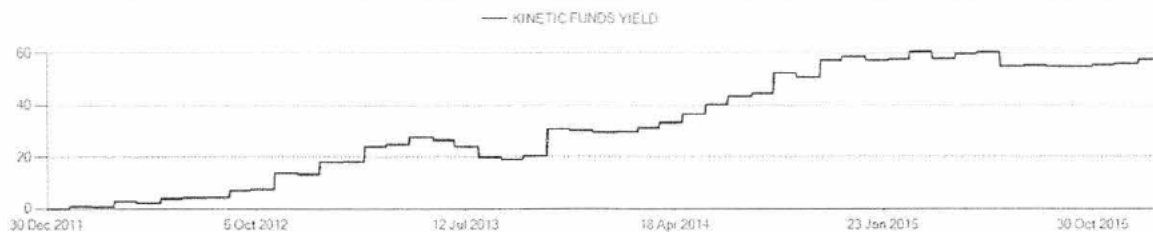
## KINETIC FUNDS YIELD

## Fund Overview

Kinetic Funds Yield is an open end fund incorporated in the United States. It is a conservative blended fund that targets income while securing principal. The strategy employs options to mitigate risk, and ensure growth and income. The fund's holdings are primarily invested in government bonds including TIPS, corporate bonds, preferred shares, publicly listed equities, REITs and MLPs.

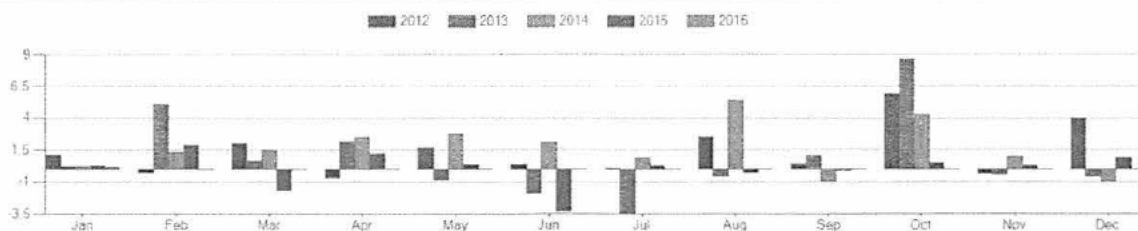
Contact Details		Fund Info	as of 01/29/2016
Management Company	Kinetic Management Group LLC	Last Close	\$ 125.79
Company Address	Kinetic Management Group LLC, 1800 2nd Street, Suite 955, Sarasota, FL 34236, USA	Total Assets (mil)	\$ 11.07
		Total Assets Date	01/29/2016
Company Telephone	1-941-870-9544	Inception Date	01/01/2012
Web Site	www.kinetic-sg.com	Primary Benchmark	S&P Preferred Stock TR
Fund Manager	MICHAEL S WILLIAMS	Curr	US Dollar
Mgr - Start Date	01/02/2012	Min Investment	US Dollar 250,000.00
Transfer Agent	--	Ticker	KFYIELD US
		ISIN	--
Fees And Expenses		Bloomberg Classification	
Expense Ratio	--	Fund Type	Mutual Fund
Front Load	--	Fund Asset Class Focus	Mixed Allocation
Fund Mgr Stated Fee	--	Domicile	United States
Mgr Stated Perf. Fee	--	Fund Objective	Conservative Allocation
High-Water Mark	--	Fund Style	--
Hurdle Rate	--	Fund Market Cap Focus	--
Back Load	--	Fund Geographical Focus	United States
Early Withdraw Fee	--	Fund Currency Focus	--

### Total Return Chart



### Seasonality

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	1.10	-0.24	2.04	-0.65	1.72	0.37	0.08	2.52	0.41	5.84	-0.38	3.99
2013	0.18	5.02	0.65	2.21	-0.88	-1.90	-3.39	-0.61	1.05	8.61	-0.44	-0.58
2014	0.18	1.24	1.44	2.47	2.77	2.10	0.85	5.39	-0.97	4.23	0.96	-1.02
2015	0.33	1.82	-1.67	1.19	0.37	-3.33	0.26	-0.29	-0.02	0.44	0.32	0.88
2016	0.16	--	--	--	--	--	--	--	--	--	--	--



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# Bloomberg

## KINETIC FUNDS YIELD

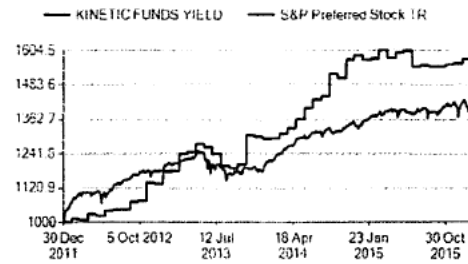
Benchmark: S&P Preferred Stock TR  
Currency: USD

## Fund Performance-Risk-Tracking

as of 01/29/2016

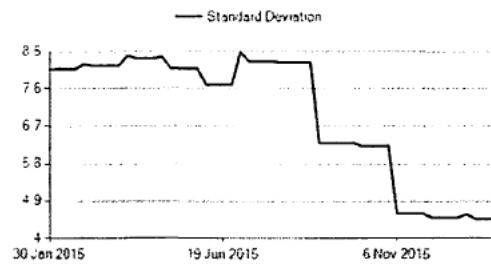
### Performance

	Fund	Bench.
Mean Return 1Y Weekly	0.14	2.90
Total Return 3M	1.36	0.02
Total Return 6M	1.50	0.89
Total Return 1Y	0.04	2.82
Total Return Ytd	0.16	-0.95
Perf 2014	21.27	14.07
Perf 2013	9.79	-0.17
Perf 2012	17.93	18.64
Perf 2011	--	-1.16
Perf 2010	--	14.99
Perf 2009	--	45.01
Eff 7D Yld	0.00	--
30D Yld	0.00	--
Gross 7D Yld	0.00	--
Subs 7D Yld	0.00	--
Avg Life	--	--
MMkt Avg Days To Mat.	--	--



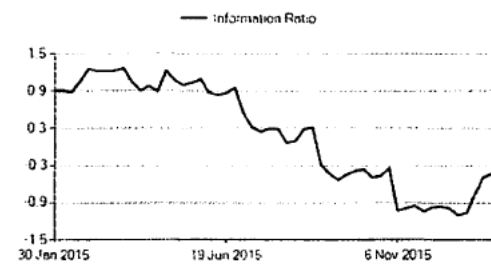
### Risk

	Fund	Bench.
Downside Risk 1Y Weekly Ann	3.78	2.77
Semivariance 1Y Weekly Ann	4.11	4.03
Standard Dev 1Y Weekly Ann	4.51	3.90
Max Drawdown 1Y	-3.50	-3.65
Max Increase 1Y	1.82	4.61
Kurtosis 1Y Weekly	15.13	-0.04
Skewness 1Y Weekly	-2.60	-0.08



### Risk/Return

	vs Bench.
Excess Return 1Y Weekly Ann	-2.69
Information Ratio 1Y Weekly	-0.46
Jensen Alpha 1Y Weekly	-0.01
Modigliani Rap 1Y Weekly	-0.03
Sharpe Ratio 1Y Weekly	0.02
Sortino Ratio 1Y Weekly	0.51
Treynor Measure 1Y Weekly	0.02



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# Bloomberg

## KINETIC FUNDS YIELD

## Fund Performance-Risk-Tracking

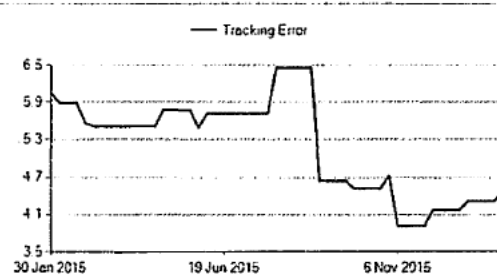
Benchmark: S&P Preferred Stock TR

as of 01/29/2016

Currency: USD

Tracking

	vs Bench.
Alpha 1Y Weekly	0.00
Beta 1Y Weekly	0.03
Correlation 1Y Weekly	0.03
Bear Correlation 1Y Weekly	0.24
Bull Correlation 1Y Weekly	-0.08
R Squared 1Y Weekly	0.00
Tracking Error 1Y Weekly Ann	4.54



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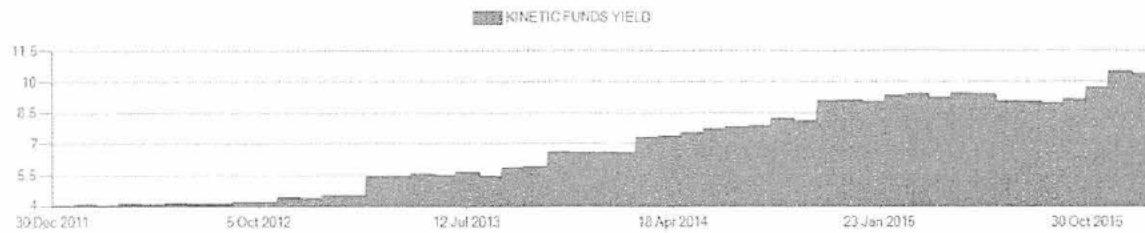
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# Bloomberg

## Fund Allocation

Total Assets (mil)

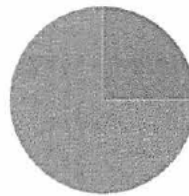
as of 01/29/2016



## Asset Allocation

as of 01/04/2016

Corporate	0.006 %
Equity	75.078 %
Government	0.004 %
Money Market	24.911 %
Mortgage	0.001 %

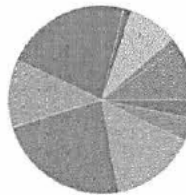


Corporate  
Equity  
Government  
Money Market  
Mortgage

## Sector Allocation

as of 01/04/2016

Basic Materials	1.692 %
Communications	2.071 %
Consumer, Cyclical	7.938 %
Consumer, Non-cyclical	12.118 %
Diversified	0.128 %
Energy	6.075 %
Financial	11.499 %
Funds	0.797 %
Government	0.007 %
Industrial	4.508 %
Technology	0.896 %
Utilities	4.972 %

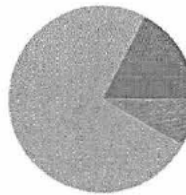


Basic Materials  
Communications  
Consumer, Cyclical  
Consumer, Non-cyclical  
Diversified  
Energy  
Financial  
Funds  
Government

## Geo Allocation

as of 01/04/2016

Africa / Middle East	0.16 %
Asia Pacific	4.163 %
Central Asia	0.177 %
Eastern Europe	0.111 %
North America	38.821 %
South & Central America	0.126 %
Western Europe	9.142 %



Africa / Middle East  
Asia Pacific  
Central Asia  
Eastern Europe  
North America  
South & Central America  
Western Europe

## Portfolio Statistics

as of 01/04/2016

% Of Top Ten Holdings	27.57	Avg Price/Earnings	17.24
Fund Turnover	--	Avg Price/Cash Flow	7.12
Median Mkt Cap (M)	378.66	Avg Price/Sales	1.34
Avg Market Cap (mil)	25,648.67	Avg Price/Book Ratio	1.92
Avg Div Yield	4.76		

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## Bloomberg

## Performance Analysis

Portfolio: KFYIELD US

Benchmark: SPTREFTR

Start Date: 12/30/2011

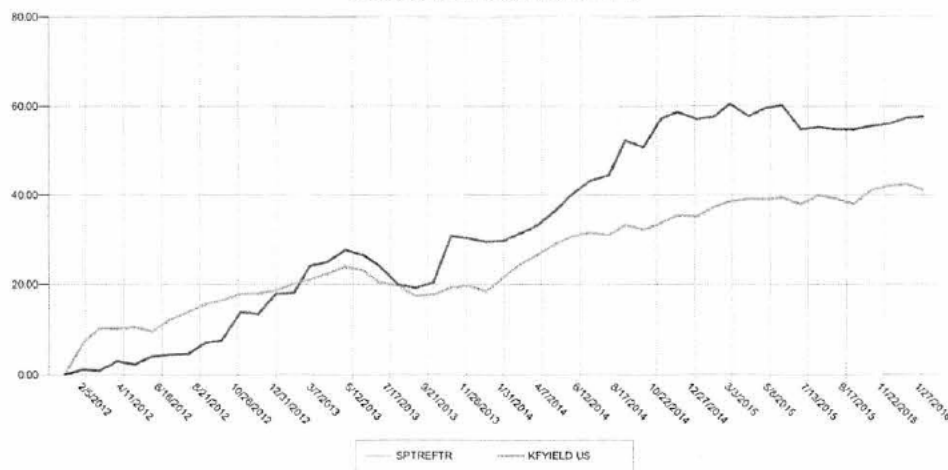
End Date: 01/29/2016

Currency: USD

Period: Monthly

History: Total Return

Total Return: 57.589 Benchmark: 41.148

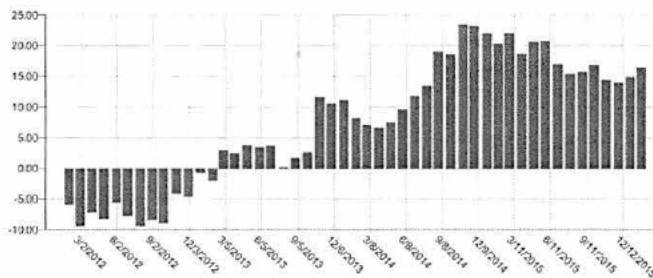


## Performance Analysis

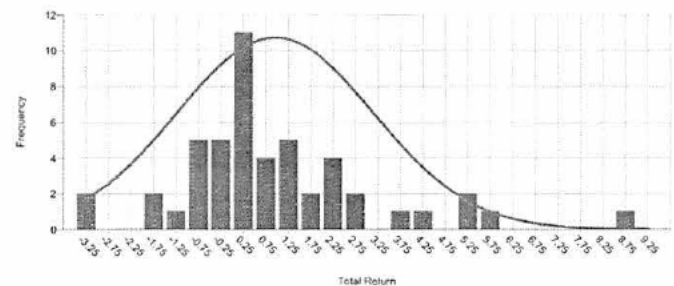
Performance: Daily	Portfolio	Benchmark
Total Return 1 Month(s)	0.16	-0.95
Total Return MTD	0.16	-0.95
Total Return QTD	0.16	-0.95
Total Return YTD	0.16	-0.95
Total Return 3 Month(s)	1.36	0.02
Total Return 6 Month(s)	1.50	0.89
Total Return 1 Year(s)	0.04	2.82
Total Return 2 Year(s)	21.50	16.07
Total Return 3 Year(s)	33.39	17.49

Risk: Weekly	Portfolio	Benchmark
Standard Deviation 1 Year(s)	4.51	3.90
Semi-variance 1 Year(s)	4.12	3.99
Beta 1 Year(s)	0.04	--
Correlation 1 Year(s)	0.04	--
R-Squared 1 Year(s)	0.00	--
Information Ratio 1 Year(s)	-0.47	--
Sharpe Ratio vs Risk Free 1 Year(s)	0.09	0.83
Tracking Error 1 Year(s)	4.44	--

## Performance Vs Benchmark



## Return Distribution



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Bloomberg

Performance Analysis

Portfolio: KFYIELD US

Benchmark: SPTREFTF

Start Date: 12/30/2011

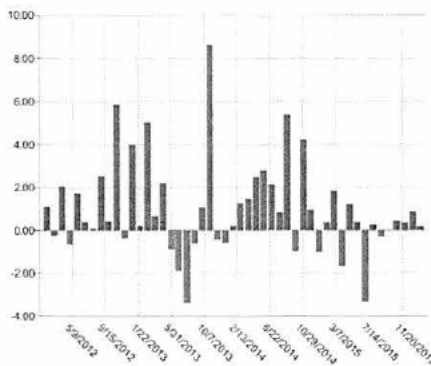
End Date: 01/29/2016

Currency: USD

Period: Monthly

History: Total Return

Absolute Period Analysis



Period Analysis	Up	Down	Total
Number	34	15	49
Percentage	69.39	30.61	100.00
Average	1.66	-1.09	0.98
Standard Dev.	1.98	1.05	2.22
Max Sequence	8	4	8
Avg Sequence	3.09	1.50	2.33

Best/Worst	Performance	Date
Best 1	8.61	10/31/2013
Best 2	5.84	10/31/2012
Best 3	5.39	08/29/2014
Worst 1	-3.39	07/31/2013
Worst 2	-3.33	06/30/2015
Worst 3	-1.90	06/28/2013

Monthly Return

	Periodic Performance			Cumulative Performance		
	Portfolio	Benchmark	%	Portfolio	Benchmark	%
01/29/2016	0.16	-0.95	1.10	57.59	41.15	16.44
12/31/2015	0.88	0.31	0.57	57.34	42.50	14.84
11/30/2015	0.32	0.66	-0.34	55.97	42.06	13.91
10/30/2015	0.44	2.31	-1.86	65.47	41.13	14.35
09/30/2015	-0.02	-0.36	0.34	54.76	37.94	16.84
08/31/2015	-0.29	-0.55	-0.26	54.82	39.14	15.68
07/31/2015	0.26	1.43	-1.17	55.26	39.91	15.35
06/30/2015	-3.33	-1.08	-2.25	54.86	37.94	16.92
05/29/2015	0.37	0.27	0.10	60.19	39.45	20.74
04/30/2015	1.19	-0.03	1.22	59.60	39.07	20.53
03/31/2015	-1.67	0.44	-2.11	57.73	39.11	18.62
02/27/2015	1.82	0.89	0.93	60.40	38.49	21.91
01/30/2015	0.33	1.60	-1.27	57.53	37.27	20.26
12/31/2014	-1.02	-0.26	-0.76	57.01	35.11	21.90
11/28/2014	0.96	1.29	-0.33	58.63	35.46	23.17
10/31/2014	4.23	1.13	3.10	57.13	33.74	23.39
09/30/2014	-0.97	-0.77	-0.21	50.75	32.25	18.51
08/29/2014	5.39	1.72	3.67	52.23	33.27	18.97
07/31/2014	0.85	-0.38	1.23	44.44	31.01	13.44
06/30/2014	2.10	0.58	1.53	43.23	31.51	11.73
05/30/2014	2.77	1.36	1.42	40.28	30.76	9.53
04/30/2014	2.47	1.85	0.61	36.50	29.01	7.49
03/31/2014	1.44	1.86	-0.42	33.21	26.66	6.55
02/28/2014	1.24	2.24	-1.00	31.32	24.34	6.98
01/31/2014	0.18	2.08	-2.50	29.71	21.61	8.10
12/31/2013	-0.58	-1.07	0.49	28.47	18.44	11.03
11/29/2013	-0.44	0.41	-0.84	30.23	19.72	10.51
10/31/2013	8.61	1.22	7.39	30.80	19.24	11.56
09/30/2013	1.05	0.27	0.78	20.44	17.81	2.63
08/30/2013	0.81	-1.84	1.21	19.16	17.49	1.69
07/31/2013	-3.39	-0.59	-2.80	19.91	19.69	0.21
06/28/2013	-1.90	-2.20	0.30	24.11	20.41	3.71
05/31/2013	-0.86	-0.51	-0.27	26.52	23.12	3.41
04/30/2013	2.21	1.24	0.98	27.64	23.87	3.77
03/29/2013	0.65	1.08	-0.43	24.88	22.36	2.52
02/28/2013	5.02	0.76	4.25	24.07	21.06	3.01
01/31/2013	0.18	1.26	-1.08	18.14	20.14	-1.99
12/31/2012	3.99	0.50	3.49	17.93	18.64	-0.72
11/30/2012	-0.38	0.13	-0.51	13.40	18.05	-4.65
10/31/2012	5.84	1.21	4.63	13.83	17.89	-4.06
09/28/2012	0.41	0.74	-0.34	7.55	16.48	-8.93
08/31/2012	2.52	1.96	0.56	7.12	15.62	-8.50
07/31/2012	0.08	1.51	-1.43	4.49	13.85	-9.36
06/29/2012	0.37	2.39	-2.02	4.40	12.16	-7.76
05/31/2012	1.72	-0.90	2.62	4.01	9.54	-5.52
04/30/2012	-0.85	0.31	-0.96	2.25	10.53	-8.27
03/30/2012	2.94	-0.94	2.08	2.92	10.18	-7.26
02/29/2012	-0.24	3.02	-3.26	0.86	10.22	-9.37
01/31/2012	1.10	7.00	-5.90	1.10	7.00	-5.90
12/30/2011	0.00	0.00	0.00	0.00	0.00	0.00

Period Analysis	Winning	Losing	Coherent	Incoherent
Number	25	24	39	10
Percentage	51.02	48.98	79.59	20.41
Avg Difference	1.83	-1.42	0.29	0.06
Std Dev Difference	1.73	1.30	2.34	1.89
Max Sequence	5	3	11	4
Avg Sequence	1.56	1.50	6.50	1.67

Best/Worst	Difference	Fund Perf	Index Perf	Date
Best 1	7.39	8.61	1.22	10/31/2013
Best 2	4.63	5.84	1.21	10/31/2012
Best 3	4.25	5.02	0.76	02/28/2013
Worst 1	-5.90	1.10	7.00	01/31/2012
Worst 2	-3.25	-0.24	3.02	02/29/2012
Worst 3	-2.80	-0.39	-0.59	07/31/2013

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## Bloomberg

## Performance Analysis

Portfolio: KFYIELD US

Benchmark: SPTREFTR

Start Date: 12/30/2011

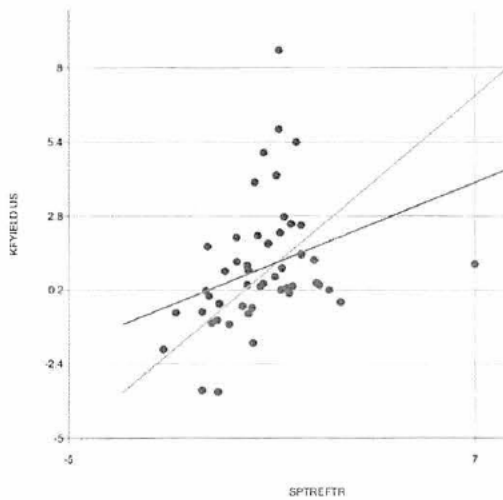
End Date: 01/29/2016

Currency: USD

Period: Monthly

History: Total Return

Tracking



If the returns are mainly over the breakeven line, the fund could be seen as a performance winner.

First Observation 01/31/2012

○ 25 Winning Periods

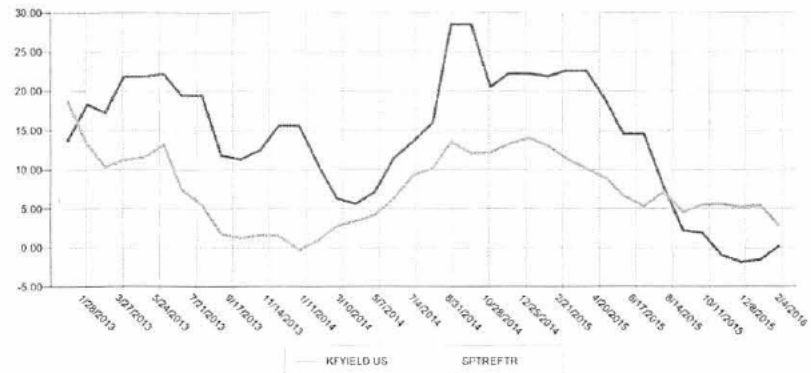
○ 24 Losing Periods

--- Regression Line

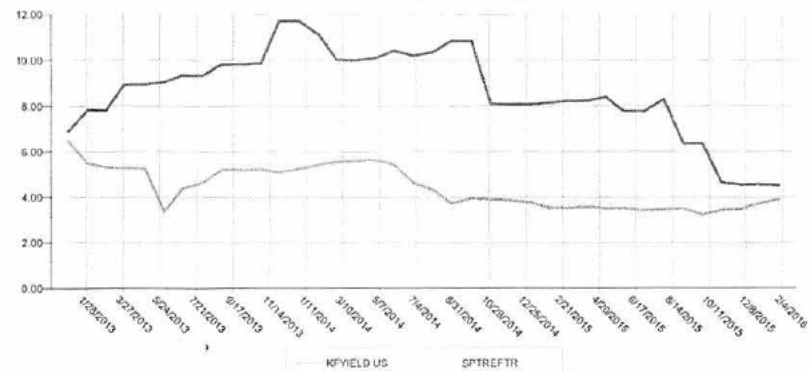
--- Breakeven Line

Tracking Indicators	Total	Bull	Bear
Alpha	0.61	1.63	0.41
Beta	0.48	-0.03	1.09
Correlation	0.32	-0.02	0.41
Mean Excess Return	2.91	2.37	4.15
Information Ratio	0.38	0.27	0.82
Jensen Alpha	7.77	21.26	4.61
R-Squared	0.10	0.00	0.17
Sortino Ratio Vs Index	0.50	0.46	0.72
Tracking Error	7.81	8.85	5.06

Mean Return Week(s): 52 Week(s) Annualized



Standard Deviation Week(s): 52 Week(s) Annualized



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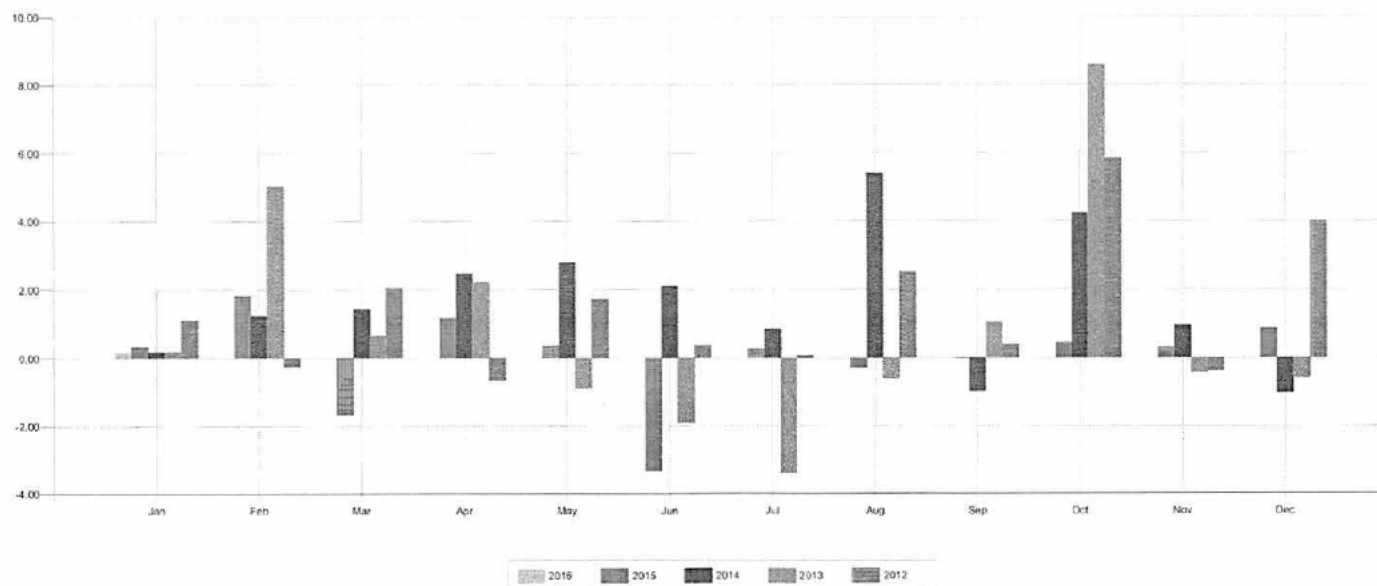
## Bloomberg

## Performance Analysis

Portfolio: KFYIELD US Benchmark: SPTREFTF Start Date: 12/30/2011 End Date: 01/29/2016 Currency: USD  
 Period: Monthly History: Total Return

## Seasonality

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	1.10	-0.24	2.04	-0.65	1.72	0.37	0.08	2.52	0.41	5.64	-0.38	3.99
2013	0.18	5.02	0.65	2.21	-0.88	-1.90	-3.39	-0.61	1.05	8.61	-0.44	-0.58
2014	0.18	1.24	1.44	2.47	2.77	2.10	0.85	5.39	-0.97	4.23	0.96	-1.02
2015	0.33	1.82	-1.67	1.19	0.37	-3.33	0.26	-0.29	-0.02	0.44	0.32	0.88
2016	0.16	--	--	--	--	--	--	--	--	--	--	--
Average	0.39	1.95	0.62	1.30	1.09	-0.69	-0.55	1.75	0.12	4.78	0.12	0.82



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1 THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

2  
3 In the Matter of: )

4 ) File No. FL-04184-A

5 KINETIC FINANCIAL ADVISORS, LLC)

6  
7 WITNESS: Kelly Nicole Locke

8 PAGES: 1 through 270

9 PLACE: Securities and Exchange Commission

10 801 Brickell Avenue, Suite 1800

11 Miami, Florida 33141

12 DATE: Thursday, September 19, 2019

13  
14 The above entitled matter came on for hearing,  
15 pursuant to notice, at 10:07 a.m.

16  
17  
18  
19  
20  
21  
22  
23  
24 Diversified Reporting Services, Inc.

25 (202) 467-9200



1 priorities --

2 A Yes.

3 Q -- that were given to you?

4 A Yes. Michael Williams priority was to  
5 promote Lendacy.

6 BY MS. VINIEGRA:

7 Q And after operations director -- until what  
8 time were you operations director of Lendacy?

9 A Again, I don't recall the exact date that  
10 the title changed. However, I was promoted to this  
11 title of president for Lendacy for the purpose of  
12 representing ourselves in Puerto Rico. So the time  
13 that we moved to Puerto Rico in 2016 is when I began  
14 using the title of president of KCL Services, which  
15 is Lendacy and that was my title until I resigned.

16 Q When did you resign?

17 A June 22nd of 2018.

18 Q And after that it says here that you worked  
19 for Trip Doctor from April 2019 through the present;  
20 is that correct?

21 A Correct.

22 Q And what do you do there at Trip Doctor?

23 A My title is director of investor relations.  
24 Trip Doctor is a start-up travel company and they  
25 need assistance fundraising, and I also do marketing

1 BY MS. VINIEGRA:

2 Q Ms. Locke, did you have any substantive  
3 discussion with any members of the staff during the  
4 break?

5 A No.

6 Q Okay. Have you spoken to anyone regarding  
7 your appearance here today other than your counsel?

8 A Yes.

9 Q Who?

10 A Keli Pufahl, Carla Mendez and my mother and  
11 father are aware that I'm here.

12 Q And have you communicated with Michael  
13 Williams about this investigation?

14 A No.

15 Q Have you spoken to Michael Williams about  
16 your appearance here today?

17 A No.

18 Q Does he know that you're appearing here  
19 today?

20 A I don't know.

21 Q Earlier we spoke about the three companies  
22 Kinetic, Lendacy and Silexx and I'd like to go one by  
23 one.

24 Can you tell us about Kinetic? What is  
25 Kinetic?

1           A     There are multiple entities with Kinetic in  
2     the name. Kinetic Management Group is the managing  
3     entity for a hedge fund. The title of the hedge fund  
4     the company was Kinetic Funds. Kinetic Funds  
5     consisted of four type -- four trading strategies  
6     that you could invest in under that entity and the  
7     managing entity of that fund was Kinetic Management  
8     Group, which is now called Kinetic Investment Group.

9           There was also other Kinetic entities.  
10    There was Kinetic Strategic Group, which I understood  
11    was a registered investment advisor and that entity  
12    was eventually called Kinetic Financial Advisors and  
13    began doing business in Puerto Rico. There was also  
14    Kinetic Securities Trading. That entity was  
15    associated to Kirk Bradach and Calibrated Capital who  
16    is another partner of Michael Williams.

17           I'm just taking a moment to remember if  
18    there were any other. There was also Kinetic  
19    Partners. Kinetic Partners was the entity that  
20    Michael Williams and Thomas Frey documented their  
21    ownership. I understood Michael Williams owned 60  
22    percent of Kinetic Partners through his personal LLC,  
23    which was LF42 and Thomas Frey owned 40 percent of  
24    Kinetic Partners through his personal LLC Frey  
25    Financial. And then there was also KCL Services

1     that the that the business was not operating the way  
2     that it was intended to be or the way it was -- the  
3     investors were told that it would be. So --

4           Q     What were the investors told the business  
5     would be?

6           A     The KF Yield investors in Kinetic Funds  
7     were told specifically that their assets were going  
8     to be invested purchasing US listed securities, all  
9     which had a requirement that they must pay a  
10    dividend, it must have a certain trading volume to  
11    maintain liquidity and it must be able to be insured  
12    using US listed options. And our historical returns  
13    and all of our marketing materials, and all of the  
14    verbal conversations that I overheard and e-mail  
15    correspondence told the investors that that's how  
16    their capital would be invested.

17                It was my understanding the investors did  
18    not become aware that we relocated the operations to  
19    Puerto Rico. They were not aware that their capital  
20    was be being used for real estate purchases to  
21    Michael's personal benefit. And then also, I became  
22    to call into question the relationship between the  
23    Kinetic fund and KCL Services.

24                So if you are an investor in Kinetic Funds,  
25    you were able to receive a credit line for up to 70

1     percent of your investment value, your current market  
2     value in the form of a revolving credit line from KCL  
3     Services. I understood from Michael when I asked how  
4     does that work -- from Michael Williams -- that  
5     Kinetic had a private equity placement into KCL  
6     services and had identified KCL Services as an  
7     investment opportunity that would generate income and  
8     generate a return for Kinetic investors.

9             The reality of what was happening was, that  
10    the investor capital would come into the fund,  
11    Lendacy had no source of income on its own, so the  
12    only way that you could fund a loan to the investors  
13    would be to transfer their investment capital over to  
14    the Lendacy entity and wire their investment out back  
15    to them in the form of a loan. It was not my  
16    understanding that any of the investors were aware  
17    that they were being lent their own capital back.  
18    They were told that a hundred percent of their  
19    investment would remain invested in the KF Yield Fund  
20    generating income, assets protected using US listed  
21    options and that an unsecured credit line was  
22    administered to them by KCL Services or Lendacy, but  
23    in actuality, it was their own investment being sent  
24    back out to them at -- and being charged interest.

25            Q     So KCL Services or Lendacy did not have an



1 independent credit line with --

2 A No.

3 Q -- like another financial institution to  
4 lend that money out to the borrowers?

5 A Correct. We had no relationships with  
6 traditional banking institutions, we had no access to  
7 credit, we had no other investors that we could call  
8 on. The only source of income for Lendacy was the  
9 Kinetic fund.

10 Kinetic Management Group, which is the  
11 managing entity of the fund, also subsidized  
12 Lendacy's operational cost, salaries, marketing  
13 materials, legal fees. So I came to the conclusion  
14 that it was a way to increase his management fee or  
15 to increase his expensable reimbursable expenses  
16 beyond the 1 percent management fee he was allotted  
17 by Kinetic and I think that's -- have I made myself  
18 clear on that point?

19 BY MR. HOUCHIN:

20 Q Let me just ask a couple questions.

21 A Sure.

22 Q You mentioned earlier that that hedge fund  
23 has four strategies.

24 A Yes.

25 Q Can you identify what those four strategies

1       were?

2           A       The primary strategy was KF Yield Fund.  
3       That's the fund that's listed on Bloomberg. That is  
4       the fund that had marketing materials generated and  
5       that is the fund that I'm referencing when I speak  
6       about our investors. The other three strategies  
7       were -- there was an inflation fund, there was a  
8       growth fund and there was a gold fund. Those three  
9       funds did not interact with Lendacy. You had to  
10      invest in KF Yield to use Lendacy and the majority of  
11      our investors all invested in KF Yield. KF Yield was  
12      the primary strategy that was promoted. So there  
13      were a few investors that had investments in the  
14      others, but I was not as closely involved as to what  
15      those strategies entailed.

16                I do know for the Gold fund that he would  
17      redeem for physical gold on behalf of some of the  
18      investors and store that in a safe in our office in  
19      Sarasota.

20           Q       What relative sizes in terms of comparing  
21      the four different funds? I get the impression that  
22      the KF Yield Fund was the largest in terms of the  
23      amount of capital that was invested, can you give me  
24      a sense of, you know, how they compared them to one  
25      another, both in terms of dollars and number of

1 credit lines so they could draw on it at any time.

2 So we may approve a loan, but the transfer doesn't  
3 have to be made until they're ready to withdraw.

4 The majority of these loans did not have  
5 any payments being made. The sales pitch -- the  
6 marketing pitch was that, you could defer your  
7 payments for up to two years at a time and when that  
8 deferment came up, you know, we could reassess the  
9 loan and potentially defer it longer. So the idea  
10 that you didn't have to make a payment because we had  
11 your investment relationship was a selling point for  
12 the loan. You could structure these loans however  
13 you wanted.

14 The interest rates were very low. Interest  
15 rates were anywhere between 1.75 to 3 or 4 percent.  
16 Interest rates were identified spontaneously. There  
17 was no structure to what the interest rates would be.  
18 It was chosen based on that particular situation or  
19 that particular loan for whatever its purpose may be.

20 BY MR. HOUCHIN:

21 Q Who would set the interest rate?

22 A Initially Michael Williams. For all the  
23 loans prior to me, I understood that Michael Williams  
24 chose the interest rate. When I first started, I did  
25 not have the authority to make a decision on what the

1 would send us -- we were an approved placement. They  
2 would send Kinetic the investment capital. So it  
3 would flow through Vantage before it got to us --  
4 before it got to Kinetic Funds.

5 Q And was this activity tracked anyway  
6 different from the other investors?

7 A No. As far as we were concerned, we had to  
8 report all the same information to Vantage and those  
9 investors. So the only difference was the  
10 operational part, that there was a custodian involved  
11 that changed the paperwork a little bit. But as far  
12 as how the transactions flow, it only difference was,  
13 it would go through that Vantage intermediary before  
14 it got to Kinetic.

15 Q So it would still be on the same -- in the  
16 same space?

17 A Yes. Yes.

18 BY MR. HOUCHIN:

19 Q How did Kinetic find investors?

20 A We created marketing materials. There was  
21 an understanding that we cannot market the fund  
22 because of regulatory issues. There are some  
23 limitations. I don't know exactly what they are, but  
24 there are some limitations on how you can market a  
25 securities investment or a fund.

1           So the promotion would come from the  
2   Lendacy side. We promote that you could use this  
3   loan. Michael spoke at Sotherby's events. That one  
4   is actually -- there's one that's actually on  
5   YouTube. But they would promote the benefits of the  
6   loan and then once they're interested in the loan,  
7   they will -- then they became a known person, then we  
8   would talk to them about the whole structure and  
9   introduce the KF Yield Fund and how that worked, and  
10   how it worked together. So there was that component.

11           And then really when marketing became  
12   aggressive was when we moved to Puerto Rico and in  
13   that way we took every meeting that we could get. And  
14   over the course of a few months we had grown to speak  
15   to -- either meet with or speak to 3,400 people on  
16   the island. It was an aggressive one on one --  
17   marketing strategy was to get in meetings, to ask for  
18   a meeting with people and promote the fund and  
19   promote the lending all under the idea that we  
20   understand Puerto Rico is struggling because of the  
21   UBS bond failure, and the lack of banking  
22   institutions that are willing loan capital, so here's  
23   an a alternative investment opportunity; here's an  
24   alternative lending source.

25           So everyone was willing to meet with us



1 that I know from talking to Keli and Carla and they  
2 can give you more detail on it.

3 Q And you said that the majority was not  
4 given to Interactive Brokers. So majority of the  
5 Kinetic Funds Yield money was used for what?

6 A It stayed sitting in the bank account. It  
7 would be used for -- it was used for certain  
8 transactions from Michael. The two particular real  
9 estate transactions. It would be used sometimes for  
10 operational expenses if the companies cannot afford  
11 to pay the bill, which Lendacy was never profitable  
12 on its own, El-Morro was never profitable on it's  
13 own, so these companies continually had to be  
14 subsidized all by the one source of income that we  
15 had, which was investor capital into the KF Yield  
16 Fund.

17 Q And the investor capital was also used to  
18 fund Lendacy loans, correct?

19 A Yes.

20 Q And if investor A invested let's say a  
21 million dollars in Kinetic Funds, those \$1 million  
22 would go into Kinetic Funds and then could investor B  
23 funded it's Lendacy loan with investor A's capital?

24 A No.

25 Q No. How would it work? It would only be

1 we have this third party company with the word  
2 financial in its name responsible for generating  
3 these statements, when, in fact, the process never  
4 changed and Michael was still using the same excel  
5 spreadsheet to generate the statements.

6 Q Did you ever have any conversations with  
7 Mr. Williams about that issue?

8 A I don't recall speaking to him about that.

9 Q Okay. If a particular investor in the KF  
10 Yield Fund also utilize the credit line from Lendacy  
11 or KCL, would that be reflected in their KF Yield  
12 statement?

13 A No. They had a separate credit line  
14 statement that reflected their loan obligation with  
15 KCL Services. So it's not indicated anywhere on the  
16 Kinetic statements that there was a loan obligation  
17 or a credit line. They were two entirely different  
18 statements.

19 Q Would the market value of their holdings in  
20 the KF Yield Fund be different if they had  
21 participated in the credit line? If you understand  
22 what I'm saying.

23 A Yes. And the -- a yes to I understand what  
24 you're saying, but no to your question. Their market  
25 value was calculated based on a hundred percent of

1 the investment amount. So it's not -- if you are  
2 alluding to maybe only -- you know, maybe their  
3 investment statement only represented 30 percent  
4 because that's all that was left in there and they  
5 used the other amount as a loan, that's not the case.

6 Their investment statement represented  
7 their full investment amount regardless of the  
8 lending of the loan and calculated their market value  
9 on their total investment even though a significant  
10 portion -- all of -- you know, even though that money  
11 would have to be transferred over to fund their loan  
12 if they had one, the statement always represented a  
13 hundred percent of their investment amount.

14 Q Okay. You mentioned earlier that there  
15 were times when the Lendacy account had insufficient  
16 capital to fund a particular credit line and capital  
17 from KF Yield would have to be transferred over to  
18 facilitate the transaction for the credit line; do  
19 you recall that?

20 A Correct.

21 Q Do you recall any specific Lendacy  
22 customers at the time that occurred? Meaning, which  
23 customers were asking for credit at the time that  
24 there were insufficient funds in the Lendacy account  
25 to fund their credit line?

1 came from Kinetic a different time.

2 Q Okay. Thank you.

3 MS. INMAN: Would it be possible to do a  
4 break?

5 MS. VINIEGRA: Yes. We can take a  
6 five-minute break.

7 MS. INMAN: Yeah.

8 MS. VINIEGRA: So we're off the record at  
9 11:43 a.m.

10 (Whereupon, a brief recess was taken, after  
11 which, the following was had.)

12 MS. VINIEGRA: We're on the record at  
13 11:57 a.m. on September 19th, 2019.

14 BY MS. VINIEGRA:

15 Q Ms. Locke, did you have any substantive  
16 discussion with any members of the staff during our  
17 break?

18 A No.

19 Q Earlier we discussed misappropriation of  
20 investor capital and you specified two real estate  
21 transactions, can you tell me about the first real  
22 estate transaction?

23 A The first real estate transaction was for a  
24 penthouse purchase. The building name is Villa  
25 Gabriella. It's located on Luna Street and Cruz in

1 Old San Juan, Puerto Rico. And it was intended as a  
2 new residence for Michael Williams. It is two units  
3 that were combined together into one main house. And  
4 then also in that transaction a second unit, Unit 2E  
5 was purchased in addition to two parking spaces in  
6 the garage. So all of that together I have spoken  
7 and referred to it as one real estate purchase  
8 because it was one transaction. Approximately \$1.9  
9 million in which the transfer was made from Kinetic  
10 Funds and then the wire was loaded from Lendacy to  
11 send the funds to the title company and whatnot to  
12 make the purchase.

13 I wasn't involved in that transaction. I  
14 was aware. I didn't discuss with Michael how he was  
15 going to afford to purchase it. I felt that it was a  
16 lavish expense certainly, well beyond his current  
17 living standard. So there was some initial concerns  
18 and red flags there. And then I was presented a  
19 collateral pledge agreement by Michael that he asked  
20 that I sign and I did sign it, and it described in  
21 there that he was pledging his future payout from the  
22 Silexx sale back to Kinetic to -- or back to -- well  
23 the companies.

24 I'm not sure which particular company, but  
25 that the capital would be repaid once he received his



1     roughly believe -- remember that it was 1.9 million  
2     in total for that purchase.

3           Q     Okay. I'm going to ask the court reporter  
4     to mark as Kinetic Exhibit 4 a BMO Harris bank  
5     statement for KCL Services LLC for the statement  
6     period of March 1st, 2017 through March 3rd -- March  
7     31st, 2017.

8                                 (SEC Exhibit No. 4 was marked for  
9                                 identification.)

10           BY MS. VINIEGRA:

11           Q     I'm handing you Exhibit 4. I'm go to ask  
12     the court reporter to mark as Kinetic Exhibit 5 a BMO  
13     Harris bank statement for Kinetic Funds 1, LLC for  
14     the statement period of March 1st, 2017 through March  
15     31st, 2017.

16                                 (SEC Exhibit No. 5 was marked for  
17                                 identification.)

18           BY MS. VINIEGRA:

19           Q     I'm handing Ms. Locke what has been marked  
20     as Kinetic Exhibit 5. Ms. Locke, do you recognize  
21     these two document? And we can go one by one. Let's  
22     start with Kinetic Exhibit 4.

23           A     Yes.

24           Q     Can you tell us what that is?

25           A     This is the March 2017 bank statement for

1 KCL Services account at BMO Harris.

2 Q And can you tell -- can you -- do you  
3 recognize what Kinetic Exhibit 5 is?

4 A Yes.

5 Q And can you tell us what that is?

6 A It is the March 2017 BMO Harris bank  
7 statement for Kinetic Funds 1.

8 Q And if we look at the KCL Services, LLC  
9 bank statement, which is Kinetic Exhibit 4, we see  
10 that there's some large deposits coming in. Are  
11 those the moneys that you were referring that were  
12 coming into KCL Services from Kinetic Funds?

13 A Yes. On March 21st, the \$1.5 million  
14 that's deposited into KCL came from Kinetic Funds 1.

15 Q And that 1.5 million identified as a  
16 withdrawal in Exhibit 5 that you just discussed,  
17 where was that \$1.5 million coming from?

18 A This was the investor account where  
19 investor capital was invested into BMO. So on the  
20 subscription agreement, if you wanted to invest in  
21 Kinetic Funds and the KF Yield strategy, you -- per  
22 the subscription agreement to do so, you wired your  
23 capital to this Kinetic Funds 1 BMO Harris account  
24 ending in 4255. This is the account where the money  
25 would stop usually and no longer get transferred to

1 Interactive Brokers as it should have been.

2 Q So the 1.5 million in Kinetic Exhibit 5,  
3 which is Kinetic Funds 1 exhibit, is coming from  
4 investor funds on March 21st -- no. I'm sorry. And  
5 on March 21st it gets withdrawn into the KCL Services  
6 bank account on the same date, March 21st?

7 A Correct. This was an internal transfer of  
8 1.5 million from Kinetic Funds into KCL Services.

9 Q And then what was that 1.5 million from KCL  
10 Services used for?

11 A And if you -- on Exhibit 4 if you look  
12 under the withdrawals, two days later on March 23rd  
13 the \$90,000 outgoing wire was the real estate  
14 commission -- the real estate agent's commission and  
15 the 1.4 -- approximately \$1.4 million outgoing wire  
16 was for the purchase of the property in Villa  
17 Gabriella. It's possible that this March 31st  
18 transaction is associated to it. I'm not sure what  
19 that is, but for sure the two March 23rd transactions  
20 were to purchase the property.

21 Q And if we look -- you mentioned the March  
22 1st money of \$3,716 going out of KCL Services, if we  
23 compare it back to the Kinetic Funds account, that's  
24 also coming on the same day from the Kinetic Funds  
25 account, correct, the same amount?

1 A Correct.

2 Q As well as a \$5,000 transaction coming in  
3 and out -- coming out of Kinetic Funds into KCL  
4 Services on March 23rd, correct?

5 A Correct.

6 Q And to the best of your knowledge, this was  
7 used to purchase the Gabriella's house property for  
8 Michael Williams personally, correct?

9 A Yes.

10 Q I'm going to ask the court reporter to mark  
11 as Kinetic Exhibit 6, one -- a one-page e-mail from  
12 Keli Locke to Michael Williams with an attachment  
13 called Collateral Pledge Agreement and the first page  
14 is Bates labeled SEC-KP-E-0534855.

15 (SEC Exhibit No. 6 was marked for  
16 identification.)

17 BY MS. VINIEGRA:

18 Q I'm handing you what has been marked as  
19 Exhibit -- as Kinetic Exhibit 6.

20 Ms. Locke, do you recognize this document?

21 MS. INMAN: You can take your time to look  
22 at it.

23 A Yes.

24 BY MS. VINIEGRA:

25 Q Can you tell us what this document is?

1           A     This is the collateral pledge agreement  
2     that Michael Williams requested I sign pledging his  
3     expected payout from the sale of Silexx Financial  
4     Systems to the CBOE.

5           Q     And is that the collateral pledge agreement  
6     you mentioned earlier in testimony?

7           A     Yes.

8           Q     And if we go to page 2 of the collateral  
9     pledge agreement at the bottom left-hand side, is  
10    that your signature?

11          A     Yes.

12          Q     And you signed it as president of Lendacy,  
13    correct?

14          A     Yes.

15          Q     And what is the date of this collateral  
16    pledge agreement?

17          A     I do not recall, but on the front page it  
18    does say March 20th, 2017. I don't recall the exact  
19    date I signed it, however, because I did not write  
20    that in there.

21          Q     Okay. So on March 20th, 2017 the sale had  
22    not taken place -- the Silexx sale had not taken  
23    place yet, correct?

24          A     That is correct.

25          Q     So Michael -- Michael Williams is pledging



1 something that he might have -- that he might get in  
2 the future?

3 A Correct.

4 Q And you stated earlier that that sale did  
5 take place. Did Michael Williams ever pay back or  
6 provide the collateral to Lendacy as stated in this  
7 collateral pledge agreement?

8 A Not to my knowledge. I believe there was  
9 a -- there was a time that I recall, and I don't  
10 remember exactly when it was, but he sent his wife,  
11 Jamene Pinnow, to the bank to make a transfer or a  
12 wire of some sort to put \$1 million into the company.  
13 Now, what account that went into, I can't recall.

14 I'm not sure, but that was the only amount  
15 that I was aware of that was ever, I suppose,  
16 reimburse for whatever the purpose of that amount  
17 was. I recall there being a situation where Jamene  
18 Pinnow was at the bank and I believe the transaction  
19 amount was exactly \$1 million. It's possible that it  
20 is reflected on the bank statements somewhere, but I  
21 can't say that that was associated to the repayment  
22 of this collateral pledge agreement.

23 But aside from that transaction that I just  
24 mentioned, to my knowledge, no. This \$1.5 million  
25 was never reimbursed. I never received any paperwork

1 nor did I have a discussion with Michael that he made  
2 good on this collateral pledge agreement after the  
3 sale of Silexx.

4 Q So he never turned over any money from this  
5 collateral pledge or the shares that he pledged on  
6 the collateral pledge agreement?

7 A To my knowledge, no.

8 BY MR. HOUCHIN:

9 Q Do you have any understanding as to the  
10 bank account that Mr. Williams wife used to transfer  
11 the million dollars that you referenced?

12 A Where that money come from?

13 Q Yeah. Which bank account? Was it their  
14 personal bank account? Was a corporate account?

15 A I don't know.

16 Q Okay.

17 BY MS. VINIEGRA:

18 Q And what bank account was it transferred  
19 into?

20 A Either Kinetic Funds or KCL, one of those.  
21 I'm not sure which entity he transferred it into. I  
22 suspect it was one of the Kinetic entities. Either  
23 Kinetic funds itself or the management entity for  
24 Kinetic. I do not believe that it came from Lendacy,  
25 but I'm not -- came into Lendacy, but I'm not quite

1     sure. It's possible that it could have come in and  
2     then transferred quickly and I didn't -- wasn't aware  
3     of it.

4           Q     Exhibit 6 identifies a -- what's called a  
5     current valuation for Silexx Financial Systems, LLC  
6     \$20 million; do you see that?

7           A     Correct. Yes, I see that.

8           Q     Do you know how that valuation was  
9     determined?

10          A     I do not. They hired a MMA firm that  
11     assisted them with negotiations with CBOE and  
12     valuations, et cetera, so I -- the conversations that  
13     Michael had with me revolving around the sale of  
14     Silexx were focused on how unhappy he was because he  
15     felt that Thomas Frey was selling the company for  
16     next to nothing and that Silexx could have been worth  
17     \$150 million in the future if he would just hold onto  
18     it and stay.

19                 He was very derogatory towards Thomas Frey  
20     saying that he was just money hungry and lazy, and  
21     walking away from a goldmine and because he had  
22     given -- he had given Thomas Frey 60 percent  
23     ownership of Silexx, he didn't have enough control  
24     anymore to control the sale of the company.

25                 MS. INMAN: I just wanted to reflect she

1 gave air quotes around given.

2 A I did. Sorry.

3 MS. INMAN: That's okay. Just want to make  
4 sure it's reflected for the record.

5 BY MR. HOUCHIN:

6 Q So you don't know where the 20 million  
7 valuation came from?

8 A No.

9 Q Okay. Thank you.

10 A And that the valuation was -- the amount  
11 was fluent. At 1.0 total is ten, at 1.0 total is 18,  
12 at one point this document says it was 20.

13 So in March of 2017, if that is the actual  
14 date that I was presented with this agreement, the  
15 valuation amount would have still been a fluent  
16 conversation at that point. It was nothing for  
17 certain.

18 Q And who was giving you those numbers?

19 A All of those details came from Michael  
20 Williams.

21 Q Okay. Thank you.

22 BY MS. VINIEGRA:

23 Q Do you know if Michael Williams ever signed  
24 this collateral pledge agreement?

25 A I never received a copy with his signature

1 on it, no.

2 Q I'm going to ask the court reporter to mark  
3 as Kinetic Exhibit 7 what appears to be a purchase  
4 and sale deed.

5 (SEC Exhibit No. 7 was marked for  
6 identification.)

7 BY MS. VINIEGRA:

8 Q I'm handing you what has been marked as  
9 Kinetic Exhibit 7.

10 Ms. Locke, have you ever seen this document  
11 before?

12 A Yes, I have.

13 Q What is this document?

14 A This was the purchase agreement for the  
15 Villa Gabriella building that Michael Williams  
16 purchased.

17 Q And do you recognize Michael Williams  
18 signature anywhere on this document?

19 A Yes.

20 Q Which ones are his signatures? You can  
21 just identify one.

22 A So the initial -- he's initialed every  
23 page. It's his third -- the third one down is Michael  
24 Williams' initials and then on the signature page,  
25 the third signature down is Michael Williams



1 signature on page 13.

2 Q And this document evidences the purchase of  
3 the personal real estate called Gabriella's House  
4 that we just discussed, correct?

5 A Yes. The two penthouse apartment, the  
6 additional unit and the two parking spaces.

7 Q And this deed as well pertains to the  
8 collateral pledge agreement that we just discussed as  
9 Kinetic Exhibit 6?

10 A Correct. The collateral pledge agreement,  
11 Exhibit 6. The reason I signed this collateral  
12 pledge agreement was because of the purchase of this  
13 property.

14 Q And Mr. Williams was supposedly pledging  
15 that collateral to purchase this property evidence in  
16 Kinetic Exhibit 7, correct?

17 A Correct.

18 Q And Kinetic Exhibit 7 also pertains to the  
19 bank statements that we discussed as Kinetic Exhibit  
20 4 and 5, correct?

21 A Correct. The transactions amounts in these  
22 exhibits were related to the purchase of this  
23 property which the deed represents, yes.

24 Q And the funds that you discussed in Kinetic  
25 Exhibit 4 and 5 were used to purchase the properties

1 as detailed in Kinetic Exhibit 7, correct?

2 A Correct.

3 Q Do you know if Mr. Williams -- aside from  
4 that \$1 million that you mentioned that his wife  
5 Jamene paid back or placed back into one of the  
6 Kinetic Funds bank account, do you know if he ever  
7 paid back all the funds used to purchase Gabriella's  
8 House?

9 A To my knowledge, by the time that I had  
10 resigned he had not paid it back and I'm not aware  
11 that he has since.

12 Q And did he take out a Lendacy loan for the  
13 purchase of this property for the 1.5 million for  
14 Gabriella's House?

15 A He wired the money out of Lendacy's  
16 account, but he did not document a loan. There was  
17 not until later that I was told by Keli Pufahl after  
18 I resigned that she forced him to document the  
19 transactions on a Lendacy statement. And you can  
20 follow up with her about that. But while I was  
21 there, there were no -- Michael did not go through  
22 the standard lending process that we would require  
23 our investors or clients to go through. He simply  
24 wired the money out for the purchase with no  
25 documentation associated to it.

1 Q And you think he did it after the fact With  
2 Ms. Pufahl?

3 A I believe that he followed up and  
4 retrospect created documentation for it afterward,  
5 but I never saw anything to that.

6 BY MR. HOUCHIN:

7 Q You said that Michael Williams wired the  
8 funds out, did he personally wire them or did he  
9 direct that they be wired out?

10 A He directed that they be wired out to Keli  
11 Pufahl. He did not include me on the e-mail. And  
12 when you do internal transfers from KCL to Kinetic or  
13 vice versa, it doesn't require. It's just a one  
14 process. But when you wire money out of an  
15 institution to another, the wire process is a  
16 two-step approval process. So Keli was -- Keli  
17 Pufahl was e-mailed and directed to load the wire and  
18 it required Michael to log in and approve the wire.

19 Q Okay. Thank you.

20 BY MS. VINIEGRA:

21 Q And you also mentioned briefly there is  
22 a -- I believe you said a Banco purchase in 152  
23 Tetuan Street. That's T-E-T-U-A-N.

24 A Correct.

25 Q What do you know about that transaction?

1           A     I was introduced to the idea of Michael  
2     purchasing this building. I believe it was sometime  
3     in the beginning of 2018 that he identified that he  
4     wanted to purchase this building. I recall at some  
5     point sitting in my Sarasota office and it was the  
6     only time that I had mentioned my concerns to Michael  
7     about this and I asked him if he does this, is he  
8     sure that he is not overleveraging this company and  
9     putting the investors at risk, and he assured me that  
10    he was not. I didn't feel like I was in a position to  
11    push any further so I accepted that answer, but  
12    the -- I did not agree with the justification of  
13    purchasing the building.

14           Q     What was his justification for purchasing  
15    the building?

16           A     He wanted to purchase the building for a  
17    number of reasons. One, for -- to create a private  
18    club, to create a Airbnb for billionaires only, to  
19    put a museum in the bottom of the first floor of the  
20    building to retain its historical value, and there  
21    was also a coffee shop or a wine cellar that he  
22    wanted to use or to put in the building as well. And  
23    my frustration was that Michael had gone far down a  
24    path that had nothing to do with Kinetic funds and  
25    that the investors were not aware that this was what

1 their capital would be spent on and be used for.

2 He also needed to -- he needed a location

3 to qualify for the international financial entity.

4 The act -- the tax incentive to be a foreign bank or

5 a foreign entity so that you didn't have to do FACA

6 reporting and you had other tax incentives. So he

7 had already applied for ACT 22 at that time and Act

8 20 at that time, and now he was onto Act 273; I

9 believe it was for the IFE.

10 So that was -- if you look on

11 Kineticbank.com you'll see that it's branded with the

12 new company Kinetic International. The intention was

13 to consolidate all of the entities that he had under

14 this Kinetic International umbrella and have a very

15 brand space that attracted very rich people into old

16 San Juan, and into his funds, and into his

17 international financial entity.

18 Q And he used investor funds to purchase this  
19 property?

20 A He used investor funds to purchase this  
21 property, correct.

22 Q Okay. I'm going ask the court reporter to  
23 mark four exhibits. So we'll start with the first  
24 one, Kinetic Exhibit 8, what appears to be a contract  
25 of option between Fidei Comiso De Conservacion and



1 Scipio, LLC. And that's spelled  
2 F-I-D-E-I-C-O-M-I-S-O, next word, D-E and the next  
3 word, C-O-N-S-E-R-V-A-S -- I'm sorry -- C-I-O-N.

4 (SEC Exhibit No. 8 was marked for  
5 identification.)

6 BY MS. VINIEGRA:

7 Q I'm handing you what has been marked as  
8 Kinetic Exhibit 8. Asking the court reporter to mark  
9 as Kinetic Exhibit 9 what appears to be a first  
10 amendment between Fideicomiso De Conservacion De  
11 Puerto Rico and Scipio, LLC dated April 11, 2018.

12 (SEC Exhibit No. 9 was marked for  
13 identification.)

14 BY MS. VINIEGRA:

15 Q I'm handing you what has been marked as  
16 Kinetic Exhibit 9. Asking the court reporter to mark  
17 as Kinetic Exhibit 10 a purchase agreement term  
18 extension between Michael Williams and Fideicomiso De  
19 Conservacion De Puerto Rico.

20 (SEC Exhibit No. 10 was marked  
21 for identification.)

22 BY MS. VINIEGRA:

23 Q I'm handing you what has been marked as  
24 Kinetic Exhibit 10. And I'm asking the court  
25 reporter to mark as Kinetic Exhibit 11 a purchase and

1 sale deed between and Fideicomiso De Conservacion De  
2 Puerto Rico and Scipio, LLC.

3 (SEC Exhibit No. 11 was marked  
4 for identification.)

5 BY MS. VINIEGRA:

6 Q I'm handing you what has been marked as  
7 Kinetic Exhibit 11.

8 Ms. Locke, do you recognize any of these  
9 documents?

10 A I recognize all four of them, yes.

11 Q Okay. Let's start with the first one,  
12 Kinetic Exhibit 8.

13 Do you recognize this document? I'm sorry.  
14 You said yes. What is this document?

15 A Contract of an option to purchase the  
16 property on Tetuan Street, it references the purchase  
17 amount.

18 Q For 2.9 million, correct?

19 A Correct.

20 Q And between -- who are the seller and the  
21 buyer?

22 A Between Scipio, LLC, which is -- and also  
23 references Michael Williams personal name here, but  
24 Scipio is his personal LLC and the buyer is the -- or  
25 the seller is the Conservation Trust of Puerto Rico.

1 Q And if you look at page 2 of Kinetic  
2 Exhibit 8, do you recognize the signature on the  
3 bottom left hand side?

4 A Yes, I recognize that as Michael Williams'  
5 signature.

6 Q And this contract of option pertains to the  
7 property -- the Banco property you mentioned earlier?

8 A Correct.

9 Q And if we look at the next two exhibits,  
10 Exhibit 9 and Exhibit 10, can you tell me what  
11 Exhibit No. 9 is?

12 A An amendment to the contract option between  
13 Michael Williams and the Conservation Trust of Puerto  
14 Rico.

15 Q And on page 2 of Exhibit 9, do you  
16 recognize the signature on the right hand side  
17 towards the top?

18 A Yes, I recognize that to be Michael  
19 Williams' signature.

20 Q And if we go to Exhibit 10, what is this  
21 document?

22 A An extension of the purchase agreement.  
23 There were delays involved with this contract or this  
24 sale, and that's what this references.

25 Q And if you look at the bottom left hand

1 side, do you recognize that signature?

2 A I recognize that to be Michael Williams'  
3 signature, correct.

4 Q And Exhibits 9 and 10 pertain to extensions  
5 or amendments to the first contract of option we've  
6 identified as Kinetic Exhibit 8, correct?

7 A Correct.

8 Q Okay. And how about Kinetic Exhibit 11.  
9 What is that document?

10 A This is the purchase agreement for the  
11 Banco Espanol building on Tetuan Avenue.

12 Q And if we look at the top -- at the top of  
13 page 1, which has a Bates label at the bottom of  
14 KF1512, what is the date of this purchase and sale  
15 deed?

16 A It is dated May 4th, 2018.

17 Q And who are the seller and the buyer?

18 A The Conservation Trust of Puerto Rico is  
19 the seller and Michael on behalf -- Michael Williams  
20 on behalf of Scipio is the buyer.

21 Q And this purchase and sale deed evidences  
22 the closing of the transaction that we identified as  
23 Exhibit number 8, which is the contract of option,  
24 correct?

25 A Correct. Correct.

1 Q And do you recognize Michael Williams  
2 signature at the end of this document, which is the  
3 last page?

4 A Yes. He is the signature in the middle  
5 above the notary signature.

6 Q And how about his initials throughout the  
7 document, do you recognize those initials?

8 A I recognize the initials; the only  
9 difference is that Michael didn't typically circle  
10 his initials, which I've seen he's done throughout,  
11 but irrelevant to the circle, the initials are his.

12 Q I'd like to direct you to pages 4 and 5 of  
13 the document and at the bottom it's going to be Bates  
14 labeled KF1515 and KF1516, and I'd like to discuss  
15 the difference in -- I guess in the purchase price  
16 and how it was allotted.

17 So if we see on page 4 the complete  
18 purchase price for this bank property was \$2.9  
19 million, correct?

20 A Correct.

21 Q And then on the next page that 2.9 million  
22 is broken down, can you explain to us how the 2.9  
23 million was broken down? Just as it's listed there.

24 A Okay. Yes. The -- a portion, \$78,435.64,  
25 was sent to the title company representing the



1 building, \$2,676,564.13 went to the seller for the  
2 purchase amount.

3 Q And 145,000 up on top, who did that go to?

4 A Gandia Realty. Gandia Realty was the  
5 broker for this property.

6 Q I'm going to ask the court reporter to mark  
7 as Kinetic Exhibit 12 what appears to be a BMO Bank  
8 Harris bank statement for KCL Services, LLC with a  
9 statement period of May 1st, 2018 through May 31st,  
10 2018.

11 (SEC Exhibit No. 12 was marked  
12 for identification.)

13 BY MS. VINIEGRA:

14 Q I'm handing you what has been marked as  
15 Kinetic Exhibit 12. Going to ask the court reporter  
16 to mark as Kinetic Exhibit 13 what appears to be a  
17 BMO Harris Bank bank statement for Kinetic Funds 1,  
18 LLC for the statement period May 1st, 2018 through  
19 May 31st, 2018.

20 (SEC Exhibit No. 13 was marked  
21 for identification.)

22 BY MS. VINIEGRA:

23 Q I'm handing you what has been marked as  
24 Kinetic Exhibit 13. I'm asking the court reporter to  
25 mark as Kinetic Exhibit 14 what appears to be a copy

1 of five checks with Bates label at the bottom

2 SEC-BMO-P-00936.

3 (SEC Exhibit No. 14 was marked  
4 for identification.)

5 BY MS. VINIEGRA:

6 Q I'm handing you what has been marked as  
7 Kinetic Exhibit 14.

8 Ms. Locke, I'd like you to look at these  
9 three documents and let me know when you're done  
10 reviewing them.

11 A Okay. I'm done.

12 Q Do you recognize any of these documents?

13 A I recognize Exhibit 12 and Exhibit 13;  
14 they're bank statements.

15 Q And have you ever seen Exhibit 14 before?

16 A I have not.

17 Q Okay. So let's talk about Exhibit 12 and  
18 13 and compare them to the purchases prices that we  
19 just broke down in Kinetic Exhibit 11. And let's  
20 start off with Exhibit 12.

21 Can you tell us what this document is?

22 A Exhibit 12 is the KCL Services BMO Harris  
23 bank statement for May of 2018.

24 Q And Exhibit 13, what is Exhibit 13?

25 A The Kinetic Funds BMO Harris bank statement

1 for May of 2018.

2 Q And do you recognize the movement of the  
3 transactions here pertaining to the bank transaction  
4 evidenced by Kinetic Exhibit 11?

5 A Yes.

6 Q Can you point those out to us?

7 A So starting with Exhibit 13 of Kinetic  
8 Funds, the withdrawal amount on May 4th of  
9 \$2,676,564.36 and the other withdrawal of \$78,435.64  
10 are associated to the Tetuan Banco Espanol purchase.  
11 So these moneys were withdrawn from the Kinetic Funds  
12 1 account and transferred into KCL Services for  
13 further wire out to the appropriate parties to  
14 purchase the property all on May 4th, 2018.

15 Q And if we look at the first number, the  
16 78,435.64, does this match the amount that we spoke  
17 about earlier in Kinetic Exhibit 11 on page KF1516?  
18 The third amount on that page.

19 A Yes.

20 Q It's the exact same number, correct?

21 A Correct.

22 Q And the 78,435.64 that was paid to the  
23 title can be traced back to the investor funds that  
24 we discussed here in Kinetic Funds 1 Exhibit 13?

25 A Correct.

1           Q     And how about the number up on top, the  
2     2,67,564.36 which was given to the seller as per  
3     Kinetic Exhibit 11, can we trace it back to the  
4     Kinetic Funds bank account that was funded with  
5     Kinetic Funds investors?

6           A     Correct. So this Kinetic Funds statement  
7     with the account ending -- account number ending in  
8     4255 is the account that housed the Kinetic Funds  
9     investor capital and from this bank statement on May  
10    4th you can see the two transactions exactly in the  
11    amount referenced in Exhibit 11 to purchase the  
12    properties were withdrawn from the investor fund  
13    account, Kinetic Funds, and transferred into KCL  
14    Services.

15          Q     And the exact same amount was then  
16    transferred out to pay either the real -- the title  
17    company or the seller of the property, correct?

18          A     Correct.

19          Q     And then if -- I'd just like to reference  
20    Exhibit No. 14, the fourth check from the top.

21          A     LF42 is Michael's personal LLC in Florida  
22    and it appears -- although I've not seen this check  
23    until now -- that is his handwriting and signature.  
24    It appears that he paid the \$145,000 to Gandia Realty  
25    from his LF42 account.

1 Q And this 145,000 is the same amount that we  
2 referenced in Kinetic Exhibit 11 that specifies that  
3 \$145,000 was paid to Gandia B. Realty?

4 A Correct.

5 Q And do you know where that \$145,000 from  
6 LF42 came from?

7 A I do not know exactly know how LF42 made  
8 money or how he received his money. I'm not sure.

9 Q And Kinetic Exhibit 12 and 13 pertain to  
10 the funds used to purchase the bank property that  
11 we've identified closed with the purchase and sale  
12 deed of Kinetic Exhibit 11, correct?

13 A Correct.

14 Q Do you know if Mr. Williams took out a loan  
15 to purchase this bank property?

16 A To my knowledge, no. He didn't take out a  
17 loan because it was paid in full with the capital  
18 transferred from the fund into KCL and then further,  
19 you know, paid from KCL. There were no other funders  
20 or traditional banks involved with the purchase of  
21 this property to my knowledge.

22 Q Do you know if he ever paid back this money  
23 to KCL or Kinetic Funds?

24 A He had not paid it back prior to my  
25 resignation and as far as I know, he has not paid it



1 back.

2 Q I'm going to ask the court reporter to mark  
3 as Kinetic Exhibit 15 what appears to be a Lendacy  
4 agreement dated May 4th, 2018 between Scipio and  
5 Lendacy.

6 (SEC Exhibit No. 15 was marked  
7 for identification.)

8 BY MS. VINIEGRA:

9 Q I'm handing you what has been marked as  
10 Kinetic Exhibit 15. Do you recognize this document?

11 A I recognize that this is our Lendacy  
12 standard loan agreement. I do not recognize seeing  
13 this filled out for Scipio in the credit limit of  
14 \$2,755,000 for Michael Williams. So the template,  
15 yes, this was our loan agreement, but I don't  
16 recognize this particular one.

17 Q Okay. And to the best of your knowledge,  
18 if we go to page -- the page that's been Bates  
19 labeled at the bottom KF1498, do you recognize that  
20 signature in the middle of the page?

21 A Yes.

22 Q Whose signature is that?

23 A Michael Williams.

24 Q So to the best of your knowledge, what do  
25 you think this Lendacy loan agreement was for?

1           A     Speculating, I feel this was his attempt to  
2 possibly document the transactions after  
3 understanding that I may have resigned and  
4 potentially there would be a complaint or an issue.  
5 I did not discuss or ever see, or approve a loan  
6 agreement for Michael Williams Scipio and certainly  
7 not in that amount.

8           Q     Okay. So on that date -- can you tell us  
9 the date of the agreement?

10          A     It is dated March 23rd of 2017.

11          Q     That's his signature, but if we look at the  
12 first page of this document, it's dated what date?

13          A     May 4th of 2018.

14          Q     So would you know why the difference in the  
15 dates?

16          A     Could potentially be an oversight or it  
17 could be his attempt to make it appear as if he was  
18 awarded a loan in the time frame necessary before the  
19 purchase.

20          Q     But as long as you were employed as the  
21 president of Lendacy, you had never seen this  
22 document before?

23          A     No.

24          Q     Nor did you approve this loan?

25          A     No.

1 Q And in the usual course of business or as  
2 part of your responsibilities as the president of  
3 Lendacy, would you be approving loans like this?

4 A Yes. And if for any reason Michael had  
5 approved it, he would be the only other person that  
6 could approve loans without my authorization. It was  
7 an understanding that I -- it was necessary that I  
8 know and be copied and provided all the appropriate  
9 information.

10 Q And on May 4th, 2018 you were still  
11 employed with Lendacy, correct?

12 A Correct.

13 Q And would you have seen on May 4th, 2018  
14 any Lendacy statement that was generated during that  
15 time?

16 A In -- yes. I would have seen all of the  
17 Lendacy statements generated in May of 2018, Scipio  
18 was not one of them.

19 Q Okay.

20 BY MR. HOUCHIN:

21 Q Quick question. On this exhibit it  
22 identifies a credit limit of \$2,755,000; do you see  
23 that.

24 A Mmm-hmm. Yes.

25 Q Do you have an understanding -- we'll go

1 and was able to review the investor statements, I  
2 noted that the total of our investor statements and  
3 the market value of the fund did not include this \$4  
4 million initial investment. There was no statement  
5 from Michael or the partners that identified a \$4  
6 million investment, so I came to the conclusion that  
7 that was part of a lie that I had believed for a  
8 period of time.

9 Now, there was on one occasion where  
10 Michael legitimately used, and I say legitimately  
11 because he did it in the way the process was designed  
12 for our clients, where he invested approximately 60  
13 to \$70,000 and took a credit line for approximately  
14 \$40,000 to pay off his mother's house and own the  
15 property free and clear, and that was documented.  
16 That statement showed his investment amount.

17 I do recall that amount being invested and  
18 everything about that transaction seemed legitimate  
19 because the paperwork was signed and the statement  
20 was being tracked, and, you know, interest was being  
21 earned, et cetera. But beyond those two things, I  
22 have no knowledge of any investment amount that would  
23 be associated with this, a credit limit of \$2.7  
24 million.

25 He would have to -- our maximum credit

1 in Kinetic Funds, their location and references some  
2 notes about each one.

3 Q Okay. We'll talk a little bit in detail  
4 later about this, but for now, can you tell us at the  
5 time you started your employment with Kinetic who  
6 were the initial investors with Kinetic Funds, if you  
7 can tell from this list?

8 A Sure. Alistair Haddow, Bruce Foster,  
9 Michael Soroichinsky, Edward Lee Ball, I believe  
10 Dianne Casey, Lenny Werbin and the Equity Housing  
11 Solutions entity, Fogarty Trust, John Symmes,  
12 Jonathan Fogarty, Michael Sinksi, Rod Silverman,  
13 Rodney Eaves, Sandra Kadotani, Todd Berardelli. Todd  
14 may have been right after I started, I believe so,  
15 but William Bradely call. So the ones that I just  
16 named, with the exception of Todd Berardelli, were  
17 all existing investors when I started.

18 Q And do you recall what fund they invested  
19 in?

20 A The Kinetic funds KF Yield Fund.

21 Q So these early investors -- so they were  
22 there when you started, correct?

23 A Yes.

24 Q Do you know what documents they were given  
25 to invest in Kinetic funds or you're not aware of the

1 documents given to them?

2 A I've seen the documents that they signed;  
3 it was a subscription agreement and the investor  
4 questionnaire, and they should have been provided as  
5 a disclosure the operating agreement for Kinetic  
6 Fund.

7 Q Do you know what the operating agreement  
8 looks like?

9 A I've seen the operating agreement before.  
10 I couldn't recall exactly what it says to you at the  
11 moment.

12 Q Were they given any type of, I guess,  
13 private placement memorandums?

14 A From what I understood, there was a  
15 partially drafted PPM that was never finalized, so I,  
16 in their files and their documents, and throughout my  
17 employment, have never sign a finalized PPM that was  
18 provided to investors.

19 Q To any investor?

20 A To any of them.

21 Q So from the moment that you started in  
22 around November of 2014 to when you left in June  
23 22nd, 2018, you never saw a final draft of a private  
24 placement memorandum handed to any investor?

25 A Correct.



1           Q     Was there any final private placement  
2 memorandum done during that time?

3           A     No. I -- when I first started part of my  
4 tasks that were -- that Michael assigned to me, was  
5 to organized the operating agreements, subscription  
6 agreements and the files. The office was in  
7 disarray. So I went through each investors file, I  
8 organized all their correspondence, their documents  
9 and then I also reached out to Phil Handon, who was  
10 his attorney, to request the documentation that  
11 currently. He sent everything to me and in that  
12 process I was aware that there was a draft or  
13 partially created PPM, but it was never worked on or  
14 finalized, or provided to anybody that I saw.

15          Q     And when you were reviewing these investor  
16 files, did you see any, I guess, Kinetic marketing  
17 brochures that were provided to the investors?

18          A     There were a couple of brochures -- not in  
19 their file. There were a couple of brochures that  
20 sat on the reception desk. It was before the names  
21 of the strategies were changed. So when I shared  
22 earlier that it was KF Yield, KF Growth, KF Inflation  
23 and KF Gold, when I started the names of those funds  
24 were not that. It was Aegis and Gemini, and other  
25 random names that didn't reflect any information

1 about the strategy. What prompted changing the names  
2 was getting listed on Bloomberg and Bloomberg  
3 required a seven character ticker symbol and then  
4 they renamed the funds.

5 So there were marketing materials and it  
6 just consisted of a small flyer and -- but to what  
7 extent that flyer was provided to those investors  
8 before I started, I'm not sure because I didn't see  
9 the correspondence or anything that that was given to  
10 the investor based on their file. And then when I  
11 started throughout the time that I was there, we went  
12 through the process of creating marketing materials  
13 and creating the quarterly report, and things like  
14 that we provided to investors.

15 Q Okay. And after you started in November of  
16 2018 -- and I don't want to get to Puerto Rican  
17 investors because I want to separate them out  
18 later -- who were the investors after these early  
19 investors that were already there when you were in  
20 and before we get to Puerto Rico?

21 A Okay.

22 Q And just to get a time frame on the record.  
23 When -- more or less when did you get to Puerto Rico  
24 to start recruiting investors?

25 A It was in 2016.

1 Q Early 2016?

2 A I'm trying to recall. I could verify it  
3 from a Facebook post.

4 Q Just off memory. We can get to -- if you  
5 don't know, you don't know. That's fine?

6 A Okay.

7 Q So some time in 2000- --

8 A I know it was 2016. It may come to me.

9 Q So from the time you get there -- and we've  
10 already identified the investors that were there when  
11 you got there. So from November 2014 to the  
12 approximate time you get to Puerto Rico in 2016, who  
13 were the investors that come into Kinetic Funds?

14 A Okay. From -- just to be clear, from the  
15 time period I already started, so I don't have to  
16 repeat everybody who --

17 Q No.

18 A Okay. Frank Scott Corbett, Fred and Mary  
19 Lang, Glenn Wiecek; they had four accounts, Jonnie  
20 Dwyer, Julie Maurer, Larry and Dianne Casey, Michelle  
21 Silva, Patricia Reynolds, Rotterdam and I believe  
22 Berardelli. I know he was US based. He's in  
23 Arizona. I think he came on after I started.

24 Q And these investors that invested after you  
25 started, what fund did they invest in?

1           A     The KF Yield Fund.

2           Q     And what documents were provided to these  
3 investors prior to investing in the KF Yield Fund?

4           A     A subscription agreement, the investor  
5 questionnaire and there should have been an operating  
6 agreement disclosed, but I don't recall to what  
7 extent that was given to them, but certainly the  
8 investor questionnaire they had to sign and they did,  
9 and the subscription agreement they had to sign and  
10 they did.

11          Q     And were they given any private placement  
12 memorandums?

13          A     No.

14          Q     Any other offering materials given to them?

15          A     Would that include a quarterly report or  
16 a --

17          Q     I mean was that -- what did Kinetic, I  
18 guess, Financial consider an offering material?

19          A     Oh. Just the subscription agreement and --  
20 just the subscription agreement. The investor  
21 questionnaire was just for our purpose of identifying  
22 if they are qualified. And the information that they  
23 were provided to supply them with details about the  
24 investment they were getting involved in was just the  
25 subscription agreement.

1           Q     Were they given marketing brochures? And  
2     I'm talking about these that were identified now  
3     after you came in.

4           A     It's possible they were given some type of  
5     marketing material because our marketing materials it  
6     was a fluid process. They were continually -- they  
7     were being drafted, they were being updated and being  
8     improved. We used Milestone Marketing to draft them.  
9     So depending on their investment date, there could  
10    have been a version of a marketing material, but I  
11    couldn't specify exactly who received what.

12          Q     And you mentioned a quarterly report, so  
13    investors received quarterly reports?

14          A     Eventually we created the quarterly report.  
15    I don't recall when the first quarterly report was  
16    issued. It was not something that existed and was  
17    issued when I started. Around the time the fund was  
18    listed on Bloomberg was when we were ramping up with  
19    the marketing materials, so -- and then the Bloomberg  
20    listing, that process to be listed on Bloomberg. The  
21    marketing materials that we settled on and we began  
22    to use repeatedly and we used very much in Puerto  
23    Rico included the Bloomberg materials. So if you  
24    have access to see when the fund was listed on  
25    Bloomberg, at that point we had created standardized

1 marketing materials.

2 Q Okay. All right. So leave this on the  
3 side because we'll refer to it again later on when we  
4 get to the Puerto Rican investors.

5 BY MR. HOUCHIN:

6 Q Do you have an understanding as to why the  
7 decision was made to get listed with Bloomberg?

8 A Credibility. Thought that it would make  
9 him appear like a more legitimate fund. I believe --  
10 it was never explained that Bloomberg did not audit  
11 these -- this information, so it was easy to allow  
12 the investors to believe or potential investors to  
13 believe that Bloomberg played some form of regulatory  
14 or auditing, or oversight role on the investments  
15 information that they provided, when in reality that  
16 was not the dynamic.

17 Q Do you ever recall any sort of  
18 representation being made to an investment or  
19 potential investor in the KF Yield Fund that  
20 Bloomberg had that type of auditing or regulatory  
21 function with respect to the fund?

22 A I don't recall a situation where it was  
23 spoken outright like an outright lie that the -- that  
24 Bloomberg was in an auditing position or oversight  
25 position to the fund. I got the impression it was



1 protection, liquidity, income, transparency,  
2 Michael's biography; that type of information.

3 Q And who was responsible for drafting the  
4 marketing materials?

5 A At this point that would have been Michael.  
6 I had moved over to Lendacy and by 2015 at that time  
7 wasn't -- I don't believe that I was really involved  
8 in the content of that -- of what those marketing  
9 materials would say because I didn't know enough.  
10 Later -- much later, 2017, 2018 updated versions of  
11 the marketing materials I would give my feedback or  
12 things like that, but at this point the content and  
13 everything about Kinetic was all coming from Michael  
14 Williams.

15 Q And who had the ultimate authority  
16 regarding the information provided in the Kinetic  
17 marketing materials?

18 A Michael Williams.

19 Q So nothing would be approved --

20 A Without him.

21 Q -- without his permission?

22 A Absolutely not.

23 Q Okay. And I'd just like to go to -- it's  
24 going to be the offering -- I'm sorry. Exhibit C to  
25 the offering agreement.

1 given to the early investors?

2 A It's possible. You can see that the goal  
3 and the strategy, to maintain liquidity, to ensure  
4 the principle to 90 percent using US listed options,  
5 maximum yield. It is talking about the KF Yield Fund  
6 and the type of investments how it would be  
7 allocated, but over time with the creation of the new  
8 marketing materials it became much more specific as  
9 far as what your return would be, shooting for a five  
10 and a half percent analyzed return paid out on a  
11 monthly basis.

12 Q Generally speaking though, when we look at  
13 the goal of the Gemini Fund, would it be correct to  
14 say that this served kind of like the template for  
15 what KF Yield later would be marketing itself as?

16 A Yes.

17 Q And how -- I'm sorry. Go ahead.

18 A It's not as if this -- as far as -- what I  
19 understand this, nothing about the strategy changed.  
20 It was just the package and what we call it, and how  
21 we promoted it. And the rebranding came from just  
22 wanting the materials to look better and the renaming  
23 of the funds came from the Bloomberg requirement.

24 Q Okay. And the bottom of -- not the bottom,  
25 the product section of this page here, page 2 of

1 brochure. The last sentence of the first paragraph  
2 of the product section it states that all products  
3 are listed under US exchanges.

4 A Correct.

5 Q And that was -- that was a statement made  
6 to all the investors?

7 A Yes, absolutely. All of the products would  
8 be listed on the US Stock Exchange, it would have  
9 options insurance mechanism available; open options  
10 contracts, had to pay a dividend. So all products  
11 have a yield component here on page one, had to pay a  
12 dividend and maintain a certain level of trading  
13 volumes to meet liquidity requirement. So it was  
14 very, very clear that that was how your capital --  
15 all of your capital would be invested and it would  
16 all be a hundred percent invested and deployed, and  
17 the word insurance was often used. And the marketing  
18 pitch behind that was, well, you insurance your car,  
19 you insurance your health, you insurance your house,  
20 why wouldn't you insurance your net worth in your  
21 portfolio? And Michael's experience as an options  
22 market maker on the trading floor allowed him to --  
23 you know, to sell that -- to sell that insurance  
24 idea. But -- yes.

25 Q Okay. And if we look to the last page, you

1 give people and example.

2 And I remember very specifically being in  
3 these marketing meetings with Matthew Anderson, the  
4 CEO of Milestone Marketing who worked with us very  
5 closely to design all of this, and him saying that  
6 you cannot base a case study on something that hasn't  
7 happened. You have to market yourself based on what  
8 you've already done. And that was a real point of  
9 contention for Michael, saying, well, there's --  
10 if -- we can do it. Just because we haven't done it  
11 yet, we can do it, so it's fine. Just put it in  
12 there. So they -- so Matthew Anderson and Michael  
13 Williams went -- disagreed on that quite often and  
14 ultimately Michael Williams paid the bill and got  
15 what he wanted. But, no. To say that Rob F. was  
16 acquiring four real estate properties or to say very  
17 specifically what's happening in these case studies,  
18 and even referencing the dates, it's not accurate.

19 BY MS. VINIEGRA:

20 Q Okay. And who was -- who had the ultimate  
21 authority over the content of this Lendacy brochure?

22 A Michael Williams.

23 Q And how about who had ultimate authority  
24 over the Gemini Fund brochure?

25 A That was created before I started, but I

1 MS. VINIEGRA: Can we take a five minute  
2 break?

3 MS. INMAN: Sure.

4 MS. VINIEGRA: We are off the record at  
5 3:00 p.m.

6 (Whereupon, a brief recess was taken, after  
7 which, the following was had.)

8 MS. VINIEGRA: We're on the record at  
9 3:12 p.m. on September 19th, 2019.

10 BY MS. VINIEGRA:

11 Q Ms. Locke, did you have any substantive  
12 conversation with any of the Commission staff during  
13 the break?

14 A No.

15 Q I'm going to ask the court reporter to mark  
16 as Exhibit 20 a one-page e-mail dated September 15 --  
17 I'm sorry -- September 1st, 2015 from Michael  
18 Williams to Keli Locke with two attachments  
19 identified in this e-mail as KF Yield report July 15  
20 and KF Yield benchmark PDF.

21 (SEC Exhibit No. 20 was marked  
22 for identification.)

23 BY MS. VINIEGRA:

24 Q I'm handing you what has been marked as  
25 Kinetic Exhibit 20.

1 Do you recognize this document?

2 A Yes.

3 Q Can you tell us what it is?

4 A The first page is an e-mail from Michael to  
5 myself and the attachment is the Bloomberg reports  
6 for KF Yield. So these are documents generated by  
7 Bloomberg based on the information that we provide to  
8 them. This is their format.

9 Q And all the information contained in  
10 this -- in these two Bloomberg reports were provided  
11 by Kinetic?

12 A The information within this report that  
13 references KF Yield, yes, that information would have  
14 been provided by Kinetic, but it also includes some  
15 benchmarking, which our benchmark was -- I believe it  
16 was chosen by Bloomberg. But, yes, the calculations  
17 would have been based on the information we provided  
18 to them. For instance, the historical dividend  
19 information on page 4 of this Bloomberg report.  
20 Bloomberg was not in the picture for us during 2012,  
21 2013, '14 and so on, so all of that historical  
22 information was provided to them.

23 Q And that's on page 4 of the first document  
24 of the first -- of the -- would that be the KF Yield  
25 report?



1 A Yes.

2 Q Or is that the benchmark?

3 A I'm sorry. No. On page 4 of the  
4 performance analysis --

5 Q Okay?

6 A -- where it references seasonality and then  
7 also on the fund overview, the first page of the fund  
8 overview. Any historical information that goes back  
9 to 2012. My point was just that Bloomberg wouldn't  
10 have known that information if we hadn't provided it  
11 to them.

12 Q Okay. And if we go to the top of that  
13 page, page 1 of 4 of the Bloomberg Kinetic Funds  
14 Yield report of the fund overview, it states that  
15 Kinetic Funds Yield is an open-end fund incorporated  
16 in the United States. It is a conservative blended  
17 fund that targets income while securing principal.

18 A Correct.

19 Q Who drafted that paragraph?

20 A Michael Williams.

21 Q And he provided that information to  
22 Bloomberg, correct?

23 A Yes.

24 Q And how about the total assets there, the  
25 9.04, who reported that information to Bloomberg?

1 A Would be Michael Williams.

2 Q Was that an accurate amount of assets on  
3 that date, to your knowledge, on July 31st, 2015?

4 A It appears to be, yes, based on my  
5 experience.

6 Q Were these Bloomberg reports provided to  
7 any investor?

8 A The Bloomberg reports were provided to  
9 everybody that we spoke to really. So once we had  
10 this we distributed it in every opportunity that we  
11 had. Any information where people requested  
12 information about the fund, we started giving them  
13 these Bloomberg reports.

14 Q And if we go back to that first page of the  
15 Kinetic Yield -- Fund Yield report, it also states  
16 that the strategy employs option to mitigate risk and  
17 ensure growth and income.

18 So that statement was provided to every  
19 investor, correct?

20 A Correct.

21 BY MR. HOUCHIN:

22 Q For the amount of assets that were reported  
23 by Bloomberg that are held in the fund, do you have  
24 an understanding of how that number was calculated  
25 what it included?

1 say that Michael Williams has developed this trading  
2 strategy and proactively manages the fund and I imply  
3 that I can schedule -- arrange a conference call with  
4 Michael Williams to discuss in more detail.

5 Q Okay. I'd like to direct you to the KF  
6 Yield paragraph, which is the fourth paragraph.

7 A Mmm-hmm.

8 Q Can you tell us there what you're telling  
9 Mr. Corbett about KF Yield.

10 A KF Yield is a conservatively blended fund  
11 that targets income while securing principal. The  
12 fund employs options to mitigate risk and ensure  
13 growth and monthly dividend. The funds holdings are  
14 primarily invested in government bonds, tips,  
15 corporate bonds, preferred shares, publicly listed  
16 equities, real estate, investment trust and MLPs.  
17 The funds can distribute liquidity on a quarterly  
18 basis with the option of reinvestment or  
19 redistribution of profits.

20 Q Where did you get in information from?

21 A There are a variety of sources that I would  
22 pull information from. The marketing materials,  
23 other e-mails, correspondence that Michael has  
24 written. The Bloomberg fund overview says a lot of  
25 the same things, so this is not something that I

1 would have come up with or known on my own. I pulled  
2 this information from either materials that Michael  
3 had written or reports that we had generated, but  
4 specifically where I copied and pasted this from, I'm  
5 not sure. But that is representative of how I was  
6 taught to discuss the fund, how I was taught to  
7 promote the fund.

8 Q So it's representative of the pitch always  
9 given to promote KF Yield, correct?

10 A Yes.

11 Q Okay. And who had ultimate authority for  
12 that pitch for KF Yield?

13 A Michael Williams.

14 BY MR. HOUCHIN:

15 Q So you said you were taught how to present  
16 the fund, who taught you?

17 A Michael Williams.

18 Q Did he ever provide you with a proposed  
19 script or an outline of what to say to potential  
20 investors?

21 A Sometimes. And I would even -- as he's  
22 speaking to me I would even write notes and, you  
23 know, beyond on calls, just referring to the notes  
24 that I had. I wasn't confident enough to fluidly  
25 speak about Kinetic or Lendacy. I always had to

1           A     Yes. There isn't to my knowledge anything  
2     else we would have given him and I don't recall  
3     providing any other information source.

4           Q     And he did invest in KF Yield, correct?

5           A     He did.

6           Q     And he also borrowed money from Lendacy?

7           A     He did.

8           Q     Going to ask the court reporter to mark as  
9     Kinetic Exhibit 26 a one-page e-mail dated October  
10    28, 2015 from Keli Locke to Michael Reynolds and  
11    Dennis Shanahan with an attachment labeled Kinetic  
12    Stitch and Brochure Spreads Final.

13                         (SEC Exhibit No. 26 was marked  
14                         for identification.)

15                         BY MS. VINIEGRA:

16           Q     I'm handing you what has been marked as  
17     Kinetic Exhibit 26. Please review the document and  
18     let me know when you're done.

19           A     Okay.

20           Q     Do you recognize this document?

21           A     I do.

22           Q     Can you tell us what it is?

23           A     This is the inside of our folder. So  
24     Kinetic Investment Group part of the materials that  
25     we created was a folder and inside it would have

1     these -- a little booklet that was stitched in with,  
2     you know, the beautiful photography and a little bit  
3     of information about the fund. It wasn't intended to  
4     give a lot of specific information, but to give an  
5     overall marketing piece that express the look and the  
6     feel and brand of Kinetic Investment Group.

7           Q     And who was this folder given to?

8           A     When we had these printed, we distributed  
9     them to Mike Reynolds and Dennis Shanahan. They were  
10    potential referral partners. Any other referral  
11    partner -- we sent some to John Symmes to use. We  
12    mailed some to John Symmes. I don't recall if Rob  
13    Johnson was still with us at this time, but if he was  
14    still with us, I would have sent them to Rob Johnson  
15    as well because he was a referral partner for us that  
16    earned commission, and then, of course, there would  
17    have been given to anybody that we were meeting with.

18               We used it to insert the Bloomberg reports;  
19    it had a holder for a business card, so it was  
20    intended to be the physical package that we provide  
21    to the investor. So if we needed to get them to sign  
22    something physically, we would put this folder  
23    together for them and give them documents or whatnot.  
24    This was one piece of the marketing materials that  
25    Milestone Marketing was creating for us -- drafting



1 for us.

2 Q And this document, who drafted this Kinetic  
3 Investment Group brochure?

4 A The content was provided by Michael  
5 Williams.

6 Q And who had ultimate authority over the  
7 contents of that information?

8 A Michael Williams.

9 Q And on -- as of October 28, 2015, to the  
10 best of your knowledge, was this document provided to  
11 every investor that invested with KF Yield?

12 A Every future investor?

13 Q Mmm-hmm.

14 A Yes.

15 Q So as of October 28, 2015, every investor  
16 should have received a copy of this brochure?

17 A Yes. Because it's a physical printed  
18 material -- let me be careful with that answer. I  
19 think because it was physically printed, it may have  
20 not been realistic to send that to someone. I don't  
21 know if we electronically provided this to everybody,  
22 but I want to say we did; because once this was  
23 printed, this is how our company was branded, this is  
24 what we needed to use, this is what we needed to show  
25 people who we are. All of this information was also

1 represented on the website, so if you went to our  
2 website you saw these same photos, you saw the exact  
3 same photos, you saw the same information. So, yes.  
4 The investors received this, yes.

5 Q Or something similar to this, correct?

6 A Correct.

7 Q Okay. So if we go to, I guess, the third  
8 page of the brochure, the first sentence -- well, if  
9 we go to the first page of the brochure where it says  
10 Kinetic Investment Group, the first sentence is,  
11 "Mitigating risk in a constantly changing  
12 environment." If we go to the next page, the first  
13 paragraph again states, "Our strategies employ  
14 options as one would use insurance to mitigate risk."  
15 That statement of mitigating risk seems to be a  
16 predominant statement throughout all the marketing  
17 materials; is that correct?

18 A Yes.

19 Q So was that information that the investors  
20 found important in investing with KF Yield?

21 A Yes.

22 Q And, again, if we go to the 5th page of  
23 this brochure where Kinetic Funds yield is described,  
24 it specifies, "It's an open-ended fund incorporated  
25 in the United State; it is a conservative blended

1 Q Do you know how much he was paid?

2 A I have record of how much he was paid. It  
3 was approximately a total of \$100,000 over a period  
4 of time. His contract was specifically for 25 basis  
5 points of the 1 percent management fee. So he closed  
6 for us two accounts that totaled \$17 million, so we  
7 wired him \$42,500 about a week maybe after those  
8 accounts closed and that was 25 basis points of the 1  
9 percent management fee on \$17 million for that year.  
10 We also paid -- reimbursed him for staff expenses and  
11 time. And any other accounts that he referred  
12 eventually those entities invested more later on so  
13 that would have triggered another commission payment  
14 for him.

15 Q And the funds for the commission payments  
16 to him, where was that money coming from?

17 A Kinetic Management Group. So Kinetic  
18 Management Group was the managing entity for Kinetic  
19 Funds, it would charge the fund it's 1 percent  
20 management fee and 25 percent of that was shared to  
21 Eliseo. However, because Eliseo wanted to be paid up  
22 front in full for the whole year rather than be paid  
23 out on a monthly basis, his commission was  
24 transferred -- the full \$42,500 was transferred from  
25 Kinetic to Lendacy and he was given a credit line, so

1           Q     So at this appointment, as of the date of  
2     this e-mail more or less, November 23rd, 2015, had  
3     Michael already started getting clients in Puerto  
4     Rico?

5           A     November 23rd, 2015? I don't believe so.  
6     Not yet. That's a bit too early. The major accounts  
7     were closed in 2016 right before the election. There  
8     was a big push to get them to close on the accounts  
9     before the political party changed and then Eliseo  
10    Acosta would not be as influential with the new  
11    party. So there was the expectation that it would  
12    switch either PPD to PNP or PNP to PPD. You know,  
13    they have their version of republican and democrats  
14    down there.

15                So he knew that the party that he was not  
16    as influential with would be taken over or knew it as  
17    well as you could and -- so 2016 was when the major  
18    push for those entities to invest came. Now, I'm not  
19    saying they were the first ones. Let me look at the  
20    list.

21                It also took some time. A number of these  
22    referrals came from Consultiva, so it took some time  
23    to be vetted and go through the due diligence for  
24    Consultiva for them to actually refer their clients  
25    to us.

1           So we were in Puerto Rico meeting with a  
2   number of people without having a clear idea of how  
3   we are going to close business or even really a clear  
4   idea of why we were there or, you know, what  
5   structure or what did we have to do to do business in  
6   Puerto Rico.

7           So it was many of meetings with attorneys,  
8   many meetings with accountants and ultimately we  
9   realized, okay. Lendacy needs 214 lending license to  
10   offer any loans. We had to apply for the right to do  
11   business as a foreign entity in Puerto Rico. So it  
12   was a process involved when we got there before we  
13   could accept any of their local investor capital.  
14   And then, of course, the component of Consultiva.

15           Consultiva was the largest independent  
16   investment advisory firm on the island so their  
17   endorsement was crucial for our credibility, and once  
18   we got it Michael became extremely friendly with  
19   Myrna Rivera who was the CEO and ultimately we got  
20   their approval.

21           There's a bit of a story with Consultiva  
22   because the relationship was starting to go south. I  
23   spoke to Eileen Rivera who was the due diligence  
24   officer. She called me after she received a subpoena  
25   to respond with information and she shared with me

1 she didn't have a way to verify." So she was calling  
2 me frustrated and concerned. Because I felt like  
3 Eileen took her responsibility as a fiduciary  
4 responsibly.

5 Q And this conversation with Eileen now, her  
6 frustrations occurred more or less during what time?

7 A It occurred shortly after the staff  
8 resigned, so that would have been in May of 2018.

9 Q 2018 or '19?

10 A '19. Excuse me. 2019. So it wasn't that  
11 long ago.

12 Q Okay. Have you spoken to Eileen after that  
13 conversation?

14 A No. That was -- when she told me she  
15 wasn't -- she couldn't verify whether or not her  
16 clients were receiving the dividend, that was the  
17 last time I spoke to her.

18 Q So you don't know if they received the  
19 dividend, the clients?

20 A No.

21 Q Okay. Let's go back to when, I guess,  
22 Kinetic was first getting clients in Puerto Rico and  
23 let's identify them here for the record, and then we  
24 can separate which ones were the Consultiva ones.

25 But who were the investors that came into



1 Puerto Rico and you said roughly in 2016?

2 A Yes. They started coming in in 2016 and  
3 then consistently filtered in. Consultiva would  
4 regularly refer a client every once in a while, so  
5 they were active referral partners.

6 Q Okay. So can you tell us from the list,  
7 identified as Exhibit 17, who were the investors in  
8 Puerto Rico that invested with Kinetic Funds after  
9 2016 or in 2016?

10 A ACCA, AEELA, Angelo Diaz, Antonio Luis  
11 Ferre, his wife Brenda Santos-Rivera, CFSE, Ehret,  
12 FMB1, Plan de Pensiones Ministerial, Puerto Rico  
13 Community Foundation, Sacred Heart University, Samuel  
14 Padilla and that's it.

15 Q And out of these Puerto Rican investors,  
16 who were not referred by Consultiva? Who were the  
17 investors that were not referred by Consultiva?

18 A So my understanding, although Consultiva  
19 managed the portfolio and was the financial advisor  
20 for ACCA and CFSE, it was not Consultiva that  
21 referred that business to us. It was Eliseo Acosta  
22 that pushed that they signed the contracts; so just  
23 to have that clarification. And then who else was  
24 not associated to Consultiva. AEELA did not, Angelo  
25 Diaz was not associated to Consultiva, so neither was

1 his wife Brenda Santos-Rivera, Plan de Pensiones, and  
2 Samuel Padilla.

3 Q Okay. So you stated that ACCA was a  
4 referral by Eliseo Acosta and then Angelo Diaz, how  
5 did Angelo Diaz come to invest with Kinetic?

6 A Angelo Diaz was a licensed insurance  
7 salesman, he sold life settlements and he had a  
8 network of investors, and somehow we were introduced  
9 to him. We had a meeting -- we had many meetings in  
10 his office. We had discussed him being a referral  
11 partner. He wanted to use the investment and receive  
12 a statement, and go through the process of a credit  
13 line, and receive the credit line before he promoted  
14 any of his investors to do it, and then he also  
15 started working very closely with Michael on some  
16 other business ideas and things like that.

17 So I don't know exactly how we got  
18 introduced to him, but I do know that Eliseo Acosta  
19 and Eduardo Ferrer, they were going out there and  
20 promoting Kinetic and Lendacy, and Michael, and  
21 pushing the name, so we were getting regular meetings  
22 with people who were just interested in hearing what  
23 we had to say.

24 So somewhere along the line we were  
25 introduced to Angelo and he had a fairly significant

1 investment over time. He grew his investment to  
2 about a million dollars. His wife had a separate  
3 account and there were a couple of people that he  
4 referred, but I'm not sure that he got paid for it,  
5 but he did introduce us to other investors that  
6 invested like Samuel Padilla. We were introduced to  
7 Samuel Padilla by Angelo Diaz and we were also  
8 introduced to Plan de Pensiones by Angelo Diaz.

9 Q And to your knowledge, he didn't get paid  
10 any referrals fees?

11 A Right.

12 Q Okay. And you spoke about -- I guess --  
13 let me backtrack.

14 Why did Michael Williams pick Puerto Rico?

15 A Why did he pick Puerto Rico?

16 Q To go there and push his investment fund?

17 A The tax incentives. He saw it as the new  
18 offshore location. The requirements for an  
19 international financial and these other tax  
20 incentives were much lower. If he had to go  
21 somewhere else -- I don't know where other people do  
22 things -- Grand Cayman I guess or -- it would have  
23 cost him more money.

24 And I remember him coming back -- the first  
25 time he went to Puerto Rico he met Miguel Ferre. And

1 afford not to insure your investments? You ensure  
2 your house, you insure car, your health, why not your  
3 net worth?

4 Q Did he tell him the usual pitch, you know,  
5 mitigate risk?

6 A Mitigate risk, generate income.

7 Q Liquid?

8 A Yeah. Where all the products are invested,  
9 what types of products are purchased.

10 Q So all these statements were made to

11 AEELA --

12 A Yes.

13 Q -- prior to them making the investment?

14 A Yes. That one I do remember being in that  
15 meeting. Let's see who else.

16 Angelo Diaz. I met with Angelo Diaz and  
17 Michael -- with Michael at Angelo's offices more than  
18 once, we spoke in detail about the investment fund,  
19 all the standard marketing pitch about the liquidity  
20 and the income, and the principal protection, and how  
21 the products -- how the investment was made, that was  
22 all standard. And then --

23 Q Were either AEELA or Angelo Diaz told that  
24 their investment in Kinetic Funds would be used to  
25 fund loans for Lendacy?

1           A     AEELA, no. Angelo Diaz was aware that he  
2     would be eligible for a loan if he invested, but he  
3     was not aware of how we accomplished that  
4     operationally with -- he -- as he understood, a  
5     hundred percent of his assets would be invested,  
6     remain invested in the market generating income,  
7     working for him, and that he would get a separate  
8     line of credit available to him to draw on.

9                 So he was aware of Lendacy because he used  
10    Lendacy. He was not truly aware of how Lendacy  
11    worked. He didn't ask any of the questions that  
12    somebody like Ryan Corbett asked. And then his wife,  
13    she didn't -- she made the investment because he made  
14    the investment.

15                ACCA and AEELA, it's hard to remember  
16    because I recall both of us being frustrated, myself  
17    and Michael Williams, because we couldn't get in to  
18    meet with them. Eliseo was speaking on our behalf  
19    and negotiating, and sharing the materials, and  
20    selling the fund.

21           Q     For ACCA and AEELA?

22           A     For ACCA and AEELA.

23           Q     It was Eliseo speaking --

24           A     Yes.

25           Q     -- on behalf of Kinetic Funds?

1 don't really need to discuss it. Let's discuss the  
2 first two pages.

3 Do you recognize the first two pages that  
4 are Bates labeled 64920 to 64921?

5 A Yes.

6 Q Can you tell us what it is?

7 A These were flyers that were created, an  
8 additional piece of marketing material. There's two  
9 of them, and one is for -- just to direct real estate  
10 lending structure and one is for the private equity  
11 investment structure that I had referred to earlier.  
12 So it was intended to explain -- to show to investors  
13 that Kinetic and Lendacy partnered together to offer  
14 this investment and lending structure.

15 So the first one, it's intended to explain  
16 that either an individual person or an entity, an  
17 LLC, or a trust can be the investor and that that  
18 capital is placed into the KF Yield Fund. Again, the  
19 principal protection, the dividend and the liquidity,  
20 and quarterly redemptions is repeated, and then based  
21 on your investment you could use the Lendacy line of  
22 credit, and those benefits were flexible repayment  
23 terms, low rates and approvals up to 70 percent of  
24 the Kinetic investment. And it's also intended to  
25 show you the multiple purposes for which you could



C E R T I F I C A T E

STATE OF FLORIDA

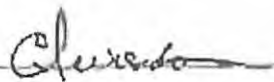
COUNTY OF PALM BEACH

I, Caretha Wisdom, Professional Court Reporter and Notary Public in and for the State of Florida at Large, do hereby certify that I was authorized to and did report said hearing in stenotype; and that the foregoing pages are a true and correct transcription of my shorthand notes of said hearing.

I further certify that said Hearing was taken at the time and place hereinabove set forth and that the taking of said hearing was commenced and completed as hereinabove set out.

I further certify that I am not an attorney or counsel of any of the parties, nor am I a relative or employee of any attorney or counsel of any party connected with the action, nor am I financially interested in the action.

Dated this 29th day of September, 2019.



Caretha Wisdom,  
Professional Court Reporter



To: Eileen Rivera [REDACTED]@consultiva.com]  
Cc: Kitzy Sanchez [REDACTED]@consultiva.com]; Evangeline Davila [REDACTED]@consultiva.com]; Kelly Locke [REDACTED]@lendacy.com]; Keli Pufahl [REDACTED]@lendacy.com]  
From: Michael Williams  
Sent: 2016-03-17T16:42:04-04:00  
Importance: Normal  
Subject: Re: FW: Account opening procedure  
Received: 2016-03-17T16:42:15-04:00  
[KFI Subscription v1 \(1\).pdf](#)  
[KF EXHIBIT C-1 09112015.pdf](#)  
[KFI Questionnaire v1 \(1\).pdf](#)  
[KF OA 09112015.pdf](#)  
[KF EXHIBIT B-1 09112015.pdf](#)

\*\*\*\*\*  
\*\*\*\*\*

Ms. Sanchez,

Attached are the documents we use for on-boarding. Three have to be filled out.

To be filled out:

1. Questionnaire
2. Subscription
3. Exhibit B OR Exhibit C

For reference:

4. Operating Agreement (OA)

The difference between Exhibit B and C, is whether the investor wished to use the Lendacy credit line. (Note Exhibit C is for Lendacy members).

I think it would be best for our staff to review the documents with you and the process, which may help you.

Does tomorrow at 10am work for you?

Regards,  
Michael

On Thu, Mar 17, 2016 at 10:27 AM, Eileen Rivera <[REDACTED]@consultiva.com> wrote:

Good morning Michael,

Regarding the account opening procedure, Kitzy Sánchez of our admin/ops area will be completing the paperwork and sending it along for the required signatures.

I am copying her on this email so you can coordinate a time that is convenient for both to go over the forms and requirements. Please send her via email all pertinent information. I will be on the call as well if my schedule allows it.

Thanks,



**Eileen M. Rivera-Dávila, CFA**

Due Diligence Officer

Consultiva Internacional

Guaynabo, Puerto Rico

[REDACTED]

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**From:** Michael Williams [mailto:[REDACTED]@kineticfunds.com]  
**Sent:** Tuesday, March 15, 2016 8:19 AM  
**To:** Eileen Rivera [mailto:[REDACTED]@consultiva.com]  
**Cc:** Kelly Locke [mailto:[REDACTED]@lendacy.com]; Keli Pufahl [mailto:[REDACTED]@lendacy.com]; Kenneth Rachon [mailto:[REDACTED]@kineticgrp.com]  
**Subject:** Re: Account opening procedure

Eileen,

When is a good time this week we can schedule a call to start the on-boarding process (paperwork) to have it completed for the client? Once completed we can have it prepared for review and signatures.

If we can complete it and funded prior to April, then they can fully participate in April dividend.

Regards,  
Michael

On Thu, Mar 10, 2016 at 3:27 PM, Eileen Rivera [mailto:[REDACTED]@consultiva.com] wrote:

It is not likely that it can happen on Monday, the client is an elderly gentleman and a meeting for

this matter would be with his staff. I will sort it out and let you know.

**Eileen M. Rivera-Dávila, CFA**

Due Diligence Officer

Consultiva Internacional

Guaynabo, Puerto Rico

[REDACTED]

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**From:** Michael Williams [mailto:[REDACTED]@kineticfunds.com]  
**Sent:** Thursday, March 10, 2016 4:25 PM  
**To:** Eileen Rivera <[REDACTED]@consultiva.com>  
**Cc:** Kelly Locke <[REDACTED]@lendacy.com>  
**Subject:** Re: Account opening procedure

We can meet with the client on Monday afternoon. We had to extend our stay for business.

Regards,

Michael

--  
**Michael Williams**  
Managing Partner  
[REDACTED]  
Sarasota, FL [REDACTED]  
[REDACTED]

Kinetic Investment Group, LLC  
[www.kineticfunds.com](http://www.kineticfunds.com)

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**EXHIBIT "B"**  
**TO**  
**Kinetic Funds I, LLC**  
**OPERATING AGREEMENT**

**CLASS B MEMBER(S)**

<u>NAME OF MEMBER</u>	<u>CAPITAL CONTRIBUTION</u>	<u>PERCENTAGE INTEREST*</u>
_____	\$ _____	_____ %
_____	\$ _____	_____ %
_____	\$ _____	_____ %

\*Percentage Interest of Class B Members only; this Percentage Interest will be revised accordingly as, if and when additional Class B Members may be admitted to the Company.



**EXHIBIT "B-1"**  
**TO**  
**Kinetic Funds I, LLC**  
**OPERATING AGREEMENT**

**Class B Member Addendum**

This Addendum, consisting of three (3) pages, is entered into as of \_\_\_\_\_, 20\_\_ in connection with the admission of \_\_\_\_\_ as a Class B Member of KINETIC FUNDS I, LLC (the "Class B Member"). KINETIC FUNDS I, LLC is hereinafter referred to as the "Company" and Kinetic Partners, LLC the Company's Class A Member, is hereinafter referred to as the "Class A Member." This Addendum shall constitute a counterpart signature page to the Company's Operating Agreement.

The execution of this Addendum confirms investment by the Class B Member at the Company.

The Class B Member has agreed to invest in one or more Funds (as hereinafter defined) provided by the Company. The Class A Member will have full and complete discretion to make any and all trading decisions and affect any strategies as the Class A Member shall determine, in its sole and absolute discretion, in order to manage the Funds.

**INVESTMENT:**

The Class B Member will contribute \_\_\_\_\_ (\$ \_\_\_\_\_) to be invested in one, or more, of the following investment funds (each, a "Fund", more than one, "Funds") at the discretion of the Class B Member. Please check the box below corresponding to the Funds that the Class B Member will participate in and indicate the amount to be initially allocated to each.

- ☐ KFINFLT (Inflation) – Fund focuses on hedging against a rise in inflation and/or devalue in the U.S. dollar. Investments in the gold, silver, commodities, currency and international markets. Assets in the Fund include, but are not necessarily limited to, ETFs, stocks, and listed options. Assets may be long and/or short.  
Amount: \_\_\_\_\_
- ☐ KFYIELD (Income) – Fund focuses on income generation. Investments in government bonds, corporate bonds, REITS, MLPs, Preferred Shares. Assets in the Fund include but are not necessarily limited to, ETFs, stocks, and listed options. Assets tend to be (but need not be) long.  
Amount: \_\_\_\_\_
- ☐ KFVALUE (Value) – Fund focuses on multinational companies with strong balance sheets, fundamentals, positive revenue, and sound corporate management. The Fund is actively managed and may be long and/or short to prosper in rising and declining markets. Assets in the Fund include, but are not necessarily limited to, stocks, preferred stocks, and listed options. Assets may be long and/or short.  
Amount: \_\_\_\_\_
- ☐ KFMETAL (Gold) – Fund focuses on investing in the listed gold market. Profits are removed monthly and used to purchase physical gold, which is then stored in vaults for the Class B Members. All Class B Members' physical gold holdings are stored at the BB&T bank vaults located at 1800 2<sup>nd</sup> St. #100, Sarasota, FL 34236. The Class A Member may, in its sole discretion, change the gold storage facility and will notify the Class B Member(s) if/when this change occurs. Gold storage is charged One Percent (1%) of net gold value on a per year basis and charged monthly. A Class B Member may take physical possession of the gold held for that Member at the end of a calendar quarter with a thirty (30) day prior written notice. Physical gold can be received at the Company offices or shipped to the Class B Member. The Class B Member will be responsible for the shipping arrangements and costs. The Class B Member will own either listed gold or physical gold. Assets in the Fund include, but are not necessarily limited to, ETFs and listed options. Assets may be long and/or short. This Fund is not eligible to accept qualified monies.  
Amount: \_\_\_\_\_

- ☐ KFGAINS (Risk / Reward) – fund focuses on leveraging position in the index markets to generate the highest rate of return. This is a high-risk fund with the expectations of generating 20% returns per year. Assets in the fund include, but are not necessarily limited to, index based listed options. Assets may be long and/or short. This Fund is not eligible to accept qualified monies.

Amount: \_\_\_\_\_

The Class B Member may, with the approval of the Class A Managing Member, reallocate between the Funds listed above on a quarterly basis, upon thirty (30) days prior written notice actually received by the Class A Managing Member prior to the end of any calendar quarter. In no event may any allocation result in less than \_\_\_\_\_ (\$\_\_\_\_) being placed in any one Fund.

#### FINANCIAL PRODUCTS:

The Fund(s) will trade derivatives, but may also be invested in individual stocks, components of the indices, cash, and other exchange listed products in the sole and absolute discretion of the Class A (and Managing) Member, in its sole and absolute discretion, from time to time and at any time.

#### REPORTING:

The Class B Member will receive a monthly statement of its selected Fund(s)' investments. The report will be sent by email on the 15<sup>th</sup> of each month for the preceding month's activity. The Fund(s) report Profit distributions on realized returns and mark to market value for month-end. Any/all dividends issued by financial products held in the Fund will be reported as a separate line item. The Company may provide statements online, if/when available. If a Class B Member wishes to receive statements by standard mail, that will be arranged by request. The Company does not guarantee the receipt via standard mail by the 15<sup>th</sup> of the month.

#### RISK MARGIN:

The Funds' goal is to not exceed a Risk Margin of 75% to equity ratio, measured in the form of "haircut" or risk-based margin. While this is the goal to maintain this Risk Margin exposure, a particular position or positions may increase or decrease depending on market conditions. IT MUST BE NOTED that this is a guideline only when deploying positions and maintaining the positions, and that this goal may be exceeded, in the sole and absolute discretion of the Class A Member from time to time and at any time.

#### PROFITS AND LOSSES:

The Class B member will receive 100% of any and all dividends issued by any/all financial products held in the Fund selected as indicated on the previous page of this Addendum.

The Class B member will receive 80% of net profits earned by any Fund selected as indicated on the previous page of this Addendum. The term "net profits" as used herein means the profits generated by a particular Fund, minus any and all expenses incurred by the Company, directly or indirectly, in connection with the operation of a particular Fund, including, but not necessarily limited to, any and all fees or charges imposed by any securities exchange, clearing firms, quotation services, commission, interest and the like, that are charged directly to the Fund by the Company's clearing firm, broker dealer, or any third-party services related to transacting business in the Fund. All Funds are based on realized and unrealized accounting; this may change due to regulatory changes or requirements. Changes, if any, may affect realized returns and tax reporting. The Class B member will be notified as to any changes, when and if they occur. It is the Class B Member's responsibility to contact its tax professional to see how it may or may not affect its tax reporting. Net Profits shall be calculated and distributed on a monthly basis.

The Class A Member will receive 20% of the net profits. The Class A Member will not participate in any dividend distributions by any/all financial products that are held in the Fund(s). Any/all dividends by financial products held in the Fund selected by the Class B Member will be issued to the Class B Member.

HIGHWATER MARK:

A Class B Member will have a high-water mark that is based on the profits and losses amount stated in the INVESTMENT section on the prior page hereof. The Class A Member will only receive 20% of net profits (as defined in the "Profits and Loss" section) for any profits that exceed the "high-water mark". Any realized Losses in the account must be made up in full with realized gains prior to the Class A Member's receipt of any Profits. The high-water market is reset at fiscal year-end of the Class B Members' profit/loss at year-end.

REINVESTMENT / DIVIDEND DISTRIBUTIONS

A Class B Member may reinvest up to One Hundred Percent (100%) of any/all net dividends generated in any Fund selected on the previous page hereof, or receive a distribution of net dividends on a monthly basis. Dividend distributions are sent out on the 10th business day for any/all dividends that are generated in the fund(s) from the preceding month.

☐ Yes, Class B member wishes to reinvest all (or \_\_\_\_% of net dividends).

PRINCIPAL WITHDRAWALS:

The Class B Member may make a Principal Withdrawal request at the end of a calendar quarter, provided that thirty (30) days' prior written notice is provided to Company and that said Class B Member's capital contribution has been deposited with the Company for at least ninety (90) days. Principal Withdrawals are not a right and are at all times subject to regulatory and Company approvals. The CLASS A (Managing) Member will endeavor to facilitate any such request(s) and instructions, but The Class A (Managing) Member hereby expressly reserves the sole and absolute discretion to reject any Principal Withdrawal request that could or would create, by way of example only and not intended to in any way to limit the Class A Member's discretion in this regard, margin or risk requirements. A Class B Member must fully complete the Company's Redemption Form and submit it to Company no later than thirty (30) days prior to a calendar quarter-end. The Company's Redemption Form is available upon request.

TERMINATION:

The Class A Member may terminate the Class B membership at any time with written notice to the Class B Member and follow the procedures as described in the PRINCIPAL WITHDRAWAL section.

The Class B Member may terminate its Class B membership with at least ninety (90) days' prior written notice. Distributions by and/or Withdrawal of funds from, the Company (if any) will at all times remain subject to the REINVESTMENT / DIVIDEND DISTRIBUTIONS and PRINCIPAL WITHDRAWALS sections hereinabove.

FEES AND EXPENSES:

The Fund(s) is/are charged an annual One Percent (1%) expense ratio. The 1% expense ratio will be charged to the subject Fund on a monthly pro-rated basis, based on the net equity value of the Fund on the last business day of each month. Tax preparation, accounting, legal, and any other related fees will be itemized and directly debited from the Class B Member's account on the Company's records.

RISKS:

Neither the Company nor the Class A Member guarantees that any profits will be generated with the Class B Member's capital contribution and the Class B Member expressly understands and agrees that its entire capital contribution may be lost, in which case the Class B Member will have no recourse against the Company or the Class A (Managing) Member unless the Class A Member is proven in a court of law to have engaged in grossly negligent or intentionally wrongful acts or failures to act.

[SIGNATURES ON FOLLOWING PAGE]

AGREED AND ACKNOWLEDGED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_:

**CLASS B MEMBER**

\_\_\_\_\_  
(print name)

\_\_\_\_\_  
(company name – if applicable – please attach Operating Agreement or other corresponding documentation, if Class B Member is not an individual.)

By: \_\_\_\_\_

Office/Residence Phone: \_\_\_\_\_

Address: \_\_\_\_\_

Cellphone: \_\_\_\_\_

\_\_\_\_\_  
Email: \_\_\_\_\_

\_\_\_\_\_  
Fax: \_\_\_\_\_

**KINETIC FUNDS I, LLC**

**CLASS A MEMBER**

By: \_\_\_\_\_  
Michael S. Williams, Managing Member of  
KF 42, LLC, Managing Member of its Managing  
Member, Kinetic Partners, LLC

**EXHIBIT "C"**  
**TO**  
**Kinetic Funds I, LLC**  
**OPERATING AGREEMENT**

**CLASS C MEMBER(S)**

<u>NAME OF MEMBER</u>	<u>CAPITAL CONTRIBUTION</u>	<u>PERCENTAGE INTEREST*</u>
_____	\$ _____	_____ %
_____	\$ _____	_____ %
_____	\$ _____	_____ %

\*Percentage Interest of Class C Members only; this Percentage Interest will be revised accordingly as, if and when additional Class C Members may be admitted to the Company.

**EXHIBIT "C-1"**  
**TO**  
**Kinetic Funds I, LLC**  
**OPERATING AGREEMENT**

**Class C Member Addendum**

This Addendum, consisting of three (3) pages, is entered into as of \_\_\_\_\_ in connection with the admission of \_\_\_\_\_ as a Class C Member of KINETIC FUNDS I, LLC (the "Class C Member"). KINETIC FUNDS I, LLC is hereinafter referred to as the "Company" and Kinetic Partners, LLC the Company's Class A Member, is hereinafter referred to as the "Class A Member." This Addendum shall constitute a counterpart signature page to the Company's Operating Agreement.

The execution of this Addendum confirms investment by the Class C Member at the Company.

The Class C Member has agreed to invest in one or more Funds (as hereinafter defined) provided by the Company. The Class A Member will have full and complete discretion to make any and all trading decisions and affect any strategies as the Class A Member shall determine, in its sole and absolute discretion, in order to manage the Funds.

**INVESTMENT:**

The Class C Member will contribute \_\_\_\_\_ (\$ \_\_\_\_\_) to be invested in one, or more, of the following investment funds (each, a "Fund", more than one, "Funds") at the discretion of the Class C Member. Please check the box below corresponding to the Funds that the Class C Member will participate in and indicate the amount to be initially allocated to each.

All Funds may include a "Preferred Return" investment. This investment is in a private sector funding company that offers fixed rate preferred interest returns. The preferred return helps reduce volatility, generates additional income, and increases Alpha of the funds. The preferred returned will vary in maturity, amount, and interest. The Preferred Return investment may be added as/if/when they become available. The invested amount will be at the sole discretion of the Class A (Managing) Member. The "Preferred Return" investment may encumber Class C member investments for a period of time based on maturity.

- ☐ KFINFLT (Inflation) – Fund focuses on hedging against a rise in inflation and/or devalue in the U.S. dollar. Investments in the gold, silver, commodities, currency and international markets. Assets in the Fund include, but are not necessarily limited to, ETFs, stocks, and listed options. Assets may be long and/or short.

Amount: \_\_\_\_\_

- ☐ KFYIELD (Income) – Fund focuses on income generation. Investments in government bonds, corporate bonds, REITS, MLPs, Preferred Shares. Assets in the Fund include but are not necessarily limited to, ETFs, stocks, and listed options. Assets tend to be (but need not be) long.

Amount: \_\_\_\_\_

- ☐ KFVALUE (Value) – Fund focuses on multinational companies with strong balance sheets, fundamentals, positive revenue, and sound corporate management. The Fund is actively managed and may be long and/or short to prosper in rising and declining markets. Assets in the Fund include, but are not necessarily limited to, stocks, preferred stocks, and listed options. Assets may be long and/or short.

Amount: \_\_\_\_\_

The Class C Member may, with the approval of the Class A Managing Member, reallocate between the Funds listed above on a quarterly basis, upon thirty (30) days prior written notice actually received by the Class A Managing Member prior to the end of any calendar quarter. In no event may any allocation result in less than \_\_\_\_\_ (\$\_\_\_\_) being placed in any one Fund.



FINANCIAL PRODUCTS:

The Fund(s) will trade derivatives, but may also be invested in individual stocks, components of the indices, cash, and other exchange listed products in the sole and absolute discretion of the Class A (and Managing) Member, in its sole and absolute discretion, from time to time and at any time. The Funds also may include a Preferred Return investment, as described above, which will vary in maturity, amount, and interest.

REPORTING:

The Class C Member will receive a monthly statement of its selected Fund(s)' investments. The report will be sent by email on the 15<sup>th</sup> of each month for the preceding month's activity. The Fund(s)' Profit/Loss are reported on a mark-to-market basis for month-end. Any/all dividends issued by financial products held in the Fund will reported as a separate line item. The Company may provide statements online, if/when available. If a Class C Member wishes to receive statements by standard mail, that will be arranged by request. The Company does not guarantee the receipt via standard mail by the 15<sup>th</sup> of the month.

RISK MARGIN:

The Funds' goal is to not exceed a Risk Margin of 75% to equity ratio, measured in the form of "haircut" or risk-based margin. While this is the goal to maintain this Risk Margin exposure, a particular position or positions may increase or decrease depending on market conditions. IT MUST BE NOTED that this is a guideline only when deploying positions and maintaining the positions, and that this goal may be exceeded, in the sole and absolute discretion of the Class A Member from time to time and at any time.

REINVESTMENT/DIVIDEND DISTRIBUTIONS:

A Class C Member may reinvest up to One Hundred Percent (100%) of any/all net dividends generated in any Fund selected on the previous page hereof, or receive a distribution of net dividends on a monthly basis. Dividend distributions are made on the 10<sup>th</sup> business day for any/all dividends that are generated in the Fund(s) from the previous month.

☐ Yes, Class C Member hereby elects to reinvest all (or \_\_\_\_\_%) of its share of net dividends.

PROFITS AND LOSSES:

The Class C member will receive 100% of any and all dividends issued by any/all financial products held in the Fund selected as indicated on the previous page of this Addendum.

The Class C member will receive 80% of net profits earned by any Fund selected as indicated on the previous page of this Addendum. The term "net profits" as used herein means the profits generated by a particular Fund, minus any and all expenses incurred by the Company, directly or indirectly, in connection with the operation of a particular Fund, including, but not necessarily limited to, any and all fees or charges imposed by any securities exchange, clearing firms, quotation services, commission, interest and the like, that are charged directly to the Fund and a Class C Member by the Company's clearing firm, broker dealer, or any third-party services related to transacting business in the Fund. All Funds are based on realized and unrealized accounting; this may change due to regulatory changes or requirements. Changes, if any, may affect realized returns and tax reporting. The Class C member will be notified as to any changes, when and if they occur. It is the Class C Member's responsibility to contact its tax professional to see how it may or may not affect its tax reporting. Net Profits shall be calculated and distributed on a monthly basis.

The Class A Member will receive 20% of the net profits. The Class A Member will not participate in any dividend distributions by any/all financial products that are held in the Fund(s). Any/all dividends by financial products held in the Fund selected by the Class C Member will be issued to the Class C Member.

Preferred Return Investment profits and losses, if any, will be allocated to the Class C member investments at the absolute and sole discretion of the Class A Member.

**HIGHWATER MARK:**

A Class C Member will have a high-water mark that is based on the profits and losses amount stated in the INVESTMENT section on the prior page hereof. The Class A Member will only receive 20% of net profits (as defined in the "Profits and Loss" section) for any profits that exceed the "high-water mark". Any realized losses in the account must be made up in full with realized gains, prior to the Class A member receiving any profits. The high-water market is reset at fiscal year-end of the Class C Members' realized profit/loss at year-end.

The high-water mark only pertains to returns generated in the fund/s and not the preferred return investment.

**PRINCIPAL WITHDRAWALS:**

The Class C Member may make a Principal Withdrawal request at the end of a calendar year, provided that thirty (30) days' prior written notice is provided to Company, but only may do so following the one (1) year anniversary from the date the principal deposit was actually received by Company (based on the amount indicated in the INVESTMENT section on the first page hereof). Principal Withdrawals are not a right and are at all times subject to regulatory and Company approvals. Class C Member assets may also be invested in "preferred return" investments (INVESTMENT SECTION), which may not be fully liquid in order to accommodate principal withdrawal requests. The Company will inform Class C Members as/if any principal capital that maybe available at year-end for principal redemptions. For example, but not by way of limitation, withdrawal requests maybe denied, in the Class A Managing Member's sole and absolute discretion, due to liquidity limitations of some long-term investments which may include the Preferred Return private funding investment obligations, and which may not have matured at the time of the Principal Withdrawal Request.

The CLASS A (Managing) Member will endeavor to facilitate any such request(s) and instructions, but The Class A (Managing) Member hereby expressly reserves the sole and absolute discretion to reject any Principal Withdrawal request that could or would create, by way of example only and not intended to in any way to limit the Class A Member's discretion in this regard, margin or risk requirements. A Class C Member must fully complete the Company's Redemption Form and submit it to Company no later than thirty (30) days prior to a calendar quarter-end. The Company's Redemption Form is available upon request.

**Anything to the contrary herein notwithstanding, any and all required qualified distributions for a Class C Member that has attained the age set by the Internal Revenue Service ("IRS") for minimum distributions will be made to the trust company/custodian designated by the said Class C Member no later than April of the year following the year that said Class C Member attains the age of 70 ½ or as may otherwise may be required by the IRS.**

**TERMINATION:**

The Class A Member may terminate the Class C membership at any time with written notice to the Class C Member and follow the procedures as described in the PRINCIPAL WITHDRAWAL section.

The Class C Member may terminate its Class C membership with at least ninety (90) days' prior written notice. Distributions by and/or Withdrawal of funds from, the Company (if any) will at all times remain subject to the REINVESTMENT / DIVIDEND DISTRUBTIONS and PRINCIPAL WITHDRAWALS sections hereinabove.

**FEES AND EXPENSES:**

The Fund(s) is/are charged an annual One Percent (1%) expense ratio. The 1% expense ratio will be charged to the subject Fund on a monthly pro-rated basis, based on the net equity value of the Fund on the last business day of each month. Tax preparation, accounting, legal, and any other related fees will be itemized and directly debited from the Class C Member's account on the Company's records.

**RISKS:**

Neither the Company nor the Class A Member guarantees that any profits will be generated with the Class C Member's capital contribution and the Class C Member expressly understands and agrees that its entire capital contribution may be lost, in which case the Class C Member will have no recourse against the Company or the Class A (Managing) Member unless the Class A Member is proven in a court of law to have engaged in grossly negligent or intentionally wrongful acts or failures to act.

AGREED AND ACKNOWLEDGED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_:

**CLASS C MEMBER**

\_\_\_\_\_

(print name)

\_\_\_\_\_

(company name – if applicable – please attach Operating Agreement or other corresponding documentation, if Class C Member is not an individual.)

By: \_\_\_\_\_

Office/Residence Phone: \_\_\_\_\_

Address: \_\_\_\_\_

Cellphone: \_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

\_\_\_\_\_

Fax: \_\_\_\_\_

**KINETIC FUNDS I, LLC**

**CLASS A MEMBER**

By: \_\_\_\_\_  
Michael S. Williams, Managing Member of  
KF 42, LLC, Managing Member of its Managing  
Member, Kinetic Partners, LLC

## KINETIC FUNDS I, LLC

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### SUBSCRIPTION INSTRUCTIONS

An investor desiring to subscribe for limited liability company interests in KINETIC FUNDS I, LLC ("Interests") must do the following:

1. Complete, date and sign a Subscription Agreement in the attached form. Have your signature notarized in the Acknowledgement form.
2. Complete, date and sign an Offering Questionnaire in the form appearing as Appendix I to the Subscription Agreement.
3. Complete, date and sign the Form W-9 attached to the Subscription Agreement.
4. Keep copies of the completed, dated, signed and notarized Subscription Agreement, Offering Questionnaire and Form W-9 for your records.
5. Send the completed, dated and originally signed Subscription Agreement, Offering Questionnaire and Form W-9 to:

KINETIC FUNDS I, LLC  
1800 2nd Street, Suite 955  
Sarasota, FL 34236

6. Unless the Managing Member otherwise agrees, payment of the subscription amount must be made by check or wire transfer through or from a U.S. bank or a banking institution.

- (a) Send a cashier's check in payment for the amount subscribed (as indicated on the signature page of the Subscription Agreement) payable to "KINETIC FUNDS I, LLC", to:

KINETIC FUNDS I, LLC  
[REDACTED]  
Sarasota, FL [REDACTED]

OR

- (b) Wire transfer that amount to:

BMO Harris  
111 West Monroe  
Chicago, IL 60603

Routing #: [REDACTED]  
Swift Code [for international]: [REDACTED]

Further Credit To: KINETIC FUNDS I, LLC  
Account #: [REDACTED] 4255

## KINETIC FUNDS I, LLC

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### KINETIC FUNDS I, LLC

#### SUBSCRIPTION AGREEMENT

1. SUBSCRIPTION. The undersigned (the "Subscriber") hereby irrevocably subscribes for a membership interest ("Interests") in KINETIC FUNDS I, LLC, a Delaware limited liability Company (the "Company"), in the amount indicated on the signature page of this Subscription Agreement. In payment for the Interests, the Subscriber is concurrently sending a check in that amount payable in immediately available funds or is wire transferring that amount to the custodian for the Company in accordance with the Subscription Instructions furnished by the Company to the Subscriber. Such subscription, when and if accepted by the Managing Member of the Company, Michael S. Williams (the "Managing Member"), will constitute the initial Capital Contribution by the Subscriber to the Company, in accordance with the Company's Operating Agreement, as amended and as and if amended in the future (the "AGREEMENT") relating to the Company and its business. Capitalized terms used and not otherwise defined in this Subscription Agreement have the meanings respectively ascribed to them in the AGREEMENT.

2. REPRESENTATIONS, WARRANTIES AND AGREEMENTS BY SUBSCRIBER. The Subscriber hereby represents, warrants and agrees as follows:

(a) The Interests are being purchased by the Subscriber and not by any other person, with the Subscriber's own funds and not with the funds of any other person, and for the account of the Subscriber, not as a nominee or agent and not for the account of any other person. On acceptance of this Subscription Agreement by the Managing Member, no person other than the Subscriber will have any interest, beneficial or otherwise, in the Interests. The Subscriber is not obligated to transfer Interests or any part thereof or interest therein to any other person nor does the Subscriber have any agreement or understanding to do so. The Subscriber is purchasing the Interests for investment for a period described in the Company's Operating Agreement, as and if amended, which has been delivered to you, and not with a view to the sale or distribution of any part or all thereof by public or private sale or other disposition. The Subscriber has no intention of selling, granting any participation in or otherwise distributing or disposing of any Interests. The Subscriber does not intend to subdivide the Subscriber's purchase of Interests with any person.

(b) The Subscriber understands that the Interests have not been registered or qualified under the 1933 Act or any other securities law or regulation, on the ground, among others, that there will be no distribution or public offering of the Interests. The Subscriber understands that the Interests will be issued by the Company in connection with a transaction that does not involve any public offering within the meaning of section 4(2) of the 1933 Act or applicable provisions of other securities laws and regulations, under the respective rules and regulations of the SEC and the administrators of such other laws and regulations thereunder. The Subscriber understands that the Company is relying in part on the Subscriber's representations herein for purposes of claiming such exemptions and that such exemptions may not be available if, notwithstanding the Subscriber's representations, the Subscriber has in mind merely acquiring Interests for resale on the occurrence or non-occurrence of some predetermined event. The Subscriber has no such intention.

(c) The Subscriber, either alone or with the Subscriber's professional advisers who are unaffiliated with, have no equity interest in and are not compensated by the Company or any affiliate of the Company ("Affiliate") or selling agent of the Company, directly or indirectly, has such knowledge and experience in financial and business matters that the Subscriber is capable of evaluating the merits and risks of an investment in Interests and has the capacity to protect the Subscriber's own interests in connection with the Subscriber's proposed investment in Interests.

## KINETIC FUNDS I, LLC

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(d) The Subscriber either has previously furnished to the Managing Member a completed and signed Offering Questionnaire attached hereto as Appendix I or is doing so contemporaneously with the submission of this Subscription Agreement. The information in the Subscriber's most recently completed and signed Offering Questionnaire previously delivered or being delivered to the Managing Member, which is incorporated herein by reference, is true, correct and complete in all respects as of the date hereof.

(e) The Subscriber acknowledges that under U.S., international and other antimoney laundering laws, rules, regulations, treaties or other restrictions, the Managing Member or the Company (as the case may be) may require further identification of the Subscriber before they will process a subscription or withdrawal and that the Subscriber's subscription or withdrawal may be delayed if the Subscriber does not provide such required information on a timely basis. The Subscriber agrees to provide to the Managing Member any additional information regarding the Subscriber that the Managing Member or the Company deems necessary or convenient to ensure compliance with all applicable laws concerning money laundering and similar illicit activities.

(f) The Subscriber understands that the Company is prohibited from accepting subscriptions for Interests by any person or entity that is acting, directly or indirectly, in violation of any anti-money laundering laws, rules, regulations, treaties or other restrictions, or on behalf of any suspected terrorist or terrorist organization, including any person, entity or organization that is included on any so-called "watch list" maintained by any governmental agency of the U.S. (including, but not limited to, the U.S. Central Intelligence Agency, the U.S. Department of the Treasury, the U.S. Federal Bureau of Investigation, the IRS, the U.S. Office of Foreign Assets Control and the SEC) (each such person or entity being called herein a "Prohibited Investor"):

(1) The Subscriber is not (A) acting as an agent, representative, nominee or intermediary for any other person, entity or other beneficial owner (each such person or entity being called herein an "Underlying Beneficial Owner") and no Underlying Beneficial Owner has any beneficial or economic interest in the Interests, (B) a Prohibited Investor or (C) a senior foreign political figure,<sup>1</sup> an immediate family member<sup>2</sup> of a senior foreign political figure or a close associate<sup>3</sup> of a senior foreign political figure.

(2) If the Subscriber is a corporation, Company, limited liability company, trust, association or other entity, the Subscriber (A) has established the identity of each director, officer and beneficial owner of the Subscriber (including, but not limited to, each shareholder, member, partner, trustee and beneficiary), (B) will maintain all evidence identifying such persons for at least five years after the date the Subscriber terminates its entire interest in the Company, (C) has made such information available to the Managing Member in the Offering Questionnaire or will provide such information to the Managing Member immediately on the Managing Member's request and (D) has no intention or obligation to distribute, assign, transfer or sell all or any portion of the Interests to any underlying beneficial owner.

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1 A "senior foreign political figure" is a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

2 The "immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and in-laws.

3 A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.



## KINETIC FUNDS I, LLC

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(3) If the Subscriber is an investment entity (such as an investment pool organized as a limited Company, limited liability company, corporation or other entity), (A) the Subscriber has established and applies anti-money laundering practices and procedures that comply with all applicable laws, rules and regulations and are designed to detect and report any activity that raises suspicion of money laundering activities and (B) none of the Subscriber's directors, officers, managers, members, partners, shareholders or other beneficial owners is a Prohibited Investor, a senior foreign political figure, an immediate family member of a senior foreign political figure or a close associate of a senior foreign political figure.

(4) The assets used to subscribe for the Interests hereby were not derived, directly or indirectly, from any illegal activity or source.

(g) If the Subscriber is a bank organized under non-U.S. law or is an agency, branch or office located outside the U.S. of a U.S. bank (a "Foreign Bank"), or if the Subscriber receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Foreign Bank:

(1) The Foreign Bank maintains a place of business that is located at a fixed address, other than solely an electronic address or a post-office box, in a country in which the Foreign Bank is authorized to conduct banking activities, at which location the Foreign Bank (A) employs one or more individuals on a full-time basis and (B) maintains operating records related to its banking activities;

(2) The Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities;

(3) The Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate (as that term is defined in 31 C.F.R. §103.175); and

(4) The Subscriber agrees to furnish such other documentation that the Managing Member or the Company may request at any time, including, but not limited to, any certification or recertification provided for by 31 C.F.R. §103.177(b).

(h) The Subscriber agrees to notify the Managing Member immediately if any of the representations, warranties or agreements in section 2(e), (f) or (g) becomes false, inaccurate or incomplete in any respect at any time that the Subscriber holds any Interests. The Subscriber understands and agrees that if the Managing Member believes that any of the representations, warranties or agreements in section 2(e), (f) or (g) or any other information that the Subscriber has supplied to the Managing Member or the Company is or becomes false, inaccurate or incomplete in any respect, the Managing Member or the Company may be required to expel the Subscriber from the Company, freeze the assets of the Subscriber, suspend the Subscriber's withdrawal rights, request additional information or recertification, deliver the Subscriber's assets invested in the Company to a governmental agency, report any such action and the Subscriber's identity to a governmental agency or take any combination of the foregoing actions or any other action as required by applicable law. The Subscriber hereby (1) waives and releases any known or unknown claim that the Subscriber might now or at any future time have against the Company, the Managing Member or any of their respective Affiliates, controlling persons, shareholders, members, managers, partners, directors, officers, employees, attorneys and agents in connection with such action by the Managing Member or the Company and (2) agrees that, in connection with such action by the Managing Member or the Company, the Managing Member may segregate and manage any portion or all of the Subscriber's investment in the Company separate and apart from the Company's assets, in the Managing Member's absolute discretion, including without limitation, by selling or otherwise disposing of such assets of the Subscriber and reinvesting the proceeds there from.

## KINETIC FUNDS I, LLC

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The rights and obligations of the Managing Member under this section 2(h) shall supersede any duties that the Managing Member may have to the Subscriber under the Agreement or otherwise.

(i) Unless otherwise approved by the Managing Member, distributions of the Company's assets to the Subscriber (whether as a result of a distribution to all Capital Class Members or in connection with a withdrawal by the Subscriber) shall be made (1) only to the Subscriber (as reflected on the Company's books and records) and (2) only through accounts held at a U.S. bank.

(j) The Subscriber acknowledges receipt of the AGREEMENT and acknowledges that the Subscriber has been furnished with such financial and other information concerning the Company, the Managing Member and the business and proposed business of the Company as the Subscriber considers necessary in connection with the Subscriber's investment in Interests. The Subscriber has carefully reviewed the AGREEMENT and is thoroughly familiar with the existing and proposed business, operations, management, properties and financial condition of the Company and has discussed with representatives of the Managing Member any questions the Subscriber may have had with respect thereto. The Subscriber understands:

- (1) The risks involved in this offering, including the speculative nature of the investment;
- (2) The financial hazards involved in this offering, including the risk of losing the Subscriber's entire investment;
- (3) The lack of liquidity and restrictions on transfers of Interests; and
- (4) The tax consequences of this investment.

The Subscriber has consulted with the Subscriber's own legal, accounting, tax, investment and other advisers with respect to the tax treatment of an investment by the Subscriber in Interests and the merits and risks of an investment in Interests.

(k) The Subscriber understands that the investment in Interests is highly speculative, and is able to bear the economic risk of such investment. The Subscriber is an "accredited investor" as defined in the Offering Questionnaire attached hereto as Appendix I. If the Subscriber has indicated category (13) in Part E of such Offering Questionnaire, all direct and indirect equity owners of the Subscriber are also accredited investors.

(l) The Subscriber has a net worth in excess of \$1,500,000. Each direct or indirect ultimate equity owner of the Subscriber has a net worth in excess of \$1,500,000, if the Subscriber is (1) a private investment company (a company that would be defined as an investment company under the ICA, but for the exception from that definition provided by ICA section 3(c)(1)), (2) an investment company registered under the ICA or (3) a business development company as defined in Advisers Act section 202(a) (22).

(m) If the Subscriber is an individual, the Subscriber is a citizen of the U.S., or a resident alien taxable as a citizen of the U.S., over twenty-one years of age (or the age of majority in the Subscriber's state of residence) and if the Subscriber is an unincorporated association, all of its members are such citizens or resident aliens of such age. The requirements of the preceding sentence will be deemed met if the Subscriber is such a citizen or resident alien of such age who is acting as a custodian, trustee or legally appointed personal representative for the beneficial investor (who may be under such age). The Subscriber agrees to notify the Company within sixty days of becoming a nonresident alien.

## KINETIC FUNDS I, LLC

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(n) If the Subscriber is a corporation, limited liability company, Company, trust or other entity:

(1) Unless otherwise indicated on the Subscriber's Offering Questionnaire, the Subscriber is not a foreign corporation, foreign limited liability company, foreign Company, foreign trust or foreign estate (as those terms are defined in the Code and the Regulations). The Subscriber agrees to notify the Company within sixty days of the date that the Subscriber becomes any such foreign person.

(2) The Subscriber was not formed for the purpose of investing in Interests. Less than forty percent of the Subscriber's total assets will be invested in the Company. The Subscriber has or will have other substantial business or investments.

(3) If the Subscriber is an "investment company", as that term is defined in the Investment Company Act of 1940, as amended, (the "ICA") or it relies on the exclusion from the definition of "investment company" provided by ICA section 3(c)(1) or 3(c)(7), the Subscriber understands and agrees that the Subscriber's subscription hereby may be reduced by the Managing Member to an amount that is less than ten percent of the total amount of interests in the Company held by all Capital Class Members.

(4) Other than as may be required with respect to the allocation of profits and losses from New Issue securities (under Rule 2790 of the National Association of Securities Dealers, Inc. (the "NASD"), as such Rule may be amended or replaced from time to time by the NASD or any similar rule or interpretation of any self-regulatory organization or governmental agency or official having similar authority), the governing documents of the Subscriber require that each beneficial owner of the Subscriber, including, but not limited to, shareholders, members, partners and beneficiaries, participate through such beneficial owner's interest in the Subscriber in all of the Subscriber's investments and that the profits and losses from each such investment are shared among such beneficial owners in the same proportions as all other investments of the Subscriber. No such beneficial owner may vary such beneficial owner's share of profits and losses or the amount of such beneficial owner's contribution for any particular investment made by the Subscriber.

The Subscriber understands that the Subscriber's certification in section 2(m) or (n)(1) above regarding non-foreign status may be disclosed to the IRS by the Company, and any false statement may be punishable by fine, imprisonment or both.

(o) If the Subscriber is a corporation, limited liability company, Company, trust or other entity and is not an Employee Benefit Plan, less than twenty-five percent of the value of each class of equity interests in the Subscriber (excluding from the computation non-Employee Benefit Plan interests of any individual or entity with discretionary authority or control over the assets of the Subscriber) is held by benefit plan investors, as defined in the Department of Labor's "plan asset" regulations at 29 C.F.R. §2510.3-101 ("Benefit Plan Investors"). If the Subscriber is as described in the preceding sentence and at any time twenty-five percent or more of the value of any class of equity interests in the Subscriber (computed as described in the preceding sentence) is or becomes held by Benefit Plan Investors (in which event, the Subscriber shall be or become a "25% Subscriber"), the Subscriber shall immediately disclose such fact to the Company. If the Subscriber is or becomes a 25% Subscriber or an Employee Benefit Plan, the person signing this Subscription Agreement on behalf of the Subscriber hereby represents and warrants as follows:

(1) If the Subscriber is an Employee Benefit Plan that is subject to Title I of ERISA, such person is either a named fiduciary of the Employee Benefit Plan (as defined in ERISA section 402(a)(2)) or an investment manager of the Employee Benefit Plan (as defined in ERISA section 3(38)) with

## KINETIC FUNDS I, LLC

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full authority under the terms of the Employee Benefit Plan and full authority from all Employee Benefit Plan beneficiaries, if required, to cause the Employee Benefit Plan to invest in the Company. Such investment has been duly approved by all other named fiduciaries whose approval is required, if any, and is not prohibited or restricted by any provision of the Employee Benefit Plan or of any related instrument.

(2) If the Subscriber is an Employee Benefit Plan that is subject to Title I of ERISA or a 25% Subscriber whose assets include assets of an Employee Benefit Plan under the "plan asset" regulations, such person has determined independently that the investment by the Employee Benefit Plan or 25% Subscriber in the Company satisfies all requirements of ERISA section 404(a)(1), specifically including the "prudent man" standards of ERISA section 404(a)(1)(B) and the "diversification" standard of section 404(a)(1)(C), and will not be prohibited under any provision of ERISA section 406 or Code section 4975(c)(1). Such person has requested and received all information from the Managing Member that such person, after due inquiry, considered relevant to such determinations. In determining that the requirements of ERISA section 404(a)(1) are satisfied, such person has taken into account the risk of loss of part or all of the Employee Benefit Plan's or 25% Subscriber's investment and that an investment in the Company will be relatively illiquid, and funds so invested will not be readily available for the payment of employee benefits. Taking into account these factors and all other factors relating to the Company, the undersigned has concluded that investment in the Company constitutes an appropriate part of the Employee Benefit Plan's or 25% Subscriber's overall investment program.

(3) Such person will notify the Managing Member, in writing, of any alteration in the identity of any named fiduciary or investment manager, including such person, who has the authority to approve investments in the Company.

(4) Neither the Managing Member nor any Affiliate of the Managing Member has rendered any investment advice (within the meaning of ERISA section 3(21) and the regulations thereunder) to the Subscriber (or, if the Subscriber is a 25% Subscriber, to any Employee Benefit Plan investing in the 25% Subscriber) with respect to the assets that will be invested in the Company on a regular basis pursuant to a mutual understanding, arrangement or agreement, written or otherwise, between the Subscriber (or, if the Subscriber is a 25% Subscriber, between any Employee Benefit Plan investing in the 25% Subscriber) and any of such parties who will act in regard to the Company, and none of such parties renders any investment advice to the Subscriber or to any such Employee Benefit Plan that furnishes a primary basis for investment decisions with respect to assets of the Subscriber or of any such Employee Benefit Plan.

If the Managing Member or any Affiliate, director, officer, member, manager, partner, employee or agent of the Managing Member is ever held to be a fiduciary, it is agreed that, in accordance with ERISA sections 405(c)(1), 405(c)(2) and 405(d) and any successor sections thereto, the fiduciary responsibilities of that person shall be limited to such person's duties in administering the business of the Company, and such person shall not be responsible for any other duties with respect to any Employee Benefit Plan or any Employee Benefit Plan investing in the 25% Subscriber (specifically including evaluating the initial or continued appropriateness of any such Employee Benefit Plan's investment in the Company under ERISA section 404(a)(1)). The Managing Member may, but shall not be required to, elect to report the Company's underlying assets directly to the DOL pursuant to 29 C.F.R. 2520.103-12.

(p) This Subscription Agreement constitutes a legal, valid and binding agreement of the Subscriber enforceable against the Subscriber in accordance with its terms. The Subscriber, if not an individual, is empowered and duly authorized to enter into this Subscription Agreement (including the power of attorney herein) under any governing document, operating agreement, Company agreement, trust instrument, pension plan, charter, articles or certificate of incorporation or organization, bylaw provision or the like. The person, if any, signing this

## KINETIC FUNDS I, LLC

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Subscription Agreement on behalf of the Subscriber is empowered and duly authorized to do so by the governing document, trust instrument, operating agreement, Company agreement, pension plan, charter, articles or certificate of incorporation or organization, bylaw provision, board of directors or stockholder resolution, or the like.

(q) The offer to sell Interests was directly communicated to the Subscriber by the Company in a manner such that the Subscriber was able to ask questions of and receive answers from the Managing Member concerning the terms and conditions of this transaction. At no time was the Subscriber presented with or solicited by any leaflet, public promotional meeting, newspaper, magazine or similar media (including, without limitation, any internet site that does not comply with procedures required to prevent a public solicitation of Interests), or radio or television article or advertisement, or any other form of advertising or general solicitation. The Subscriber has not reproduced, duplicated or delivered to any other person the AGREEMENT or any part thereof or excerpt therefrom, including, without limitation, this Subscription Agreement, except to the Subscriber's own advisers, and shall not do so without the Managing Member's prior consent.

(r) The Subscriber understands that insofar as indemnification for liabilities arising under the 1933 Act may be permitted to directors, officers or persons controlling the Company pursuant to the AGREEMENT or this Subscription Agreement, the Company has been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the 1933 Act and is therefore unenforceable.

(s) The Subscriber understands and agrees that the Managing Member and the Company may release and disclose to proper governmental authorities confidential information about the Subscriber and, if applicable, its directors, officers and beneficial owners, if the Managing Member is required to do so by applicable law, rule, regulation, subpoena or court order or if the Managing Member believes it is in the best interest of the Company in light of the applicable laws, rules and regulations regarding Prohibited Investors.

3. AGREEMENT TO REFRAIN FROM REALES. The Subscriber agrees that the Subscriber shall in no event pledge, hypothecate, sell, transfer, assign or otherwise dispose of any Interests, nor shall the Subscriber receive any consideration for Interests from any person, unless and until prior to any proposed pledge, hypothecation, sale, transfer, assignment or other disposition, the Subscriber shall have complied with all requirements and conditions in the AGREEMENT.

4. CERTIFICATES TO BE LEGENDED. The Subscriber understands and agrees that any instrument or certificate representing or relating to Interests may bear such legends as the Company may consider necessary or advisable to facilitate compliance with the 1933 Act and any other applicable securities law or regulation, including, without limitation, legends stating that the Interests have not been registered or qualified under the 1933 Act or any other securities law and setting forth the limitations on dispositions imposed hereby and by the Agreement.

5. INTERESTS WILL BE RESTRICTED SECURITIES. The Subscriber understands that the Interests will be "restricted securities" as that term is defined in Rule 144 under the 1933 Act and, accordingly, that the Subscriber must hold the Interests indefinitely unless they are subsequently registered or qualified under the 1933 Act and any other applicable securities law or exemptions from such registration and qualification are available. The Subscriber understands that the Company is under no obligation so to register or qualify Interests under the 1933 Act or any other securities law, or to comply with Regulation A or any other exemption under the 1933 Act or any other law. The Subscriber understands that Rule 144 is not available for any sale of Interests and will not be available for at least several years.

## KINETIC FUNDS I, LLC

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6. COMPANY MAY REFUSE TO TRANSFER. If, in the opinion of counsel for the Managing Member or a manager of the Managing Member, the Subscriber has acted or at any time hereafter shall have acted in a manner inconsistent with the representations and warranties in this Subscription Agreement, the Managing Member may refuse to transfer the Interests until such time as such counsel is of the opinion that such transfer will not require registration or qualification of Interests under the 1933 Act or any other securities law or registration of the Company under the ICA. The Subscriber understands and agrees that the Company may refuse to acknowledge or permit any disposition of Interests that does not comply in all respects with the Agreement and this Subscription Agreement and that the Company intends to make an appropriate notation in its records to that effect.

7. INDEMNIFICATION. The Subscriber agrees to indemnify and defend the Company, the Managing Member, each person, if any, who controls the Managing Member within the meaning of the 1933 Act or the 1934 Act, and each of their respective Affiliates, controlling persons, shareholders, members, managers, partners, directors, officers, employees, attorneys and agents and hold them harmless from and against any and all claims, liabilities, losses, damages, settlements and expenses (including, without limitation, attorneys' fees and expenses, expert witnesses' fees and expenses and court costs) as and when suffered or incurred on account of or arising out of:

- (a) Any breach of or inaccuracy in the Subscriber's representations, warranties or agreements herein, including, without limitation, the defense of any claim based on any allegation of fact inconsistent with any of such representations, warranties or agreements;
- (b) Any disposition of Interests contrary to any of such representations, warranties or agreements;
- (c) Any action, suit or proceeding based on (1) a claim that any of such representations, warranties or agreements were inaccurate or misleading or otherwise cause for obtaining damages or redress under the 1933 Act or any other securities law, or (2) any disposition of any Interests or any part thereof or interest therein; or
- (d) Any delay in the Subscriber's subscription, any freezing of the assets of the Subscriber, any suspension or delay of the Subscriber's withdrawal rights, any delivery of the Subscriber's assets invested in the Company to a governmental agency, or any other action, delay or disclosure, pursuant to section 2(e), (f), (g), (h) or (s).

8. POWER OF ATTORNEY. The Subscriber hereby irrevocably constitutes and appoints the Managing Member, with full power of substitution and re-substitution, the Subscriber's true and lawful attorney, for the Subscriber and in the Subscriber's name, place and stead and for the Subscriber's use and benefit to sign, execute, deliver, certify, acknowledge, swear to, file, record and publish:

- (a) The AGREEMENT and the Company's Certificate of Formation, and any amendments to either of such documents in accordance with the AGREEMENT;
- (b) Any other certificates, instruments, agreements and documents necessary to qualify or continue the Company as a limited liability company or a Company wherein members have limited liability in the states or other jurisdictions where the said attorney-in-fact deems necessary or advisable;



## KINETIC FUNDS I, LLC

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(c) All conveyances, assignments, documents of transfer or other instruments and documents necessary to effect the assignment of Interests or the dissolution and termination of the Company in accordance with the Agreement; and

(d) All filings and submissions pursuant to any applicable law, regulation, rule, order, decree or judgment which, in the opinion of said attorney-in-fact, may be necessary or advisable in connection with the business of the Company.

The power of attorney granted herein is coupled with an interest, shall be irrevocable, shall survive the death, disability or incapacity of the Subscriber, shall be deemed given by each and every assignee and successor of the Subscriber and may be exercised by said attorney-in-fact by listing, or attaching a list of, the names of the Subscriber and other persons for whom the said attorney-in-fact is acting and signing the Agreement and such other certificates, instruments and documents with the single signature of an authorized signatory on behalf of the said attorney-in-fact acting as such for all of the persons whose names are so listed.

9. ARBITRATION. The parties waive their right to seek remedies in court, including any right to a jury trial. The parties agree that any dispute between or among any of the parties or any of their Affiliates arising out of, relating to or in connection with this Subscription Agreement or the Company or its formation, organization, capitalization, business or management, shall be resolved exclusively through binding arbitration conducted under the rules and before the facilities of any self-regulatory organization of which the Company is a member at the time of such dispute, or of the Judicial Arbitration and Mediation Service in or nearest in geographic proximity to Sarasota, Florida, ("JAMS") if the Company is not a member of any such self-regulatory organization at the time of such dispute. The arbitration hearing shall be held in the county and state of the principal office of the Company at the time the dispute arises, unless required to be held elsewhere by the rules of the organization before which the arbitration is conducted. Disputes shall not be resolved in any other forum or venue. If conducted under the auspices of JAMS, (a) the arbitration shall be conducted by a retired judge who is experienced in resolving disputes regarding the securities business, (b) the arbitrator shall apply the substantive law of the state of Florida to all state law claims, (c) limited discovery shall be conducted in accordance with JAMS' Arbitration Rules and Procedures, (d) the arbitrator may not award punitive or exemplary damages, unless (but only to the extent that) such damages are required by law to be an available remedy for the specific claim(s) asserted, (e) the arbitrator's award shall consist of a written statement as to the disposition of each claim and the relief, if any, awarded on each claim and (f) the award shall not include or be accompanied by any findings of fact, conclusions of law or other written explanation of the reasons for the award. The parties understand that the right to appeal or to seek modification of any ruling or award by the arbitrator is severely limited under state and federal law. Any award rendered by the arbitrator shall be final and binding, and judgment may be entered thereon in any court of competent jurisdiction in the county and state of the principal office of the Company at the time the award is rendered or as otherwise provided by law.

10. SUCCESSORS. The representations, warranties and agreements in this Subscription Agreement shall be binding on the Subscriber's successors, assigns, heirs and legal representatives and shall inure to the benefit of the respective successors and assigns of the Company and the Managing Member, any other person that shall hereafter be admitted to the Company as a Managing Member thereof in accordance with the Agreement, and their respective Affiliates.

## KINETIC FUNDS I, LLC

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11. GOVERNING LAW. This Subscription Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Florida.

12. NUMBER AND GENDER. The use of the singular number shall be deemed to include the plural and vice versa, and each gender shall be deemed to include each other gender, as the context may require, and "person" shall be deemed to include natural person, corporation, limited liability company, Company, trust or other legal entity.

13. ENTIRE AGREEMENT. This Subscription Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by all parties. The representations, warranties, covenants and agreements in this Subscription Agreement shall survive the execution and delivery of this Subscription Agreement and the AGREEMENT and shall continue in full force and effect notwithstanding anything to the contrary in the AGREEMENT, except only to the extent otherwise provided in a written amendment of this Subscription Agreement, specifically referring hereto, that is signed by or on behalf of the Managing Member and the Subscriber.

14. SEVERABILITY. If any provision of this Subscription Agreement or the application thereof to any person or in any circumstances shall be held to be invalid, unlawful, or unenforceable to any extent, the remainder of this Subscription Agreement, and the application of such provision other than to the persons or in the circumstances deemed invalid, unenforceable or unlawful, shall not be affected thereby, and each remaining provision hereof shall continue to be valid and may be enforced to the fullest extent permitted by law.

# KINETIC FUNDS I, LLC

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KINETIC FUNDS I, LLC

## SUBSCRIPTION AGREEMENT SIGNATURE PAGE

AMOUNT OF CHECK OR SIMULTANEOUS WIRE TRANSFER:

TYPE OF OWNERSHIP: (Check One):

<u>Check One</u>	<u>TYPE OF OWNERSHIP</u>	<u>SIGNATURE PAGE</u>
<input type="checkbox"/>	INDIVIDUAL OWNERSHIP	PAGE 13
<input type="checkbox"/>	JOINT TENANTS WITH RIGHT OF SURVIVORSHIP	PAGE 13
<input type="checkbox"/>	COMMUNITY PROPERTY	PAGE 13
<input type="checkbox"/>	TENANTS-IN-COMMON	PAGE 13
<input type="checkbox"/>	CORPORATION	PAGE 14
<input type="checkbox"/>	COMPANY OR LIMITED LIABILITY COMPANY	PAGE 15
<input type="checkbox"/>	TRUST (including employee benefit plan and individual retirement account trusts)	PAGE 16
<input type="checkbox"/>	CUSTODIAN FOR MINOR	PAGE 17
<input type="checkbox"/>	CUSTODIAN FOR PENSION PLAN/RETIREMENT FUNDS	PAGE 18
<input type="checkbox"/>	OTHER (Please specify and include appropriate documentation)	NA

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## KINETIC FUNDS I, LLC

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### INDIVIDUAL(S):

The Managing Member may require that you furnish a certified or notarized copy of your driver's license or passport.

Dated: \_\_\_\_\_, 200\_\_

Investor #1:

Print or Type Name:

\_\_\_\_\_

Signature: \_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

Social Security No. \_\_\_\_\_

Investor #2 (if any):

Print or Type Name:

\_\_\_\_\_

Signature: \_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

Social Security No. \_\_\_\_\_

## KINETIC FUNDS I, LLC

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### CORPORATION:

The Managing Member may require that you furnish articles or certificate of incorporation, bylaws and corporate resolution certified by the secretary of the corporation authorizing execution of this Subscription Agreement by the person signing below.

Dated: \_\_\_\_\_, 20\_\_

Name of Corporate Investor:

\_\_\_\_\_  
\_\_\_\_\_

State of Incorporation

\_\_\_\_\_

Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By:

\_\_\_\_\_  
Authorized Signature

Print Name and Title of Signatory \_\_\_\_\_

Tax Identification Number \_\_\_\_\_

## KINETIC FUNDS I, LLC

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### COMPANY OR LIMITED LIABILITY COMPANY:

The Managing Member may require that you furnish a certified copy of the statement of Company or Company agreement or the operating agreement and articles or certificate of organization or formation authorizing execution of this Subscription Agreement by the person signing below.

Dated: \_\_\_\_\_, 20\_\_

Name of Company or Limited Liability Company \_\_\_\_\_

State of Formation \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Authorized Signature

Print Name and Title of Signatory \_\_\_\_\_

Tax Identification Number \_\_\_\_\_

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## KINETIC FUNDS I, LLC

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### TRUST:

The Managing Member may require that you furnish a certified copy of the trust agreement or other instrument and any other documentation necessary to establish the authority of the person signing this Subscription Agreement.

Dated: \_\_\_\_\_, 20\_\_

Name of Trust

State and Date of Formation

Address:

\_\_\_\_\_  
\_\_\_\_\_

By:

\_\_\_\_\_  
\* Signature of Trustee or Other Authorized Person

Print Name and Title of Signatory \_\_\_\_\_

Tax Identification Number \_\_\_\_\_

\* All documents must be signed by or on behalf of the trustee or, in the case of an individual retirement account, the custodian, not by or on behalf of a participant or beneficiary.

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## KINETIC FUNDS I, LLC

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### CUSTODIAN FOR MINOR:

Dated: \_\_\_\_\_, 20\_\_\_\_

Print Name of Custodian: \_\_\_\_\_

Address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature of Custodian

Custodian for:

Print Name of Minor \_\_\_\_\_

under the Florida Uniform Transfers to Minors Act

Social Security Number of Minor: \_\_\_\_\_

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## KINETIC FUNDS I, LLC

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### CUSTODIAN FOR PENSION PLAN/RETIREMENT FUNDS:

For non-self-directed Pension Plans and/or Retirement Funds or plans that are not in a trust, a signature from the authorized person for the custodian of the pension plan / retirement fund is required.

Dated: \_\_\_\_\_, 20\_\_

Name of Pension Plan / Retirement Fund / IRA:

\_\_\_\_\_ FBO \_\_\_\_\_, IRA

Name of Custodian:

State of Incorporation

\_\_\_\_\_

\_\_\_\_\_

Address:

\_\_\_\_\_

By:

\_\_\_\_\_

Authorized Signature

Print Name and Title of Signatory \_\_\_\_\_

By:

\_\_\_\_\_

Authorized Signature

Print Name and Title of Signatory \_\_\_\_\_

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Kinetic Funds I, LLC  
CONFIDENTIAL

# KINETIC FUNDS I, LLC

## ACKNOWLEDGMENT

STATE OF FLORIDA )  COUNTY OF SARASOTA )  On _____, before me, _____, Notary Public, personally appeared MICHAEL S WILLIAMS	<b>CAPACITY CLAIMED BY SIGNER</b>  <input type="checkbox"/> INDIVIDUAL <input checked="" type="checkbox"/> CORPORATE OFFICER(S)  <b>TITLE(S)</b> PARTNER(S)  <input checked="" type="checkbox"/> GENERAL <input type="checkbox"/> LIMITED  <input type="checkbox"/> ATTORNEY-IN-FACT <input type="checkbox"/> TRUSTEE(S) <input type="checkbox"/> GUARDIAN/CONSERVATOR <input type="checkbox"/> OTHER: _____  <b>SIGNER IS REPRESENTING:</b> (Name of Person(s) or Entity(ies))  _____  _____
personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument  WITNESS my hand and official seal.  _____ (SIGNATURE OF NOTARY)	

## COMPANY'S ACCEPTANCE

KINETIC FUNDS I, LLC, the Company named above, hereby accepts the foregoing Subscription Agreement  
 as of \_\_\_\_\_, 20\_\_\_\_.

by: \_\_\_\_\_  
 Michael S. Williams,  
 Managing Member of LF 42, LLC,  
 Managing Member, Kinetic Partners, LLC

Kinetic Funds I, LLC  
 CONFIDENTIAL

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## KINETIC FUNDS I, LLC

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Kinetic Funds I, LLC  
CONFIDENTIAL

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APPENDIX I TO  
SUBSCRIPTION AGREEMENT

OFFERING QUESTIONNAIRE

KINETIC FUNDS I, LLC

(All Information Will Be Treated Confidentially)

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**INSTRUCTIONS**

This Questionnaire is being distributed to a select group of investors, each of whom KINETIC FUNDS I, LLC, a Delaware limited liability company (the "Company"), believes may find investment in the Company suitable for such investor's current investment objectives. The primary purpose of this Questionnaire is to elicit information sufficient to permit the Company reasonably to conclude that the Subscriber has sufficient investment sophistication and ability to take financial risk to meet the standards for availability of the private offering exemption from the registration requirements of the 1933 Act, and the qualification or registration requirements of any other applicable securities law. Capitalized terms used and not otherwise defined in this Questionnaire have the meanings respectively ascribed to them in the Subscription Agreement and the Company's Operating Agreement, as amended and as may in the future be amended from time to time (the "Agreement") of which this Offering Questionnaire is an integral part.

If, in completing this Questionnaire, you are in doubt regarding the meaning or implication of any of the terminology or regarding the significance of any particular question, please contact KINETIC FUNDS I, LLC, 1800 2nd Street, Suite 955, Sarasota, FL 34236, telephone: (941) 870-9544; email: [info@kinetic-sg.com](mailto:info@kinetic-sg.com)

If the answer to any question is "None" or "Not Applicable," please so state.

YOUR ANSWERS WILL AT ALL TIMES BE KEPT STRICTLY CONFIDENTIAL. EACH PERSON SIGNING THIS QUESTIONNAIRE AGREES, HOWEVER, THAT THE COMPANY'S MANAGING MEMBER MAY PRESENT THIS QUESTIONNAIRE TO SUCH PARTIES AS THE MANAGING MEMBER DEEMS APPROPRIATE IF CALLED ON TO ESTABLISH THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION OR QUALIFICATION OF THE INTERESTS UNDER THE 1933 ACT OR ANY OTHER SECURITIES LAW OR IN CONNECTION WITH COMPLIANCE WITH ANY OTHER APPLICABLE LAW, RULE OR REGULATION (INCLUDING, WITHOUT LIMITATION, ANTIMONEY LAUNDERING LAWS, RULES AND REGULATIONS).

Unless you have already furnished a completed and signed Offering Questionnaire to the Managing Member, or have otherwise furnished to the Managing Member all of the information elicited by this Questionnaire, and unless the information furnished is still true and complete, please complete, sign, date and return one copy of this Questionnaire with original signatures to KINETIC FUNDS I, LLC at the address set forth above.

**Note for Trusts:** If the Subscriber is a trust that believes it is an "accredited investor" described in Part E, category (4), please furnish a separate Questionnaire with respect to the Subscriber and each person participating in making the investment decision (except that persons participating in making the investment decision need not complete Parts C, E, F and G).

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KINETIC FUNDS I, LLC



**Note for Certain Entities:** If the Subscriber is an entity that believes it is an "accredited investor" by virtue of the accredited investor status of each equity owner thereof (see Part E, category (13)), please furnish a separate Questionnaire with respect to the Subscriber and each such equity owner.

## A. IDENTIFYING INFORMATION

Both entities and individual subscribers should complete this Part A, inserting the information requested with respect to the Subscriber, not any person completing this Questionnaire on the Subscriber's behalf, except that if such person is acting as a custodian for a minor whose funds will be invested, please so indicate and complete the information with respect both to such person and to the minor.

Full Name(s): \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Date of Birth: \_\_\_\_\_ Marital Status: \_\_\_\_\_ Number of Dependents: \_\_\_\_\_

In what state is the Subscriber's principal residence? (If the Subscriber has resided in this state less than one year, or plans to change the Subscriber's state of residence, please explain.)

Is there any reason the Subscriber might be considered a resident of another state (e.g., live part of the year, have an office or business, registered to vote, pay taxes or hold a driver's license in another state)? If so, please explain:

Is the Subscriber acting as an agent, representative, nominee or intermediary for any other person, entity or other beneficial owner? Yes \_\_\_ No \_\_\_

If the Subscriber is an individual, is the Subscriber a senior foreign political figure,<sup>1</sup> an immediate family member<sup>2</sup> of a senior foreign political figure or a close associate<sup>3</sup> of a senior foreign political figure? Yes \_\_\_ No \_\_\_

<sup>1</sup> A "senior foreign political figure" is a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. [Footnote continued at bottom of following page]

KINETIC FUNDS I, LLC

If the Subscriber is a corporation, Company, limited liability company, trust, association or other entity:

1. Please identify the following

- a. Type of entity: \_\_\_\_\_
- b. The jurisdiction under the laws of which the Subscriber is organized and existing:  
\_\_\_\_\_
- c. The jurisdiction where the Subscriber's principal place of business is located:  
\_\_\_\_\_

2. Has the Subscriber established the identity of each director, officer and beneficial owner of the Subscriber (including, but not limited to, each shareholder, member, partner and beneficiary)?

Yes \_\_\_ No \_\_\_

3. Does the Subscriber have any intention or obligation to distribute, assign, transfer or sell all or any portion of the Interests to any of its directors, officers or beneficial owners?

Yes \_\_\_ No \_\_\_

If the Subscriber is an investment entity (such as an investment pool organized as a limited Company, limited liability company, corporation or other entity):

1. Has the Subscriber established and does it apply anti-money laundering practices and procedures that comply with all applicable laws, rules and regulations?

Yes \_\_\_ No \_\_\_

2. Is any director, officer, manager, member, partner, shareholder or other beneficial owner of the Subscriber (i) a person, entity or other organization that is included on any so-called "watch list" maintained by any governmental agency of the U.S. (including, but not limited to, the U.S. Central Intelligence Agency, the U.S. Department of the Treasury, the U.S. Federal Bureau of Investigation, the IRS, the U.S. Office of Foreign Assets Control and the SEC) or (ii) a senior foreign political figure, an immediate family member of a senior foreign political figure or a close associate of a senior foreign political figure?

Yes \_\_\_ No \_\_\_

Is the Subscriber a bank organized under non-U.S. law, or an agency, branch or office located outside the U.S. of a U.S. bank (a "Foreign Bank")? Yes \_\_\_ No \_\_\_.

If yes, the Managing Member will not process this subscription until the Subscriber fully completes and returns to the Managing Member a Certification Regarding Correspondent Accounts for Foreign Banks. Please contact the Managing Member to obtain a form of Certification.

The "immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and inlaws.

A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

KINETIC FUNDS I, LLC

**B. EMPLOYMENT AND BACKGROUND**

If the Subscriber is an individual, please furnish all of the following information with respect to the Subscriber and the Subscriber's spouse. If the Subscriber is an entity or is investing jointly with a person other than the Subscriber's spouse, please furnish all of the following information in this Part B regarding each officer, manager, partner, trustee or other person who will participate in the investment decision. If the Subscriber is acting as a custodian for a minor whose funds will be invested, please furnish information in this Part B regarding the custodian only.

**Investor Name:**

<u>College/University</u>	<u>Degree</u>	<u>Major</u>	<u>Year</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Name and Address of Current Employer:

Nature of Employment:

Nature of Employer's Business:

If self-employed, nature of business:

**Spouse/Co-Investor Name:** \_\_\_\_\_

<u>College/University</u>	<u>Degree</u>	<u>Major</u>	<u>Year</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Name and Address of Current Employer:

Nature of Employment:

Nature of Employer's Business:

If self-employed, nature of business:

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 KINETIC FUNDS I, LLC

Describe briefly all positions (including directorships) held during the past five years that were related to financial, business, accounting, economics, taxation or investment matters and that the Subscriber believes demonstrate the Subscriber's investment sophistication. Where appropriate, briefly describe the business of the company or other entity in which the position was held:

Describe briefly any other background in business (particularly in the securities business), economics, finance, accounting, taxation, law, investing or related fields (include any relevant educational experience) that demonstrates investment sophistication:

Describe briefly any legal actions, including lawsuits, arbitrations and mediations, involving securities, commodities or other investments, in which the Subscriber has been involved in the past five years. State the names of the parties to the proceeding, whether the Subscriber was a plaintiff or defendant, where the action took place (i.e., name of court, location of arbitration), a brief description of the dispute and the resolution of the matter:

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KINETIC FUNDS I, LLC

**C. FINANCIAL INFORMATION**

**Entities.** This section should be completed for any Subscriber that is an entity, such as a corporation, limited liability company, Company, trust, etc.

Number of partners, shareholders, members, other beneficial owners or beneficiaries:

Is the Subscriber a qualified retirement plan (such as a 401(k) plan, profit sharing plan, Keogh plan or pension plan), individual retirement account, individual retirement annuity, or a fund providing for medical care or benefits, severance pay, or accident, disability, death, unemployment, vacation or other similar benefits ("employee plans")? Yes \_\_\_ No \_\_\_

Is any class of equity interests in the Subscriber held by any such "employee plan" or by an entity (such as a fund of funds) whose assets constitute "plan assets" of an employee plan under the Department of Labor's "plan asset" regulations at 29 C.F.R. §2510.3-101? Yes \_\_\_ No \_\_\_

If yes, what is the aggregate percentage of the value of each class of equity interests in the Subscriber held by such "employee plans" (excluding from the computation non-employee plan interests held by any individual or entity with discretionary authority or control over the assets of the Subscriber)?

If the Subscriber is a trust other than such an "employee plan," is the trust revocable pursuant to its trust agreement? Yes \_\_\_ No \_\_\_

Is the Subscriber a charitable remainder trust or other tax-exempt entity? Yes \_\_\_ No \_\_\_

If yes, does the Subscriber understand (a) that the Company may allocate to the Subscriber unrelated business taxable income ("UBTI") and (b) the consequences of any such allocation? Yes \_\_\_ No \_\_\_

What is the Subscriber's approximate net worth? \$ \_\_\_\_\_

Was the Subscriber formed for the specific purpose of acquiring Interests? Yes \_\_\_ No \_\_\_

Have the shareholders, partners or other holders of equity or beneficial interests in the Subscriber been provided the opportunity to decide individually whether or not to participate, or the extent of their participation, in the Subscriber's investment in the Company? Yes \_\_\_ No \_\_\_

Is less than 40% of the Subscriber's total assets invested in the Company? Yes \_\_\_ No \_\_\_

Is the Subscriber a company that would be an investment company under the ICA but for the exception provided by ICA section 3(c)(7)? Yes \_\_\_ No \_\_\_

Is the Subscriber a private investment company (a company that would be an investment company under the ICA but for the exception provided by ICA section 3(c)(1))? Yes \_\_\_ No \_\_\_

Is the Subscriber an investment company as defined in the ICA? Yes \_\_\_ No \_\_\_

Is the Subscriber a business development company as defined in Advisers Act section 202(a)(22)? Yes \_\_\_ No \_\_\_

If the Subscriber is a private investment company, an investment company under the ICA or a business development company (as those terms are described above), does each of the equity owners of the Subscriber have a net worth in excess of \$1,500,000? Yes \_\_\_ No \_\_\_ N/A

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KINETIC FUNDS I, LLC

**Individuals and Owners.** The following question should be answered by (1) each Subscriber who is an individual (in the capacity of one who self-directs his/her individual retirement account, as and if applicable); (a custodian for a Subscriber who is a minor must provide the minor's financial information, not the custodian's information and a custodian for a pension plan/individual retirement account must provide the plan's or account's, as the case may be, financial information); (2) each partner of a Subscriber that is a Company; (3) each member of a Subscriber that is a limited liability company; (4) each beneficiary of a Subscriber that is a trust (other than an employee benefit plan trust that is not self-directed); and (5) each shareholder of a Subscriber that is a closely held corporation.

Is the person's individual or joint net worth with his or her spouse, as of the date hereof, in excess of \$1,500,000?

Yes \_\_\_ No \_\_\_

#### D. INVESTMENT BACKGROUND AND OBJECTIVES

Both entities and individual Subscribers should complete this Part D, inserting the information requested with respect to the Subscriber, not any person who is completing this Questionnaire on the Subscriber's behalf.

Approximate number of years the Subscriber has been investing: \_\_\_\_ Please indicate the frequency of the Subscriber's investments in:

Real estate other than the Subscriber's principal residence (directly or through Companies or other entities managed by others):

( ) often, ( ) occasionally, ( ) seldom, ( ) never

Mutual funds and private securities investment pools (such as the Company):

( ) often, ( ) occasionally, ( ) seldom, ( ) never

Approximate current net portfolio value: \$ \_\_\_\_\_

Marketable securities (stocks, options, derivatives, bonds, debentures, notes):

( ) often, ( ) occasionally, ( ) seldom, ( ) never

Approximate current net portfolio value: \$ \_\_\_\_\_

Privately held corporations, limited liability companies and Companies and start-up ventures (stocks, bonds, debentures, notes, member or partner interests):

( ) often, ( ) occasionally, ( ) seldom, ( ) never

Approximate current net portfolio value: \$ \_\_\_\_\_

**Change in Amounts Invested.** Is the total amount of the Subscriber's investments currently substantially more than the total amount typically invested over the past several years (other than as the result of market increases)?

Yes \_\_\_ No \_\_\_

If yes, please give details (e.g., when did increase occur, what was approximate value of total prior portfolio):

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KINETIC FUNDS I, LLC



Order of Objectives (number preferences from 1 to 3, from most preferred to least)

\_\_\_\_\_ Capital Appreciation

\_\_\_\_\_ Income

\_\_\_\_\_ Liquidity

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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KINETIC FUNDS I, LLC

**E. "ACCREDITED INVESTOR"**

If the Subscriber is an "accredited investor" as that term is defined in Regulation D under the 1933 Act, and under other applicable securities laws and regulations, please indicate by initialing the category or categories that accurately describe the Subscriber's situation [initial all applicable blanks]:

- \_\_\_\_\_ (1) A natural person (not an entity) whose individual net worth, or joint net worth with his or her spouse, at the time of his or her purchase exceeds \$1,500,000;
- \_\_\_\_\_ (2) A natural person (not an entity) who [initial appropriate blank(s)]: (a) \_\_\_\_\_ had an individual income in excess of \$200,000 in each of the preceding two years or (b) \_\_\_\_\_ had joint income with his or her spouse in excess of \$300,000 in each of those years and (c) in either case (a) or (b), has a reasonable expectation of reaching the same income level in the current year;
- \_\_\_\_\_ (3) An employee benefit plan within the meaning of Title I of ERISA [initial appropriate blank]: (a) if the investment decision is made by a plan fiduciary, as defined in section 3(21) thereof, which is (i) \_\_\_\_\_ a bank, (ii) \_\_\_\_\_ a savings and loan association, (iii) \_\_\_\_\_ an insurance company or (iv) \_\_\_\_\_ a registered investment adviser, or (b) \_\_\_\_\_ if the employee benefit plan has total assets in excess of \$5,000,000, or (c) \_\_\_\_\_ if the employee benefit plan is a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- \_\_\_\_\_ (4) A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities of the Company being offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment in the Company;
- \_\_\_\_\_ (5) A bank as defined in 1933 Act section 3(a)(2) or a savings and loan association or other institution as defined in 1933 Act section 3(a) (5) (A), whether acting in its individual or fiduciary capacity;
- \_\_\_\_\_ (6) A broker or dealer registered pursuant to section 15 of the 1934 Act;
- \_\_\_\_\_ (7) An insurance company as defined in 1933 Act section 2(13);
- \_\_\_\_\_ (8) An investment company registered under the ICA or a business development company as defined in ICA section 2(a)(48);
- \_\_\_\_\_ (9) A small business investment company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;
- \_\_\_\_\_ (10) A private business development company as defined in Advisers Act section 202(a)(22)
- \_\_\_\_\_ (11) An organization described in Code section 501(c) (3), corporation, Massachusetts or similar business trust, Company or limited liability company, not formed for the specific purpose of acquiring the securities of the Company being offered, or a plan established or maintained by a state or its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, in any such case with total assets in excess of \$5,000,000 (in case of an organization described in Code section 501(c) (3), such total assets include endowment, annuity and life income funds are to be determined according to the Subscriber's most recent audited financial statements);
- \_\_\_\_\_ (12) A manager, director, executive officer or general partner of the Company or the Managing Member;  
or
- \_\_\_\_\_ (13) An entity in which all the equity owners are accredited investors.

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KINETIC FUNDS I, LLC

If the Subscriber has indicated category (3) (c) or (13) above, please list below the names and categories of accreditation of the accredited investors making the investment decisions (category (3)(c)) or who are the equity owners (category (13)) (attach additional pages if necessary):

Accredited Investor Person Making Decision/Equity Owner

Category

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**Special Note for Trusts, Limited Liability Companies, Companies and Certain Retirement Plans:** The application of the "accredited investor" categories to trusts (including Massachusetts or similar business trusts), limited liability companies, Companies and self-employed individual retirement plans is subject to complex regulatory interpretations and may differ under state and federal law. Accordingly, such an entity attempting to qualify may be required to deliver additional information, including a satisfactory opinion of its counsel.

#### F. PURCHASER REPRESENTATIVE

The Subscriber will be eligible to invest in the Company only if the Subscriber, either alone or together with the Subscriber's "purchaser representative" (such as an investment adviser, attorney, accountant or other consultant), has such knowledge and experience in financial and business matters that the Subscriber is capable of evaluating the merits and risks of an investment in the Company and has the capacity to protect the Subscriber's own interests in connection with the proposed investment in the Company. Does the Subscriber intend to have a "purchaser representative" advise him or her in order to meet this requirement? Yes \_\_\_\_ No \_\_\_\_.

If yes, the Managing Member will furnish to the Subscriber additional information and a Purchaser Representative Questionnaire for completion before considering whether to accept the subscription. In the meantime, the Subscriber should furnish the information indicated below with respect to the Subscriber's purchaser representative:

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

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KINETIC FUNDS I, LLC

**G. NASD WITHHOLDING RULE**

For purposes of this section G., the following definitions apply:

"Collective investment account" means any hedge fund, investment Company, investment corporation or any other collective investment vehicle that is engaged primarily in the purchase and/or sale of securities. A "collective investment account" does not include a family investment vehicle or investment club.

"Family investment vehicle" means a legal entity beneficially owned solely by immediate family members.

"Immediate family member" means a person's parent, parent-in-law, spouse, sibling, brother-in-law, sister-in-law, son-in-law, daughter-in-law, child, or any other individual to whom the person provides material support.

"Investment club" means a group of friends, neighbors, business associates or others that pool their money to invest in stock or other securities and are collectively responsible for making investment decisions.

"Limited business broker/dealer" means any broker or dealer whose authorization to engage in the securities business is limited solely to the purchase and sale of investment company/variable contracts securities and direct participation program securities.

"Material support" means directly or indirectly providing more than 25% of a person's income in the prior calendar year. Members of the immediate family living in the same household are deemed to be providing each other with material support.

"Restricted person" means a person who generally is ineligible to receive New Issues under the rules and interpretations of the NASD.

To permit the Company to invest in initial public offerings in compliance with Rule 2790 of the NASD (the "New Issue Rule"), please indicate by checking the appropriate blank below whether or not the Subscriber, or any beneficial owner of the Subscriber, is any of the following:

- ☐ (1) A member of the NASD or otherwise a domestic or foreign broker or dealer;
- ☐ (2) An officer, director, general partner, associated person or employee of a NASD member or any other broker or dealer (other than a limited business broker/dealer);
- ☐ (3) An agent of a NASD member or any other broker or dealer (other than a limited business broker/dealer) that is engaged in the investment banking or securities business;
- ☐ (4) An immediate family member of a person specified in the preceding clause (2) or (3) if the person specified:
  - (a) materially supports, or receives material support from, the immediate family member;
  - (b) is employed by or associated with the NASD member, or an affiliate of the NASD member, selling any New Issue to the immediate family member; or
  - (c) has an ability to control the allocation of any New Issue;

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KINETIC FUNDS I, LLC

- (5) A finder or any person acting in a fiduciary capacity to the managing underwriter of New Issues, including, but not limited to, an attorney, an accountant or a financial consultant;
- (6) An immediate family member of a person specified in the preceding clause (5) if the person specified in such clause (5) materially supports, or receives material support from, the immediate family member;
- (7) A person who has authority to buy or sell securities for a bank, savings and loan institution, insurance company, investment company, investment adviser or collective investment account;
- (8) An immediate family member of a person specified in the preceding clause (7) that materially supports, or receives material support from, such person;
- (9) A person listed, or required to be listed, in Schedule A of a Form BD (other than with respect to a limited business broker/dealer), except persons identified by an ownership code of less than 10%;
- (10) A person listed, or required to be listed, in Schedule B of a Form BD (other than with respect to a limited business broker/dealer), except a person whose listing on Schedule B relates to an ownership interest in a person listed on Schedule A identified by an ownership code of less than 10%;
- (11) A person listed, or required to be listed, in Schedule C of a Form BD that meets the criteria of the preceding clause (9) or (10);
- (12) A person that directly or indirectly owns 10% or more of a public reporting company listed, or required to be listed, in Schedule A of a Form BD (other than a reporting company that is listed on a national securities exchange or is traded on the Nasdaq National Market, or other than with respect to a limited business broker/dealer);
- (13) A person that directly or indirectly owns 25% or more of a public reporting company listed, or required to be listed, in Schedule B of a Form BD (other than a reporting company that is listed on a national securities exchange or is traded on the Nasdaq National Market, or other than with respect to a limited business broker/dealer); or
- (14) An immediate family member of a person specified in any of the preceding clauses (9) through (13), unless the person owning the broker/ dealer: (a) does not materially support, or receive material support from, the immediate family member, and (b) is not an owner of the NASD member, or an affiliate of the NASD member, selling any New Issue to the immediate family member, and has no ability to control the allocation of any New Issue.

**Is the Subscriber or any beneficial owner of the Subscriber a person described in any of the preceding clauses (1) through (14)?** Yes        No       

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KINETIC FUNDS I, LLC

If the answer to the preceding question is yes, the Subscriber may nevertheless be eligible to purchase New Issues if the Subscriber is in one of the categories listed below. Please indicate by checking the appropriate blank below whether or not the Subscriber is any of the following:

- ☐ (1) An investment company registered under the ICA;
- ☐ (2) A common trust fund or similar fund as described in section 3(a) (12) (A) (iii) of the 1934 Act that (a) has investments from 1,000 or more accounts and (b) does not limit beneficial interests in the fund principally to trust accounts of restricted persons under the New Issue Rule;
- ☐ (3) An insurance company general, separate or investment account, provided that (a) the account is funded by premiums from 1,000 or more policyholders, or, if a general account, the insurance company has 1,000 or more policyholders, and (b) the insurance company does not limit the policyholders whose premiums are used to fund the account principally to restricted persons under the New Issue Rule, or, if a general account, the insurance company does not limit its policyholders principally to restricted persons under the New Issue Rule;
- ☐ (4) An account in which the beneficial interests of restricted persons under the New Issue Rule does not exceed in the aggregate 10% of such account;
- ☐ (5) A publicly traded entity (other than a broker/dealer or an affiliate of a broker/dealer where such broker/dealer is authorized to engage in the public offering of New Issue Securities either as a selling group member or underwriter) that: (a) is listed on a national securities exchange; (b) is traded on the Nasdaq National Market; or (c) is a foreign issuer whose securities meet the quantitative designation criteria for listing on a national securities exchange or trading on the Nasdaq National Market;
- ☐ (6) An investment company organized under the laws of a foreign jurisdiction, provided that (a) the investment company is listed on a foreign exchange or authorized for sale to the public by a foreign regulatory authority, and (b) no person owning more than 5% of the shares of the investment company is a restricted person under the New Issue Rule;
- ☐ (7) An ERISA benefits plan that is qualified under Code section 401(a), provided that such plan is not sponsored solely by a broker/dealer.
- ☐ (8) A state or municipal government benefits plan that is subject to state and/or municipal regulation;
- ☐ (9) A tax exempt charitable organization under Code section 501(c) (3); or
- ☐ (10) A church plan under Code section 414(e).

Is the Subscriber a person described in any of the preceding clauses (1) through (10)? Yes ☐ No ☐

The Subscriber understands that if any representation in this Part G is or ever becomes untrue in any respect, the business of the Company may be materially and adversely affected thereby, and the Subscriber will be fully responsible for the consequences thereof. The Subscriber agrees to notify the Managing Member promptly in writing if any such representation is or ever is about to become or ever becomes untrue in any respect.

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KINETIC FUNDS I, LLC

**H. SIGNATURE**

To the best of my knowledge and belief, the above information supplied by me is true and correct in all respects. I agree that I will notify the Managing Member in writing immediately of any material change in any of the foregoing information prior to consummation of my purchase of Interests and any change in the information in Part A or G at any time in the future. I understand that the information being furnished in this Questionnaire is required primarily to enable the Managing Member and the Company to determine whether an offer and sale of Interests to the Subscriber may be made without registration under federal and state securities laws, and whether the Company will comply with certain provisions of federal and state laws applicable to investment advisers and private investment companies.

Date: \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
Signature

Print Name: \_\_\_\_\_

\_\_\_\_\_  
Signature

Print Name: \_\_\_\_\_

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KINETIC FUNDS I, LLC



**OPERATING AGREEMENT**  
**OF**  
**KINETIC FUNDS I, LLC**  
**A DELAWARE LIMITED LIABILITY COMPANY**

This OPERATING AGREEMENT ("Agreement") of KINETIC FUNDS I, LLC, (the "Company") is made and entered into and shall be effective as of the 10<sup>th</sup> day of May, 2012 (the "Effective Date") by and among KINETIC PARTNERS, LLC, a Delaware limited liability company, the "Class A Member," and the additional Member(s), listed on Exhibit "B" and Exhibit "C" attached hereto and by this reference made a part hereof, as may be amended at any time and from time to time, hereinafter referred to as the "Capital Member(s)" or "Class B Member(s)" and/or "Class C Member(s)" as the context may dictate, and those other Persons who are or become "Capital Members" (as defined herein) and any other Persons who are admitted as Members of the Company in accordance with the provisions in this Agreement.

The Company is formed as a Delaware Limited Liability Company effective as of May 10, 2012 pursuant to, and in accordance with, the provisions of the Act (as defined herein). The Company's filing numbers with the Delaware Secretary of State are SRV 120542985 – 5152775.

**ARTICLE I. DEFINITIONS.**

The following capitalized terms used in this Agreement have the meanings specified in this Article or elsewhere in this Agreement and when not so defined shall have the meanings set forth in Delaware Corporations Code § 18-101, as amended from time to time as of the date of this Agreement, or as otherwise defined in the Delaware Corporations Code.

**1.1.** "Act" means the Delaware Limited Liability Company Act (6 Delaware Code Annotated, §18-101 et seq.), as may be amended from time to time.

**1.2.** "Agreement" means this OPERATING AGREEMENT, as originally executed as of the Effective Date, and as may be amended from time to time.

**1.3** "Applicable Law" means (i) the provisions of all applicable statutes and laws of the United States of America and the states thereof (including the Act) in which the Company is doing, or will determine to do, business and (ii) the constitution, by-laws, rules, regulations, orders, customs and usage of (a) any United States market (and its clearing house, if any) on which a transaction is executed on behalf of the Company and (b) any United States or state governmental, regulatory or self-regulatory authority having jurisdiction over the Company.

**1.4.** "Assignee" means a person who has acquired a Member's Economic Interest in the Company, by way of a Transfer in accordance with the terms of this Agreement, but who has not become a Member.

**1.5.** "Assigning Member" means a Member who by means of a permitted Transfer, if any, has transferred an Economic Interest in the Company to an Assignee.

**1.6.** "Bankrupt" or "Bankruptcy" with respect to any Member, means:

- (a) an assignment for the benefit of creditors;
- (b) the filing of a voluntary petition in bankruptcy;
- (c) an adjudication of bankruptcy or insolvency;

(d) the filing of a petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;

(e) the filing of an answer or other pleading admitting or failing to contest the material allegations of a petition filed against him in any Bankruptcy proceeding;

(f) a Member's seeking, consenting to or acquiescing in the appointment of a trustee, receiver or liquidator of the Member of all or any substantial part of the Member's assets; or

(g) the failure to dismiss, within sixty (60) days after its commencement, any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation.

**1.7.** "Capital Account" means, as to any Member, a separate account maintained and adjusted in accordance with Article III, Section 3.3.

**1.8.** "Capital Contribution" means, with respect to any Member, the amount of the money and the Fair Market Value of any property (other than money) contributed to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take "subject to" under IRC section 752) in consideration of a Percentage Interest held by such Member. A Capital Contribution shall not be deemed a loan.

**1.9.** "Capital Event" means a sale or disposition of any of the Company's capital assets, the receipt of insurance and other proceeds derived from the involuntary conversion of Company property, the receipt of proceeds from a refinancing of Company property, or a similar event with respect to Company property or assets.

**1.10.** "Capital Member" is a Member who is an investor only, has no voting rights unless as may otherwise expressly be provided herein, and is more fully described in Section 2.8 below. A Capital Member may also be referred to herein as a "Class B" or "Class C" Member.

**1.11.** "Certificate of Formation" is defined at §18-201 of the Act. A copy of the Company's Certificate of Formation is attached hereto as Exhibit "A" and by this reference made a part hereof.

**1.12.** "Class A Member" means **KINETIC PARTNERS, LLC**

**1.13.** "Class B Members" refers to Capital Members, as defined in Section 1.10 above. "Class C Members" refers to a further class of Capital Member, as defined in Section 1.10 above.

**1.14.** "Code" or "IRC" means the Internal Revenue Code of 1986, as amended, and any successor provision(s).

**1.15.** "Company" means the company named in Article II, Section 2.2., having two or more Members.

**1.16.** "Distribution" means any distributions by the Company to the Members of cash, other assets or other amounts.

**1.17.** "Economic Interest" means a Person's right and obligation to share in the income, gains, losses, deductions, credit or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including the right to Vote or to participate in management.

**1.18.** “Encumber” means the act of creating or purporting to create an Encumbrance, whether or not perfected under applicable law.

**1.19.** “Encumbrance” means, with respect to any Membership Interest, or any element thereof, a mortgage, pledge, security interest, lien, proxy coupled with an interest (other than as contemplated in this Agreement), option, or preferential right to purchase.

**1.20.** “Fair Market Value” means, with respect to any item of property of the Company, the item’s adjusted basis for federal income tax purposes, except as follows:

(a) The Fair Market Value of any property contributed by a Member to the Company shall be the value of such property, as mutually agreed by the contributing Member and the Company;

(b) The Fair Market Value of any item of Company property distributed to any Member shall be the value of such item of property on the date of distribution, as mutually agreed by the distributee Member and Company; and

(c) Fair Market Value for purposes of Article VIII, Section 8.5 shall be as determined under that section.

**1.21** “Investment” means (i) any security as defined in Section 2(1) of the Securities Act of 1933, as amended; (ii) any commodity, futures contract, forward contract, foreign exchange commitment, swap contract, exchange-for-physicals or spot (cash) commodity; (iii) any option, warrant or other right on or pertaining to any of the foregoing, whether in the United States of America or anywhere else throughout the world; or (iv) any other investment that the Managing Member deems, in its sole discretion, to be a reasonable investment.

**1.22.** “Involuntary Transfer” means, with respect to any Membership Interest, or any element thereof, any Transfer or Encumbrance, whether by operation of law, pursuant to court order, foreclosure of a security interest, execution of a judgment or other legal process, or otherwise, including a purported transfer to or from a trustee in bankruptcy, receiver, or assignee for the benefit of creditors.

**1.23.** “Majority of Members” means a Member or Members whose Percentage Interests represent more than 50 percent (50%) of the Percentage Interests of Members of a particular membership class.

**1.24.** “Managing Member” or “Manager” means the Person(s) named as such in Article V., Section 5.1, hereinbelow or the Persons who from time to time may succeed any such Person so identified.

**1.25** “Meeting” is defined in Article V, Section 5.2.

**1.26.** “Member” means the Class A Members and the Class B Members and/or a Person who otherwise acquires a Membership Interest (including a Capital Member), as permitted under this Agreement, and who remains a Member pursuant to the terms of this Agreement.

**1.27.** “Membership Interest” means a Member’s rights in the Company, collectively, including the Member’s Economic Interest, any right to Vote or participate in management, and any right to information concerning the business and affairs of the Company.

**1.28.** “Net Trading Profits” as used herein means gross profits from the Company’s investments, minus any and all expenses incurred in connection with the trading activity in the Company’s investment accounts, whether directly incurred or indirectly incurred via charges imposed by third parties, including, but not necessarily limited to, all of the following: option fees, quote service fees, seat lease

expenses, exchange fees, insurance, and any other fees or expenses associated with the Company's investments with the Members' capital, in the Managing Member's sole and absolute discretion.

1.29. "Notice" means a written notice required or permitted under this Agreement. A notice shall be deemed given or sent when deposited, as certified mail or for overnight delivery, postage and fees prepaid, in the United States mails: when delivered to Federal Express, United Parcel Service, DHL WorldWide Express, or Airborne Express, for overnight delivery, charges prepaid or charged to the sender's account; when personally delivered to the recipient; when transmitted by electronic means, and such transmission is electronically confirmed as having been successfully transmitted; or when delivered to the home or office of a recipient in the care of a person whom the sender has reason to believe will promptly communicate the notice to the recipient.

1.30. "Percentage Interest" means a fraction, expressed as a percentage, the numerator of which is the total of a Member's Capital Account by class, and the denominator of which is the total of all Capital Accounts of all Members, by class.

1.31. "Person" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

1.32. "Profits and Losses" means, for the Members and for each fiscal year or other period specified in this Agreement, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with IRC section 703(a). The term "profits" as used in this Agreement means profits calculated by the "marked to market" method, realized and unrealized, and is net of all standard commissions, fees, charges and expenses of the Company.

1.33. "Regulations" ("Reg") means the income tax regulations promulgated by the United States Department of the Treasury and published in the Federal Register for the purpose of interpreting and applying the provisions of the Code, as such Regulations may be amended from time to time, including corresponding provisions of applicable successor regulations.

1.34. "Successor in Interest" means an Assignee, a successor of a Person by merger or otherwise by operation of law, or a transferee of all or substantially all of the business or assets of a Person, and/or a transferee of a Member's Membership Interest

1.35. "Transfer" means, with respect to a Membership Interest, or any element of a Membership Interest, any sale, assignment, gift, Involuntary Transfer, or other disposition of a Membership Interest or any element of such a Membership Interest, directly or indirectly, other than an Encumbrance that may be expressly permitted under this Agreement.

1.36. "Vote" means a written consent or approval, a ballot cast at a Meeting, or a voice vote. Except as provided in Section 1.37, below, only Class A Members have the right to Vote.

1.37. "Voting Interest" means, with respect to a Member, the right to Vote or participate in management and any right to information concerning the business and affairs of the Company provided under the Act, except as limited by the provisions of this Agreement. A Member's Voting Interest shall be directly proportional to the Member's Percentage Interest. Except as specifically described in Section 15.2(b) of this Agreement, Capital Members have no Voting Interest.

## **ARTICLE II: CERTIFICATE OF FORMATION; MEMBER DESIGNATIONS**

2.1. Prior to the execution of this Agreement, the Class A Member has caused a CERTIFICATE OF FORMATION, in the form attached to this Agreement as Exhibit "A" and by this reference made a part hereof, to be filed with the Delaware Secretary of State.

2.2. The name of the Company is **Kinetic Funds I, LLC**.

2.3. The principal executive office of the Company shall be at 1800 2<sup>nd</sup> Street, Suite 955, Sarasota, Florida 34236, or such other place or places as may be determined from time to time by the Company's Managing Member.

2.4. The agent for service of process on the Company shall be National Corporate Research, Ltd. 615 South Dupont Highway, Dover, DE, County of Kent, Delaware 19901. The Managing Member may from time to time change the Company's agent for service of process.

2.5. The Company will be formed for the purposes of engaging in securities trading activities and ventures. The Managing Member may or may not, in its sole and absolute discretion, elect to engage in any other activity or activities not prohibited under the Act.

2.6. The Members intend the Company to be a limited liability company under the Act. Neither the Managing Member nor any Member shall take any action inconsistent with the express intent of the parties to this Agreement.

2.7. The term of existence of the Company shall commence on the effective date of filing of the Certificate of Formation with the Delaware Secretary of State, and shall continue until December 31, 2029, unless sooner terminated by the provisions of this Agreement or as provided by law (the "Term").

2.8. In addition to the Class A Member, there shall be two additional classes of members described as Class B Capital Members and/or Class B Members, and Class C Capital Members and/or Class C Members, as defined in Sections 1.10 and 1.13 above. Class B and Class C Members shall be investors in the Company and, except as expressly provided in Section 15.2(b) hereinbelow, shall have no rights to Vote. Class B Members are those Capital Members who will invest strictly in the Funds as described in "Exhibit B-1" attached hereto and by this reference made a part hereof. Class C Members are those Capital Members who will invest in the Funds and private investments as described in "Exhibit C-1" attached hereto and by this reference made a part hereof. Unless otherwise expressly permitted by the Managing Member in writing, a Capital Member shall engage in no trading or any other investment activity in connection with or on behalf of the Company and in no event shall any Capital Member have any management rights or authority in connection with, or on behalf of, the Company.

### **ARTICLE III: CAPITALIZATION**

3.1. Each Member has heretofore contributed to the initial capital of the Company as the Member's Capital Contribution the money and property specified in Exhibit B for each of the Class B Members, as and if amended from time to time, attached hereto and by this reference made a part hereof, and Exhibit C for the Class C Members, as may be amended from time to time, attached hereto and by this reference made a part hereof, and "Exhibit D" for the Class A Member, attached hereto and by this reference made a part hereof. Exhibit D may be redacted in the version of this Agreement provided to Class B and Class C Members. Exhibit C may be redacted from the version of this Agreement distributed to Class B Members. Exhibit B may be redacted from the version of this Agreement distributed to Class C Members. The Fair Market Value of each item of contributed property as agreed between the Company and the Member contributing such property is set forth in Exhibit B and B-1 or Exhibit C and C-1 attached hereto, as the case may be. Unless otherwise agreed in writing by the Managing Member and any Capital Member, no Capital Member shall be required to make additional Capital Contributions.

3.2. If a Member fails to make a required Capital Contribution within sixty (60) days after the effective date of this Agreement, that Member's entire Membership Interest shall terminate and that Member shall indemnify and hold the Company and the other Members harmless from any loss, cost, or expense, including, but not limited to, reasonable attorneys' fees, caused by the failure to make such Capital Contribution.

3.3. An individual Capital Account shall be maintained for each Member, consisting of that Member's Capital Contribution, (1) increased by that Member's share of Profits, (2) decreased by that Member's share of Losses and Company expenses, and (3) adjusted as required in accordance with applicable provisions of the Code and Regulations.

3.4. A Member shall not be entitled to withdraw any part of the Member's Capital Contribution or to receive any Distributions, whether of money or property from the Company, except as provided in this Agreement, but in no event shall the Capital Contribution of any Member be withdrawn if prohibited under the provisions of Securities and Exchange Commission Rule 15c3-1.

3.5. No interest shall be paid on funds or property contributed to the capital of the Company or on the balance of a Member's Capital Account.

3.6. A Member shall not be bound by, or be personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the Act or in this Agreement.

3.7. Except as may otherwise be described herein, no Member shall have priority over any other Member, with respect to the return of a Capital contribution, or distributions or allocations of income, gain, losses, deductions, credits, or items thereof.

#### **ARTICLE IV: ALLOCATIONS AND DISTRIBUTIONS**

4.1. (a) The Profits and Losses of the Company and all items of Company income, gain, loss, deduction, or credit shall be allocated, for Company book purposes and for tax purposes, to the Members in accordance with Exhibit B-1 and Exhibit C-1, as the case may be:

(b) Distributions to the Class A Member will be made quarterly unless otherwise permitted by the Managing Member in the Managing Member's reasonable discretion.

(c) No Member may withdraw any portion of their respective initial capital contributions to the Company sooner than one (1) year following their initial deposit with the Company, and then only upon written request therefore to the Managing Member at least thirty (30) days prior to the requested date of withdrawal, which withdrawal requires the written consent of the Managing Member, which consent will not be unreasonably withheld.

4.2. If any Member unexpectedly receives any adjustment, allocation, or distribution described in Reg sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6), items of Company gross income and gain shall be specially allocated to that Member in an amount and manner sufficient to eliminate any deficit balance in the Member's Capital Account created by such adjustment, allocation, or distribution as quickly as possible. Any special allocation under this Section 4.2, shall be taken into account in computing subsequent allocations of Profits and Losses so that the net amount of allocations of income and loss and all other items shall, to the extent possible, be equal to the net amount that would have been allocated if the unexpected adjustment, allocation, or distribution had not occurred. The provisions of this Section 4.2, and the other provisions of this Agreement relating to the maintenance of Capital Accounts are

intended to comply with Reg sections 1.704-1(b) and 1.704-2 and shall be interpreted and applied in a manner consistent with such Regulations.

4.3. Any unrealized appreciation or unrealized depreciation in the values of Company property distributed in kind to the Members shall be deemed to be Profits or Losses, realized by the Company immediately prior to the distribution of the property and such Profits or Losses shall be allocated to the Members' Capital Accounts in the same proportions as Profits are allocated under Section 4.1 hereinabove. Any Property so distributed shall be treated as a distribution to the Members to the extent of the Fair Market Value of the property less the amount of any liability secured by and related to the property. Nothing contained in this Agreement is intended to treat or cause such distributions to be treated as sales for value. For the purposes of this Section 4.3, "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the Fair Market Value of such property and the Company's basis for such property.

4.4. In the case of a permitted Transfer of an Economic Interest during any fiscal year, the Assigning Member and Assignee shall each be allocated a percentage of Profits or Losses based on the number of days each held the Economic Interest during that fiscal year.

4.5. All cash resulting from the normal business operations of the Company and from a Capital Event shall be distributed among the Members in proportion to their Percentage Interests in accordance with Section 4.1 hereinabove.

4.6. If the proceeds from a sale or other disposition of an item of Company property consist of property other than cash, the value of such property shall be as determined by the Managing Member. Such non-cash proceeds shall then be allocated among all the Members in accordance with Section 4.1 hereinabove. If such non-cash proceeds are subsequently reduced to cash, such cash shall be distributed to each Member entitled thereto in accordance with Section 4.1 hereinabove.

4.7. Notwithstanding any other provisions of this Agreement to the contrary, when there is a distribution in liquidation of the Company, or when any Member's interest is liquidated, all items of income and loss first shall be allocated to the Members' Capital Accounts under this Article IV, and other credits and deductions to the Members' Capital Accounts shall be made before the final distribution is made. The final distribution to the Members shall be made to the Members in accordance with Section 4.1 hereinabove.

#### **ARTICLE V: MANAGEMENT; MEMBERS**

5.1. The business of the Company shall be managed on a daily basis and as otherwise provided herein by the Company's Class A Member, **Michael S. Williams** (the "Managing Member").

5.2 Except as otherwise provided in this Agreement, the Managing Member shall have the full, exclusive and complete discretion to manage and control the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company, and to take all such actions as it deems necessary or appropriate to accomplish the purposes of the Company as set forth herein and shall have all of the rights and powers which may be possessed by a "manager" under the Act including, without limitation, the exclusive right and power to:

- (a) acquire by purchase, lease or otherwise any property which may be necessary, convenient or incidental to the accomplishment of the purposes of the Company;
- (b) make expenditures and incur obligations in the ordinary course of the Company's business;



(c) execute any and all agreements, contracts, documents, certifications and instruments necessary or convenient in connection with the conduct of the business and the affairs of the Company;

(d) on behalf of the Company, hire, direct and fire officers and other employees, and contract for the services of independent contractors, such as lawyers and accountants, and delegate such responsibilities to such Persons as the Managing Member deems necessary or appropriate;

(e) agree to the payment to such Persons hired or engaged pursuant to clause (d) above;

(f) to the extent funds are available therefore, and subject to subsections (a), (b), and (c) above, pay with Company funds all debts and other obligations of the Company;

(g) make any and all elections for federal, foreign, state and local tax purposes including, without limitation, any election, if permitted by applicable law: (i) to adjust the basis of Property pursuant to Code Sections 754, 734(b) and 743(b), or comparable provisions of state or local law, in connection with transfers of Interests in the Company and Company distributions; (ii) to extend the statute of limitations for assessment of tax deficiencies against the Members with respect to adjustments to the Company's federal, foreign, state or local tax returns; (iii) to the extent provided in Code Sections 6221 through 6231, to represent the Company and the Members before taxing authorities or courts of competent jurisdiction in tax matters affecting the Company and the Members in their capacity as such and to file any tax returns and to execute any agreements or other documents relating to or affecting such tax matters, including agreements or documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company and the Members; and (iv) to designate the person who shall act as the "Tax Matters Partner" under the Code and in any similar capacity under foreign, state or local law (which person may be the Managing Member);

(h) take, or refrain from taking, all other actions not expressly proscribed or expressly limited by this Agreement as may be necessary or appropriate to accomplish the purposes of the Company;

(i) if it chooses, to appoint one or more officers of the Company including, but not necessarily limited to, a President, Vice President, Chief Financial Officer and a Secretary; the Managing Member shall have the power and authority, at any time and from time to time, to designate the duties and obligations for any such officers of the Company; and

(j) to approve any "Major Decision." For purposes hereof, the term "Major Decision" will mean any decision to: (i) to sell, transfer, assign, convey or exchange all or any substantial part of its assets; (ii) to mortgage, pledge or otherwise encumber all or any substantial part of its assets; (iii) to borrow any money on behalf of the Company other than in connection with trade payables incurred in the ordinary course of business; (iv) to engage in any business or activity other than as set forth in Section 2.5 hereinabove; (v) to lend any of its funds to any person or entity; or (vi) to confess judgment on behalf of the Company.

### 5.3 Right to Rely on the Managing Member.

(a) Any person dealing with the Company may rely (without duty of further inquiry) upon a certificate signed by the Managing Member as to:

(i) the identity of any Member;

(ii) the existence or nonexistence of any fact or facts which constitute a condition precedent to acts by the Managing Member or which are in any manner germane to the affairs of the Company;

(iii) the Persons who are authorized to execute and deliver any instrument or document of the Company; or

(iv) any act or failure to act by the Company or any other matter whatsoever involving the Company or any Member.

(b) The signature of the Managing Member or a designee of the Managing Member shall be necessary and sufficient to convey title to any Property or to execute any promissory notes, trust deeds, mortgages or other instruments of hypothecation, and all of the Members agree that a copy of this Agreement may be shown to the appropriate parties in order to confirm the same, and further agree that the signature of the Managing Member or a designee of the Managing Member shall be sufficient to execute any documents necessary to effectuate this or any other provision of this Agreement.

5.4. The Members are not required to hold meetings, and decisions may be reached through one or more informal consultations followed by agreement of the Managing Member, or by a written consent signed by the Managing Member. In the event that Members wish to hold a formal meeting (a "Meeting") for any reason, the following procedures shall apply:

(a) The Managing Member, or a Majority in Interest of the Capital Members with, and only with, the consent of the Managing Member, which consent may be granted or withheld in the Managing Member's sole and absolute discretion, may call a Meeting of the Members by giving Notice of the time and place of the Meeting at least seven (7) days prior to the date and time of the holding of the Meeting. The Notice need not specify the purpose of the Meeting, or the location if the Meeting is to be held at the principal executive office of the Company.

(b) The Managing Member shall constitute a quorum for the transaction of business at any Meeting of the Members.

(c) The transactions of the Members at any Meeting, however called or noticed, or wherever held, shall be as valid as though transacted at a Meeting duly held after call and notice if the Managing Member is present and if, either before or after the Meeting, the Managing Member signs a written waiver of Notice, a consent to the holding of the Meeting, or an approval of the minutes of the Meeting.

(d) Any action required or permitted to be taken by the Managing Member under this Agreement may be taken without a Meeting if the Managing Member consents in writing to such action.

(e) Members may participate in the Meeting through the use of a conference telephone or similar communications equipment, provided that all Members participating in the Meeting can hear one another.

(f) The Managing Member shall keep or cause to be kept with the books and records of the Company full and accurate minutes of all Meetings, Notices, and waivers of Notices of Meetings, and all written consents in lieu of Meetings.

5.5. All assets of the Company, whether real or personal, shall be held in the name of the Company.

5.6. All funds of the Company shall be deposited in one or more accounts with one or more recognized financial institutions in the name of the Company, at such locations as shall be determined by the Managing Member. Withdrawals from such account(s) shall require the signatures of such person or persons as the Managing Member may designate.

5.7 The Company shall indemnify and hold harmless the Managing Member and any of its managers, members, employees and agents from and against all losses, costs, damages, penalties, claims and expenses, including reasonable attorneys' fees, suffered or sustained by such indemnified parties by reason of any acts, omissions or alleged acts or omissions arising out of

such indemnified parties' activities on behalf of the Company or in furtherance of the interests of the Company, including without limitation any judgment, award or settlement incurred in connection with the defense of any actual or threatened action, proceeding or claim. Notwithstanding anything in this Agreement to the contrary, such indemnified parties shall not be indemnified for any liability or damage arising from any action by such indemnified parties constituting bad faith, willful misconduct or gross negligence.

**5.8** The Managing Member may charge the Company, and shall be reimbursed, for any reasonable direct expenses incurred in connection with the Company's business. Without limiting the generality of the foregoing, the Managing Member may be reimbursed for the administrative services incurred by the Managing Member necessary to the prudent operation of the Company. No other Member shall be reimbursed for expenses unless (i) the Managing Member has authorized such Member to incur such expenditures on behalf of the Company and (ii) until such Member has presented to the Managing Member evidence of such expenditures which is satisfactory to the Managing Member in its sole discretion.

**5.9** Removal of the Managing Member.

(a) The Managing Member may be removed only for cause upon the unanimous vote of the Class B Members. For purposes hereof, the term "cause" shall mean willful violation of any provision of the Operating Agreement, as and if amended, or the willful commission of an illegal act, the effect of which results in material harm to the business or property of the Company or the interest of the Members of the Company.

(b) The Managing Member shall automatically be deemed to have withdrawn as the Managing Member in the event of the Managing Member's Bankruptcy. The Managing Member may voluntarily withdraw as the Managing Member at any time upon Thirty (30) days written Notice to all other Members, which withdrawal could result in the dissolution of the Company.

(c) If the Managing Member withdraws or is removed from the Company and such withdrawal or removal does not result in dissolution and liquidation of the Company under Section 9.1 hereinbelow, the withdrawn or removed Managing Member shall not have any right to participate in the management of the Company. The Company shall have the option, but not the obligation, to terminate the interest of the withdrawn or removed Managing Member in Company Profits, Losses, distributions and capital by payment of an amount equal to the then present fair market value of the Managing Member's Interest determined by agreement of the withdrawing or removed Managing Member and a Majority in Interest of the Class B Members (each in their sole discretion). If the withdrawing or removed Managing Member and the a Majority in Interest of the Class B Members cannot reach agreement, the withdrawing or removed Managing Member shall retain all its Economic Interest under this Agreement.

**5.10** Authority and Activities. A Member (other than the Managing Member) shall have only such authority to bind the Company, and shall perform only such duties with respect to the business and activities of the Company, as shall be expressly granted or assigned to the Member by the Managing Member. Members may engage in other activities; provided, however, that the Member must promptly notify the Managing Member of any activities involving transactions in, or otherwise relating to, securities, options, futures or commodities products. No Member shall have any interest in or rights with respect to the properties or assets of any other Member by virtue of holding a Membership Interest in the Company.

**5.11** Indemnification by Members. Any Member who acts in contravention of the provisions of Section 5.10, engages in any criminal or fraudulent conduct (including, without

limitation, theft or embezzlement), or otherwise engages in conduct in connection with the Company or the Members that is reckless, grossly negligent or not in good faith shall personally indemnify and hold harmless the Company and the other Members against all losses, costs, damages, penalties, claims and expenses, including reasonable attorneys' fees, sustained by the Company by reason of such action. Except as provided in the preceding sentence, no Member shall be liable, responsible or accountable in damages or otherwise to the Company for any action taken or not taken within the scope of such Member's authority.

**5.12 Right of Set Off.** To secure the indemnification obligations of each Member under Section 5.11 or under any other provision of this Agreement, the Company shall have a right of set off against the Member's Capital Account and his right to distributions under this Agreement.

## **ARTICLE VI: ACCOUNTS AND RECORDS**

**6.1.** Complete books of account of the Company's business, in which each Company transaction shall be fully and accurately entered, shall be kept at the Company's principal executive office and shall be open to inspection and copying by each Member or the Member's authorized representatives with respect to that Member's specific information and records only, on reasonable Notice during normal business hours. The costs of such inspection and copying shall be borne by the Member seeking the information contained therein.

**6.2.** Financial books and records of the Company shall be kept on the accrual method of accounting, which shall be the method of accounting followed by the Company for federal income tax purposes unless otherwise changed by the Managing Member in the Managing Member's sole and absolute discretion. A balance sheet and income statement of the Company shall be prepared promptly following the close of each fiscal year in a manner deemed by the Managing Member most appropriate and adequate for the Company's business and for carrying out the provisions of this Agreement. The fiscal year of the Company shall be January 1<sup>st</sup> to December 31<sup>st</sup>.

**6.3.** At all times during the term of existence of the Company, and beyond that term if a the Managing Member deem it necessary, the Members shall keep or cause to be kept the books of account referred to in Section 6.2 above, and the following:

(a) A current list of the full name and last known business and residence addresses of each Member, together with the Capital Contribution and the share in Profits and Losses of each Member:

(b) A copy of the Certification of Formation, as and if amended;

(c) Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six most recent taxable years:

(d) Executed counterparts of this Agreement, as and if amended;

(e) Financial statements of the Company for the six most recent fiscal years:

and

(f) Books and Records of the Company as they relate to the Company's internal affairs for the current and past four fiscal years.

If the Managing Member deems that any of the foregoing items shall be kept beyond the periods described in this Section 6.3, the repository of said items shall be as designated by the Managing Member.

6.4. Within 90 days after the end of each taxable year of the Company, the Company shall send to each of the Members all information necessary for the Members to complete their respective federal and state income tax or information returns.

6.5. In the event a distribution of Company assets occurs which satisfies the provisions of Section 734 of the Code or in the event a transfer of an Interest occurs which satisfies the provisions of Section 743 of the Code, the Company shall elect, pursuant to Section 754 of the Code, to adjust the basis of the Company's property to the extent allowed by said Sections 734 of 743 and shall cause such adjustments to be made and maintained. Any additional accounting expenses incurred by the Company in connection with making or maintaining any such basis adjustment shall be reimbursed to the Company from time to time by the distributee or transferee who benefits from the making and maintenance of such basis adjustment.

#### **ARTICLE VII: MEMBERS AND VOTING**

7.1. Any actions and/or decisions requiring the approval of Members pursuant to any provision of this Agreement may be authorized or made either by vote or written consent without a meeting in accordance with Section 5.1 hereinabove required to approve such action or decision under any provision of this Agreement and who have the right to Vote. Except as may specifically be provided herein, Class B Members have no Voting Interest.

7.2. The record date for determining the Members entitled to Notice of any Meeting, to Vote, to receive any distribution, or to exercise any right in respect of any other lawful action, shall be the date set by the Managing Member, provided that such record date shall not be more than sixty (60), nor less than ten (10), days prior to the date of the Meeting, nor more than sixty (60) days prior to any other action.

7.3. At all Meetings of Members, only the Class A Member may Vote in person or by proxy. Such proxy shall be filed with the Managing Member before or at the time of the Meeting, and may be filed by facsimile transmission to the Managing Member at the principal executive office of the Company or such other address as may be given by the Managing Member to the Members for such purposes.

#### **ARTICLE VIII: TRANSFERS OF MEMBERSHIP INTERESTS**

8.1. The Class A Member may withdraw from the Company in accordance with Section 9.1 of Article IX below, whereupon the Company shall be dissolved unless a Majority in Interest of the Class B Members elect to continue the Company's existence on the express condition precedent that any and all distributions of any manner and kind are first made to the withdrawing Class A Member. Withdrawal shall not release the Class A Member from any obligations and liabilities under this Agreement accrued or incurred before the effective date of withdrawal. The withdrawing Class A Member shall divest the Member's entire Membership Interest before the effective date of withdrawal in accordance with the transfer restrictions and option rights set forth in said Article IX.

8.2. The transferability of a Class B (Capital) Member's Interest, and the removal or incapacity of a Class B (Capital) Member shall be governed as follows.

(a) No Capital Member may assign, sell, transfer, pledge, hypothecate or otherwise dispose of his or her interest in the Company, in whole or in part, other than by last will and testament or by operation of law, unless expressly approved otherwise by the Managing Member, in its sole and absolute discretion. Any attempt to do so in violation of the above will be null and void ab initio.

(b) Subject to applicable law, a Capital Member may not withdraw from the Company sooner than twelve (12) months following its acceptance as Capital Member, and then only upon at least sixty (60) days' prior written notice to the Managing Member.

(c) A Capital Member may be removed when, in the Managing Member's determination, at any time, in its sole and absolute discretion, any particular Capital Member is acting in any manner deemed to be detrimental to the best interests of the other Members and/or the Company.

(d) Upon the withdrawal, removal or incapacity of a Capital Member, the Managing Member will proceed, as and if applicable, to liquidate positions and otherwise make trading decisions so as to provide funds to such removed or otherwise departing Capital Member without jeopardizing the capital accounts of the other Members and so as to minimize losses normally attendant upon a liquidation. In carrying out the business of liquidating positions and otherwise making trading decisions hereunder, the Managing Member or other liquidating trustee will have no liability for any liabilities (including but not limited to any damages and any net trading losses) relating to or arising from such trading activities unless such damage or loss related to or arose out of an act or failure to act by the liquidating trustee amounting to fraud or willful misconduct and bad faith.

(e) Upon the withdrawal, removal or incapacity of a Capital Member, the Company will distribute to such Capital Member the amount in his/her Capital Account as of the effective date of withdrawal, removal or incapacity, subject to the provision by the Managing Member for all liabilities of the Company and for reserves for contingencies as well as compliance with any net capital or similar requirements of any Applicable Law. The unused portion of any reserve will be distributed to such Capital Member after the need therefore has ceased, but in no case (other than compliance with Section 3.3 hereinabove) will the Managing Member withhold payment for more than ninety (90) days from the effective date of such Capital Member's withdrawal from the Company.

(f) The withdrawal, removal or incapacity of a Capital Member will not cause the business of the Company to be dissolved, wound up or terminated unless the failure to dissolve, wind up or terminate could cause the Company to be treated by the IRS as an "association" for tax purposes; rather, the Company will be continued by the remaining Members.

(g) The Members and the Company will give, or cause to be given, to the appropriate Exchanges, prompt notice of the withdrawal, removal or incapacity of a Capital Member, as and if required.

### 8.3. Notwithstanding any other provisions of this Agreement:

(a) If, in connection with the divorce or dissolution of the marriage of the Class A Member or a Class B Capital Member, any court issues a decree or order that transfers, confirms, or awards a Membership Interest, or any portion thereof, to that Member's spouse (an "Award"), then, notwithstanding that such transfer would constitute an unpermitted Transfer under this Agreement, that Member shall have the right to purchase from his or her former spouse the Membership Interest, or portion thereof, that was so transferred, and such former spouse shall sell the Membership Interest or portion thereof to that Member at the price set forth in Section 8.5 of this Agreement. If that Member has failed to consummate the purchase within fifteen (15) days after the Award (the "Expiration Date"), the Company shall have the option, for a period of thirty (30) days after the Expiration Date, to purchase from the former spouse the Membership Interest or portion thereof pursuant to Section 8.5 of this Agreement; provided that the option period shall commence on the later of (i) the day following the Expiration Date, or (ii) the date of actual notice of the Award. If said spouse's interest is not purchased by either the subject Member or the Company within the option periods provided, said spouse shall retain the subject Member's

Economic Interest, subject to all terms and conditions set forth in this Agreement, as and if amended at any time and from time to time.

(b) If, by reason of the death of a spouse of the Class A Member or a Class B Capital Member, any portion of a Membership Interest is transferred to a Transferee other than (i) that Member or (ii) a trust created for the benefit of that Member (or for the benefit of that Member and any combination between or among that Member and that Member's issue) in which that Member is the sole Trustee, then that Member shall have the right to purchase the Membership Interest or portion thereof from the estate or other successor of his or her deceased spouse or Transferee of such deceased spouse, and the estate, successor, or Transferee shall sell the Membership Interest or portion thereof at the price set forth in Section 8.5 of this Agreement. If the subject Member has failed to consummate the purchase within forty-five (45) days after the date of death (the "Expiration Date"), the Company shall have the option, for a period of forty-five (45) days following such Expiration Date, to purchase from the estate or other successor of the deceased spouse the subject Member's Membership Interest pursuant to Section 8.4 of this Agreement. If said interest is not purchased by either the subject Member or the Company within the option periods provided, the successor(s) to the deceased spouse shall retain the subject Member's spouse's Economic Interest, subject to all terms and conditions set forth in this Agreement, as and if amended at any time and from time to time.

**8.4.** If required pursuant to Section 8.3 (a) or (b) above, the Company shall, following the determination of the purchase price as provided in Section 8.5 hereinbelow, purchase the subject Membership Interest in the Company at the price and on the terms provided in said Section 8.5.

**8.5.** The purchase price of a Member's Membership Interest that is the subject of a purchase under Section 8.3 of this Agreement shall be the Fair Market Value of such Capital Member's Membership Interest as determined under this Section 8.5. The Fair Market Value shall be deemed to be the balance in the subject Member's Capital Account, if any, less any and all fees, charges, commissions and the like chargeable to the subject Member's capital account. If there is no positive balance, the subject Member's Membership Interest shall have no value and thereupon be terminated.

**8.6** Except as may expressly be provided in this Agreement, a Member shall not Transfer any part of that Member's Membership Interest in the Company, whether now owned or hereafter acquired, unless (1) the Managing Member approves the transferee's admission to the Company as a Member upon such Transfer, and (2) the Membership Interest to be transferred, when added to the total of all other Membership Interests transferred in the preceding 12 months, will not cause the termination of the Company under the Code. No Member may Encumber or permit or suffer any Encumbrance of all or any part of the Member's Membership Interest in the Company unless such Encumbrance has been approved in writing by the Managing Member. Any Transfer or Encumbrance of a Membership Interest without such approval shall be void. Notwithstanding any other provision of this Agreement to the contrary, an Member who is a natural person may transfer all or any portion of his or her Membership Interest to any revocable trust created for the benefit of the Member, or any combination between or among the Member, the Member's spouse, and the Member's issue; provided that the Member retains a beneficial interest in the trust and all of the Voting Interest, if any, included in such Membership Interest. A transfer of a Member's entire beneficial interest in such trust or failure to retain such Voting Interest shall be deemed a Transfer of a Membership Interest in violation of this Agreement.



8.7 (a) On the happening of any of the following events ("Triggering Events") with respect to the Class A Member, the Company shall be dissolved unless a Majority in Interest of the Class B Members elect to continue the Company's existence:

- (i) the death or incapacity of the Class A Member;
- (ii) the Bankruptcy of the Class A Member; or
- (iii) the withdrawal of the Class A Member.

(b) A Capital Member may be expelled from the Company for any reason or no reason, in the Managing Member's sole and absolute discretion and its, his or her Membership Interest will thereupon be terminated. Upon such an expulsion, the expelled Member shall be entitled to receive an amount calculated pursuant to Section 8.5 above. An expelled Capital Member shall receive prior written notice thereof, whereupon the effective date of such expulsion shall be the date of receipt of such notice, in accordance with Article I, Section 1.29 hereinabove. The Members of the Company expressly acknowledge and agree that the terms of this Section 8.7(b) are reasonable under the circumstances at the time each Member signs this Agreement. Notwithstanding any statutory presumption to the contrary, the expulsion of a Capital Member will not cause the dissolution of this Company.

8.8 No Capital Member shall participate in any Vote or decision in any matter pertaining to the disposition of that Member's Membership Interest in the Company under this Agreement

8.9 A Spousal Consent form is attached hereto as Exhibit "D" and by this reference made a part hereof.

#### **ARTICLE IX: WITHDRAWAL, DISSOLUTION AND WINDING UP**

9.1. Subject to Sections 4.1 (d) and 8.2(b) hereinabove, a Capital Member may withdraw from the Company at any time by giving Notice of withdrawal to the Managing Member at least sixty (60) calendar days before the effective date of the withdrawal. Subject to Section 4.1 (d), the Class A Member may withdraw from the Company at any time by giving Notice of withdrawal to the Managing Member and the Class B Member(s) at least thirty (30) calendar days before the effective date of the withdrawal. Withdrawal shall not release a Member from any obligations and liabilities under this Agreement accrued or incurred before the effective date of withdrawal. A withdrawing Member shall divest the Member's entire Membership Interest before the effective date of withdrawal in accordance with, and subject to, the provisions of Article VIII above. In the event that the Class A Member withdraws, the Company shall be dissolved unless a Majority in Interest of the Class B Members elect to continue the existence of the Company.

9.2. The Company shall be dissolved on the first to occur of the following events:

- (a) The death, incapacity, or withdrawal of the Class A Member unless a Majority in Interest of the Class B Members elect to continue the Company's existence;
- (b) The expiration of the term of existence of the Company;
- (c) The election by the Managing Member to dissolve the Company;
- (d) The sale or other disposition of substantially all of the Company assets; or
- (e) Entry of a decree of judicial dissolution pursuant to the corporation laws of the State of Delaware or the State of Florida.

9.3. On the dissolution of the Company, the Company shall engage in no further business other than that which is necessary to wind up the business and affairs of the Company. The Members who have not wrongfully dissolved the Company shall wind up the affairs of the Company. The Persons winding up the affairs of the Company shall give written Notice of the

commencement of winding up by mail to all known creditors and claimants against the Company whose addresses appear in the records of the Company. After paying or adequately providing for the payment of all known debts of the Company (except debts owing to Members), the remaining assets of the Company shall be distributed or applied in the following order of priority:

- (a) To pay the expenses of liquidation.
- (b) To repay outstanding loans to Members, if any. If there are insufficient funds to pay such loans in full, each Member shall be repaid in the ratio that the Member's respective loan, together with interest accrued and unpaid thereon, bears to the total of all such loans from Members, including all interest accrued and unpaid on those loans. Such repayment shall first be credited to accrued and unpaid interest due and the remainder shall be credited to principal.
- (c) Among the Members in accordance with the provisions of Article IV, Section 4.7, hereinabove.

9.4. Each Member shall look solely to the assets of the Company for the return of the Member's investment, and if the Company property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the investment of any Member, such Member shall have no recourse against any other Member(s) or the Company for indemnification, contribution, or reimbursement.

#### **ARTICLE X: ARBITRATION**

10.1. Any action to enforce or interpret this Agreement or to resolve disputes between the Members or by or against any Member shall be settled by arbitration in accordance with the constitution and rules of the Financial Industry Regulatory Authority ("FINRA"). Arbitration shall be the exclusive dispute resolution process. Any party may commence arbitration by sending a written demand for arbitration to the other parties. Such demand shall set forth the nature of the matter to be resolved by arbitration. Arbitration shall be conducted at the FINRA office located nearest to Sarasota, Florida, unless otherwise unanimously agreed by all parties to the proceedings. The substantive law of the State of Delaware and/or Florida shall be applied by the arbitrator to the resolution of the dispute, in the sole and absolute discretion of the Managing Member. The parties shall share equally all initial costs of arbitration. The prevailing party shall be entitled to reimbursement of attorney fees, costs, and expenses incurred in connection with the arbitration. All decisions of the arbitrator shall be final, binding, and conclusive on all parties. Judgment may be entered upon any such decision in accordance with applicable law in any court having jurisdiction thereof.

#### **ARTICLE XI. INDEMNIFICATION, INSURANCE**

11.1 Except for actions for which a Member is obligated under Section 5.11 above to indemnify the Company, the Company may indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he or she is or was a Member, Managing Member, officer, employee or agent of the Company, he or she is or was serving at the request of the Company as a manager, director, officer, employee or other agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to hereinafter in this Article XI as an "agent"), to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may hereafter from time to time permit. The Managing Member shall be authorized, in its sole discretion, on behalf of the Company, to enter into indemnity agreements from time to time with any Person entitled to be indemnified by

the Company hereunder, upon such terms and conditions as the Managing Member deems appropriate in its reasonable business judgment.

**11.2** The Company shall, in the Managing Member's sole discretion, have the power to purchase and maintain insurance on behalf of any Person who is or was an agent of the Company against any liability asserted against such Person and incurred by such person in any such capacity, or arising out of such person's status as an agent, whether or not the Company would have the power to indemnify such person against such liability under the provisions of Section 11.1 above or under applicable law.

**11.3** In the event that any individuals or entities are designated pursuant to Section 5.1 hereinabove, the Company shall indemnify it, them, him or her, as the case may be, and no person or entity so designated shall be liable or accountable in damages to Company, for any losses attributable to the operation of the Company's business, EXCEPT to the extent that any such losses are the result of its own willful misconduct, to the fullest extent allowed by law, from all claims brought by third parties relating to or arising out of the Company's business.

**11.4** The indemnification provided for in this Article XI shall include, but not be limited to, payment by the Company of all judgments and proven claims against the indemnitee and all costs, including without limitation attorneys' fees, incurred in connection with the prosecution, defense, or compromise of any action, whether judicial, administrative or otherwise.

## ARTICLE XII: RESTRICTIVE COVENANTS

**12.1 Confidential Information.** Each Member recognizes and acknowledges that he may be entrusted with or have access to confidential and proprietary information which is the property of the Company and/or its affiliates. Each Member therefore agrees that, during the time that he is a Member and at all times thereafter, he shall (i) not, without the Company's prior written consent, directly or indirectly use, copy or duplicate, or disclose or otherwise make available to any third party, any Confidential Information (as defined below) other than in the scope of Member's authority with respect to the Company or any affiliate of the Company; and (ii) take such protective measures as may be reasonably necessary to preserve the secrecy and interest of the Company in the Confidential Information. Upon ceasing to be a Member for any reason whatsoever, a Member shall promptly deliver or cause to be delivered to the Company any and all Confidential Information in his possession, custody or control. As used herein, the term "Confidential Information" shall mean all information of a confidential nature, whether tangible or intangible, in any form or medium provided, which is not generally known to the public and which relates to the business of the Company or any of its affiliates, whether information produced by the Company, third party information which the Company treats as confidential or otherwise, including, without limitation, software and enhancements thereto, know-how, techniques, systems, processes, trade secrets, manuals, confidential reports and client lists.

**12.2 Non-Solicitation of Employees.** Unless otherwise consented to in writing by the Managing Member, each Member agrees that, while a Member and for two (2) years thereafter, he shall not, directly or indirectly, whether for his account or for any other Person, (i) solicit for employment or hire, or attempt to solicit for employment or hire, any individual who is employed by (or, but for the violation of this Agreement, would have been employed by) the Company or any affiliate of the Company or (ii) otherwise interfere with the relationship between any such Person and the Company or any affiliate of the Company.

**12.3 Remedies.** The Members agree that it is impossible to measure monetarily the damages which will accrue to the Company by reason of a Member's failure to observe any of his obligations under this Article XII. Therefore, if the Company shall institute any action or proceeding to enforce such provisions, each Member hereby waives the claim or defense that there is an adequate remedy at law and agrees in any such action or proceeding not to interpose the claim or defense that such remedy exists at law. Without limiting any other remedies that may be available to the Company, each Member hereby specifically affirms the appropriateness of injunctive or other equitable relief in any such action.

### **ARTICLE XIII: POWER OF ATTORNEY**

**13.1** Each of the Members hereby irrevocably makes, constitutes and appoints the Managing Member as such Member's true and lawful agent and attorney-in-fact, with full power of substitution, and with full power and authority to act in such Member's name and on such Member's behalf, to make, execute, deliver, swear to, acknowledge, file and record: (i) copies of this Agreement, and any amendment, modification or change to this Agreement adopted as herein provided; (ii) the original Certificate of Formation of the Company and all amendments thereto required or permitted by law or the provisions of this Agreement; (iii) all certificates and other instruments deemed necessary by the Managing Member to carry out the provisions of this Agreement or applicable law, or to permit the Company to be treated as a partnership for federal income tax purposes, or to provide limited liability to Members in each jurisdiction in which the Company may be doing business; (iv) all conveyances and other instruments or documents deemed necessary by the Managing Member to effect the dissolution or termination of the Company; (v) any certificate of fictitious name, if required by law, for the Company; and (vi) such other certificates or instruments as may be required under the laws of the States of Delaware, Florida, or any other jurisdiction, or by any regulatory agency, as the Managing Member may deem necessary or advisable at any time and from time to time.

**13.2.** The power of attorney granted pursuant to Section 13.1 above:

- a. is coupled with an interest, shall be irrevocable and shall survive and shall not be affected by the subsequent incapacity, disability, or death of any Member;
- b. may be exercised by the attorney-in-fact, either by signing separately as attorney-in-fact for each Member or by a single signature of the attorney-in-fact, acting as attorney-in-fact for all Members; and
- c. shall survive the assignment by a Member of the whole or any fraction of its Membership Interest; except that, where the assignee of the whole of such Member's Membership Interest has been approved by the Managing Member for admission to the Company as a Successor-in-Interest to a Member's Membership Interest, the power of attorney of the assignor shall survive the delivery of such assignment for the sole purpose of enabling the attorney-in-fact to execute, swear to, acknowledge and file any instrument necessary or appropriate to effect such substitution.

### **ARTICLE XIV: INVESTMENT REPRESENTATIONS**

**14.1** Each Member hereby represents and warrants to, and agrees with, the Members and the Company as follows. Each Member has been provided with a copy of this Operating Agreement, has read it, and has completed all information requested, has signed it and delivered a signed copy of same to the Managing Member.

- a. The Members acknowledge that the Membership Interests are being offered and sold without registration under the Securities Act of 1933 (the "**Securities Act**") in reliance upon the exemption provided in Section 4(2) of the Securities Act and/or Regulation D

promulgated under the Securities Act and that the availability of such exemption is based in material respects upon the truth of the following representations. Each Member hereby represents and warrants to the Company, and to each other, the following.

i. The Member has carefully read and considered the terms of the Operating Agreement, and recognizes that (i) an investment in the Company involves a high degree of risk, and (ii) no assurance or guarantee of any nature or kind has or can be given in any form, and none has been provided, that a Member will receive a return of all or any of his or her capital or that he or she will realize any measure of profit on such Member's investment in the Company;

ii. the Member is experienced in business matters and regards himself as a sophisticated investor who is able to evaluate investment and financial information and/or the Member has chosen independent professional advisors who are unaffiliated with, have no equity interest in and are not compensated by the Company or any affiliate of the Company, directly or indirectly, to assist in such evaluation and, either independently or along or with such advisors, has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of an investment in the Company and has the capacity to protect his own interests in connection with his proposed investment in the Company;

iii. the Member has consulted with his or her own tax, investment and legal advisors to the extent the Member has determined necessary to protect such Member's own interest in connection with this Agreement in view of the undersigned's prior financial experience and present personal financial condition, and has relied on his or her own analysis and investigation and that of the undersigned's advisors in determining whether to invest in the Company;

iv. the Member is contributing its capital for a Membership Interest in the Company solely for its own account for investment (not for the account of any other person unless such fact has been fully disclosed to the Managing Member), and not with a view to, or for, any resale, distribution, fractionalization, or other transfer thereof, and the undersigned has no present plans to enter into any contract, undertaking, agreement, or arrangement for any such resale, distribution, fractionalization or transfer;

v. the Member understands the meaning and legal consequences of the representations contained in this Agreement, and understands that the Company and each other Member is relying upon such representations;

vi. the Member understands that there are substantial restrictions on the transferability of the Membership Interests; that any certificate evidencing the undersigned's ownership of such Membership Interests, if any, may be imprinted with legends indicating that the transfer of such Membership Interests may be restricted under the Securities Act; that the Membership Interests have not been, and the undersigned has no rights to require that the Membership Interests be, registered or qualified under the Securities Act; that there is not now any public market for the Membership Interests and none is anticipated; that the Membership Interests will not be readily accepted as collateral for a loan; and that it may be extremely difficult to sell the Membership Interests in the event of a financial emergency;

vii. the Member is aware and understands that no federal or state agency has made any recommendation or endorsement of the Membership Interests as an investment, nor has any such governmental agency reviewed or passed upon the adequacy of information disclosed to the undersigned, and the Membership Interests are being issued without registration under the Securities Act;

viii. the Member has been advised and understands that all copies of this Agreement, and any other documents which evidence ownership of the Interests, will bear a legend substantially as follows:

THE INITIAL SALE OF MEMBERSHIP INTERESTS IN THE COMPANY TO THE MEMBERS HAS NOT BEEN QUALIFIED OR REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE, OR REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION PROVISIONS OF THOSE LAWS. NO ATTEMPT HAS BEEN MADE TO QUALIFY THE OFFERING AND SALE OF MEMBERSHIP INTERESTS TO MEMBERS UNDER THE LAWS OF THE STATE OF FLORIDA, DELAWARE OR ANY OTHER STATE, AS MAY HAVE BEEN AMENDED FROM TIME TO TIME, ALSO IN RELIANCE UPON AN EXEMPTION FROM THE REQUIREMENT THAT A PERMIT FOR ISSUANCE OF SECURITIES BE PROCURED. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, MEMBERSHIP INTERESTS MAY NOT BE TRANSFERRED OR ENCUMBERED UNLESS REGISTERED OR QUALIFIED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAW OR UNLESS, IN THE OPINION OF LEGAL COUNSEL SATISFACTORY TO THE COMPANY, SUCH QUALIFICATION OR REGISTRATION IS NOT REQUIRED. THE MEMBER WHO DESIRES TO TRANSFER A MEMBERSHIP INTEREST SHALL BE RESPONSIBLE FOR ALL LEGAL FEES INCURRED IN CONNECTION WITH PROCURING AND DELIVERING SAID OPINION.

ix. the Member has not relied on any information or representations with respect to offering of the Membership Interests, other than such information or representations set forth in this Operating Agreement. The undersigned understands that no person has been authorized to give any information or to make any representations other than those contained in this Operating Agreement;

x. the Member has sufficient business and other experience, alone or with his/her professional advisor, to evaluate and appreciate the risks and merits of investments in the Company; and

xi. the Member is a "qualified client" within the meaning of Code of Federal Regulations §17CFR275.205-3(d), or has expressly notified the Managing Member that such is not the case.

**14.2** The Company may invest in companies that, among other securities, trades in options. Options involve a high degree of risk and are not suitable for all investors. For more information, please read Characteristics and Risks of Standardized Options, available as of the Effective Date of this Agreement, at: [www.optionsclearing.com/publications/risks/riskstoc.pdf](http://www.optionsclearing.com/publications/risks/riskstoc.pdf).

Any questions concerning investments involving options should be directed to the Company's Managing Member.

#### **ARTICLE XV: GENERAL PROVISIONS**

**15.1** This Agreement constitutes the whole and entire agreement of the parties with respect to the subject matter of this Agreement. This Agreement replaces and supersedes all prior written and/or oral agreements by and among the Members or any of them.

**15.2** This Agreement may be amended in accordance with the following procedures:

(a) The Managing Member, acting without the consent of any other Member, may adopt any amendment:

(i) which is required to cure any ambiguity or to correct or supplement any provision which is inconsistent in any respect with any other provision hereof;

(ii) which, in the opinion of counsel for the Company, will not affect the rights, obligations or liabilities of any Member in any material respect;

(iii) which is necessary or desirable to satisfy any requirement or condition contained in any applicable statute or in any opinion, directive, order, ruling or regulation of any governmental agency; or

(iv) which is required to conform this Agreement to the requirements of the Code and Regulations, including any Regulations relating to the allocation of profits and losses among Members, and the administrative and judicial interpretations thereof.

(b) The Managing Member may adopt any other amendment, provided, however, approval of those Class B (Capital) Members holding Seventy-Five (75%) or more of the Percentage Interests of the Class B Members shall be required for any amendment that would:

(i) increase the liability of the Class B Members under this Agreement;  
or

(ii) materially and adversely affect the rights of the Class B Members to allocations and distributions under Articles III and IV, except to the extent reasonably required in connection with the admission of additional Class B Members to the Company.

**15.3** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**15.4.** This Agreement shall be construed and enforced in accordance with the internal laws of the State of Florida and/or the State of Delaware, in the Managing Member's sole and absolute discretion. If any provision of this Agreement is determined by any court of competent jurisdiction or arbitrator to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this Agreement shall remain in effect.

**15.5.** This Agreement shall be binding on and inure to the benefit of the parties and their heirs, personal representatives, and permitted successors and assigns.

**15.6.** Whenever used in this Agreement, the singular shall include the plural, the plural shall include the singular, the male shall include the female, and the neuter gender shall include the male and female as well as trust, firm, company, or corporation, all as the context and meaning of this Agreement may require.

**15.7.** The parties to this Agreement shall promptly execute and deliver any and all additional documents, instruments, notices, and other assurances, and shall do any and all other acts and things, reasonably necessary in connection with the performance of their respective obligations under this Agreement and to carry out the intent of the parties.

**15.8.** Except as provided in this Agreement, no provision of this Agreement shall be construed to limit in any manner the Members in the carrying on of their own respective businesses or activities.

**15.9.** Except as provided in this Agreement, no provision of this Agreement shall be construed to constitute a Member, in the Member's capacity as such, the agent of any other Member.

**15.10.** Each Member represents and warrants to the other Members that the Member has the capacity and authority to enter into this Agreement.

**15.11.** The article, section, and paragraph titles and headings contained in this Agreement, if any, are inserted as a matter of convenience and for ease of reference only and shall be disregarded for all other purposes, including the construction or enforcement of this Agreement or any of its provisions.



**15.12.** Time is of the essence of every provision of this Agreement that specifies a time for performance.

**15.13.** This Agreement is made solely for the benefit of the parties to this Agreement and their respective permitted successors and assigns, and no other person or entity shall have or acquire any right by virtue of this Agreement.

**15.14.** The Members agree that the contents of this Agreement and of any other instruments associated with the relationship hereby created pursuant to this Agreement shall be kept strictly confidential and no party shall discuss or divulge the contents hereof or thereof to any third parties, except as may be required by various regulatory agencies having jurisdiction over the parties, and further except as may be necessary to the Members' communications with their respective accountants and attorneys.

IN WITNESS WHEREOF, the Class A Member and the (initial) Class B Member identified below have executed this Agreement as of the Effective Date. Additional Class B and Class C Members will evidence their respective agreements with this Agreement by executing their respective Exhibit B-1 and C-1 addenda accordingly.

**CLASS A MEMBER**

KINETIC PARTNERS, LLC

by: \_\_\_\_\_  
Michael S. Williams, Managing Member  
of its Managing Member, LF42, LLC

**INITIAL CLASS B MEMBER**

by: \_\_\_\_\_  
Michael S. Williams

**EXHIBIT "A"**  
**to**  
**Kinetic Funds I, LLC**  
**OPERATING AGREEMENT**

(Copy of Certificate of Formation)

CRD® or IARD(TM) System Current As Of: 05/23/2019

Snapshot - Individual

CRD® or IARD(TM) System Report provided to: SEC

Request Submitted: 5/24/2019 11:54:28 AM

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Individual [REDACTED] - WILLIAMS, MICHAEL SCOTT

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**Administrative Information****Composite Information****Full Legal Name** WILLIAMS, MICHAEL SCOTT**State of Residence** FL**Active Employments** <<No Current Active Employments found for this Individual.>>**Reportable Disclosures?** The specified individual has no disclosure that qualifies for reporting under this section (i.e., disclosure required to be reported on Form U-4 or Form U-5).  
Regulatory and Broker/Dealer Users: Please note that there are three types of disclosure in Web CRD: Reportable, Legacy and Archive disclosure. An individual with no reportable disclosure may or may not have Legacy or Archive disclosure. Investment Adviser Users: Please note that IARD does not include Legacy disclosure. Information reported on previous form filings through IARD is available under Filing History.**Statutory Disqualification?** BLNK**Registered With Multiple Firms?** No**Material Difference in Disclosure?** No

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**Personal Information****Individual CRD#** [REDACTED]**Other Names Known By** <<No Other Names found for this Individual.>>**Year of Birth** [REDACTED]

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**Registrations with Current Employer(s)**

&lt;&lt;No Registrations with Current Employer(s) found for this Individual.&gt;&gt;

**Registrations with Previous Employer(s)****Reason for Termination** [REDACTED]**Termination Comment**

Regulator	Registration Category	Status Date	Registration Status	Approval Date
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**Reason for Termination****Termination Comment**

Regulator	Registration Category	Status Date	Registration Status	Approval Date
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<p>---CERTIFICO: Que el---  día del otorgamiento---  expedi Primera Copia  Certificada a favor de  <b>MICHAEL SCOTT WILLIAMS</b>,  parte interesada, DOY  FE.-----</p>	<p>-----DEED NUMBER TWO (2)-----  ----- PURCHASE AND SALE -----  -----In the City of San Juan, Puerto Rico, this  twenty-fourth (24th) day of March, two thousand  seventeen (2017).-----  -----BEFORE ME-----  -----<b>ANA L. TOLEDO DÁVILA</b>, Attorney-at-Law and  Notary Public, with notary office and residence in  San Juan, Puerto Rico. -----  -----COMPARECEN-----  -----APPEAR-----  -----AS PARTY OF THE FIRST PART AND AS SELLERS:  <b>RAMIRO MILLÁN CATASUS</b> and <b>HIS WIFE MARGARITA MILLÁN</b>  <b>TORRES</b>, also known as Margarita Torres Rodriguez,  of legal age, married, property owners and  residents of San Juan, Puerto Rico. Hereinafter  designated as "THE SELLERS". -----  -----AS A PARTY OF THE SECOND PART AND AS  PURCHASER: <b>MICHAEL SCOTT WILLIAMS</b>, of legal age,  single, property owner, and resident of San Juan,  Puerto Rico, United States of America. Hereinafter  referred to as "THE PURCHASER".-----  -----I ATTEST-----  -----That I have identified all of the parties by  means of their driver's licenses that contain their  photographs and signatures as required in Article 17  of the Puerto Rico Notary Law.-----  -----I attest as to their personal circumstances  and they assure me and in my opinion, they have the  necessary legal capacity to execute this deed and  consequently they freely and voluntarily:-----  -----SET FORTH-----  -----FIRST: The Sellers express that they are the  the owners in fee simple of the properties  described below in the Spanish language:-----  -----URBANA: APARTAMENTO PENTHOUSE "A" (PH-A)  URBANA: PROPIEDAD HORIZONTAL. Apartamento PH A,  localizado en el tercer piso del Condominio  Gabriela's House, con una cabida superficial de  tres mil dieciocho punto siete pies cuadrados  (3,018.7 pc), equivalentes a doscientos ochenta  punto cuatro metros cuadrados (280.4 mc). Colinda  por el <b>Norte</b>, en una distancia de setenta y un</p>
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EXHIBIT

7



pies nueve pulgadas (71'9"), equivalentes a veintidós punto nueve metros (21.9 m) con la pared exterior del Condominio que da hacia la colindancia con la propiedad marcada con el número 107 de la Calle Cruz; por el **Sur**, en una distancia de setenta y un pies nueve pulgadas (71'9"), equivalentes a veintidós punto nueve metros (21.9 m), con la pared exterior del Condominio que da hacia la colindancia con la Calle Luna; por el **Este**, en una distancia de cincuenta y dos pies con seis pulgadas (52'6"), equivalentes a dieciséis metros (16.00 m) con el Apartamento Penthouse B ("PH-B") y por el **Oeste**, en una distancia de cincuenta y dos pies con seis pulgadas (52'56"), equivalentes a dieciséis metros (16.00 m) con la pared exterior del Condominio que da hacia la colindancia con la Calle Cruz.-----

-----A este apartamento le corresponde un dieciséis punto nueve, nueve, cinco, ocho por ciento (16.9958%) de los elementos Comunes del Condominio.-----

-----Recorded in page 122 of volume 195 of San Juan, Property number 5231, Registry of the Property of San Juan, First Section.-----

-----Cadaster number: 040-002-026-15-012.-----

----B. APARTAMENTO PENTHOUSE "B" (PH-B) URBANA: PROPIEDAD HORIZONTAL. Apartamento PH B, localizado en el tercer piso del Condominio Gabriela's House, con una cabida superficial de dos mil cuarenta y dos punto ocho pies cuadrados (2,042.8 pc), equivalentes a ciento ochenta y nueve punto ocho metros cuadrados (189.8 mc). Colinda por el **Norte**, en una distancia de cincuenta y nueve pies nueve punto cinco pulgadas (59'9.5") equivalentes a dieciocho punto dos metros (18.2 m), con la pared exterior del Condominio que da hacia la colindancia con la propiedad marcada con el número ciento siete (107) de la Calle Cruz; por el **Sur**, en una distancia de cincuenta y siete pies nueve punto cinco pulgadas (57'9.5"), equivalentes a dieciocho punto dos metros (18.2 m), con la pared exterior del Condominio que da hacia la colindancia con la Calle Luna; por el **Este**, en una distancia de cincuenta y dos pies con seis pulgadas (52'6"), equivalentes a dieciséis metros (16.00) con la pared exterior del Condominio que da hacia la colindancia con la propiedad marcada con el doscientos uno (201) de la Calle Luna y por el **Oeste**, en una distancia de cincuenta y dos pies con seis pulgadas (52'6"), equivalentes a dieciséis metros (16.00 m) con la pared exterior del Condominio que da hacia la colindancia con el apartamento Penthouse "B" ("PH-B").-----

-----A este apartamento le corresponde un once punto cinco, cero, uno, tres por ciento (11.5013%) de los elementos Comunes del Condominio.-----

-----Recorded in page 124 of volume 195 of San



Juan, Property number 5232, Registry of the Property of San Juan, First Section.-----

-----Cadaster number: 040-002-026-15-013.-----

-----C. APARTAMENTO NUMERO DOS "E" (2E): URBANA: PROPIEDAD HORIZONTAL: Apartamento dos "E" (2E) localizado en el segundo piso del Condominio Gabriela's House con una cabida superficial de mil doscientos treinta y uno punto nueve pies cuadrados (1,231.9 pc), equivalentes a ciento catorce punto cuatro metros cuadrados (114.4 mc). Colinda por el **Norte**, en una distancia de veinticuatro pies cinco punto cinco pulgadas (24'5.5"), equivalentes a siete punto cuarenta y cinco metros (7.45 m), con la pared exterior del Condominio que da hacia la colindancia con la propiedad marcada con el numero ciento siete (107) de la Calle Cruz; por el **Sur**, en una distancia de veinticuatro pies cinco punto cinco pulgadas (24'5.5"), equivalentes a siete punto cuarenta y cinco metros (7.45 m), con el Apartamento dos "D" (2-D); por el **Este**, en una distancia de treinta y siete pies una pulgada (37'1"), equivalentes a once punto tres metros (11.3 m), con la pared exterior del Condominio que da hacia la propiedad marcada con el numero doscientos uno (201) de la Calle Luna y por el **Oeste**, en una distancia de treinta y siete pies una pulgada (37'1"), equivalentes a once punto tres metros (11.3 m), con el Apartamento dos "C" (2C) y con el Apartamento dos "D" (2D).-----

-----A este apartamento le corresponde un seis punto nueve, tres, cinco ocho por ciento (6.9358%) de los elementos Comunes del Condominio.

-----Recorded in page 118 of volume 195 of San Juan, Property number 5229, Registry of the Property of San Juan, First Section.-----

-----Cadaster number: 040-002-026-15-011.-----

-----D. PROPIEDAD HORIZONTAL: APARTAMIENTO DIECISÉIS (16): Unidad comercial de estacionamiento localizada en el tercer nivel del Edificio A del Condominio Cochera San Francisco ubicado en el doscientos cuatro (204) de la Calle Luna, Viejo San Juan, con un área superficial de ciento cuarenta y ocho punto cincuenta pies cuadrados (148.50 pc), (no está cantidad en metros en descripción), y en lindes por el Norte: con el apartamento diecisiete (17); por el Sur, con área comunal, por el Este, con área comunal y por el Oeste, con área comunal. Tiene acceso por el tramo de tránsito vehicular central comunal del tercer nivel que conecta con la rampa desembocando en el antiguo Pasaje Matienzo, hoy área comunal de tránsito vehicular y peatonal y finalmente a la vía pública Calle Luna. La unidad tiene acceso peatonal a la Calle San Francisco a través de las escaleras y ascensor común.-----





-----Corresponde a dicho apartamento una participación indivisa en los elementos comunes generales del Condominio equivalentes al cero punto seis, seis cero tres por ciento (0.6603%).----

-----Recorded in page 32 of volume 199 of San Juan, Property number 5434, Registry of the Property of San Juan, First Section.-----

-----Cadaster number: 040-002-035-17-040.-----

-----E. **PROPIEDAD HORIZONTAL: APARTAMIENTO DIECINUEVE (19):** Unidad comercial de estacionamiento localizada en el tercer nivel del Edificio A del Condominio Cochera San Francisco ubicado en el doscientos cuatro (204) de la Calle Luna, Viejo San Juan, con un área superficial de ciento cuarenta y ocho punto cincuenta pies cuadrados (148.50 pc), (no está cantidad en metros en descripción), y en lindes por el Norte: con área comunal; por el Sur, el apartamento dieciocho (18); por el Este, con área comunal y por el Oeste, con área comunal. Tiene acceso por el tramo de tránsito vehicular central comunal del tercer nivel que conecta con la rampa desembocando en el antiguo Pasaje Matienzo, hoy área comunal de tránsito vehicular y peatonal y finalmente a la vía pública Calle Luna. La unidad tiene acceso peatonal a la Calle San Francisco a través de las escaleras y ascensor común.-----

----Corresponde a dicho apartamento una participación indivisa en los elementos comunes generales del Condominio equivalentes al cero punto seis, seis cero tres por ciento (0.6603%).----

-----Recorded in page 28 of volume 199 of San Juan, Property number 5432, Registry of the Property of San Juan, First Section.-----

-----Cadaster number: 040-002-035-17-043.-----

----**SEGUNDA:** SELLER purchased the properties described in the preceding paragraph as follows:

-----PROPERTY "A" - APARTMENT PENTHOUSE "A" Purchased from Gabriela's House, S.E., for the amount of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00), as per deed number four (4) executed in San Juan, Puerto Rico, on August twenty-first (21), two thousand three (2003), before the notary Santiago Cordero Osorio.-----

-----PROPERTY "B" - APARTMENT PENTHOUSE "B": Purchased from Gabriela's House, S.E., for the amount of THREE HUNDRED SEVENTY-SIX THOUSAND DOLLARS (\$376,000.00), as per deed number four (4) executed in San Juan, Puerto Rico, on August twenty-first (21), two thousand three (2003), before the notary Santiago Cordero Osorio.-----





-----PROPERTY "C" - APARTMENT TWO E: Purchased from Gabriela's House, S.E., for the amount of TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00), as per deed number ten (10), executed in San Juan, Puerto Rico, on September sixteen (16), two thousand three (2003), before the notary Santiago Cordero Osorio.-----

-----PROPERTY "D" - (La Cochera Apartment sixteen 16) and PROPERTY "E" (La Cochera Apartment 19): Purchased from Cochera, S.E., each for the amount of ONE HUNDRED TEN THOUSAND DOLLARS (\$110,000.00), as per deed number 2 executed in San Juan, Puerto Rico on December twenty-first (21<sup>st</sup>), two thousand seven (2007) before the notary Jose A. Axtmayer.--

----**THIRD:** The properties described above are subject to the following recorded liens and encumbrances:-----

-----PROPERTY "A" (APARTMENT PENTHOUSE-A,) and PROPERTY "B" (APARTMENT PENTHOUSE B): Mortgage to guarantee note in favor of Santander Mortgage Corporation or to its order, for the amount of EIGHT HUNDRED SEVENTY-SIX THOUSAND DOLLARS (\$876,000.00), plus six percent (6%) per annum interest, of which apartment PENTHOUSE "A" is encumbered with a portion equivalent to FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) and PENTHOUSE "B" is encumbered with a portion equivalent to THREE HUNDRED SEVENTY-SIX THOUSAND DOLLARS (\$376,000.00), as per deed number two hundred sixty-nine (269), executed in San Juan, Puerto Rico, on August twenty-first (21<sup>st</sup>), two thousand and three (2003) before the notary Orlin P. Goble and recorded in page 122 of volume 195 of San Juan for property "A", number 5231 and page 124 of volume 195 of San Juan for property "B", number 5232, Registry of the Property of San Juan, First Section.-----

-----PROPERTY "C" - APARTMENT TWO "E": Mortgage to guarantee note in favor of Santander Mortgage Corporation or to its order, for the amount of TWO HUNDRED THOUSAND DOLLARS (\$200,000.00) plus five and seven eighths percent (5 7/8%) per annum interest, as per deed number 466 executed in San Juan, Puerto Rico, on December sixteen (16) two thousand twelve (2012), before the notary Orlin P. Goble and recorded in page 118 of volume 195 of San Juan, Registry of the Property of San Juan, First Section.-----

----**FOURTH:** The SELLER has agreed to sell the property described in the FIRST expositive paragraph pursuant to the following:-----

-----**CLAUSES AND CONDITIONS**-----

----**FIRST:** By means of this deed, the SELLERS sell, transfer and convey to the PURCHASER its



rights over the non-movable properties described the FIRST expositive paragraph of this deed, with all of its uses, annexes, servitudes, and all that which forms part of the property, so that the PURCHASER can enjoy and possess it as its sole owner, as the SELLERS have done until now, without any limitation, except those that may arise from the Registry's records.-----

----SECOND: The total price agreed upon for this PURCHASE AND SALE is the sum of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00), which SELLER recognizes having received a check for the sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) prior to this act as deposit, remaining a balance of ONE MILLION FOUR HUNDRED THOUSAND DOLLARS of which SELLER retains the necessary amount to pay the liens set forth in the THIRD expositive paragraph as well as the funds required to cancel the mortgages at the Registry of the Property. The remaining amount SELLERS acknowledge receiving on this act.-----

-----The global sale price set forth above is divided among the properties described in the first expositive paragraph as follows:-----

-----PROPERTY "A" (APARTMENT PENTHOUSE "A"): SIX HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$625,000.00).-----

-----PROPERTY "B" (APARTMENT PENTHOUSE "B"): FOUR HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$475,000.00).-----

-----PROPERTY "C" (APARTMENT TWO-"E") TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00).-----

-----PROPERTY "D" (PROPIEDAD HORIZONTAL: APARTAMIENTO DIECISEIS (16)) SEVENTY-FIVE THOUSAND DOLLARS (\$75,000.00).-----

-----PROPERTY "E" (PROPIEDAD HORIZONTAL: APARTAMIENTO DIECINUEVE (19)): SEVENTY-FIVE THOUSAND DOLLARS (\$75,000.00).-----

-----SELLERS ATTEST that they acquired properties "D" and "E" for a higher amount than what they are being sold for and assure the notary that the price reduction does not entail a donation. Rather, it is due to the prevailing real estate market conditions in Puerto Rico.-----

----- Sellers further attest that the outstanding balance of the promissory note secured by the





mortgage encumbering Property "A" and Property "B" as of March thirty-first (31<sup>st</sup>), two thousand seventeen (2017), is SIX HUNDRED SIXTY-TWO THOUSAND SIX HUNDRED FIFTEEN DOLLARS AND TWENTY-ONE CENTS (\$662,615.21) and that the outstanding balance of the promissory note secured by the mortgage encumbering Property "C" as of March thirty-first (31<sup>st</sup>), two thousand seventeen (2017) is ONE HUNDRED FIFTY-TWO THOUSAND THREE HUNDRED SIXTY EIGHT DOLLARS AND NINE CENTS (\$152,368.09). Therefore, Sellers represent to Purchaser and hereby covenant that the amount of EIGHT HUNDRED FOURTEEN THOUSAND NINE HUNDRED EIGHTY DOLLARS AND THIRTY CENTS (\$814,980.30) of the Purchase Price paid by Purchaser hereunder shall be used by Sellers to pay and cancel the outstanding balances described herein.-----

-----**THIRD:** Upon the purchase of the Properties described in the FIRST expositive paragraph, seller acquired the exclusive rights of use of the limited common element consisting of the rooftop terrace of the building.-----

-----**FOURTH:** All of the properties have a property tax exemption pursuant to Law Number 374 of May fourteenth (14) of nineteen forty-nine (1949), as amended. On the date of the closing, PURCHASER has been handed a copy of the tax exemption certifications issued by the Puerto Rico Institute of Culture for both Condominiums where the properties are located.-----

-----Although there are no outstanding taxes assessed against any of the properties as of the date of the closing, the parties agree that the should any property tax debt arise as to any of the properties to the date of this execution will be the responsibility of THE SELLERS, and thereafter the responsibility of THE PURCHASER.---

-----The notary has shown the parties the value and debt certification issued by the Center for Municipal Collections and the Department of Treasury reflecting the status of the properties object of this deed.-----

----Likewise, the parties also acknowledge, and particularly the PURCHASER, that the CRIM could retroactively impose taxes prior to the date that SELLER acquired the property, which could include the imposition of interests, late fees and penalties. Seller shall be responsible for any and all taxes, late fees, interest and penalties that may be assessed for periods prior to the date of



execution of this Deed and shall indemnify, defend and hold harmless Purchaser from any such taxes, assessments, penalties, interests and other expenses incurred by Purchaser in connection therewith. The PURCHASER has been apprised by the notary of this possibility and insists in executing this purchase and sales deed assuming the risk of having those property taxes imposed retroactively on the property object of this deed.-----

----**FIFTH:** The PURCHASER expressly states that he has made a thorough examination of the properties object of this deed and is fully aware of the status of the each one's current conditions; that he finds the properties to be suitable for the purpose for which they are intended and shall accept and acquire all rights transferred herein for the price agreed upon as is, and exonerates the SELLERS of any apparent or hidden defect either in the ground or in any structure that may be located on it, of design and/or construction and of any defect in the property caused by the passage of time, erosion, mechanical defects, as well as, but without limitation to: crevices, leaks on walls, roofs, floors, etcetera or loosening of plastering, loose tiles, recessed floors, blocked sanitary lines and/or aqueducts, or any other class; damage to power lines, etcétera.-----

----**SIXTH:** The PURCHASER enters into the immediate possession of the non-movable properties acquired by means of this deed, without any other formality that the execution of this deed, and the SELLERS recognize they is bound by eviction and clearing according to law. Specifically, the SELLERS guarantee to PURCHASER the validity of this act, and extends a warranty as to the validity of this transaction and the titles that are being transferred to PURCHASER.-----


----**SEVENTH:** By means of this document, the appearing parties agree and oblige to execute any other document that may be required from them so that this deed gets recorded at the Registry of the Property, as well as pay for any additional fee that the Registry of the Property may demand, to be paid for the recording of this deed at the Registry of the Property.-----

-----**WARNINGS**-----

----**I,** the Notary, **ATTEST** of having made to the appearing parties the pertinent legal warnings and





 <p>Handwritten signatures and notary seal of Ana L. Toledo Davila, a Notary Public in the State of California.</p>	<p>particularly warned of the following:-----</p> <p>----(A) The title and lien reports for each property were prepared by CENTURION INSURANCE COMPANY INC., a company unrelated to the Notary authorizing this deed, dated March twenty-first (21), two thousand seventeen (2017), which covers to the entries in the daily Journal and reflect the status of the properties at the Registry of the Property and the liens and encumbrances reflected therein and set forth above. The notary has also advised PURCHASER of the convenience of obtaining a registry certification of the properties object of this deed, that specifies in detail the status of the properties at the Registry of the Property. Furthermore, the notary has advised the PURCHASER of the convenience that he himself check the status of the properties since the Title and Lien Report or a Certification issued by the Registry of the Property does not close the access to the Registry's records and, therefore, there may be liens presented after the date of their issuance, regardless of how recent the title and lien report or certification is. Despite this warning, the appearing parties proceed to execute this deed relying on the title and lien reports specified herein.-----</p> <p>----- (B) Of the possibility of additional statutory charges or liens and unregistered property taxes levied on each property up to the date of the execution of this deed, for which the property and the PURCHASER would be liable, but SELLERS could be bound to reimburse PURCHASER for any such payment.-----</p> <p>-----(C) I warned the PURCHASER of the possibility that the real size of the properties may result to be less than the ones described in the Registry of the Property and that he has a right to carry out a survey prior to the execution of this deed. The PURCHASER states that it is aware of this possibility and decided to continue with the execution of this deed, releasing the SELLERS, the real estate broker and the notary of any liability resulting from any discrepancy between the physical reality and the legal description of the property registered at the Registry of the Property.-----</p> <p>-----SELLERS have given PURCHASER a copy of the plot plan of each of the properties handed to them upon their purchase of each property.-----</p> <p>-----(D) I also warned the PURCHASER that if the</p>
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property is located within a Floodable Zone, any owner or occupant in the present or future, is bound by law to observe and comply with the requirements and provisions of the Regulation on Flood-prone areas, warning that non-compliance with its provisions would constitute an illegal act pursuant to section three (3) of law eleven (11) of March eight (8) nineteen eighty-eight (1988) about Floodable zones, contained in volume twenty-three of the Puerto Rico Annotated Laws, section two hundred twenty five "g" (23 L.P.R.A. Sec. 225g). The appearing party recognizes this and agrees to engage in strict compliance of these provisions if the statute is applicable.-----

----(F) The parties are advised, particularly the PURCHASERS, that if there is any structure in any of the parcel number object of this deed that has been used as a residence prior to the year nineteen seventy-eight (1978), the Residential Lead-Based Paint Hazard Reduction Act, contained in volume forty-two of the United States Code, Section 851 and subsequent sections is applicable. This statute and its Regulation impose a duty on the SELLER and/or its agent or real estate broker if there is one, and before the PURCHASER becomes bound by a contract, to inform of its knowledge of the presence of any lead-based paint or any danger in the property associated with it; provide any report or evaluation regarding lead that they could have access to and give the PURCHASER time to inspect the property to determine the existence or non existence of lead-based paint or surrender its rights under the law; provide an informative booklet prepared by the Environmental Protection Agency. It is required that the parties and the agent or broker, if any, complete a document with their signatures confirming compliance with the requirements of that federal law. THE PURCHASER is also warned of the fact that non-compliance with that statute's requirements exposes the SELLER and its agent to be liable for any damages that may result. Aware of this warning, both parties express their acceptance and proceed with the execution of this deed, relieving the Notary of liability as to the requirement of disclosure regarding lead-based paint. -----

----(G) I warned the parties, and particularly the PURCHASER, of the need to present a certified copy of this deed at the Registry of the Property, so that PURCHASER'S rights over the property are duly recorded.-----

----(H) There is a possibility that other





documents that affect the rights created herein have been presented for their recording prior to the execution of this deed but after the date that the tile and lien report was prepared, as well as the date of the execution of this deed, and/or the presentation of the certified copy of this deed which may result in a preferential or priority right or claim as to the recording of this deed, due to the prior execution and presentation of the document at the Registry of the Property.-----

----(I) The PURCHASER recognizes that pursuant to Law seventy-five (75) of July second (2<sup>nd</sup>) nineteen eighty-seven (1987) as amended by Law two hundred fifty (250) of September four (4), two thousand four (2004), hereinafter referred to as "Law 75", in case there is a structure dedicated to residence in the parcel number object of this deed which the PURCHASER decides to use as its principal residence, it must fill out and submit to the CRIM the Application for Tax Exemption and submit it to that entity. In spite of this, the PURCHASER understands that the submittal of the application does not mean that the exemption is granted automatically; since its approval is subject to the time it may take the CRIM to process it. -----

----(J) I specifically warned the SELLER as to the consequences of sending the Informative Form regarding the Transfer of Non-Movable Property to be submitted to the Puerto Rico Department of Treasury as well as the CRIM, in which the SELLER has to certify under its signature of the meaning of its responsibility in case of eviction.-----

----(K) I also warned the PURCHASER of its right as owner to purchase an Owner's Title Insurance Policy that will guarantee its title and provide restitution in case it sustains a loss or reduction in its property rights.-----

----(L) The parties were also informed that the CRIM may retroactively impose taxes on the property should the property had enjoyed an improper tax exemption, in which case those taxes will constitute a lien against the property if they are not paid on time. The parties understand the scope of this warning. The parties exonerate the notary of any liability as to the property taxes on the properties object of this deed.-----

----(M) The appearing parties are warned that pursuant to law seven (7) of March nine (9) two thousand nine (2009), known as the "Special Law

*[Handwritten signatures and initials in blue ink]*





Declaring Fiscal Emergency Status and Establishing an Integral Plan to Save the Credit of Puerto Rico", a special tax was levied on non-movable property that is equal to one hundred percent (100%) of the tax determined by the CRIM. This tax was only in effect for the tax years two thousand nine-two to thousand ten (2009-2010) and two thousand ten to two thousand eleven (2010-2011). In spite of the fact that the law has been repealed and thus there is no obligation to pay the additional property tax, once this property is assessed for tax purposes, the Puerto Rico Department of Treasury can retroactively impose taxes under this law for the period it was in effect. In such case, the SELLER will be responsible to the PURCHASER for any debt for this concept that becomes due and payable. -----







----(N) I warned the parties, and especially the PURCHASER of their right to have the mortgages that encumber some of the properties cancelled as part of this act and PURCHASER chose to proceed with the purchase. On the date of the closing, SELLERS have shown PURCHASER the certified checks issued for the payment of the two liens that encumber properties described under "A", "B" and "C" of the FIRST expositive paragraph. Sellers hereby covenant that they shall be responsible for the payment and cancellation of the mortgages encumbering any of the properties existing immediately after the execution of this deed and that SELLERS would be liable to PURCHASER should they fail to pay the mortgages immediately after the closing and cancel the mortgages as soon as the mortgage Banks make the notes available to do so.-----

---(O) I warned the PURCHASER that all properties comprised in this deed are subject to the Puerto Rico Horizontal Property Law as amended by the Law of Condominiums, and, as such, he is bound to comply with the regulations of the Condominium where each property is located, as well as the Puerto Rico Horizontal Property Law as amended by the Law of Condominiums, and the Department of Consumer Affairs regulation enacted pursuant to both statutes.-----

-----(P) PURCHASER has the duty to inform the administration of both Condominiums where the properties are located that he has become the new owner, and register his information at each one accordingly.-----

-----Having understood the scope and meaning of



<p>      </p>	<p>these warnings and explanations, to the satisfaction of the appearing parties, they Express their intent to proceed with the execution of this deed. -----</p> <p>-----ACCEPTANCE-----</p> <p>-----The Appearing parties accept this deed as it has been drafted since it adheres to what has been agreed upon.-----</p> <p>-----EXECUTION AND READING-----</p> <p>----Such is the deed that before me the appearing parties formalize, accept in its entirety and ratify it, manifesting having being well-informed of its contents, without the intervention of witnesses that the law does not require but that nor the parties or the Notary have required.-----</p> <p>----The appearing parties who write their initials in each and every one of the pages and sign with me, the Notary.-----</p> <p>----And of everything contained in this Public Instrument, and of the fact that adhered to the original of this deed are the required Puerto Rico Internal Revenue Stamps, Notary Stamps from the Puerto Rico Bar Association, and/or any stamps for the Puerto Rico Legal Assistance Society, I, the Notary who signs, initializes and places her sign and stamp on this deed, ATTEST. -----</p> <p>      </p>
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**FL-04184**

***PUFAHL\_KELI\_20190920***

***9/20/2019 9:10 AM***

**Condensed Transcript**

**Prepared by:**

FL-04184

Thursday, October 3, 2019

<p style="text-align: right;">Page 21</p> <p>1 Services.</p> <p>2 Q And what do you mean by Chinese wall?</p> <p>3 A That they needed to be two completely</p> <p>4 separate entities because as the manager of a fund,</p> <p>5 hence Michael Williams, could not sell or market his</p> <p>6 fund to people. However, he created Lendacy, KCL</p> <p>7 Services as a solution, a product offering to offer</p> <p>8 somebody a solution and the caveat would be that, in</p> <p>9 order to participate in the solution being offered,</p> <p>10 that a person must be a member of the fund. So my</p> <p>11 understanding is KCL was a product and a service, but</p> <p>12 it was not opened to the general public. It was only</p> <p>13 meant for investors on the other side of the Chinese</p> <p>14 wall.</p> <p>15 Q And who told you that you had to -- or</p> <p>16 there had to be a Chinese wall --</p> <p>17 A Michael Williams.</p> <p>18 Q Let me finish my --</p> <p>19 A I'm sorry.</p> <p>20 Q -- question before you answer.</p> <p>21 A I'm sorry.</p> <p>22 Q That's okay. It's normal. It just makes</p> <p>23 the job for the court reporter and the record easier.</p> <p>24 Who told you that a Chinese wall had to</p> <p>25 separate KCL Services from the KF Fund?</p>	<p style="text-align: right;">Page 23</p> <p>1 investment in the KF Fund -- the KF Yield fund?</p> <p>2 A Yes. John Symmes is an investor into the</p> <p>3 fund.</p> <p>4 Q And he was also an employee?</p> <p>5 A He -- his title was a referral partner or</p> <p>6 client director.</p> <p>7 Q And what does that mean?</p> <p>8 A A 1099 employee.</p> <p>9 Q Okay. And what did he do?</p> <p>10 A He was a registered financial advisor that</p> <p>11 would offer either the fund and or KCL Services to</p> <p>12 his clients.</p> <p>13 Q And did he have a certain geographical area</p> <p>14 that he was responsible for?</p> <p>15 A He -- I believe he could pull from</p> <p>16 anywhere. He resides in Arizona so most of his</p> <p>17 clients come from that location, but there were other</p> <p>18 locations as well, Midwest locations.</p> <p>19 Q And how do you know Mr. Symmes was an</p> <p>20 investor in the KF Yield Fund?</p> <p>21 A I have seen his statements and he has a</p> <p>22 credit line with KCL Services.</p> <p>23 Q Do you have an understanding as to the size</p> <p>24 of the investment that Mr. Symmes made into the KF</p> <p>25 Yield Fund?</p>
<p style="text-align: right;">Page 22</p> <p>1 A Michael Williams.</p> <p>2 Q And what products or services were offered</p> <p>3 through KCL Services?</p> <p>4 A KCL offered revolving credit lines.</p> <p>5 Q What do you mean by that?</p> <p>6 A A person who invested in Kinetic Funds</p> <p>7 could potentially request up to 70 percent LTV.</p> <p>8 Q LTV meaning?</p> <p>9 A Loan to value.</p> <p>10 Q Thank you.</p> <p>11 A At a low interest rate and choose repayment</p> <p>12 terms of their choice. Their options were set</p> <p>13 monthly payments, they could use dividends -- monthly</p> <p>14 dividends from the fund to pay down the credit line,</p> <p>15 they could defer if they didn't take up to the 70</p> <p>16 percent loan to value and there was somewhat of a</p> <p>17 buffer there. They could defer payments for a period</p> <p>18 of time and then choose their payment alternative.</p> <p>19 Q Are you aware of whether any employees of</p> <p>20 the Kinetic Funds or KCL Services ever invested in KF</p> <p>21 Funds?</p> <p>22 A Can you repeat your question?</p> <p>23 Q Sure. Do you have any understanding of</p> <p>24 whether any of the employees at the Kinetic</p> <p>25 companies, including KCL Services, ever made an</p>	<p style="text-align: right;">Page 24</p> <p>1 A I do, but I don't remember the numbers.</p> <p>2 Q Okay. What about with respect to the</p> <p>3 credit line through KCL?</p> <p>4 A Generally speaking, it was around a quarter</p> <p>5 of a million dollars. About 250,000 roughly.</p> <p>6 Q Okay. Other than Mr. Symmes, any other</p> <p>7 employee invest in KF Yield?</p> <p>8 A Michael Williams was the owner.</p> <p>9 Q And do you have an understanding of how</p> <p>10 much capital Mr. Williams had invested in KF Yield</p> <p>11 Fund?</p> <p>12 A Yes. It was my understanding that he had</p> <p>13 not invested very much up until a certain point and I</p> <p>14 believe he now sits at 1.5, maybe 1.6 million.</p> <p>15 Q Okay. You mentioned that you thought he</p> <p>16 hadn't invested very much up until a certain point,</p> <p>17 two questions there: what was the small amount that</p> <p>18 you're referring to and when did that change, if you</p> <p>19 recall?</p> <p>20 A So Michael Williams always said we had</p> <p>21 minimums investment of \$250,000. I believe when I</p> <p>22 saw his statement he was at roughly 56,000. That is</p> <p>23 a estimate. It was well below the 250,000. I'm sure</p> <p>24 you will get to it at some point. A property was</p> <p>25 purchased and well after that property was purchased</p>

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1 he directed his wife to transfer \$1.5 million into  
 2 his fund -- his fund account.  
 3 Q And what property are you referring to?  
 4 A I refer to it as the penthouse, but it is  
 5 actually three -- well, legally it is referred to as  
 6 three separate properties and two parking garages.  
 7 So penthouse AB, which is one penthouse, Apartment  
 8 2E, which is an apartment underneath the penthouse  
 9 and then two parking spaces in La Cochera.  
 10 Q Is that the apartments that are in what's  
 11 referred to as Gabriella's House?  
 12 A Villa Gabriella, yes.  
 13 Q And it's your understanding, correct me if  
 14 I'm wrong, that sometime after that purchase was made  
 15 he directed his wife to transfer \$1.5 million in to  
 16 the KF Yield Fund?  
 17 A Yes, quite sometime after.  
 18 Q And what's the basis for you to believe  
 19 that it was sometime after that purchase was made  
 20 that that transaction occurred? Did you see  
 21 documents to that? Did someone tell you that?  
 22 A I asked him when he was going pay off the  
 23 credit line, it was explained to me that it was a  
 24 temporary bridge loan. And prior to the purchase he  
 25 had called me in and spoke to me privately to let me

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1 know that -- he swore me to secrecy and  
 2 confidentiality -- that they were in the process of  
 3 selling Silexx Financial Systems to the Chicago Board  
 4 of Exchange, and that he had -- when he started  
 5 renting the penthouse he had done a lease option or  
 6 purchase option when obtaining that lease and that it  
 7 was coming up, and so the owners were going to sell,  
 8 but he had first right. And he really wanted the  
 9 house and that he was sharing the information with me  
 10 so that I would understand that he had quite a bit of  
 11 money coming to him on November 1st.  
 12 And so based on that information, that it  
 13 would be a temporary bridge loan, that he was going  
 14 to go ahead and purchase the property, but as soon as  
 15 he received the moneys from the sale of Silexx  
 16 Financial Systems he would pay that loan off.  
 17 Quite sometime passed and not only had he  
 18 not paid it off, he was not making any payments and  
 19 his 56,000 or roughly 56,000, there was not enough  
 20 dividends to cover the interest that was being  
 21 generated. And so he was angry with me for  
 22 questioning him and said, "I'll take care of it.  
 23 I'll take care of it", and he had her send the money.  
 24 Instead of paying off the loan, he put it into his  
 25 investment account to continue earning and generating

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1 interest for himself.  
 2 Q Okay. And we may get into more details in  
 3 some documents on that a little bit later, but I want  
 4 to ask just a couple questions in relation to that  
 5 right now.  
 6 You said that they were in the process of  
 7 selling Silexx, who is the they other than Michael  
 8 Williams?  
 9 A His partner Thomas Frey.  
 10 Q That's F-R-E-Y?  
 11 A Correct.  
 12 Q And in the conversation that you had with  
 13 Mr. Williams about the potential selling of Silexx,  
 14 you said that he told you that he was going to get  
 15 quite a bit of money, did he give you any sort of  
 16 indication of how much he expected to receive from  
 17 the sale of Silexx to CBOE?  
 18 A He did not at that time, but that it would  
 19 be enough to cover it. He did tell me that he would  
 20 provide me with the sales agreement when he could.  
 21 Q Did he ever provide the sales agreement to  
 22 you?  
 23 A When I -- yes, he did.  
 24 Q When did he do that?  
 25 A When I started collecting documentation on

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1 my own and getting the office organized. So I told  
 2 him that I needed it for the records, for the office  
 3 and for myself.  
 4 BY MS. VINIEGRA:  
 5 Q Do you recall more or less a time frame  
 6 when you organized the office and collected that  
 7 document?  
 8 A It's around the time that I started making  
 9 the spreadsheet -- a spreadsheet. I was keeping  
 10 track of some things. I believe he provided it to me  
 11 at the beginning of 2019 sometime in the first  
 12 quarter.  
 13 Q You said you began making a spreadsheet,  
 14 what was the spreadsheet for? Where was it saved?  
 15 A So we have a spreadsheet that we had -- was  
 16 not created by me originally, so prior to my  
 17 employment perhaps Kelly Locke or even somebody else  
 18 created it. And it was a spreadsheet for tracking  
 19 inflows and outflows of money into the fund. So it's  
 20 an Excel spreadsheet. It's very basic, very generic  
 21 and on the bottom there are tabs.  
 22 So one was for Kinetic Funds, one was for  
 23 KCL and we use that as a tool to track everything to  
 24 make sure that money was being listed on the  
 25 statements appropriately at the end of the month,

<p style="text-align: right;">Page 33</p> <p>1 BY MS. VINIEGRA:</p> <p>2 Q I have a question concerning that.</p> <p>3 You mentioned that there was as bridge</p> <p>4 loan, but then Michael's wife transferred money</p> <p>5 supposedly to cover for that. What was that bridge</p> <p>6 loan?</p> <p>7 A That was for the purchase of the penthouse,</p> <p>8 all of the -- he called it a bridge loan.</p> <p>9 Q Is there any documentation or paperwork</p> <p>10 that reflects this bridge loan?</p> <p>11 A I -- it's the same documentation as all KCL</p> <p>12 loans.</p> <p>13 Q So there should be a Lendacy loan --</p> <p>14 A There should be, yes.</p> <p>15 Q -- agreement?</p> <p>16 A There should be. Originally there was not</p> <p>17 at that time. I had him -- I told him we needed</p> <p>18 paperwork on every loan, included his, and I did have</p> <p>19 him fill out and sign the forms.</p> <p>20 Q And that Lendacy loan agreement would</p> <p>21 evidence the bridge loan in the amount of \$1.5</p> <p>22 million?</p> <p>23 A No. It would show it in the total amount,</p> <p>24 the purchase price. It's a little --</p> <p>25 Q Of Gabriella's House only?</p>	<p style="text-align: right;">Page 35</p> <p>1 I told him and he explained his reasoning of why</p> <p>2 nothing fraudulent had happened, and I told him then</p> <p>3 I will stay. And he said, "The way that things work</p> <p>4 with the SEC is that, we would receive a letter</p> <p>5 first. They would not just show up. They would make</p> <p>6 an appointment and come in, and you your main</p> <p>7 priority and goal is to be honest about our companies</p> <p>8 and tell them what you know." And I said, "Okay. I</p> <p>9 will do that and I will be completely honest,</p> <p>10 Michael, and you do understand that?" And he said,</p> <p>11 "I don't expect anything less from you," and so I</p> <p>12 stayed.</p> <p>13 Q What did he say in relation to addressing</p> <p>14 the issues that you had?</p> <p>15 A Oh, well, he mentioned the bridge loan</p> <p>16 again and the fact that technically he had enough</p> <p>17 money and personal assets to cover the loan, he could</p> <p>18 pay it off anytime if he wanted. So also there's one</p> <p>19 section within the subscription agreement that makes</p> <p>20 it clear, that as the fund manager, he has the right</p> <p>21 to do with the moneys what he would like and that any</p> <p>22 purchases that he ever makes -- I'm paraphrasing. I</p> <p>23 need to -- I'm not quoting anybody. Basically, he</p> <p>24 knows the laws; he's very well-educated; he's given</p> <p>25 speeches in seminars to the SEC and to other</p>
<p style="text-align: right;">Page 34</p> <p>1 A No. Of all of the properties in that one</p> <p>2 transaction.</p> <p>3 Q Okay. And the Cochera --</p> <p>4 A That was all included in one.</p> <p>5 Q So let's call it all together the</p> <p>6 Gabriella's House purchase.</p> <p>7 A Okay.</p> <p>8 Q So would that bridge loan or paperwork</p> <p>9 evidence the \$1.5 million that he used to buy</p> <p>10 properties that we are referring to as Gabriella</p> <p>11 House?</p> <p>12 A It should, yes. It will not say bridge</p> <p>13 loan. It's the standard KCL Services loan agreement.</p> <p>14 Again, bridge loan was his term, but, yes, you will</p> <p>15 see -- you should see the amounts there.</p> <p>16 Q The roughly \$1.5 million?</p> <p>17 A Yes. There's another name I need to add to</p> <p>18 the list of people that I told.</p> <p>19 BY MR. HOUCHIN:</p> <p>20 Q Okay.</p> <p>21 A Michael Williams.</p> <p>22 Q And what did you tell Mr. Williams?</p> <p>23 A That I believed that Kelly Locke had made a</p> <p>24 complaint and that I was wanting -- that I felt I</p> <p>25 needed to quit at that time. He asked me to stay and</p>	<p style="text-align: right;">Page 36</p> <p>1 financial institutions, and that he knows the law and</p> <p>2 he does not skirt it, and that he had nothing to hide</p> <p>3 essentially, and that everything, based on the way</p> <p>4 the documents are written, he had the authority to do</p> <p>5 and that he could prove it.</p> <p>6 Q And so you accepted him at his word to</p> <p>7 that?</p> <p>8 A I did. He was very believable. However,</p> <p>9 my trust had already been broken at that point. I</p> <p>10 was not in a position to leave when Kelly Locke left.</p> <p>11 I decided at that time that I would stay and watch,</p> <p>12 and I would corporate in anyway. I really, truly did</p> <p>13 believe that perhaps a complaint was made and I</p> <p>14 thought people would arrive soon. I was wrong. And</p> <p>15 then once it became so long, it -- there was -- he</p> <p>16 did put my mind at ease because he was so</p> <p>17 self-assured that he was within his rights to do with</p> <p>18 what he did, but then by the end of 2018 beginning of</p> <p>19 '19 -- I have no financial knowledge or background,</p> <p>20 it became extremely -- like, there is no way to</p> <p>21 explain these things that were happening and I felt</p> <p>22 like I was being set up to be a scapegoat and being</p> <p>23 put in jeopardy, and I just could no longer be a part</p> <p>24 of it. I became -- my conscience got to me, I</p> <p>25 couldn't wait any longer and I needed to leave.</p>



<p style="text-align: right;">Page 45</p> <p>1 A It was --</p> <p>2 Q -- to or for the benefit of the fund?</p> <p>3 A It was before Kelly Locke left the company</p> <p>4 in June of 2018, so I believe it was sometime in the</p> <p>5 beginning of 2018. I'm not positive of when those</p> <p>6 changes were made when that logo went on the bottom</p> <p>7 of the statements.</p> <p>8 Q Okay. But I could look at the statements</p> <p>9 over a time period --</p> <p>10 A Yes.</p> <p>11 Q -- and be able to draw that time period?</p> <p>12 A Yes, you can.</p> <p>13 Q Okay. You also indicated that there came a</p> <p>14 point in time that Mr. Williams was introducing you</p> <p>15 as an international banking expert. To whom was Mr.</p> <p>16 Williams making that type of introduction to?</p> <p>17 A He made that introduction when he</p> <p>18 introduced me as one of his employees at our Kinetic</p> <p>19 Financial summit event on Friday evening in front of</p> <p>20 roughly 100 plus people.</p> <p>21 Q And when did that event take place?</p> <p>22 A The very end of February, beginning of</p> <p>23 March. I believe I flew back on March 3rd, so I want</p> <p>24 to say that night. Whatever that Friday is, maybe</p> <p>25 March 1st. I'm not -- but that last Friday.</p>	<p style="text-align: right;">Page 47</p> <p>1 gala at the Antiguo casino in Old San Juan.</p> <p>2 Q Do you have an understanding in relation to</p> <p>3 how much that event cost?</p> <p>4 A Roughly \$750,000.</p> <p>5 Q And who paid for that event?</p> <p>6 A The Kinetic fund or Kinetic entities.</p> <p>7 Q Do you have any understanding as to the</p> <p>8 source of the funds, which entities the money came</p> <p>9 from?</p> <p>10 A Yes. Yes. It came from Kinetic Funds</p> <p>11 through either -- I believe it went through El-Morro</p> <p>12 and then to the vendors. I would suggest speaking to</p> <p>13 Carla about those particular transactions, but again,</p> <p>14 it was made clear to us that he was taking a loan and</p> <p>15 that when he gets his next payment on said sale of</p> <p>16 Silexx Financial Systems it would be paid back.</p> <p>17 Q And the he you're referencing is --</p> <p>18 A Michael.</p> <p>19 Q -- Michael Williams?</p> <p>20 A Michael Williams, yes.</p> <p>21 Q When did he make that representation and</p> <p>22 what was the context in which it was made?</p> <p>23 A It's a conversation he had with Carla</p> <p>24 Mendez and not myself directly, so I would suggest</p> <p>25 you speak with her about that.</p>
<p style="text-align: right;">Page 46</p> <p>1 Q How long was that -- how long did that</p> <p>2 event last?</p> <p>3 A It was a four-day event in San Juan, Puerto</p> <p>4 Rico.</p> <p>5 Q Where was it held?</p> <p>6 A The daytime meetings were at the Condado</p> <p>7 Vanderbilt Hotel and then we had nighttime activities</p> <p>8 as well at different locations.</p> <p>9 Q What were those activities, the nighttime</p> <p>10 activities, and what were the purpose of those</p> <p>11 activities?</p> <p>12 A The purpose, to my understanding, was to</p> <p>13 expose these potential investors on the opportunities</p> <p>14 that Puerto Rico has to offer and give them a taste</p> <p>15 of the culture of Puerto Rico. Locations Museo de</p> <p>16 Arte -- Museo Arte de Puerto Rico I believe. So</p> <p>17 Museum of Art of Puerto Rico the first night, the</p> <p>18 second night was at his Banco Espanol building that</p> <p>19 he purchased. He wanted to make sure everybody saw</p> <p>20 that that was soon to be a very exclusive financial</p> <p>21 club. From there we walked down to -- I don't</p> <p>22 remember the name of it. It's essentially an old</p> <p>23 military hospital fort-type. I can't -- but we had</p> <p>24 very large open event there with dinner and dancing,</p> <p>25 and music, and food, and then the next night was the</p>	<p style="text-align: right;">Page 48</p> <p>1 Q Do you have -- do you know if it was before</p> <p>2 or after the event had taken place?</p> <p>3 A To my knowledge I do believe they had</p> <p>4 conversations prior to the event. They would have</p> <p>5 had to in order -- but additional conversations I do</p> <p>6 believe were also had after the event as well and</p> <p>7 concerns were made.</p> <p>8 Q You also referenced that Mr. Williams at</p> <p>9 some point in time became interested in purchasing</p> <p>10 another bank building?</p> <p>11 A Yes.</p> <p>12 Q Are you aware of any sort of documentation</p> <p>13 or communications that exist that would pertain to</p> <p>14 his interest in acquiring that building?</p> <p>15 A I believe in my Kinetic Funds e-mail. I do</p> <p>16 believe he sent me an e-mail to that account. I'm 80</p> <p>17 percent positive there was some reference in an</p> <p>18 e-mail, perhaps even a term sheet.</p> <p>19 Q Okay.</p> <p>20 A I do not have that information off the top</p> <p>21 of my head, but I do -- if my memory serves me, I do</p> <p>22 believe there was something. It was also referenced</p> <p>23 a couple of times in calls with me and I believe also</p> <p>24 in the weekly management meetings between the</p> <p>25 multiple offices.</p>



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1 it from Sarasota to Puerto Rico, to himself.  
 2 Q What's the basis for that belief?  
 3 A Jamene Pinnow his wife -- Michael Williams  
 4 wife told me.  
 5 Q Any other -- strike that.  
 6 What specifically do you recall in relation  
 7 to the penthouse or the Banco Espanol transactions  
 8 that you discussed with Mr. Williams wife?  
 9 A We talked about the fact that those were  
 10 loans through KCL Services that were still  
 11 outstanding, that when she put the money in, you  
 12 know, it's still sitting in Kinetic Funds. It wasn't  
 13 paid down to the loan.  
 14 Q Did she indicate whether she had had any  
 15 communications with Mr. Williams about those issues?  
 16 A Yes. I'm sure they have. He calls her  
 17 still multiple times a day and updates her, so --  
 18 Q Are they still married?  
 19 A That's a gray area. Possibly part of the  
 20 tax fraud. I personally in my -- I have a copy of  
 21 their marriage certificate, I have seen marriage  
 22 photos or wedding photos. From the time that I've  
 23 always known Michael prior to becoming his employee,  
 24 I was always introduced to her as his wife. You  
 25 know, this is my wife, this is my son. When he filed

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1 for the Act 22 provision in Puerto Rico his story  
 2 changed that he has never been married and he is  
 3 single.  
 4 Q And he indicated that on the form that he  
 5 filed with the Puerto Rican state --  
 6 A I do believe so.  
 7 Q -- regulatory authority?  
 8 A I do believe so, but I cannot find the  
 9 proof of that right now. But, yes, to my knowledge I  
 10 do believe that was what was indicated and --  
 11 Q As Jamene ever indicated whether they were  
 12 married or not?  
 13 A Yes.  
 14 Q And what's her response?  
 15 A That they are married.  
 16 Q And they're still married to this day?  
 17 A According to Jamene, yes.  
 18 Q Okay.  
 19 A According to Michael, no. So we talked  
 20 about a lot of things that happened within the  
 21 company. I don't -- because when he left her for his  
 22 mistress who resides with him in the penthouse now --  
 23 Q What's her name?  
 24 A Her name is Ida Passalacqua. He -- well,  
 25 let me back it up.

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1 So when I flew in for this event he was in  
 2 a full-blown panic. I landed, I was walking around  
 3 Old San Juan with my family.  
 4 Q And let me interrupt you for a second.  
 5 A Okay.  
 6 Q The event that you're referencing is the  
 7 event that was held at the Vanderbilt?  
 8 A Yes.  
 9 Q Okay.  
 10 A Okay. So I need to see you now, I need to  
 11 speak with you right now. Where are you? He's  
 12 walking, I can hear him. He's like, you stop on the  
 13 street corner and wait for me. I got there, he sat  
 14 me down on a bench to let me know that he had told  
 15 Jamene that he was in love with somebody else and  
 16 that he had moved her in. This is important to note  
 17 because up until the day prior, Jamene was flying  
 18 down to support him as his wife at this event. So he  
 19 waited until the day before. And he said it is very  
 20 important that you never mention that I was married.  
 21 I am not married, I have never been married and if  
 22 you talk about Jamene, you're fucking fired. I said,  
 23 okay.  
 24 And I was also then directed that I was  
 25 never to speak to her again. That she was very

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1 embarrassed. That knowing me and speaking to me  
 2 again would cause a lot of stress for her and so that  
 3 he was passing that message along for her on her  
 4 behalf. As he saying that I had my Apple watch on  
 5 and my phone in my pocket, and my phone is ringing  
 6 and it's Jamene, and I'm covering it as I'm -- so to  
 7 my knowledge, long story short, they are married.  
 8 Q And you said you've seen a marriage  
 9 certificate.  
 10 A I also have proof. I have a mortgage that  
 11 he signed in 2016, which was after he already left to  
 12 go to Puerto Rico, and on it he signs his name hyphen  
 13 husband.  
 14 Q Okay. Let's jump back to something we  
 15 talked about early on. You referenced one of your  
 16 duties was to proofread documents that were provided  
 17 to potential investors, can you tell me what types of  
 18 documents those were and what types of investors you  
 19 were talking about? Are you talking about KF Yield  
 20 investors? Are you talking about Lendacy customers?  
 21 Sort of break it down and give me some context.  
 22 A Okay. So first off, at the very beginning  
 23 those tier sheets. I believe I have copies. There  
 24 was one for real estate and then just one, I believe,  
 25 for personal loans.

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1 pass-through.

2 Q Okay. We talked a little bit about KCL  
3 Services already, what is Kinetic Management Group,  
4 LLC?

5 A Kinetic Management Group is the entity that  
6 manages Kinetic Funds. I have always thought of  
7 Kinetic Management Group whether right or wrong, but  
8 in my head the way I thought of it is the operating  
9 side or manager -- management group of the funds.

10 Q And the funds being the four funds that you  
11 indicated earlier?

12 A Correct. And although it does say Kinetic  
13 Funds, LLC, either it changed to Kinetic Funds, LLC  
14 or it's Kinetic Funds 1 now. But, yes, that's the  
15 operating management ownership group of the funds,  
16 then passes up to Kinetic Partners, and then to LF42,  
17 and Frey Financial.

18 Q Who owns Kinetic Management Group?

19 A Michael Williams and Tom -- no. Kinetic  
20 Partners would own Kinetic Management Group.

21 Q And that's split 60/40?

22 A To the best of my knowledge.

23 Q Okay. What's Kinetic Strategic Group?

24 A Kinetic Strategic Group was -- is the  
25 advisory firm.

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1 Q And do you have an understanding as to who  
2 owns Kinetic Strategic Group?

3 A It's my understanding that Kinetic Partners  
4 owns Kinetic Strategic Group.

5 Q Now, there are three entities over on the  
6 right-hand side of the page, we've talked a little  
7 bit about two of them, ISX and Kinetic International,  
8 LLC, do you know who the ownership of those two  
9 entities are?

10 A Well, originally it was just -- I don't  
11 feel like Michael Williams would have put his name as  
12 the owner, so I would say Michael Williams, possibly  
13 Scipio.

14 Q Okay. But you don't know?

15 A I don't know.

16 Q Okay.

17 A But I do believe he -- I don't know if  
18 agreements were ever signed and if the sheet look  
19 officially made, but Jeanelle Alemar was also  
20 supposed to be given ownership shares in each of  
21 those three entities and one that is not here, also  
22 in Banco Espanol.

23 Q What is Kinetic Tech, LLC?

24 A Kinetic Tech is another company that he was  
25 forming to receive additional tax incentives. They

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1 have a program when you create any type of technology  
2 that you can, I believe, get up to 50 percent returns  
3 on any money used to create those products. So, you  
4 know, essentially if you pay \$100 on the creation of  
5 something you get 50 back at the end of the year with  
6 tax credits.

7 I believe he -- it's completely over my  
8 head, but he even talked about at some point it had  
9 additional monetary value because you can sell those  
10 tax credits. Like, they're worth more money, so --  
11 and since he couldn't get a company to actually build  
12 the tech like he wanted and within a timely manner,  
13 that he was going to have to invest all this money.  
14 He created Kinetic Tech so that he could make  
15 additional money and revenue off that and then -- so  
16 that was my understanding. I don't have a great  
17 understanding of it, but --

18 Q Okay. What's your understanding of the  
19 assets that are held by each of these entities? Do  
20 you know whether they own any assets?

21 A Well, the assets in Kinetic Funds belong to  
22 the investors being held at Kinetic Funds.

23 Q Does KCL Services own any assets?

24 A No. At the time of the Banco Espanol  
25 building purchase, I was told that that was going to

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1 be owned by Kinetic Investment Funds.

2 Q Who told you that?

3 A I believe it was Michael Williams.

4 However, when it came time for him to close, he put  
5 the property or the entity into Scipio, LLC and not  
6 Kinetic Funds. So that tells me that truly -- then it  
7 doesn't belong to the investment. It belongs to  
8 Michael Williams personally.

9 Q Do you know if the ISX entity is  
10 operational?

11 A That's a good question. According to  
12 somewhat recent phone calls with Jamene Pinnow,  
13 Michael Williams is still actively looking for  
14 investors and still trying to complete that project  
15 and kick it off. I would not say it's operational at  
16 this point.

17 Q Okay. Do you have any understanding as to  
18 whether Michael Williams or anyone associated with  
19 the Kinetic companies is continuing to try to raise  
20 capital for the Kinetic Yield fund?

21 A I have no direct knowledge of that.

22 Q Have you heard anything about that issue?

23 A Not pertaining to raising money for the  
24 yield. I have heard things about staff that are  
25 still there and things that may be are going on, and

<p style="text-align: right;">Page 101</p> <p>1 the Euro amount, and I do not believe I ever went 2 back and fix that, so you should still be able to see 3 that. 4 Q And that would only be in relation to the 5 sailing trip, correct? 6 A Correct. 7 Q Did they end up going on the sailing trip? 8 A Yes and no. He flew, he met them there. 9 They as in Jamene Pinnow, Jase King and there was a 10 friend went on the boat. He decided that he was too 11 busy and he was going to stay on land so that he 12 could have service, and did not get on the boat and 13 go on the trip with them. But he did stay. 14 Q They did go to Greece? 15 A Yes. 16 Q Do you have any understanding as to other 17 than the sailing portion part of the trip, how that 18 trip was paid for? 19 A I believe his Amex. 20 Q Was that a personal American Express card 21 or a corporate? 22 A I do not know. I would suggest you ask 23 Carla Mendez, she may know. 24 Q Okay. What's the second section about the 25 Zephyr Aerospace safe note?</p>	<p style="text-align: right;">Page 103</p> <p>1 A It was my understanding that it was an 2 investment made on behalf of one of the entities. 3 Q Do you have an understanding of what 4 entity? 5 A At that point we were already in full swing 6 of Kinetic International and switching and merging 7 everything over, I want to say it was Kinetic 8 International. I'm not 100 percent certain, but it 9 make sense since everything was moving to be put 10 under the umbrella. 11 Q How much capital was used for the Zephyr 12 Aerospace transaction as indicated in Exhibit 36? 13 A \$497,300. 14 Q And what was the source of that capital? 15 A A -- the source of the capital came from 16 Kinetic Funds. 17 Q So the KF Yield Fund? 18 A Correct. 19 Q Was or is Zephyr Aerospace company a public 20 company? 21 A I have no idea. 22 Q So you don't know if it's traded on the US 23 exchange or not? 24 A I do not know. 25 Q Do you have any understanding as to whether</p>
<p style="text-align: right;">Page 102</p> <p>1 A So we decided to include this as well. 2 This is one of those areas that was being approved by 3 the board of directors supposedly. For this very 4 first transaction that you see on 12/3/2018, Michael 5 Williams -- I believe it was via phone call, it may 6 have been in person, but I do believe we were talking 7 and it wasn't in writing -- he had mentioned that he 8 was making an investment. Zephyr Aerospace is owned 9 by a man name Jeff. Can't remember his last name 10 right now. Carla Mendez would remember. 11 He -- Jeff had made some sort of airline 12 seat that he had patented and that could be used in 13 military planes bringing troops, like, to and from, 14 like, deployments overseas and to make it more 15 comfortable, give them a little more room, and was 16 also trying to convert them, possibly even for 17 regular aircraft, you know, personal transportation, 18 and he just felt like it was such an amazing idea, 19 that he was going to invest, I was told at that time, 20 \$50,000. 21 Q He, being Michael Williams? 22 A Yes. 23 Q Was that goings to be a personal investment 24 or was that going to be an investment on behalf of 25 one of the Kinetic entities?</p>	<p style="text-align: right;">Page 104</p> <p>1 any of the KF Yield investors were ever told that KF 2 Yield capital was going to be used to invest with or 3 for the benefit of Zephyr Aerospace? 4 A To my knowledge, they were not told. 5 Q And who authorized the transfer of the 6 \$497,300 in relation to the Zephyr Aerospace expenses 7 indicated in Exhibit 36? 8 A Michael Williams. 9 Q And what's the third section identified by 10 money transferred from Kinetic Funds to open KIB 11 banking accounts? What's that pertain to? 12 A This section was created by Carla Mendez. 13 According to my conversations with her, it's my 14 understanding that when he applied for the Act 273 or 15 the IFE license with Puerto Rico, there were minimum 16 amounts that had to be provided and so we had to have 17 a minimum of the \$250,000 in a fund to -- an 18 operational account, and then a 300,000-dollar note. 19 I believe she used the word bond with me, it says CD 20 pledge here. It was my understanding that was money 21 that sat with the financial agency and not to be 22 touched, that had to be just sitting there. Carla 23 would know much more about that than I do. 24 BY MS. IVORY: 25 Q Do you know what the SolCoop or --</p>

<p style="text-align: right;">Page 105</p> <p>1 A I do.</p> <p>2 Q What is that entity?</p> <p>3 A SolCoop is a bank in Puerto Rico. It is in</p> <p>4 the same building as our Puerto Rico office on the</p> <p>5 very first floor. So it's in the Paseo Caribe</p> <p>6 building. And I remember he was having a hard time</p> <p>7 finding a bank to set up an account. The banking</p> <p>8 system is broken in Puerto Rico right now. There</p> <p>9 aren't many to choose from and he went downstairs and</p> <p>10 talk to somebody, and decided that he was going to</p> <p>11 put that money there.</p> <p>12 Q So does Kinetic International, LLC have a</p> <p>13 bank with SolCoop?</p> <p>14 A I would direct you to speak with Carla</p> <p>15 Williams -- or Carla Mendez on that. I do not know.</p> <p>16 I don't know how that was set up.</p> <p>17 Q What was the -- strike that.</p> <p>18 What was the total amount of capital that</p> <p>19 was transferred in relation to the Kinetic</p> <p>20 International business as indicated in this section</p> <p>21 on Exhibit 36?</p> <p>22 A 550,000.</p> <p>23 Q And who authorized that transfer?</p> <p>24 A Michael Williams.</p> <p>25 Q And what entity benefitted from the</p>	<p style="text-align: right;">Page 107</p> <p>1 contractual agreement.</p> <p>2 Q Between which parties?</p> <p>3 A ISX and LF42.</p> <p>4 Q And do you have any understanding as to the</p> <p>5 subject matter of that contract? What did it pertain</p> <p>6 to?</p> <p>7 A So originally it was a 1 million-dollar</p> <p>8 contract. He asked Jeanelle Alemar to create this</p> <p>9 document. In Puerto Rico notaries are different than</p> <p>10 they are here, so I have a notary stamp and I can</p> <p>11 notarize documents. It's not that way in Puerto</p> <p>12 Rico. Only attorney can notarize a document. So with</p> <p>13 that being said, you may not -- I don't know if you</p> <p>14 would be able to see the first document. I don't</p> <p>15 know if -- because her legal stamp is there or not.</p> <p>16 But it was a million dollars, he had a</p> <p>17 conversation with her; I was not privy; I don't know</p> <p>18 how he explained it to her, that he was going to take</p> <p>19 money and use it to continue funding operational</p> <p>20 expense so we could try to launch on time.</p> <p>21 Q Where was Mr. Williams taking the money</p> <p>22 from?</p> <p>23 A All of the money that you see on the</p> <p>24 spreadsheet was pulled from KF Yield Fund.</p> <p>25 Q So Mr. Williams was taking a million</p>
<p style="text-align: right;">Page 106</p> <p>1 transfer of \$550,000?</p> <p>2 A Kinetic International.</p> <p>3 Q And what were the source of funds for that</p> <p>4 five -- the two transactions that totaled \$550,000?</p> <p>5 A To my knowledge, the source of funds was</p> <p>6 Kinetic Funds or KF Yield.</p> <p>7 Q Do you have any understanding as to whether</p> <p>8 any of the investors in Kinetic Yield fund were told</p> <p>9 or were aware that KF Yield Funds were going to be</p> <p>10 used or were used to open the Kinetic International</p> <p>11 bank account?</p> <p>12 A To my knowledge, no.</p> <p>13 Q What's the last section about that's</p> <p>14 labeled 2 million Credit line to ISX To Be Paid Back</p> <p>15 to LF42, LLC?</p> <p>16 A This is on here because moneys were moved</p> <p>17 around. I don't know that I'll ever be able to</p> <p>18 explain this clearly 'cause I still don't completely</p> <p>19 understand. You very well may already have in your</p> <p>20 possession a document or couple of documents. I</p> <p>21 don't know if I have a copy or not, so I could</p> <p>22 provide.</p> <p>23 Q What type of document are you referring to?</p> <p>24 A It was -- I believe it was titled ISX Safe</p> <p>25 Note or -- I want to say Safe Note. It was a</p>	<p style="text-align: right;">Page 108</p> <p>1 dollars from the KF Yield Fund and transferring it</p> <p>2 over to KCL Services to fund KCL Services operations;</p> <p>3 is that correct?</p> <p>4 A Not just KCL operations, all entity</p> <p>5 operations.</p> <p>6 Q All entities, meaning --</p> <p>7 A Entities listed on the spreadsheet or the</p> <p>8 document that we --</p> <p>9 Q The chart that was Exhibit 34?</p> <p>10 A Yes.</p> <p>11 Q Okay. So did that include the operations</p> <p>12 of El-Morro?</p> <p>13 A I believe so, yes.</p> <p>14 Q Kinetic Tech?</p> <p>15 A Yes.</p> <p>16 Q ISX you just mentioned and then the fourth</p> <p>17 one was Kinetic International?</p> <p>18 A Yes, that is my understanding.</p> <p>19 Q So basically the right half -- the entities</p> <p>20 on the right-hand side of Exhibit 34?</p> <p>21 A Well -- and at that point I think it was</p> <p>22 becoming such a hole, I believe he -- it was also to</p> <p>23 help fund on the other side of the spreadsheet or</p> <p>24 this.</p> <p>25 Q Which included --</p>

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1 A Kinetic.  
 2 Q -- KCL Services?  
 3 A Well -- and possibly even the fund. I mean  
 4 there was -- or management group. There wasn't  
 5 enough. He was pulling so much money, I just think in  
 6 general all operational expenses. To my knowledge, I  
 7 think there were only making legitimately rough  
 8 60,000.  
 9 Q Is this -- are you speculating on that  
 10 or --  
 11 A Well -- I mean I guess if you want to say  
 12 Kinetic Funds was being Kinetic -- or funded by  
 13 Kinetic Management Group. Yes, I'm speculating. For  
 14 sure it was funding this side of the sheet.  
 15 Q Which is the right side, entities in Puerto  
 16 Rico?  
 17 A On the right side of the street, correct.  
 18 Q Okay. So --  
 19 A It possibly could be a little funding the  
 20 others as well.  
 21 Q Exhibit 36, the first transaction is \$1  
 22 million transferred from Kinetic Funds, the next  
 23 transaction is in what amount?  
 24 A \$150,000.  
 25 Q And that was for the same use and the same

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1 source of funds?  
 2 A Yes.  
 3 Q And then what's the next transaction?  
 4 A The next transaction was \$500,000.  
 5 Q And what was that transfer for?  
 6 A It was paid to Kinetic International to  
 7 cover ISX development expenses.  
 8 Q And that -- and 500 -- that \$500,000 came  
 9 from the \$1 million transfer at the top of that  
 10 section?  
 11 A Correct.  
 12 Q Okay. What about the next transaction?  
 13 A \$60,000 was a wire paid to El-Morro  
 14 Financial, also from the original 1 million that you  
 15 see up top, to cover Puerto Rico office February  
 16 expenses.  
 17 Q Okay. What about the next section or the  
 18 next transaction?  
 19 A \$150,000 paid to El-Morro Financial from  
 20 the 1 million credit line or transfer. I shouldn't  
 21 say credit line.  
 22 Q From KF Yield, correct?  
 23 A From KF Yield to fund the financial summit  
 24 expenses, which is the event we discussed earlier.  
 25 Q The event at the Vanderbilt Hotel?

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1 A Correct.  
 2 Q And the events that took place at the  
 3 various locations during the evenings?  
 4 A Correct. All considered part of the  
 5 summit.  
 6 Q Okay. What about the next transaction?  
 7 A Let's see. \$175,000 paid to El-Morro  
 8 Financial from the 1 million transferred from KF  
 9 Yield to fund Kinetic Financial Summit.  
 10 Q And the next transaction?  
 11 A \$185,000 paid to Kinetic International from  
 12 the \$1 million transfer for -- to pay the Kinetic  
 13 Financial summit expenses Amex.  
 14 Q And what does Amex refer to as far as you  
 15 know?  
 16 A As far as I know, it refers to the Kinetic  
 17 International American Express card.  
 18 Q So those -- strike that.  
 19 Were those charges associated with the  
 20 \$185,000 wire transfer indicated on Exhibit 36  
 21 expenses that were incurred as part of the Kinetic  
 22 Financial Summit and that were incurred on a  
 23 corporate American Express card?  
 24 A That's my understanding, yes.  
 25 Q And so this entry, correct me if I'm wrong,

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1 was a wire transfer to pay for \$185,000 worth of  
 2 expenses that were incurred as a result of the  
 3 transfer and billed to the -- or paid for with an  
 4 American Express card?  
 5 A It does not say that it's a wire transfer.  
 6 It says it's an internal transfer.  
 7 Q Okay. Where did that money go? What was  
 8 that money used for?  
 9 A To my knowledge, based on this spreadsheet,  
 10 it went to pay the corporate American Express. I  
 11 would suggest that you speak with Carla. Carla has a  
 12 better understanding of how the money moved in those  
 13 other entities, I don't have that knowledge.  
 14 Q Okay. The next two entries are for 120,000  
 15 and \$60,000 each; do you see that?  
 16 A I do.  
 17 Q And that indicates the source of those  
 18 funds came from where?  
 19 A It says that they were paid to El-Morro,  
 20 came from the Kinetic Yield -- F Yield.  
 21 Q The original \$1 million that we talked  
 22 about at the beginning of this section; is that  
 23 correct?  
 24 A Correct.  
 25 Q And what were those wires for?

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1 A Kinetic Financial Summit expenses and to  
 2 cover Puerto Rico March operations.  
 3 Q And do you have an understanding of what  
 4 Puerto Rico office March operations pertain to?  
 5 A Bills that needed to be paid in order to  
 6 operate the Puerto Rico office.  
 7 Q Operate which entities?  
 8 A It would be the entities on the right side  
 9 of the paper.  
 10 Q So am I correct that KF Yield was not  
 11 operating in Puerto Rico in March of 2019 or February  
 12 of 2019?  
 13 A You are correct.  
 14 Q What about the last -- strike that.  
 15 What about the \$50,000 entry? Do you see  
 16 that one?  
 17 A I do.  
 18 Q And what was that transaction?  
 19 A There's a back story to that transaction,  
 20 but that is when Michael Williams came back to the  
 21 Sarasota office and asked me to change the original 1  
 22 million dollar-document safe note. I'm going to use  
 23 the word safe note. I don't remember what it's  
 24 called off the top of my head.  
 25 Q That's the Lendacy agreement, no?

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1 A No. This was the document that he had  
 2 Jeanelle Alemar create.  
 3 Q Okay.  
 4 A Okay. That was originally for \$1 million  
 5 credit line to be paid back to LF42. He came back to  
 6 Sarasota -- I think it would be important for you to  
 7 speak to Carla about a conversation she had with him  
 8 prior to him coming back. I wasn't there and I don't  
 9 want to misrepresent anything, but I believe the  
 10 major premise of the conversation was, you're over a  
 11 million dollars and also Keli Pufahl and I have a  
 12 problem that you've written this note to be paid back  
 13 to LF42, when clearly the money came from the fund;  
 14 and she confronted him about that.  
 15 It's my understanding that he gave her  
 16 information to believe that he understood, that  
 17 really it shouldn't be paid back to the fund. It  
 18 really should be paid back to him, but to make us  
 19 feel better, that he would ask Jeanelle to change the  
 20 note to reflect that it need to be paid back to the  
 21 fund and not to him. She asked, when would we have  
 22 that document in our position and I think he gave her  
 23 a roundabout date.  
 24 He then flew back to Sarasota and the very  
 25 first thing when I arrived -- the very first thing

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1 when arrived that morning, he asked me to change the  
 2 document from 1 million to 2 million, and I said  
 3 well, it was my understanding that Jeanelle was  
 4 already working on this and that other changes were  
 5 going to be made as well. And I said, I'm aware  
 6 Carla talk to you about our concerns. We don't  
 7 understand why this would be made payable to LF42.  
 8 And he told me that not to worry about it; that he --  
 9 it was correct the way it was, but he wanted the  
 10 amount changed from 1 million to 2 million.  
 11 I told him that I was very uncomfortable  
 12 doing that because that document was drafted by an  
 13 attorney. He said, she is not acting as an attorney.  
 14 She is a board member. And I said, but her notary  
 15 stamp -- her, like, legal stamp is on this document  
 16 and he said, I need you to go your desk and change  
 17 the document. I'm going to sign it here and you are  
 18 going to notarize it. This is my company, I'm  
 19 telling you to change the document. And I said, I  
 20 will do this because you're telling me to, but when  
 21 I'm done, I'm sending it to Jeanelle and everybody  
 22 else so they have a record of this transaction.  
 23 Q Did you do that?  
 24 A I did it. I did not alter the original  
 25 document. I essentially created a new document and

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1 then -- so that -- eventually based on what  
 2 information you can pull from him, you will probably  
 3 see the two versions.  
 4 Q Do you have copies of those documents?  
 5 A I sent a thousand documents -- or A lot of  
 6 documents. I believe so.  
 7 Q Okay.  
 8 A I don't know. But anyway -- so that  
 9 conversation was had. He walked into my office and  
 10 said, I need you to load a wire for \$50,000 to LF42  
 11 after -- like, very shortly after, same day, a few  
 12 hours after I changed that document. And I asked him  
 13 why, why am I loading this document? And he said,  
 14 just load the wire, I need to release it. I have  
 15 very important -- I don't think he said invoices, but  
 16 he had bills that he needed to pay that day.  
 17 Q And it was a wire -- the \$50,000 wire that  
 18 Mr. Williams was directing you to load was coming  
 19 from what account?  
 20 A Oh, I'm wrong. That was on the 16th. I'm  
 21 sorry. Let me back up 'cause I put the invoices  
 22 here. No reason. Okay. I don't know that one. That  
 23 story I just told you was for the 4/16.  
 24 Q The last transaction --  
 25 A Yes. Sorry about that.

<p style="text-align: right;">Page 117</p> <p>1 Q Okay.</p> <p>2 A Yes.</p> <p>3 Q So the \$50,000 that we're --</p> <p>4 A I don't know.</p> <p>5 Q -- talking about on April 3rd, am I correct</p> <p>6 that Mr. Williams directed you to load that wire?</p> <p>7 A We would have to look. I don't know if I</p> <p>8 load it or if Carla load it.</p> <p>9 Q Okay. I'm not sure. Who would have --</p> <p>10 based on the procedures you described earlier, Mr.</p> <p>11 Williams would have been the only person authorized</p> <p>12 to approve the execution of that wire; is that</p> <p>13 correct?</p> <p>14 A That is correct.</p> <p>15 Q Okay. What about the second to last entry</p> <p>16 on Exhibit 36, the 150,000-dollar internal transfer;</p> <p>17 do you see that?</p> <p>18 A I do see that.</p> <p>19 Q What does that pertain to?</p> <p>20 A I believe it pay -- so to pay the outside</p> <p>21 contractors.</p> <p>22 Q And who are the outside contractors</p> <p>23 performing services for?</p> <p>24 A They were developing the software for ISX,</p> <p>25 so a part of me would want to say it was for ISX, but</p>	<p style="text-align: right;">Page 119</p> <p>1 into KCL so that money could be pulled when needed</p> <p>2 off the 1 million credit line, I believe, or 2</p> <p>3 million.</p> <p>4 Q So when we look in this group of \$2</p> <p>5 million, should we total all of these transactions to</p> <p>6 come up with the total amount that was taken from KF</p> <p>7 Yield -- the KF Yield account? I'm trying to total</p> <p>8 them up and try to get to I guess what you total here</p> <p>9 \$6.8 million.</p> <p>10 A Mmm-hmm.</p> <p>11 Q And I'm trying to understand what exactly</p> <p>12 equals 6.8 million.</p> <p>13 A I think the 6.8 million is the double</p> <p>14 underlined, possibly the 42, 4973, 550 and the 1.5.</p> <p>15 I believe that's how we did it. I don't have my</p> <p>16 spreadsheet. I wish -- I'm sorry. Do you want me to</p> <p>17 add them up to see if -- do they add -- they not add</p> <p>18 up? I'm sorry. I don't know.</p> <p>19 Q I'm trying to understand where the 1.5</p> <p>20 comes from or what totals the 1.5 towards the bottom</p> <p>21 of the page? Is that a subset of certain numbers?</p> <p>22 Or is it supposed to just add up in total to be 6.8?</p> <p>23 A Oh. We made two versions of the</p> <p>24 spreadsheet.</p> <p>25 Q Okay.</p>
<p style="text-align: right;">Page 118</p> <p>1 then Kinetic Tech was created, so you could say that</p> <p>2 they were being paid through Kinetic Tech.</p> <p>3 Q Okay. So it was for the benefit of the</p> <p>4 companies on the right-hand side of Exhibit 34?</p> <p>5 A Correct.</p> <p>6 Q Did Kinetic Yield fund receive any benefit</p> <p>7 from the services that the contractors that you just</p> <p>8 mentioned performed?</p> <p>9 A To my knowledge, no.</p> <p>10 Q Are you aware whether the Kinetic Yield</p> <p>11 Fund investors were ever told that the Kinetic</p> <p>12 Fund -- the Kinetic Yield Fund capital was going to</p> <p>13 be used to pay the expenses that are identified in</p> <p>14 Kinetic Exhibit 36?</p> <p>15 A To my knowledge, they were not.</p> <p>16 BY MS. IVORY:</p> <p>17 Q Before we leave this exhibit, I just wanted</p> <p>18 to make sure that I understand. There's a column</p> <p>19 that's called type and you have either or wire or</p> <p>20 DEP, which I assume is deposit. So there's three</p> <p>21 deposit transactions and we'll go to the one under</p> <p>22 the subheading, \$2 million Credit Line to ISX. Can</p> <p>23 you help me understand what these represent when you</p> <p>24 say -- when it's called deposit?</p> <p>25 A Oh. Okay. So that is showing a deposit</p>	<p style="text-align: right;">Page 120</p> <p>1 A One reflected the \$1.5 million he deposited</p> <p>2 into his finned account and one did not, and I --</p> <p>3 right, that would put us closer to 8 million if that</p> <p>4 1.5 was not there. So this version that was provided</p> <p>5 to you by James Bishop is showing the credit that</p> <p>6 would find in his account.</p> <p>7 Q So this 1.5 is --</p> <p>8 BY MR. HOUCHIN:</p> <p>9 Q Which -- strike that.</p> <p>10 Was Exhibit 36 the version of the document</p> <p>11 that was provided to the board of directors during</p> <p>12 that presentation?</p> <p>13 A I was not there in the room with them.</p> <p>14 Q Okay.</p> <p>15 A I would ask Carla Mendez, she may have</p> <p>16 provided both.</p> <p>17 Q Okay.</p> <p>18 A We were trying to be clear, not come look</p> <p>19 completely terrible with the fact that he had put the</p> <p>20 1.5 million into the fund.</p> <p>21 BY MS. IVORY:</p> <p>22 Q Okay. So just to confirm. If I add up all</p> <p>23 of the transactions here, they would total around \$8</p> <p>24 million, but you've deducted \$1.5 million for his</p> <p>25 deposit?</p>



Page 137

1 and so maybe I think I assumed he was an employee  
2 under that. But, yes, it's very possible that he  
3 was.

4 Q Let me just mark this as Kinetic Exhibit  
5 38.

6 (SEC Exhibit No. 38 was marked  
7 for identification.)

8 BY MR. HOUCHIN:

9 Q Ms. Pufahl, I'm showing you what's been  
10 market as Kinetic Exhibit 38, take a moment and  
11 review the document and let me know if you recognize  
12 it.

13 A I vaguely recognize this document, yes.

14 Q Okay. Exhibit 38 is a March 10, 2017  
15 e-mail from Milly Christian to you, subject is,  
16 El-Morro, LLC Conversion Completed. In the e-mail  
17 Ms. Christian writes, "Hello, Keli, the information  
18 of the employees have been loaded into our database  
19 successfully, please see attached the GCY master  
20 control. Here you can see the information loaded for  
21 each employee." It goes on to add other information,  
22 but if you can turn to the last page of the document,  
23 the attachment to the e-mail was there; do you see  
24 that?

25 A I do see that.

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1 Q And looking at that attachment, there are  
2 four individuals identified; do you see that?

3 A I do.

4 Q Does that refresh your recollection to the  
5 employees of El-Morro?

6 A Yes.

7 Q And that includes Ian Quetglas?

8 A It does.

9 Q Okay. Thank you. Set that aside.

10 If you could mark this as Kinetic Exhibit  
11 39. Please mark this one as Kinetic Exhibit 40.

12 (SEC Exhibit Nos. 39 and 40 were  
13 marked for identification.)

14 BY MR. HOUCHIN:

15 Q Okay. Ms. Pufahl, I'm going to hand you  
16 three documents. The first document has been marked  
17 Kinetic Exhibit 39, the second document is Kinetic  
18 Exhibit 40 and the third --

19 MS. INMAN: May I interrupt for a second?  
20 This is 15?

21 MR. HOUCHIN: Yes.

22 MS. INMAN: You handed 15 back.

23 MR. HOUCHIN: Yes.

24 MS. INMAN: Just want to make sure.

25 MR. HOUCHIN: The third document has been

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1 previously marked as --

2 MS. INMAN: Thank you.

3 MR. HOUCHIN: -- kinetic Exhibit 15.

4 MS. INMAN: Thank you.

5 BY MR. HOUCHIN:

6 Q If you can take a moment and review the  
7 documents, let me know if you recognize those  
8 documents.

9 A Okay. I do recognize the documents.

10 Q Okay. And what are exhibits -- well, let's  
11 just break it down.

12 What's Exhibit 39?

13 A Exhibit 39 was a document created before I  
14 started with the company. I did not have anything to  
15 do with this document, but it does --

16 Q Have you ever seen the document before?

17 A I'm sure I have in my time in the office.

18 I believe that this is when he refinanced his  
19 mother's house possibly after he died -- she died or  
20 a property in Venice is what I'm looking at.  
21 Unfortunately when we have these type of documents,  
22 because no collateral was taken against whatever they  
23 were purchasing, there was no information, but to the  
24 best of my knowledge and ability, I would assume that  
25 this is for the property in Venice.

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1 Q Do you have an understanding as to  
2 whether -- strike that.

3 Exhibit 39 is a credit facility agreement  
4 between KCL Services and Michael Williams  
5 individually, correct?

6 A Correct.

7 Q And if you turn to the page that's Bates  
8 numbered MW927, there's a signature on that page. Do  
9 you recognize that signature?

10 A Yes.

11 Q And whose signature is that?

12 A Michael Williams.

13 Q And it's dated April 30th, 2015, correct?

14 A Correct.

15 Q And on page 1 of the document, it indicates  
16 that there will be a flat payment of \$750 per month;  
17 do you see that?

18 A Yes, I do.

19 Q Do you know whether Mr. Williams paid this  
20 credit facility or loan off?

21 A We discussed it before I left.

22 Q Do you know if -- are there any records  
23 that you're aware of that would show that either the  
24 monthly payments indicated in the exhibit were being  
25 made, or that the total amount on page 3 was paid

<p style="text-align: right;">Page 141</p> <p>1 off?</p> <p>2 A You would find that information in the</p> <p>3 monthly KCL statements issued to each client. I do</p> <p>4 not remember if this was paid off prior to my</p> <p>5 departure from the company.</p> <p>6 Q Okay. Turning next to Exhibit 40, if you</p> <p>7 can take a look at that document and let me know if</p> <p>8 you recognize that document.</p> <p>9 A I do recognize this document.</p> <p>10 Q And what is Exhibit 40?</p> <p>11 A This is a credit facility agreement in the</p> <p>12 amount of \$1,517,000.</p> <p>13 Q Is this the credit facility agreement or</p> <p>14 the loan agreement that you were discussing earlier</p> <p>15 that was the first loan agreement that you were</p> <p>16 involved with respect to Mr. Williams and Lendacy?</p> <p>17 A Correct.</p> <p>18 Q And do you know when this document was</p> <p>19 created? Well, strike that.</p> <p>20 The amount of the credit limit indicated in</p> <p>21 Exhibit 40 is how much?</p> <p>22 A The amount of the credit limit is --</p> <p>23 Q Yes.</p> <p>24 A -- \$1,517,000.</p> <p>25 Q And do you know what Mr. Williams was</p>	<p style="text-align: right;">Page 143</p> <p>1 40 it states, "This agreement is effective as of</p> <p>2 March 23rd, 2017." Do you see that?</p> <p>3 A I do see that.</p> <p>4 Q And is that the approximate time frame in</p> <p>5 which the Gabriella real estate was acquired?</p> <p>6 A Yes.</p> <p>7 Q If you turn to the page that's Bates</p> <p>8 labeled MW862, you'll see that there's a date there</p> <p>9 as well. Do you see that?</p> <p>10 A I do see that.</p> <p>11 Q And what is the date indicated on that?</p> <p>12 A 3/23/2017.</p> <p>13 Q And the date that's indicated there is part</p> <p>14 of the signature page for the borrower; is that</p> <p>15 correct?</p> <p>16 A That is correct.</p> <p>17 Q And who is the borrower indicated?</p> <p>18 A Michael Williams.</p> <p>19 Q Now, if you would look at the document</p> <p>20 that's been previously marked as Exhibit 15, let me</p> <p>21 know if you recognize that document.</p> <p>22 A I do recognize this document.</p> <p>23 Q What is Exhibit 15?</p> <p>24 A It's a credit facility agreement for</p> <p>25 Scipio, LLC, which is an LLC owned by Michael</p>
<p style="text-align: right;">Page 142</p> <p>1 intending to use the credit identified in Exhibit 44?</p> <p>2 A In Exhibit 44?</p> <p>3 Q In Exhibit 44 --</p> <p>4 A Oh. What was -- I'm sorry.</p> <p>5 Q -- what was Mr. Williams intending to use</p> <p>6 the 1.5 million?</p> <p>7 A For the purchase of Villa Gabriella</p> <p>8 properties.</p> <p>9 Q Okay. And what time frame did that take</p> <p>10 place? March 2017?</p> <p>11 A Correct.</p> <p>12 Q Okay. Do you know whether this document</p> <p>13 was created prior to the purchase or acquisition of</p> <p>14 that property, or was it done after the fact?</p> <p>15 A I believe it was after the fact.</p> <p>16 Q Do you know how much longer after the fact?</p> <p>17 A I do not.</p> <p>18 Q Do you know who prepared the document?</p> <p>19 A It was probably me.</p> <p>20 Q Okay. And was the document prepared as a</p> <p>21 result of your request or someone else's request, or</p> <p>22 did Michael Williams come to you and say, this needed</p> <p>23 to be done?</p> <p>24 A My request.</p> <p>25 Q Okay. And if you look on page 1 of Exhibit</p>	<p style="text-align: right;">Page 144</p> <p>1 Williams.</p> <p>2 Q And what is the credit amount indicated?</p> <p>3 A The credit limit is \$2,755,000.</p> <p>4 Q And who prepared this document, if you</p> <p>5 know?</p> <p>6 A I believe it was myself.</p> <p>7 Q And was this the document that you were</p> <p>8 describing earlier whereby Mr. Williams came to you</p> <p>9 and said, we need to prepare this document and</p> <p>10 instructed you to do it, or is --</p> <p>11 A I would have asked -- I would have created</p> <p>12 this and asked him to sign it.</p> <p>13 Q So who choose the identity of the borrower?</p> <p>14 Was that something that you knew or is that something</p> <p>15 that Mr. Williams provided you?</p> <p>16 A As the exhibit you showed me to begin with</p> <p>17 previously, he choose the entity as referenced in the</p> <p>18 e-mail you showed previously.</p> <p>19 Q And what was the 2.755 million identified</p> <p>20 in Exhibit 15 to be used for as far as you know?</p> <p>21 A For the purchase of Banco Espanol building.</p> <p>22 Q Okay. And what is the date of this</p> <p>23 agreement?</p> <p>24 A 5/4/2018.</p> <p>25 Q And if you turn to the that's Bates labeled</p>

1 C E R T I F I C A T E

2 STATE OF FLORIDA

3 COUNTY OF PALM BEACH

4

5 I, Caretha Wisdom, Professional Court Reporter  
6 and Notary Public in and for the State of Florida at  
7 Large, do hereby certify that I was authorized to and  
8 did report said hearing in stenotype; and that the  
9 foregoing pages are a true and correct transcription of  
10 my shorthand notes of said hearing.

11 I further certify that said Hearing was taken  
12 at the time and place hereinabove set forth and that the  
13 taking of said hearing was commenced and completed as  
14 hereinabove set out.

15 I further certify that I am not an attorney  
16 or counsel of any of the parties, nor am I a relative  
17 or employee of any attorney or counsel of any party  
18 connected with the action, nor am I financially  
19 interested in the action.

20

21

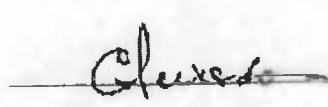
Dated this 29th day of September, 2019.

22

23

24

25

  
Caretha Wisdom,  
Professional Court Reporter



(Page 1 of 1)

BMO  Harris BankBMO Harris Bank N.A.  
Business  
Signature CardTITLE AND MAILING ADDRESS OF ALL ACCOUNTS:  
KINETIC MANAGEMENT GROUP LLCSAFAROTH, FL 34238  
UNITED STATES

ACCOUNT(S)	ACCOUNT #	PRODUCT CODE	SON
Business-Advantage Checking	6794	844	DDA

## W-9 INFORMATION

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a US person as defined by the Internal Revenue Code and explained on IRS Form W-9.

**Certification Instructions.** You must cross out item 2 above if you are currently subject to backup withholding because you failed to report all interest and dividends on your tax return. If you are not currently subject to backup withholding, item 2 does not apply. For an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you must provide your correct TIN.

TAX ID NUMBER: 606

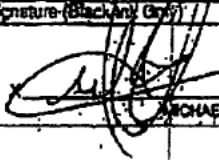
TAX ID SIGNATURE: [REDACTED]

DATE: 7/9/2013

By signing below, I/we apply to open and maintain the type of any deposit account(s) described above (the "Account(s)") and acknowledge receipt of the Harris Handbook for Personal and Business Deposit Accounts as amended from time to time by Harris (the "Handbook") and the applicable Services Guide as defined in the Handbook. We agree that the Handbook shall govern the Account(s), the ownership rights of the account owner listed in the title of the Account(s) (the "Owner(s)"), and all other deposit accounts that the Owner has with Harris now or in the future. If this is an application for a checking or statement savings account, we also apply for a Harris ATM or Debit card and I/we agree to the applicable provisions in the Handbook. "Harris" means the particular Harris bank identified at the top of this signature record which opens the Account(s). I/we hereby acknowledge that the funds in the Account(s) will not be used for personal, consumer or household use.

I/We authorize Harris to check the credit and employment history of the Owner and me/us and answer questions about Harris' experience with the Owner and me/us. I/We also authorize the sharing by Harris with any of its affiliates of any information relating to the Owner and me/us, the Account(s) or the other relationships of the Owner or me/us with Harris, including credit report information, unless I/we notify Harris, in accordance with the Harris Privacy Policy, not to share information (other than transaction and experience information) about the Owner or me/us. Harris has the right to charge the Account(s) for any liabilities owed to Harris or its affiliates by any one of the Owner.

I/We hereby authorize Harris to transfer funds and take other actions upon written (including facsimile) or electronic instructions purportedly from the Owner or an authorized signer. I/We agree that the Account(s) shall be governed by applicable federal and state laws as set forth in the Handbook.

Signature (Black Ink Only)	Signature (Black Ink Only)
 MICHAEL S. WILLIAMS	[REDACTED]
X	X

BUC-09233

By:lcoun01

Date: 7/3/2013

Form HLF-SIG-DLS.0510

Work Item ID: K33x759

(Page 1 of 1)



**TITLE AND MAILING ADDRESS OF ALL ACCOUNTS:**  
**KINETIC INVESTMENT GROUP, LLC.**  
 SARASOTA, FL

**BMO Harris Bank N.A.**  
**Business**  
**Signature Card**  
 (Page 1 of 2)

ACCOUNT(S)	ACCOUNT #	PRODUCT CODE	TYPE
BUSINESS ADVANTAGE CHECKING	6794	844	DDA

**W-9 INFORMATION**

Under penalties of perjury, I certify that:

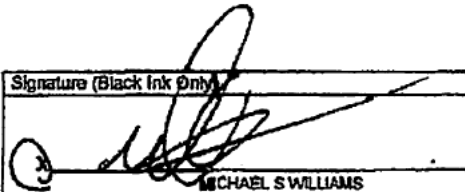
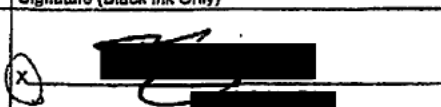
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a US person as defined by the Internal Revenue Code and explained on IRS Form W-9.
4. I am exempt from Foreign Account Tax Compliance Act (FATCA) reporting.

**Certification Instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of security property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign this certification, but you must provide your correct TIN.

TAX ID NUMBER: 3306 TAX ID SIGNATURE: DATE: 6-8-17

By signing below, I/we, on behalf of the Owner (as defined below), apply to open and maintain the type of deposit account(s) described above (the "Account(s)") and acknowledge receipt of the Deposit Account Agreement as defined in the Deposit Account Agreement for Personal and Business Accounts, including the applicable BMO Harris Bank Business Service Fee Schedule. I/we agree that the Deposit Account Agreement shall govern the Account(s), the ownership rights of the owner of the Account(s) (the "Owner"), and all other deposit accounts that the Owner has with BMO Harris now or in the future. If this is an application for a checking or statement savings account, I/we also apply for BMO Harris ATM or Debit Card(s). I/we hereby acknowledge that the funds in the Account(s) will not be used for personal, consumer or household use.

I/we authorize BMO Harris to check the credit and employment history of the Owner and me/us. BMO Harris has the right to charge the Account(s) for any liabilities owed to BMO Harris or its affiliates by the Owner.

Signature (Black Ink Only)	Signature (Black Ink Only)
 MICHAEL S WILLIAMS	
X _____	X _____

BMO Harris® is a trade name used by BMO Harris Bank N.A. Member FDIC.

BUC#:

By:

Date: 06/08/2017 12:50:14 EDT Form: LIB-SIG-BUS.0116

Work Item ID:

SEC-BMO-P-0000482

# [REDACTED] 6794

## LIMITED LIABILITY COMPANY RESOLUTIONS

DATED AS OF 06/08/2017

I, **MICHAEL S WILLIAMS**, DO HEREBY CERTIFY  
to BMO Harris Bank N.A. ("Harris") that:

1. I am a duly elected, qualified and acting manager (in the case of a manager-managed limited liability company) or a duly authorized and admitted member (in the case of a member-managed limited liability company) and **keeper** of the company records, of **KINETIC INVESTMENT GROUP, LLC**, a limited liability company duly organized and existing under the laws of the State of **FLORIDA** (the "Company"); and that the following is a true and correct copy of the resolutions duly adopted by all of the managers (in the case of a manager-managed limited liability company) or all of the members (in the case of a member-managed limited liability company) of the Company on the **8** day of **June**, **2017**, and recorded in the records of the Company, in accordance with applicable law and the limited liability company operating agreement of the Company and articles or certificate of organization of the Company (the "Resolutions"):

I, **HARRIS AS DEPOSITORY**

BE IT RESOLVED, that Harris is designated as an authorized depository of the Company.

BE IT FURTHER RESOLVED, that each of the following authorized persons of the Company is designated as an "Authorized Person"; with each such Authorized Person empowered to act individually on behalf of the Company to exercise such powers and authorities as are set forth in the Resolutions:

NAME	TITLE	SPECIMEN SIGNATURE
1. MICHAEL S WILLIAM	Manager	(X) [Signature]
2. [REDACTED]		(X) [REDACTED]
3.		
4.		
5.		
6.		
7.		

BE IT FURTHER RESOLVED, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company, to delegate to additional authorized persons, including members (in the case of a member-managed limited liability company), managers (in the case of a manager-managed limited liability company), employees or other agents, of the Company ("Delegates"), any or all of the powers and authorities granted to the Authorized Persons herein, including, but not limited to, signatory powers and

Limited Liability Company Resolutions.doc

3309390

BUCH: By:

Date: 06/08/2017 12:43:47 EDT Form: LIB-LLC-RES.0217

Work Item ID:



# [REDACTED] 6794

4. Each of the persons listed on the first page of the Resolutions has been designated by the managers (in the case of a manager-managed limited liability company) or members (in the case of a member-managed limited liability company) of the Company in the Resolutions as an Authorized Person and each such Authorized Person has been, and currently is, a duly elected, admitted, or authorized manager (in the case of a manager-managed limited liability company), member (in the case of a member-managed limited liability company), employee or other agent as set forth opposite his or her name and each such Authorized Person's specimen signature set forth in the Resolutions above is the genuine signature of such Authorized Person:

5. The Company will certify to Harris the genuineness of the specimen signature of any additional Authorized Person or Delegee with signatory power and authority subsequently designated as such pursuant to the Resolutions.

6. Each person that adopted the Resolutions had all necessary power and authority to adopt the Resolutions at the time such Resolutions were adopted.

7. Notwithstanding the adoption of the Resolutions by all the members of the Company (in the case of a member-managed limited liability company) or all of the managers of the Company (in the case of a manager-managed limited liability company), I hereby certify that I, individually, have the full and unrestricted power and authority in the name and on behalf of the Company under the articles or certificate of organization of the Company and the limited liability company agreement or operating agreement of the Company to execute and deliver this Certificate and to designate, empower and authorize, and hereby do designate, empower and authorize, the Authorized Persons as provided in the Resolutions.

IN WITNESS WHEREOF, I have hereunto subscribed my name on behalf of the Company as of the date first written above.

(X)   
Signature

Name: MICHAEL S WILLIAMS

Title: MANAGER





I certify the attached is a true and correct copy of the complete file of KCL SERVICES, LLC, a limited liability company, organized under the laws of the State of Florida, as shown by the records of this office.

The document number of this company is L13000030944.

Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capital, this the  
Twenty-second day of March, 2019



CR2E022 (01-11)

*Laurel M. Lee*  
Laurel M. Lee  
Secretary of State

**Electronic Articles of Organization  
For  
Florida Limited Liability Company**

**L13000030944  
FILED 8:00 AM  
February 28, 2013  
Sec. Of State  
stoner**

**Article I**

The name of the Limited Liability Company is:

KCL SERVICES, LLC

**Article II**

The street address of the principal office of the Limited Liability Company is:

1800 2ND STREET  
SUITE 955  
SARASOTA, FL. 34236

The mailing address of the Limited Liability Company is:

1800 2ND STREET  
SUITE 955  
SARASOTA, FL. 34236

**Article III**

The purpose for which this Limited Liability Company is organized is:

ANY AND ALL LAWFUL BUSINESS.

**Article IV**

The name and Florida street address of the registered agent is:

MICHAEL S WILLIAMS  
1800 2ND STREET  
SUITE 955  
SARASOTA, FL. 34236

Having been named as registered agent and to accept service of process for the above stated limited liability company at the place designated in this certificate, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

Registered Agent Signature: MICHAEL WILLIAMS

**Article V**

The effective date for this Limited Liability Company shall be:

02/25/2013

Signature of member or an authorized representative of a member

Electronic Signature: MICHAEL WILLIAMS

I am the member or authorized representative submitting these Articles of Organization and affirm that the facts stated herein are true. I am aware that false information submitted in a document to the Department of State constitutes a third degree felony as provided for in s.817.155, F.S. I understand the requirement to file an annual report between January 1st and May 1st in the calendar year following formation of the LLC and every year thereafter to maintain "active" status.

**2014 FLORIDA LIMITED LIABILITY COMPANY ANNUAL REPORT****FILED**

DOCUMENT# L13000030944

**Feb 26, 2014****Entity Name:** KCL SERVICES, LLC**Secretary of State****CC8727692888****Current Principal Place of Business:**1800 2ND STREET  
SUITE 955  
SARASOTA, FL 34236**Current Mailing Address:**1800 2ND STREET  
SUITE 955  
SARASOTA, FL 34236**FEI Number:** 37-1714635**Certificate of Status Desired:** Yes**Name and Address of Current Registered Agent:**WILLIAMS, MICHAEL S  
1800 2ND STREET  
SUITE 955  
SARASOTA, FL 34236 US*The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.***SIGNATURE:**\_\_\_\_\_  
Electronic Signature of Registered Agent\_\_\_\_\_  
Date**Authorized Person(s) Detail :**

Title	MANAGER
Name	WILLIAMS, MICHAEL
Address	1800 2ND STREET SUITE 955
City-State-Zip:	SARASOTA FL 34236

*I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.*

**SIGNATURE:** MICHAEL WILLIAMS**MANAGER****02/26/2014**\_\_\_\_\_  
Electronic Signature of Signing Authorized Person(s) Detail\_\_\_\_\_  
Date

**FILED**  
**Apr 27, 2015**  
**Secretary of State**  
**CC5780817152**

DOCUMENT# L13000030944

Entity Name: KCL SERVICES, LLC

Current Principal Place of Business:

1800 2ND STREET  
SUITE 955  
SARASOTA, FL 34236

Current Mailing Address:

1800 2ND STREET  
SUITE 955  
SARASOTA, FL 34236

FEI Number: 37-1714635

Certificate of Status Desired: Yes

Name and Address of Current Registered Agent:

WILLIAMS, MICHAEL S  
1800 2ND STREET  
SUITE 955  
SARASOTA, FL 34236 US

*The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.*

SIGNATURE: \_\_\_\_\_

Electronic Signature of Registered Agent

\_\_\_\_\_ Date

Authorized Person(s) Detail :

Title           MANAGER  
Name           WILLIAMS, MICHAEL  
Address        1800 2ND STREET  
                  SUITE 955  
City-State-Zip: SARASOTA FL 34236

*I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.*

SIGNATURE: MICHAEL WILLIAMS

MANAGING PARTNER

04/27/2015

\_\_\_\_\_ Electronic Signature of Signing Authorized Person(s) Detail

\_\_\_\_\_ Date

**FILED**  
**Mar 30, 2016**  
**Secretary of State**  
**CC2076257098**

DOCUMENT# L13000030944

Entity Name: KCL SERVICES, LLC

Current Principal Place of Business:

1800 2ND STREET  
SUITE 955  
SARASOTA, FL 34236

Current Mailing Address:

1800 2ND STREET  
SUITE 955  
SARASOTA, FL 34236

FEI Number: 37-1714635

Certificate of Status Desired: Yes

Name and Address of Current Registered Agent:

WILLIAMS, MICHAEL S  
1800 2ND STREET  
SUITE 955  
SARASOTA, FL 34236 US

*The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.*

SIGNATURE:

Electronic Signature of Registered Agent

Date

Authorized Person(s) Detail :

Title           MANAGER  
Name           WILLIAMS, MICHAEL  
Address        1800 2ND STREET  
                  SUITE 955  
City-State-Zip: SARASOTA FL 34236

*I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.*

SIGNATURE: MICHAEL S. WILLIAMS

MANAGER

03/30/2016

Electronic Signature of Signing Authorized Person(s) Detail

Date

**FILED**

**Mar 17, 2017**  
**Secretary of State**  
**CC4783494839**

**DOCUMENT#** L13000030944

**Entity Name:** KCL SERVICES, LLC

**Current Principal Place of Business:**

1800 2ND STREET  
SUITE 956  
SARASOTA, FL 34236

**Current Mailing Address:**

1800 2ND STREET  
SUITE 956  
SARASOTA, FL 34236 US

**FEI Number:** 37-1714635

**Certificate of Status Desired:** No

**Name and Address of Current Registered Agent:**

PUFAHL, KELI L  
1800 2ND STREET  
SUITE 956  
SARASOTA, FL 34236 US

*The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.*

**SIGNATURE:** KELI L. PUFAHL

03/17/2017

Electronic Signature of Registered Agent

Date

**Authorized Person(s) Detail :**

**Title** OPERATIONS DIRECTOR

**Name** PUFAHL, KELI L

**Address** 1800 2ND STREET  
SUITE 956

**City-State-Zip:** SARASOTA FL 34236

*I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.*

**SIGNATURE:** KELI L. PUFAHL

OPERATIONS DIRECTOR 03/17/2017

Electronic Signature of Signing Authorized Person(s) Detail

Date



**FILED**

**Jan 16, 2018**  
**Secretary of State**  
**CC7716316597**

**DOCUMENT#** L13000030944

**Entity Name:** KCL SERVICES, LLC

**Current Principal Place of Business:**

1800 2ND STREET  
SUITE 956  
SARASOTA, FL 34236

**Current Mailing Address:**

1800 2ND STREET  
SUITE 956  
SARASOTA, FL 34236 US

**FEI Number:** 37-1714635

**Certificate of Status Desired:** No

**Name and Address of Current Registered Agent:**

PUFAHL, KELI L  
1800 2ND STREET  
SUITE 956  
SARASOTA, FL 34236 US

*The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.*

**SIGNATURE:** KELI L. PUFAHL

01/16/2018

Electronic Signature of Registered Agent

Date

**Authorized Person(s) Detail :**

**Title** OPERATIONS DIRECTOR

**Name** PUFAHL, KELI L

**Address** 1800 2ND STREET  
SUITE 956

**City-State-Zip:** SARASOTA FL 34236

*I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.*

**SIGNATURE:** KELI PUFAHL

OPERATIONS DIRECTOR 01/16/2018

Electronic Signature of Signing Authorized Person(s) Detail

Date



(Page 1 of 1)



BMO Harris Bank N.A.  
Business  
Signature Card

TITLE AND MAILING ADDRESS OF ALL ACCOUNTS:  
KCL SERVICES LLC  
CLIENT ACCOUNT  
SARASOTA, FL

ACCOUNT(S) BUSINESS ADVANTAGE CHECKING	ACCOUNT # 1081	PRODUCT CODE	SON DDA
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**W-9 INFORMATION**

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a US person as defined by the Internal Revenue Code and explained on IRS Form W-9.
4. I am exempt from Foreign Account Tax Compliance Act (FATCA) reporting.

**Certification Instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of security property, cancellation of debt contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign this certification, but you must provide your correct TIN.

TAX ID NUMBER: 635 TAX ID SIGNATURE: DATE: 10/7/14

By signing below, I/we, on behalf of the Owner (as defined below), apply to open and maintain the type of deposit account(s) described above (the "Account(s)") and acknowledge receipt of the Deposit Account Agreement as defined in the Deposit Account Agreement for Personal and Business Accounts, including the applicable BMO Harris Bank Business Service Fee Schedule. I/we agree that the Deposit Account Agreement shall govern the Account(s), the ownership rights of the owner of the Account(s) (the "Owner"), and all other deposit accounts that the Owner has with BMO Harris now or in the future. If this is an application for a checking or statement savings account, I/we also apply for BMO Harris ATM or Debit Card(s). I/we hereby acknowledge that the funds in the Account(s) will not be used for personal, consumer or household use.

I/we authorize BMO Harris to check the credit and employment history of the Owner and me/us. BMO Harris has the right to charge the Account(s) for any liabilities owed to BMO Harris or its affiliates by the Owner.

Signature (Black Ink Only)  MICHAEL WILLIAMS	Signature (Black Ink Only) 
X _____	X _____

BMO Harris® is a trade name used by BMO Harris Bank N.A. Member FDIC

BUCK#:

By:

Date:

Form: LIB-SIG-BUS.0514

Work Item ID:

SEC-BMO-P-0001407

## LIMITED LIABILITY COMPANY RESOLUTIONS

DATED AS OF 10/07/2014

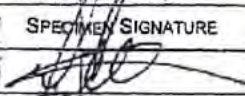

I, **MICHAEL WILLIAMS**, DO HEREBY CERTIFY  
to BMO Harris Bank N.A. ("Harris") that:

1. I am a duly elected, qualified and acting manager (in the case of a manager-managed limited liability company) or a duly authorized and admitted member (in the case of a member-managed limited liability company) and keeper of the company records of **KCL SERVICES, LLC** a limited liability company duly organized and existing under the laws of the State of **FLORIDA** (the "Company"); and that the following is a true and correct copy of the resolutions duly adopted by all of the managers (in the case of a manager-managed limited liability company) or all of the members (in the case of a member-managed limited liability company) of the Company on the **7 day of October**, 2014, and recorded in the records of the Company, in accordance with applicable law and the limited liability company operating agreement of the Company and articles or certificate of organization of the Company (the "Resolutions"):

## I. HARRIS AS DEPOSITORY

BE IT RESOLVED, that Harris is designated as an authorized depository of the Company.

BE IT FURTHER RESOLVED, that each of the following authorized persons of the Company is designated as an "Authorized Person", with each such Authorized Person empowered to act individually on behalf of the Company to exercise such powers and authorities as are set forth in the Resolutions:

NAME	TITLE	SPECIMEN SIGNATURE
1. MICHAEL WILLIAMS	MANAGING MEMBER	
2. [REDACTED]	MANAGING MEMBER	
3.		
4.		
5.		
6.		
7.		

BE IT FURTHER RESOLVED, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company, to delegate to additional authorized persons, including members (in the case of a member-managed limited liability company), managers (in the case of a manager-managed limited liability company), employees or other agents, of the Company ("Delegates"), any or all of the powers and authorities granted to the Authorized Persons herein, including, but not limited to, signatory powers and


4. Each of the persons listed on the first page of the Resolutions has been designated by the managers (in the case of a manager-managed limited liability company) or members (in the case of a member-managed limited liability company) of the Company in the Resolutions as an Authorized Person and each such Authorized Person has been, and currently is, a duly elected, admitted, or authorized manager (in the case of a manager-managed limited liability company), member (in the case of a member-managed limited liability company), employee or other agent as set forth opposite his or her name and each such Authorized Person's specimen signature set forth in the Resolutions above is the genuine signature of such Authorized Person:

5. The Company will certify to Harris the genuineness of the specimen signature of any additional Authorized Person or Delegee with signatory power and authority subsequently designated as such pursuant to the Resolutions.

6. Each person that adopted the Resolutions had all necessary power and authority to adopt the Resolutions at the time such Resolutions were adopted.

7. Notwithstanding the adoption of the Resolutions by all the members of the Company (in the case of a member-managed limited liability company) or all of the managers of the Company (in the case of a manager-managed limited liability company), I hereby certify that I, individually, have the full and unrestricted power and authority in the name and on behalf of the Company under the articles or certificate of organization of the Company and the limited liability company agreement or operating agreement of the Company to execute and deliver this Certificate and to designate, empower and authorize, and hereby do designate, empower and authorize, the Authorized Persons as provided in the Resolutions.

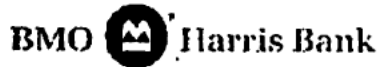
IN WITNESS WHEREOF, I have hereunto subscribed my name on behalf of the Company as of the date first written above.

  
Signature

Name MICHAEL WILLIAMS

Title MANAGING MEMBER

(Page 2 of 2)



BMO Harris Bank N.A.  
Business  
Signature Card  
(Page 2 of 2)

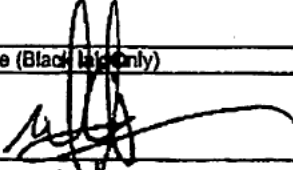



## TITLE AND MAILING ADDRESS OF ALL ACCOUNTS:

KCL Services, LLC

Sarasota, FL

ACCOUNT(s)	ACCOUNT #	PRODUCT CODE	SQN
KCL Services, LLC	██████████ 2676	844	DDA

By signing below, I/we have read and agree to the terms of and consent to the certifications, authorizations set forth in the Signature Card with respect to the Account(s) titled and described above. I/We understand the rights of the Owners listed in the title of the Account(s) and acknowledge receipt of the Handbook which governs the Account(s). I/We understand that this Addendum to the Signature Card is incorporated and made part of the Signature Card.

Signature (Black Ink Only)	Signature (Black Ink Only)
X  Michael S. Williams	X 
X 	X 

BUCH:

By:

Date:

Form: LIB-SIG-BUS.0510

Work Item ID:

SEC-BMO-P-0000004



## LIMITED LIABILITY COMPANY RESOLUTIONS

DATED AS OF

I, Michael S. Williams  
to BMO Harris Bank N.A. ("Harris") that:

DO HEREBY CERTIFY

1. I am a duly elected, qualified and acting manager (in the case of a manager-managed limited liability company) or a duly authorized and admitted member (in the case of a member-managed limited liability company) and keeper of the company records of RCL Services, LLC a limited liability company duly organized and existing under the laws of the State of Florida (the "Company"); and that the following is a true and correct copy of the resolutions duly adopted by all of the managers (in the case of a manager-managed limited liability company) or all of the members (in the case of a member-managed limited liability company) of the Company on the 28 day of February, 2013, and recorded in the records of the Company, in accordance with applicable law and the limited liability company operating agreement of the Company and articles or certificate of organization of the Company (the "Resolutions"):

## I. HARRIS AS DEPOSITORY

BE IT RESOLVED, that Harris is designated as an authorized depository of the Company.

BE IT FURTHER RESOLVED, that each of the following authorized persons of the Company is designated as an "Authorized Person"; with each such Authorized Person empowered to act individually on behalf of the Company to exercise such powers and authorities as are set forth in the Resolutions:

NAME	TITLE	SPECIEN SIGNATURE
1. <u>Michael S. Williams</u>	<u>Managing Member</u>	<u>[Signature]</u>
2. <u>[Redacted]</u>	<u>Auth. Signer</u>	<u>[Redacted]</u>
3. <u>[Redacted]</u>	<u>Auth. Signer</u>	<u>[Redacted]</u>
4.		
5.		
6.		
7.		

BE IT FURTHER RESOLVED, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company, to delegate to additional authorized persons, including members (in the case of a member-managed limited liability company), managers (in the case of a manager-managed limited liability company), employees or other agents, of the Company ("Delegates"), any or all of the powers and authorities granted to the Authorized Persons herein, including, but not limited to, signatory powers and

authorities, as any such Authorized Person deems necessary, desirable or appropriate (excluding, however, the authority to appoint additional, or revoke the authority of, Delegees), or revoke such authority, such determination to be conclusively presumed by any such Authorized Person informing Harris (verbally, in writing or by electronic (Internet, fax or e-mail) instruction) of such designation, delegation or revocation.

BE IT FURTHER RESOLVED, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company:

(a) to execute and deliver any and all signature cards, authorizations, set-up and other applications, forms, documentation, instructions, certificates and agreements, including without limitation any deposit account agreements, required or requested by Harris, or deemed necessary, appropriate or desirable by an Authorized Person, in connection with the establishment, maintenance or administration of any checking, savings or other deposit accounts with Harris (the "Accounts") or in connection with any other banking services provided by Harris, to close any or all of the Accounts or to terminate such banking services and receive any proceeds therefrom, such determination to be conclusively evidenced by the execution and delivery of such signature card, authorization, set-up or other application, form, document, instruction, certificate or agreement by any such Authorized Person;

(b) to make, execute, draw, accept and endorse (manually, via facsimile signature, stamp or otherwise) any and all checks, notes, drafts, items, bills of exchange, acceptances, undertakings or other orders for the payment of money, including without limitation orders or directions in informal or letter form (collectively, "Orders"), against any money or funds or Accounts at any time standing to the credit of the Company with Harris, and Harris is authorized to honor any and all such Orders so made, executed, drawn, accepted or endorsed, including those drawn to the individual order of any such person signing the same, or authorized by an Authorized Person to be endorsed by, or purporting to be endorsed by, facsimile signature or stamp of such person without further inquiry or regard to the authority of said person or persons or the use of the Orders or the proceeds thereof;

(c) to instruct Harris, orally, in writing, electronically (including Internet, fax or e-mail) or otherwise, and take or cause to be taken all such other and further action, and to execute, acknowledge and deliver any and all certificates, agreements, documents and other instruments, that any such Authorized Person deems necessary or desirable in relation to any Orders deposited into or drawn on an Account, including with respect to any stop payment instructions on such Orders, such determination to be conclusively evidenced by the taking of such action or the execution and delivery of such certificate, agreement, document or other instrument by any such Authorized Person;

(d) to issue written, telephonic, electronic (including Internet, fax or e-mail) or oral instructions with respect to the transfer of funds of the Company on deposit with Harris (or at any other depository) by wire, automated clearing house or other electronic means of transfer, without any written Order being issued with respect to such transfer; and to enter into such agreements with Harris, in the name and on behalf of the Company, with respect to such transfers authorizing or providing for automatic or repetitive transfers, including without limitation agreements protecting Harris against the consequences of relying on instructions from persons purporting to be authorized to act in the name and on behalf of the Company, that any such Authorized Person may deem

necessary, appropriate or desirable, such determination to be conclusively evidenced by the issuance of such instruction or the execution of such agreement by any such Authorized Person, and to receive and administer user procedures, numbers, codes, passwords and other identification data and procedures assigned to the Company and its users for the foregoing services;

(e) to conduct Internet banking transactions using the services offered by Harris over the Internet as permitted by the terms and conditions set forth in any agreement by and between Harris and the Company and to designate authorized persons, including any member (in the case of a member-managed limited liability company), manager (in the case of a manager-managed limited liability company), employee or other agent, of the Company, who may or may not be employees or Authorized Persons of the Company, as agents of the Company, and authorize each of the foregoing Individuals to conduct such banking transactions using the Internet, in the name and on behalf of the Company.

BE IT FURTHER RESOLVED, that any Authorized Person is authorized, empowered and directed, in the name and on behalf of the Company, to take or cause to be taken any and all actions necessary to ensure that all information relating to the Company, the Authorized Persons and Delegees delivered to or otherwise in Harris' possession, including without limitation, the Company's address for purposes of the delivery of account statements, account titles, notices, correspondence and contact information, is at all times true, correct and complete.

BE IT FURTHER RESOLVED, that any member (in the case of a member-managed company), manager (in the case of a manager-managed company), employee or other agent of the Company is authorized and empowered to execute or endorse for deposit, transfer or otherwise any Order or other negotiable instrument, which executions or endorsements may be made in writing, by facsimile signature or by stamp and with or without designation of the person so endorsing; and that in the absence of any such execution or endorsement Harris be and it hereby is authorized and empowered to make such execution or endorsement for deposit in the name and on behalf of the Company.

BE IT FURTHER RESOLVED, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company, to take any and all actions, and to execute, acknowledge and deliver any and all certificates, applications, agreements, documents, instructions and other instruments, that any such Authorized Person deems necessary, appropriate or desirable in order to close any or all of the Accounts and receive any proceeds therefrom, such determination to be conclusively evidenced by the taking of such action or the execution and delivery of such certificate, application, agreement, document, instruction or other instrument by any such Authorized Persons.

BE IT FURTHER RESOLVED, that any Order or other negotiable instrument authorized to be made, executed, drawn, accepted or endorsed pursuant to these Resolutions in the name of the Company, may be made, executed, drawn, accepted or endorsed by any of the Authorized Persons or appropriately authorized Delegees in any trade name or any name other than the legal name of the Company that any of such Authorized Persons or Delegees deem necessary or desirable, such determination to be conclusively presumed by the use of such name, and each such Order or other negotiable instrument shall be considered to be the Order or negotiable instrument of the Company, to the same extent and with the same force and effect as if the Order or other negotiable instrument had been made, executed, drawn, accepted or endorsed in the legal name of the Company.



**II. AUTHORITY TO OBTAIN ADDITIONAL BANKING SERVICES**

BE IT FURTHER RESOLVED, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company:

(a) to borrow money and obtain credit from Harris on a current or other basis and to execute, acknowledge and deliver any notes, drafts, loan or line of credit agreements, application for letters of credit, agreements for commercial credit card loans and services, undertakings and other agreements with respect to such credit upon such terms, rates of interest, and conditions as any such Authorized Person may deem advisable, such determination to be conclusively evidenced by the execution and delivery of such note, draft, application for letter of credit, agreement for commercial credit card loans and services, undertaking or other agreement by any such Authorized Person;

(b) to execute, acknowledge and deliver agreements to assume, guaranty, endorse, agree to purchase or provide funds for the payment of or otherwise become liable for the obligations and/or liabilities which may from time to time be due and owing from any other person or entity to Harris, or to otherwise assure Harris against losses relating to an extension of credit to a third party;

(c) to receive and receipt for, sign Orders and issue instructions (written, including via facsimile or electronic instruction, or oral) for the handling and delivery of the proceeds of any extension of credit;

(d) to mortgage, pledge, transfer or assign to Harris, or create a security interest in favor of Harris, in any or all of the property (real, personal or mixed) and assets of the Company, including without limitation, real estate, notes, bonds, stocks, drafts, warehouse receipts and other documents, accounts and securities of the Company, and to take or cause to be taken any and all other action, and to execute, acknowledge and deliver any and all agreements, documents and instruments, in connection therewith or to otherwise perfect such security interests, including with respect to the deposit (and withdrawal or substitution) of such property with Harris;

(e) to take any and all other actions, and to execute, acknowledge and deliver any agreements that any of the Authorized Persons deem necessary or desirable in order to obtain or procure any other additional banking services from Harris, including without limitation cash management services, including, but not limited to, wire transfer, ACH or other electronic funds transfer services, collection and deposit services, and/or any electronic banking services, that any Authorized Person deems necessary, appropriate or desirable, including terms in such agreements that would have the Company indemnify or limit Harris' liability, such determination to be conclusively evidenced by the execution, acknowledgement and delivery thereof by any such Authorized Person.

**III. GENERAL**

BE IT FURTHER RESOLVED, that any member (in the case of a member-managed limited liability company) or manager (in the case of a manager-managed limited liability company) of the Company is authorized and directed to deliver to Harris a certified copy of the Resolutions, which certified copy shall without more constitute the undertaking and agreement of the Company as herein provided, and to certify

that the provisions thereof are in conformity with the articles or certificate of organization of the Company and the limited liability company agreement or operating agreement of the Company and that the Resolutions and the authority thereby conferred shall remain in full force and effect until the Company notifies Harris to the contrary in writing, but if any of the authorities and undertakings herein contained shall be terminated by operation of law without such notice, it is hereby resolved and agreed for the purpose of inducing Harris to act hereunder that Harris shall be indemnified and held harmless by the Company for any loss suffered or liability incurred by it after such termination without notice.

BE IT FURTHER RESOLVED, that any member (in the case of a member-managed limited liability company), manager (in the case of a manager-managed limited liability company), employee or other agent of the Company is authorized, empowered and directed to certify to Harris as to the incumbency and the genuineness of the signature of each Authorized Person and Delegee granted signatory power and authority pursuant to the terms hereof; and that to the extent such certification is not provided to Harris in a timely manner, Harris is authorized in its discretion to either rely on any signature that Harris in good faith believes is the genuine signature of such Authorized Person or Delegee or refuse to honor any signature for such person until it receives such certification and Harris shall be indemnified and held harmless by the Company for any loss suffered or liability incurred by it for such reliance upon any such signature or for refusing to honor the signatures of any person not so certified to Harris.

BE IT FURTHER RESOLVED, that Harris may conclusively presume that the Resolutions remain in effect and that all Authorized Persons and Delegees designated pursuant thereto retain all powers and authorities granted upon them pursuant to the Resolutions, and in the case of any Delegee, such conclusive presumption shall be irrespective of whether the Authorized Person that delegated the powers and authorities to such Delegee pursuant to the Resolutions is no longer an Authorized Person, unless and until the Company delivers to Harris written notice to the contrary, and Harris shall be indemnified and held harmless by the Company for any loss suffered or liability incurred (including for reasonable attorneys' fees and legal expenses) by it in reliance upon any signature of an Authorized Person or Delegee, the genuineness of which has been certified to Harris pursuant to these Resolutions regardless of by whom or by what means the purported signatures may have been affixed to any instrument, if such signatures reasonably resemble the specimen signature so certified.

BE IT FURTHER RESOLVED, that any Authorized Person is, authorized and empowered, in the name and on behalf of the Company, to take or cause to be taken all such other and further action, and to execute, acknowledge and deliver any and all certificates, applications, agreements, documents, instructions and other instruments, that any such Authorized Person deems necessary, appropriate or desirable in order to carry out the Resolutions and to consummate or carry-out any of the transactions or matters contemplated thereby, such determination to be conclusively evidenced by the taking of such action or the execution and delivery of such certificate, application, agreement, document, instruction or other instrument by any such Authorized Person.

2. The Resolutions have not been amended, altered, modified, rescinded or repealed and are in full force and effect as of the date hereof.

3. The Resolutions do not conflict with or contravene the articles or certificate of organization of the Company or the limited liability company agreement or operating agreement of the Company, or any agreement, law, regulation or order applicable to the Company or its business.

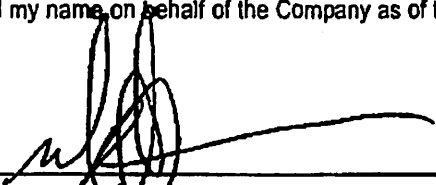
4. Each of the persons listed on the first page of the Resolutions has been designated by the managers (in the case of a manager-managed limited liability company) or members (in the case of a member-managed limited liability company) of the Company in the Resolutions as an Authorized Person and each such Authorized Person has been, and currently is, a duly elected, admitted, or authorized manager (in the case of a manager-managed limited liability company), member (in the case of a member-managed limited liability company), employee or other agent as set forth opposite his or her name and each such Authorized Person's specimen signature set forth in the Resolutions above is the genuine signature of such Authorized Person:

5. The Company will certify to Harris the genuineness of the specimen signature of any additional Authorized Person or Delegee with signatory power and authority subsequently designated as such pursuant to the Resolutions.

6. Each person that adopted the Resolutions had all necessary power and authority to adopt the Resolutions at the time such Resolutions were adopted.

7. Notwithstanding the adoption of the Resolutions by all the members of the Company (in the case of a member-managed limited liability company) or all of the managers of the Company (in the case of a manager-managed limited liability company), I hereby certify that I, individually, have the full and unrestricted power and authority in the name and on behalf of the Company under the articles or certificate of organization of the Company and the limited liability company agreement or operating agreement of the Company to execute and deliver this Certificate and to designate, empower and authorize, and hereby do designate, empower and authorize, the Authorized Persons as provided in the Resolutions.

IN WITNESS WHEREOF, I have hereunto subscribed my name on behalf of the Company as of the date first written above.

  
\_\_\_\_\_  
Signature

Name: Michael S. Williams

Title: Managing Member

(Page 1 of 1)



BMO Harris Bank N.A.  
Business  
Signature Card

TITLE AND MAILING ADDRESS OF ALL ACCOUNTS:  
LF42

SARASOTA, FL  
UNITED STATES

ACCOUNT(S)	ACCOUNT #	PRODUCT CODE	SON
Essential Business Checking	4247	523	DDA

**W-9 INFORMATION**

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a US person as defined by the Internal Revenue Code and explained on IRS Form W-9.

**Certification Instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of security property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN.

TAX ID NUMBER: 0195 TAX ID SIGNATURE: DATE: 1-15-2013

By signing below, I/we apply to open and maintain the type of any deposit account(s) described above (the "Account(s)") and acknowledge receipt of the Harris Handbook for Personal and Business Deposit Accounts as amended from time to time by Harris (the "Handbook") and the applicable Services Guide as defined in the Handbook. I/we agree that the Handbook shall govern the Account(s), the ownership rights of the account owner listed in the title of the Account(s) (the "Owners"), and all other deposit accounts that the Owner has with Harris now or in the future. If this is an application for a checking or statement savings account, I/we also apply for a Harris ATM or Debit card and I/we agree to the applicable provisions in the Handbook. "Harris" means the particular Harris bank identified at the top of this signature record which opens the Account(s). I/we hereby acknowledge that the funds in the Account(s) will not be used for personal, consumer or household use.

I/We authorize Harris to check the credit and employment history of the Owner and me/us and answer questions about Harris' experience with the Owner and me/us. I/We also authorize the sharing by Harris with any of its affiliates of any information relating to the Owner and me/us, the Account(s) or the other relationships of the Owner or me/us with Harris, including credit report information, unless I/we notify Harris, in accordance with the Harris Privacy Policy, not to share information (other than transaction and experience information) about the Owner or me/us. Harris has the right to charge the Account(s) for any liabilities owed to Harris or its affiliates by any one of the Owner.

I/We hereby authorize Harris to transfer funds and take other actions upon written (including facsimile) or electronic instructions purportedly from the Owner or an authorized signer. I/We agree that the Account(s) shall be governed by applicable federal and state laws as set forth in the Handbook.

Signature (Black Ink Only)	Signature (Black Ink Only)
X  MICHAEL S WILLIAMS	X
X _____	X _____

1/6

[REDACTED] 4247

## LIMITED LIABILITY COMPANY RESOLUTIONS

DATED AS OF 01/15/2013

I, **MICHAEL S WILLIAMS**, Do HEREBY CERTIFY  
to BMO Harris Bank N.A. ("Harris") that:


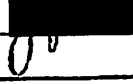
1. I am a duly elected, qualified and acting manager (in the case of a manager-managed limited liability company) or a duly authorized and admitted member (in the case of a member-managed limited liability company) and keeper of the company records of  
LF42

a limited liability company duly organized and existing under the laws of the State of DELAWARE (the "Company"); and that the following is a true and correct copy of the resolutions duly adopted by all of the managers (in the case of a manager-managed limited liability company) or all of the members (in the case of a member-managed limited liability company) of the Company on the day of APRIL, 2012, and recorded in the records of the Company, in accordance with applicable law and the limited liability company operating agreement of the Company and articles or certificate of organization of the Company (the "Resolutions"):

## I. HARRIS AS DEPOSITORY

BE IT RESOLVED, that Harris is designated as an authorized depository of the Company.

BE IT FURTHER RESOLVED, that each of the following authorized persons of the Company is designated as an "Authorized Person"; with each such Authorized Person empowered to act individually on behalf of the Company to exercise such powers and authorities as are set forth in the Resolutions:

NAME	TITLE	SPECIMEN SIGNATURE
1. MICHAEL S WILLIAMS	MANAGING MEMBER	
2. [REDACTED]	AUTH SIGNER	
3.		
4.		
5.		
6.		
7.		

BE IT FURTHER RESOLVED, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company, to delegate to additional authorized persons, including members (in the case of a member-managed limited liability company), managers (in the case of a manager-managed limited liability company), employees or other agents, of the Company ("Delees"), any or all of the powers and authorities granted to the Authorized Persons herein, including, but not limited to, signatory powers and

authorities, as any such Authorized Person deems necessary, desirable or appropriate (excluding, however, the authority to appoint additional, or revoke the authority of, Delegees), or revoke such authority, such determination to be conclusively presumed by any such Authorized Person informing Harris (verbally, in writing or by electronic (Internet, fax or e-mail) instruction) of such designation, delegation or revocation.

BE IT FURTHER RESOLVED, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company:

(a) to execute and deliver any and all signature cards, authorizations, set-up and other applications, forms, documentation, instructions, certificates and agreements, including without limitation any deposit account agreements, required or requested by Harris, or deemed necessary, appropriate or desirable by an Authorized Person, in connection with the establishment, maintenance or administration of any checking, savings or other deposit accounts with Harris (the "Accounts") or in connection with any other banking services provided by Harris, to close any or all of the Accounts or to terminate such banking services and receive any proceeds therefrom, such determination to be conclusively evidenced by the execution and delivery of such signature card, authorization, set-up or other application, form, document, instruction, certificate or agreement by any such Authorized Person;

(b) to make, execute, draw, accept and endorse (manually, via facsimile signature, stamp or otherwise) any and all checks, notes, drafts, items, bills of exchange, acceptances, undertakings or other orders for the payment of money, including without limitation orders or directions in informal or letter form (collectively, "Orders"), against any money or funds or Accounts at any time standing to the credit of the Company with Harris, and Harris is authorized to honor any and all such Orders so made, executed, drawn, accepted or endorsed, including those drawn to the individual order of any such person signing the same, or authorized by an Authorized Person to be endorsed by, or purporting to be endorsed by, facsimile signature or stamp of such person without further inquiry or regard to the authority of said person or persons or the use of the Orders or the proceeds thereof;

(c) to instruct Harris, orally, in writing, electronically (including Internet, fax or e-mail) or otherwise, and take or cause to be taken all such other and further action, and to execute, acknowledge and deliver any and all certificates, agreements, documents and other instruments, that any such Authorized Person deems necessary or desirable in relation to any Orders deposited into or drawn on an Account, including with respect to any stop payment instructions on such Orders, such determination to be conclusively evidenced by the taking of such action or the execution and delivery of such certificate, agreement, document or other instrument by any such Authorized Person;

(d) to issue written, telephonic, electronic (including Internet, fax or e-mail) or oral instructions with respect to the transfer of funds of the Company on deposit with Harris (or at any other depository) by wire, automated clearing house or other electronic means of transfer, without any written Order being issued with respect to such transfer; and to enter into such agreements with Harris, in the name and on behalf of the Company, with respect to such transfers authorizing or providing for automatic or repetitive transfers, including without limitation agreements protecting Harris against the consequences of relying on instructions from persons purporting to be authorized to act in the name and on behalf of the Company, that any such Authorized Person may deem

necessary, appropriate or desirable, such determination to be conclusively evidenced by the issuance of such instruction or the execution of such agreement by any such Authorized Person, and to receive and administer user procedures, numbers, codes, passwords and other identification data and procedures assigned to the Company and its users for the foregoing services;

(e) to conduct Internet banking transactions using the services offered by Harris over the Internet as permitted by the terms and conditions set forth in any agreement by and between Harris and the Company and to designate authorized persons, including any member (in the case of a member-managed limited liability company), manager (in the case of a manager-managed limited liability company), employee or other agent, of the Company, who may or may not be employees or Authorized Persons of the Company, as agents of the Company, and authorize each of the foregoing individuals to conduct such banking transactions using the Internet, in the name and on behalf of the Company.

BE IT FURTHER RESOLVED, that any Authorized Person is authorized, empowered and directed, in the name and on behalf of the Company, to take or cause to be taken any and all actions necessary to ensure that all information relating to the Company, the Authorized Persons and Delegees delivered to or otherwise in Harris' possession, including without limitation, the Company's address for purposes of the delivery of account statements, account titles, notices, correspondence and contact information, is at all times true, correct and complete.

BE IT FURTHER RESOLVED, that any member (in the case of a member-managed company), manager (in the case of a manager-managed company), employee or other agent of the Company is authorized and empowered to execute or endorse for deposit, transfer or otherwise any Order or other negotiable instrument, which executions or endorsements may be made in writing, by facsimile signature or by stamp and with or without designation of the person so endorsing; and that in the absence of any such execution or endorsement Harris be and it hereby is authorized and empowered to make such execution or endorsement for deposit in the name and on behalf of the Company.

BE IT FURTHER RESOLVED, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company, to take any and all actions, and to execute, acknowledge and deliver any and all certificates, applications, agreements, documents, instructions and other instruments, that any such Authorized Person deems necessary, appropriate or desirable in order to close any or all of the Accounts and receive any proceeds therefrom, such determination to be conclusively evidenced by the taking of such action or the execution and delivery of such certificate, application, agreement, document, instruction or other instrument by any such Authorized Persons.

BE IT FURTHER RESOLVED, that any Order or other negotiable instrument authorized to be made, executed, drawn, accepted or endorsed pursuant to these Resolutions in the name of the Company, may be made, executed, drawn, accepted or endorsed by any of the Authorized Persons or appropriately authorized Delegees in any trade name or any name other than the legal name of the Company that any of such Authorized Persons or Delegees deem necessary or desirable, such determination to be conclusively presumed by the use of such name, and each such Order or other negotiable instrument shall be considered to be the Order or negotiable instrument of the Company, to the same extent and with the same force and effect as if the Order or other negotiable instrument had been made, executed, drawn, accepted or endorsed in the legal name of the Company.



**II. AUTHORITY TO OBTAIN ADDITIONAL BANKING SERVICES**

**BE IT FURTHER RESOLVED**, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company:

(a) to borrow money and obtain credit from Harris on a current or other basis and to execute, acknowledge and deliver any notes, drafts, loan or line of credit agreements, application for letters of credit, agreements for commercial credit card loans and services, undertakings and other agreements with respect to such credit upon such terms, rates of interest, and conditions as any such Authorized Person may deem advisable, such determination to be conclusively evidenced by the execution and delivery of such note, draft, application for letter of credit, agreement for commercial credit card loans and services, undertaking or other agreement by any such Authorized Person;

(b) to execute, acknowledge and deliver agreements to assume, guaranty, endorse, agree to purchase or provide funds for the payment of or otherwise become liable for the obligations and/or liabilities which may from time to time be due and owing from any other person or entity to Harris, or to otherwise assure Harris against losses relating to an extension of credit to a third party;

(c) to receive and receipt for, sign Orders and issue instructions (written, including via facsimile or electronic instruction, or oral) for the handling and delivery of the proceeds of any extension of credit;

(d) to mortgage, pledge, transfer or assign to Harris, or create a security interest in favor of Harris, in any or all of the property (real, personal or mixed) and assets of the Company, including without limitation, real estate, notes, bonds, stocks, drafts, warehouse receipts and other documents, accounts and securities of the Company, and to take or cause to be taken any and all other action, and to execute, acknowledge and deliver any and all agreements, documents and instruments, in connection therewith or to otherwise perfect such security interests, including with respect to the deposit (and withdrawal or substitution) of such property with Harris;

(e) to take any and all other actions, and to execute, acknowledge and deliver any agreements that any of the Authorized Persons deem necessary or desirable in order to obtain or procure any other additional banking services from Harris, including without limitation cash management services, including, but not limited to, wire transfer, ACH or other electronic funds transfer services, collection and deposit services, and/or any electronic banking services, that any Authorized Person deems necessary, appropriate or desirable, including terms in such agreements that would have the Company indemnify or limit Harris' liability, such determination to be conclusively evidenced by the execution, acknowledgement and delivery thereof by any such Authorized Person.

**III. GENERAL**

**BE IT FURTHER RESOLVED**, that any member (in the case of a member-managed limited liability company) or manager (in the case of a manager-managed limited liability company) of the Company is authorized and directed to deliver to Harris a certified copy of the Resolutions, which certified copy shall without more constitute the undertaking and agreement of the Company as herein provided, and to certify

that the provisions thereof are in conformity with the articles or certificate of organization of the Company and the limited liability company agreement or operating agreement of the Company and that the Resolutions and the authority thereby conferred shall remain in full force and effect until the Company notifies Harris to the contrary in writing, but if any of the authorities and undertakings herein contained shall be terminated by operation of law without such notice, it is hereby resolved and agreed for the purpose of inducing Harris to act hereunder that Harris shall be indemnified and held harmless by the Company for any loss suffered or liability incurred by it after such termination without notice.

BE IT FURTHER RESOLVED, that any member (in the case of a member-managed limited liability company), manager (in the case of a manager-managed limited liability company), employee or other agent of the Company is authorized, empowered and directed to certify to Harris as to the incumbency and the genuineness of the signature of each Authorized Person and Delegee granted signatory power and authority pursuant to the terms hereof; and that to the extent such certification is not provided to Harris in a timely manner, Harris is authorized in its discretion to either rely on any signature that Harris in good faith believes is the genuine signature of such Authorized Person or Delegee or refuse to honor any signature for such person until it receives such certification and Harris shall be indemnified and held harmless by the Company for any loss suffered or liability incurred by it for such reliance upon any such signature or for refusing to honor the signatures of any person not so certified to Harris.

BE IT FURTHER RESOLVED, that Harris may conclusively presume that the Resolutions remain in effect and that all Authorized Persons and Delegees designated pursuant thereto retain all powers and authorities granted upon them pursuant to the Resolutions, and in the case of any Delegee, such conclusive presumption shall be irrespective of whether the Authorized Person that delegated the powers and authorities to such Delegee pursuant to the Resolutions is no longer an Authorized Person, unless and until the Company delivers to Harris written notice to the contrary, and Harris shall be indemnified and held harmless by the Company for any loss suffered or liability incurred (including for reasonable attorneys' fees and legal expenses) by it in reliance upon any signature of an Authorized Person or Delegee, the genuineness of which has been certified to Harris pursuant to these Resolutions regardless of by whom or by what means the purported signatures may have been affixed to any instrument, if such signatures reasonably resemble the specimen signature so certified.

BE IT FURTHER RESOLVED, that any Authorized Person is, authorized and empowered, in the name and on behalf of the Company, to take or cause to be taken all such other and further action, and to execute, acknowledge and deliver any and all certificates, applications, agreements, documents, instructions and other instruments, that any such Authorized Person deems necessary, appropriate or desirable in order to carry out the Resolutions and to consummate or carry-out any of the transactions or matters contemplated thereby, such determination to be conclusively evidenced by the taking of such action or the execution and delivery of such certificate, application, agreement, document, instruction or other instrument by any such Authorized Person.

2. The Resolutions have not been amended, altered, modified, rescinded or repealed and are in full force and effect as of the date hereof.

3. The Resolutions do not conflict with or contravene the articles or certificate of organization of the Company or the limited liability company agreement or operating agreement of the Company, or any agreement, law, regulation or order applicable to the Company or its business.

4. Each of the persons listed on the first page of the Resolutions has been designated by the managers (in the case of a manager-managed limited liability company) or members (in the case of a member-managed limited liability company) of the Company in the Resolutions as an Authorized Person and each such Authorized Person has been, and currently is, a duly elected, admitted, or authorized manager (in the case of a manager-managed limited liability company), member (in the case of a member-managed limited liability company), employee or other agent as set forth opposite his or her name and each such Authorized Person's specimen signature set forth in the Resolutions above is the genuine signature of such Authorized Person:

5. The Company will certify to Harris the genuineness of the specimen signature of any additional Authorized Person or Delegee with signatory power and authority subsequently designated as such pursuant to the Resolutions.

6. Each person that adopted the Resolutions had all necessary power and authority to adopt the Resolutions at the time such Resolutions were adopted.

7. Notwithstanding the adoption of the Resolutions by all the members of the Company (in the case of a member-managed limited liability company) or all of the managers of the Company (in the case of a manager-managed limited liability company), I hereby certify that I, individually, have the full and unrestricted power and authority in the name and on behalf of the Company under the articles or certificate of organization of the Company and the limited liability company agreement or operating agreement of the Company to execute and deliver this Certificate and to designate, empower and authorize, and hereby do designate, empower and authorize, the Authorized Persons as provided in the Resolutions.

IN WITNESS WHEREOF, I have hereunto subscribed my name on behalf of the Company as of the date first written above.

  
Signature

Name: MICHAEL S WILLIAMS

Title: MANAGING MEMBER



Government of Puerto Rico

## CERTIFICATE OF EXISTENCE

I, **LUIS G. RIVERA MARÍN**, **Secretary of State** of the Government of Puerto Rico,

**CERTIFY:** That according to our records **SCIPIO, LLC**, with registration number **369383**, is a **domestic for profit limited liability company** organized on **March 3, 2016**.

*This certification does not certify that this corporation has filed its annual reports, pursuant to the requirements of the General Corporations Law, as amended. If you need to know if such reports have been filed, you must request a Certificate of Good Standing.*



**IN WITNESS WHEREOF**, the undersigned by virtue of the authority vested by law, hereby issues this certificate and affixes the Great Seal of the Government of Puerto Rico, in the City of San Juan, Puerto Rico, today, **April 5, 2019**.

A handwritten signature in blue ink, appearing to be "LGR", is written over a horizontal line.

**LUIS G. RIVERA MARÍN**  
Secretary of State

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To validate this certificate go to: <http://estado.pr.gov/>

This certificate can be validated an unlimited number of times before its expiration date of 04-Apr-2020.

Certificate Validation Number: **291570-70902791**



Commonwealth of Puerto Rico  
**DEPARTMENT OF STATE**  
San Juan, Puerto Rico

## **CERTIFICATE OF ORGANIZATION**

I, **VÍCTOR A. SUÁREZ MELÉNDEZ**, **Secretary of State** of the Commonwealth of Puerto Rico;

**CERTIFY:** That **SCPIO, LLC**, register number **369383**, is a **Domestic For Profit Limited Liability Company** organized under the laws of Puerto Rico on this **3rd of March, 2016 at 02:27 p.m..**



**IN WITNESS WHEREOF**, the undersigned by virtue of the authority vested by law, hereby issues this certificate and affixes the Great Seal of the Commonwealth of Puerto Rico, in the City of San Juan, Puerto Rico, today, **March 3, 2016**.

A handwritten signature in blue ink, appearing to read 'V. A. Suárez Meléndez'.

**VÍCTOR A. SUÁREZ MELÉNDEZ**  
Secretary of State



Commonwealth of Puerto Rico  
Department of State

Transaction Date: 03-Mar-2016  
Register No: 369383  
Order No: 1000615

**Commonwealth of Puerto Rico  
Department of State**

**Certificate of Formation of a Limited Liability Company**

**Article I - Limited Liability Company Name**

**The name of the Domestic Limited Liability Company is: SCPIO, LLC**

**Desired term for the entity name is: LLC**

**Article II - Principal Office and Resident Agent**

Its principal office in the Commonwealth of Puerto Rico will be located at:

Street Address **207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912**  
Mailing Address **207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912**  
Phone **(787) 753-3113**

The name, street and mailing address of the Resident Agent in charge of said office is:

Name **FGR CORPORATE SERVICES, INC.**  
Street Address **254 MUNOZ RIVERA AVENUE, ORIENTAL CENTER SUITE P1, SAN JUAN, PR, 00918**  
Mailing Address **254 MUNOZ RIVERA AVENUE, ORIENTAL CENTER SUITE P1, SAN JUAN, PR, 00918**  
Email **fiddler@fgrlaw.com**  
Phone **(787) 753-3113**

**Article III - Nature of Business**

This is a For Profit entity whose nature of business or purpose is as follows:

**The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Puerto Rico General Corporations Act of 2009, as amended.**

**Article IV - Authorized Persons**

The name, street and mailing address of each Authorized Person is as follows:

Name **MOTTA VELEZ, CLAUDIA G.**  
Street Address **255 PONCE DE LEON AVENUE, 10TH FLOOR, SAN JUAN, PR, 00917-1913**  
Mailing Address **PO BOX 364148, SAN JUAN, PR, 00936-4148**  
Email **cmotta@reichardescalera.com**

SCIPIO, LLC

Domestic Limited Liability Company

**Article V - Administrators**

If the faculties of the Authorized Persons will end upon the filing of the Certificate of Formation of a Limited Liability Company, the names, physical and mailing address of the persons who will act as Administrators until the first annual meeting of the members or until their successors replace them are as follows:

Name	<b>WILLIAMS, MICHAEL</b>
Title	<b>President</b>
Street Address	<b>207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912</b>
Mailing Address	<b>207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912</b>
Email	<b>michael.williams@kineticgrp.com</b>
Expiration Date	<b>Indefinite</b>

**Article VI - Terms of Existence**

The term of existence of this entity will be: **Perpetual**

The date from which the entity will be effective is: **03-Mar-2016**

**Supporting Documents**

<b>Document</b>	<b>Date Issued</b>
Otro	03-Mar-2016

**STATEMENT UNDER PENALTY OF PERJURY**

IN WITNESS WHEREOF, I/We MOTTA VELEZ, CLAUDIA G., the undersigned, for the purpose of forming a limited liability company pursuant to the laws of Puerto Rico, hereby swear that the facts herein stated are true. This 3rd day of March, 2016.





Government of Puerto Rico

## CERTIFICATE OF EXISTENCE

I, LUIS G. RIVERA MARÍN, Secretary of State of the Government of Puerto Rico,

CERTIFY: That according to our records EL MORRO FINANCIAL GROUP, LLC, with registration number 369364, is a domestic for profit limited liability company organized on March 3, 2016.

This certification does not certify that this corporation has filed its annual reports, pursuant to the requirements of the General Corporations Law, as amended. If you need to know if such reports have been filed, you must request a Certificate of Good Standing.



IN WITNESS WHEREOF, the undersigned by virtue of the authority vested by law, hereby issues this certificate and affixes the Great Seal of the Government of Puerto Rico, in the City of San Juan, Puerto Rico, today, April 5, 2019.

A blue ink signature of Luis G. Rivera Marín, Secretary of State, is written over a horizontal line.

LUIS G. RIVERA MARÍN  
Secretary of State

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To validate this certificate go to: <http://estado.pr.gov/>

This certificate can be validated an unlimited number of times before its expiration date of 04-Apr-2020.

Certificate Validation Number: 291566-89219052



Commonwealth of Puerto Rico  
**DEPARTMENT OF STATE**  
San Juan, Puerto Rico

## **CERTIFICATE OF ORGANIZATION**

I, **VÍCTOR A. SUÁREZ MELÉNDEZ**, **Secretary of State** of the Commonwealth of Puerto Rico;

**CERTIFY:** That **EL MORRO FINANCIAL GROUP, LLC**, register number **369364**, is a **Domestic For Profit Limited Liability Company** organized under the laws of Puerto Rico on this **3rd of March, 2016 at 12:16 p.m.**



**IN WITNESS WHEREOF**, the undersigned by virtue of the authority vested by law, hereby issues this certificate and affixes the Great Seal of the Commonwealth of Puerto Rico, in the City of San Juan, Puerto Rico, today, **March 3, 2016**.

A handwritten signature in blue ink, appearing to read 'V. A. Suárez Meléndez'.

**VÍCTOR A. SUÁREZ MELÉNDEZ**  
Secretary of State



Commonwealth of Puerto Rico  
Department of State

Transaction Date: 03-Mar-2016  
Register No: 369364  
Order No: 1000544

## Commonwealth of Puerto Rico Department of State

### Certificate of Formation of a Limited Liability Company

#### Article I - Limited Liability Company Name

The name of the Domestic Limited Liability Company is: **EL MORRO FINANCIAL GROUP, LLC**  
Desired term for the entity name is: **LLC**

#### Article II - Principal Office and Resident Agent

Its principal office in the Commonwealth of Puerto Rico will be located at:

Street Address **207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912**  
Mailing Address **207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912**  
Phone **(787) 753-3113**

The name, street and mailing address of the Resident Agent in charge of said office is:

Name **FGR CORPORATE SERVICES, INC.**  
Street Address **254 MUNOZ RIVERA AVENUE, ORIENTAL CENTER SUITE P1, SAN JUAN, PR, 00918**  
Mailing Address **254 MUNOZ RIVERA AVENUE, ORIENTAL CENTER SUITE P1, SAN JUAN, PR, 00918**  
Email **fiddler@fgrlaw.com**  
Phone **(787) 753-3113**

#### Article III - Nature of Business

This is a For Profit entity whose nature of business or purpose is as follows:

**The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, providing services and engaging in eligible activities under Act 20-2012, as amended, known as the Puerto Rico Export Services Act, and engaging in any lawful act or activity for which limited liability companies may be formed under the Puerto Rico General Corporations Act of 2009, as amended.**

#### Article IV - Authorized Persons

The name, street and mailing address of each Authorized Person is as follows:

Name **MOTTA VELEZ, CLAUDIA G.**  
Street Address **255 PONCE DE LEON AVENUE, 10TH FLOOR, SAN JUAN, PR, 00917-1913**  
Mailing Address **PO BOX 364148, SAN JUAN, PR, 00936-4148**  
Email **cmotta@reichardescalera.com**

**Article V - Administrators**

If the faculties of the Authorized Persons will end upon the filing of the Certificate of Formation of a Limited Liability Company, the names, physical and mailing address of the persons who will act as Administrators until the first annual meeting of the members or until their successors replace them are as follows:

Name	<b>Williams, Michael</b>
Title	<b>President</b>
Street Address	<b>207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912</b>
Mailing Address	<b>207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912</b>
Email	<b>michael.williams@kineticgrp.com</b>
Expiration Date	<b>Indefinite</b>

Name	<b>LOCKE, KELLY</b>
Title	<b>Vice president</b>
Street Address	<b>207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912</b>
Mailing Address	<b>207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912</b>
Email	<b>klocke@lendacy.com</b>
Expiration Date	<b>Indefinite</b>

**Article VI - Terms of Existence**

The term of existence of this entity will be: **Perpetual**

The date from which the entity will be effective is: **03-Mar-2016**

**Supporting Documents**

<b>Document</b>	<b>Date Issued</b>
Otro	03-Mar-2016

**STATEMENT UNDER PENALTY OF PERJURY**

IN WITNESS WHEREOF, I/We MOTTA VELEZ, CLAUDIA G., the undersigned, for the purpose of forming a limited liability company pursuant to the laws of Puerto Rico, hereby swear that the facts herein stated are true. This 3rd day of March, 2016.

**UNANIMOUS WRITTEN CONSENT  
OF THE BOARD OF DIRECTORS  
OF  
KINETIC INTERNATIONAL LLC**

The undersigned, being all of the members of the Board of Directors (the “Board”) of Kinetic International LLC (the “Company”), a limited liability company organized and existing under the laws of the Commonwealth of Puerto Rico, hereby adopt the following resolution by unanimous written consent of all members without a meeting, pursuant to Article 19.25 of Puerto Rico’s General Corporations Act, Act No. 164-2009, P.R. Laws Ann. Tit. 14, §§ 3501-4066, as amended from time to time (the “Act”), and do hereby consent to the adoption of the following resolutions by means of a written consent in lieu of a meeting:

**WHEREAS**, the Board deems advisable and in the best interest of the Company to convert the Company into a Puerto Rico corporation (the “Conversion”);

**WHEREAS**, for such Conversion, the Company shall undertake a plan of reorganization that entails a “Type F” reorganization under Section 1034.04(g)(1)(F) of the 2011 Internal Revenue Code for a New Puerto Rico, as amended (the “PRIRC”) to change its entity form from a limited liability company into a corporation named Kinetic International Inc. (the “Corporation”);

**WHEREAS**, such reorganization and conversion will be conducted pursuant to the terms of a certain Plan of Reorganization and Conversion Agreement to be executed by and between the Company and Michael Williams, Jeanelle Alemar Escabí, and Noel Zamot (the “Members”);

**WHEREAS**, the Company shall cease to exist on the effective date of the Conversion (the “Effective Date”) and the Corporation will continue the Company’s business;

**WHEREAS**, after such conversion, the Members shall be considered all of the shareholders of the Corporation, and will the current members of the Board of Directors of the Company shall be considered the members of the Board of Directors of the Corporation (“Board of Directors”), who shall manage the business and affairs of the Corporation;

**WHEREAS**, following the Effective Date, the Corporation will be managed and operated by the Corporation’s Board of Directors in accordance with the terms of the certificate of incorporation;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board does hereby authorize the Conversion to take place as of the Effective Date and pursuant to the terms of the Plan of Reorganization and Conversion Agreement and as detailed above;

**FURTHER RESOLVED**, that the form, terms and conditions of the Plan of Reorganization and Conversion Agreement are presently approved;

**FURTHER RESOLVED**, that Jeanelle Alemar Escabí, as Interim Chief Financial Officer of the Company (the "Authorized Representative"), be and is hereby authorized, for and on behalf of the Corporation, to execute the Plan of Reorganization and Conversion and all such documents and instruments (whether public or private) and to do and perform all such other and further acts and things as in his/her judgment may be necessary or advisable for the performance of the Corporation's obligations under or the consummation of the transaction contemplated by the Plan of Reorganization and Conversion, and to make such changes to the above documents as he/she in his/her sole discretion shall approve, and his/her execution of such documents shall be conclusive evidence of his/her approval, and otherwise to implement and give full effect to the intent and purpose of the foregoing resolutions; and

**BE IT FURTHER RESOLVED**, that any and all actions taken by the Authorized Representative of the Company or any person or persons in connection with any transaction or objectives approved in any or all foregoing resolutions, and all transactions related thereto, are hereby approved, ratified and confirmed in all respects;

**IN WITNESS WHEREOF**, the undersigned have executed this Unanimous Written Consent of the Board of Directors of Kinetic International LLC in San Juan, Puerto Rico, on this 16<sup>th</sup> day of July, 2019.

MEMBERS OF THE BOARD OF DIRECTORS:



Name: Jeanelle Alemar Escabí  
Title: Director



Name: Noel Zamot  
Title: Director

(Page 1 of 1)



BMO Harris Bank N.A.  
Business  
Signature Card

## TITLE AND MAILING ADDRESS OF ALL ACCOUNTS:

Knetic Funds I, LLC  
[REDACTED]  
SARASOTA, FL  
UNITED STATES

ACCOUNT(S)	ACCOUNT #	PRODUCT CODE	SQN
Essential Business Checking	[REDACTED] 4255	523	DDA

## W-9 INFORMATION

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a US person as defined by the Internal Revenue Code and explained on IRS Form W-9.

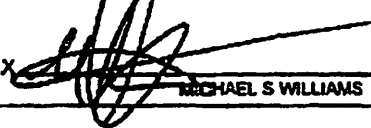
**Certification Instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of security property, contribution of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN.

TAX ID NUMBER: [REDACTED] 1176 TAX ID SIGNATURE:  DATE: \_\_\_\_\_

By signing below, I/we apply to open and maintain the type of any deposit account(s) described above (the "Account(s)") and acknowledge receipt of the Harris Handbook for Personal and Business Deposit Accounts as amended from time to time by Harris (the "Handbook") and the applicable Services Guide as defined in the Handbook. I/we agree that the Handbook shall govern the Account(s), the ownership rights of the account owner listed in the title of the Account(s) (the "Owners"), and all other deposit accounts that the Owner has with Harris now or in the future. If this is an application for a checking or statement savings account, I/we also apply for a Harris ATM or Debit card and I/we agree to the applicable provisions in the Handbook. "Harris" means the particular Harris bank identified at the top of this signature record which opens the Account(s). I/we hereby acknowledge that the funds in the Account(s) will not be used for personal, consumer or household use.

I/we authorize Harris to check the credit and employment history of the Owner and me/us and answer questions about Harris' experience with the Owner and me/us. I/we also authorize the sharing by Harris with any of its affiliates of any information relating to the Owner and me/us, the Account(s) or the other relationships of the Owner or me/us with Harris, including credit report information, unless I/we notify Harris, in accordance with the Harris Privacy Policy, not to share information (other than transaction and experience information) about the Owner or me/us. Harris has the right to charge the Account(s) for any liabilities owed to Harris or its affiliates by any one of the Owner.

I/we hereby authorize Harris to transfer funds and take other actions upon written (including facsimile) or electronic instructions purportedly from the Owner or an authorized signer. I/we agree that the Account(s) shall be governed by applicable federal and state laws as set forth in the Handbook.

Signature (Black Ink Only)	Signature (Black Ink Only)
X  MICHAEL S WILLIAMS	X _____
X _____	X _____



## LIMITED LIABILITY COMPANY RESOLUTIONS

DATED AS OF 01/15/2013

I, KINETIC PARTNERS, LLC  
to BMO Harris Bank N.A. ("Harris") that:


, DO HEREBY CERTIFY

1. I am a duly elected, qualified and acting manager (in the case of a manager-managed limited liability company) or a duly authorized and admitted member (in the case of a member-managed limited liability company) and keeper of the company records of Knetic Funds I, LLC a limited liability company duly organized and existing under the laws of the State of DELAWARE (the "Company"); and that the following is a true and correct copy of the resolutions duly adopted by all of the managers (in the case of a manager-managed limited liability company) or all of the members (in the case of a member-managed limited liability company) of the Company on the 10 day of MAY, 2012, and recorded in the records of the Company, in accordance with applicable law and the limited liability company operating agreement of the Company and articles or certificate of organization of the Company (the "Resolutions"):

## I. HARRIS AS DEPOSITORY

BE IT RESOLVED, that Harris is designated as an authorized depository of the Company.

BE IT FURTHER RESOLVED, that each of the following authorized persons of the Company is designated as an "Authorized Person"; with each such Authorized Person empowered to act individually on behalf of the Company to exercise such powers and authorities as are set forth in the Resolutions:

NAME	TITLE	SPECIMEN SIGNATURE
1. MICHAEL S WILLIAMS	AUTH SIGNER	
2.		
3.		
4.		
5.		
6.		
7.		

BE IT FURTHER RESOLVED, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company, to delegate to additional authorized persons, including members (in the case of a member-managed limited liability company), managers (in the case of a manager-managed limited liability company), employees or other agents, of the Company ("Delegates"), any or all of the powers and authorities granted to the Authorized Persons herein, including, but not limited to, signatory powers and

authorities, as any such Authorized Person deems necessary, desirable or appropriate (excluding, however, the authority to appoint additional, or revoke the authority of, Delegees), or revoke such authority, such determination to be conclusively presumed by any such Authorized Person informing Harris (verbally, in writing or by electronic (Internet, fax or e-mail) instruction) of such designation, delegation or revocation.

BE IT FURTHER RESOLVED, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company:

(a) to execute and deliver any and all signature cards, authorizations, set-up and other applications, forms, documentation, instructions, certificates and agreements, including without limitation any deposit account agreements, required or requested by Harris, or deemed necessary, appropriate or desirable by an Authorized Person, in connection with the establishment, maintenance or administration of any checking, savings or other deposit accounts with Harris (the "Accounts") or in connection with any other banking services provided by Harris, to close any or all of the Accounts or to terminate such banking services and receive any proceeds therefrom, such determination to be conclusively evidenced by the execution and delivery of such signature card, authorization, set-up or other application, form, document, instruction, certificate or agreement by any such Authorized Person;

(b) to make, execute, draw, accept and endorse (manually, via facsimile signature, stamp or otherwise) any and all checks, notes, drafts, items, bills of exchange, acceptances, undertakings or other orders for the payment of money, including without limitation orders or directions in informal or letter form (collectively, "Orders"), against any money or funds or Accounts at any time standing to the credit of the Company with Harris, and Harris is authorized to honor any and all such Orders so made, executed, drawn, accepted or endorsed, including those drawn to the individual order of any such person signing the same, or authorized by an Authorized Person to be endorsed by, or purporting to be endorsed by, facsimile signature or stamp of such person without further inquiry or regard to the authority of said person or persons or the use of the Orders or the proceeds thereof;

(c) to instruct Harris, orally, in writing, electronically (including Internet, fax or e-mail) or otherwise, and take or cause to be taken all such other and further action, and to execute, acknowledge and deliver any and all certificates, agreements, documents and other instruments, that any such Authorized Person deems necessary or desirable in relation to any Orders deposited into or drawn on an Account, including with respect to any stop payment instructions on such Orders, such determination to be conclusively evidenced by the taking of such action or the execution and delivery of such certificate, agreement, document or other instrument by any such Authorized Person;

(d) to issue written, telephonic, electronic (including Internet, fax or e-mail) or oral instructions with respect to the transfer of funds of the Company on deposit with Harris (or at any other depository) by wire, automated clearing house or other electronic means of transfer, without any written Order being issued with respect to such transfer; and to enter into such agreements with Harris, in the name and on behalf of the Company, with respect to such transfers authorizing or providing for automatic or repetitive transfers, including without limitation agreements protecting Harris against the consequences of relying on instructions from persons purporting to be authorized to act in the name and on behalf of the Company, that any such Authorized Person may deem

necessary, appropriate or desirable, such determination to be conclusively evidenced by the issuance of such instruction or the execution of such agreement by any such Authorized Person, and to receive and administer user procedures, numbers, codes, passwords and other identification data and procedures assigned to the Company and its users for the foregoing services;

(e) to conduct Internet banking transactions using the services offered by Harris over the Internet as permitted by the terms and conditions set forth in any agreement by and between Harris and the Company and to designate authorized persons, including any member (in the case of a member-managed limited liability company), manager (in the case of a manager-managed limited liability company), employee or other agent, of the Company, who may or may not be employees or Authorized Persons of the Company, as agents of the Company, and authorize each of the foregoing individuals to conduct such banking transactions using the Internet, in the name and on behalf of the Company.

BE IT FURTHER RESOLVED, that any Authorized Person is authorized, empowered and directed, in the name and on behalf of the Company, to take or cause to be taken any and all actions necessary to ensure that all information relating to the Company, the Authorized Persons and Delegees delivered to or otherwise in Harris' possession, including without limitation, the Company's address for purposes of the delivery of account statements, account titles, notices, correspondence and contact information, is at all times true, correct and complete.

BE IT FURTHER RESOLVED, that any member (in the case of a member-managed company), manager (in the case of a manager-managed company), employee or other agent of the Company is authorized and empowered to execute or endorse for deposit, transfer or otherwise any Order or other negotiable instrument, which executions or endorsements may be made in writing, by facsimile signature or by stamp and with or without designation of the person so endorsing; and that in the absence of any such execution or endorsement Harris be and it hereby is authorized and empowered to make such execution or endorsement for deposit in the name and on behalf of the Company.

BE IT FURTHER RESOLVED, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company, to take any and all actions, and to execute, acknowledge and deliver any and all certificates, applications, agreements, documents, instructions and other instruments, that any such Authorized Person deems necessary, appropriate or desirable in order to close any or all of the Accounts and receive any proceeds therefrom, such determination to be conclusively evidenced by the taking of such action or the execution and delivery of such certificate, application, agreement, document, instruction or other instrument by any such Authorized Persons.

BE IT FURTHER RESOLVED, that any Order or other negotiable instrument authorized to be made, executed, drawn, accepted or endorsed pursuant to these Resolutions in the name of the Company, may be made, executed, drawn, accepted or endorsed by any of the Authorized Persons or appropriately authorized Delegees in any trade name or any name other than the legal name of the Company that any of such Authorized Persons or Delegees deem necessary or desirable, such determination to be conclusively presumed by the use of such name, and each such Order or other negotiable instrument shall be considered to be the Order or negotiable instrument of the Company, to the same extent and with the same force and effect as if the Order or other negotiable instrument had been made, executed, drawn, accepted or endorsed in the legal name of the Company.

**II. AUTHORITY TO OBTAIN ADDITIONAL BANKING SERVICES**

**BE IT FURTHER RESOLVED**, that any Authorized Person is authorized and empowered, in the name and on behalf of the Company:

(a) to borrow money and obtain credit from Harris on a current or other basis and to execute, acknowledge and deliver any notes, drafts, loan or line of credit agreements, application for letters of credit, agreements for commercial credit card loans and services, undertakings and other agreements with respect to such credit upon such terms, rates of interest, and conditions as any such Authorized Person may deem advisable, such determination to be conclusively evidenced by the execution and delivery of such note, draft, application for letter of credit, agreement for commercial credit card loans and services, undertaking or other agreement by any such Authorized Person;

(b) to execute, acknowledge and deliver agreements to assume, guaranty, endorse, agree to purchase or provide funds for the payment of or otherwise become liable for the obligations and/or liabilities which may from time to time be due and owing from any other person or entity to Harris, or to otherwise assure Harris against losses relating to an extension of credit to a third party;

(c) to receive and receipt for, sign Orders and issue instructions (written, including via facsimile or electronic instruction, or oral) for the handling and delivery of the proceeds of any extension of credit;

(d) to mortgage, pledge, transfer or assign to Harris, or create a security interest in favor of Harris, in any or all of the property (real, personal or mixed) and assets of the Company, including without limitation, real estate, notes, bonds, stocks, drafts, warehouse receipts and other documents, accounts and securities of the Company, and to take or cause to be taken any and all other action, and to execute, acknowledge and deliver any and all agreements, documents and instruments, in connection therewith or to otherwise perfect such security interests, including with respect to the deposit (and withdrawal or substitution) of such property with Harris;

(e) to take any and all other actions, and to execute, acknowledge and deliver any agreements that any of the Authorized Persons deem necessary or desirable in order to obtain or procure any other additional banking services from Harris, including without limitation cash management services, including, but not limited to, wire transfer, ACH or other electronic funds transfer services, collection and deposit services, and/or any electronic banking services, that any Authorized Person deems necessary, appropriate or desirable, including terms in such agreements that would have the Company indemnify or limit Harris' liability, such determination to be conclusively evidenced by the execution, acknowledgement and delivery thereof by any such Authorized Person.

**III. GENERAL**

**BE IT FURTHER RESOLVED**, that any member (in the case of a member-managed limited liability company) or manager (in the case of a manager-managed limited liability company) of the Company is authorized and directed to deliver to Harris a certified copy of the Resolutions, which certified copy shall without more constitute the undertaking and agreement of the Company as herein provided, and to certify

that the provisions thereof are in conformity with the articles or certificate of organization of the Company and the limited liability company agreement or operating agreement of the Company and that the Resolutions and the authority thereby conferred shall remain in full force and effect until the Company notifies Harris to the contrary in writing, but if any of the authorities and undertakings herein contained shall be terminated by operation of law without such notice, it is hereby resolved and agreed for the purpose of inducing Harris to act hereunder that Harris shall be indemnified and held harmless by the Company for any loss suffered or liability incurred by it after such termination without notice.

BE IT FURTHER RESOLVED, that any member (in the case of a member-managed limited liability company), manager (in the case of a manager-managed limited liability company), employee or other agent of the Company is authorized, empowered and directed to certify to Harris as to the incumbency and the genuineness of the signature of each Authorized Person and Delegee granted signatory power and authority pursuant to the terms hereof; and that to the extent such certification is not provided to Harris in a timely manner, Harris is authorized in its discretion to either rely on any signature that Harris in good faith believes is the genuine signature of such Authorized Person or Delegee or refuse to honor any signature for such person until it receives such certification and Harris shall be indemnified and held harmless by the Company for any loss suffered or liability incurred by it for such reliance upon any such signature or for refusing to honor the signatures of any person not so certified to Harris.

BE IT FURTHER RESOLVED, that Harris may conclusively presume that the Resolutions remain in effect and that all Authorized Persons and Delegees designated pursuant thereto retain all powers and authorities granted upon them pursuant to the Resolutions, and in the case of any Delegee, such conclusive presumption shall be irrespective of whether the Authorized Person that delegated the powers and authorities to such Delegee pursuant to the Resolutions is no longer an Authorized Person, unless and until the Company delivers to Harris written notice to the contrary, and Harris shall be indemnified and held harmless by the Company for any loss suffered or liability incurred (including for reasonable attorneys' fees and legal expenses) by it in reliance upon any signature of an Authorized Person or Delegee, the genuineness of which has been certified to Harris pursuant to these Resolutions regardless of by whom or by what means the purported signatures may have been affixed to any instrument, if such signatures reasonably resemble the specimen signature so certified.

BE IT FURTHER RESOLVED, that any Authorized Person is, authorized and empowered, in the name and on behalf of the Company, to take or cause to be taken all such other and further action, and to execute, acknowledge and deliver any and all certificates, applications, agreements, documents, instructions and other instruments, that any such Authorized Person deems necessary, appropriate or desirable in order to carry out the Resolutions and to consummate or carry-out any of the transactions or matters contemplated thereby, such determination to be conclusively evidenced by the taking of such action or the execution and delivery of such certificate, application, agreement, document, instruction or other instrument by any such Authorized Person.

2. The Resolutions have not been amended, altered, modified, rescinded or repealed and are in full force and effect as of the date hereof.

3. The Resolutions do not conflict with or contravene the articles or certificate of organization of the Company or the limited liability company agreement or operating agreement of the Company, or any agreement, law, regulation or order applicable to the Company or its business.

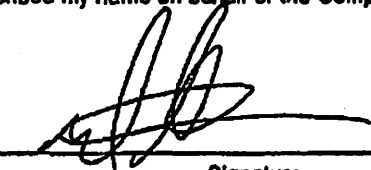
4. Each of the persons listed on the first page of the Resolutions has been designated by the managers (in the case of a manager-managed limited liability company) or members (in the case of a member-managed limited liability company) of the Company in the Resolutions as an Authorized Person and each such Authorized Person has been, and currently is, a duly elected, admitted, or authorized manager (in the case of a manager-managed limited liability company), member (in the case of a member-managed limited liability company), employee or other agent as set forth opposite his or her name and each such Authorized Person's specimen signature set forth in the Resolutions above is the genuine signature of such Authorized Person:

5. The Company will certify to Harris the genuineness of the specimen signature of any additional Authorized Person or Delegee with signatory power and authority subsequently designated as such pursuant to the Resolutions.

6. Each person that adopted the Resolutions had all necessary power and authority to adopt the Resolutions at the time such Resolutions were adopted.

7. Notwithstanding the adoption of the Resolutions by all the members of the Company (in the case of a member-managed limited liability company) or all of the managers of the Company (in the case of a manager-managed limited liability company), I hereby certify that I, individually, have the full and unrestricted power and authority in the name and on behalf of the Company under the articles or certificate of organization of the Company and the limited liability company agreement or operating agreement of the Company to execute and deliver this Certificate and to designate, empower and authorize, and hereby do designate, empower and authorize, the Authorized Persons as provided in the Resolutions.

IN WITNESS WHEREOF, I have hereunto subscribed my name on behalf of the Company as of the date first written above.

  
Signature

Name: KINETIC PARTNERS, LLC

Title: MICHAEL S WILLIAMS, AUTH SIGNER

# Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS ON FILE OF "KINETIC FUNDS I, LLC" AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

CERTIFICATE OF FORMATION, FILED THE TENTH DAY OF MAY, A.D. 2012, AT 3:17 O`CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE AFORESAID LIMITED LIABILITY COMPANY, "KINETIC FUNDS I, LLC".



  
Jeffrey W. Bullock, Secretary of State

5152775 8100H  
SR# 20192592269

Authentication: 202615213  
Date: 04-10-19

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)



State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 03:22 PM 05/10/2012  
FILED 03:17 PM 05/10/2012  
SRV 120542985 - 5152775 FILE

**State of Delaware**  
**Limited Liability Company**  
**Certificate of Formation**

**FIRST:** The name of the Limited Liability Company is **Kinetic Funds I, LLC.**

**SECOND:** The address of its registered office in the State of Delaware is 615 S. DuPont Highway, Dover, DE 19901, in the County of Kent. The name of its Registered Agent at such address is NATIONAL CORPORATE RESEARCH, LTD.

**THIRD:** The members agree to be bound by the signed operating agreement except as it may be contradicted by the General Corporation Laws of the State of Delaware.

**In Witness Whereof,** the undersigned has executed this Certificate of Formation of Kinetic Funds I, LLC this 10<sup>th</sup> day of May, 2012.

  
Authorized Person—Phillip E. Handin, Esq.

Sent: Wed, 9 Sep 2015 18:42:25 -0400  
Subject: LENDACY  
From: Kelly Locke <klocke@lendacy.com>  
To: [REDACTED]@VERIZON.NET  
[Lendacy Brochure \(2\).pdf](#)  
[KFYIELD-REPORT-AUG15 \(3\) \(1\).pdf](#)  
[KFYIELD-BENCHMARK \(5\) \(1\).pdf](#)  
[Lendacy Credit Application 4-21-15 REV \(13\).pdf](#)

Dr. Corbett,

It was pleasure speaking with you these evening. I appreciate you sparing a few moments of your time especially while you and your family navigate a difficult loss.

As we discussed, I've included some information for you regarding Lendacy and our partner, Kinetic Group. Attached you'll find reports from Bloomberg on the investment: KFYIELD (Kinetic Funds Yield) our Lendacy brochure that includes some case studies of clients we've been able to assist in the past.

If you or your son would like to view the KFYIELD listing on the Bloomberg terminal, you're welcome to visit our office or I can set up a GoToMeeting online and review the information that's not listed on the attached reports such as our holdings and monthly dividend payouts.

Lastly, I've also included the Lendacy credit line application that is the first step to facilitating this transaction, should you decide that it's a fit for you.

Michael Williams, Founder and Fund Manager for Kinetic is available the follow dates/times for a discussion on the investment strategy for the fund.

- Tomorrow 9/10 between 12:00PM - 2:00PM or 4:45PM - 6:30PM
- Friday 9/11 between 12:00PM - 2:00PM or 4:45PM - 6:30PM
- Monday 9/14 between 11:00AM - 3:00PM or 4:30pm - 6:30PM

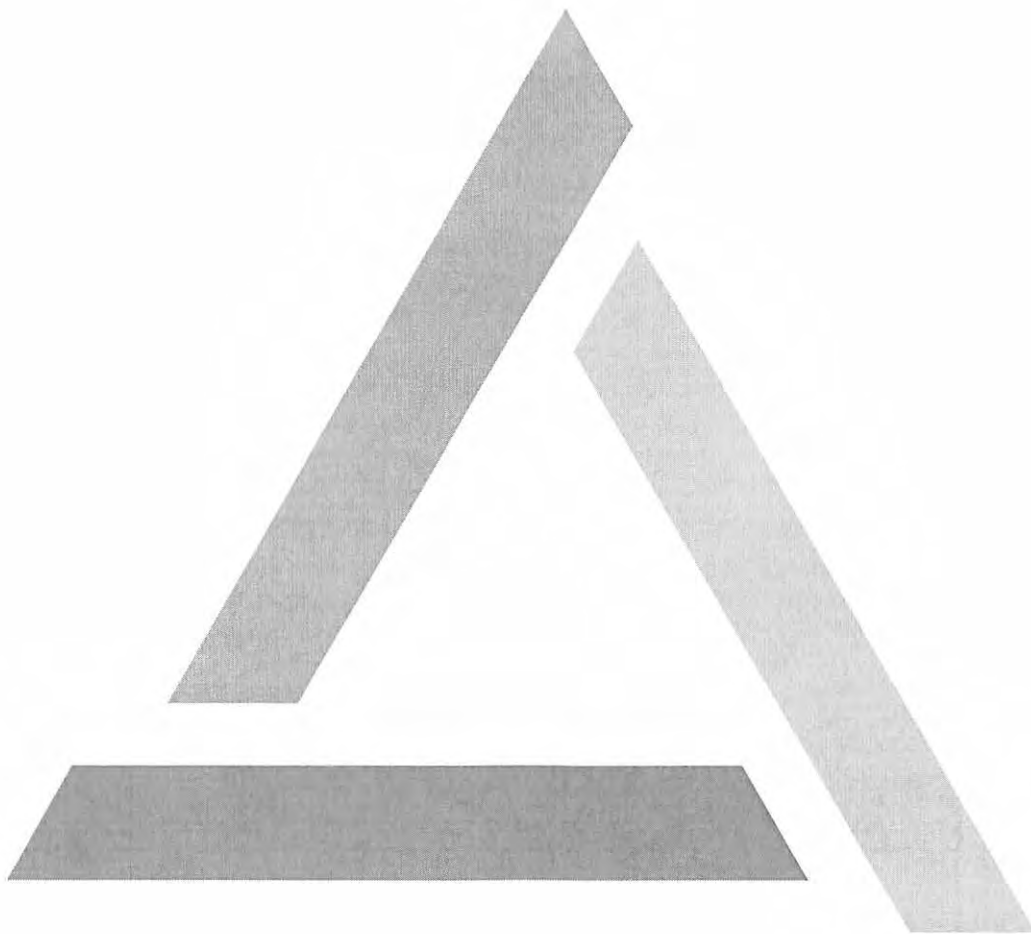
Please let me know if any of the above aligns with your schedule and I will give you a call. If not, we're flexible so please suggest a time that works for you.

Thank you,

--

Kelly Locke, Operations Director  
LENDACY - Leverage Your Wealth  
1800 2nd Street, Suite 956  
Sarasota, FL 34236  
[klocke@lendacy.com](mailto:klocke@lendacy.com)  
[www.lendacy.com](http://www.lendacy.com)  
(941) 363-6686







## Lendacy: Leverage Your Wealth

Wise investors have long known that the secret to creating a financial legacy is to leverage their wealth when opportunity presents itself.

That opportunity might be the acquisition of real estate, the refinancing of a property, the rescue of an underwater property, the purchase of an IPO, or an angel investment.

But too often, accessing or borrowing the funds needed to take advantage of opportunities is fraught with difficulties: liquidating working assets, high interest rates on loans, lost opportunities because of a bank's indecision, huge penalties for early IRA withdrawals, and onerous tax consequences. The list goes on.

Lendacy offers customized lending solutions that provide access to funds with flexible lines of credit to meet your investment requirements.

Now, you can access capital you could not get to before, borrowing at a rate well below prime while having investments that often earn more than you pay in interest. You keep 100% of your capital working, generating dividends and interest with the opportunity for continued appreciation.

Because your loan is customized, your payment options are flexible, determined by your particular needs and can include deferred, interest only, flat, or principal reduction payment schedules. It is possible because of our relationships with the investment managers with whom we partner.

Intelligence, imagination, and hard work created your wealth. Partnering with Lendacy to leverage it can help protect and grow your legacy.





## The Perks of Being an Accredited Investor

The opportunity Lendacy offers is open only to those select few who have achieved a certain degree of success and in doing so are what the Securities and Exchange Commission defines as an accredited investor.

To qualify, you must in general terms:

- Have an income exceeding \$200,000 in each of the two most recent years or a joint income with your spouse that exceeds \$300,000 for those years and a reasonable expectation of the same income level in the current year.
- Be an individual who has a net worth, or joint net worth with your spouse that exceeds \$1 million excluding the value of your primary residence.
- Be a trust, with total assets in excess of \$5 million, not formed to specifically purchase the subject securities, whose purchase is directed by a sophisticated person.
- Be an entity in which all the equity owners are accredited investors.

If you qualify, you are able to participate in a variety of investment opportunities not available to those who have not achieved this financial status. They include IPO's, hedge and private equity funds, structural products created within the banking sector, as well as certain commercial real estate and brand name franchise investments.

However, many accredited investors are unaware of the possibilities available and do not take advantage of them. Your Lendacy consultant will be happy to discuss this and show you how you can best leverage your wealth given your current financial needs.

*\*Visit [Lendacy.com](http://Lendacy.com) for more information about being an accredited investor.*





## The Three Quick and Simple Steps to Funding

### 1. The Discovery Step

The process begins with your providing a standard credit application to determine whether you qualify as an accredited investor. If you qualify for a line of credit, then we will work to find a repayment schedule that meets your needs going forward, whether it is a deferred, interest only, principal reduction, or flat payment schedule. The objective is to craft a comprehensive solution that leverages your wealth to serve your goals for growing and protecting your financial legacy.

### 2. The Solution Step

Once the information we obtain in the discovery phase has established you are an accredited investor and eligible for a Lendacy line of credit, we will make recommendations on repositioning your assets and liabilities with a custodian who specializes in working with people like you who are leveraging their wealth.

### 3. The Funding Step

Once your custodian has your funds, they will complete the transaction with our partnering investment manager and you will have access to your line of credit through a wire transfer to your bank, escrow account, or to you personally, however you direct.





### Case Studies: Acquiring Real Estate

When retired architect Rob F. found a four-acre lot on which he could build four homes, he knew he had uncovered a promising investment opportunity and wanted to take advantage of it. He turned to his bank for the capital needed to pursue the project.

Though he paid for several promising appraisals over a period of months and was willing to put up a 40% deposit and pay 5% interest on the loan, the bank rejected him. Their rationale: though he had 35 years of experience as an architect, he had none as a builder.

Rob was referred to Lendacy by the real estate agent that had found him the property. We brought him to a team of professional asset managers that recognized the value of his career and offered a creative approach to obtaining the necessary capital.

Within seven days, Lendacy arranged an investor relationship credit line that allowed Rob to fund the transaction at a rate well below prime so liquidating his assets was unnecessary. He was able to keep them working, generating dividend income and interest sufficient to pay insurance and taxes on the property in addition to the interest on his credit line.

Today, the properties are built and Rob is realizing a healthy positive cash flow.







### Case Studies: Refinancing a Property

In 2005, Susan and George K. obtained a construction loan to build their dream home. They purchased a lot, worked closely with an architect, and began construction. But in the midst of building the housing bubble burst. The couple was left with a house that was underwater and a loan they could not refinance.

Already paying an excessive interest rate of 6%, they were then charged penalties for exceeding the term of the construction loan balloon. In all, they found themselves faced with a monthly obligation of nearly \$15,000. For four years, they attempted—and failed—to refinance or restructure the loan because their bank demanded a cash-in refinance. To do so would have meant liquidating a considerable portion of their IRA and paying tax penalties because they were not yet 62. Their cherished dream of retirement was in jeopardy.

The couple's financial professionals had no way to help them. So they referred them to Lendacy. In a matter of days, they were able to obtain an investor relationship line of credit below prime that enabled them to execute the cash-in refinance without liquidating their assets. Their monthly costs were reduced by 300% to \$3,000 a month.

They are now in their dream home, able to repay their debt and live comfortably off the dividends and interest from their untouched assets.





### Case Studies: Preserving a Family Legacy

Like many baby boomers, Tom M. was faced with overseeing the care of an adored aging parent whose deteriorating health required dramatic changes in care and housing. The stress was overwhelming as Tom was seemingly faced with choices that would wipe out the legacy his parents had worked so hard to build for him, his wife, and children. Even more disheartening, he soon realized that even if he were to liquidate all of his mother's assets there was no guarantee they would provide the level of care that he, and she, wanted her to enjoy in her old age.

A friend familiar with Lendacy recommended us to Tom. Lendacy's financial team was able to arrange a customized investor relationship line of credit within a few weeks with an interest rate well below prime with a flexible, interest-only payment option.

Tom was then able to acquire, free and clear, a home for his mother in a country club like independent living facility she loved while leaving a 100% of her investment assets intact. Tom used the dividends and interest she earned to pay for her care.

His Lendacy line of credit enabled Tom to preserve his peace of mind as well as his mother's legacy.





## Case Studies: Fixing and Flipping

Joe S. had always had a keen eye as an entrepreneur and had done well targeting niche markets for fixing and flipping properties during the real estate boom. But when the Great Recession hit, competition increased in his market segment. Margins became slimmer and profits harder to come by because of higher lender fees, high interest rates, and banks less willing to lend money.

While others were hurt in this new environment, Joe found a way to take advantage of it and create greater opportunities for himself with a new funding platform for the acquisition of property and construction work that needed to be done with a customized investor relationship line of credit with Lendacy.

With no bank involvement, lender fees eliminated, interest rates well below market rates, and a flexible payment schedule that allowed him to defer payment until work was complete and the property sold, he was able, with this new approach to financing, to make more money on projects than ever before. Projects his competition was not even able to bid on.

Knowing that the costs of capital were substantially reduced, Joe was able to outbid his competitors for properties and sell them for less, while still making a healthy profit thanks to the savings his Lendacy line of credit provided.

He also had the satisfaction of providing housing for people who might otherwise not be able to afford it.





## Lendacy's Founding Partners

Michael S. Williams, Founding/Managing Partner, President

Michael brings more than 20 years and a wide breadth of experience in financial markets to his role at Lendacy, where he oversees the relationship between the company and its affiliated investment partners.

Michael and his partner, Thomas Frey, founded the Kinetic Management Group, LLC, as a management company for private investments and accredited investors. Together they also founded Siloxx Financial Systems, LLC, a leading technology firm for professional trading and risk management systems with many of the top tier financial firms among their clients.

Prior to founding the Kinetic Management Group, Michael was an options market maker and has floor brokerage experience as a member of the Stock Exchange. He has worked as an institutional floor broker representing Goldman Sachs, Morgan Stanley, and Swiss Bank.

Michael has lectured throughout the country on derivatives and risk management. He is the co-author of *Fundamentals of the Options Market*, published by McGraw Hill and is the author of an economic newsletter, "Market Preview."

An honored Navy veteran who served in the Gulf and is still an avid sailor, Michael has raced sailboats in his native Michigan and in San Francisco. He collects first editions and among his most treasured are several by Winston Churchill, Robert Louis Stevenson, Ernest Hemingway, Ian Fleming and Rafael Sabatini.

Michael resides in Sarasota with his wife, Janene, and his son, Jace.





## Lendacy's Founding Partners

Thomas J. Frey, Founding Partner

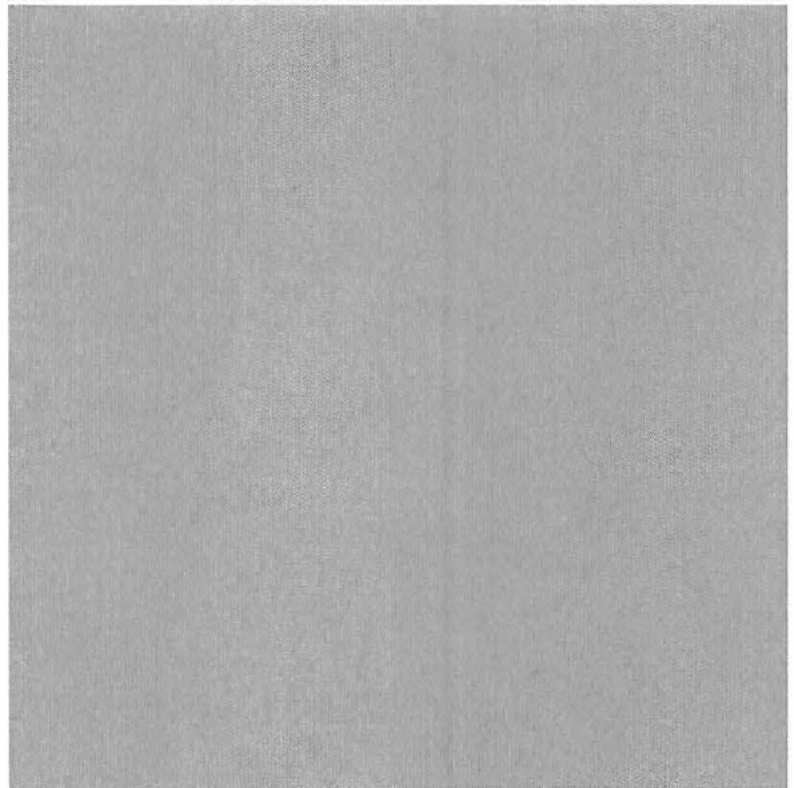
Thomas, co-founder of Lendacy, brings his considerable experience and expertise in information technology to developing the IT infrastructure and systems the company uses. He is also a founding/managing partner and President of Silcex Financial Systems, LLC, a financial trading and risk management company.

Thomas and his longtime friend and business partner, Michael Williams, founded the Kinetic Management Group to aid accredited investors in managing and leveraging their wealth. Lendacy, the Group's lending arm, was formed to provide its investors with easy access to lines of credit.

A native of Munich, Germany, Thomas decided to immigrate to the United States in 2008 after spending considerable time here working as a consultant for various hedge funds and brokerage firms. He met Michael while consulting in San Francisco and chose to move to Sarasota after visiting his friend here and falling in love with the area.

Thomas' consulting has allowed him to travel extensively. His favorite destinations include the South of France and Tokyo. He is a connoisseur of fine wines, particularly those from Bordeaux. He is an avid skier whose favorite spot are the slopes of the Swiss Alps.







Office (941) 363-6686 | Toll Free (855) 793-5363 | [info@lendacy.com](mailto:info@lendacy.com) | [www.lendacy.com](http://www.lendacy.com)  
1800 2<sup>nd</sup> Street, Suite 956 | Sarasota, FL | 34236

Lendacy is not a mortgage lender. Credit line and private loan solutions are not collateralized against real estate. All loans are subject to credit approval. Approval based on, but not limited to, credit rating, assets and income. Applicants must review the terms and conditions of the credit application and contract. Approvals are not guaranteed. Interest Rates (APR) are based on an applicant's credit worthiness and tied to Fed Fund Rates and subject to change. Loans may or may not be secured against other assets and/or may require a Guarantor. All applicants are advised to visit [lendacy.com/disclosures](http://lendacy.com/disclosures) for additional information.



# Bloomberg

## KINETIC FUNDS YIELD

## Fund Overview

Kinetic Funds Yield is an open end fund incorporated in the United States. It is a conservative blended fund that targets income while securing principal. The strategy employs options to mitigate risk, and ensure growth and income. The fund's holdings are primarily invested in government bonds including TIPS, corporate bonds, preferred shares, publicly listed equities, REITs and MLPs.

### Contact Details

Management Company

Kinetic Management Group LLC

Company Address

Kinetic Management Group  
LLC, 1800 2nd Street, Suite 955,  
Sarasota, FL 34236, USA

Company Telephone

1-941-870-9544

Web Site

www.kinetic-sg.com

Fund Manager

MICHAEL S WILLIAMS

Mgr - Start Date

01/02/2012

Transfer Agent

--

### Fund Info

Last Close

\$ 127.58

Total Assets (mil)

\$ 8.95

Total Assets Date

08/31/2015

Inception Date

01/01/2012

Primary Benchmark

S&P Preferred Stock TR

Curr

US Dollar

Min Investment

US Dollar 250,000.00

Ticker

KFYIELD US

ISIN

--

### Fees And Expenses

Expense Ratio

--

Front Load

--

Fund Mgr Stated Fee

--

Mgr Stated Perf. Fee

--

High-Water Mark

--

Hurdle Rate

--

Back Load

--

Early Withdraw Fee

--

### Bloomberg Classification

Fund Type

Mutual Fund

Fund Asset Class Focus

Mixed Allocation

Domicile

United States

Fund Objective

Conservative Allocation

Fund Style

--

Fund Market Cap Focus

--

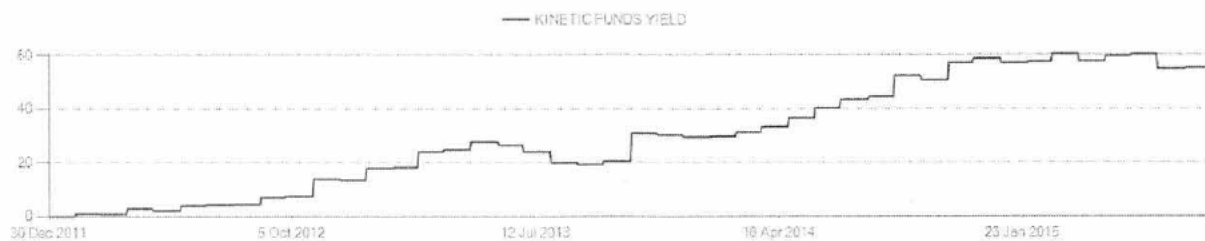
Fund Geographical Focus

United States

Fund Currency Focus

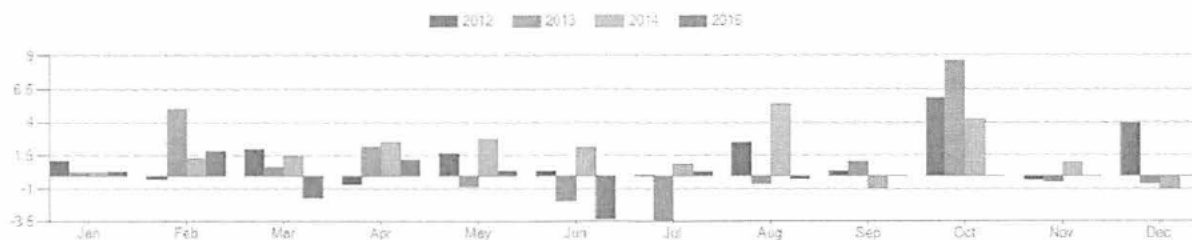
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### Total Return Chart



### Seasonality

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	1.10	-0.24	2.04	-0.65	1.72	0.37	0.08	2.52	0.41	5.84	-0.38	3.99
2013	0.18	5.02	0.65	2.21	-0.88	-1.90	-3.39	-0.61	1.05	8.61	-0.44	-0.58
2014	0.18	1.24	1.44	2.47	2.77	2.10	0.85	5.39	-0.97	4.23	0.96	-1.02
2015	0.33	1.82	-1.67	1.19	0.37	-3.33	0.26	-0.29	--	--	--	--



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# Bloomberg

## KINETIC FUNDS YIELD

## Fund Performance-Risk-Tracking

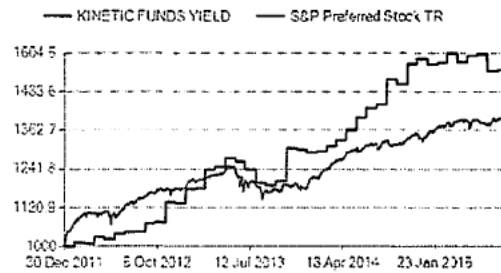
Benchmark: S&amp;P Preferred Stock TR

Currency: USD

as of 08/31/2015

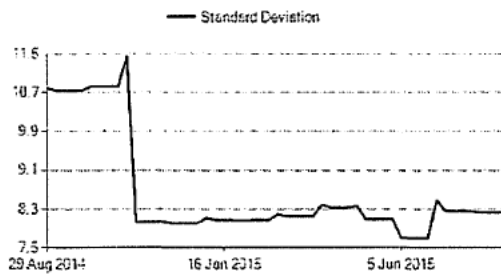
### Performance

	Fund	Bench.
Mean Return 1Y Weekly	2.19	4.58
Total Return 3M	-3.35	-0.22
Total Return 6M	-3.48	0.46
Total Return 1Y	1.70	4.41
Total Return Ytd	-1.40	2.98
Perf 2014	21.27	14.07
Perf 2013	9.79	-0.17
Perf 2012	17.93	18.64
Perf 2011	--	-1.16
Perf 2010	--	14.99
Perf 2009	--	45.01
Eff 7D Yld	0.00	--
30D Yld	0.00	--
Gross 7D Yld	0.00	--
Subs 7D Yld	0.00	--
Avg Life	--	--
MMkt Avg Days To Mat.	--	--



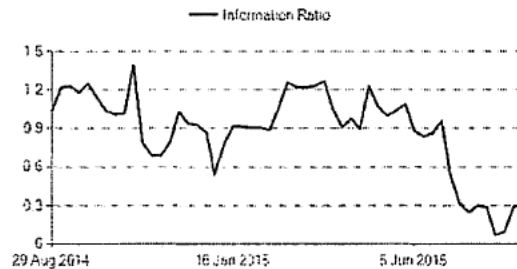
### Risk

	Fund	Bench.
Downside Risk 1Y Weekly Ann	4.10	2.53
Semivariance 1Y Weekly Ann	4.42	4.05
Standard Dev 1Y Weekly Ann	6.35	3.49
Max Drawdown 1Y	-3.48	-2.48
Max Increase 1Y	6.40	6.98
Kurtosis 1Y Weekly	11.66	-0.05
Skewness 1Y Weekly	1.00	-0.11



### Risk/Return

	vs Bench.
Excess Return 1Y Weekly Ann	-2.29
Information Ratio 1Y Weekly	-0.32
Jensen Alpha 1Y Weekly	2.14
Modigliani Rap 1Y Weekly	-0.03
Sharpe Ratio 1Y Weekly	0.34
Sortino Ratio 1Y Weekly	0.75
Treynor Measure 1Y Weekly	2.68



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**Bloomberg****KINETIC FUNDS YIELD****Fund Performance-Risk-Tracking**

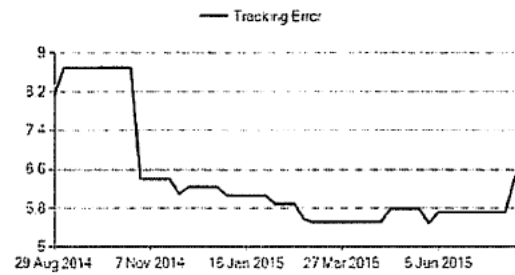
Benchmark: S&amp;P Preferred Stock TR

as of 08/31/2015

Currency: USD

Tracking

	vs Bench.
Alpha 1Y Weekly	0.04
Beta 1Y Weekly	0.00
Correlation 1Y Weekly	0.00
Bear Correlation 1Y Weekly	0.07
Bull Correlation 1Y Weekly	-0.07
R Squared 1Y Weekly	0.00
Tracking Error 1Y Weekly Ann	--



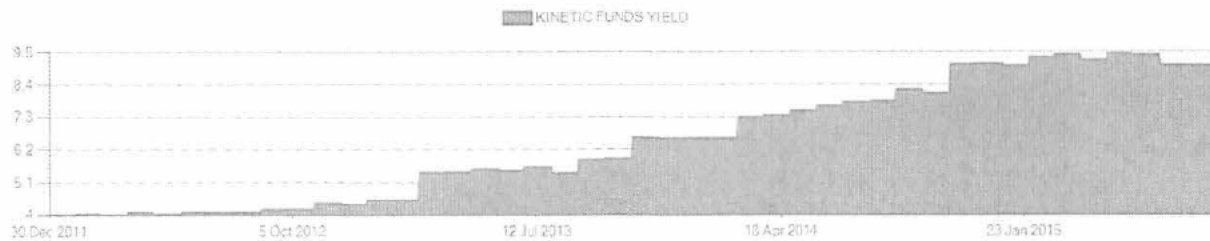
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# Bloomberg

## Fund Allocation

Total Assets (mil)

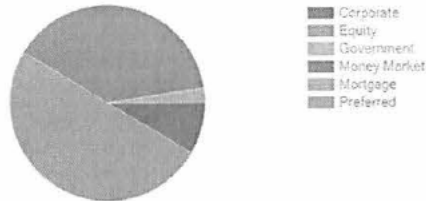
as of 08/31/2015



## Asset Allocation

as of 08/25/2015

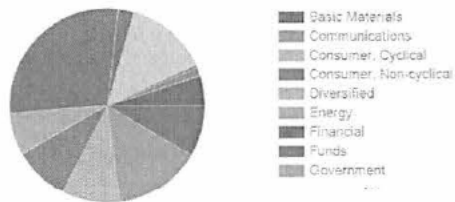
Corporate	8.544 %
Equity	50.057 %
Government	0.033 %
Money Market	38.94 %
Mortgage	0.31 %
Preferred	2.117 %



## Sector Allocation

as of 08/25/2015

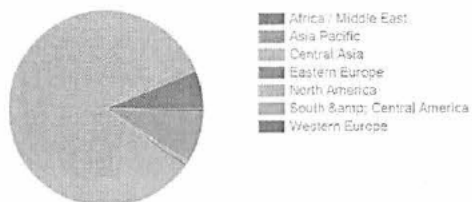
Basic Materials	5.182 %
Communications	8.85 %
Consumer, Cyclical	5.913 %
Consumer, Non-cyclical	5.564 %
Diversified	0.095 %
Energy	4.17 %
Financial	17.157 %
Funds	1.527 %
Government	0.033 %
Industrial	8.405 %
Mortgage Securities	0.31 %
Technology	0.872 %
Utilities	2.982 %



## Geo Allocation

as of 08/25/2015

Africa / Middle East	0.334 %
Asia Pacific	4.991 %
Central Asia	0.393 %
Eastern Europe	0.256 %
North America	49.067 %
South & Central America	0.893 %
Western Europe	3.747 %



## Portfolio Statistics

as of 08/25/2015

% Of Top Ten Holdings	29.05	Avg Price/Earnings	22.53
Fund Turnover	--	Avg Price/Cash Flow	6.57
Median Mkt Cap (M)	915.97	Avg Price/Sales	1.42
Avg Market Cap (mil)	18,719.13	Avg Price/Book Ratio	1.43
Avg Divd Yield	5.23		

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## Bloomberg

## Performance Analysis

Portfolio: KFYIELD US

Benchmark: SPTREFTR

Start Date: 12/30/2011

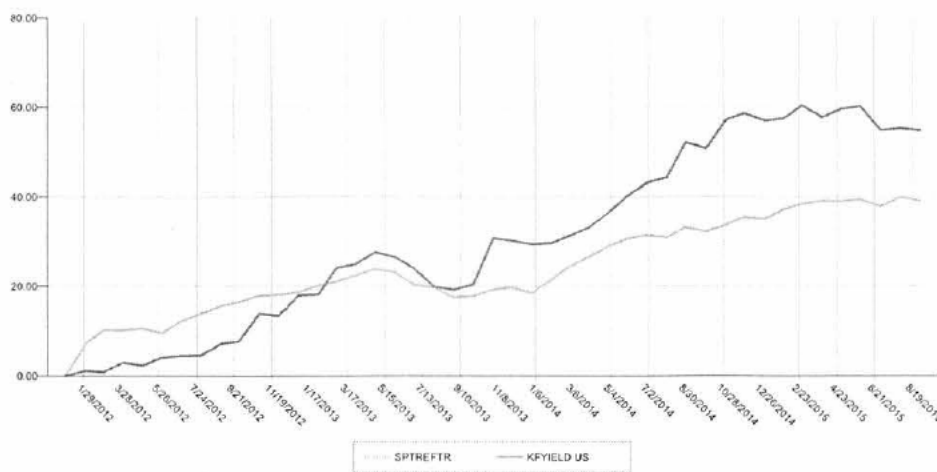
End Date: 08/31/2015

Currency: USD

Period: Monthly

History: Total Return

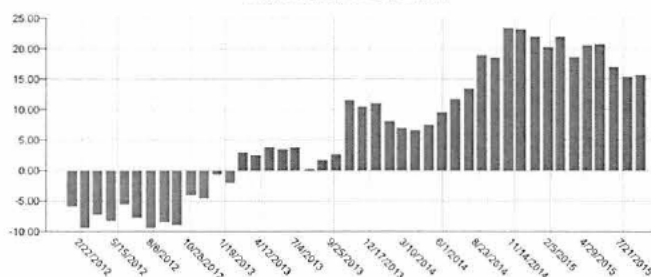
Total Return: 54.817 Benchmark: 39.138



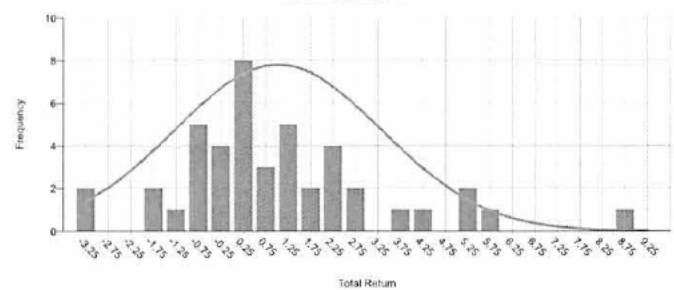
## Performance Analysis

Performance: Daily	Portfolio	Benchmark
Total Return 1 Month(s)	-0.29	-0.55
Total Return MTD	-0.29	-0.55
Total Return QTD	-0.03	0.87
Total Return YTD	-1.40	2.98
Total Return 3 Month(s)	-3.35	-0.22
Total Return 6 Month(s)	-3.48	0.46
Total Return 1 Year(s)	1.70	4.41
Total Return 2 Year(s)	29.90	18.43
Total Return 3 Year(s)	44.53	20.34
Risk: Weekly		
Standard Deviation 1 Year(s)	6.35	3.49
Semivariance 1 Year(s)	4.71	4.08
Beta 1 Year(s)	0.14	--
Correlation 1 Year(s)	0.06	--
R-Squared 1 Year(s)	0.00	--
Information Ratio 1 Year(s)	0.31	--
Sharpe Ratio vs Risk Free 1 Year(s)	0.93	1.40
Tracking Error 1 Year(s)	6.46	--

## Performance Vs Benchmark



## Return Distribution



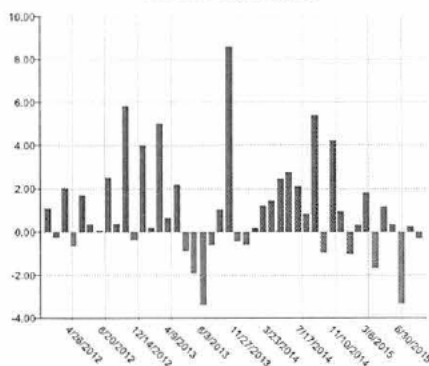
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## Bloomberg

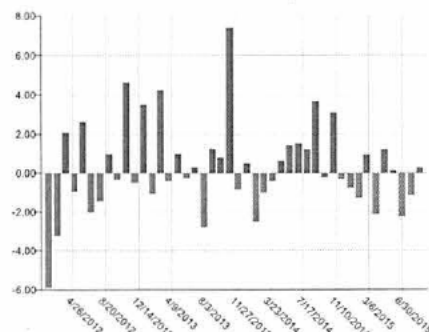
## Performance Analysis

Portfolio: KFYIELD US Benchmark: SPTREPTR Start Date: 12/30/2011 End Date: 08/31/2015 Currency: USD  
 Period: Monthly History: Total Return

Absolute Period Analysis



Relative Period Analysis



Period Analysis	Up	Down	Total
Number	30	14	44
Percentage	68.18	31.82	100.00
Average	2.05	-1.17	1.02
Standard Dev.	2.04	1.05	2.33
Max Sequence	8	4	8
Avg Sequence	3.00	1.40	2.20

Best/Worst	Performance	Date
Best 1	8.61	10/31/2013
Best 2	5.64	10/31/2012
Best 3	5.39	08/29/2014
Worst 1	-3.39	07/31/2013
Worst 2	-3.33	06/30/2015
Worst 3	-1.90	06/28/2013

Monthly Return

	Periodic Performance			Cumulative Performance		
	Portfolio	Benchmark	+/-	Portfolio	Benchmark	+/-
08/31/2015	-0.29	-0.55	0.26	54.82	39.14	15.68
07/31/2015	0.26	1.43	-1.17	55.26	39.91	15.35
06/30/2015	-3.33	-1.08	-2.25	54.66	37.94	16.92
05/29/2015	0.37	0.27	0.10	60.19	39.45	20.74
04/30/2015	1.19	-0.03	1.22	59.60	39.07	20.53
03/31/2015	-1.67	0.44	-2.11	57.73	39.11	18.62
02/27/2015	1.82	0.89	0.93	60.40	38.49	21.91
01/30/2015	0.33	1.60	-1.27	57.53	37.27	20.26
12/31/2014	-1.02	-0.26	-0.76	57.01	35.11	21.90
11/28/2014	0.96	1.29	-0.33	58.63	35.46	23.17
10/31/2014	4.23	1.13	3.10	57.13	33.74	23.39
09/30/2014	-0.97	-0.77	-0.21	50.75	32.25	18.51
08/29/2014	5.39	1.72	3.67	52.23	33.27	18.97
07/31/2014	0.85	-0.38	1.23	44.44	31.01	13.44
06/30/2014	2.10	0.58	1.53	43.23	31.51	11.73
05/30/2014	2.77	1.36	1.42	40.26	30.76	9.53
04/30/2014	2.47	1.85	0.61	36.50	29.01	7.49
03/31/2014	1.44	1.86	-0.42	33.21	26.66	6.55
02/28/2014	1.24	2.24	-1.00	31.32	24.34	6.98
01/31/2014	0.18	2.68	-2.50	29.71	21.61	8.10
12/31/2013	-0.58	-1.07	0.49	29.47	18.44	11.03
11/29/2013	-0.44	0.41	-0.84	30.23	19.72	10.51
10/31/2013	8.61	1.22	7.39	30.80	19.24	11.56
09/30/2013	1.05	0.27	0.78	20.44	17.81	2.63
08/30/2013	-0.61	-1.84	1.24	19.18	17.49	1.69
07/31/2013	-3.39	-0.59	-2.80	19.91	19.69	0.21
06/28/2013	-1.90	-2.20	0.30	24.11	20.41	3.71
05/31/2013	-0.88	-0.61	-0.27	26.52	23.12	3.41
04/30/2013	2.21	1.24	0.98	27.64	23.87	3.77
03/29/2013	0.65	1.08	-0.43	24.88	22.36	2.52
02/28/2013	5.02	0.76	4.25	24.07	21.06	3.01
01/31/2013	0.18	1.26	-1.08	18.14	20.14	-1.99
12/31/2012	3.99	0.50	3.49	17.93	18.64	-0.72
11/30/2012	-0.38	0.13	-0.51	13.40	18.05	-4.65
10/31/2012	5.84	1.21	4.63	13.83	17.89	-4.06
09/28/2012	0.41	0.74	-0.34	7.55	16.48	-8.93
08/31/2012	2.52	1.56	0.96	7.12	15.62	-8.50
07/31/2012	0.08	1.51	-1.43	4.49	13.85	-9.36
06/29/2012	0.37	2.39	-2.02	4.40	12.16	-7.76
05/31/2012	1.72	-0.90	2.62	4.01	9.54	-5.52
04/30/2012	-0.65	0.31	-0.96	2.25	10.53	-8.27
03/30/2012	2.04	-0.04	2.08	2.92	10.18	-7.26
02/29/2012	-0.24	3.02	-3.26	0.86	10.22	-9.37
01/31/2012	1.10	7.00	-5.90	1.10	7.00	-5.90
12/30/2011	0.00	0.00	0.00	0.00	0.00	0.00

Period Analysis	Winning	Losing	Coherent	Incoherent
Number	22	22	35	9
Percentage	50.00	50.00	79.55	20.45
Avg Difference	1.97	-1.45	0.34	-0.06
Std Dev Difference	1.81	1.33	2.44	1.97
Max Sequence	5	3	11	4
Avg Sequence	1.47	1.47	5.83	1.80

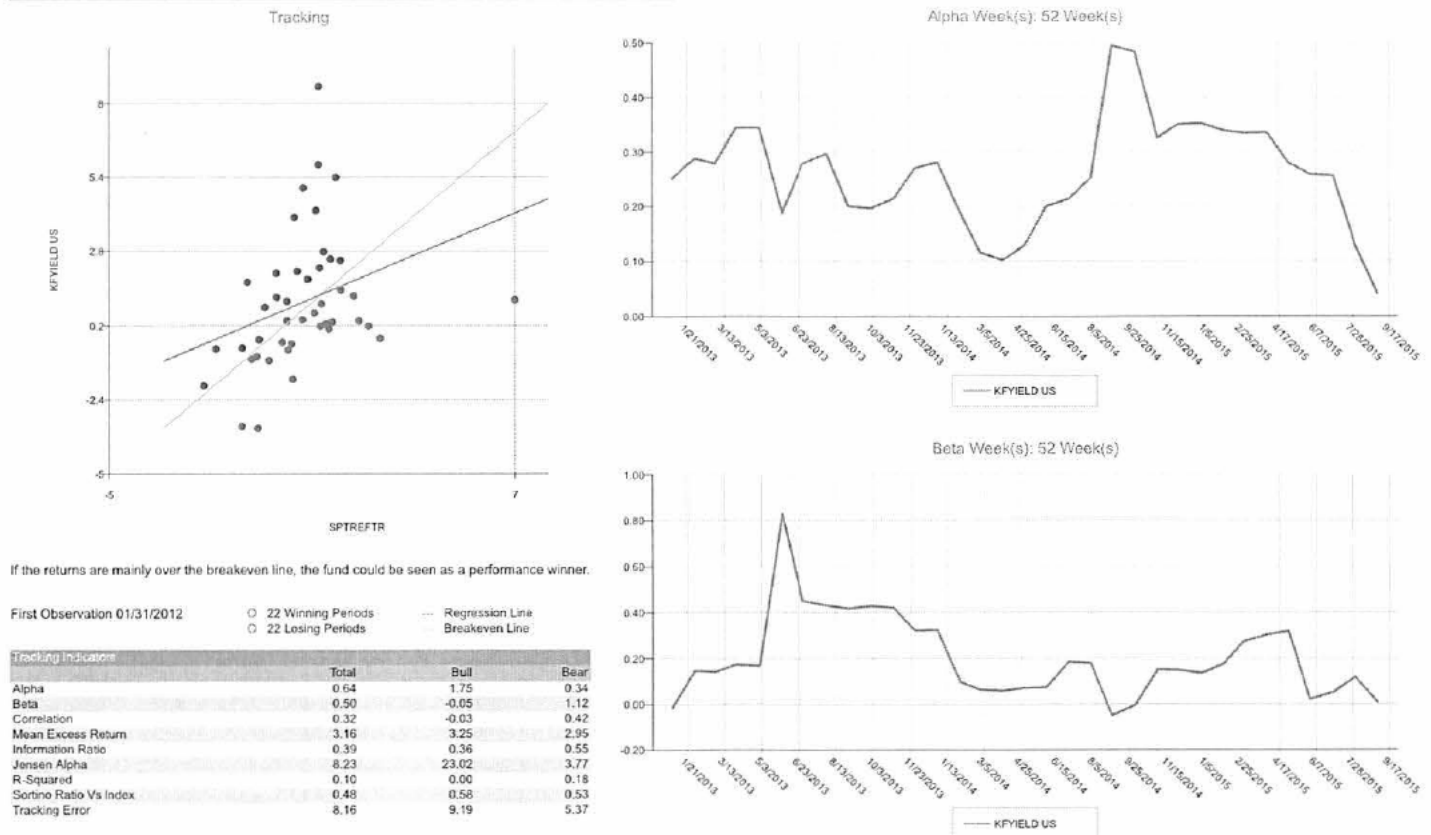
Best/Worst	Difference	Fund Perf	Index Perf	Date
Best 1	7.39	8.61	1.22	10/31/2013
Best 2	4.63	5.84	1.21	10/31/2012
Best 3	4.25	5.02	0.76	02/28/2013
Worst 1	-5.90	1.10	7.00	01/31/2012
Worst 2	-3.26	-0.24	3.02	02/29/2012
Worst 3	-2.80	-3.39	-0.59	07/31/2013

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## Bloomberg

## Performance Analysis

Portfolio: KFYIELD US Benchmark: SPTREFTR Start Date: 12/30/2011 End Date: 08/31/2015 Currency: USD  
 Period: Monthly History: Total Return



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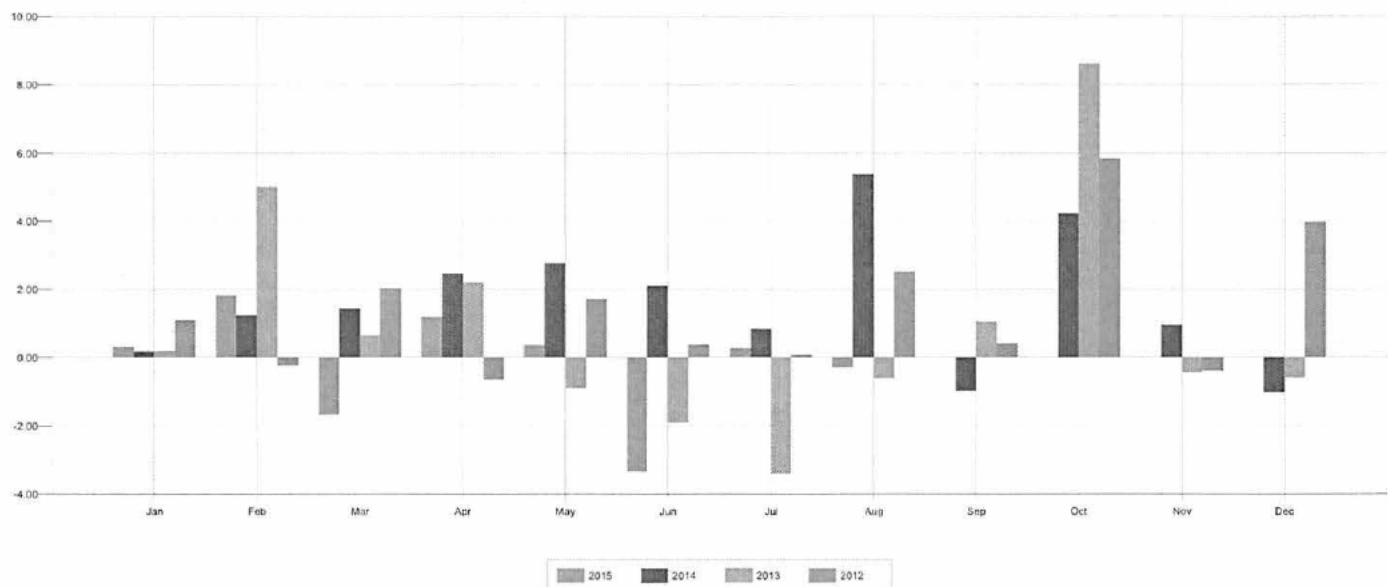
## Bloomberg

## Performance Analysis

Portfolio: KFYIELD US Benchmark: SPTREPTR Start Date: 12/30/2011 End Date: 08/31/2015 Currency: USD  
 Period: Monthly History: Total Return

## Seasonality

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	1.10	-0.24	2.04	-0.65	1.72	0.37	0.08	2.52	0.41	5.84	-0.38	3.99
2013	0.18	5.02	0.65	2.21	-0.88	-1.90	-3.39	-0.61	1.05	8.61	-0.44	-0.58
2014	0.18	1.24	1.44	2.47	2.77	2.10	0.85	5.39	-0.97	4.23	0.96	-1.02
2015	0.33	1.82	-1.67	1.19	0.37	-3.33	0.26	-0.29	--	--	--	--
Average	0.45	1.96	0.62	1.30	1.00	-0.69	-0.55	1.75	0.16	6.23	0.05	0.80



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## Credit Line Application

1. AMOUNT REQUESTED \_\_\_\_\_

2. DESCRIBE THE PURPOSE OF LOAN

3. SELECT DESIRED PAYMENT OPTION

☐ DEFERRED UNTIL (DATE) \_\_\_\_\_ ☐ INTEREST ONLY ☐ INTEREST WITH PRINCIPLE REDUCTION AMOUNT OF (PER MONTH) \$ \_\_\_\_\_  
☐ FLAT PAYMENT OF \$ \_\_\_\_\_

4. BORROWER INFORMATION

This application is designed to be completed by the applicant(s) with the lender's assistance. Applicants should complete this form as Borrower or 'Co-Borrower', as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when: the income or assets of a person other than the 'Borrower' (including the Borrower's spouse) will be used as a basis for loan qualification; or the income or assets of the Borrower's spouse or other person who has community property rights pursuant to state law will not be used as a basis for loan qualification, but his or her liabilities must be considered because the spouse or other person has community rights pursuant to applicable law and Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan. Regardless of your marital status, you may apply for credit individually, in your name.

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below):

BORROWER SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

CO-BORROWER SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

5. BORROWER *The applicant(s) must complete this application*

MR./MRS./MS./DR. \_\_\_\_\_ FIRST \_\_\_\_\_ MIDDLE \_\_\_\_\_ LAST \_\_\_\_\_

PRESENT ADDRESS (NO P.O. BOXES) \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

# OF YEARS AT ADDRESS \_\_\_\_\_ ☐ OWN ☐ RENT DATE OF BIRTH (MM/DD/YYYY) \_\_\_\_\_ YEARS OF SCHOOL \_\_\_\_\_

HOME TELEPHONE \_\_\_\_\_ EMAIL \_\_\_\_\_ SSN/TAX ID \_\_\_\_\_

☐ SINGLE ☐ MARRIED ☐ DIVORCED ☐ WIDOWED # OF DEPENDANTS (NOT LISTED BY CO-BORROWER) \_\_\_\_\_ AGES \_\_\_\_\_

NAME OF EMPLOYER \_\_\_\_\_ ADDRESS OF EMPLOYER \_\_\_\_\_

YEARS ON THIS JOB \_\_\_\_\_ YEARS EMPLOYED IN THIS LINE OF WORK/PROFESSION \_\_\_\_\_ SELF-EMPLOYED ☐ YES ☐ NO

POSITION/TITLE/TYPE OF BUSINESS \_\_\_\_\_ BUSINESS PHONE \_\_\_\_\_ GROSS MONTHLY INCOME \_\_\_\_\_

ARE YOU A U.S. CITIZEN? ☐ YES ☐ NOIF NOT, ARE YOU A RESIDENT ALIEN? ☐ YES ☐ NOHAVE YOU DECLARED BANKRUPTCY IN THE PAST 7 YEARS? ☐ YES ☐ NOHAVE YOU HAD PROPERTY FORECLOSED UPON OR GIVEN TITLE OR DEED IN LIEU THEREOF IN THE PAST 7 YEARS? ☐ YES ☐ NOARE YOU A PARTY TO A LAWSUIT? ☐ YES ☐ NOARE YOU OBLIGATED TO PAY ALIMONY, CHILD SUPPORT, OR SEPARATE MAINTENANCE? ☐ YES ☐ NO

Credit Line Application—1 of 5 | Rev 4-21-15

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## Credit Line Application (continued)

6. CO-BORROWER *The Co-Borrower, if there is one, must complete this application.*

MR./MRS./MS./DR. \_\_\_\_\_ FIRST \_\_\_\_\_ MIDDLE \_\_\_\_\_ LAST \_\_\_\_\_

PRESENT ADDRESS (NO P.O. BOXES) \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

# OF YEARS AT ADDRESS \_\_\_\_\_ ☐ OWN ☐ RENT DATE OF BIRTH (MM/DD/YYYY) \_\_\_\_\_ YEARS OF SCHOOL \_\_\_\_\_

HOME TELEPHONE \_\_\_\_\_ EMAIL \_\_\_\_\_ SSN/TAX ID \_\_\_\_\_

☐ SINGLE ☐ MARRIED ☐ DIVORCED ☐ WIDOWED # OF DEPENDANTS (NOT LISTED BY CO-BORROWER) \_\_\_\_\_ AGES \_\_\_\_\_

NAME OF EMPLOYER \_\_\_\_\_ ADDRESS OF EMPLOYER \_\_\_\_\_

YEARS ON THIS JOB \_\_\_\_\_ YEARS EMPLOYED IN THIS LINE OF WORK/PROFESSION \_\_\_\_\_ SELF-EMPLOYED ☐ YES ☐ NO

POSITION/TITLE/TYPE OF BUSINESS \_\_\_\_\_ BUSINESS PHONE \_\_\_\_\_ GROSS MONTHLY INCOME \_\_\_\_\_

ARE YOU A U.S. CITIZEN? ☐ YES ☐ NO

IF NOT, ARE YOU A RESIDENT ALIEN? ☐ YES ☐ NO

HAVE YOU DECLARED BANKRUPTCY IN THE PAST 7 YEARS? ☐ YES ☐ NO

HAVE YOU HAD PROPERTY FORECLOSED UPON OR GIVEN TITLE OR DEED IN LIEU THEREOF IN THE PAST 7 YEARS? ☐ YES ☐ NO

ARE YOU A PARTY TO A LAWSUIT? ☐ YES ☐ NO

ARE YOU OBLIGATED TO PAY ALIMONY, CHILD SUPPORT, OR SEPARATE MAINTENANCE? ☐ YES ☐ NO

## 7. DESCRIBE OTHER INCOME

If you want alimony, child support, separate maintenance, or some other income source considered by Lendacy in making this loan, please list these income sources below.

Please state if the other income is the Borrower's or the Co-Borrower's.

☐ BORROWER ☐ CO-BORROWER AMOUNT \_\_\_\_\_

DESCRIPTION \_\_\_\_\_

☐ BORROWER ☐ CO-BORROWER AMOUNT \_\_\_\_\_

DESCRIPTION \_\_\_\_\_

☐ BORROWER ☐ CO-BORROWER AMOUNT \_\_\_\_\_

DESCRIPTION \_\_\_\_\_

☐ BORROWER ☐ CO-BORROWER AMOUNT \_\_\_\_\_

DESCRIPTION \_\_\_\_\_

☐ BORROWER ☐ CO-BORROWER AMOUNT \_\_\_\_\_

DESCRIPTION \_\_\_\_\_

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## Credit Line Application (continued)

## 8. ASSETS AND LIABILITIES

Both married and unmarried Co-Borrowers must complete this Statement, and all supporting statements, if their assets and liabilities are joined in a way that makes this Statement meaningfully and fairly presented.

If they are not joined in this way then separate Statements and Schedules are required of both. If the Co-Borrower section is completed about a spouse, this Statement and supporting statements must be completed about that spouse.

## ASSETS

NAME AND ADDRESS OF BANK S&L OR CREDIT UNION	ACCOUNT NUMBER	AMOUNT
STOCKS AND BONDS (COMPANY NAME/NUMBER AND DESCRIPTION)		AMOUNT
LIFE INSURANCE NET CASH VALUE		AMOUNT
FACE AMOUNT		AMOUNT
SUBTOTAL LIQUID ASSETS		\$
REAL ESTATE OWNED (ENTER MARKET VALUE FROM SCHEDULE OF REAL ESTATE OWNED)		AMOUNT
VESTED INTEREST IN RETIREMENT FUND		AMOUNT
NET WORTH OF BUSINESS(ES) OWNED (ATTACH FINANCIAL STATEMENT)		AMOUNT
AUTOMOBILES OWNED (MAKE AND YEAR)		AMOUNT
OTHER ASSETS (ITEMIZE)		AMOUNT
TOTAL ASSETS		\$

Credit Line Application—3 of 5 | Rev 4-21-15

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## Credit Line Application (continued)

## LIABILITIES AND PLEDGED ASSETS

List the creditor's name, address and your account number for all your outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. If necessary, use a continuation sheet.

## LIABILITIES

NAME AND ADDRESS OF COMPANY	ACCOUNT NUMBER	MONTHLY PAYMENT	MONTHS LEFT TO PAY	UNPAID BALANCE
ALIMONY/CHILD SUPPORT/SEPARATE MAINTENANCE PAYMENTS OWED TO:		MONTHLY PAYMENT	MONTHS LEFT TO PAY	
JOB RELATED EXPENSE (CHILD CARE, UNION DUES, ETC.)		MONTHLY PAYMENT	MONTHS LEFT TO PAY	
TOTAL MONTHLY PAYMENTS		\$		
			TOTAL LIABILITIES	\$

## NET WORTH

TOTAL ASSETS MINUS TOTAL LIABILITIES	\$
--------------------------------------	----

SCHEDULE OF REAL ESTATE OWNED *If additional properties are owned, use continuation sheet.*

PROPERTY ADDRESS (ENTER "S" IF SOLD, "PS" IF PENDING SALE OR "R" IF RENTAL BEING HELD FOR INCOME)	TYPE OF PROPERTY	PRESENT MARKET	AMOUNT OF MORTGAGES & LIENS	GROSS RENTAL INCOME	MORTGAGE PAYMENTS	INSURANCE, MAINTENANCE, TAXES & MISC.	NET RENTAL INCOME
TOTALS		\$	\$	\$	\$	\$	\$

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s).

ALTERNATE NAME	CREDITOR NAME	ACCOUNT NUMBER





## Credit Line Application (continued)

## 9. SIGNATURE/AUTHORIZATION

\_\_\_\_\_  
APPLICANT SIGNATURE\_\_\_\_\_  
DATE\_\_\_\_\_  
CO-APPLICANT SIGNATURE\_\_\_\_\_  
DATESIGNATURES OF TRUSTEE(S) *If applicant has a trust, please sign below in the capacity of trustee(s)*\_\_\_\_\_  
SIGNATURE\_\_\_\_\_  
AS TRUSTEE\_\_\_\_\_  
DATE\_\_\_\_\_  
SIGNATURE\_\_\_\_\_  
AS TRUSTEE\_\_\_\_\_  
DATE

By signing this application, I/we certify that the information provided is true, correct and complete, and that I/we are at least 18 years old and legally able to enter into a contract. I/we authorize that all necessary credit and employment information be released to KCL Services, LLC (d/b/a Lendacy) to complete this request for a credit line. The credit and employment information necessary for verification may include employment and pay data, consumer credit balances, payments and history.

## ADDITIONAL DISCLOSURE FOR CALIFORNIA AND OHIO RESIDENTS

**If you are applying in California,** the following applies: Under California Civil Code 1812.30(i) Credit applications for the obtainment of money, goods, labor or services shall clearly specify that the applicant, if married (including registered domestic partners), may apply for a separate account.

**If you are applying in Ohio,** the following applies: Equal Credit Opportunity Notice: You are hereby provided the following "Equal Credit Opportunity" notice as required by Section 4112.02.021 of the Ohio Revised Code. "The Ohio laws against discrimination require that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio civil rights commission administers compliance with this law."

I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code Section 1001, et seq.

\_\_\_\_\_  
BORROWER SIGNATURE\_\_\_\_\_  
DATE\_\_\_\_\_  
CO-BORROWER SIGNATURE\_\_\_\_\_  
DATE



## Credit Line Application | Addendum 1

## INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans to monitor the Lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. The law provides that a Lender may not discriminate on the basis of this information or on whether you choose to furnish it. If you do furnish this information, please provide both ethnicity and race. You may check more than one designation for race. If you do not furnish ethnicity, race or sex, under Federal regulations, this lender is required to make note of the information on the basis of visual observation or surname of you have made this application in person. If you do not wish to furnish the information, please check the box below. (The Lender must review the above material to assure that the disclosures satisfy all the requirements to which the Lender is subject under applicable under state law for the particular type of loan applied for.)

**BORROWER** ☐ I DO NOT WISH TO FURNISH THIS INFORMATION

**SEX** ☐ FEMALE ☐ MALE

**ETHNICITY** ☐ HISPANIC OR LATINO ☐ NOT HISPANIC OR LATINO

**RACE** ☐ AMERICAN INDIAN OR ALASKAN NATIVE ☐ NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER ☐ ASIAN ☐ BLACK OR AFRICAN ☐ WHITE

**CO-BORROWER** ☐ I DO NOT WISH TO FURNISH THIS INFORMATION

**SEX** ☐ FEMALE ☐ MALE

**ETHNICITY** ☐ HISPANIC OR LATINO ☐ NOT HISPANIC OR LATINO

**RACE** ☐ AMERICAN INDIAN OR ALASKAN NATIVE ☐ NATIVE HAWAIIAN OR OTHER PACIFIC ISLANDER ☐ ASIAN ☐ BLACK OR AFRICAN ☐ WHITE

## TO BE COMPLETED BY INTERVIEWER

**THIS INFORMATION WAS TAKEN BY:** ☐ FACE-TO-FACE INTERVIEW ☐ MAIL ☐ TELEPHONE ☐ INTERNET

\_\_\_\_\_  
INTERVIEWER SIGNATURE

\_\_\_\_\_  
INTERVIEWER NAME (PRINT)

\_\_\_\_\_  
INTERVIEWER TELEPHONE NUMBER

\_\_\_\_\_  
DATE

NAME AND ADDRESS OF INTERVIEWER'S EMPLOYER:

Credit Line Application | Addendum 1—1 of 1 | Rev 4-21-15

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## Credit Line Application | Addendum 2

DO YOU HAVE ANY CONTINGENT LIABILITIES NOT DISCLOSED ON THE LINE OF CREDIT APPLICATION?

DO YOU HAVE ANY REQUIRED CAPITAL CONTRIBUTIONS FOR PARTNERSHIPS OR INVESTMENTS?

IF YES, PLEASE OUTLINE THE DOLLAR AMOUNT AND ESTIMATE WHEN PAYABLE.

ARE ANY OF YOUR LIQUID ASSETS PLEDGED?

HAVE YOU EVER BEEN CONVICTED OR PLEAD GUILTY TO A FELONY OR MISDEMEANOR?

HAVE YOU BEEN INDICTED OR SUBJECT TO AN INVESTIGATION BY THE SEC OR ANY OTHER GOVERNMENT AGENCY?

DO YOU HAVE ANY DELINQUENT TAX LIABILITIES, FEDERAL, STATE OR LOCAL?

BORROWER

CO-BORROWER

☐ YES ☐ NO☐ YES ☐ NO☐ YES ☐ NO☐ YES ☐ NO☐ YES ☐ NO☐ YES ☐ NO☐ YES ☐ NO☐ YES ☐ NO☐ YES ☐ NO☐ YES ☐ NO☐ YES ☐ NO☐ YES ☐ NO☐ YES ☐ NO☐ YES ☐ NO

IF YES TO ANY OF THE ABOVE, PLEASE EXPLAIN:

BORROWER SIGNATURE

DATE

CO-BORROWER SIGNATURE

DATE

Credit Line Application | Addendum 2—1 of 1 | Rev 4-21-15

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## LENDACY

## 1. YOUR AGREEMENT

This Agreement is effective as of 3/23/2017 (the "Effective Date") by Michael Williams. In this Credit Facility Agreement and Disclosure ("Agreement"), the words "you," "your" and "yours" mean each and all of the borrowers, whether as an individual or entity, named herein [the "Borrower(s)"]. The word "Lender" means KCL SERVICES, LLC, a Delaware limited liability company and/or its successors and assigns whose current business address is: 1800 2nd Street, Suite 955, Sarasota, Florida 34236.

## YOU AGREE TO ALL OF THE FOLLOWING TERMS

2. YOUR CREDIT LIMIT IS \$ 1,517,000.00

You may obtain an unlimited number of Advances from your Account during any one statement period. However, Lender will not be obligated to honor a Request for Advance, if the principal balance of your Account together with all other charges which are due, would after honoring the Request for Advance, exceed your credit limit.

## 3. REPAYMENT OPTIONS

a) You have selected the REPAYMENT OPTION indicated by checking and initialing the appropriate box below.

- ☐ (1) **DEFERRED.** Under the Deferred Option, you have no regularly scheduled payments and all interest is deferred. On the first December statement after the first Advance hereunder, and then annually thereafter, you will receive a statement from Lender setting forth the amount of indebtedness then outstanding, comprised of: (i) the original Advance; (ii) any additional Advances funded to Borrower; and (iii) any accumulated deferred interest accruing throughout the year. No later than January 15<sup>th</sup> of the following year, borrower will make an election and return same to Lender indicating the prior year's deferred interest to be either (i) added to the existing indebtedness making no contribution towards interest expense or principal reduction, or (ii) make an election to pay some or all of the deferred interest, or (iii) make an election to pay all interest expense plus a portion towards the outstanding principal balance.

Deferred Payment Expiration Date: \_\_\_\_\_

## PAYMENT OPTION AFTER DEFERRAL PERIOD:

☐ Interest Only ☐ Interest With Principal Reduction \$ \_\_\_\_\_ ☐ Flat Pay \$ \_\_\_\_\_

- ☒ (2) **INTEREST ONLY.** You elect to make a minimum payment monthly to be credited solely to interest expense.

- ☐ (3) **INTEREST WITH PRINCIPAL REDUCTION.** This option consists of a fixed amount that will be selected for monthly reduction of principal. The required monthly payment will be comprised of: (a) the selected monthly reduction of principal component, plus (b) the monthly interest expense. The monthly payment under this option will vary due to changes in the underlying index and the number of days in the billing cycle pursuant to Section 7 hereinbelow. The formula Lender will use to calculate the monthly payment under this option is expressed as follows: Monthly Payment = fixed principal reduction amount plus monthly interest expense.

- ☐ (4) **FLAT PAY.** Under this option, you agree to pay \$ \_\_\_\_\_ per month. The monthly payment under this option will be constant. Based upon changes in the underlying index and the number of days in the billing cycle as described in Section 7 hereinbelow, the monthly payment may include some or all of the interest expense. In the event the payment exceeds the interest for that particular month, any such excess will be credited towards principal. The calculation Lender will use to calculate the application of a monthly payment under this option between interest and principal is expressed as follows: Monthly FLAT PAY amount minus monthly interest expense = Principal Reduction or "Deferred Interest" (as defined below). If this calculation results in a positive number, the principal amount will be reduced by said amount and posted as a principal reduction. If this calculation results in a negative number, the principal amount will be increased and posted as "Deferred Interest."

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Credit Facility Agreement—1 of 10 | Rev 2-10-16





b) If, at any time, you have exceeded the Credit Limit set forth in Section 4 herein below (the "Credit Limit"), whether by accepting additional advances or by the accrual of interest due but deferred hereunder on the principal balance of any advances made hereunder, or otherwise, all payments theretofore deferred shall thereupon become immediately due and payable in full, including but not necessarily limited to, any and all costs and expenses of collection and all outstanding principal and interest due hereunder. Unless Lender should agree otherwise in a writing signed by the Lender, in Lender's sole and absolute discretion, Borrower's failure to make such immediate payment in full shall constitute an Event of Default under Section 21. hereinbelow whereupon the Lender shall have all the rights and remedies described in Section 22 and 25(e) herein below and as may additionally be provided in this Agreement. Borrower agrees that the parties' intent is that Lender shall have, and hereby does have, any and all legal and equitable remedies available to Lender in the case of an Event of Default.

In addition, if at any time for any reason the amounts due hereunder should exceed the Credit Limit, and notwithstanding any other provisions contained in this Agreement, that portion of the amounts then due that exceed the Credit Limit will thereupon be charged a penalty rate of interest on that excess equal to ten percent (10%) per annum.

c) You expressly acknowledge and agree that:

- i) an Advance, and any additional Advance(s), may be renewed/extended at your election, but if so elected, for a term of Three Hundred Sixty-Four (364) days; and
- ii) pursuant to Section 18. hereinbelow, Lender's Managing Member may, in its sole and absolute discretion, convert the credit facility to a twenty-five (25) year fully amortized payment schedule; and
- iii) you may select another Repayment Option annually, subject to Lender's approval, which approval will not be unreasonably withheld or delayed.

d) You acknowledge and agree that Lender shall have the unfettered right to aggregate and securitize its loans in any particular repayment option category described in Section 2(a) above from time to time and at any time, in Lender's sole and absolute discretion.

#### NOTICE: THIS DOCUMENT CONTAINS PROVISIONS FOR A VARIABLE INTEREST RATE

#### 4. INDEX

The Index used to determine a portion of the Periodic FINANCE CHARGE Rate (described below) for your account is Federal Funds Rate as announced from time to time in the east coast edition of the Wall Street Journal. The INDEX may and will change periodically and is set by the Federal Reserve.

BORROWER BE ADVISED: The Federal Funds Rate is a crucial component of your FINANCE CHARGE and it is possible that the FINANCE CHARGE rate may increase at any time and by any amount.

#### 5. MARGIN RATE

The Margin Rate ("Margin") is the interest rate charge determined by the Lender at the time of this agreement. Your Margin is 200 basis points, set as an annual rate. BORROWER expressly understands and agrees that LENDER has the unfettered right, no sooner than six (6) months following the Effective Date and no more frequently than every calendar quarter thereafter, to adjust the Margin rate (up or down) in the Lender's sole and absolute discretion. The Margin rate will not increase more than 100 basis points in any twelve (12) month period. Lender's right hereunder to adjust the Margin rate is wholly independent of any increases to the FINANCE CHARGE on account of any increase(s) to the Federal Funds Rate. As and when such increases to the Federal Funds Rate should occur, any such increases will thereupon immediately be passed on to the BORROWER and become a revised component of the FINANCE CHARGE.

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## 6. PERIODIC FINANCE CHARGE

Subject to the limits as may be described in Section 10 below, Lender will determine the PERIODIC FINANCE CHARGE Rate for each day in the billing cycle by first adding the Margin to the Index then in effect. Lender will then divide this sum by 365 (or 366 for billing cycles beginning in a leap year) to get the Daily Periodic FINANCE CHARGE Rate applicable.

- a) Your Index is 79 basis points (Federal Funds Rate). Based on the Fed Funds rate in effect on 3/22/2017.
- b) Your Margin is 200 basis points.
- c) Your initial ANNUAL PERCENTAGE RATE (INDEX plus the MARGIN) is 2.79 %

The PERIODIC FINANCE CHARGE rate is based on the ANNUAL PERCENTAGE RATE. The ANNUAL PERCENTAGE RATE will and may change due to:

- i) Changes in the Federal Funds Rate, which sets the Index value; and/or
- ii) Margin limit due to the application of the ANNUAL PERCENTAGE RATE requirement set forth in Section 10 below. The ANNUAL PERCENTAGE RATE does not include any charges other than interest.
- iii) Subject to the limit described in Section 10 below, the Periodic FINANCE CHARGE Rate will change in accordance with the Index in effect from time to time. The Periodic FINANCE CHARGE Rate will change on the day the Index changes. Increases in the Index will result in increases in the Periodic FINANCE CHARGE Rate and your minimum monthly payment. As and when the Index decreases, there will be corresponding decreases to the Periodic FINANCE CHARGE and your minimum monthly payment. To determine the Periodic FINANCE CHARGE for each day in the billing cycle, Lender will multiply the applicable Daily Periodic FINANCE CHARGE Rate then in effect by the Daily Balance described in Section 11 below for that billing cycle. The Periodic FINANCE CHARGE will begin to accrue the date the Lender honors a request for Advance or otherwise charges your Account pursuant to this Agreement, which, for purpose of this Agreement, shall be the day that either funds are wired or the date a check is issued to the Borrower.

## 7. LIMITS

Your Account is subject to a limit on the ANNUAL PERCENTAGE RATE. (Comprised of the Index plus Margin). Your ANNUAL PERCENTAGE RATE as determined by the Index and Margin shall never be less than 100 basis points. Please note that the Lender is unable to set an absolute upper limit because the FINANCE CHARGE includes the Index (Federal Funds Rate).

Borrower acknowledges and agrees that the Company's Managing Member may, in its sole and absolute discretion, elect to raise or lower the Margin at intervals no more frequently than once per calendar quarter by providing written notice of same to Borrower within the final thirty (30) days of a calendar quarter, to go into effect at the first of the month of the then following calendar quarter. There is no limit to how low the Margin may be adjusted, but in no event will it be adjusted higher than what is legally permitted by state and federal guidelines.

## 8. CALCULATION OF DAILY BALANCE

To determine how much interest should be charged for a billing cycle, Lender figures your Daily Balance for each day in the billing cycle. The Daily Balance is figured by taking your beginning Account balance each day, adding any new Request for Advance honored and any other charges applied to your Account and subtracting any payments and credits received that day. This produces the Daily Balance. Special Note: Daily accruing Periodic FINANCE CHARGE, late charges and other fees will not be included in determining your Daily Balance.

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**9. ADVANCES FROM YOUR ACCOUNT.** You may borrow funds (obtain an "Advance") from your Account by:

- a) Oral request to Lender directing Lender to make an Advance:
  - i) Any oral request for an advance may be made only if the funds are directed to Borrower's account with Lender.
  - ii) All such advances shall be conclusively presumed to have been made for the benefit of Borrower when the Lender believes in good faith that such requests and directions have been made by authorized persons or when said advances are deposited to a credit account of any Borrower.
- b) Executing and delivering to Lender written instructions directing Lender to make an Advance:
  - i) Directly to a Lender asset account in your name alone or together with third persons.
  - ii) By wire transfer to your order or the order of any third person.
  - iii) By issuing a disbursement check to you, payable to you or a third party.
- c) At the time your Account is opened, executing and delivering to Lender, written instructions directing Lender to make an Advance to third party creditors to pay off the outstanding balance on any loan or credit account in your name alone or together with third persons.
- d) Lender is under no obligation to honor a Request for Advance which is in violation of these provisions.
- e) Limitations on the use of loan proceeds.
  - i) Borrower acknowledges and agrees that such funds may only be used for the purposes specifically indicated and approved by Lender contained in Borrower's Application for the subject Credit Facility.
  - ii) The methods for obtaining Advances from your Account described above shall be referred to in this Agreement collectively as "Requests for Advances."
  - iii) Subject to any cancellation or suspension of your Account and any other limitations or restrictions set forth in this Agreement, Lender will honor a Request for Advance within 24 hours after Lender receives properly executed written instructions or oral requests directing Lender to make an Advance.
  - iv) If there is more than one authorized signer on your Account, you hereby authorize and direct Lender to honor, and release Lender from any liability arising directly or indirectly out of honoring, a Request for Advance executed or orally requested by anyone authorized signer acting alone. However, should a dispute arise amongst you as to the use of the Account, Lender, at its sole discretion, may require the signatures of all authorized signers on any Request for Advance from your Account.
  - v) Except for a Request for Advance made in accordance with Section 3(c), Lender is under no obligation to honor a Request for Advance for less than \$5,000.00.

**10. PROMISE TO PAY**

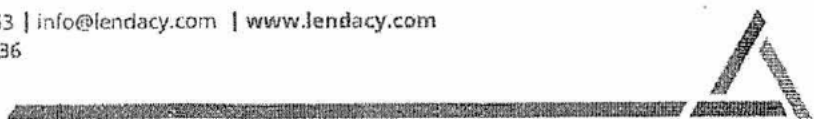
You promise to repay Lender, at the location Lender designates from time to time (a) all borrowings from your Account, whether or not the borrowings exceed your credit limit, (b) all interest and other charges, and (c) all collection costs, court costs, attorneys' fees and all other expenses Lender incurs in enforcing this Agreement.

**11. BILLING CYCLE**

The term "billing cycle" means the interval between the days or dates of the regular periodic statements (defined in Section 13 below) on your Account. Each billing cycle will correspond to an actual calendar month and contain the number of days in that corresponding calendar month. For example, your January billing cycle will contain 31 days.

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## 12. MONTHLY PAYMENTS

Your Total Payment Due each month will be due not later than the Payment Due Date set forth in your regular periodic statement. The amount of your Total Payment Due will be calculated as follows:

- a) Your Total Payment Due will be equal to the amount of the Periodic FINANCE CHARGE which has accrued on your Balance during the previous billing cycle, plus all other amounts, including but not limited to any amount outstanding in excess of your credit limit and late payments or late charges then due but as yet unpaid. Depending upon the Repayment Option you selected in Section 2, hereinabove, your monthly payment may or may not reduce the principal that is outstanding on your Account.
- b) In the event that the Lender elects, pursuant to Section 2.(b) hereinabove, to convert your repayment obligation to a fully amortized loan, your Total Payment Due will be equal to the amount, calculated monthly by Lender, which would be sufficient to fully repay the balance on your Account, at the then current ANNUAL PERCENTAGE RATE in substantially equal installments over the remaining twenty-five (25) year term of your Account, plus all other amounts, including but not limited to late payments or late charges, then due but as yet unpaid. The Lender will apply each payment made with respect to your Account in the following order: (a) Periodic FINANCE CHARGES; (b) Late Charges; (c) Other Account Charges listed in Section 16 below, and any other charges charged to your account, and (d) the remaining principal balance.

## 13. REGULAR PERIODIC STATEMENT

You will receive a monthly statement of your Account. All Advances and other charges assessed in connection with your Account will be reflected on the monthly statement for the month during which the Advance is honored or fee or charge is charged to your Account. The regular periodic statement will also reflect the Total Payment Due.

## 14. PREPAYMENTS

You have the right, at any time, to prepay all or any part of the balance owing on your Account without penalty.

## 15. STOP PAYMENT ORDERS

You can ask Lender to stop payment on a Request for Advance if the corresponding Advance has not yet been paid from your Account. To stop payment, you must mail or telecopy us a writing signed by you requesting that a stop payment be placed on a particular Request for Advance. Oral stop payment orders will not be accepted.

To place a Stop Payment Order, Lender needs the following information:

- (1) Your account number;
- (2) the exact number and amount of the Request for Advance;
- (3) the name of the person who signed the Request for Advance;
- (4) the name of the party to whom the Request for Advance is payable; and
- (5) the reason for the Stop Payment Order.

Lender will charge your Account \$45 when the Stop Payment Order goes into effect. A Stop Payment Order will not go into effect until Lender verifies that the Request for Advance identified is unpaid. Your Stop Payment Order will expire six months from its date, unless you renew it. You may write Lender to cancel a Stop Payment Order at any time. A Stop Payment Order is canceled automatically when your Account is closed.

- a) So long as your Account remains open, on the anniversary of the date on which your Account is opened, and on the anniversary of such date every year thereafter Lender has the right to charge you a non-refundable, non-proratable Annual Account Fee of \$75.00. If such annual fee is assessed in any given year, such Annual Fee will be billed in the next regular periodic statement and added to the minimum monthly payment due.
- b) A \$25.00 returned check fee charge will be posted to your Account if a check or other instrument given to Lender to fully or partially repay your Account balance is not honored by the financial institution upon which it is written.

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- c) An over the limit fee of \$25.00 will be posted to your Account if a Request for Advance is presented for payment against your Account and you do not have sufficient available credit to cover the Advance and Lender refuses to honor the Request for Advance.
- d) A fee of \$10.00 will be posted to your Account whenever you request Lender to stop payment on a Request for Advance.
- e) A fee of \$25.00 will be posted to your Account whenever you request Lender to pay an Advance by wire transfer or disbursement check.
- f) Your Account will be charged a fee of \$25.00 per hour plus photocopy fees of \$5.00 per page whenever you request research or reconciliation services regarding your Account and/or photocopies of statements for purposes other than a billing error inquiry.
- g) If you fail to pay the Total Payment Due on or before the tenth day following your Payment Due Date, you will be charged a late charge equal to the greater of six percent of the portion of your Total Payment Due during the last billing cycle or \$5.00, whichever is greater.

#### 16. YOUR OBLIGATIONS ARE UNSECURED

Your obligations under this Agreement are unsecured. Notwithstanding the foregoing sentence, you understand and agree that your obligations hereunder are at all times subject to the Lender's Managing Member's election, in its sole and absolute discretion, to take the actions described and set forth in Section 2 hereinabove.

#### 17. SUSPENSION OF YOUR ACCOUNT AND REDUCTION OF YOUR CREDIT LIMIT

- a) Lender reserves the right, in its sole and absolute discretion, to dishonor your Requests for Advances or reduce the Credit Limit on your Account if:
  - i) Lender reasonably believes you will not be able to meet your payment obligations on the Account due to a material change in your financial circumstances.
  - ii) You are in default of a material obligation contained in this Agreement.
  - iii) Any form of government action prevents Lender from imposing the ANNUAL PERCENTAGE RATE calculated in accordance with the terms of this Agreement.
  - iv) A government regulatory agency has notified Lender that continuing to honor Requests for Advances would constitute an unsafe and unsound practice.
  - v) The maximum ANNUAL PERCENTAGE RATE that can be assessed in connection with your Account is reached.
- b) If Lender dishonors your Requests for Advances or reduces your credit limit in accordance with this Section 18, Lender will mail you a written notice not later than three business days after such action is taken. Lender will not be obligated to honor your Requests for Advances or reinstate your Credit Limit unless:
  - i) You notify Lender in writing that the basis upon which Lender elected to dishonor your Requests for Advances or reduce your Credit Limit has ceased to exist; and
  - ii) Lender independently verifies that the condition has in fact ceased to exist.
  - iii) Any form of government action prevents Lender from imposing the ANNUAL PERCENTAGE RATE calculated in accordance with the terms of this Agreement.
  - iv) A government regulatory agency has notified Lender that continuing to honor Requests for Advances would constitute an unsafe and unsound practice.

Lender will begin honoring your Requests for Advances and/or reinstate your Credit Limit as soon as reasonably possible after the conditions set forth in this Section 18(b) have been satisfied.

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## 18. CHANGES IN THE TERMS OF YOUR ACCOUNT

After your Account is opened, Lender may:

- a) Change the Index and Margin if the Index becomes unavailable, as long as historical fluctuations in the two indices are substantially similar and as long as the new index and margin will produce a rate similar to the rate in effect at the time the original Index became unavailable.
- b) Change, eliminate and/or add a term or condition of or to this Agreement provided you have expressly agreed to the amendments in writing.
- c) Without your consent, change, eliminate or add any terms or conditions of or to this Agreement, which amendment will be unequivocally beneficial to you or constitute an insignificant change in terms.

## 19. CREDIT INFORMATION AND FINANCIAL STATEMENTS

You agree to provide to Lender upon Lender's reasonable request your current financial statement. Further, by maintaining this Account, you are authorizing Lender to release information to other persons such as credit bureaus, merchants and other financial institutions, about you and your Account, to obtain additional credit reports from time to time, and to request beneficiary statements from senior lienholders, if any.

## 20. EVENTS OF DEFAULT

Lender may, without notice to you, declare your Account to be in default if any of the following conditions exist:

- a) You fail to make required payments under the terms of this Agreement.
- b) You engage in fraud or misrepresentation in connection with your Account or this Agreement.
- c) You use any funds provided by Lender for any purpose other than as represented by you in your Application submitted to Lender to obtain the Credit Facility and that was approved by Lender based on the information submitted in said Application.

## 21. LENDER'S RIGHTS IN THE EVENT OF DEFAULT

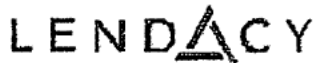
Lender may, without notice to you, declare your Account to be in default if any of the following conditions exist:

- a) Upon Lender's notification to you that your Account is in default, Lender may immediately (a) refuse to honor any further Requests for Advances, (b) increase the Margin by two and one half (2.5) percentage points, (c) declare immediately due and payable the entire balance of your Account, and (d) exercise all of the rights or remedies provided under this Agreement and applicable law. After notification of default by Lender and any resulting increase in the Margin on your Account, and acceleration of the remaining balance on your Account, you shall have no further right to request disbursements under your Account. In the event Lender notifies you of a default and exercises any of the remedies set forth in this paragraph, and you exercise the rights provided to you under this Agreement, if any, to reinstate your Account, your Account shall be reinstated and the Margin will be reduced to the Margin in effect prior to Lender notifying you of a default.
- b) In addition to the foregoing, and without in any way limiting the foregoing, if the box in Section 26 hereinbelow is checked and the Borrower (or any of them if there is more than one Borrower) and Guarantor have initialed where indicated therein, the Guarantor shall be bound to all the provisions of the Guarantor Addendum attached hereto and by this reference made a part hereof.

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## 22. TAX DEDUCTIBILITY

You should consult a tax advisor regarding the deductibility of interest and charges for your Account.

## 23. TERMINATION OF ACCOUNT AT YOUR ELECTION

You may terminate your Account at any time by providing written notice to Lender, whereupon you may:

- a) If not already done so, request Lender to convert your Account to a fully amortized twenty-five (25) year repayment obligation. If Lender grants this request, payment will be calculated in accordance with Section 12(h) of this Agreement; or
- b) Close your Account by immediately paying the total outstanding principal and interest balance on your Account.

If Lender does not grant your request pursuant to Section 24.(a) above, the total outstanding balance on your Account will be immediately due and payable.

## 24. MISCELLANEOUS PROVISIONS

You may terminate your Account at any time by providing written notice to Lender, whereupon you may:

- a) Lender may delay in enforcing any of its rights under this Agreement, but such a delay shall not constitute a waiver of Lender's right to enforce those rights in the future.
- b) If more than one person has signed this Agreement, then your liability shall be joint and several which means that each of you will be separately liable for the entire amount owing on your Account.
- c) Your Account and this Agreement will be governed by the laws of the State of Florida or \_\_\_\_\_, in Lender's sole and absolute discretion.
- d) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
- e) Borrower agrees to pay all costs, including costs of collection, expenses, and attorneys' fees incurred in collecting any sum due under this Agreement, whether or not suit is filed, and including any proceedings in bankruptcy. Any proceeds from any such action(s) shall be applied first to any and all costs of collection, then to any due and unpaid interest outstanding, then to the principal amount of any and all Advances.
- f) The terms and provisions of this Agreement cannot be waived, altered, modified, amended or terminated except as the Lender may consent thereto in writing duly signed by Lender. Any action to enforce the terms contained herein shall be filed in the state courts of Florida in the County of Sarasota or the United States District Court for the Middle District of Florida in Tampa, and Borrower hereby agrees and consents to subject himself/herself to the jurisdiction of said courts, and further agrees to be bound by any judgment rendered therein.
- g) Borrower shall not, in any manner, directly or indirectly, assign its obligations hereunder to any other person or entity. Any attempt to do so shall render all sums due or to become due under this Agreement to be immediately due and payable in full. Lender shall be permitted to assign its rights under this Agreement to any person or entity it may choose, at any time it may choose, whereupon all obligations of Borrower hereunder will be due directly to such assignee in accordance with the terms and conditions of this Agreement.
- h) All agreements between the Borrower(s) and the Lender as set forth in this Agreement are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid to the Lender for the use, forbearance, or detention of the monies advanced to Borrower exceed the maximum permissible under applicable law. If, from any circumstance whatsoever, fulfillment of any provision hereof, at the time such performance shall be due, shall be prohibited by law, the obligation to be fulfilled shall be reduced to the maximum not so prohibited, and if from any circumstance the Lender should ever receive as interest hereunder an amount which would exceed the highest lawful rate, such amount as would be excessive interest shall be applied to the reduction of the principal of then outstanding Advances under this Agreement and not to the payment of interest. This provision shall control every other provision of all agreements in this Agreement between the Borrower(s) and the Lender.
- i) If any one or more of the provisions of this Agreement shall, for any reason, be held or found by final judgment of a court of competent jurisdiction to be invalid, illegal or unenforceable under the Employee Retirement Income Security Act of 1974 ("ERISA") or in any other material respect, (i) that invalidity, illegality or unenforceability will not affect any other provisions of this Agreement and (ii) this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been

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# LENDACY

contained herein, provided, however that if the invalidity of any part or provision of this Agreement shall deprive any party of the economic benefit intended to be conferred by this Agreement, Lender shall, in good-faith, develop a structure, the economic effect of which is as close as possible to the economic effect of this Agreement, without regard to such invalidity.

- j) Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and personally delivered or sent by overnight courier, or by facsimile, if such facsimile is followed by a hard copy of the facsimile communication sent by overnight courier, charges prepaid, addressed as follows: if to the Lender, at the address set forth in Section 1 of this Agreement, or to such other address as the Lender may from time to time specify by notice to the Borrower(s); if to a Borrower, to such Borrower at the address set forth beneath such Borrower's signature below or as such Borrower may from time to time specify by notice to the Lender in accordance with this Section 25. (i). Any such notice shall be deemed to be delivered, given and received as of the date so delivered.

## 25. GUARANTOR

If the box below is checked and Borrower and Guarantor (or any Borrower if there is more than one signatory to this Agreement) have initialed where indicated below, all of the Borrower's obligations set forth in this Agreement are guaranteed in accordance with the terms and provisions contained in the Guarantor Addendum attached hereto and by this reference made a part hereof.

☐ A. BORROWER'S INITIALS: \_\_\_\_\_ B. GUARANTOR'S INITIALS: \_\_\_\_\_

26. BY SIGNING THIS AGREEMENT YOU AGREE TO BE BOUND TO ALL OF THE TERMS OF THIS AGREEMENT AND THE ADDENDA HERETO AS APPLICABLE AND YOU ACKNOWLEDGE RECEIPT OF A COMPLETED COPY OF THIS AGREEMENT WITH APPLICABLE ADDENDA.

EXECUTED ON THE DATE OPPOSITE THE NAMES AND SIGNATURES BELOW:

BORROWER(S): ☒ INDIVIDUAL ☐ TRUST ☐ LLC ☐ PARTNERSHIP ☐ CORPORATION ☐ OTHER

ENTITY NAME (IF APPLICABLE) \_\_\_\_\_

SIGNATURE  PRINTED NAME Michael Williams DATE 3/23/2017

ADDRESS [REDACTED] CITY Sarasota STATE FL ZIP [REDACTED]

FAX \_\_\_\_\_ EMAIL [REDACTED]@gmail.com HOMEPHONE \_\_\_\_\_

BUSINESS PHONE [REDACTED] CELL PHONE [REDACTED]

BORROWER(S):

SIGNATURE \_\_\_\_\_ PRINTED NAME \_\_\_\_\_ DATE \_\_\_\_\_

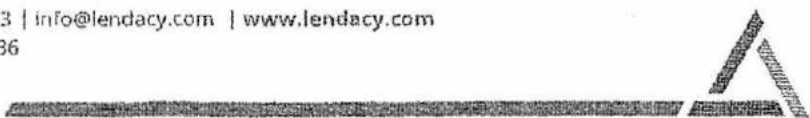
ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

FAX \_\_\_\_\_ EMAIL \_\_\_\_\_ HOMEPHONE \_\_\_\_\_

BUSINESS PHONE \_\_\_\_\_ CELL PHONE \_\_\_\_\_

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## **YOUR BILLING RIGHTS—KEEP THIS NOTICE FOR FUTURE USE**

This notice contains important information about your rights and Lender's responsibilities under the Fair Credit Billing Act.

**Notify Lender In Case Of Errors Or Questions About Your Bill.** If you think your bill is wrong, or if you need more information about a transaction on your bill, write Lender at the address listed on your bill. Write to Lender as soon as possible. Lender must hear from you no later than sixty (60) days after Lender sent you the first bill in which the error or problem appeared. You can telephone Lender, but doing so will not preserve your rights.

In your letter, give Lender the following information:

- i) Your name and account number.
- ii) The dollar amount of the suspected error.
- iii) Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the items you are not sure about. If you have authorized Lender to pay your bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach Lender three (3) business days before the automatic payment is scheduled to occur.

**Your Rights And Lender's Responsibilities After Receipt Of Your Written Notice.** Lender must acknowledge your letter within thirty (30) days, unless Lender has corrected the error by then. Within ninety (90) days, Lender must either correct the error or explain why Lender believes the bill was correct.

After Lender receives your letter, Lender cannot try to collect any amount you question, or report you as delinquent. Lender can continue to bill you for the amount you question, including finance charges, and Lender can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while Lender is investigating, but you are still obligated to pay the parts of your bill that are not in question.

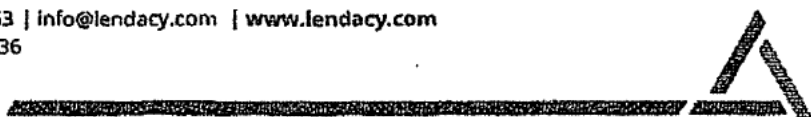
If Lender finds that Lender made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If Lender didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, Lender will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that Lender thinks you owe, Lender may report you as delinquent. However, if Lender's explanation does not satisfy you and you write to Lender within ten (10) days telling Lender that you still refuse to pay, Lender must tell anyone Lender reports you to that you have a question about your bill. And, Lender must tell you the name of anyone Lender reported you to. Lender must tell anyone Lender reports you to that the matter has been settled when it finally is.

If Lender doesn't follow these rules, Lender can't collect the first \$50.00 of the questioned amount, even if your bill is correct.

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## YOUR BILLING RIGHTS—KEEP THIS NOTICE FOR FUTURE USE

If the box in Section 26 of the Agreement to which this Guarantor Addendum is appended is checked and the Borrower's (or any one of them if there is more than one) and the Guarantor's initials appear there, the following provisions are hereby incorporated into the Agreement and by this reference made a part thereof. Capitalized terms used herein have the meanings ascribed to them as set forth in the Agreement.

As a material inducement for Lender to fund an Advance or Advances, as the case may be, repayment of the Loan and all sums due hereunder and all sums which may become due hereunder (the "Guaranteed Obligations") will be personally guaranteed by the undersigned individual (the "Guarantor") and the Guarantor hereby agrees to personally guarantee all of the Guaranteed Obligations.

- a) Anything to the contrary herein notwithstanding, the liability of the Guarantor shall be direct and immediate as a primary and not a secondary obligation or liability, and is not conditioned or contingent upon the pursuit of any remedies against Borrower or any other person. Guarantor unconditionally waives any right which he/she may have to require that Lender first proceed against Borrower or any other person or entity with respect to the Guaranteed Obligations.
- b) Guarantor's obligations hereunder are an irrevocable, absolute, continuing agreement of payment and performance and not a guaranty of collection. Guarantor's obligations hereunder may not be revoked by Guarantor and shall continue to be effective with respect to any Guaranteed Obligations arising or created after any attempted revocation by Guarantor and after Guarantor's death (in which event the Agreement and this Guarantor Addendum shall be binding upon such Guarantor's estate and Guarantor's legal representatives and heirs). The fact that at any time or from time to time the Guaranteed Obligations may be increased or reduced shall not release or discharge the obligations of Guarantor to Lender with respect to the Guaranteed Obligations. Guarantor's obligations hereunder may be enforced by Lender and any subsequent holder of this Promissory Note and shall not be discharged by the assignment or negotiation of all or part of this Promissory Note.
- c) If all or any part of the Guaranteed Obligations shall not be punctually paid when due, whether at demand, maturity, acceleration or otherwise, Guarantor shall, immediately upon demand by Lender and without presentment, protest, notice of protest, notice of non-payment, notice of intention to accelerate the maturity, notice of acceleration of the maturity or any other notice whatsoever, pay in lawful money of the United States of America, the amount due on the Guaranteed Obligations to Lender at Lender's address as set forth in the Agreement. Such demand(s) may be made at any time coincident with or after the time for payment of all or part of the Guaranteed Obligations and may be made from time to time with respect to the same or different items of Guaranteed Obligations. Such demand shall be deemed made, given and received in accordance with the notice provisions of the Agreement.
- d) Guarantor hereby unconditionally agrees to waive and agrees not to assert or take advantage of any defense based upon:
  - i) The incapacity, lack of authority, death or disability of any Borrower, or any other person or entity;
  - ii) The failure of Lender to commence an action against Borrower at any time or to pursue any other remedy whatsoever at any time;
  - iii) Any duty on the part of Lender to disclose to Guarantor any facts it may now or hereafter know regarding Borrower regardless of whether Lender has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor, Guarantor acknowledging that it is fully responsible for being and keeping informed of the financial condition and affairs of Borrower;
  - iv) Lack of notice of default, demand of performance or notice of acceleration to Borrower or any other party with respect to the Loan or the Guaranteed Obligations;
  - v) The consideration for this Agreement; any acts or omissions of Lender which vary, increase or decrease the risk on any Guarantor; any statute of limitations affecting the liability of any Guarantor hereunder, the liability of Borrower or any Guarantor hereunder, or the enforcement hereof, to the extent permitted by law;
  - vi) The application by Borrower of the proceeds of the Loan for purposes other than the purposes represented by Borrower to Lender or intended or understood by Lender or Guarantor;
  - vii) An election of remedies by Lender, whether or not any such election of remedies destroys or otherwise impairs the subrogation rights of Guarantor or the rights of Guarantor to proceed against Borrower by way of subrogation or for reimbursement or contribution, or all such rights;
  - viii) Any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other aspects more burdensome than that of a Guarantor; and
  - ix) Any other suretyship defense that might, but for the terms hereof, be available to Guarantor.

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Guarantor Addendum to Credit Facility Agreement—1 of 2 | Rev 2-10-16





**GUARANTOR:**

SIGNATURE \_\_\_\_\_ PRINTED NAME \_\_\_\_\_ DATE \_\_\_\_\_

ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

FAX \_\_\_\_\_ EMAIL \_\_\_\_\_ HOMEPHONE \_\_\_\_\_

BUSINESS PHONE \_\_\_\_\_ CELL PHONE \_\_\_\_\_

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Guarantor Addendum to Credit Facility Agreement — 2 of 2 | Rev 2-10-16





## LENDACY

## 1. YOUR AGREEMENT

This Agreement is effective as of 05/04/2018 (the "Effective Date") by Scipio, LLC. In this Credit Facility Agreement and Disclosure ("Agreement"), the words "you," "your" and "yours" mean each and all of the borrowers, whether as an individual or entity, named herein [the "Borrower(s)"]. The word "Lender" means KCL SERVICES, LLC, a Delaware limited liability company and/or its successors and assigns whose current business address is: 1800 2nd Street, Suite 955, Sarasota, Florida 34236.

## YOU AGREE TO ALL OF THE FOLLOWING TERMS

2. YOUR CREDIT LIMIT IS \$ 2,755,000.00

You may obtain an unlimited number of Advances from your Account during any one statement period. However, Lender will not be obligated to honor a Request for Advance, if the principal balance of your Account together with all other charges which are due, would after honoring the Request for Advance, exceed your credit limit.

## 3. REPAYMENT OPTIONS

a) You have selected the REPAYMENT OPTION indicated by checking and initialing the appropriate box below.

- ☐ (1) **DEFERRED.** Under the Deferred Option, you have no regularly scheduled payments and all interest is deferred. On the first December statement after the first Advance hereunder, and then annually thereafter, you will receive a statement from Lender setting forth the amount of indebtedness then outstanding, comprised of: (i) the original Advance; (ii) any additional Advances funded to Borrower; and (iii) any accumulated deferred interest accruing throughout the year. No later than January 15<sup>th</sup> of the following year, borrower will make an election and return same to Lender indicating the prior year's deferred interest to be either (i) added to the existing indebtedness making no contribution towards interest expense or principal reduction, or (ii) make an election to pay some or all of the deferred interest, or (iii) make an election to pay all interest expense plus a portion towards the outstanding principal balance.

Deferred Payment Expiration Date: \_\_\_\_\_

## PAYMENT OPTION AFTER DEFERRAL PERIOD:

☐ Interest Only ☐ Interest With Principal Reduction \$ \_\_\_\_\_ ☐ Flat Pay \$ \_\_\_\_\_

- ☒ (2) **INTEREST ONLY.** You elect to make a minimum payment monthly to be credited solely to interest expense.

- ☐ (3) **INTEREST WITH PRINCIPAL REDUCTION.** This option consists of a fixed amount that will be selected for monthly reduction of principal. The required monthly payment will be comprised of: (a) the selected monthly reduction of principal component, plus (b) the monthly interest expense. The monthly payment under this option will vary due to changes in the underlying index and the number of days in the billing cycle pursuant to Section 7 hereinbelow. The formula Lender will use to calculate the monthly payment under this option is expressed as follows: Monthly Payment = fixed principal reduction amount plus monthly interest expense.

- ☐ (4) **FLAT PAY.** Under this option, you agree to pay \$ \_\_\_\_\_ per month. The monthly payment under this option will be constant. Based upon changes in the underlying index and the number of days in the billing cycle as described in Section 7 hereinbelow, the monthly payment may include some or all of the interest expense. In the event the payment exceeds the interest for that particular month, any such excess will be credited towards principal. The calculation Lender will use to calculate the application of a monthly payment under this option between interest and principal is expressed as follows: Monthly FLAT PAY amount minus monthly interest expense = Principal Reduction or "Deferred Interest" (as defined below). If this calculation results in a positive number, the principal amount will be reduced by said amount and posted as a principal reduction. If this calculation results in a negative number, the principal amount will be increased and posted as "Deferred Interest."

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b) If, at any time, you have exceeded the Credit Limit set forth in Section 4 herein below (the "Credit Limit"), whether by accepting additional advances or by the accrual of interest due but deferred hereunder on the principal balance of any advances made hereunder, or otherwise, all payments theretofore deferred shall thereupon become immediately due and payable in full, including but not necessarily limited to, any and all costs and expenses of collection and all outstanding principal and interest due hereunder. Unless Lender should agree otherwise in a writing signed by the Lender, in Lender's sole and absolute discretion, Borrower's failure to make such immediate payment in full shall constitute an Event of Default under Section 21. hereinbelow whereupon the Lender shall have all the rights and remedies described in Section 22 and 25(e) herein below and as may additionally be provided in this Agreement. Borrower agrees that the parties' intent is that Lender shall have, and hereby does have, any and all legal and equitable remedies available to Lender in the case of an Event of Default.

In addition, if at any time for any reason the amounts due hereunder should exceed the Credit Limit, and notwithstanding any other provisions contained in this Agreement, that portion of the amounts then due that exceed the Credit Limit will thereupon be charged a penalty rate of interest on that excess equal to ten percent (10%) per annum.

c) You expressly acknowledge and agree that:

- i) an Advance, and any additional Advance(s), may be renewed/extended at your election, but if so elected, for a term of Three Hundred Sixty-Four (364) days; and
- ii) pursuant to Section 18. hereinbelow, Lender's Managing Member may, in its sole and absolute discretion, convert the credit facility to a twenty-five (25) year fully amortized payment schedule; and
- iii) you may select another Repayment Option annually, subject to Lender's approval, which approval will not be unreasonably withheld or delayed.

d) You acknowledge and agree that Lender shall have the unfettered right to aggregate and securitize its loans in any particular repayment option category described in Section 2(a) above from time to time and at any time, in Lender's sole and absolute discretion.

#### NOTICE: THIS DOCUMENT CONTAINS PROVISIONS FOR A VARIABLE INTEREST RATE

#### 4. INDEX

The Index used to determine a portion of the Periodic FINANCE CHARGE Rate (described below) for your account is Federal Funds Rate as announced from time to time in the east coast edition of the Wall Street Journal, The INDEX may and will change periodically and is set by the Federal Reserve.

**BORROWER BE ADVISED:** The Federal Funds Rate is a crucial component of your FINANCE CHARGE and it is possible that the FINANCE CHARGE rate may increase at any time and by any amount.

#### 5. MARGIN RATE

The Margin Rate ("Margin") is the interest rate charge determined by the Lender at the time of this agreement. Your Margin is <sup>200</sup> basis points, set as an annual rate. BORROWER expressly understands and agrees that LENDER has the unfettered right, no sooner than six (6) months following the Effective Date and no more frequently than every calendar quarter thereafter, to adjust the Margin rate (up or down) in the Lender's sole and absolute discretion. The Margin rate will not increase more than 100 basis points in any twelve (12) month period. Lender's right hereunder to adjust the Margin rate is wholly independent of any increases to the FINANCE CHARGE on account of any increase(s) to the Federal Funds Rate. As and when such increases to the Federal Funds Rate should occur, any such increases will thereupon immediately be passed on to the BORROWER and become a revised component of the FINANCE CHARGE.

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## 6. PERIODIC FINANCE CHARGE

Subject to the limits as may be described in Section 10 below, Lender will determine the PERIODIC FINANCE CHARGE Rate for each day in the billing cycle by first adding the Margin to the Index then in effect. Lender will then divide this sum by 365 (or 366 for billing cycles beginning in a leap year) to get the Daily Periodic FINANCE CHARGE Rate applicable.

- a) Your Index is 170 basis points (Federal Funds Rate). Based on the Fed Funds rate in effect on 05/03/2018.
- b) Your Margin is 200 basis points.
- c) Your initial ANNUAL PERCENTAGE RATE (INDEX plus the MARGIN) is 3.7 %

The PERIODIC FINANCE CHARGE rate is based on the ANNUAL PERCENTAGE RATE. The ANNUAL PERCENTAGE RATE will and may change due to:

- i) Changes in the Federal Funds Rate, which sets the Index value; and/or
- ii) Margin limit due to the application of the ANNUAL PERCENTAGE RATE requirement set forth in Section 10 below. The ANNUAL PERCENTAGE RATE does not include any charges other than interest.
- iii) Subject to the limit described in Section 10 below, the Periodic FINANCE CHARGE Rate will change in accordance with the Index in effect from time to time. The Periodic FINANCE CHARGE Rate will change on the day the Index changes. Increases in the Index will result in increases in the Periodic FINANCE CHARGE Rate and your minimum monthly payment. As and when the Index decreases, there will be corresponding decreases to the Periodic FINANCE CHARGE and your minimum monthly payment. To determine the Periodic FINANCE CHARGE for each day in the billing cycle, Lender will multiply the applicable Daily Periodic FINANCE CHARGE Rate then in effect by the Daily Balance described in Section 11 below for that billing cycle. The Periodic FINANCE CHARGE will begin to accrue the date the Lender honors a request for Advance or otherwise charges your Account pursuant to this Agreement, which, for purpose of this Agreement, shall be the day that either funds are wired or the date a check is issued to the Borrower.

## 7. LIMITS

Your Account is subject to a limit on the ANNUAL PERCENTAGE RATE. (Comprised of the Index plus Margin). Your ANNUAL PERCENTAGE RATE as determined by the Index and Margin shall never be less than 100 basis points. Please note that the Lender is unable to set an absolute upper limit because the FINANCE CHARGE includes the Index (Federal Funds Rate).

Borrower acknowledges and agrees that the Company's Managing Member may, in its sole and absolute discretion, elect to raise or lower the Margin at intervals no more frequently than once per calendar quarter by providing written notice of same to Borrower within the final thirty (30) days of a calendar quarter, to go into effect at the first of the month of the then following calendar quarter. There is no limit to how low the Margin may be adjusted, but in no event will it be adjusted higher than what is legally permitted by state and federal guidelines.

## 8. CALCULATION OF DAILY BALANCE

To determine how much interest should be charged for a billing cycle, Lender figures your Daily Balance for each day in the billing cycle. The Daily Balance is figured by taking your beginning Account balance each day, adding any new Request for Advance honored and any other charges applied to your Account and subtracting any payments and credits received that day. This produces the Daily Balance. Special Note: Daily accruing Periodic FINANCE CHARGE, late charges and other fees will not be included in determining your Daily Balance.

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**9. ADVANCES FROM YOUR ACCOUNT. You may borrow funds (obtain an "Advance") from your Account by:**

- a) Oral request to Lender directing Lender to make an Advance:
  - i) Any oral request for an advance may be made only if the funds are directed to Borrower's account with Lender.
  - ii) All such advances shall be conclusively presumed to have been made for the benefit of Borrower when the Lender believes in good faith that such requests and directions have been made by authorized persons or when said advances are deposited to a credit account of any Borrower.
- b) Executing and delivering to Lender written instructions directing Lender to make an Advance:
  - i) Directly to a Lender asset account in your name alone or together with third persons.
  - ii) By wire transfer to your order or the order of any third person.
  - iii) By issuing a disbursement check to you, payable to you or a third party.
- c) At the time your Account is opened, executing and delivering to Lender, written instructions directing Lender to make an Advance to third party creditors to pay off the outstanding balance on any loan or credit account in your name alone or together with third persons.
- d) Lender is under no obligation to honor a Request for Advance which is in violation of these provisions.
- e) Limitations on the use of loan proceeds.
  - i) Borrower acknowledges and agrees that such funds may only be used for the purposes specifically indicated and approved by Lender contained in Borrower's Application for the subject Credit Facility.
  - ii) The methods for obtaining Advances from your Account described above shall be referred to in this Agreement collectively as "Requests for Advances."
  - iii) Subject to any cancellation or suspension of your Account and any other limitations or restrictions set forth in this Agreement, Lender will honor a Request for Advance within 24 hours after Lender receives properly executed written instructions or oral requests directing Lender to make an Advance.
  - iv) If there is more than one authorized signer on your Account, you hereby authorize and direct Lender to honor, and release Lender from any liability arising directly or indirectly out of honoring, a Request for Advance executed or orally requested by anyone authorized signer acting alone. However, should a dispute arise amongst you as to the use of the Account, Lender, at its sole discretion, may require the signatures of all authorized signers on any Request for Advance from your Account.
  - v) Except for a Request for Advance made in accordance with Section 3(c), Lender is under no obligation to honor a Request for Advance for less than \$5,000.00.

**10. PROMISE TO PAY**

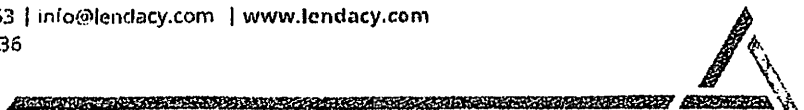
You promise to repay Lender, at the location Lender designates from time to time (a) all borrowings from your Account, whether or not the borrowings exceed your credit limit, (b) all interest and other charges, and (c) all collection costs, court costs, attorneys' fees and all other expenses Lender incurs in enforcing this Agreement.

**11. BILLING CYCLE**

The term "billing cycle" means the interval between the days or dates of the regular periodic statements (defined in Section 13 below) on your Account. Each billing cycle will correspond to an actual calendar month and contain the number of days in that corresponding calendar month. For example, your January billing cycle will contain 31 days.

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## 12. MONTHLY PAYMENTS

Your Total Payment Due each month will be due not later than the Payment Due Date set forth in your regular periodic statement. The amount of your Total Payment Due will be calculated as follows:

- a) Your Total Payment Due will be equal to the amount of the Periodic FINANCE CHARGE which has accrued on your Balance during the previous billing cycle, plus all other amounts, including but not limited to any amount outstanding in excess of your credit limit and late payments or late charges then due but as yet unpaid. Depending upon the Repayment Option you selected in Section 2. hereinabove, your monthly payment may or may not reduce the principal that is outstanding on your Account.
- b) In the event that the Lender elects, pursuant to Section 2.(b) hereinabove, to convert your repayment obligation to a fully amortized loan, your Total Payment Due will be equal to the amount, calculated monthly by Lender, which would be sufficient to fully repay the balance on your Account, at the then current ANNUAL PERCENTAGE RATE in substantially equal installments over the remaining twenty-five (25) year term of your Account, plus all other amounts, including but not limited to late payments or late charges, then due but as yet unpaid. The Lender will apply each payment made with respect to your Account in the following order: (a) Periodic FINANCE CHARGES; (b) Late Charges; (c) Other Account Charges listed in Section 16 below, and any other charges charged to your account, and (d) the remaining principal balance.

## 13. REGULAR PERIODIC STATEMENT

You will receive a monthly statement of your Account. All Advances and other charges assessed in connection with your Account will be reflected on the monthly statement for the month during which the Advance is honored or fee or charge is charged to your Account. The regular periodic statement will also reflect the Total Payment Due.

## 14. PREPAYMENTS

You have the right, at any time, to prepay all or any part of the balance owing on your Account without penalty.

## 15. STOP PAYMENT ORDERS

You can ask Lender to stop payment on a Request for Advance if the corresponding Advance has not yet been paid from your Account. To stop payment, you must mail or telecopy us a writing signed by you requesting that a stop payment be placed on a particular Request for Advance. Oral stop payment orders will not be accepted.

To place a Stop Payment Order, Lender needs the following information:

- (1) Your account number;
- (2) the exact number and amount of the Request for Advance;
- (3) the name of the person who signed the Request for Advance;
- (4) the name of the party to whom the Request for Advance is payable; and
- (5) the reason for the Stop Payment Order.

Lender will charge your Account \$45 when the Stop Payment Order goes into effect. A Stop Payment Order will not go into effect until Lender verifies that the Request for Advance identified is unpaid. Your Stop Payment Order will expire six months from its date, unless you renew it. You may write Lender to cancel a Stop Payment Order at any time. A Stop Payment Order is canceled automatically when your Account is closed.

- a) So long as your Account remains open, on the anniversary of the date on which your Account is opened, and on the anniversary of such date every year thereafter Lender has the right to charge you a non-refundable, non-proratable Annual Account Fee of \$75.00. If such annual fee is assessed in any given year, such Annual Fee will be billed in the next regular periodic statement and added to the minimum monthly payment due.
- b) A \$25.00 returned check fee charge will be posted to your Account if a check or other instrument given to Lender to fully or partially repay your Account balance is not honored by the financial institution upon which it is written.

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## LENDACY

- c) An over the limit fee of \$25.00 will be posted to your Account if a Request for Advance is presented for payment against your Account and you do not have sufficient available credit to cover the Advance and Lender refuses to honor the Request for Advance.
- d) A fee of \$10.00 will be posted to your Account whenever you request Lender to stop payment on a Request for Advance.
- e) A fee of \$25.00 will be posted to your Account whenever you request Lender to pay an Advance by wire transfer or disbursement check.
- f) Your Account will be charged a fee of \$25.00 per hour plus photocopy fees of \$5.00 per page whenever you request research or reconciliation services regarding your Account and/or photocopies of statements for purposes other than a billing error inquiry.
- g) If you fail to pay the Total Payment Due on or before the tenth day following your Payment Due Date, you will be charged a late charge equal to the greater of six percent of the portion of your Total Payment Due during the last billing cycle or \$5.00, whichever is greater.

### 16. YOUR OBLIGATIONS ARE UNSECURED

Your obligations under this Agreement are unsecured. Notwithstanding the foregoing sentence, you understand and agree that your obligations hereunder are at all times subject to the Lender's Managing Member's election, in its sole and absolute discretion, to take the actions described and set forth in Section 2 hereinabove.

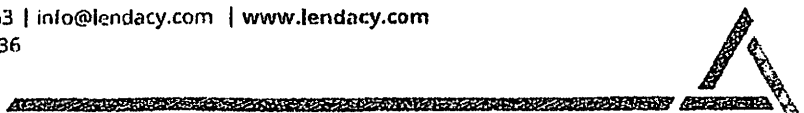
### 17. SUSPENSION OF YOUR ACCOUNT AND REDUCTION OF YOUR CREDIT LIMIT

- a) Lender reserves the right, in its sole and absolute discretion, to dishonor your Requests for Advances or reduce the Credit Limit on your Account if:
  - i) Lender reasonably believes you will not be able to meet your payment obligations on the Account due to a material change in your financial circumstances.
  - ii) You are in default of a material obligation contained in this Agreement.
  - iii) Any form of government action prevents Lender from imposing the ANNUAL PERCENTAGE RATE calculated in accordance with the terms of this Agreement.
  - iv) A government regulatory agency has notified Lender that continuing to honor Requests for Advances would constitute an unsafe and unsound practice.
  - v) The maximum ANNUAL PERCENTAGE RATE that can be assessed in connection with your Account is reached.
- b) If Lender dishonors your Requests for Advances or reduces your credit limit in accordance with this Section 18, Lender will mail you a written notice not later than three business days after such action is taken. Lender will not be obligated to honor your Requests for Advances or reinstate your Credit Limit unless:
  - i) You notify Lender in writing that the basis upon which Lender elected to dishonor your Requests for Advances or reduce your Credit Limit has ceased to exist; and
  - ii) Lender independently verifies that the condition has in fact ceased to exist.
  - iii) Any form of government action prevents Lender from imposing the ANNUAL PERCENTAGE RATE calculated in accordance with the terms of this Agreement.
  - iv) A government regulatory agency has notified Lender that continuing to honor Requests for Advances would constitute an unsafe and unsound practice.

Lender will begin honoring your Requests for Advances and/or reinstate your Credit Limit as soon as reasonably possible after the conditions set forth in this Section 18(b) have been satisfied.

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## 18. CHANGES IN THE TERMS OF YOUR ACCOUNT

After your Account is opened, Lender may:

- a) Change the Index and Margin if the Index becomes unavailable, as long as historical fluctuations in the two indices are substantially similar and as long as the new index and margin will produce a rate similar to the rate in effect at the time the original Index became unavailable.
- b) Change, eliminate and/or add a term or condition of or to this Agreement provided you have expressly agreed to the amendments in writing.
- c) Without your consent, change, eliminate or add any terms or conditions of or to this Agreement, which amendment will be unequivocally beneficial to you or constitute an insignificant change in terms.

## 19. CREDIT INFORMATION AND FINANCIAL STATEMENTS

You agree to provide to Lender upon Lender's reasonable request your current financial statement. Further, by maintaining this Account, you are authorizing Lender to release information to other persons such as credit bureaus, merchants and other financial institutions, about you and your Account, to obtain additional credit reports from time to time, and to request beneficiary statements from senior lienholders, if any.

## 20. EVENTS OF DEFAULT

Lender may, without notice to you, declare your Account to be in default if any of the following conditions exist:

- a) You fail to make required payments under the terms of this Agreement.
- b) You engage in fraud or misrepresentation in connection with your Account or this Agreement.
- c) You use any funds provided by Lender for any purpose other than as represented by you in your Application submitted to Lender to obtain the Credit Facility and that was approved by Lender based on the information submitted in said Application.

## 21. LENDER'S RIGHTS IN THE EVENT OF DEFAULT

Lender may, without notice to you, declare your Account to be in default if any of the following conditions exist:

- a) Upon Lender's notification to you that your Account is in default, Lender may immediately (a) refuse to honor any further Requests for Advances, (b) increase the Margin by two and one half (2.5) percentage points, (c) declare immediately due and payable the entire balance of your Account, and (d) exercise all of the rights or remedies provided under this Agreement and applicable law. After notification of default by Lender and any resulting increase in the Margin on your Account, and acceleration of the remaining balance on your Account, you shall have no further right to request disbursements under your Account. In the event Lender notifies you of a default and exercises any of the remedies set forth in this paragraph, and you exercise the rights provided to you under this Agreement, if any, to reinstate your Account, your Account shall be reinstated and the Margin will be reduced to the Margin in effect prior to Lender notifying you of a default.
- b) In addition to the foregoing, and without in any way limiting the foregoing, if the box in Section 26 hereinbelow is checked and the Borrower (or any of them if there is more than one Borrower) and Guarantor have initialed where indicated therein, the Guarantor shall be bound to all the provisions of the Guarantor Addendum attached hereto and by this reference made a part hereof.

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## 22. TAX DEDUCTIBILITY

You should consult a tax advisor regarding the deductibility of interest and charges for your Account.

## 23. TERMINATION OF ACCOUNT AT YOUR ELECTION

You may terminate your Account at any time by providing written notice to Lender, whereupon you may:

- a) If not already done so, request Lender to convert your Account to a fully amortized twenty-five (25) year repayment obligation. If Lender grants this request, payment will be calculated in accordance with Section 12(b) of this Agreement; or
- b) Close your Account by immediately paying the total outstanding principal and interest balance on your Account.

If Lender does not grant your request pursuant to Section 24.(a) above, the total outstanding balance on your Account will be immediately due and payable.

## 24. MISCELLANEOUS PROVISIONS

You may terminate your Account at any time by providing written notice to Lender, whereupon you may:

- a) Lender may delay in enforcing any of its rights under this Agreement, but such a delay shall not constitute a waiver of Lender's right to enforce those rights in the future.
- b) If more than one person has signed this Agreement, then your liability shall be joint and several which means that each of you will be separately liable for the entire amount owing on your Account.
- c) Your Account and this Agreement will be governed by the laws of the State of Florida or \_\_\_\_\_, in Lender's sole and absolute discretion.
- d) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
- e) Borrower agrees to pay all costs, including costs of collection, expenses, and attorneys' fees incurred in collecting any sum due under this Agreement, whether or not suit is filed, and including any proceedings in bankruptcy. Any proceeds from any such action(s) shall be applied first to any and all costs of collection, then to any due and unpaid interest outstanding, then to the principal amount of any and all Advances.
- f) The terms and provisions of this Agreement cannot be waived, altered, modified, amended or terminated except as the Lender may consent thereto in writing duly signed by Lender. Any action to enforce the terms contained herein shall be filed in the state courts of Florida in the County of Sarasota or the United States District Court for the Middle District of Florida in Tampa, and Borrower hereby agrees and consents to subject himself/herself to the jurisdiction of said courts, and further agrees to be bound by any judgment rendered therein.
- g) Borrower shall not, in any manner, directly or indirectly, assign its obligations hereunder to any other person or entity. Any attempt to do so shall render all sums due or to become due under this Agreement to be immediately due and payable in full. Lender shall be permitted to assign its rights under this Agreement to any person or entity it may choose, at any time it may choose, whereupon all obligations of Borrower hereunder will be due directly to such assignee in accordance with the terms and conditions of this Agreement.
- h) All agreements between the Borrower(s) and the Lender as set forth in this Agreement are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid to the Lender for the use, forbearance, or detention of the monies advanced to Borrower exceed the maximum permissible under applicable law. If, from any circumstance whatsoever, fulfillment of any provision hereof, at the time such performance shall be due, shall be prohibited by law, the obligation to be fulfilled shall be reduced to the maximum not so prohibited, and if from any circumstance the Lender should ever receive as interest hereunder an amount which would exceed the highest lawful rate, such amount as would be excessive interest shall be applied to the reduction of the principal of then outstanding Advances under this Agreement and not to the payment of interest. This provision shall control every other provision of all agreements in this Agreement between the Borrower(s) and the Lender.
- i) If any one or more of the provisions of this Agreement shall, for any reason, be held or found by final judgment of a court of competent jurisdiction to be invalid, illegal or unenforceable under the Employee Retirement Income Security Act of 1974 ("ERISA") or in any other material respect, (i) that invalidity, illegality or unenforceability will not affect any other provisions of this Agreement and (ii) this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been

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# LENDACY

contained herein, provided, however that if the invalidity of any part or provision of this Agreement shall deprive any party of the economic benefit intended to be conferred by this Agreement, Lender shall, in good-faith, develop a structure, the economic effect of which is as close as possible to the economic effect of this Agreement, without regard to such invalidity.

- j) Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and personally delivered or sent by overnight courier, or by facsimile, if such facsimile is followed by a hard copy of the facsimile communication sent by overnight courier, charges prepaid, addressed as follows: if to the Lender, at the address set forth in Section 1 of this Agreement, or to such other address as the Lender may from time to time specify by notice to the Borrower(s); if to a Borrower, to such Borrower at the address set forth beneath such Borrower's signature below or as such Borrower may from time to time specify by notice to the Lender in accordance with this Section 25. (i). Any such notice shall be deemed to be delivered, given and received as of the date so delivered.

## 25. GUARANTOR

If the box below is checked and Borrower and Guarantor (or any Borrower if there is more than one signatory to this Agreement) have initialed where indicated below, all of the Borrower's obligations set forth in this Agreement are guaranteed in accordance with the terms and provisions contained in the Guarantor Addendum attached hereto and by this reference made a part hereof.

☐ A. BORROWER'S INITIALS: \_\_\_\_\_ B. GUARANTOR'S INITIALS: \_\_\_\_\_

26. BY SIGNING THIS AGREEMENT YOU AGREE TO BE BOUND TO ALL OF THE TERMS OF THIS AGREEMENT AND THE ADDENDA HERETO AS APPLICABLE AND YOU ACKNOWLEDGE RECEIPT OF A COMPLETED COPY OF THIS AGREEMENT WITH APPLICABLE ADDENDA.

EXECUTED ON THE DATE OPPOSITE THE NAMES AND SIGNATURES BELOW:

BORROWER(S): ☐ INDIVIDUAL ☐ TRUST ☒ LLC ☐ PARTNERSHIP ☐ CORPORATION ☐ OTHER

ENTITY NAME (IF APPLICABLE) Scipio, LLC

SIGNATURE [Signature] PRINTED NAME Michael Williams DATE 3/23/2017

ADDRESS 53 Calle Palmeras, Suite 903 CITY San Juan STATE PR ZIP 00901

FAX \_\_\_\_\_ EMAIL lionfish42@gmail.com HOMEPHONE \_\_\_\_\_

BUSINESS PHONE 941-870-9544 CELL PHONE 415-559-7792

BORROWER(S):

SIGNATURE \_\_\_\_\_ PRINTED NAME \_\_\_\_\_ DATE \_\_\_\_\_

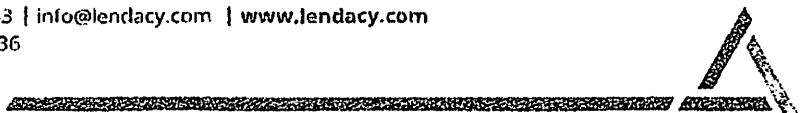
ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

FAX \_\_\_\_\_ EMAIL \_\_\_\_\_ HOMEPHONE \_\_\_\_\_

BUSINESS PHONE \_\_\_\_\_ CELL PHONE \_\_\_\_\_

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## YOUR BILLING RIGHTS—KEEP THIS NOTICE FOR FUTURE USE

This notice contains important information about your rights and Lender's responsibilities under the Fair Credit Billing Act.

**Notify Lender in Case Of Errors Or Questions About Your Bill.** If you think your bill is wrong, or if you need more information about a transaction on your bill, write Lender at the address listed on your bill. Write to Lender as soon as possible. Lender must hear from you no later than sixty (60) days after Lender sent you the first bill in which the error or problem appeared. You can telephone Lender, but doing so will not preserve your rights.

In your letter, give Lender the following information:

- i) Your name and account number.
- ii) The dollar amount of the suspected error.
- iii) Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the items you are not sure about. If you have authorized Lender to pay your bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach Lender three (3) business days before the automatic payment is scheduled to occur.

**Your Rights And Lender's Responsibilities After Receipt Of Your Written Notice.** Lender must acknowledge your letter within thirty (30) days, unless Lender has corrected the error by then. Within ninety (90) days, Lender must either correct the error or explain why Lender believes the bill was correct.

After Lender receives your letter, Lender cannot try to collect any amount you question, or report you as delinquent. Lender can continue to bill you for the amount you question, including finance charges, and Lender can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while Lender is investigating, but you are still obligated to pay the parts of your bill that are not in question.

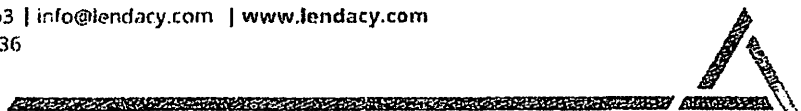
If Lender finds that Lender made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If Lender didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, Lender will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that Lender thinks you owe, Lender may report you as delinquent. However, if Lender's explanation does not satisfy you and you write to Lender within ten (10) days telling Lender that you still refuse to pay, Lender must tell anyone Lender reports you to that you have a question about your bill. And, Lender must tell you the name of anyone Lender reported you to. Lender must tell anyone Lender reports you to that the matter has been settled when it finally is.

If Lender doesn't follow these rules, Lender can't collect the first \$50.00 of the questioned amount, even if your bill is correct.

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## YOUR BILLING RIGHTS—KEEP THIS NOTICE FOR FUTURE USE

If the box in Section 26 of the Agreement to which this Guarantor Addendum is appended is checked and the Borrower's (or any one of them if there is more than one) and the Guarantor's initials appear there, the following provisions are hereby incorporated into the Agreement and by this reference made a part thereof. Capitalized terms used herein have the meanings ascribed to them as set forth in the Agreement.

As a material inducement for Lender to fund an Advance or Advances, as the case may be, repayment of the Loan and all sums due hereunder and all sums which may become due hereunder (the "Guaranteed Obligations") will be personally guaranteed by the undersigned individual (the "Guarantor") and the Guarantor hereby agrees to personally guarantee all of the Guaranteed Obligations.

- a) Anything to the contrary herein notwithstanding, the liability of the Guarantor shall be direct and immediate as a primary and not a secondary obligation or liability, and is not conditioned or contingent upon the pursuit of any remedies against Borrower or any other person. Guarantor unconditionally waives any right which he/she may have to require that Lender first proceed against Borrower or any other person or entity with respect to the Guaranteed Obligations.
- b) Guarantor's obligations hereunder are an irrevocable, absolute, continuing agreement of payment and performance and not a guaranty of collection. Guarantor's obligations hereunder may not be revoked by Guarantor and shall continue to be effective with respect to any Guaranteed Obligations arising or created after any attempted revocation by Guarantor and after Guarantor's death (in which event the Agreement and this Guarantor Addendum shall be binding upon such Guarantor's estate and Guarantor's legal representatives and heirs). The fact that at any time or from time to time the Guaranteed Obligations may be increased or reduced shall not release or discharge the obligations of Guarantor to Lender with respect to the Guaranteed Obligations. Guarantor's obligations hereunder may be enforced by Lender and any subsequent holder of this Promissory Note and shall not be discharged by the assignment or negotiation of all or part of this Promissory Note.
- c) If all or any part of the Guaranteed Obligations shall not be punctually paid when due, whether at demand, maturity, acceleration or otherwise, Guarantor shall, immediately upon demand by Lender and without presentment, protest, notice of protest, notice of non-payment, notice of intention to accelerate the maturity, notice of acceleration of the maturity or any other notice whatsoever, pay in lawful money of the United States of America, the amount due on the Guaranteed Obligations to Lender at Lender's address as set forth in the Agreement. Such demand(s) may be made at any time coincident with or after the time for payment of all or part of the Guaranteed Obligations and may be made from time to time with respect to the same or different items of Guaranteed Obligations. Such demand shall be deemed made, given and received in accordance with the notice provisions of the Agreement.
- d) Guarantor hereby unconditionally agrees to waive and agrees not to assert or take advantage of any defense based upon:
  - i) The incapacity, lack of authority, death or disability of any Borrower, or any other person or entity;
  - ii) The failure of Lender to commence an action against Borrower at any time or to pursue any other remedy whatsoever at any time;
  - iii) Any duty on the part of Lender to disclose to Guarantor any facts it may now or hereafter know regarding Borrower regardless of whether Lender has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor, Guarantor acknowledging that it is fully responsible for being and keeping informed of the financial condition and affairs of Borrower;
  - iv) Lack of notice of default, demand of performance or notice of acceleration to Borrower or any other party with respect to the Loan or the Guaranteed Obligations;
  - v) The consideration for this Agreement; any acts or omissions of Lender which vary, increase or decrease the risk on any Guarantor; any statute of limitations affecting the liability of any Guarantor hereunder, the liability of Borrower or any Guarantor hereunder, or the enforcement hereof, to the extent permitted by law;
  - vi) The application by Borrower of the proceeds of the Loan for purposes other than the purposes represented by Borrower to Lender or intended or understood by Lender or Guarantor;
  - vii) An election of remedies by Lender, whether or not any such election of remedies destroys or otherwise impairs the subrogation rights of Guarantor or the rights of Guarantor to proceed against Borrower by way of subrogation or for reimbursement or contribution, or all such rights;
  - viii) Any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other aspects more burdensome than that of a Guarantor; and
  - ix) Any other suretyship defense that might, but for the terms hereof, be available to Guarantor.

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Guarantor Addendum to Credit Facility Agreement—1 of 2 | Rev 2-10-16





**GUARANTOR:**

SIGNATURE \_\_\_\_\_ PRINTED NAME \_\_\_\_\_ DATE \_\_\_\_\_  
ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_  
FAX \_\_\_\_\_ EMAIL \_\_\_\_\_ HOMEPHONE \_\_\_\_\_  
BUSINESS PHONE \_\_\_\_\_ CELL PHONE \_\_\_\_\_

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Guarantor Addendum to Credit Facility Agreement—2 of 2 | Rev 2-10-16



## LENDACY

## 1. YOUR AGREEMENT

This Agreement is effective as of 04/15/2019 (the "Effective Date") by LF42, LLC. In this Credit Facility Agreement and Disclosure ("Agreement"), the words "you," "your" and "yours" mean each and all of the borrowers, whether as an individual or entity, named herein [the "Borrower(s)"]. The word "Lender" means KCL SERVICES, LLC, a Delaware limited liability company and/or its successors and assigns whose current business address is: 1800 2nd Street, Suite 955, Sarasota, Florida 34236.

## YOU AGREE TO ALL OF THE FOLLOWING TERMS

2. YOUR CREDIT LIMIT IS \$ 550,000

You may obtain an unlimited number of Advances from your Account during any one statement period. However, Lender will not be obligated to honor a Request for Advance, if the principal balance of your Account together with all other charges which are due, would after honoring the Request for Advance, exceed your credit limit.

## 3. REPAYMENT OPTIONS

a) You have selected the REPAYMENT OPTION indicated by checking and initialing the appropriate box below.

- ☒ (1) **DEFERRED.** Under the Deferred Option, you have no regularly scheduled payments and all interest is deferred. On the first December statement after the first Advance hereunder, and then annually thereafter, you will receive a statement from Lender setting forth the amount of indebtedness then outstanding, comprised of: (i) the original Advance; (ii) any additional Advances funded to Borrower; and (iii) any accumulated deferred interest accruing throughout the year. No later than January 15<sup>th</sup> of the following year, borrower will make an election and return same to Lender indicating the prior year's deferred interest to be either (i) added to the existing indebtedness making no contribution towards interest expense or principal reduction, or (ii) make an election to pay some or all of the deferred interest, or (iii) make an election to pay all interest expense plus a portion towards the outstanding principal balance.

Deferred Payment Expiration Date: December 27, 2019

## PAYMENT OPTION AFTER DEFERRAL PERIOD:

☐ Interest Only ☐ Interest With Principal Reduction \$ 550,000 ☒ Flat Pay \$ 550,000

Michael Williams, managing member of LF42, LLC agrees to pledge, as collateral, up to \$500,000 of the 2nd payout indicated in the Asset Purchase Agreement between Silenx Financial Systems and CBOE on pages 15-20, and is to be paid in full prior to December 28, 2019. The Asset Purchase Agreement is attached as collateral.

- ☐ (2) **INTEREST ONLY.** You elect to make a minimum payment monthly to be credited solely to interest expense.
- ☐ (3) **INTEREST WITH PRINCIPAL REDUCTION.** This option consists of a fixed amount that will be selected for monthly reduction of principal. The required monthly payment will be comprised of: (a) the selected monthly reduction of principal component, plus (b) the monthly interest expense. The monthly payment under this option will vary due to changes in the underlying index and the number of days in the billing cycle pursuant to Section 7 hereinbelow. The formula Lender will use to calculate the monthly payment under this option is expressed as follows: Monthly Payment = fixed principal reduction amount plus monthly interest expense.
- ☐ (4) **FLAT PAY.** Under this option, you agree to pay \$ \_\_\_\_\_ per month. The monthly payment under this option will be constant. Based upon changes in the underlying index and the number of days in the billing cycle as described in Section 7 hereinbelow, the monthly payment may include some or all of the interest expense. In the event the payment exceeds the interest for that particular month, any such excess will be credited towards principal. The calculation Lender will use to calculate the application of a monthly payment under this option between interest and principal is expressed as follows: Monthly FLAT PAY amount minus monthly interest expense = Principal Reduction or "Deferred Interest" (as defined below). If this calculation results in a positive number, the principal amount will be reduced by said amount and posted as a principal reduction. If this calculation results in a negative number, the principal amount will be increased and posted as "Deferred Interest."

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EXHIBIT

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# LENDACY

b) If, at any time, you have exceeded the Credit Limit set forth in Section 4 herein below (the "Credit Limit"), whether by accepting additional advances or by the accrual of interest due but deferred hereunder on the principal balance of any advances made hereunder, or otherwise, all payments theretofore deferred shall thereupon become immediately due and payable in full, including but not necessarily limited to, any and all costs and expenses of collection and all outstanding principal and interest due hereunder. Unless Lender should agree otherwise in a writing signed by the Lender, in Lender's sole and absolute discretion, Borrower's failure to make such immediate payment in full shall constitute an Event of Default under Section 21. hereinbelow whereupon the Lender shall have all the rights and remedies described in Section 22 and 25(e) herein below and as may additionally be provided in this Agreement. Borrower agrees that the parties' intent is that Lender shall have, and hereby does have, any and all legal and equitable remedies available to Lender in the case of an Event of Default.

In addition, if at any time for any reason the amounts due hereunder should exceed the Credit Limit, and notwithstanding any other provisions contained in this Agreement, that portion of the amounts then due that exceed the Credit Limit will thereupon be charged a penalty rate of interest on that excess equal to ten percent (10%) per annum.

c) You expressly acknowledge and agree that:

- i) an Advance, and any additional Advance(s), may be renewed/extended at your election, but if so elected, for a term of Three Hundred Sixty-Four (364) days; and
- ii) pursuant to Section 18. hereinbelow, Lender's Managing Member may, in its sole and absolute discretion, convert the credit facility to a twenty-five (25) year fully amortized payment schedule; and
- iii) you may select another Repayment Option annually, subject to Lender's approval, which approval will not be unreasonably withheld or delayed.

d) You acknowledge and agree that Lender shall have the unfettered right to aggregate and securitize its loans in any particular repayment option category described in Section 2(a) above from time to time and at any time, in Lender's sole and absolute discretion.

## NOTICE: THIS DOCUMENT CONTAINS PROVISIONS FOR A VARIABLE INTEREST RATE

### 4. INDEX

The Index used to determine a portion of the Periodic FINANCE CHARGE Rate (described below) for your account is Federal Funds Rate as announced from time to time in the east coast edition of the Wall Street Journal, The INDEX may and will change periodically and is set by the Federal Reserve.

**BORROWER BE ADVISED:** The Federal Funds Rate is a crucial component of your FINANCE CHARGE and it is possible that the FINANCE CHARGE rate may increase at any time and by any amount.

### 5. MARGIN RATE

The Margin Rate ("Margin") is the interest rate charge determined by the Lender at the time of this agreement. Your Margin is 2.250 basis points, set as an annual rate. BORROWER expressly understands and agrees that LENDER has the unfettered right, no sooner than six (6) months following the Effective Date and no more frequently than every calendar quarter thereafter, to adjust the Margin rate (up or down) in the Lender's sole and absolute discretion. The Margin rate will not increase more than 100 basis points in any twelve (12) month period. Lender's right hereunder to adjust the Margin rate is wholly independent of any increases to the FINANCE CHARGE on account of any increase(s) to the Federal Funds Rate. As and when such increases to the Federal Funds Rate should occur, any such increases will thereupon immediately be passed on to the BORROWER and become a revised component of the FINANCE CHARGE.







## 6. PERIODIC FINANCE CHARGE

Subject to the limits as may be described in Section 10 below, Lender will determine the PERIODIC FINANCE CHARGE Rate for each day in the billing cycle by first adding the Margin to the Index then in effect. Lender will then divide this sum by 365 (or 366 for billing cycles beginning in a leap year) to get the Daily Periodic FINANCE CHARGE Rate applicable.

- a) Your Index is 0 basis points (Federal Funds Rate). Based on the Fed Funds rate in effect on N/A.
- b) Your Margin is 0 basis points.
- c) Your Initial ANNUAL PERCENTAGE RATE (INDEX plus the MARGIN) is 0 %

The PERIODIC FINANCE CHARGE rate is based on the ANNUAL PERCENTAGE RATE. The ANNUAL PERCENTAGE RATE will and may change due to:

- i) Changes in the Federal Funds Rate, which sets the Index value; and/or
- ii) Margin limit due to the application of the ANNUAL PERCENTAGE RATE requirement set forth in Section 10 below. The ANNUAL PERCENTAGE RATE does not include any charges other than interest.
- iii) Subject to the limit described in Section 10 below, the Periodic FINANCE CHARGE Rate will change in accordance with the Index in effect from time to time. The Periodic FINANCE CHARGE Rate will change on the day the Index changes. Increases in the Index will result in increases in the Periodic FINANCE CHARGE Rate and your minimum monthly payment. As and when the Index decreases, there will be corresponding decreases to the Periodic FINANCE CHARGE and your minimum monthly payment. To determine the Periodic FINANCE CHARGE for each day in the billing cycle, Lender will multiply the applicable Daily Periodic FINANCE CHARGE Rate then in effect by the Daily Balance described in Section 11 below for that billing cycle. The Periodic FINANCE CHARGE will begin to accrue the date the Lender honors a request for Advance or otherwise charges your Account pursuant to this Agreement, which, for purpose of this Agreement, shall be the day that either funds are wired or the date a check is issued to the Borrower.

## 7. LIMITS

Your Account is subject to a limit on the ANNUAL PERCENTAGE RATE. (Comprised of the Index plus Margin). Your ANNUAL PERCENTAGE RATE as determined by the Index and Margin shall never be less than 100 basis points. Please note that the Lender is unable to set an absolute upper limit because the FINANCE CHARGE includes the Index (Federal Funds Rate).

Borrower acknowledges and agrees that the Company's Managing Member may, in its sole and absolute discretion, elect to raise or lower the Margin at intervals no more frequently than once per calendar quarter by providing written notice of same to Borrower within the final thirty (30) days of a calendar quarter, to go into effect at the first of the month of the then following calendar quarter. There is no limit to how low the Margin may be adjusted, but in no event will it be adjusted higher than what is legally permitted by state and federal guidelines.

## 8. CALCULATION OF DAILY BALANCE

To determine how much interest should be charged for a billing cycle, Lender figures your Daily Balance for each day in the billing cycle. The Daily Balance is figured by taking your beginning Account balance each day, adding any new Request for Advance honored and any other charges applied to your Account and subtracting any payments and credits received that day. This produces the Daily Balance. Special Note: Daily accruing Periodic FINANCE CHARGE, late charges and other fees will not be included in determining your Daily Balance.







**9. ADVANCES FROM YOUR ACCOUNT. You may borrow funds (obtain an "Advance") from your Account by:**

- a) Oral request to Lender directing Lender to make an Advance:
  - i) Any oral request for an advance may be made only if the funds are directed to Borrower's account with Lender.
  - ii) All such advances shall be conclusively presumed to have been made for the benefit of Borrower when the Lender believes in good faith that such requests and directions have been made by authorized persons or when said advances are deposited to a credit account of any Borrower.
- b) Executing and delivering to Lender written instructions directing Lender to make an Advance:
  - i) Directly to a Lender asset account in your name alone or together with third persons.
  - ii) By wire transfer to your order or the order of any third person.
  - iii) By issuing a disbursement check to you, payable to you or a third party.
- c) At the time your Account is opened, executing and delivering to Lender, written instructions directing Lender to make an Advance to third party creditors to pay off the outstanding balance on any loan or credit account in your name alone or together with third persons.
- d) Lender is under no obligation to honor a Request for Advance which is in violation of these provisions.
- e) Limitations on the use of loan proceeds.
  - i) Borrower acknowledges and agrees that such funds may only be used for the purposes specifically indicated and approved by Lender contained in Borrower's Application for the subject Credit Facility.
  - ii) The methods for obtaining Advances from your Account described above shall be referred to in this Agreement collectively as "Requests for Advances."
  - iii) Subject to any cancellation or suspension of your Account and any other limitations or restrictions set forth in this Agreement, Lender will honor a Request for Advance within 24 hours after Lender receives properly executed written instructions or oral requests directing Lender to make an Advance.
  - iv) If there is more than one authorized signer on your Account, you hereby authorize and direct Lender to honor, and release Lender from any liability arising directly or indirectly out of honoring, a Request for Advance executed or orally requested by anyone authorized signer acting alone. However, should a dispute arise amongst you as to the use of the Account, Lender, at its sole discretion, may require the signatures of all authorized signers on any Request for Advance from your Account.
  - v) Except for a Request for Advance made in accordance with Section 3(c), Lender is under no obligation to honor a Request for Advance for less than \$5,000.00.

**10. PROMISE TO PAY**

You promise to repay Lender, at the location Lender designates from time to time (a) all borrowings from your Account, whether or not the borrowings exceed your credit limit; (b) all interest and other charges, and (c) all collection costs, court costs, attorneys' fees and all other expenses Lender incurs in enforcing this Agreement.

**11. BILLING CYCLE**

The term "billing cycle" means the interval between the days or dates of the regular periodic statements (defined in Section 13 below) on your Account. Each billing cycle will correspond to an actual calendar month and contain the number of days in that corresponding calendar month. For example, your January billing cycle will contain 31 days.





## 12. MONTHLY PAYMENTS

Your Total Payment Due each month will be due not later than the Payment Due Date set forth in your regular periodic statement. The amount of your Total Payment Due will be calculated as follows:

- a) Your Total Payment Due will be equal to the amount of the Periodic FINANCE CHARGE which has accrued on your Balance during the previous billing cycle, plus all other amounts, including but not limited to any amount outstanding in excess of your credit limit and late payments or late charges then due but as yet unpaid. Depending upon the Repayment Option you selected in Section 2. hereinabove, your monthly payment may or may not reduce the principal that is outstanding on your Account.
- b) In the event that the Lender elects, pursuant to Section 2.(b) hereinabove, to convert your repayment obligation to a fully amortized loan, your Total Payment Due will be equal to the amount, calculated monthly by Lender, which would be sufficient to fully repay the balance on your Account, at the then current ANNUAL PERCENTAGE RATE in substantially equal installments over the remaining twenty-five (25) year term of your Account, plus all other amounts, including but not limited to late payments or late charges, then due but as yet unpaid. The Lender will apply each payment made with respect to your Account in the following order: (a) Periodic FINANCE CHARGES; (b) Late Charges; (c) Other Account Charges listed in Section 16 below, and any other charges charged to your account, and (d) the remaining principal balance.

## 13. REGULAR PERIODIC STATEMENT

You will receive a monthly statement of your Account. All Advances and other charges assessed in connection with your Account will be reflected on the monthly statement for the month during which the Advance is honored or fee or charge is charged to your Account. The regular periodic statement will also reflect the Total Payment Due.

## 14. PREPAYMENTS

You have the right, at any time, to prepay all or any part of the balance owing on your Account without penalty.

## 15. STOP PAYMENT ORDERS

You can ask Lender to stop payment on a Request for Advance if the corresponding Advance has not yet been paid from your Account. To stop payment, you must mail or telecopy us a writing signed by you requesting that a stop payment be placed on a particular Request for Advance. Oral stop payment orders will not be accepted.

To place a Stop Payment Order, Lender needs the following information:

- (1) Your account number;
- (2) the exact number and amount of the Request for Advance;
- (3) the name of the person who signed the Request for Advance;
- (4) the name of the party to whom the Request for Advance is payable; and
- (5) the reason for the Stop Payment Order.

Lender will charge your Account \$45 when the Stop Payment Order goes into effect. A Stop Payment Order will not go into effect until Lender verifies that the Request for Advance identified is unpaid. Your Stop Payment Order will expire six months from its date, unless you renew it. You may write Lender to cancel a Stop Payment Order at any time. A Stop Payment Order is canceled automatically when your Account is closed.

- a) So long as your Account remains open, on the anniversary of the date on which your Account is opened, and on the anniversary of such date every year thereafter Lender has the right to charge you a non-refundable, non-proratable Annual Account Fee of \$75.00. If such annual fee is assessed in any given year, such Annual Fee will be billed in the next regular periodic statement and added to the minimum monthly payment due.
- b) A \$25.00 returned check fee charge will be posted to your Account if a check or other instrument given to Lender to fully or partially repay your Account balance is not honored by the financial institution upon which it is written.





- c) An over the limit fee of \$25.00 will be posted to your Account if a Request for Advance is presented for payment against your Account and you do not have sufficient available credit to cover the Advance and Lender refuses to honor the Request for Advance.
- d) A fee of \$10.00 will be posted to your Account whenever you request Lender to stop payment on a Request for Advance.
- e) A fee of \$25.00 will be posted to your Account whenever you request Lender to pay an Advance by wire transfer or disbursement check.
- f) Your Account will be charged a fee of \$25.00 per hour plus photocopy fees of \$5.00 per page whenever you request research or reconciliation services regarding your Account and/or photocopies of statements for purposes other than a billing error inquiry.
- g) If you fail to pay the Total Payment Due on or before the tenth day following your Payment Due Date, you will be charged a late charge equal to the greater of six percent of the portion of your Total Payment Due during the last billing cycle or \$5.00, whichever is greater.

#### 16. YOUR OBLIGATIONS ARE UNSECURED

Your obligations under this Agreement are unsecured. Notwithstanding the foregoing sentence, you understand and agree that your obligations hereunder are at all times subject to the Lender's Managing Member's election, in its sole and absolute discretion, to take the actions described and set forth in Section 2 hereinabove.

#### 17. SUSPENSION OF YOUR ACCOUNT AND REDUCTION OF YOUR CREDIT LIMIT

- a) Lender reserves the right, in its sole and absolute discretion, to dishonor your Requests for Advances or reduce the Credit Limit on your Account if:
  - i) Lender reasonably believes you will not be able to meet your payment obligations on the Account due to a material change in your financial circumstances.
  - ii) You are in default of a material obligation contained in this Agreement.
  - iii) Any form of government action prevents Lender from imposing the ANNUAL PERCENTAGE RATE calculated in accordance with the terms of this Agreement.
  - iv) A government regulatory agency has notified Lender that continuing to honor Requests for Advances would constitute an unsafe and unsound practice.
  - v) The maximum ANNUAL PERCENTAGE RATE that can be assessed in connection with your Account is reached.
- b) If Lender dishonors your Requests for Advances or reduces your credit limit in accordance with this Section 18, Lender will mail you a written notice not later than three business days after such action is taken. Lender will not be obligated to honor your Requests for Advances or reinstate your Credit Limit unless:
  - i) You notify Lender in writing that the basis upon which Lender elected to dishonor your Requests for Advances or reduce your Credit Limit has ceased to exist; and
  - ii) Lender independently verifies that the condition has in fact ceased to exist.
  - iii) Any form of government action prevents Lender from imposing the ANNUAL PERCENTAGE RATE calculated in accordance with the terms of this Agreement.
  - iv) A government regulatory agency has notified Lender that continuing to honor Requests for Advances would constitute an unsafe and unsound practice.

Lender will begin honoring your Requests for Advances and/or reinstate your Credit Limit as soon as reasonably possible after the conditions set forth in this Section 18(b) have been satisfied.





## 18. CHANGES IN THE TERMS OF YOUR ACCOUNT

After your Account is opened, Lender may:

- a) Change the Index and Margin if the Index becomes unavailable, as long as historical fluctuations in the two indices are substantially similar and as long as the new index and margin will produce a rate similar to the rate in effect at the time the original Index became unavailable.
- b) Change, eliminate and/or add a term or condition of or to this Agreement provided you have expressly agreed to the amendments in writing.
- c) Without your consent, change, eliminate or add any terms or conditions of or to this Agreement, which amendment will be unequivocally beneficial to you or constitute an insignificant change in terms.

## 19. CREDIT INFORMATION AND FINANCIAL STATEMENTS

You agree to provide to Lender upon Lender's reasonable request your current financial statement. Further, by maintaining this Account, you are authorizing Lender to release information to other persons such as credit bureaus, merchants and other financial institutions, about you and your Account, to obtain additional credit reports from time to time, and to request beneficiary statements from senior lienholders, if any.

## 20. EVENTS OF DEFAULT

Lender may, without notice to you, declare your Account to be in default if any of the following conditions exist:

- a) You fail to make required payments under the terms of this Agreement.
- b) You engage in fraud or misrepresentation in connection with your Account or this Agreement.
- c) You use any funds provided by Lender for any purpose other than as represented by you in your Application submitted to Lender to obtain the Credit Facility and that was approved by Lender based on the information submitted in said Application.

## 21. LENDER'S RIGHTS IN THE EVENT OF DEFAULT

Lender may, without notice to you, declare your Account to be in default if any of the following conditions exist:

- a) Upon Lender's notification to you that your Account is in default, Lender may immediately (a) refuse to honor any further Requests for Advances, (b) increase the Margin by two and one half (2.5) percentage points, (c) declare immediately due and payable the entire balance of your Account, and (d) exercise all of the rights or remedies provided under this Agreement and applicable law. After notification of default by Lender and any resulting increase in the Margin on your Account, and acceleration of the remaining balance on your Account, you shall have no further right to request disbursements under your Account. In the event Lender notifies you of a default and exercises any of the remedies set forth in this paragraph, and you exercise the rights provided to you under this Agreement, if any, to reinstate your Account, your Account shall be reinstated and the Margin will be reduced to the Margin in effect prior to Lender notifying you of a default.
- b) In addition to the foregoing, and without in any way limiting the foregoing, if the box in Section 26 hereinbelow is checked and the Borrower (or any of them if there is more than one Borrower) and Guarantor have initialed where indicated therein, the Guarantor shall be bound to all the provisions of the Guarantor Addendum attached hereto and by this reference made a part hereof.





## 22. TAX DEDUCTIBILITY

You should consult a tax advisor regarding the deductibility of interest and charges for your Account.

## 23. TERMINATION OF ACCOUNT AT YOUR ELECTION

You may terminate your Account at any time by providing written notice to Lender, whereupon you may:

- a) If not already done so, request Lender to convert your Account to a fully amortized twenty-five (25) year repayment obligation. If Lender grants this request, payment will be calculated in accordance with Section 12(b) of this Agreement; or
- b) Close your Account by immediately paying the total outstanding principal and interest balance on your Account.

If Lender does not grant your request pursuant to Section 24.(a) above, the total outstanding balance on your Account will be immediately due and payable.

## 24. MISCELLANEOUS PROVISIONS

You may terminate your Account at any time by providing written notice to Lender, whereupon you may:

- a) Lender may delay in enforcing any of its rights under this Agreement, but such a delay shall not constitute a waiver of Lender's right to enforce those rights in the future.
- b) If more than one person has signed this Agreement, then your liability shall be joint and several which means that each of you will be separately liable for the entire amount owing on your Account.
- c) Your Account and this Agreement will be governed by the laws of the State of Florida or \_\_\_\_\_, in Lender's sole and absolute discretion.
- d) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
- e) Borrower agrees to pay all costs, including costs of collection, expenses, and attorneys' fees incurred in collecting any sum due under this Agreement, whether or not suit is filed, and including any proceedings in bankruptcy. Any proceeds from any such action(s) shall be applied first to any and all costs of collection, then to any due and unpaid interest outstanding, then to the principal amount of any and all Advances.
- f) The terms and provisions of this Agreement cannot be waived, altered, modified, amended or terminated except as the Lender may consent thereto in writing duly signed by Lender. Any action to enforce the terms contained herein shall be filed in the state courts of Florida in the County of Sarasota or the United States District Court for the Middle District of Florida in Tampa, and Borrower hereby agrees and consents to subject himself/herself to the jurisdiction of said courts, and further agrees to be bound by any judgment rendered therein.
- g) Borrower shall not, in any manner, directly or indirectly, assign its obligations hereunder to any other person or entity. Any attempt to do so shall render all sums due or to become due under this Agreement to be immediately due and payable in full. Lender shall be permitted to assign its rights under this Agreement to any person or entity it may choose, at any time it may choose, whereupon all obligations of Borrower hereunder will be due directly to such assignee in accordance with the terms and conditions of this Agreement.
- h) All agreements between the Borrower(s) and the Lender as set forth in this Agreement are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid to the Lender for the use, forbearance, or detention of the monies advanced to Borrower exceed the maximum permissible under applicable law. If, from any circumstance whatsoever, fulfillment of any provision hereof, at the time such performance shall be due, shall be prohibited by law, the obligation to be fulfilled shall be reduced to the maximum not so prohibited, and if from any circumstance the Lender should ever receive as interest hereunder an amount which would exceed the highest lawful rate, such amount as would be excessive interest shall be applied to the reduction of the principal of then outstanding Advances under this Agreement and not to the payment of interest. This provision shall control every other provision of all agreements in this Agreement between the Borrower(s) and the Lender.
- i) If any one or more of the provisions of this Agreement shall, for any reason, be held or found by final judgment of a court of competent jurisdiction to be invalid, illegal or unenforceable under the Employee Retirement Income Security Act of 1974 ("ERISA") or in any other material respect, (i) that invalidity, illegality or unenforceability will not affect any other provisions of this Agreement and (ii) this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been

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# LENDACY

contained herein, provided, however that if the invalidity of any part or provision of this Agreement shall deprive any party of the economic benefit intended to be conferred by this Agreement, Lender shall, in good-faith, develop a structure, the economic effect of which is as close as possible to the economic effect of this Agreement, without regard to such invalidity.

- j) Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and personally delivered or sent by overnight courier, or by facsimile, if such facsimile is followed by a hard copy of the facsimile communication sent by overnight courier, charges prepaid, addressed as follows: if to the Lender, at the address set forth in Section 1 of this Agreement, or to such other address as the Lender may from time to time specify by notice to the Borrower(s); if to a Borrower, to such Borrower at the address set forth beneath such Borrower's signature below or as such Borrower may from time to time specify by notice to the Lender in accordance with this Section 25. (i). Any such notice shall be deemed to be delivered, given and received as of the date so delivered.

## 25. GUARANTOR

If the box below is checked and Borrower and Guarantor (or any Borrower if there is more than one signatory to this Agreement) have initialed where indicated below, all of the Borrower's obligations set forth in this Agreement are guaranteed in accordance with the terms and provisions contained in the Guarantor Addendum attached hereto and by this reference made a part hereof.

☐ A. BORROWER'S INITIALS: \_\_\_\_\_ B. GUARANTOR'S INITIALS: \_\_\_\_\_

26. BY SIGNING THIS AGREEMENT YOU AGREE TO BE BOUND TO ALL OF THE TERMS OF THIS AGREEMENT AND THE ADDENDA HERETO AS APPLICABLE AND YOU ACKNOWLEDGE RECEIPT OF A COMPLETED COPY OF THIS AGREEMENT WITH APPLICABLE ADDENDA.

EXECUTED ON THE DATE OPPOSITE THE NAMES AND SIGNATURES BELOW:

BORROWER(S): ☐ INDIVIDUAL ☐ TRUST ☒ LLC ☐ PARTNERSHIP ☐ CORPORATION ☐ OTHER

ENTITY NAME (IF APPLICABLE) LF42, LLC  
 SIGNATURE [Signature] PRINTED NAME MICHAEL WILLIAMS DATE 04/15/2019  
 ADDRESS 1800 2ND STREET, SUITE 856 CITY SARASOTA STATE FL ZIP 34236  
 FAX \_\_\_\_\_ EMAIL M.WILLIAMS@KINETICBANK.COM HOME PHONE \_\_\_\_\_  
 BUSINESS PHONE 941-870-9544 CELL PHONE 415-559-7792

BORROWER(S):

SIGNATURE \_\_\_\_\_ PRINTED NAME \_\_\_\_\_ DATE \_\_\_\_\_  
 ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_  
 FAX \_\_\_\_\_ EMAIL \_\_\_\_\_ HOME PHONE \_\_\_\_\_  
 BUSINESS PHONE \_\_\_\_\_ CELL PHONE \_\_\_\_\_

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## **YOUR BILLING RIGHTS—KEEP THIS NOTICE FOR FUTURE USE**

This notice contains important information about your rights and Lender's responsibilities under the Fair Credit Billing Act.

**Notify Lender In Case Of Errors Or Questions About Your Bill.** If you think your bill is wrong, or if you need more information about a transaction on your bill, write Lender at the address listed on your bill. Write to Lender as soon as possible. Lender must hear from you no later than sixty (60) days after Lender sent you the first bill in which the error or problem appeared. You can telephone Lender, but doing so will not preserve your rights.

In your letter, give Lender the following information:

- i) Your name and account number.
- ii) The dollar amount of the suspected error.
- iii) Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the items you are not sure about. If you have authorized Lender to pay your bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach Lender three (3) business days before the automatic payment is scheduled to occur.

**Your Rights And Lender's Responsibilities After Receipt Of Your Written Notice.** Lender must acknowledge your letter within thirty (30) days, unless Lender has corrected the error by then. Within ninety (90) days, Lender must either correct the error or explain why Lender believes the bill was correct.

After Lender receives your letter, Lender cannot try to collect any amount you question, or report you as delinquent. Lender can continue to bill you for the amount you question, including finance charges, and Lender can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while Lender is investigating, but you are still obligated to pay the parts of your bill that are not in question.

If Lender finds that Lender made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If Lender didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, Lender will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that Lender thinks you owe, Lender may report you as delinquent. However, if Lender's explanation does not satisfy you and you write to Lender within ten (10) days telling Lender that you still refuse to pay, Lender must tell anyone Lender reports you to that you have a question about your bill. And, Lender must tell you the name of anyone Lender reported you to. Lender must tell anyone Lender reports you to that the matter has been settled when it finally is.

If Lender doesn't follow these rules, Lender can't collect the first \$50.00 of the questioned amount, even if your bill is correct.







## YOUR BILLING RIGHTS—KEEP THIS NOTICE FOR FUTURE USE

If the box in Section 26 of the Agreement to which this Guarantor Addendum is appended is checked and the Borrower's (or any one of them if there is more than one) and the Guarantor's Initials appear there, the following provisions are hereby incorporated into the Agreement and by this reference made a part thereof. Capitalized terms used herein have the meanings ascribed to them as set forth in the Agreement.

As a material inducement for Lender to fund an Advance or Advances, as the case may be, repayment of the Loan and all sums due hereunder and all sums which may become due hereunder (the "Guaranteed Obligations") will be personally guaranteed by the undersigned individual (the "Guarantor") and the Guarantor hereby agrees to personally guarantee all of the Guaranteed Obligations.

- a) Anything to the contrary herein notwithstanding, the liability of the Guarantor shall be direct and immediate as a primary and not a secondary obligation or liability, and is not conditioned or contingent upon the pursuit of any remedies against Borrower or any other person. Guarantor unconditionally waives any right which he/she may have to require that Lender first proceed against Borrower or any other person or entity with respect to the Guaranteed Obligations.
- b) Guarantor's obligations hereunder are an Irrevocable, absolute, continuing agreement of payment and performance and not a guaranty of collection. Guarantor's obligations hereunder may not be revoked by Guarantor and shall continue to be effective with respect to any Guaranteed Obligations arising or created after any attempted revocation by Guarantor and after Guarantor's death (in which event the Agreement and this Guarantor Addendum shall be binding upon such Guarantor's estate and Guarantor's legal representatives and heirs). The fact that at any time or from time to time the Guaranteed Obligations may be increased or reduced shall not release or discharge the obligations of Guarantor to Lender with respect to the Guaranteed Obligations. Guarantor's obligations hereunder may be enforced by Lender and any subsequent holder of this Promissory Note and shall not be discharged by the assignment or negotiation of all or part of this Promissory Note.
- c) If all or any part of the Guaranteed Obligations shall not be punctually paid when due, whether at demand, maturity, acceleration or otherwise, Guarantor shall, Immediately upon demand by Lender and without presentment, protest, notice of protest, notice of non-payment, notice of intention to accelerate the maturity, notice of acceleration of the maturity or any other notice whatsoever, pay in lawful money of the United States of America, the amount due on the Guaranteed Obligations to Lender at Lender's address as set forth in the Agreement. Such demand(s) may be made at any time coincident with or after the time for payment of all or part of the Guaranteed Obligations and may be made from time to time with respect to the same or different items of Guaranteed Obligations. Such demand shall be deemed made, given and received in accordance with the notice provisions of the Agreement.
- d) Guarantor hereby unconditionally agrees to waive and agrees not to assert or take advantage of any defense based upon:
  - i) The incapacity, lack of authority, death or disability of any Borrower, or any other person or entity;
  - ii) The failure of Lender to commence an action against Borrower at any time or to pursue any other remedy whatsoever at anytime;
  - iii) Any duty on the part of Lender to disclose to Guarantor any facts it may now or hereafter know regarding Borrower regardless of whether Lender has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor, Guarantor acknowledging that it is fully responsible for being and keeping informed of the financial condition and affairs of Borrower;
  - iv) Lack of notice of default, demand of performance or notice of acceleration to Borrower or any other party with respect to the Loan or the Guaranteed Obligations;
  - v) The consideration for this Agreement; any acts or omissions of Lender which vary, increase or decrease the risk on any Guarantor; any statute of limitations affecting the liability of any Guarantor hereunder, the liability of Borrower or any Guarantor hereunder, or the enforcement hereof, to the extent permitted by law;
  - vi) The application by Borrower of the proceeds of the Loan for purposes other than the purposes represented by Borrower to Lender or intended or understood by Lender or Guarantor;
  - vii) An election of remedies by Lender, whether or not any such election of remedies destroys or otherwise impairs the subrogation rights of Guarantor or the rights of Guarantor to proceed against Borrower by way of subrogation or for reimbursement or contribution, or all such rights;
  - viii) Any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other aspects more burdensome than that of a Guarantor; and
  - ix) Any other suretyship defense that might, but for the terms hereof, be available to Guarantor.





**GUARANTOR:**

SIGNATURE \_\_\_\_\_ PRINTED NAME \_\_\_\_\_ DATE \_\_\_\_\_

ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

FAX \_\_\_\_\_ EMAIL \_\_\_\_\_ HOME PHONE \_\_\_\_\_

BUSINESS PHONE \_\_\_\_\_ CELL PHONE \_\_\_\_\_

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Guarantor Addendum to Credit Facility Agreement—2 of 2 | Rev 2-10-16



## LENDACY

## 1. YOUR AGREEMENT

This Agreement is effective as of 04/15/2019 (the "Effective Date") by LF42, LLC. In this Credit Facility Agreement and Disclosure ("Agreement"), the words "you," "your" and "yours" mean each and all of the borrowers, whether as an individual or entity, named herein [the "Borrower(s)"]. The word "Lender" means KCL SERVICES, LLC, a Delaware limited liability company and/or its successors and assigns whose current business address is: 1800 2nd Street, Suite 955, Sarasota, Florida 34236.

## YOU AGREE TO ALL OF THE FOLLOWING TERMS

2. YOUR CREDIT LIMIT IS \$ 2,000,000

You may obtain an unlimited number of Advances from your Account during any one statement period. However, Lender will not be obligated to honor a Request for Advance, if the principal balance of your Account together with all other charges which are due, would after honoring the Request for Advance, exceed your credit limit.

## 3. REPAYMENT OPTIONS

a) You have selected the REPAYMENT OPTION indicated by checking and initialing the appropriate box below.

- ☒ (1) **DEFERRED.** Under the Deferred Option, you have no regularly scheduled payments and all interest is deferred. On the first December statement after the first Advance hereunder, and then annually thereafter, you will receive a statement from Lender setting forth the amount of indebtedness then outstanding, comprised of: (i) the original Advance; (ii) any additional Advances funded to Borrower; and (iii) any accumulated deferred interest accruing throughout the year. No later than January 15<sup>th</sup> of the following year, borrower will make an election and return same to Lender indicating the prior year's deferred interest to be either (i) added to the existing Indebtedness making no contribution towards interest expense or principal reduction, or (ii) make an election to pay some or all of the deferred interest, or (iii) make an election to pay all interest expense plus a portion towards the outstanding principal balance.

Deferred Payment Expiration Date: December 27, 2019

## PAYMENT OPTION AFTER DEFERRAL PERIOD:

☐ Interest Only ☐ Interest With Principal Reduction \$ \_\_\_\_\_ ☒ Flat Pay \$ 2,000,000

Michael Williams, managing member of LF42, LLC agrees to pledge, as collateral, up to \$2,000,000 of the 2nd payout indicated in the Asset Purchase Agreement between Silex Financial Systems and CBOE on pages 15-20, and is to be paid in full prior to December 28, 2019. The Asset Purchase Agreement is attached as collateral.

- ☐ (2) **INTEREST ONLY.** You elect to make a minimum payment monthly to be credited solely to interest expense.
- ☐ (3) **INTEREST WITH PRINCIPAL REDUCTION.** This option consists of a fixed amount that will be selected for monthly reduction of principal. The required monthly payment will be comprised of: (a) the selected monthly reduction of principal component, plus (b) the monthly interest expense. The monthly payment under this option will vary due to changes in the underlying index and the number of days in the billing cycle pursuant to Section 7 hereinbelow. The formula Lender will use to calculate the monthly payment under this option is expressed as follows: Monthly Payment = fixed principal reduction amount plus monthly interest expense.
- ☐ (4) **FLAT PAY.** Under this option, you agree to pay \$ \_\_\_\_\_ per month. The monthly payment under this option will be constant. Based upon changes in the underlying index and the number of days in the billing cycle as described in Section 7 hereinbelow, the monthly payment may include some or all of the interest expense. In the event the payment exceeds the interest for that particular month, any such excess will be credited towards principal. The calculation Lender will use to calculate the application of a monthly payment under this option between interest and principal is expressed as follows: Monthly FLAT PAY amount minus monthly interest expense = Principal Reduction or "Deferred Interest" (as defined below). If this calculation results in a positive number, the principal amount will be reduced by said amount and posted as a principal reduction. If this calculation results in a negative number, the principal amount will be increased and posted as "Deferred Interest."

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b) If, at any time, you have exceeded the Credit Limit set forth in Section 4 herein below (the "Credit Limit"), whether by accepting additional advances or by the accrual of interest due but deferred hereunder on the principal balance of any advances made hereunder, or otherwise, all payments theretofore deferred shall thereupon become immediately due and payable in full, including but not necessarily limited to, any and all costs and expenses of collection and all outstanding principal and interest due hereunder. Unless Lender should agree otherwise in a writing signed by the Lender, in Lender's sole and absolute discretion, Borrower's failure to make such immediate payment in full shall constitute an Event of Default under Section 21. hereinbelow whereupon the Lender shall have all the rights and remedies described in Section 22 and 25(e) herein below and as may additionally be provided in this Agreement. Borrower agrees that the parties' intent is that Lender shall have, and hereby does have, any and all legal and equitable remedies available to Lender in the case of an Event of Default.

In addition, if at any time for any reason the amounts due hereunder should exceed the Credit Limit, and notwithstanding any other provisions contained in this Agreement, that portion of the amounts then due that exceed the Credit Limit will thereupon be charged a penalty rate of interest on that excess equal to ten percent (10%) per annum.

c) You expressly acknowledge and agree that:

- i) an Advance, and any additional Advance(s), may be renewed/extended at your election, but if so elected, for a term of Three Hundred Sixty-Four (364) days; and
- ii) pursuant to Section 18. hereinbelow, Lender's Managing Member may, in its sole and absolute discretion, convert the credit facility to a twenty-five (25) year fully amortized payment schedule; and
- iii) you may select another Repayment Option annually, subject to Lender's approval, which approval will not be unreasonably withheld or delayed.

d) You acknowledge and agree that Lender shall have the unfettered right to aggregate and securitize its loans in any particular repayment option category described in Section 2(a) above from time to time and at any time, in Lender's sole and absolute discretion.

## NOTICE: THIS DOCUMENT CONTAINS PROVISIONS FOR A VARIABLE INTEREST RATE

### 4. INDEX

The Index used to determine a portion of the Periodic FINANCE CHARGE Rate (described below) for your account is Federal Funds Rate as announced from time to time in the east coast edition of the Wall Street Journal, The INDEX may and will change periodically and is set by the Federal Reserve.

**BORROWER BE ADVISED:** The Federal Funds Rate is a crucial component of your FINANCE CHARGE and it is possible that the FINANCE CHARGE rate may increase at any time and by any amount.

### 5. MARGIN RATE

The Margin Rate ("Margin") is the interest rate charge determined by the Lender at the time of this agreement. Your Margin is zero basis points, set as an annual rate. BORROWER expressly understands and agrees that LENDER has the unfettered right, no sooner than six (6) months following the Effective Date and no more frequently than every calendar quarter thereafter, to adjust the Margin rate (up or down) in the Lender's sole and absolute discretion. The Margin rate will not increase more than 100 basis points in any twelve (12) month period. Lender's right hereunder to adjust the Margin rate is wholly independent of any increases to the FINANCE CHARGE on account of any increase(s) to the Federal Funds Rate. As and when such increases to the Federal Funds Rate should occur, any such increases will thereupon immediately be passed on to the BORROWER and become a revised component of the FINANCE CHARGE.





## 6. PERIODIC FINANCE CHARGE

Subject to the limits as may be described in Section 10 below, Lender will determine the PERIODIC FINANCE CHARGE Rate for each day in the billing cycle by first adding the Margin to the Index then in effect. Lender will then divide this sum by 365 (or 366 for billing cycles beginning in a leap year) to get the Daily Periodic FINANCE CHARGE Rate applicable.

- a) Your Index is 0 basis points (Federal Funds Rate). Based on the Fed Funds rate in effect on N/A.
- b) Your Margin is 0 basis points.
- c) Your initial ANNUAL PERCENTAGE RATE (INDEX plus the MARGIN) is 0 %

The PERIODIC FINANCE CHARGE rate is based on the ANNUAL PERCENTAGE RATE. The ANNUAL PERCENTAGE RATE will and may change due to:

- i) Changes in the Federal Funds Rate, which sets the Index value; and/or
- ii) Margin limit due to the application of the ANNUAL PERCENTAGE RATE requirement set forth in Section 10 below. The ANNUAL PERCENTAGE RATE does not include any charges other than interest.
- iii) Subject to the limit described in Section 10 below, the Periodic FINANCE CHARGE Rate will change in accordance with the Index in effect from time to time. The Periodic FINANCE CHARGE Rate will change on the day the Index changes. Increases in the Index will result in increases in the Periodic FINANCE CHARGE Rate and your minimum monthly payment. As and when the Index decreases, there will be corresponding decreases to the Periodic FINANCE CHARGE and your minimum monthly payment. To determine the Periodic FINANCE CHARGE for each day in the billing cycle, Lender will multiply the applicable Daily Periodic FINANCE CHARGE Rate then in effect by the Daily Balance described in Section 11 below for that billing cycle. The Periodic FINANCE CHARGE will begin to accrue the date the Lender honors a request for Advance or otherwise charges your Account pursuant to this Agreement, which, for purpose of this Agreement, shall be the day that either funds are wired or the date a check is issued to the Borrower.

## 7. LIMITS

Your Account is subject to a limit on the ANNUAL PERCENTAGE RATE. (Comprised of the Index plus Margin). Your ANNUAL PERCENTAGE RATE as determined by the Index and Margin shall never be less than 100 basis points. Please note that the Lender is unable to set an absolute upper limit because the FINANCE CHARGE includes the Index (Federal Funds Rate).

Borrower acknowledges and agrees that the Company's Managing Member may, in its sole and absolute discretion, elect to raise or lower the Margin at intervals no more frequently than once per calendar quarter by providing written notice of same to Borrower within the final thirty (30) days of a calendar quarter, to go into effect at the first of the month of the then following calendar quarter. There is no limit to how low the Margin may be adjusted, but in no event will it be adjusted higher than what is legally permitted by state and federal guidelines.

## 8. CALCULATION OF DAILY BALANCE

To determine how much interest should be charged for a billing cycle, Lender figures your Daily Balance for each day in the billing cycle. The Daily Balance is figured by taking your beginning Account balance each day, adding any new Request for Advance honored and any other charges applied to your Account and subtracting any payments and credits received that day. This produces the Daily Balance. Special Note: Daily accruing Periodic FINANCE CHARGE, late charges and other fees will not be included in determining your Daily Balance.





**9. ADVANCES FROM YOUR ACCOUNT. You may borrow funds (obtain an "Advance") from your Account by:**

- a) Oral request to Lender directing Lender to make an Advance:
  - i) Any oral request for an advance may be made only if the funds are directed to Borrower's account with Lender.
  - ii) All such advances shall be conclusively presumed to have been made for the benefit of Borrower when the Lender believes in good faith that such requests and directions have been made by authorized persons or when said advances are deposited to a credit account of any Borrower.
- b) Executing and delivering to Lender written instructions directing Lender to make an Advance:
  - i) Directly to a Lender asset account in your name alone or together with third persons.
  - ii) By wire transfer to your order or the order of any third person.
  - iii) By issuing a disbursement check to you, payable to you or a third party.
- c) At the time your Account is opened, executing and delivering to Lender, written instructions directing Lender to make an Advance to third party creditors to pay off the outstanding balance on any loan or credit account in your name alone or together with third persons.
- d) Lender is under no obligation to honor a Request for Advance which is in violation of these provisions.
- e) Limitations on the use of loan proceeds.
  - i) Borrower acknowledges and agrees that such funds may only be used for the purposes specifically indicated and approved by Lender contained in Borrower's Application for the subject Credit Facility.
  - ii) The methods for obtaining Advances from your Account described above shall be referred to in this Agreement collectively as "Requests for Advances."
  - iii) Subject to any cancellation or suspension of your Account and any other limitations or restrictions set forth in this Agreement, Lender will honor a Request for Advance within 24 hours after Lender receives properly executed written instructions or oral requests directing Lender to make an Advance.
  - iv) If there is more than one authorized signer on your Account, you hereby authorize and direct Lender to honor, and release Lender from any liability arising directly or indirectly out of honoring, a Request for Advance executed or orally requested by anyone authorized signer acting alone. However, should a dispute arise amongst you as to the use of the Account, Lender, at its sole discretion, may require the signatures of all authorized signers on any Request for Advance from your Account.
  - v) Except for a Request for Advance made in accordance with Section 3(c), Lender is under no obligation to honor a Request for Advance for less than \$5,000.00.

**10. PROMISE TO PAY**

You promise to repay Lender, at the location Lender designates from time to time (a) all borrowings from your Account, whether or not the borrowings exceed your credit limit, (b) all interest and other charges, and (c) all collection costs, court costs, attorneys' fees and all other expenses Lender incurs in enforcing this Agreement.

**11. BILLING CYCLE**

The term "billing cycle" means the interval between the days or dates of the regular periodic statements (defined in Section 13 below) on your Account. Each billing cycle will correspond to an actual calendar month and contain the number of days in that corresponding calendar month. For example, your January billing cycle will contain 31 days.







## 12. MONTHLY PAYMENTS

Your Total Payment Due each month will be due not later than the Payment Due Date set forth in your regular periodic statement. The amount of your Total Payment Due will be calculated as follows:

- a) Your Total Payment Due will be equal to the amount of the Periodic FINANCE CHARGE which has accrued on your Balance during the previous billing cycle, plus all other amounts, including but not limited to any amount outstanding in excess of your credit limit and late payments or late charges then due but as yet unpaid. Depending upon the Repayment Option you selected in Section 2. hereinabove, your monthly payment may or may not reduce the principal that is outstanding on your Account.
- b) In the event that the Lender elects, pursuant to Section 2.(b) hereinabove, to convert your repayment obligation to a fully amortized loan, your Total Payment Due will be equal to the amount, calculated monthly by Lender, which would be sufficient to fully repay the balance on your Account, at the then current ANNUAL PERCENTAGE RATE in substantially equal installments over the remaining twenty-five (25) year term of your Account, plus all other amounts, including but not limited to late payments or late charges, then due but as yet unpaid. The Lender will apply each payment made with respect to your Account in the following order: (a) Periodic FINANCE CHARGES; (b) Late Charges; (c) Other Account Charges listed in Section 16 below, and any other charges charged to your account, and (d) the remaining principal balance.

## 13. REGULAR PERIODIC STATEMENT

You will receive a monthly statement of your Account. All Advances and other charges assessed in connection with your Account will be reflected on the monthly statement for the month during which the Advance is honored or fee or charge is charged to your Account. The regular periodic statement will also reflect the Total Payment Due.

## 14. PREPAYMENTS

You have the right, at any time, to prepay all or any part of the balance owing on your Account without penalty.

## 15. STOP PAYMENT ORDERS

You can ask Lender to stop payment on a Request for Advance if the corresponding Advance has not yet been paid from your Account. To stop payment, you must mail or telecopy us a writing signed by you requesting that a stop payment be placed on a particular Request for Advance. Oral stop payment orders will not be accepted.

To place a Stop Payment Order, Lender needs the following information:

- (1) Your account number;
- (2) the exact number and amount of the Request for Advance;
- (3) the name of the person who signed the Request for Advance;
- (4) the name of the party to whom the Request for Advance is payable; and
- (5) the reason for the Stop Payment Order.

Lender will charge your Account \$45 when the Stop Payment Order goes into effect. A Stop Payment Order will not go into effect until Lender verifies that the Request for Advance identified is unpaid. Your Stop Payment Order will expire six months from its date, unless you renew it. You may write Lender to cancel a Stop Payment Order at any time. A Stop Payment Order is canceled automatically when your Account is closed.

- a) So long as your Account remains open, on the anniversary of the date on which your Account is opened, and on the anniversary of such date every year thereafter Lender has the right to charge you a non-refundable, non-proratable Annual Account Fee of \$75.00. If such annual fee is assessed in any given year, such Annual Fee will be billed in the next regular periodic statement and added to the minimum monthly payment due.
- b) A \$25.00 returned check fee charge will be posted to your Account if a check or other instrument given to Lender to fully or partially repay your Account balance is not honored by the financial institution upon which it is written.

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- c) An over the limit fee of \$25.00 will be posted to your Account if a Request for Advance is presented for payment against your Account and you do not have sufficient available credit to cover the Advance and Lender refuses to honor the Request for Advance.
- d) A fee of \$10.00 will be posted to your Account whenever you request Lender to stop payment on a Request for Advance.
- e) A fee of \$25.00 will be posted to your Account whenever you request Lender to pay an Advance by wire transfer or disbursement check.
- f) Your Account will be charged a fee of \$25.00 per hour plus photocopy fees of \$5.00 per page whenever you request research or reconciliation services regarding your Account and/or photocopies of statements for purposes other than a billing error inquiry.
- g) If you fail to pay the Total Payment Due on or before the tenth day following your Payment Due Date, you will be charged a late charge equal to the greater of six percent of the portion of your Total Payment Due during the last billing cycle or \$5.00, whichever is greater.

#### 16. YOUR OBLIGATIONS ARE UNSECURED

Your obligations under this Agreement are unsecured. Notwithstanding the foregoing sentence, you understand and agree that your obligations hereunder are at all times subject to the Lender's Managing Member's election, in its sole and absolute discretion, to take the actions described and set forth in Section 2 hereinabove.

#### 17. SUSPENSION OF YOUR ACCOUNT AND REDUCTION OF YOUR CREDIT LIMIT

- a) Lender reserves the right, in its sole and absolute discretion, to dishonor your Requests for Advances or reduce the Credit Limit on your Account if:
  - i) Lender reasonably believes you will not be able to meet your payment obligations on the Account due to a material change in your financial circumstances.
  - ii) You are in default of a material obligation contained in this Agreement.
  - iii) Any form of government action prevents Lender from imposing the ANNUAL PERCENTAGE RATE calculated in accordance with the terms of this Agreement.
  - iv) A government regulatory agency has notified Lender that continuing to honor Requests for Advances would constitute an unsafe and unsound practice.
  - v) The maximum ANNUAL PERCENTAGE RATE that can be assessed in connection with your Account is reached.
- b) If Lender dishonors your Requests for Advances or reduces your credit limit in accordance with this Section 18, Lender will mail you a written notice not later than three business days after such action is taken. Lender will not be obligated to honor your Requests for Advances or reinstate your Credit Limit unless:
  - i) You notify Lender in writing that the basis upon which Lender elected to dishonor your Requests for Advances or reduce your Credit Limit has ceased to exist; and
  - ii) Lender independently verifies that the condition has in fact ceased to exist.
  - iii) Any form of government action prevents Lender from imposing the ANNUAL PERCENTAGE RATE calculated in accordance with the terms of this Agreement.
  - iv) A government regulatory agency has notified Lender that continuing to honor Requests for Advances would constitute an unsafe and unsound practice.

Lender will begin honoring your Requests for Advances and/or reinstate your Credit Limit as soon as reasonably possible after the conditions set forth in this Section 18(b) have been satisfied.





## 18. CHANGES IN THE TERMS OF YOUR ACCOUNT

After your Account is opened, Lender may:

- a) Change the Index and Margin if the Index becomes unavailable, as long as historical fluctuations in the two indices are substantially similar and as long as the new index and margin will produce a rate similar to the rate in effect at the time the original index became unavailable.
- b) Change, eliminate and/or add a term or condition of or to this Agreement provided you have expressly agreed to the amendments in writing.
- c) Without your consent, change, eliminate or add any terms or conditions of or to this Agreement, which amendment will be unequivocally beneficial to you or constitute an insignificant change in terms.

## 19. CREDIT INFORMATION AND FINANCIAL STATEMENTS

You agree to provide to Lender upon Lender's reasonable request your current financial statement. Further, by maintaining this Account, you are authorizing Lender to release information to other persons such as credit bureaus, merchants and other financial institutions, about you and your Account, to obtain additional credit reports from time to time, and to request beneficiary statements from senior lienholders, if any.

## 20. EVENTS OF DEFAULT

Lender may, without notice to you, declare your Account to be in default if any of the following conditions exist:

- a) You fail to make required payments under the terms of this Agreement.
- b) You engage in fraud or misrepresentation in connection with your Account or this Agreement.
- c) You use any funds provided by Lender for any purpose other than as represented by you in your Application submitted to Lender to obtain the Credit Facility and that was approved by Lender based on the information submitted in said Application.

## 21. LENDER'S RIGHTS IN THE EVENT OF DEFAULT

Lender may, without notice to you, declare your Account to be in default if any of the following conditions exist:

- a) Upon Lender's notification to you that your Account is in default, Lender may immediately (a) refuse to honor any further Requests for Advances, (b) increase the Margin by two and one half (2.5) percentage points, (c) declare immediately due and payable the entire balance of your Account, and (d) exercise all of the rights or remedies provided under this Agreement and applicable law. After notification of default by Lender and any resulting increase in the Margin on your Account, and acceleration of the remaining balance on your Account, you shall have no further right to request disbursements under your Account. In the event Lender notifies you of a default and exercises any of the remedies set forth in this paragraph, and you exercise the rights provided to you under this Agreement, if any, to reinstate your Account, your Account shall be reinstated and the Margin will be reduced to the Margin in effect prior to Lender notifying you of a default.
- b) In addition to the foregoing, and without in any way limiting the foregoing, if the box in Section 26 hereinbelow is checked and the Borrower (or any of them if there is more than one Borrower) and Guarantor have initialed where indicated therein, the Guarantor shall be bound to all the provisions of the Guarantor Addendum attached hereto and by this reference made a part hereof.





## 22. TAX DEDUCTIBILITY

You should consult a tax advisor regarding the deductibility of interest and charges for your Account.

## 23. TERMINATION OF ACCOUNT AT YOUR ELECTION

You may terminate your Account at any time by providing written notice to Lender, whereupon you may:

- a) If not already done so, request Lender to convert your Account to a fully amortized twenty-five (25) year repayment obligation. If Lender grants this request, payment will be calculated in accordance with Section 12(b) of this Agreement; or
- b) Close your Account by immediately paying the total outstanding principal and interest balance on your Account.

If Lender does not grant your request pursuant to Section 24.(a) above, the total outstanding balance on your Account will be immediately due and payable.

## 24. MISCELLANEOUS PROVISIONS

You may terminate your Account at any time by providing written notice to Lender, whereupon you may:

- a) Lender may delay in enforcing any of its rights under this Agreement, but such a delay shall not constitute a waiver of Lender's right to enforce those rights in the future.
- b) If more than one person has signed this Agreement, then your liability shall be joint and several which means that each of you will be separately liable for the entire amount owing on your Account.
- c) Your Account and this Agreement will be governed by the laws of the State of Florida or \_\_\_\_\_, in Lender's sole and absolute discretion.
- d) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
- e) Borrower agrees to pay all costs, including costs of collection, expenses, and attorneys' fees incurred in collecting any sum due under this Agreement, whether or not suit is filed, and including any proceedings in bankruptcy. Any proceeds from any such action(s) shall be applied first to any and all costs of collection, then to any due and unpaid interest outstanding, then to the principal amount of any and all Advances.
- f) The terms and provisions of this Agreement cannot be waived, altered, modified, amended or terminated except as the Lender may consent thereto in writing duly signed by Lender. Any action to enforce the terms contained herein shall be filed in the state courts of Florida in the County of Sarasota or the United States District Court for the Middle District of Florida in Tampa, and Borrower hereby agrees and consents to subject himself/herself to the jurisdiction of said courts, and further agrees to be bound by any judgment rendered therein.
- g) Borrower shall not, in any manner, directly or indirectly, assign its obligations hereunder to any other person or entity. Any attempt to do so shall render all sums due or to become due under this Agreement to be immediately due and payable in full. Lender shall be permitted to assign its rights under this Agreement to any person or entity it may choose, at any time it may choose, whereupon all obligations of Borrower hereunder will be due directly to such assignee in accordance with the terms and conditions of this Agreement.
- h) All agreements between the Borrower(s) and the Lender as set forth in this Agreement are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid to the Lender for the use, forbearance, or detention of the monies advanced to Borrower exceed the maximum permissible under applicable law. If, from any circumstance whatsoever, fulfillment of any provision hereof, at the time such performance shall be due, shall be prohibited by law, the obligation to be fulfilled shall be reduced to the maximum not so prohibited, and if from any circumstance the Lender should ever receive as interest hereunder an amount which would exceed the highest lawful rate, such amount as would be excessive interest shall be applied to the reduction of the principal of then outstanding Advances under this Agreement and not to the payment of interest. This provision shall control every other provision of all agreements in this Agreement between the Borrower(s) and the Lender.
- i) If any one or more of the provisions of this Agreement shall, for any reason, be held or found by final judgment of a court of competent jurisdiction to be invalid, illegal or unenforceable under the Employee Retirement Income Security Act of 1974 ("ERISA") or in any other material respect, (i) that invalidity, illegality or unenforceability will not affect any other provisions of this Agreement and (ii) this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been



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contained herein, provided, however that if the invalidity of any part or provision of this Agreement shall deprive any party of the economic benefit intended to be conferred by this Agreement, Lender shall, in good-faith, develop a structure, the economic effect of which is as close as possible to the economic effect of this Agreement, without regard to such invalidity.

- j) Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and personally delivered or sent by overnight courier, or by facsimile, if such facsimile is followed by a hard copy of the facsimile communication sent by overnight courier, charges prepaid, addressed as follows: if to the Lender, at the address set forth in Section 1 of this Agreement, or to such other address as the Lender may from time to time specify by notice to the Borrower(s); if to a Borrower, to such Borrower at the address set forth beneath such Borrower's signature below or as such Borrower may from time to time specify by notice to the Lender in accordance with this Section 25. (i). Any such notice shall be deemed to be delivered, given and received as of the date so delivered.

## 25. GUARANTOR

If the box below is checked and Borrower and Guarantor (or any Borrower if there is more than one signatory to this Agreement) have initialed where indicated below, all of the Borrower's obligations set forth in this Agreement are guaranteed in accordance with the terms and provisions contained in the Guarantor Addendum attached hereto and by this reference made a part hereof.

☐ A. BORROWER'S INITIALS: \_\_\_\_\_ B. GUARANTOR'S INITIALS: \_\_\_\_\_

26. BY SIGNING THIS AGREEMENT YOU AGREE TO BE BOUND TO ALL OF THE TERMS OF THIS AGREEMENT AND THE ADDENDA HERETO AS APPLICABLE AND YOU ACKNOWLEDGE RECEIPT OF A COMPLETED COPY OF THIS AGREEMENT WITH APPLICABLE ADDENDA.

EXECUTED ON THE DATE OPPOSITE THE NAMES AND SIGNATURES BELOW:

BORROWER(S): ☐ INDIVIDUAL ☐ TRUST ☒ LLC ☐ PARTNERSHIP ☐ CORPORATION ☐ OTHER

ENTITY NAME (IF APPLICABLE) LF42, LLC

SIGNATURE [Signature] PRINTED NAME MICHAEL WILLIAMS DATE 04/15/2019

ADDRESS 1800 2ND STREET, SUITE 855 CITY SARASOTA STATE FL ZIP 34236

FAX \_\_\_\_\_ EMAIL M.WILLIAMS@KINETICBANK.COM HOME PHONE \_\_\_\_\_

BUSINESS PHONE 941-870-9544 CELL PHONE 415-559-7792

BORROWER(S):

SIGNATURE \_\_\_\_\_ PRINTED NAME \_\_\_\_\_ DATE \_\_\_\_\_

ADDRESS \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

FAX \_\_\_\_\_ EMAIL \_\_\_\_\_ HOME PHONE \_\_\_\_\_

BUSINESS PHONE \_\_\_\_\_ CELL PHONE \_\_\_\_\_

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## **YOUR BILLING RIGHTS—KEEP THIS NOTICE FOR FUTURE USE**

This notice contains important information about your rights and Lender's responsibilities under the Fair Credit Billing Act.

**Notify Lender In Case Of Errors Or Questions About Your Bill.** If you think your bill is wrong, or if you need more information about a transaction on your bill, write Lender at the address listed on your bill. Write to Lender as soon as possible. Lender must hear from you no later than sixty (60) days after Lender sent you the first bill in which the error or problem appeared. You can telephone Lender, but doing so will not preserve your rights.

In your letter, give Lender the following information:

- i) Your name and account number.
- ii) The dollar amount of the suspected error.
- iii) Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the items you are not sure about. If you have authorized Lender to pay your bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach Lender three (3) business days before the automatic payment is scheduled to occur.

**Your Rights And Lender's Responsibilities After Receipt Of Your Written Notice.** Lender must acknowledge your letter within thirty (30) days, unless Lender has corrected the error by then. Within ninety (90) days, Lender must either correct the error or explain why Lender believes the bill was correct.

After Lender receives your letter, Lender cannot try to collect any amount you question, or report you as delinquent. Lender can continue to bill you for the amount you question, including finance charges, and Lender can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while Lender is investigating, but you are still obligated to pay the parts of your bill that are not in question.

If Lender finds that Lender made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If Lender didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, Lender will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that Lender thinks you owe, Lender may report you as delinquent. However, if Lender's explanation does not satisfy you and you write to Lender within ten (10) days telling Lender that you still refuse to pay, Lender must tell anyone Lender reports you to that you have a question about your bill. And, Lender must tell you the name of anyone Lender reported you to. Lender must tell anyone Lender reports you to that the matter has been settled when it finally is.

If Lender doesn't follow these rules, Lender can't collect the first \$50.00 of the questioned amount, even if your bill is correct.





## YOUR BILLING RIGHTS—KEEP THIS NOTICE FOR FUTURE USE

If the box in Section 26 of the Agreement to which this Guarantor Addendum is appended is checked and the Borrower's (or any one of them if there is more than one) and the Guarantor's initials appear there, the following provisions are hereby incorporated into the Agreement and by this reference made a part thereof. Capitalized terms used herein have the meanings ascribed to them as set forth in the Agreement.

As a material inducement for Lender to fund an Advance or Advances, as the case may be, repayment of the Loan and all sums due hereunder and all sums which may become due hereunder (the "Guaranteed Obligations") will be personally guaranteed by the undersigned individual (the "Guarantor") and the Guarantor hereby agrees to personally guarantee all of the Guaranteed Obligations.

- a) Anything to the contrary herein notwithstanding, the liability of the Guarantor shall be direct and immediate as a primary and not a secondary obligation or liability, and is not conditioned or contingent upon the pursuit of any remedies against Borrower or any other person. Guarantor unconditionally waives any right which he/she may have to require that Lender first proceed against Borrower or any other person or entity with respect to the Guaranteed Obligations.
- b) Guarantor's obligations hereunder are an irrevocable, absolute, continuing agreement of payment and performance and not a guaranty of collection. Guarantor's obligations hereunder may not be revoked by Guarantor and shall continue to be effective with respect to any Guaranteed Obligations arising or created after any attempted revocation by Guarantor and after Guarantor's death (in which event the Agreement and this Guarantor Addendum shall be binding upon such Guarantor's estate and Guarantor's legal representatives and heirs). The fact that at any time or from time to time the Guaranteed Obligations may be increased or reduced shall not release or discharge the obligations of Guarantor to Lender with respect to the Guaranteed Obligations. Guarantor's obligations hereunder may be enforced by Lender and any subsequent holder of this Promissory Note and shall not be discharged by the assignment or negotiation of all or part of this Promissory Note.
- c) If all or any part of the Guaranteed Obligations shall not be punctually paid when due, whether at demand, maturity, acceleration or otherwise, Guarantor shall, immediately upon demand by Lender and without presentment, protest, notice of protest, notice of non-payment, notice of intention to accelerate the maturity, notice of acceleration of the maturity or any other notice whatsoever, pay in lawful money of the United States of America, the amount due on the Guaranteed Obligations to Lender at Lender's address as set forth in the Agreement. Such demand(s) may be made at any time coincident with or after the time for payment of all or part of the Guaranteed Obligations and may be made from time to time with respect to the same or different items of Guaranteed Obligations. Such demand shall be deemed made, given and received in accordance with the notice provisions of the Agreement.
- d) Guarantor hereby unconditionally agrees to waive and agrees not to assert or take advantage of any defense based upon:
  - i) The Incapacity, lack of authority, death or disability of any Borrower, or any other person or entity;
  - ii) The failure of Lender to commence an action against Borrower at any time or to pursue any other remedy whatsoever at anytime;
  - iii) Any duty on the part of Lender to disclose to Guarantor any facts it may now or hereafter know regarding Borrower regardless of whether Lender has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor, Guarantor acknowledging that it is fully responsible for being and keeping informed of the financial condition and affairs of Borrower;
  - iv) Lack of notice of default, demand of performance or notice of acceleration to Borrower or any other party with respect to the Loan or the Guaranteed Obligations;
  - v) The consideration for this Agreement; any acts or omissions of Lender which vary, increase or decrease the risk on any Guarantor; any statute of limitations affecting the liability of any Guarantor hereunder, the liability of Borrower or any Guarantor hereunder, or the enforcement hereof, to the extent permitted by law;
  - vi) The application by Borrower of the proceeds of the Loan for purposes other than the purposes represented by Borrower to Lender or intended or understood by Lender or Guarantor;
  - vii) An election of remedies by Lender, whether or not any such election of remedies destroys or otherwise impairs the subrogation rights of Guarantor or the rights of Guarantor to proceed against Borrower by way of subrogation or for reimbursement or contribution, or all such rights;
  - viii) Any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other aspects more burdensome than that of a Guarantor; and
  - ix) Any other suretyship defense that might, but for the terms hereof, be available to Guarantor.

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**GUARANTOR:**

**SIGNATURE** \_\_\_\_\_ **PRINTED NAME** \_\_\_\_\_ **DATE** \_\_\_\_\_

**ADDRESS** \_\_\_\_\_ **CITY** \_\_\_\_\_ **STATE** \_\_\_\_\_ **ZIP** \_\_\_\_\_

**FAX** \_\_\_\_\_ **EMAIL** \_\_\_\_\_ **HOME PHONE** \_\_\_\_\_

**BUSINESS PHONE** \_\_\_\_\_ **CELL PHONE** \_\_\_\_\_

Office (941) 363-6686 | Toll Free (855) 793-5363 | [info@lendacy.com](mailto:info@lendacy.com) | [www.lendacy.com](http://www.lendacy.com)  
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Guarantor Addendum to Credit Facility Agreement—2 of 2 | Rev 2-10-16





Date	Type	Method	Amount	Description
<b>Transfers for PH, Vacation, and Banco Espanol Building</b>				
3/23/2017	wire	WD	\$ 250.00	Credit to Williams
3/23/2017	wire	WD	\$ 90,000.00	Williams
3/23/2017	wire	WD	\$ 1,422,325.50	Williams
3/31/2017	wire	WD	\$ 3,716.01	Williams
7/20/2017	wire	WD	\$ 1,924.24	Williams
5/4/2018	wire	WD	\$ 2,676,564.36	Scipio, LLC
5/4/2108	wire	WD	\$ 78,435.64	Scipio, LLC
subtotal			<u>\$ 4,273,215.75</u>	

Description  
PH Purchase  
PH Purchase  
PH Purchase  
Greece sailing trip payment  
Greece sailing trip payment  
Banco Espanol Purchase  
Banco Espanol Purchase

<b>Zephyr Aerospace Safenote Transfers - no copy of safenote has been provided</b>				
12/3/2018	wire	WD	\$54,000.00	Style and Design
3/14/2019	wire	WD	\$200,000.00	ACLA Studio LLC
3/14/2019	wire	WD	\$8,000.00	Neil Mehta
3/21/2019	wire	WD	\$25,000.00	Holland & Knight
3/21/2019	wire	WD	\$10,000.00	SWS
3/21/2019	wire	WD	\$5,000.00	Frederic Massard
3/21/2019	wire	WD	\$5,000.00	Katharine Miles
3/21/2019	wire	WD	\$150,300.00	Style and Design
3/21/2019	wire	WD	\$20,000.00	Zephyr Aerospace
3/21/2019	wire	WD	\$20,000.00	Zephyr Aerospace
			<u>\$497,300.00</u>	

Consultant (Commercialization)  
Legal Services  
Product Certification  
Consultant (Trade Show)  
Consultant (Trim/Finish)  
Engineering  
Trade Show Costs  
Mock-up Transportation/Storage

<b>Money Transferred from Kinetic Funds to open KIB banking accounts</b>				
9/28/2018	DEP		\$550,000.00	Trans from Kinetic Funds to SOL COOP to open Kinetic International LLC accounts
	WD		(\$250,000.00)	To fund operational account
	WD		(\$300,000.00)	to fund CD pledge to Secretary of OCIF Commissioner

<b>\$2 Million Credit line to ISX to be paid back to LF42, LLC</b>				
1/14/2019	DEP		\$1,000,000.00	Transferred from Kinetic Funds to KCL for Operational Expenses
4/16/2019	DEP		\$150,000.00	Transferred from Kinetic Funds to KCL for Operational Expenses
1/14/2019	WD	internal transfer	\$500,000.00	paid to Kinetic International from \$1M transfer from KFYIELD
2/11/2019	WD	wire	\$60,000.00	paid to El Morro Financial from \$1M transfer from KFYIELD
2/19/2019	WD	wire	\$150,000.00	paid to El Morro Financial from \$1M transfer from KFYIELD
2/25/2019	WD	wire	\$175,000.00	paid to El Morro Financial from \$1M transfer from KFYIELD
3/8/2019	WD	internal transfer	\$185,000.00	paid to Kinetic International from \$1M transfer from KFYIELD
3/8/2019	WD	wire	\$120,000.00	paid to El Morro Financial from \$1M transfer from KFYIELD
3/8/2019	WD	wire	\$60,000.00	paid to El Morro Financial from \$1M transfer from KFYIELD
4/3/2019	WD	wire	\$50,000.00	paid to LF42 by direction of MW
4/16/2019	WD	internal transfer	\$150,000.00	paid to Kinetic International from \$1M transfer from KFYIELD
4/16/2019	WD	wire	\$50,000.00	paid to LF42 by direction of MW
			<u>\$1,500,000.00</u>	
			<u>\$6,820,515.75</u>	

Cover ISX Development Expenses  
Cover PR Office February Operations  
Kinetic Financial Summit Expenses  
Kinetic Financial Summit Expenses  
Kinetic Financial Summit Expenses (AMEX)  
Kinetic Financial Summit Expenses  
Cover PR Office March Operations  
No reason given - just told to transfer and add to ISX credit line  
To pay outside contractors: Lorena Coffey  
\$17,600, Global Screen - \$72,243.52, Fintech  
Agency - \$30,000, MBanq - \$30,000 for a Total  
\$ 149,843.52  
Said he had invoices to pay add to ISX credit line



I CERTIFY: That on the same date and place of execution I issued a FIRST CERTIFIED COPY of this Deed on behalf of THE CONSERVATION TRUST OF PUERTO RICO, I ATTEST AND GIVE FAITH-

*Mercybel Redondo Rafuls*

NOTARY PUBLIC



*RC 2/14*  
*[Signature]*

-----DEED NUMBER FOUR (4)-----

-----PURCHASE AND SALE DEED-----

---In the city of San Juan, Commonwealth of Puerto Rico, on May fourth (4<sup>th</sup>) of two thousand eighteen (2018).-----

-----BEFORE ME-----

---MERCYBELLE REDONDO RAFULS, Attorney-at Law and Notary Public in and for the Commonwealth of Puerto Rico, with residence in Isla Verde, Puerto Rico, and offices at four hundred and five (405) San Francisco Street, Suite Two-A (2A), in Old San Juan, Puerto Rico.-----

-----APPEAR-----

---AS PARTY OF THE FIRST PART: THE CONSERVATION TRUST OF PUERTO RICO, also known as Fideicomiso de Conservación de Puerto Rico, (hereinafter referred to as the "Seller"), a charitable nonprofit private institution organized and existing under the laws of the Commonwealth of Puerto Rico, pursuant to Deed Number Five (5) executed in San Juan, Puerto Rico on January twenty-third (23<sup>rd</sup>) of nineteen seventy (1970) before Notary Public Luis Sánchez Vilella. The trustees of Seller are: María Salerno, of legal age, married, executive, resident of the state of New York, United States of America; Joaquín Bautista Viso Alonso, also known as Joaquín Viso, of legal age, married, engineer, and resident of San Juan, Puerto Rico; and Dennis Rafael Hickey Rivera, also known as Dennis Rivera, of legal age, single, consultant, and resident of Culebra, Puerto Rico; and who are all represented in this act by Seller's Executive Director, Fernando Enrique Lloveras San Miguel, also known as Fernando E. Lloveras San Miguel, of legal age, married, attorney, and resident of San Juan, Puerto Rico, who is duly authorized to appear herein on behalf of Seller pursuant to a Certificate of Resolution of the Board of Directors issued by Seller's Secretary, Neida Pumarejo Cintrón, executed before Notary Public Carla Arraiza Gonzalez, on April twenty-fifth (25<sup>th</sup>) of two thousand eighteen (2018), authenticated under affidavit number one thousand one hundred and fifty-five (1,155). I, the Notary, have received and reviewed the original of the Corporate Resolution of the Board of Directors and hereby certify and attest that the same provides the corresponding authority described





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hereto and complies with all legal requirements.-----

---I, the Notary, attest that I do not know the party of the FIRST part, and have thus identified him through his identification documents, which contain his photograph and signature and was voluntarily shown, as follows: Fernando E. Lloveras, driver's license number 1323600, issued by the Commonwealth of Puerto Rico.-----

---AS PARTY OF THE SECOND PART: SCIPIO, LLC (hereinafter referred to as the "Purchaser"), a limited liability company organized and existing under the laws of the Commonwealth of Puerto Rico, represented herein by its President, Michael Scott Williams, who states not to use his second last name or mother's surname and has refused to provide it, also known as Michael Williams, of legal age, single, business executive, and resident of San Juan, Puerto Rico, who is duly authorized to appear herein on behalf of the Purchaser pursuant to a Certificate of Resolution executed by Michael Scott Williams, as Secretary of Purchaser, executed before the undersigned Notary Public on the date hereof, authenticated under affidavit number ten (10). I, the Notary, have received and reviewed the original of the Corporate Resolution and hereby certify and attest that the same provides the corresponding authority described hereto and complies with all legal requirements.-----

---I, the Notary, attest that I do not know the party of the SECOND part, and have thus identified him through his identification documents, which contain his photograph and signature and was voluntarily shown, as follows: Michael Scott Williams, passport number 519517783, issued by the United States of America.-----

---Per the appearing parties' statements, I, the Notary, also attest as to their age, civil status, occupation, and residence. The appearing parties declare that they have, and in my judgment they do have, the necessary legal capacity and knowledge of the English language to execute this public instrument, and for that purpose they freely and voluntarily:-----

----- STATE -----

---FIRST: The Property. The Seller is the sole owner in fee simple ("*plene dominio*") of the following real property (hereinafter referred to as the

"Property") located in the Municipality of San Juan, Puerto Rico, described in the Registry of Property of Puerto Rico, First Section of San Juan (hereinafter referred to as the "Registry") in the Spanish language as follows:-----

---URBANA: Solar casa de altos y bajos y sótano de mampostería y azotea marcada con el número ciento cincuenta y dos (152), antes tres (3) de la Calle Tetuán de San Juan, Puerto Rico. El solar se compone de quinientos noventa y cuatro punto veinte y cinco (594.25) metros cuadrados ocupando la casa todo el área de solar y linda por su frente NORTE, con la calle en que radica; por la derecha, entrada OESTE, con la casa número ciento cincuenta (150), antes uno (1), propiedad de Antonia Quiñones de Quiñones; por la izquierda, ESTE, antes con la casa cinco (5), hoy con una calle prolongación de la Calle de La Cruz; y por el fondo, SUR, con el Recinto Sur o Calle Ramón Power.-----

---La casa que enclava en el solar de este número ha sido restaurada y en la actualidad consta de edificio para oficinas de dos plantas y sótano de hormigón y mampostería. Dicha estructura está equipada con sistema central de aire acondicionado.-----

---The Property is recorded in the Registry at Page forty-three (43) of Volume nine (9) of San Juan, property number three hundred and eighty-nine (389) -----

---The real property tax identification numbers ("*número de catastro*") assigned to the Property by the Municipal Revenue Collection Center (hereinafter referred to as "CRIM", by its Spanish acronym) are zero forty dash zero zero two dash zero sixty-one dash zero two dash zero zero one (040-002-061-02-001) and zero forty dash zero zero two dash zero sixty-one dash zero two dash nine zero one (040-002-061-02-901).-----

---SECOND: Title. The Seller acquired the Property from Elias Blanco Gómez and Luscinda Olalla Cabral, also known as Luscinda Olalla de Blanco, for the price of Three Million Two Hundred and Fifty Thousand Dollars (\$3,250,000.00) pursuant to Deed Number Ten (10), executed in San Juan, Puerto Rico on October fourth (4<sup>th</sup>) of two thousand and six (2006), before Notary Public Luis García Carnasquillo, presented on October eleventh (11<sup>th</sup>) of two thousand and six (2006) at Entry one thousand three hundred and fifty-five (1,355) of the Book of Daily Entries of San Juan one thousand seventy-nine (1,079), and recorded pursuant to Puerto Rico Law Number two hundred sixteen (216) of December twenty-seventh (27<sup>th</sup>) of two thousand ten (2010), known as the "Act to Streamline the Registry of the Property".-----

---THIRD: Liens and Encumbrances. The Property is subject to the following liens and encumbrances:-----

---(A) By its origin:-----



Redondo





1-28-24

----- (a) Free and clear.-----

---(B) By itself:-----

----- (a) Free and clear.-----

---I, the Notary, have advised the Purchaser that the Property is located in the Old San Juan Historic District, and as such it is subject to the laws, regulations and ordinances imposed by the historical preservation entity, Institute of Puerto Rican Culture ("*Instituto de Cultura Puertorriqueña*"), the Municipality of San Juan and the Puerto Rico Planning Board. I, the Notary, have further advised the Purchaser prior to the execution of this Deed, that it should examine the applicable laws, regulations and ordinances so he ascertains itself of the restrictions, obligations, conditions, and limitations imposed upon dominium of the Property.-----

---FOURTH: Purchase and Sale. The Seller and the Purchaser have agreed on the purchase and sale of the Property, subject to the following:-----

----- TERMS AND CONDITIONS-----

---One: Conveyance of Title. The Seller hereby sells, assigns, and transfers to the Purchaser, and the Purchaser acquires from the Seller, the Property described in the FIRST paragraph of this Deed, free and clear of all tenancies, liens, encumbrances, mortgages, options, claims, litigation, judgments, rights of third parties and other restrictions or limitations of record affecting the ability to use or transfer, subject to all rights, easements, servitudes, accesses, privileges, structures, buildings, and appurtenances without any limitation whatsoever, except as otherwise expressed or described in this Deed.-----

---Two: Delivery of Possession. Seller delivers possession of the Property to Purchaser effective as of the date of execution of this Deed without any further formalities being required at this time to complete the delivery of possession of the Property by the Seller to Purchaser.-----

---Three: Purchase Price. The agreed purchase price for the Property is the amount of Two Million Nine Hundred Thousand Dollars (\$2,900,000.00) (hereinafter referred to as the "Purchase Price"). Seller acknowledges having received concurrently in this act, to its satisfaction and contentment, from the hands of Gandia B. Realty, Seller's broker, a certified check in the amount of



PESEN

One Hundred and Forty-Five Thousand Dollars (\$145,000.00), and a wire transfer from Purchaser in the amount of Two Million Six Hundred Seventy-Six Thousand Five Hundred Sixty-Four Dollars and Thirty-Six Cents (\$2,676,564.36), for which Seller grants Purchaser the most formal and legally valid receipt.

—The amount of Seventy-Eight Thousand Four Hundred Thirty-Five Dollars and Sixty-four Cents (\$78,435.64) is being retained by The Title Security Group, LLC as indemnity and security for the payment, satisfaction, discharge and disposition of the current outstanding debt with the CRIM affecting the Property.

—The Seller covenants and warrants that it has been unable to sell the Property for a higher amount due to the precarious Puerto Rico real estate market conditions and the Purchase Price reflects the best purchase offer the Seller has received for the Property. Therefore, both parties hereto represent that they have no intention whatsoever that this transfer be viewed, interpreted or construed in any way as a donation or gift of any kind.

—Four: Condition of the Property. Purchaser hereby accepts that it has inspected the Property prior to the execution of this Deed, accepts the Property in its current condition and acknowledges that Seller has no obligation to make any additional works to the Property. Seller has expressed that it does not know of any hidden defects of construction that would make the Property unsuitable for its use or that could decrease its value.

—Five: Warranty of Title. Seller agrees to comply with the warranties of title ("saneamiento") provided by the Puerto Rico Civil Code in relation to the Property.

—Six: Property Taxes. All real property taxes and other assessments of any kind and nature due and payable (including interest and penalties thereon) with respect to the Property corresponding to the period up to the date of execution of this Deed shall have been paid in full by Seller on or prior to said date. Seller shall be responsible for all real property taxes and assessment, penalties, interest and surcharges and costs and expenses assessed against the Property corresponding to the period up to the date of execution of this Deed, even if



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they are assessed after the execution of this Deed. Thereafter, Purchaser shall be responsible for any and all property taxes on the Property.-----

---Seven: Utilities. All utility charges, including, water, electricity, gas, telephone, internet and cable television service, as applicable, with respect to the Property corresponding to the period up to this Deed shall have been paid in full by Seller. Purchaser shall be responsible thereafter.-----

---Eight: Closing Costs. The parties herein agree that this Deed be executed before a Notary Public chosen by the Purchaser and that all notarial fees, and the cost of internal revenue and legal assistance stamps and vouchers of the original and the first certified copy of this Deed and of its recordation in the Registry, be for the account of the Seller.-----

---Notwithstanding, the Seller hereto represents and warrants that the transaction contemplated in this Deed is in furtherance of the purposes for which Seller was created and organized. As such, pursuant to Act Number One Hundred and One (101) of May twelfth (12<sup>th</sup>) of nineteen forty-three (1943), as amended, and Act Number One Hundred and Twenty-Two (122) of June second (2<sup>nd</sup>) of nineteen seventy-six (1976), Seller is exempt from the payment of all governmental stamp taxes in connection with the execution and recordation of public instruments. Therefore, the execution of the original and first certified copy of this Deed are fully exempt from the payment of all internal revenue and legal assistance stamps, and from payment of all filing fees and internal revenue recordation vouchers.-----

---Nine: Representations and Warranties by Seller. Seller represents and warrants to the Purchaser as follows: -----

-----(a) That it is the owner in fee simple ("*pleno dominio*") of the Property and its title to the Property is free and clear of all tenancies, liens, encumbrances, easements, restrictions, litigation and judgments;-----

-----(b) That it has no knowledge of any violation of applicable law with respect to the Property;-----

-----(c) That it has no knowledge of any pending or threatened eminent domain or similar proceedings by any governmental authority with respect to the Property or any part thereof;-----





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----- (d) That it has no knowledge of any pending or threatened claims, lawsuits, administrative or governmental proceedings, review proceedings or appeals, whether instituted by public or private persons, or of having received a notice or charge asserting any violation of any applicable federal, Commonwealth or local environmental law, rule, regulation or ordinance in relation to the Property or the activities conducted in the Property;-----

----- (e) All construction and/or remodeling works performed in the Property by Seller are in compliance with all applicable laws, codes and regulations, and that all permits and approvals necessary for any construction and/or remodeling performed in the Property has been obtained, including but not limited to any approvals required by the Institute of Puerto Rican Culture ("*Instituto de Cultura Puerriqueña*"); and-----

----- (f) Seller has no knowledge that the Property has any lead-based paint or lead-based paint hazards.-----

---Ten: Representations and Warranties by the Parties to this Deed. Each of the parties represents and warrants to the other the following:-----

----- (a) That, except for Gandia B. Realty, no broker or other person is entitled to any commission, finder's fee or similar payment in connection with the purchase and the sale of the Property. The parties hereto, as the case may be, each agrees to indemnify and hold the other harmless from any and all claims of third parties for any brokerage commission, finder's fee or other similar payment relating to the purchase and the sale of the Property if such claims are based in whole or in part on dealings or agreements with the indemnifying party. The Seller shall be exclusively responsible for the payment of the commissions payable to the broker listed herein;-----

----- (b) That the parties have full power and authority to execute, deliver and perform this Deed, to consummate the transactions contemplated hereby, and comply with their respective obligations hereunder;-----

----- (c) That this Deed and the other documents executed, or to be executed by the parties in relation to this Deed, are or will be, upon their execution and delivery, the valid and binding obligation of each of the parties appearing herein and enforceable against each of them in accordance with its terms; and-----



Per 11

*[Handwritten signature]*

----- (d) All representations and warranties contained in this paragraph Ten or elsewhere in this Deed shall survive the closing of this Deed.-----

---Eleven: Additional Documents. The parties agree to execute and deliver any and all other instruments and documents and do any and all other acts and things as may be reasonably necessary in order to carry out and complete the conveyance and transfer of the Property contemplated by this Deed and the recordation thereof in the Registry.-----

---Twelve: Entire Agreement. This Deed constitutes the entire agreement of the parties regarding the subject matter hereof, and shall bind and inure to the benefit of the parties hereto and their respective successors, assigns and heirs.--

---Thirteen: Headings. The headings and numbers of the paragraphs and sections are for convenience and are not to be deemed to be controlling over the text of each paragraph of this Deed.-----

---Fourteen: Governing Law. This Deed shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico.-----

---Fifteen: Severability. If any part or parts of this Deed shall be held unenforceable for any reason, the remainder of this Deed shall continue in full force and effect. If any court of competent jurisdiction deems any provision of this Deed invalid or unenforceable, and if limiting such provision would make the provision valid, then such provision shall be deemed to be construed as so limited.-----

---Sixteen: Petition to the Registrar. The appearing parties respectfully request that the Honorable Registrar of Property record the sale and the transfer of title to the Property to the Purchaser.-----

-----ACCEPTANCE AND WARNINGS-----

---The appearing parties accept, ratify and confirm this Deed in all its parts, finding it to be the faithful expression of their will and instructions, and I, the Notary, do hereby certify that I advised them as to the necessary legal warnings and of the legal effects of the present document, including, but not limited to:--

---(A) Title of the Property and Registry. The Notary has advised the Purchaser that the title search reports used to prepare this Deed was prepared and provided by Ramón F. Gómez Marcos of Capital Title Services, Inc., on



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April twenty-six (26) of two thousand eighteen (2018), which is an independent contractor and was not made by the undersigning Notary. The appearing parties relieve the Notary executing this Deed from any liability with respect to errors or omissions committed in the preparation of such title abstract, or that may arise due to any changes in the title to the Property or in its liens and encumbrances that might occur between the date of issuance of the title search reports and the date this Deed is presented in the Registry for its recordation.---

---(B) The undersigning Notary has also advised the appearing parties of the following: (i) The convenience of accrediting the state of liens and encumbrances of the Property with the corresponding certification of the Registry or direct corroboration by examining the books of the Registry, and that the negative certification of the Registry does not exclude the possibility of liens recorded after the date of the certification; (ii) That subsequent to the date of such title abstract and before the presentation for recording of this Deed other documents may be presented or recorded in the Registry that may affect the title to the Property and/or achieve priority over this Deed; (iii) The importance of immediately presenting a certified copy of this Deed in the Registry for recordation, in order that the Purchaser enjoys the benefits of obtaining status as titleholder or owner in the Registry; (iv) The possibility that other documents affecting rights herein created have been presented for recordation prior to the execution and/or presentation of a certified copy of this Deed, and of the preference, priority or seniority that said intervening liens, encumbrances, and/or rights may attain by such prior execution or earlier presentation to the Registry; (v) The desirability of verifying the status of liens and encumbrances affecting the Property as they may appear from the Registry on this date and of the adverse consequences which may result from failure to do so; (vi) The possible existence and pendency of additional unrecorded statutory liens and real property taxes affecting the Property, and (vii) The Purchaser's right to acquire an Owner's Title Insurance Policy.-----

---(C) Property Tax. The undersigned Notary has advised the appearing parties of the convenience and necessity of obtaining, prior to the execution of this Deed, a property tax debt certification from the Center for Recollection of



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Municipal Taxes ("CRIM", by its Spanish acronym). Real property taxes for the last five (5) years and the current tax year constitute a senior and preferred statutory lien on the Property. Purchaser is also warned that it needs to make sure that all the necessary steps are taken in order to present to CRIM the corresponding Application for Tax Exemption, if applicable, and/or Change of Owner form or certificate and that the undersigning Notary is not required to perform such act, nor is responsible for the exoneration and/or change of ownership that the CRIM may grant; and that if the Property is going to be the Purchaser's primary residence, it needs to complete the request for exemption of property tax pursuant to article two point zero one (2.01) of Act Eighty-Three (83) of August thirtieth (30<sup>th</sup>) of nineteen ninety-one (1991), known as "Municipal Property Tax Act of 1991".-----

---The appearing parties manifest and confirm that they have received the corresponding CRIM certification that shows the current balance due, if any, up to the date of the execution of this document. The authorizing Notary informs that she is not responsible for the content and/or limitations of said statement and of the possibility that such agency issues additional and/or annual statements amending and/or correcting the previous ones and of the legal consequences of such issuances. The appearing parties also certify that they have not hired the authorizing notary to make any searches or obtain any documents at the CRIM regarding the existence or not of any debt regarding property taxes.-----

---(D) Historical Property Tax Exemption. The Purchaser has been advised that currently the Property has not been approved and/or granted a tax exemption pursuant to the Tax Exemption for Historical Zones Act, Act Number Seven (7) of March fourth (4<sup>th</sup>) of nineteen fifty-five as amended. The Purchaser has been further advised that unless it applies for and the property tax exemption is granted, property taxes must be paid on or before January thirty first (31<sup>st</sup>) and July thirty first (31<sup>st</sup>) of each year. Failure on the part of the CRIM to issue a timely tax statement or notice does not excuse the taxpayer concerned with making prompt payment.-----

---(E) Special Tax (Act Number Seven (7)). The appearing parties attest,



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manifest, and recognize that they received a copy of the corresponding certification issued by the Treasury Department of Puerto Rico, evidencing the balance, if any, of the special tax imposed by Act Number Seven (7) of March ninth (9<sup>th</sup>) of two thousand nine (2009), as amended, accrued on the Property, up to the date of its execution, being understood that any outstanding balance due will be retained by Purchaser or the title insurance company. It is advisable to verify the payment status of such taxes in the records of the CRIM and the Treasury Department of Puerto Rico. Real property taxes, including Act Seven (7), for the last five (5) years and the current year, constitute a preferred statutory senior and preferred statutory lien on the Property.-----

---(F) Informative Return of Real Property. Seller and Purchaser hereby acknowledge that the authorizing Notary has advised them, in accordance with the provisions of Act Number One Hundred Forty (140) of July thirteenth (13<sup>th</sup>) of two thousand eleven (2011) that the Notary is required to submit electronically to the Treasury Department of the Commonwealth of Puerto Rico the "Informative Return of Segregation, Grouping or Transfer of Real Property", (hereinafter the "Informative Return"), which corresponds to the acts and/or transactions included in this Deed. In accordance with the foregoing, the authorizing Notary has requested the appearing parties to submit the necessary information to complete the Informative Return. The appearing parties hereby acknowledge and certify that: (i) all information they provided by way of the Form is true and correct; (ii) such information shall be used to complete the Informative Return; (iii) the appearing parties are responsible for the legal consequences resulting from the information they provided by way of the Form; and (iv) the authorizing Notary assumes no responsibility whatsoever with respect to the information which has been freely and voluntarily provided by the herein appearing parties.-----

---(G) Flood Zone Regulations. The parties have been advised that if the Property is located in a flood prone zone, title holder and/or any present or future or occupant thereof is obligated by law to observe and comply with the requirements and provisions of the Flood Prone Zones Regulations, and the appearing parties are hereby warned that failure to comply therewith may result



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in an unlawful act pursuant to the provisions of Section Thirty (30) of Act Number Eleven (11) of March eight (8<sup>th</sup>) of nineteen eighty-eight (1988), regarding flood zones and the provisions of the Floodable Zone Building Control Act, of September twenty seven (27) of nineteen sixty one (1961), as amended. The regulations, among other things, imposed construction and building restrictions, as well as restrictions in the conveyance of properties in flood-prone areas that have not complied with the applicable regulations. The Purchaser recognizes having been fully warned of this requirement and obligates itself to the faithful compliance therewith, in the event that it applies.-

---(H) Lead- Based Paint Warning. The parties have been advised that if the Property was built prior to the year Nineteen Seventy-Eight (1978), it is subject to the Lead-Based Paint Hazard Reduction Act of nineteen ninety-two (1992), as codified in 42 U.S.C. sections 4851 et seq. This Act and its regulations require the Seller and its agent or broker, if there is one, and before the Purchaser is compelled under contract, to disclose their knowledge regarding the presence of lead-based paint or any other evaluation or report regarding the presence of lead in the Property; to provide time for the Purchaser to inspect the property to determine the existence or non-existence of lead-based paint or to resign it; and to provide an informative brochure prepared by the Environmental Protection Agency. It is a requirement that the Purchaser, with the Seller, and the agent or broker if there is one, fill out a document with their signatures ratifying the accomplishment of the requirements of the abovementioned Act, as applicable. Copy of such document should be kept by Seller and its agent for a period of three (3) years. The undersigned Notary warns the parties, that non-completion of the requirements imposed by this Act exposes the Seller and its agent or broker to respond for civil liability of possible damages. Knowing the content of this notice, both parties manifest their satisfaction and continue with this purchase/sale act, releasing this authorized Notary from the responsibility in relation to any requirement regarding the disclosure statements concerning lead-based paint.-----



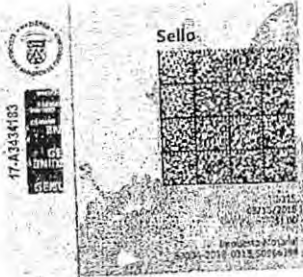
-----ACCEPTANCE AND EXECUTION-----

---I, the Notary, hereby certify that this Deed was read by the persons appearing herein; that I advised them of their right to have witnesses present at the execution hereof, which right they waived; that they acknowledged that they understood the contents of this Deed and the legal effect thereof; and that thereupon they signed this Deed before me and affixed their initials to each and every page hereof.-----

---I, the Notary, do hereby certify as to everything stated or contained in this instrument. To all of which, I, the Notary, ATTEST AND GIVE FAITH. -----



*Mercybelle Redondo*







BMO HARRIS BANK N.A.  
P.O. BOX 94033  
PALATINE, IL 60094-4033

284802

ACCOUNT NUMBER: [REDACTED] 8676

Statement Period  
05/01/18 TO 05/31/18  
IM0099002900C00000

90 09837

KCL SERVICES, LLC

SARASOTA FL

SARASOTA FL

PAGE 1 OF 2

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IF YOU HAVE QUESTIONS ABOUT ANY OF YOUR BMO HARRIS ACCOUNTS, PLEASE CALL US  
TOLL-FREE AT 1-888-340-2265. BMO HARRIS BANK N.A. MEMBER FDIC. EQUAL HOUSING  
LENDER. NMLS401052 VISIT US ONLINE AT WWW.BMOHARRIS.COM.

## CHECKING ACCOUNTS

BUSINESS ADVANTAGE CKG  
ACCOUNT NUMBER

[REDACTED] 8676

(Checking)

KCL SERVICES, LLC

Interest Paid YTD 30.32

## DEPOSIT ACCOUNT SUMMARY

Previous Balance as of April	30, 2018	131,259.88
18 Deposits	(Plus)	3,057,560.82
5 Withdrawals	(Minus)	2,837,000.00
Interest Paid	(Plus)	13.92
Ending Balance as of May	31, 2018	351,834.62

## Deposits and Other Credits

Date	Amount	Description
May 04	78,435.64	PC TRANSFER CREDIT
May 04	2,676,564.36	PC TRANSFER CREDIT
May 08	266,850.67	INCOMING WIRE
		FED WIRE TRANSFER CREDIT 1805089WIRE-IN
May 10	500.00	TELLER DEPOSIT
May 16	1,331.75	PC TRANSFER CREDIT
May 16	3,693.29	PC TRANSFER CREDIT
May 21	500.00	REMOTE DEPOSIT
May 21	1,000.00	REMOTE DEPOSIT
May 25	75.00	REMOTE DEPOSIT
May 29	398.29	PC TRANSFER CREDIT
May 29	400.00	PC TRANSFER CREDIT
May 29	460.00	REMOTE DEPOSIT
May 29	631.28	PC TRANSFER CREDIT
May 29	892.68	PC TRANSFER CREDIT
May 29	1,073.89	PC TRANSFER CREDIT
May 29	2,164.50	PC TRANSFER CREDIT
May 29	2,589.47	PC TRANSFER CREDIT
May 30	20,000.00	REMOTE DEPOSIT
May 31	13.92	INTEREST PAID





BMO HARRIS BANK N.A. 284803  
P.O. BOX 94033  
PALATINE, IL 60094-4033

ACCOUNT NUMBER: [REDACTED] 8676

Statement Period  
05/01/18 TO 05/31/18  
IM0099002900000000

90 09837

KCL SERVICES, LLC

PAGE 2 OF 2

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#### Withdrawals and Other Debits

Date	Amount	Description
May 02	10,000.00	OUTGOING WIRE
May 04	78,435.64	FED WIRE TRANSFER DEBIT 180502864842
May 04	2,676,564.36	OUTGOING WIRE
May 04		FED WIRE TRANSFER DEBIT 180504901194
May 30	70,000.00	INTERNATIONAL WIRE OUT
		OP 180504901193 OUTGOING PAYMENT MTTRF
		INTERNATIONAL WIRE OUT
		OP 180530174761 OUTGOING PAYMENT MTTRF

#### Checks by Serial Number

Date	Serial #	Amount
May 22	10547	2,000.00

#### Daily Balance Summary

Date	Balance	Date	Balance
Apr 30	131,259.88	May 22	393,135.59
May 02	121,259.88	May 25	393,210.59
May 08	388,110.55	May 29	401,820.70
May 10	388,610.55	May 30	351,820.70
May 16	393,635.59	May 31	351,834.62
May 21	395,135.59		

#### Statement Period Rates

Effective	May 01, 2018	Balance	Rate
		ZERO to 4,999	0.010 %
		5,000 to 9,999	0.010 %
		10,000 to 24,999	0.050 %
		25,000 to 49,999	0.050 %
		50,000 to 99,999	0.050 %
		100,000 to 249,999	0.050 %
		250,000 to 499,999	0.050 %
		500,000 to 999,999	0.050 %
		1,000,000 to 99,999,999,999	0.050 %







BMO HARRIS BANK N.A.  
P.O. BOX 94033  
PALATINE, IL 60094 4033

282977

ACCOUNT NUMBER: [REDACTED] 4255

Statement Period  
05/01/18 TO 05/31/18  
IM0099002900000000

90 09837

KINETIC FUNDS I, LLC  
[REDACTED]  
SARASOTA FL [REDACTED]

PAGE 1 OF 2

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IF YOU HAVE QUESTIONS ABOUT ANY OF YOUR BMO HARRIS ACCOUNTS, PLEASE CALL US  
TOLL-FREE AT 1-888-340-2265. BMO HARRIS BANK N.A. MEMBER FDIC. EQUAL HOUSING  
LENDER. NMLS401052 VISIT US ONLINE AT WWW.BMOHARRIS.COM.

## CHECKING ACCOUNTS

BUSINESS ADVANTAGE CKG  
ACCOUNT NUMBER

[REDACTED] 4255

(Checking)

KINETIC FUNDS I, LLC

Interest Paid YTD 2,048.70

## DEPOSIT ACCOUNT SUMMARY

Previous Balance as of April 30, 2018	10,849,142.98
2 Deposits (Plus)	2,500,000.00
14 Withdrawals (Minus)	2,853,260.45
Interest Paid (Plus)	444.16
Ending Balance as of May 31, 2018	10,496,326.69

## Deposits and Other Credits

Date	Amount	Description
May 03	1,500,000.00	INCOMING WIRE
May 09	1,000,000.00	WIRE TRANSFER CREDIT 1805038WIRE-IN
May 31	444.16	INCOMING WIRE
		FED WIRE TRANSFER CREDIT 1805099WIRE-IN
		INTEREST PAID

## Withdrawals and Other Debits

Date	Amount	Description
May 04	78,435.64	PC TRANSFER DEBIT
May 04	2,676,564.36	PC TRANSFER DEBIT
May 11	9,818.33	PC TRANSFER DEBIT
May 16	71,870.41	PC TRANSFER DEBIT
May 29	398.29	PC TRANSFER DEBIT
May 29	400.00	PC TRANSFER DEBIT
May 29	631.28	PC TRANSFER DEBIT
May 29	892.68	PC TRANSFER DEBIT
May 29	1,073.89	PC TRANSFER DEBIT
May 29	2,164.50	PC TRANSFER DEBIT
May 29	2,589.47	PC TRANSFER DEBIT

## Checks by Serial Number

Date	Serial #	Amount	Date	Serial #	Amount
May 21	10572	150.00	May 25	10574	2,000.00
May 23	10573	6,271.60			





BMO HARRIS BANK N.A. 282978  
P.O. BOX 94033  
PALATINE, IL 60094 4033

ACCOUNT NUMBER: [REDACTED] 4255

90 09837

KINETIC FUNDS I, LLC

Statement Period  
05/01/18 TO 05/31/18  
IM0099002900000000

PAGE 2 OF 2

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#### Daily Balance Summary

Date	Balance	Date	Balance
Apr 30	10,849,142.98	May 21	10,512,304.24
May 03	12,349,142.98	May 23	10,506,032.64
May 04	9,594,142.98	May 25	10,504,032.64
May 09	10,594,142.98	May 29	10,495,882.53
May 11	10,584,324.65	May 31	10,496,326.69
May 16	10,512,454.24		

#### Statement Period Rates

Effective	May 01, 2018	Balance	Rate
		ZERO to 4,999	0.010 %
		5,000 to 9,999	0.010 %
		10,000 to 24,999	0.050 %
		25,000 to 49,999	0.050 %
		50,000 to 99,999	0.050 %
		100,000 to 249,999	0.050 %
		250,000 to 499,999	0.050 %
		500,000 to 999,999	0.050 %
		1,000,000 to 99,999,999,999	0.050 %

**For overdraft credit plans with a fixed Annual Percentage Rate:**  
The periodic rate and corresponding Annual Percentage Rate does not change.

**For overdraft credit plans with a variable Annual Percentage Rate:**  
The periodic rate and corresponding Annual Percentage Rate for this plan is a variable rate which can change monthly. (See your account agreement for details on how the Annual Percentage Rate is determined.)

We figure the interest charge on your account by applying the periodic rate to the "daily balance" of your account for each day in the billing cycle. To get the "daily balance" we take the beginning balance of your account each day, add any new advances, and subtract any payments or credits. This gives us the daily balance.

The interest charge begins to accrue on the date an advance is posted to the account. The interest charge continues to accrue on the unpaid principal balance after the statement has been printed and mailed to you. There is no "grace period" or "free ride period" which would allow you to avoid an interest charge.

If you think there is an error on your statement, write to us at: BMO Harris Bank N.A., Attn: Billing Department, P.O. Box 365, Arlington Heights, IL 60006

- **Account information:** Your name and account number.
- **Dollar amount:** The dollar amount of the suspected error.
- **Description of Problem:** If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

**You must contact us within 60 days after the error appeared on your statement.**

**You must notify us of any potential errors *in writing*. You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.**

- We cannot try to collect the amount in question, or report you as delinquent on that amount.
- The charge in question may remain on your statement, and we may continue to charge you interest on that amount. But, if we determine that we made a mistake, you will not have to pay the amount in question or any interest or other fees related to that amount.
- While you do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

Call us at 1-888-340-2265 for errors or questions involving Card transactions or electronic transfers, or write to BMO Harris Bank, P.O. Box 94019, Palatine, IL 60094-4019, as soon as you can if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent you the first statement on which the problem or error appeared. This is the information we will need in order to help resolve the problem:

1. Tell us your name, account number, and Card number (if applicable).
2. Describe the error or the transaction and the date of the transaction you are unsure about, and explain why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

**If you tell us orally, we may require that you also send us your complaint or question in writing within ten Business Days.**

We will determine whether an error occurred within 10\* Business Days after we hear from you and we will correct any error promptly. If we need more time, however, by law we may take up to 45\* days to investigate your complaint or question. If we decide to do this, we will provisionally credit your account within 10\* Business Days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If you fail to give us the required written confirmation of your complaint or question, then we may not credit your account or we may revoke the provisional credit we previously gave to you.

**We will tell you the results of our investigation within three Business Days after completing our investigation.**

*\*These time periods may be extended as follows. The applicable time is 20 Business Days in place of 10 Business Days for new accounts if the notice of the error involves a transfer to or from the account within the first 30 days your account is open. The applicable time is 90 days in place of 45 days if the notice of error involves a transfer that either (1) was initiated outside the U.S., (2) resulted from a Point-of-Sale transaction, or (3) occurred within the first 30 days your account is open.*

- 1 List and Total all outstanding checks including those still outstanding from previous statements.
- 2 Enter the "Ending Balance" shown on this statement.
- 3 Add deposits and other credits not shown on this statement.
- 4 Total
- 5 Subtract the total of outstanding checks as determined in Step 1 above.
- 6 This figure should be your checkbook balance. If it does not agree, review the above steps and if necessary, review your checkbook entries.

[illegible]

<b>RECONCILEMENT</b>		
(2)		
(3)		
(4)		
(5)		
(6)		



<p>614</p> <p>1/2/18</p> <p>Levance Logic</p> <p>Three Hundred Sixty</p> <p>BMO Harris Bank</p> <p>Deposits</p> <p>10710256610</p> <p>2478 00514</p>	<p>CREDITED TO ACCOUNT OF WITHIN NAMED PAYEE FOR DEPOSIT ONLY</p> <p>JPMorgan Chase Bank, N.A.</p>
<p>615</p> <p>2-7-2018</p> <p>BBBT</p> <p>Two Hundred Thousand</p> <p>BMO Harris Bank</p> <p>Hasse Payment</p> <p>10710256610</p> <p>2478 00615</p>	<p>DO NOT WRITE STAMP OR SIGN BELOW THIS LINE</p> <p>SARASOTA, FL</p>
<p>4268</p> <p>DATE 02/23/2018</p> <p>PAY McLeod, McGinness &amp; Bowman, PA \$ 1,507.75</p> <p>TO THE ORDER OF one thousand five hundred seven 75/100 DOLLARS</p> <p>BMO Harris Bank</p> <p>FOR King must bill - Inv 23716</p> <p>10710256610</p> <p>2478 4268</p>	<p>03/05/2018 3 43 27 PM 823 0000912 NH100 5262 30007509</p>
<p>4278</p> <p>DATE 3/22/2018</p> <p>PAY [REDACTED] \$ 145,000.</p> <p>TO THE ORDER OF one hundred &amp; forty five thousand DOLLARS</p> <p>BMO Harris Bank</p> <p>FOR - Deposit</p> <p>10710256610</p> <p>2478 4278</p>	<p>000015004039 BANK OF POPULAR -00015000113- (107) 220-0300</p>
<p>4300</p> <p>DATE 4/18/2018</p> <p>PAY Cogency Global \$ 175.00</p> <p>TO THE ORDER OF one hundred seventy five 00/100 DOLLARS</p> <p>BMO Harris Bank</p> <p>FOR Inv. 5026042-00</p> <p>10710256610</p> <p>2478 1,300</p>	<p>COGENCY GLOBAL 02142018 0085980432 RICHMOND, VA 101 21 Deposit 8064002994</p>





Government of Puerto Rico

## CERTIFICATE OF EXISTENCE

I, LUIS G. RIVERA MARÍN, Secretary of State of the Government of Puerto Rico,

CERTIFY: That according to our records EL MORRO FINANCIAL GROUP, LLC, with registration number 369364, is a domestic for profit limited liability company organized on March 3, 2016.

This certification does not certify that this corporation has filed its annual reports, pursuant to the requirements of the General Corporations Law, as amended. If you need to know if such reports have been filed, you must request a Certificate of Good Standing.



IN WITNESS WHEREOF, the undersigned by virtue of the authority vested by law, hereby issues this certificate and affixes the Great Seal of the Government of Puerto Rico, in the City of San Juan, Puerto Rico, today, April 5, 2019.

A blue ink signature of Luis G. Rivera Marín, Secretary of State.

LUIS G. RIVERA MARÍN  
Secretary of State

To validate this certificate go to: <http://estado.pr.gov/>

This certificate can be validated an unlimited number of times before its expiration date of 04-Apr-2020.

Certificate Validation Number: 291566-89219052



Commonwealth of Puerto Rico  
**DEPARTMENT OF STATE**  
San Juan, Puerto Rico

## **CERTIFICATE OF ORGANIZATION**

I, **VÍCTOR A. SUÁREZ MELÉNDEZ**, **Secretary of State** of the Commonwealth of Puerto Rico;

**CERTIFY:** That **EL MORRO FINANCIAL GROUP, LLC**, register number **369364**, is a **Domestic For Profit Limited Liability Company** organized under the laws of Puerto Rico on this **3rd of March, 2016 at 12:16 p.m.**



**IN WITNESS WHEREOF**, the undersigned by virtue of the authority vested by law, hereby issues this certificate and affixes the Great Seal of the Commonwealth of Puerto Rico, in the City of San Juan, Puerto Rico, today, **March 3, 2016**.

A handwritten signature in blue ink, appearing to read 'Victor A. Suarez Melendez'.

**VÍCTOR A. SUÁREZ MELÉNDEZ**  
Secretary of State



Commonwealth of Puerto Rico  
Department of State

Transaction Date: 03-Mar-2016  
Register No: 369364  
Order No: 1000544

## Commonwealth of Puerto Rico Department of State

### Certificate of Formation of a Limited Liability Company

#### Article I - Limited Liability Company Name

The name of the Domestic Limited Liability Company is: **EL MORRO FINANCIAL GROUP, LLC**  
Desired term for the entity name is: **LLC**

#### Article II - Principal Office and Resident Agent

Its principal office in the Commonwealth of Puerto Rico will be located at:

Street Address **207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912**  
Mailing Address **207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912**  
Phone **(787) 753-3113**

The name, street and mailing address of the Resident Agent in charge of said office is:

Name **FGR CORPORATE SERVICES, INC.**  
Street Address **254 MUNOZ RIVERA AVENUE, ORIENTAL CENTER SUITE P1, SAN JUAN, PR, 00918**  
Mailing Address **254 MUNOZ RIVERA AVENUE, ORIENTAL CENTER SUITE P1, SAN JUAN, PR, 00918**  
Email **fiddler@fgrlaw.com**  
Phone **(787) 753-3113**

#### Article III - Nature of Business

This is a For Profit entity whose nature of business or purpose is as follows:

**The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, providing services and engaging in eligible activities under Act 20-2012, as amended, known as the Puerto Rico Export Services Act, and engaging in any lawful act or activity for which limited liability companies may be formed under the Puerto Rico General Corporations Act of 2009, as amended.**

#### Article IV - Authorized Persons

The name, street and mailing address of each Authorized Person is as follows:

Name **MOTTA VELEZ, CLAUDIA G.**  
Street Address **255 PONCE DE LEON AVENUE, 10TH FLOOR, SAN JUAN, PR, 00917-1913**  
Mailing Address **PO BOX 364148, SAN JUAN, PR, 00936-4148**  
Email **cmotta@reichardescalera.com**

**Article V - Administrators**

If the faculties of the Authorized Persons will end upon the filing of the Certificate of Formation of a Limited Liability Company, the names, physical and mailing address of the persons who will act as Administrators until the first annual meeting of the members or until their successors replace them are as follows:

Name	<b>Williams, Michael</b>
Title	<b>President</b>
Street Address	<b>207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912</b>
Mailing Address	<b>207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912</b>
Email	<b>michael.williams@kineticgrp.com</b>
Expiration Date	<b>Indefinite</b>

Name	<b>LOCKE, KELLY</b>
Title	<b>Vice president</b>
Street Address	<b>207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912</b>
Mailing Address	<b>207 CALLE DEL PARQUE, AM TOWER 8TH FLOOR, SAN JUAN, PR, 00912</b>
Email	<b>klocke@lendacy.com</b>
Expiration Date	<b>Indefinite</b>

**Article VI - Terms of Existence**

The term of existence of this entity will be: **Perpetual**

The date from which the entity will be effective is: **03-Mar-2016**

**Supporting Documents**

<b>Document</b>	<b>Date Issued</b>
Otro	03-Mar-2016

**STATEMENT UNDER PENALTY OF PERJURY**

IN WITNESS WHEREOF, I/We MOTTA VELEZ, CLAUDIA G., the undersigned, for the purpose of forming a limited liability company pursuant to the laws of Puerto Rico, hereby swear that the facts herein stated are true. This 3rd day of March, 2016.



Government of Puerto Rico

## CERTIFICATE OF EXISTENCE

I, LUIS G. RIVERA MARÍN, Secretary of State of the Government of Puerto Rico,

CERTIFY: That according to our records KINETIC INTERNATIONAL LLC, with registration number 414499, is a domestic for profit international financial entity organized on August 17, 2018.



IN WITNESS WHEREOF, the undersigned by virtue of the authority vested by law, hereby issues this certificate and affixes the Great Seal of the Government of Puerto Rico, in the City of San Juan, Puerto Rico, today, April 5, 2019.

A blue ink signature of Luis G. Rivera Marín, Secretary of State.

LUIS G. RIVERA MARÍN  
Secretary of State

To validate this certificate go to: <http://estado.pr.gov/>

This certificate can be validated an unlimited number of times before its expiration date of 04-Apr-2020.

Certificate Validation Number: 291573-47742838



Government of Puerto Rico

## CERTIFICATE OF ORGANIZATION

I, LUIS G. RIVERA MARÍN, Secretary of State of the Government of Puerto Rico;

CERTIFY: That KINETIC INTERNATIONAL LLC, register number 414499, is a Domestic International Financial Entity For Profit organized under the laws of Puerto Rico on this 17th of August, 2018 at 12:25 p.m..



IN WITNESS WHEREOF, the undersigned by virtue of the authority vested by law, hereby issues this certificate and affixes the Great Seal of the Government of Puerto Rico, in the City of San Juan, Puerto Rico, today, August 21, 2018.

A handwritten signature in blue ink, appearing to be "LGR", written over a horizontal line.

LUIS G. RIVERA MARÍN  
Secretary of State



Government of Puerto Rico  
Department of State

Transaction Date: 21-Aug-2018  
Register No: 414499  
Order No: 1497939

## Government of Puerto Rico

### Certificate of Formation of a Limited Liability Company

#### Article I - International Financial Entity Name

**The name of the Domestic International Financial Entity is: KINETIC INTERNATIONAL LLC**  
**Desired term for the entity name is: LLC**

#### Article II - Principal Office and Resident Agent

Its principal office in the Government of Puerto Rico will be located at:

Street Address **53 Palmeras Street, Suite 903, SAN JUAN, PR, 00901**  
Mailing Address **53 Palmeras Street, Suite 903, SAN JUAN, PR, 00901**  
Phone

The name, street and mailing address of the Resident Agent in charge of said office is:

Name **KINETIC INTERNATIONAL LLC**  
Street Address **53 Palmeras Street, Suite 903, SAN JUAN, PR, 00901**  
Mailing Address **53 Palmeras Street, Suite 903, SAN JUAN, PR, 00901**  
Email  
Phone

#### Article III - Nature of Business

This is a For Profit entity whose nature of business or purpose is as follows:

**The purpose of the company is to engage exclusively in the services authorized a under Section 12 of Act 273 of September 25, 2017, the IFE Act, as provided in the international banking entity license granted by OCFI under the IFE Act.**

#### Article IV - Authorized Persons

The name, street and mailing address of each Authorized Person is as follows:

Name **Williams, Michael Scott**  
Street Address **53 Palmeras Street, Suite 903, SAN JUAN, PR, 00901**  
Mailing Address **53 Palmeras Street, Suite 903, SAN JUAN, PR, 00901**  
Email

Name **KINETIC INTERNATIONAL LLC**  
Street Address **53 Palmeras Street, Suite 903, SAN JUAN, PR, 00901**  
Mailing Address **53 Palmeras Street, Suite 903, SAN JUAN, PR, 00901**  
Email



**Article V - Administrators**

Faculties will not end by presenting this Certificate.

**Article VI - Terms of Existence**

The term of existence of this entity will be: **Perpetual**

The date from which the entity will be effective is: **17-Aug-2018**

**Supporting Documents**

<b>Document</b>	<b>Date Issued</b>
Autorización de la Oficina del Comisionado de Instituciones Financieras	17-Aug-2018
Evidencia de Radicación	17-Aug-2018

**STATEMENT UNDER PENALTY OF PERJURY**

IN WITNESS WHEREOF, I/We Williams, Michael Scott, the undersigned, for the purpose of forming a limited liability company pursuant to the laws of Puerto Rico, hereby swear that the facts herein stated are true. This 17th day of August, 2018.

GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF STATE

CERTIFICATE OF FORMATION

for

KINETIC INTERNATIONAL LLC  
A DOMESTIC LIMITED LIABILITY COMPANY



FIRST: The name of the limited liability company is: Kinetic International LLC.

The limited liability company is an International Financial Entity organized under Act Num. 273 of September 25, 2012, also known as the International Financial Center Regulatory Act, as amended (the "IFE Act"), pursuant to a permit duly issued by the Office of the Commissioner of Financial Institutions ("OCFI").

SECOND: Its main office of business in Puerto Rico will be located at:

*Mailing Address:* 53 Palmeras Street, Suite 903, San Juan, Puerto Rico 00901

*Physical Address:* 53 Palmeras Street, Suite 903, San Juan, Puerto Rico 00901

THIRD: The resident agent of the Company is the entity itself.

FOURTH: The name and the physical and mailing address of the person authorized to execute and file this Certificate of Formation with the Puerto Rico Department of State is:

*Name:* Michael Scott Williams

*Mailing Address:* 53 Palmeras Street, Suite 903, San Juan, Puerto Rico 00901

*Physical Address:* 53 Palmeras Street, Suite 903, San Juan, Puerto Rico 00901

FIFTH: The faculties of the person authorized in the fourth paragraph will not end upon the filing of this Certificate of Formation.

SIXTH: The purpose of the Company is to engage exclusively in the services authorized under Section 12 of Act 273 of September 25, 2017, the IFE Act, as provided in the international banking entity license granted by OCFI under the IFE Act and described as follows:

1. With the prior approval of the Commissioner, accept adequately collateralized deposits or otherwise borrow properly secured money from the Economic Development Bank of Puerto Rico, as authorized in Article 12(a) (2) of the IFE Act;
2. Make, procure, place, guarantee, or provide service to loans to foreign persons; none of such loans may be granted to a domestic person, except as provided in relation to the

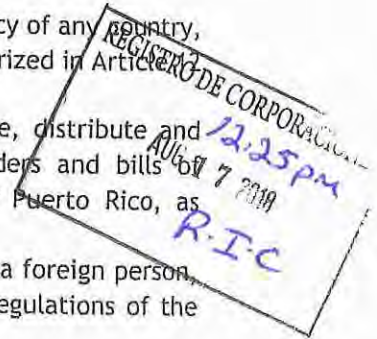
A handwritten signature in black ink, appearing to be 'M. Williams', enclosed within a hand-drawn oval.



- activities described in clauses (3), (7), (18), (19), (20) and (21) of subsection (a) of Article 12 of the IFE Act, as authorized in Article 12(a) (4) of the IFE Act;
3. Carry out any banking transactions permitted by this Act in the currency of any country, or in gold or silver, and participate in foreign currency trade; as authorized in Article 12(a) (8) of the IFE Act;
  4. After obtaining a special permit from the Commissioner, underwrite, distribute and otherwise trade in securities, notes, debt instruments, money orders and bills of exchange issued by a foreign person for final purchase outside of Puerto Rico, as authorized in Article 12 (a) (9) of the IFE Act;
  5. Acquire and lease personal property at the request of a lessee who is a foreign person, pursuant to a financial lease agreement, which complies with the Regulations of the Commissioner, as authorized in Article 12 (a) (13) of the IFE Act;
  6. After obtaining a special permit from the Commissioner, buy and sell securities outside Puerto Rico, to the order of, or at its discretion, for foreign persons and provide investment advice in relation to such transactions or separate therefrom, to such persons, as authorized in Article 12 (a) (14) of the IFE Act;
  7. Organize, manage and provide management services to international financial entities and other financial entities located outside of Puerto Rico, such as investment companies and mutual fund, provided that the stock and participation in the capital of such companies is not distributed directly by the international financial entity to domestic persons, as authorized in Article 12(a)(16) of the IFE;
  8. Engage in such other activities as are expressly authorized by the regulations or order of the Commissioner, or are incidental to the execution of the services authorized by this [IFE] Act and the Regulations of the Commissioner, except activities expressly prohibited by this [IFE] Act, as authorized in Article 12(a)(17) of the IFE Act;
  9. With the prior approval by the Secretary of the Treasury and the Commissioner, finance, through loans or financial guaranties, projects in those areas of priority for the Government of Puerto Rico in those cases designated as extraordinary by the Secretary of the Treasury and the Commissioner, as authorized in Article 12 (a) (21) (A) and (B) of the IFE Act;
  10. With the prior authorization of the Commissioner, provide to other international financial entities or to foreign persons outside of Puerto Rico, those services of financial nature, as these are defined and generally accepted in the banking industry of the United States and Puerto Rico and which are not listed in this Section, as authorized in Article 12(a)(11) and (23) of the IFE Act;
  11. With the prior authorization of the Commissioner, engage in providing services of: (i) asset management, (ii) alternative investment management, (iii) management of activities related to private equity investments, (iv) hedge fund management, (v) "pools of capital" management (vi) administration of trusts that serve to convert different asset groups in securities, and (vii) management services of escrow accounts, provided that such services are provided to foreigners, as authorized in Article 12(a) (24) of the IFE Act.

**SEVENTH:** The Company shall have a minimum authorized capital of five million dollars (\$5,000,000), as provided in Section 5 of the IFE Act. Any subsequent increase or reduction in the minimum authorized capital shall be subject to the approval of the Commissioner of OCFI.

**EIGHT:** The business and affairs of the Company shall be managed by a manager, who shall be designated by the members of the Company.



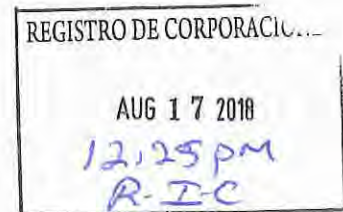


GOVERNMENT OF PUERTO RICO  
DEPARTMENT OF STATE

CERTIFICATE OF FORMATION

for

KINETIC INTERNATIONAL LLC  
A DOMESTIC LIMITED LIABILITY COMPANY



**FIRST:** The name of the limited liability company is: **Kinetic International LLC.**

The limited liability company is an International Financial Entity organized under Act Num. 273 of September 25, 2012, also known as the International Financial Center Regulatory Act, as amended (the "IFE Act"), pursuant to a permit duly issued by the Office of the Commissioner of Financial Institutions ("OCFI").

**SECOND:** Its main office of business in Puerto Rico will be located at:

*Mailing Address:* 53 Palmeras Street, Suite 903, San Juan, Puerto Rico 00901

*Physical Address:* 53 Palmeras Street, Suite 903, San Juan, Puerto Rico 00901

**THIRD:** The resident agent of the Company is the entity itself.

**FOURTH:** The name and the physical and mailing address of the person authorized to execute and file this Certificate of Formation with the Puerto Rico Department of State is:

*Name:* Michael Scott Williams

*Mailing Address:* 53 Palmeras Street, Suite 903, San Juan, Puerto Rico 00901

*Physical Address:* 53 Palmeras Street, Suite 903, San Juan, Puerto Rico 00901

**FIFTH:** The faculties of the person authorized in the fourth paragraph will not end upon the filing of this Certificate of Formation.

**SIXTH:** The purpose of the Company is to engage exclusively in the services authorized under Section 12 of Act 273 of September 25, 2017, the IFE Act, as provided in the international banking entity license granted by OCFI under the IFE Act and described as follows:

1. With the prior approval of the Commissioner, accept adequately collateralized deposits or otherwise borrow properly secured money from the Economic Development Bank of Puerto Rico, as authorized in Article 12(a) (2) of the IFE Act;
2. Make, procure, place, guarantee, or provide service to loans to foreign persons; none of such loans may be granted to a domestic person, except as provided in relation to the

A handwritten signature in blue ink, consisting of a stylized 'M' followed by a flourish.



- activities described in clauses (3), (7), (18), (19), (20) and (21) of subsection (a) of Article 12 of the IFE Act, as authorized in Article 12(a) (4) of the IFE Act;
3. Carry out any banking transactions permitted by this Act in the currency of any country, or in gold or silver, and participate in foreign currency trade; as authorized in Article 12 (a) (8) of the IFE Act;
  4. After obtaining a special permit from the Commissioner, underwrite, distribute and otherwise trade in securities, notes, debt instruments, money orders and bills of exchange issued by a foreign person for final purchase outside of Puerto Rico, as authorized in Article 12 (a) (9) of the IFE Act;
  5. Acquire and lease personal property at the request of a lessee who is a foreign person, pursuant to a financial lease agreement, which complies with the Regulations of the Commissioner, as authorized in Article 12 (a) (13) of the IFE Act;
  6. After obtaining a special permit from the Commissioner, buy and sell securities outside Puerto Rico, to the order of, or at its discretion, for foreign persons and provide investment advice in relation to such transactions or separate therefrom, to such persons, as authorized in Article 12 (a) (14) of the IFE Act;
  7. Organize, manage and provide management services to international financial entities and other financial entities located outside of Puerto Rico, such as investment companies and mutual fund, provided that the stock and participation in the capital of such companies is not distributed directly by the international financial entity to domestic persons, as authorized in Article 12(a)(16) of the IFE;
  8. Engage in such other activities as are expressly authorized by the regulations or order of the Commissioner, or are incidental to the execution of the services authorized by this [IFE] Act and the Regulations of the Commissioner, except activities expressly prohibited by this [IFE] Act, as authorized in Article 12(a)(17) of the IFE Act;
  9. With the prior approval by the Secretary of the Treasury and the Commissioner, finance, through loans or financial guaranties, projects in those areas of priority for the Government of Puerto Rico in those cases designated as extraordinary by the Secretary of the Treasury and the Commissioner, as authorized in Article 12 (a) (21) and (B) of the IFE Act;
  10. With the prior authorization of the Commissioner, provide to other international financial entities or to foreign persons outside of Puerto Rico, those services of financial nature, as these are defined and generally accepted in the banking industry of the United States and Puerto Rico and which are not listed in this Section, as authorized in Article 12(a)(11) and (23) of the IFE Act;
  11. With the prior authorization of the Commissioner, engage in providing services of: (i) asset management, (ii) alternative investment management, (iii) management of activities related to private equity investments, (iv) hedge fund management, (v) "pools of capital" management (vi) administration of trusts that serve to convert different asset groups in securities, and (vii) management services of escrow accounts, provided that such services are provided to foreigners, as authorized in Article 12(a) (24) of the IFE Act.

**SEVENTH:** The Company shall have a minimum authorized capital of five million dollars (\$5,000,000), as provided in Section 5 of the IFE Act. Any subsequent increase or reduction in the minimum authorized capital shall be subject to the approval of the Commissioner of OCFL.

**EIGHT:** The business and affairs of the Company shall be managed by a manager, who shall be designated by the members of the Company.

**NINTH:** The existence of the Company commences on the filing date of this Certificate of Formation and continues indefinitely unless sooner terminated, as provided in the Operating Agreement.

**TENTH:** This Certificate of Formation shall be effective on the date of its filing with the Puerto Rico Department of State.

In witness whereof I, **Michael S. Williams**, being the authorized person responsible of organizing an International Financial Entity as a Puerto Rico Limited Liability Company pursuant to the provisions of Act No. 164 of December 16, 2009, also known as the Puerto Rico General Corporations Act, as amended, and the IFE Act hereby declare under penalty of perjury that the facts herein stated are true, this 8th day of August of 2018.



Authorized Person





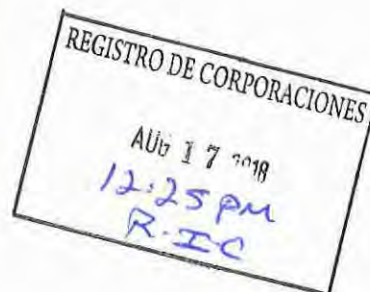


## GOBIERNO DE PUERTO RICO

Oficina del Comisionado de Instituciones Financieras

10 de agosto de 2018

Lcdo. Luis G. Rivera Marín  
Secretario  
Departamento de Estado  
Apartado 9023271  
San Juan, Puerto Rico 00902-3271



**RE: KINETIC INTERNATIONAL, LLC / Certificado de Organización**

Estimado licenciado Rivera Marín:

Esta Oficina revisó el propuesto Certificado de Organización de Kinetic International, LLC, de acuerdo a las disposiciones de la Ley Núm. 273 de 25 de septiembre de 2012, según enmendada, conocida como la "Ley Reguladora del Centro Financiero Internacional".

Nuestra Oficina NO TIENE OBJECCIÓN a que se organice como una compañía de responsabilidad limitada (LLC) y que el Certificado de Organización sea registrado y archivado en el Departamento de Estado tal y como está redactado.

Cordialmente,

Iris Nereida Jiménez  
Comisionada Auxiliar  
Reglamentación y Licencias



**FL-04184**

***MENDEZ\_CARLA\_20190920***

***9/20/2019 9:10 AM***

**Condensed Transcript**

**Prepared by:**

FL-04184

Thursday, October 3, 2019

<p style="text-align: right;">Page 77</p> <p>1 some flags and he's like, Carla, we need to have a  2 board of directors, but I need to understand what are  3 you saying. Like, what are the concerns? So he kind  4 of ask everyone to have a part. Like, Mike Sayre,  5 you we detail, make a list of all the things that we  6 need to get ISX moving forward, if it's a chief  7 security officer -- security testings, extra money  8 for the developing.  9 I don't know what he tasked James to do,  10 but he said, can you do a spaghetti diagram and show,  11 like, how the money flows in here? Because we will  12 be discussing this -- I want to understand it and we  13 will be discussing this with Michael. That's the  14 reason why I created this work chart.  15 Q Can you explain the flow of money as  16 indicated in Exhibit 34?  17 A Yes. So this is not a color copy, but the  18 thin line is intended to represent ownership and the  19 other line, which is --  20 Q The dash lines.  21 A -- the dash lines is intended to represent  22 the flow of money. I think it -- there's an error in  23 this org chart which I will be able to spot while I'm  24 explaining it. Okay.  25 So Michael Williams is the owner -- a</p>	<p style="text-align: right;">Page 79</p> <p>1 made on behalf of these entities, cover expenses  2 because the Kinetic Tech, Kinetic International and  3 ISX didn't have a bank account for -- did not have a  4 bank account, only Kinetic International at the very,  5 but that money was not supposed to be touched.  6 The --  7 Q And was that \$200,000?  8 A I'm sorry.  9 Q Was the Kinetic International funds that  10 were not to be touched, was that \$200,000?  11 A The Kinetic International bank account was  12 not supposed to be touched or used to pay expenses or  13 operations because the money was transferred -- was  14 sent directly from Kinetic funds account as a  15 requirement to get the license of the IFE. As a  16 requirement, the -- it needed to have an operational  17 account with \$250,000 and a CD pledged to the  18 secretary of the treasury.  19 Q In Puerto Rico?  20 A In Puerto Rico for \$300,000. The -- yes.  21 Okay. Let's see. The lines -- dash lines coming out  22 from Kinetic Funds to KCL Services is intended to  23 represent the transfers to KCL in the form of  24 interest collected from the credit lines and money to  25 fund the credit lines. The line that goes from</p>
<p style="text-align: right;">Page 78</p> <p>1 hundred percent owner of LF42 and Scipio, LF42 is the  2 owner of Kinetic Partners, Kinetic Partners owns  3 Kinetic Management Group and KCL Services, and  4 Kinetic Management Group is the managing partner, not  5 owner of Kinetic funds. Let's start with the first  6 arrow going from Kinetic Management Group to El-Morro  7 Financial. That's intended to represent the monthly  8 invoice paid to El-Morro Financial for the purpose of  9 reporting and producing statements to the investors  10 of the fund.  11 The second line coming from Kinetic  12 Management Group to KCL Services is intended to  13 represent -- it goes -- it has to arrows because it  14 goes both ways. Sometimes Kinetic Management Group  15 will -- would make a transfer to subsidize some of  16 the KCL Services operations, KCL Services would send  17 money to Kinetic Management Group in a form of a loan  18 or credit line.  19 The line coming from Kinetic Funds to  20 Kinetic Management Group represents the management  21 fee. The lines going out of KCL Services to LF42 and  22 El-Morro Financial represents wire transfers in the  23 forms of credit lines. The lines going out of  24 El-Morro Financial to Kinetic Tech, Kinetic  25 International and ISX, intend to represent payments</p>	<p style="text-align: right;">Page 80</p> <p>1 Kinetic funds to Kinetic International is intended to  2 represent that transfer that I just mentioned, the  3 \$550,000.  4 And there's a line missing, but Kinetic  5 Management Group DBA Kinetic Investment Group would  6 send money occasionally, from time to time to the  7 Kinetic Strategic Group bank account to cover the  8 bank charges, pay for any FINRA licenses to keep the  9 company open, because Kinetic Strategic Group did not  10 have any operations -- active operations.  11 BY MR. BUSTO:  12 Q Does the CD -- the CD that was pledged,  13 what bank was that CD from?  14 A SolCoop. It's a --  15 BY MR. HOUCHIN:  16 Q Is that the bank in the bottom of the  17 building --  18 A That's correct.  19 Q -- where Kinetic offices are in?  20 A Yes, it's a co-op. It was opened  21 downstairs because of conveniency (sic). Most of the  22 banks in Puerto Rico didn't want to open accounts for  23 international financial entities because of the risks  24 they posed. And they were --  25 Q Do you have any understanding of what those</p>

Page 93

1 Q For the -- how much in total did the Greece  
2 vacation cost, if you recall?  
3 A Approximately, like, 15 grand in total.  
4 Q And who went on that vacation?  
5 A Michael Williams wife, Jamene, and his son  
6 Jase, and himself, but he never ended up going into  
7 the trip. He needed to go back and he stayed in  
8 Zurich working.  
9 Q Did his wife and son go on the trip?  
10 A Yes, sir.  
11 Q And do you have an understanding as to how  
12 that trip was paid for?  
13 A Part with Michael Williams personal money,  
14 part with Jamene's credit card and later on I  
15 realized that with his credit line in KCL.  
16 Q Okay. So am I correct that the only part  
17 of the Greece vacation that you believe could have  
18 come from the Kinetic funds account, stems from the  
19 sailing trip that Mr. Williams didn't go on that's  
20 indicated in this exhibit?  
21 A Can you paraphrase the question? I'm  
22 sorry.  
23 Q Yeah. If the overall vacation, the Greece  
24 vacation cost \$15,000 and that \$15,000 was partly  
25 paid by the LF42 funds of Mr. Williams, and part was

Page 94

1 paid by his wife's credit card, do you have an  
2 understanding of where the remaining funds came from?  
3 A I don't.  
4 Q Okay. So you don't know if that came from  
5 KF funds or not?  
6 A No, I don't.  
7 Q Okay. What about with respect to the two  
8 items that are identified in Exhibit 36 with respect  
9 to the sailing trip?  
10 A I remember making some payments with  
11 Michael Williams credit card, but I remember there  
12 was a problem with the terminal. It was a European  
13 very old retro website to make a payment. It  
14 wouldn't take cards. I remember e-mailing the owner  
15 with some hassles with the payment. These payments  
16 right here look like an advance like a deposit, like  
17 an advance, like a secured down payment.  
18 Q But do you know if those funds that were  
19 used for the down payment, as you call it, came from  
20 the KF Yield account?  
21 A I couldn't tell because I did not make  
22 those transactions. Keli Pufahl will be to give more  
23 information on that.  
24 Q Okay. What about with respect to the next  
25 two transactions that are listed on there?

Page 95

1 A The next two transactions are for the Banco  
2 building -- the purchase of the Banco building. The  
3 first one, I think it was a -- again, I was not  
4 involved in this money transaction because Michael  
5 was very careful on what to include me and what not.  
6 Q Is Keli Pufahl the person who input the  
7 data with respect to these two transactions into this  
8 tab?  
9 A That's correct.  
10 Q Did she input the data into the other  
11 transactions that are identified in Exhibit 36?  
12 A For Zephyr Aerospace, yes. The money  
13 transfer from Kinetic to open KIB banking accounts, I  
14 inputted that information.  
15 Q And the \$550,000 in total that's indicated  
16 there is a result of the two transactions that you  
17 talked about that we --  
18 A Correct.  
19 Q -- previously talked about in the org chart  
20 and flow of money chart?  
21 A That's correct.  
22 Q Can that was the \$250,000 that had to be  
23 maintained in the account and the \$300,000 for the CD  
24 at the co-op?  
25 A That's correct.

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1 Q Who authorized the wire transfers for the  
2 transactions identified in Exhibit 36?  
3 A For all of them?  
4 Q Yes.  
5 A Michael Williams.  
6 Q Is he the only one that had the authority  
7 to approve the out going wires out of the Kinetic  
8 accounts?  
9 A That's correct. No money can go out in a  
10 form of wire transfer from any account in BMO Harris  
11 without Michael Williams approving those  
12 transactions.  
13 Q What about with respect to the last section  
14 of Exhibit 36, the 2 million-dollar credit line to  
15 ISX, who input the data in that section?  
16 A Part Keli Pufahl and part myself.  
17 Q Which part did you input?  
18 A This part was a collaboration. The amounts  
19 and the memos, the descriptions Kelly help  
20 corroborate.  
21 Q Do you have an understanding as to what she  
22 reviewed to come up with those numbers or corroborate  
23 those numbers?  
24 A Can you paraphrase the question?  
25 Q Yes. In choosing to include the numbers

<p style="text-align: right;">Page 97</p> <p>1 that are indicated for the transactions in this  2 section, what sort of documents would have been  3 examined or reviewed to confirm that those  4 transactions took place?  5 A I'm so sorry, I'm not sure I understand the  6 question. Are you asking if -- how did she came up  7 with this amount to transfer them, or if she --  8 Q Did anyone look at -- let's just take one  9 as an example.  10 The million dollars that's said was  11 transferred from Kinetic funds to KCL for  12 operational, how was it determined that that  13 transaction took place?  14 A Because of an internal transfer from  15 Kinetic funds to KCL Services.  16 Q So there are bank records that reflect  17 that?  18 A Correct.  19 Q Okay. Is that true for the other  20 transactions that are identified in Exhibit 36?  21 A Correct. All of the transactions can be  22 corroborated in the bank statement or bank portal.  23 Q The -- in the comment section in the bottom  24 part of the exhibit, there's references to Kinetic  25 Financial Summit expenses, do you have an</p>	<p style="text-align: right;">Page 99</p> <p>1 not enough money.  2 So I was getting concerned since October  3 and meeting regularly with the accountant to keep  4 track of our money, our financial situation. And I  5 said, I don't think we should do an event. And he  6 said, we're having an event, we're not losing that  7 money, and this is this perfect time to just present  8 the international bank and the platform.  9 So the meetings for the event started  10 occurring like the event planning and Michael was  11 present in those meetings, and it went from one night  12 event to a one week event with 200 people, and paying  13 for hotels for everybody, and telling people, you  14 only need to pay your flight. Because the idea was  15 to invite biggest companies, high net worth  16 investors, family offices, the big players to -- with  17 the ultimate intent for them to invest in Kinetic --  18 use Kinetic International as their international  19 banking and to use ISX platform to invest in other  20 deals.  21 Q So basically the event was trying to get  22 business that would benefit the entities that were on  23 the right-hand side of I think it was Exhibit 34?  24 A Correct. That's correct. I was in charge  25 of coordinating that event.</p>
<p style="text-align: right;">Page 98</p> <p>1 understanding of what those were?  2 A Yes, sir. The Kinetic Financial Summit --  3 let me go back to 2017.  4 In 2017 we were supposed to have an event  5 around September to advertise Kinetic, the fund, to  6 advertise KCL Services, and to -- how it could be  7 used for investments in Puerto Rico. The event was  8 supposed to be a one-night Gala in the Antiguo Casino  9 of Puerto Rico, the event never took place because of  10 Hurricane Maria.  11 After that there was \$30,000 already given  12 out to vendors and we couldn't get a refund, so there  13 was a credit that needed to be used within the year;  14 we had until February 2019. After 2018 after Ms.  15 Locke left, we still had those 30 grand in credits  16 with vendors in the -- in a venue, we had decoration,  17 we had music, we had some vendors.  18 With the new idea of Kinetic International  19 and the ISX platform, Michael came up with the idea  20 to use those credits to do an event to launch and  21 present Kinetic International, and ISX to a group of  22 investors and people. That event -- I had concerns  23 about the event because I told Michael that we didn't  24 have the money, that we had other financial  25 priorities, like fund our operations, which there was</p>	<p style="text-align: right;">Page 100</p> <p>1 Q Where was the event held?  2 A Condado Vanderbilt Hotel. It was a very  3 expensive event. I was told by Michael that we were  4 inviting the -- I mean we were inviting so many  5 important people. We needed this event to be  6 topnotch, high level, like everything. This need to  7 be the best event that they would go into their  8 lives.  9 Q Do you recall how much the event cost?  10 A Around \$630,000.  11 Q Do you have an understanding as to how that  12 money was paid for? What was the source of funds?  13 A Yes, sir. It was transferred from Kinetic  14 funds to KCL Services in the form of a credit line  15 under a promissory note, and from KCL Services wired  16 to El-Morro Financial to pay for some portions of it  17 since they were -- it was in Puerto Rico, and to  18 Kinetic Investment group to pay for other portions of  19 the expenses of this summit.  20 Q And Exhibit 36 seems to indicate that at  21 least a portions of the funds or expenses for the  22 event may have been incurred with an American Express  23 card. Looks like \$185,000. Do you see that?  24 A Correct, yes.  25 Q Which American Express card was used, if</p>

<p style="text-align: right;">Page 101</p> <p>1 you recall?</p> <p>2 A Kinetic Investment Group and El-Morro</p> <p>3 Financial American Express.</p> <p>4 Q And the money that was used to pay for</p> <p>5 those charges that were incurred on those American</p> <p>6 Express cards, came from KF Yield fund under the</p> <p>7 process or procedure that you just described?</p> <p>8 A Correct. From Kinetic funds to KCL</p> <p>9 Services, from KCL Services to Kinetic Investment</p> <p>10 Group or El-Morro, and then paid to American Express.</p> <p>11 Q Did anyone ever question whether that was a</p> <p>12 proper of use of those funds as it related to the KF</p> <p>13 Yield funds?</p> <p>14 A When I was stressing about money -- I keep</p> <p>15 stressing about money since October 2018. Michael</p> <p>16 was hiring and making a lot of expenses either in the</p> <p>17 ISX platform development or hiring people that we</p> <p>18 didn't know that we needed to like Michael Sayre, or</p> <p>19 trips, or anything, then hiring James Bishop, chief</p> <p>20 investment officer that we didn't have an open</p> <p>21 position for.</p> <p>22 We had a cushion in the El-Morro Financial</p> <p>23 account for \$100,000, but that money was consuming</p> <p>24 quickly and I keep telling -- I kept telling Michael,</p> <p>25 we're going to run out of money for February 2019.</p>	<p style="text-align: right;">Page 103</p> <p>1 credit line there or -- I don't know. I have access</p> <p>2 to a 25 million-dollar account, but it cost me, like,</p> <p>3 eight percent interest; like, that's going to be a</p> <p>4 lot.</p> <p>5 Oh, you know what? What if we used a</p> <p>6 promissory note against the money that I'm going to</p> <p>7 receive for the sale of Silexx at the end of this</p> <p>8 year? And I said, is that legal? Of course. Of</p> <p>9 course it is. Look -- and he called Jeanelle Alemar.</p> <p>10 She is the tax attorney, board of director member and</p> <p>11 she was sharing office space with us.</p> <p>12 Q Let me interrupt you a second.</p> <p>13 A Yes.</p> <p>14 Q I don't want you to get into communications</p> <p>15 that may have involved legal advice being given to</p> <p>16 the company.</p> <p>17 A Mmm-hmm.</p> <p>18 Q Okay. So if there's business advice that</p> <p>19 Ms. Alemar was given, that's fine.</p> <p>20 A Okay.</p> <p>21 Q But I don't want to get, at least right</p> <p>22 now, into communications that were given by her while</p> <p>23 she was wearing her lawyer hat and providing legal</p> <p>24 advice.</p> <p>25 A Understood.</p>
<p style="text-align: right;">Page 102</p> <p>1 We don't -- we're not going to have with what to pay</p> <p>2 employees or rent, or anything. So he always told</p> <p>3 me, like, I appreciate you're stressed about money,</p> <p>4 but don't worry about it; it's going to be fine.</p> <p>5 We were in the process of a capital</p> <p>6 raising, which didn't have success and that was one</p> <p>7 of reasons that I told him that I didn't think it was</p> <p>8 a good idea to do the event, and he said, no, we have</p> <p>9 to do this event; we're not losing 30 grand. And</p> <p>10 then -- sorry. I lost my track -- my train of</p> <p>11 thought.</p> <p>12 Okay. At one time we were in the office --</p> <p>13 Michael and I, we shared an office -- a small office</p> <p>14 space and I was stressing about money, and he asked</p> <p>15 me, what if I got \$1 million, do you think that will</p> <p>16 get us through the expenses that we have? And I</p> <p>17 said, sure, but how are you going to find \$1 million?</p> <p>18 Like, we have been stressing about money months ago.</p> <p>19 He's like well, maybe I could -- well, maybe I can</p> <p>20 just liquidate some assets that I have.</p> <p>21 Liquid -- no. He didn't use the word</p> <p>22 assets. Sorry. He said, maybe I can liquidate some</p> <p>23 positions that I have, but I'm -- I would have to</p> <p>24 take a hit of 10 percent, I don't want to do that.</p> <p>25 Maybe I can try calling Merrill Lynch and get a</p>	<p style="text-align: right;">Page 104</p> <p>1 Q You understand that?</p> <p>2 A Yes.</p> <p>3 Q Okay.</p> <p>4 A Okay. A promissory notice was made -- was</p> <p>5 drafted and made, and sent to Keli Pufahl with the</p> <p>6 two -- with the 1 million credit line. I think it</p> <p>7 was 1 or 1.5 and the money was transferred, and that</p> <p>8 is the supporting documentation that we had to make</p> <p>9 that transfer and use of funds. Later on we</p> <p>10 realize -- Keli calls me and she said, I think this</p> <p>11 is wrong.</p> <p>12 This promissory note says something</p> <p>13 different. It says that LF42 lends ISX \$1 million</p> <p>14 credit line -- it was between 1 and one and a half,</p> <p>15 then changed to 2 million -- when LF42 receives the</p> <p>16 money at sale of Silexx. I don't think that's the</p> <p>17 wording appropriate for the promissory note because</p> <p>18 it's coming from the credit line to -- from Michael</p> <p>19 Williams, but to the -- to all of the expenses and</p> <p>20 all of the companies.</p> <p>21 So that was a concern that we had. Later</p> <p>22 on I talk to Michael about it and I said that I -- I</p> <p>23 talk to Jeanelle first. I'm sorry. And later on I</p> <p>24 talk to Michael and I said, I think the promissory</p> <p>25 note is wrong and needs to be corrected. He told me</p>

C E R T I F I C A T E

STATE OF FLORIDA

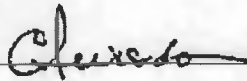
COUNTY OF PALM BEACH

I, Caretha Wisdom, Professional Court Reporter and Notary Public in and for the State of Florida at Large, do hereby certify that I was authorized to and did report said hearing in stenotype; and that the foregoing pages are a true and correct transcription of my shorthand notes of said hearing.

I further certify that said Hearing was taken at the time and place hereinabove set forth and that the taking of said hearing was commenced and completed as hereinabove set out.

I further certify that I am not an attorney or counsel of any of the parties, nor am I a relative or employee of any attorney or counsel of any party connected with the action, nor am I financially interested in the action.

Dated this 29th day of September, 2019.



Caretha Wisdom,  
Professional Court Reporter



# Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS ON FILE OF "LF42, LLC" AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

CERTIFICATE OF FORMATION, FILED THE NINETEENTH DAY OF APRIL, A.D. 2012, AT 9:10 O'CLOCK A.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE AFORESAID LIMITED LIABILITY COMPANY, "LF42, LLC".

A handwritten signature of Jeffrey W. Bullock in black ink, written over a horizontal line.

Jeffrey W. Bullock, Secretary of State

5142105 8100H  
SR# 20193275873

Authentication: 202771643  
Date: 05-06-19

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)



State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 09:52 AM 04/19/2012  
FILED 09:10 AM 04/19/2012  
SRV 120447235 - 5142105 FILE

**State of Delaware**  
**Limited Liability Company**  
**Certificate of Formation**

**FIRST:** The name of the Limited Liability Company is **LF42, LLC**.

**SECOND:** The address of its registered office in the State of Delaware is 615 S. DuPont Highway, Dover, DE 19901, in the County of Kent. The name of its Registered Agent at such address is NATIONAL CORPORATE RESEARCH, LTD.

**THIRD:** The members agree to be bound by the signed operating agreement except as it may be contradicted by the General Corporation Laws of the State of Delaware.

**In Witness Whereof,** the undersigned has executed this Certificate of Formation of LF42, LLC this 18<sup>th</sup> day of April, 2012.

  
Authorized Person—Phillip E. Handin, Esq.

# INVESTOR STATEMENTS



CONFIDENTIAL TREATMENT REQUESTED

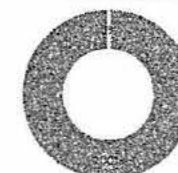
Statement Summary: January-19  
 Account Number: 1201  
 Account Title: ACAA: Administración de Compensaciones por Accidentes de Automóviles  
 Mailing Address: Hato Rey, PR 00918



## Portfolio Summary:

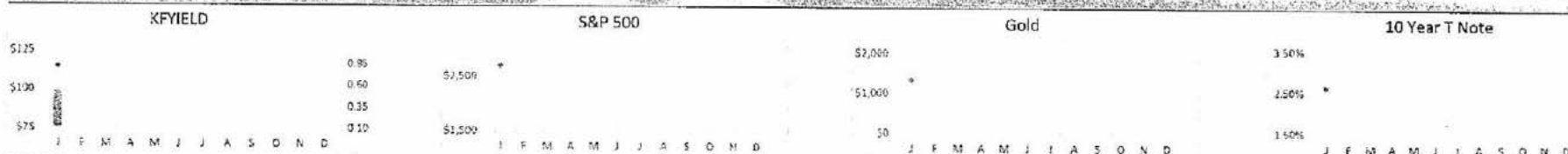
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	36,213.20	0.529	19,143.61	166.59	36,379.79	4,180,660.84
<b>Total</b>				19,143.61			4,180,660.84

Asset Allocation



- KFYIELD
- KFINFLT
- KFGROWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	19,143.61	166.59	166.59	-	-

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 1800 2nd Street Suite 955  
 Sarasota, FL 34236  
 +1.941.870.9544  
[www.kineticfunds.com](http://www.kineticfunds.com)

Kinetic Funds I, LLC clears Interactive Brokers Group, Inc. Prime Services.

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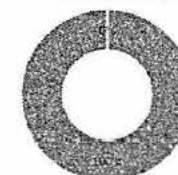
Statement Summary: January-19  
 Account Number: 1101  
 Account Title: AEELA  
 Mailing Address: [REDACTED]  
 Hato Rey, PR 00936-4508



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	4,727.36	0.529	2,499.06	21.75	4,749.11	545,754.09
<b>Total</b>				2,499.06			545,754.09

Asset Allocation



- KFYIELD
- KFINELT
- KFGROWTH
- KFGOLDS
- Others

## Market Performance:

KFYIELD	S&P 500	Gold	10 Year T Note

## Transactions:

Fund Transactions				Dividend Reinvestment		Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	2,499.06	21.75	-	-

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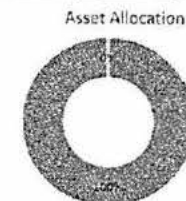


Statement Summary: January 19  
 Account Number: 0801  
 Account Title: Vantage FBO [REDACTED] Ball, IRA  
 Mailing Address: [REDACTED]  
 Anthem, AZ 85085



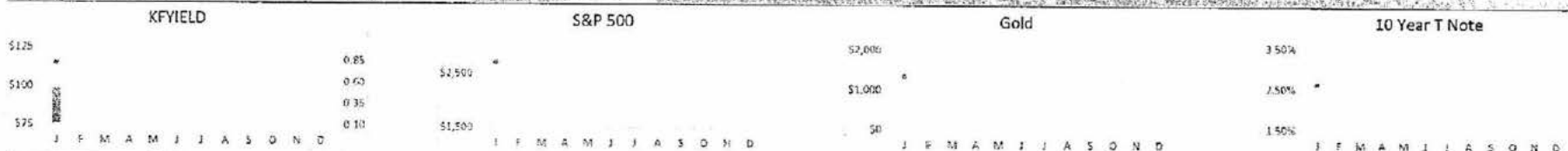
## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	2,999.36	0.529	1,585.57	13.80	3,013.16	346,263.78
<b>Total</b>				1,585.57			346,263.78



- KFYIELD
- KFINFLT
- KFGWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund	Fund Transactions			Dividend Reinvestment			Total Shares	Cash Transactions	
	Price \$	\$	Shares	%	\$	Shares		Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	1,585.57	13.80	13.80	-	-

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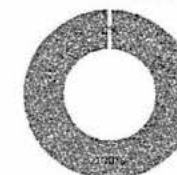
Statement Summary: January-19  
 Account Number: 1113  
 Account Title: Vantage FBO Berardelli, IRA  
 Mailing Address: Orland Park IL 60467



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	985.62	0.529	521.03	4.53	990.15	113,785.27
<b>Total</b>				521.03			113,785.27

Asset Allocation



- KFYIELD
- KFINFLT
- KFSRWTB
- KFGOLD
- Others

## Market Performance:

KFYIELD	S&P 500	Gold	10 Year T Note

## Transactions:

Fund	Fund Transactions			Dividend Reinvestment			Total Shares	Cash Transactions	
	Price \$	\$	Shares	%	\$	Shares		Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	521.03	4.53	4.53	-	-

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KFI 739

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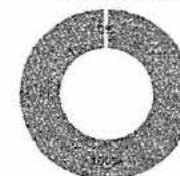
Statement Summary: February-19  
 Account Number: 0920  
 Account Title: Vantage FBO [REDACTED] Bradley Call, IRA  
 Mailing Address: [REDACTED]  
 Orland Park, IL 60467



## Portfolio Summary:

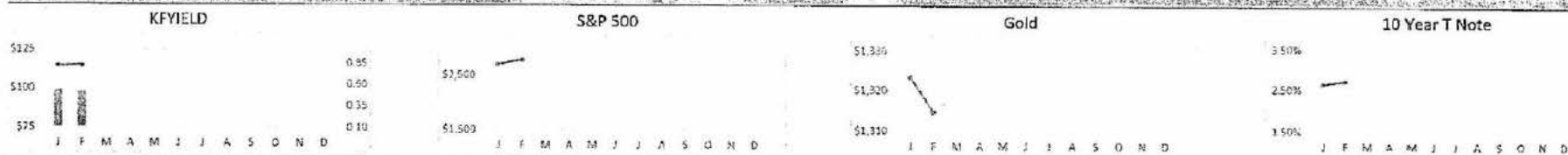
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	115.05	2,699.43	0.516	1,394.16	12.12	2,711.55	311,971.58
<b>Total</b>				1,394.16			311,971.58

Asset Allocation



- KFYIELD
- KFINFLT
- KFGWTH
- KFGOLD
- OTHER

## Market Performance:



## Transactions:

Fund	Fund Transactions			Dividend Reinvestment			Total Shares	Cash Transactions	
	Price \$	\$	Shares	%	\$	Shares		Deposit \$	Withdrawal \$
KFYIELD	115.05	-	-	100%	1,394.16	12.12	12.12	-	-

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KFI 740



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Statement Summary: January-19  
 Account Number: 0411  
 Account Title: Vantage FBO Casey, IRA  
 Mailing Address: Phoenix, AZ 85048



## Portfolio Summary:

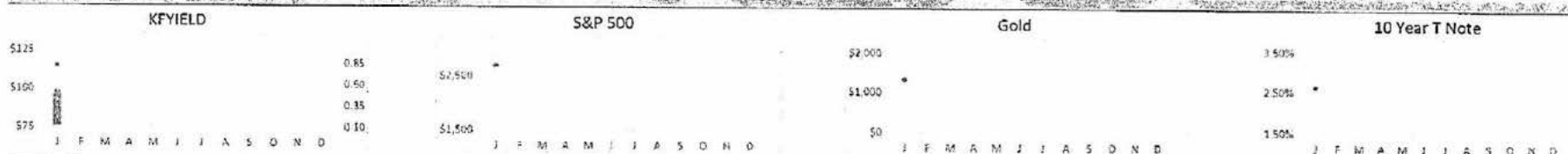
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	1,234.40	0.529	652.55	5.68	1,240.08	142,506.42
<b>Total</b>				<b>652.55</b>			<b>142,506.42</b>

Asset Allocation



- KFYIELD
- KFINFLT
- KFGWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	652.55	5.68	5.68	-	-

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KF1741

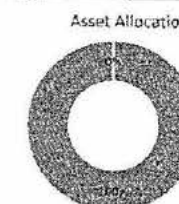
CONFIDENTIAL TREATMENT REQUESTED

Statement Summary: January-19  
 Account Number: 601  
 Account Title: Casey  
 Mailing Address: Phoenix, AZ 85048



## Portfolio Summary:

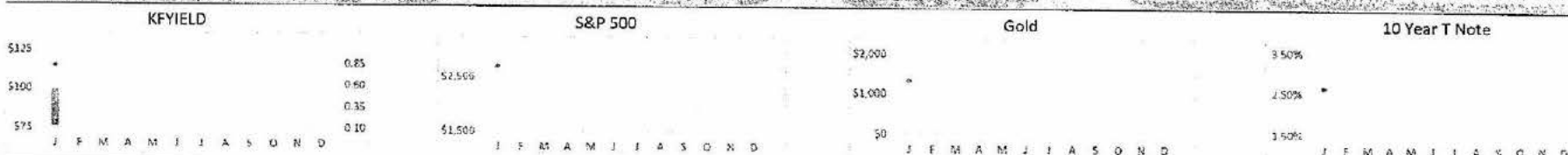
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	570.23	0.529	301.44	-	570.23	65,528.79
<b>Total</b>				<b>301.44</b>			<b>65,528.79</b>



Asset Allocation

- KFYIELD
- KFINFET
- KFGROWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total Shares	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares		Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	0%	-	-	-	-	(301.44)

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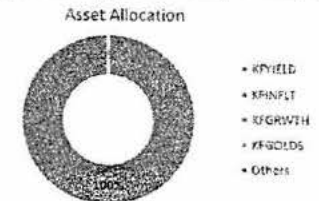
KFI 742

Statement Summary: January-19  
 Account Number: 1202  
 Account Title: CFSE: Corporacion del Fondo del Seguro del Estado  
 Mailing Address: [REDACTED]  
 San Juan, PR 00936

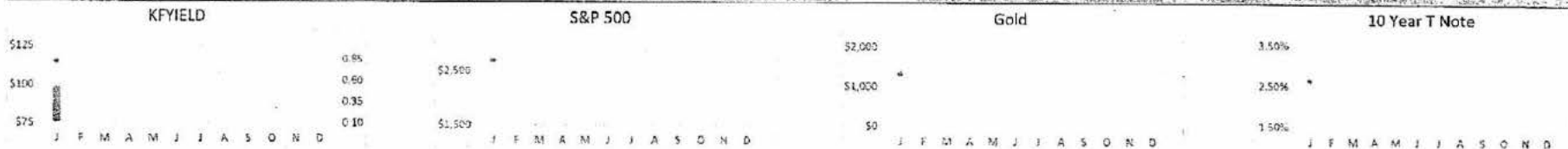


## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	141,146.50	0.529	74,615.15	649.30	141,795.79	16,294,766.18
<b>Total</b>				<b>74,615.15</b>			<b>16,294,766.18</b>



## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment		Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	74,615.15	649.30	-	-

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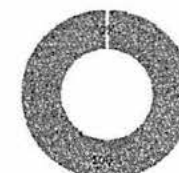
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 Account Number: 1019  
 Account Title: Vantage FBO F. Scott Corbett, IRA  
 Mailing Address: [REDACTED]  
 Sarasota, FL 34241



## Portfolio Summary:

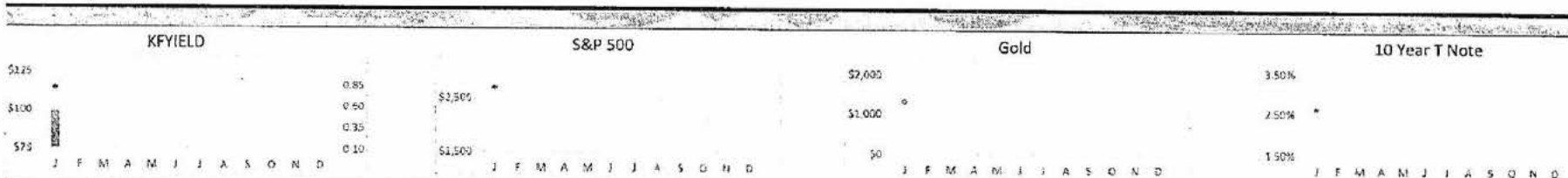
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	9,004.98	0.529	4,760.36	41.42	9,046.40	1,039,586.53
<b>Total</b>				<b>4,760.36</b>			<b>1,039,586.53</b>

Asset Allocation



- KFYIELD
- KFINFLT
- KFCRYVTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	4,760.36	41.42	41.42	-	-

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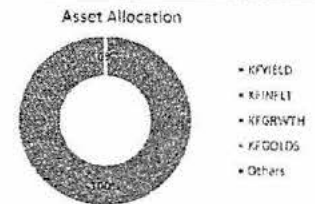
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Statement Summary: January-19  
 Account Number: 0908  
 Account Title: Vantage FBO Jonnie Dwyer, IRA  
 Mailing Address: [REDACTED]  
 Bradenton, FL 34202

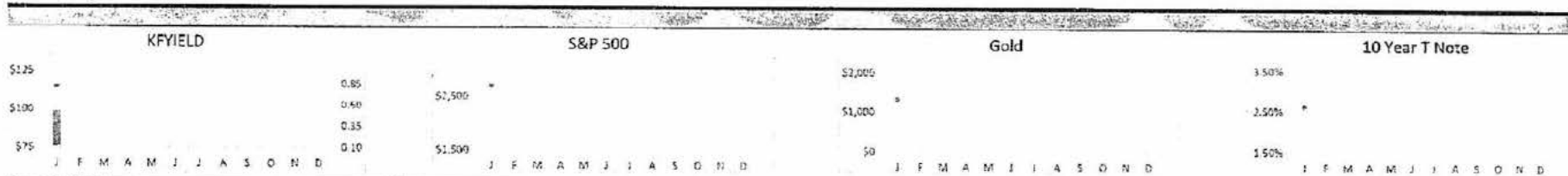


## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	948.02	0.529	501.16	4.36	952.38	109,444.34
<b>Total</b>				501.16			109,444.34



## Market Performance:



## Transactions:

Fund	Fund Transactions			Dividend Reinvestment			Total Shares	Cash Transactions	
	Price \$	\$	Shares	%	\$	Shares		Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	501.16	4.36	4.36	-	-

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KF1745

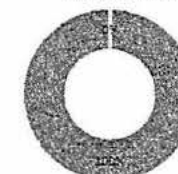
Statement Summary: January-19  
 Account Number: 0105  
 Account Title: L Eaves  
 Mailing Address: [REDACTED]  
 Scottsdale, AZ 85266



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	8,979.04	0.529	4,746.65	20.65	8,999.69	1,034,219.01
<b>Total</b>				<b>4,746.65</b>			<b>1,034,219.01</b>

Asset Allocation



- KFYIELD
- KFINFLY
- KFGROWTH
- KFGOLD
- OTHERS

## Market Performance:

KFYIELD	S&P 500	Gold	10 Year T Note
\$125	\$2,000	\$2,000	3.50%
\$100	\$1,000	\$1,000	2.50%
\$75	\$500	\$500	1.50%
J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D	J F M A M J J A S O N D

## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	50%	2,373.32	20.65	20.65	-	(2,373.32)

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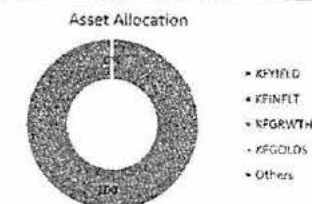
CONFIDENTIAL TREATMENT REQUESTED

Statement Summary: January-19  
 Account Number: 0701  
 Account Title: Ehret Inc. Pre Need  
 Mailing Address: [REDACTED]  
 San Juan, PR 00936

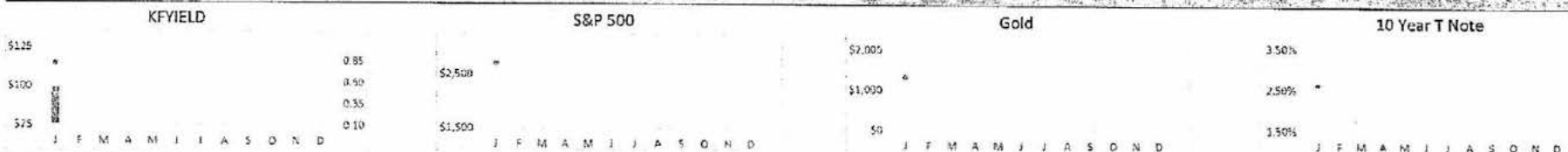


## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	15,153.22	0.529	8,010.54	69.71	15,222.92	1,749,374.65
Total				8,010.54			1,749,374.65



## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	8,010.54	69.71	69.71	-	-

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KFI 747

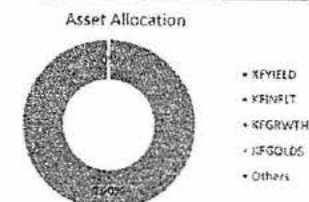


Statement Summary: January-19  
 Account Number: 0105  
 Account Title: (Sorotchisky)  
 Mailing Address: Los Angeles, CA 90020

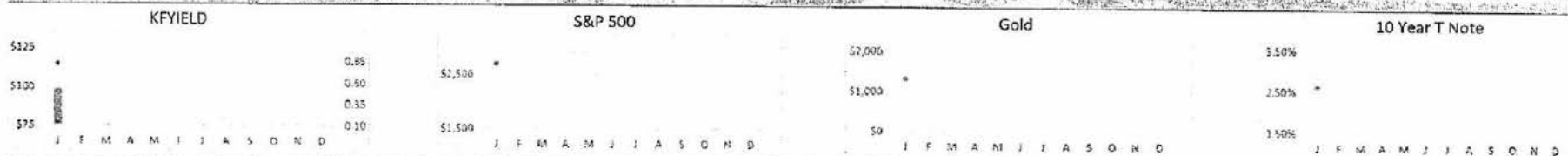


## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	11,663.42	0.529	6,165.71	53.65	11,717.08	1,346,493.02
<b>Total</b>				6,165.71			1,346,493.02



## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	6,165.71	53.65	53.65	-	-

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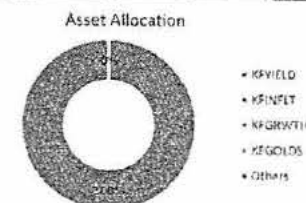
CONFIDENTIAL TREATMENT REQUESTED

Statement Summary: January-19  
 Account Number: 0501  
 Account Title: Ferre Retirement Plan  
 Mailing Address: San Juan, PR 00922-1924

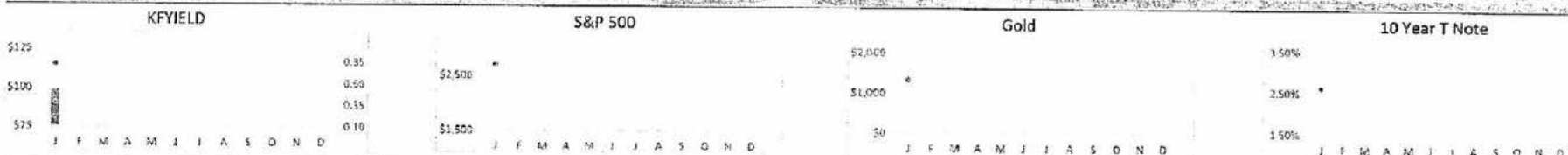


## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	10,329.84	0.529	5,460.73	47.52	10,377.36	1,192,536.02
<b>Total</b>				5,460.73			1,192,536.02



## Market Performance:



## Transactions:

Fund	Fund Transactions			Dividend Reinvestment			Total		Cash Transactions	
	Price \$	\$	Shares	%	\$	Shares	Shares		Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	5,460.73	47.52	47.52		-	-

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KEI 749

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Statement Summary: January-19  
 Account Number: 0202  
 Account Title: FMB 1, LLC  
 Mailing Address: [REDACTED]  
 Guaynabo PR 00968



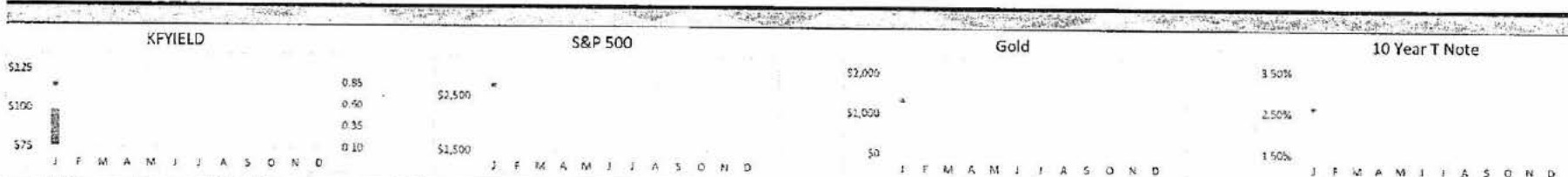
## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	7,499.06	0.529	3,964.28	-	7,499.06	861,770.83
KFGRWTH	127.16	821.56	-	-	-	821.56	104,470.25
<b>Total</b>				<b>3,964.28</b>			<b>966,241.09</b>



- KFYIELD
- KFIFLT
- KFGRWTH
- KFGOLD
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	0%	-	-	-	-	(3,964.28)
KFGRWTH	127.16	-	-	0%	-	-	-	-	-

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KFI 750

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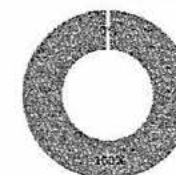
Statement Summary: January-19  
 Account Number: 0201  
 Account Title: Vanlage FBO Foster, IRA  
 Mailing Address: Phoenix, AZ 85048



## Portfolio Summary:

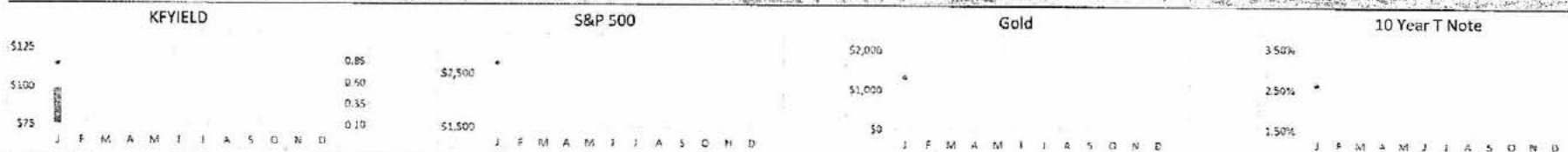
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	(0.00)	0.529	(0.00)	(0.00)	(0.00)	(0.00)
<b>Total</b>				(0.00)			(0.00)

Asset Allocation



- KFYIELD
- KFINFLT
- KPGWTH
- KFGOLD
- Others

## Market Performance:



## Transactions:

Fund	Fund Transactions			Dividend Reinvestment			Total		Cash Transactions	
	Price \$	\$	Shares	%	\$	Shares	Shares		Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	(0.00)	(0.00)	(0.00)	-	-	-

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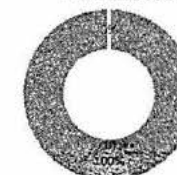
Statement Summary: January-19  
 Account Number: 0407  
 Account Title: [REDACTED] Lang  
 Mailing Address: [REDACTED]  
 Chandler, AZ 85226



## Portfolio Summary:

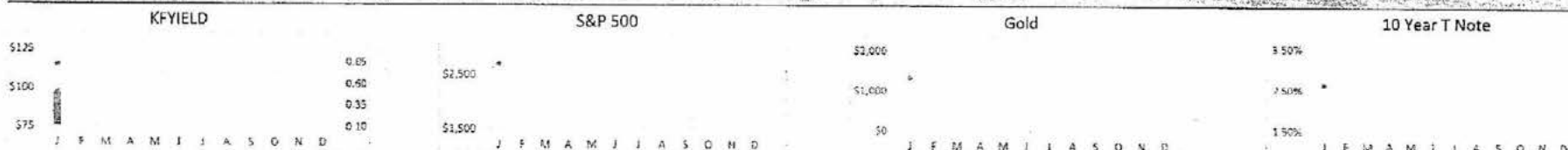
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	3,704.45	0.529	1,958.30	17.04	3,721.49	427,662.66
<b>Total</b>				1,958.30			427,662.66

Asset Allocation



- KFYIELD
- KFINFLT
- KFGROWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	1,958.30	17.04	17.04	-	-

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KFI 752

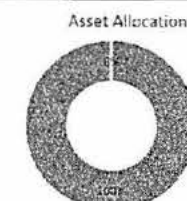
CONFIDENTIAL TREATMENT REQUESTED

Statement Summary: January-19  
 Account Number: 0701  
 Account Title: Diaz-Gonzalez  
 Mailing Address: [REDACTED]  
 Guaynabo, PR 00969



## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	5,603.00	0.529	2,961.95	1,405.19	7,008.20	805,361.79
<b>Total</b>				2,961.95			805,361.79



- KFYIELD
- KFINFLT
- KFGROWTH
- KAGOLD
- Others

## Market Performance:

KFYIELD	S&P 500	Gold	10 Year T Note

## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	160,000.00	1,392.31	50%	1,480.97	12.89	1,405.19	160,000.00	(1,480.97)

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KFI 753



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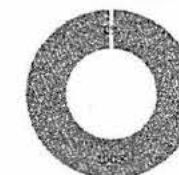
Statement Summary: January-19  
 Account Number: 0702  
 Account Title: [REDACTED] Gonzalez & [REDACTED]-Rivera  
 Mailing Address: [REDACTED]  
 Guaynabo, PR 00969



## Portfolio Summary:

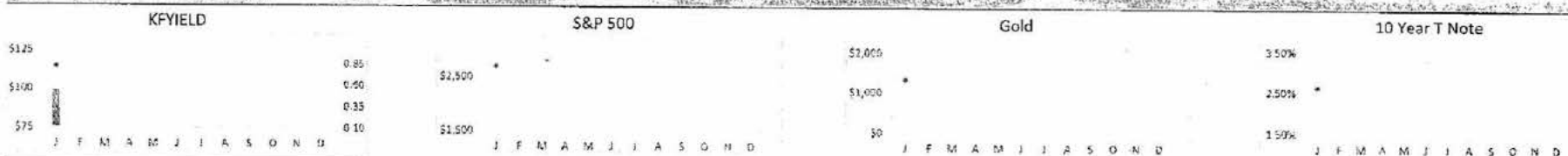
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	238.63	0.529	126.15	1.10	239.73	27,549.02
<b>Total</b>				126.15			27,549.02

Asset Allocation



- KFYIELD
- KFINFLT
- KFGWTH
- KFGOLD
- Others

## Market Performance:



## Transactions:

Fund	Fund Transactions			Dividend Reinvestment			Total		Cash Transactions	
	Price \$	\$	Shares	%	\$	Shares	Shares		Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	126.15	1.10	1.10		-	-

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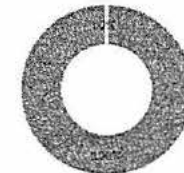
Statement Summary: January-19  
 Account Number: 0902  
 Account Title: Vantage FBO [REDACTED] Wiecek, IRA  
 Mailing Address: [REDACTED]  
 Bradenton, FL 34211



## Portfolio Summary:

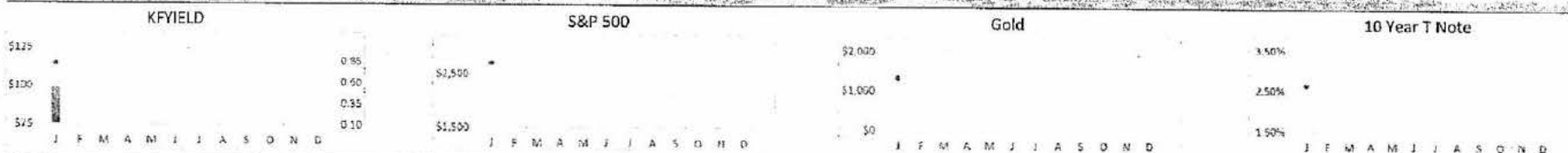
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	2,777.60	0.529	1,468.34	12.78	2,790.38	320,662.73
<b>Total</b>				<b>1,468.34</b>			<b>320,662.73</b>

Asset Allocation



- KFYIELD
- KFINFLT
- KFGWTH
- KFGDLOS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment		Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	1,468.34	12.78	-	-

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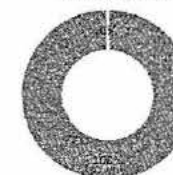
Statement Summary: January-19  
 Account Number: 0901  
 Account Title: Vantage FBO Wiecek, Roth  
 Mailing Address: Bradenton, FL 34211



## Portfolio Summary:

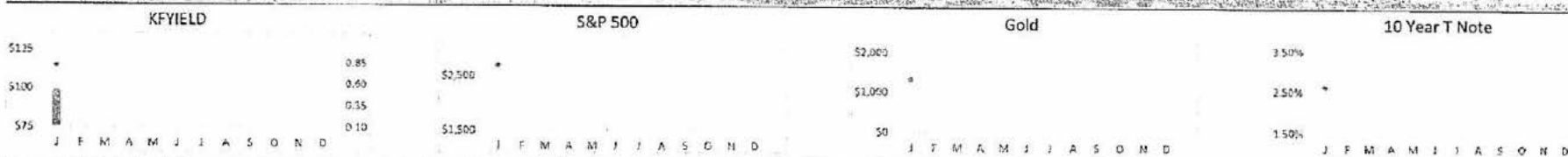
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	408.57	0.529	215.99	1.88	410.45	47,167.92
<b>Total</b>				<b>215.99</b>			<b>47,167.92</b>

Asset Allocation



- KFYIELD
- KFINELT
- KFGROWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	215.99	1.88	1.88	-	-

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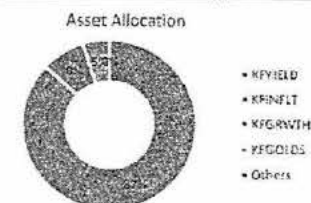
CONFIDENTIAL TREATMENT REQUESTED

Statement Summary: January-19  
 Account Number: 120104  
 Account Title: [REDACTED] Haddow  
 Mailing Address: [REDACTED]  
 Sarasota, FL 34231

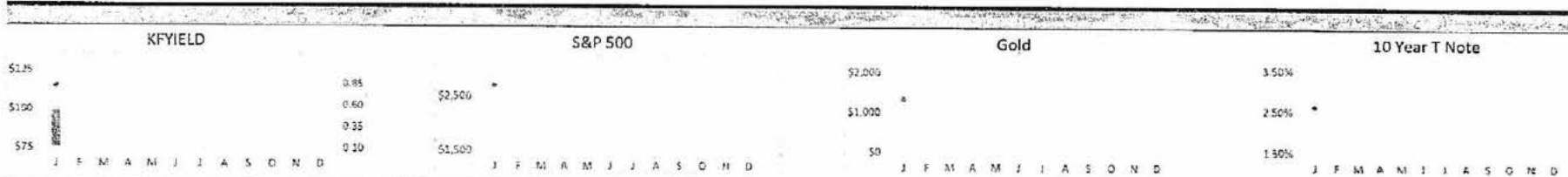


## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	3,790.14	0.529	2,003.60	-	3,790.14	435,551.74
KFINFLT	112.02	365.66	0.0000	-	-	365.66	40,959.09
KFGRWTH	127.16	196.58	-	-	-	196.58	24,996.96
<b>Total</b>				2,003.60			501,507.80



## Market Performance:



## Transactions:

Fund	Fund Transactions			Dividend Reinvestment			Total Shares	Cash Transactions	
	Price \$	\$	Shares	%	\$	Shares		Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	0%	-	-	-	-	(2,003.60)
KFINFLT	112.02	-	-	100%	-	-	-	-	-
KFGRWTH	127.16	-	-	100%	-	-	-	-	-

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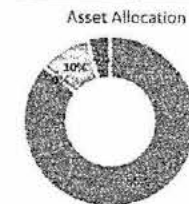
KFI 757

Statement Summary: January-19  
 Account Number: 0301  
 Account Title: Fogarty  
 Mailing Address: [REDACTED]  
 Bend, OR 97701



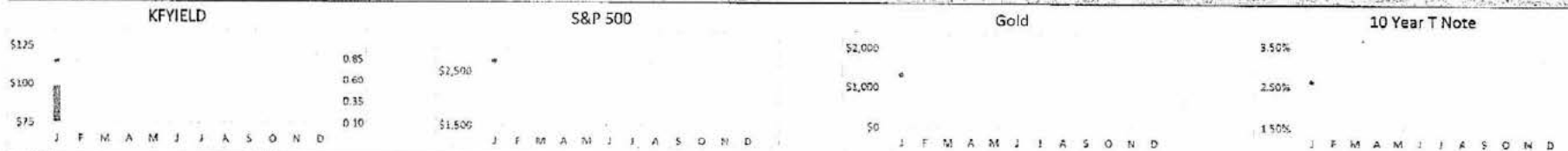
## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	4,886.91	0.529	2,583.40	1.60	4,888.50	561,772.99
KFGOLDS	114.71	552.62	-	-	-	552.62	63,391.05
Other Investments							27,656.97
<b>Total</b>				<b>2,583.40</b>			<b>652,821.01</b>



- KFYIELD
- KFINFLT
- KFGROWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund	Fund Transactions			Dividend Reinvestment			Total Shares	Cash Transactions	
	Price \$	\$	Shares	%	\$	Shares		Deposit \$	Withdrawal \$
KFYIELD	114.92	(2,400.00)	(20.88)	100%	2,583.40	22.48	1.60	-	(2,400.00)
KFGOLDS	114.71	-	-	100%	-	-	-	-	-

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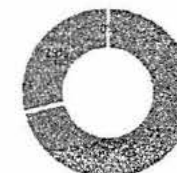
Statement Summary: January-19  
 Account Number: 0101  
 Account Title: Vantage FBO Kadotani, IRA  
 Mailing Address: [REDACTED]  
 Scottsdale, AZ 85262



## Portfolio Summary:

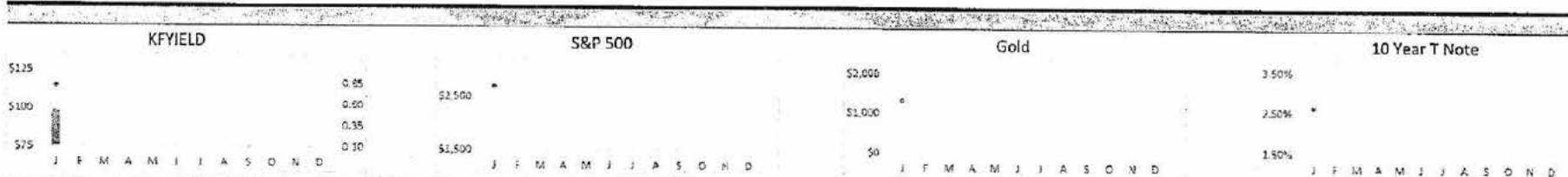
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	2,916.24	0.529	1,541.63	13.42	2,929.65	336,667.51
KFINFLT	112.02	1,223.53	0.0000	-	-	1,223.53	137,054.25
<b>Total</b>				1,541.63			473,721.76

Asset Allocation



- KFYIELD
- KFINFLT
- KFGWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	1,541.63	13.42	13.42	-	-
KFINFLT	112.02	-	-	100%	-	-	-	-	-

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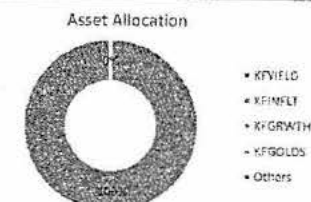
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Statement Summary: January-19  
 Account Number: 0109  
 Account Title: Vantage FBO Maurer, IRA  
 Mailing Address: [REDACTED]  
 Phoenix, AZ 85018

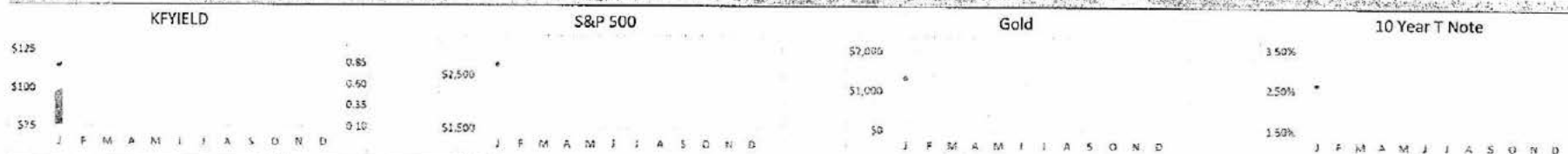


## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	(0.00)	0.529	(0.00)	(0.00)	(0.00)	(0.00)
<b>Total</b>				(0.00)			(0.00)



## Market Performance:



## Transactions:

Fund	Fund Transactions		Dividend Reinvestment		Total Shares	Cash Transactions	
	Price \$	Shares	%	\$		Deposit \$	Withdrawal \$
KFYIELD	114.92		100%	(0.00)	(0.00)		

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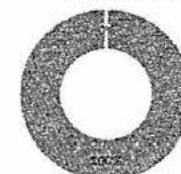
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Statement Summary: January-19  
 Account Number: 0904  
 Account Title: Vantage FBO Wiecek, IRA  
 Mailing Address: [REDACTED]  
 Bradenton, FL 34211

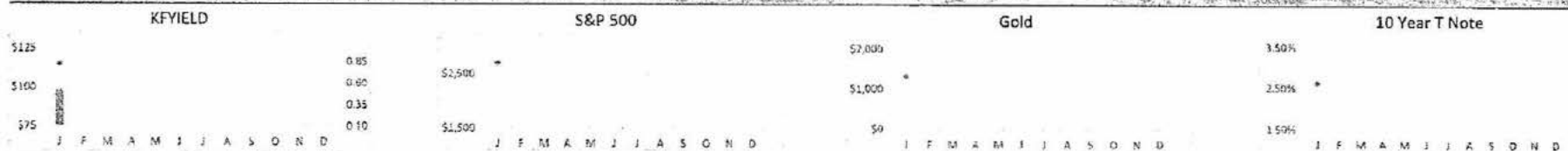
**Portfolio Summary:**

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	159.66	0.529	84.40	0.73	160.40	18,432.64
<b>Total</b>				<b>84.40</b>			<b>18,432.64</b>

Asset Allocation



- KFYIELD
- KFINFLT
- KFGROWTH
- KFGOLDS
- Others

**Market Performance:****Transactions:**

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	84.40	0.73	0.73	-	-

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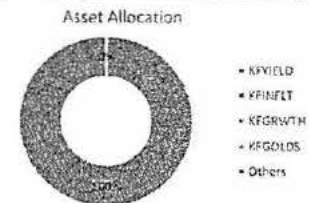


Statement Summary: January-19  
 Account Number: 0903  
 Account Title: Vantage FBO Wiecek, Roth  
 Mailing Address: Bradenton, FL 34211

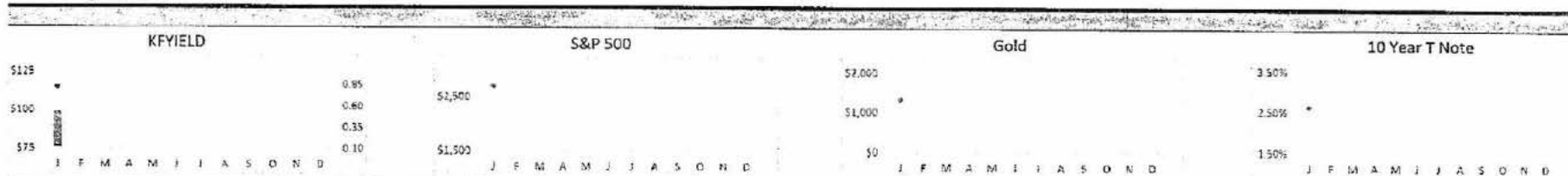


## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	486.94	0.529	257.41	2.24	489.18	56,214.77
<b>Total</b>				<b>257.41</b>			<b>56,214.77</b>



## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	257.41	2.24	2.24	-	-

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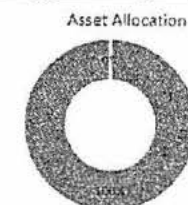
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Statement Summary: January-19  
 Account Number: 0201  
 Account Title: Rosa  
 Mailing Address: Manati, PR 00674



## Portfolio Summary:

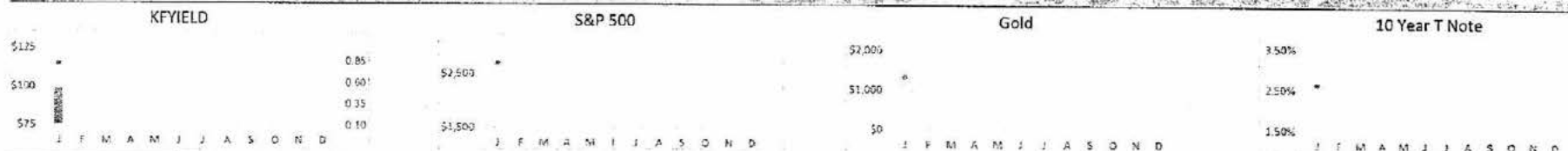
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	3,707.34	0.529	1,959.84	-	3,707.34	426,037.42
<b>Total</b>				1,959.84			426,037.42



Asset Allocation

- KFYIELD
- KFINFLT
- KFGROW14
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund	Fund Transactions		Dividend Reinvestment			Total Shares	Cash Transactions	
	Price \$	\$	%	\$	Shares		Deposit \$	Withdrawal \$
KFYIELD	114.92	-	0%	-	-	-	-	(1,959.84)

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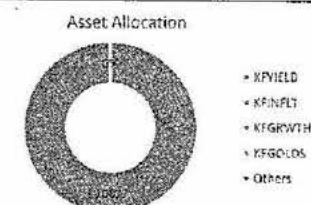
CONFIDENTIAL TREATMENT REQUESTED

Statement Summary: January-19  
 Account Number: 0501  
 Account Title: Plan de Pensiones Ministerial, Inc.  
 Mailing Address: [REDACTED]  
 San Juan, PR 00928

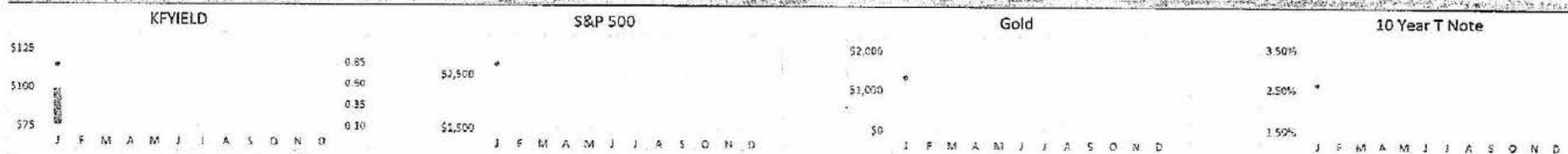


## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	7,371.98	0.529	3,897.10	33.91	7,405.89	851,064.01
<b>Total</b>				<b>3,897.10</b>			<b>851,064.01</b>



## Market Performance:



## Transactions:

Fund	Fund Transactions			Dividend Reinvestment			Total	Cash Transactions	
	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	3,897.10	33.91	33.91	-	-

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 1800 2nd Street Suite 955  
 Sarasota, FL 34236  
 +1.941.870.9544  
[www.kineticfunds.com](http://www.kineticfunds.com)

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KF1764

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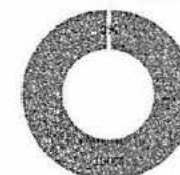
Statement Summary: January-19  
 Account Number: 0509  
 Account Title: Puerto Rico Community Foundation  
 Mailing Address: [REDACTED]  
 San Juan, PR 00936-8362



## Portfolio Summary:

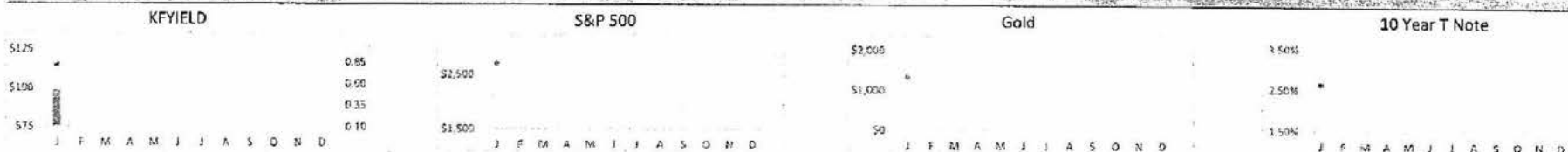
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	8,615.25	0.529	4,554.33	-	8,615.25	990,039.72
<b>Total</b>				<b>4,554.33</b>			<b>990,039.72</b>

Asset Allocation



- KFYIELD
- KFINFLT
- KFGROWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund	Fund Transactions		Dividend Reinvestment		Total Shares	Cash Transactions	
	Price \$	\$	%	\$		Deposit \$	Withdrawal \$
KFYIELD	114.92	-	0%	-	-	-	(4,554.33)

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KFI 765

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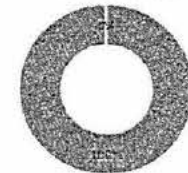
Statement Summary: January-19  
 Account Number: 0719  
 Account Title: Sacred Heart University (USC)  
 Mailing Address: [REDACTED]  
 San Juan PR 00914-8505



## Portfolio Summary:

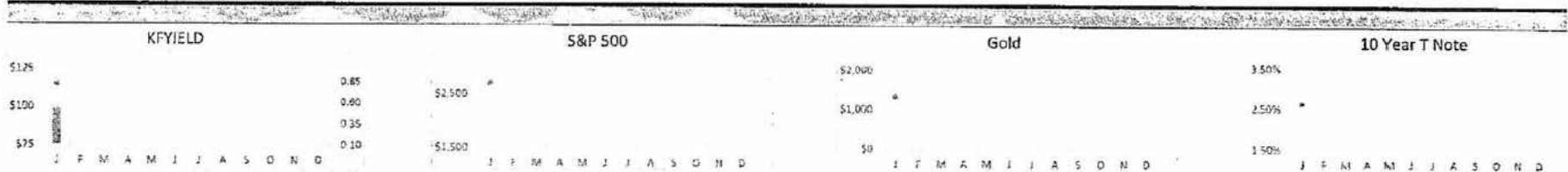
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	17,339.60	0.529	9,166.34	-	17,339.60	1,992,616.98
<b>Total</b>				9,166.34			1,992,616.98

Asset Allocation



- KFYIELD
- KFINFLT
- KFGROWTH
- KFGOLD\$
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	0%	-	-	-	-	(9,166.34)

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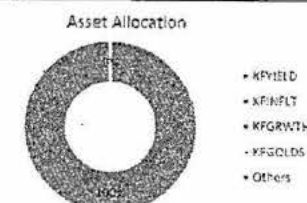
KF1766

Statement Summary: January-19  
 Account Number: 0423  
 Account Title: Vantage FBO [REDACTED] Silva, IRA  
 Mailing Address: [REDACTED]  
 Sarasota, FL 34233

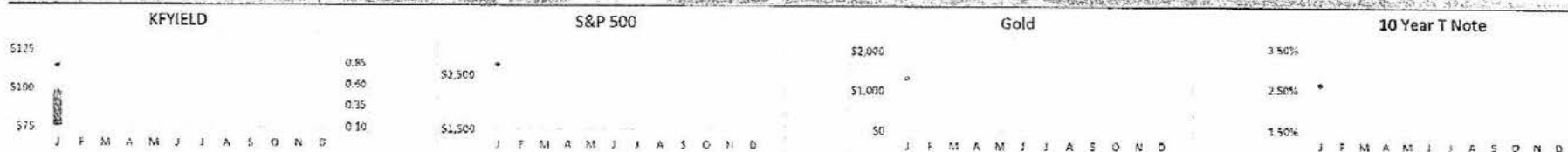


## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	1,032.61	0.529	545.88	4.75	1,037.36	119,210.98
<b>Total</b>				<b>545.88</b>			<b>119,210.98</b>



## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	545.88	4.75	4.75	-	-

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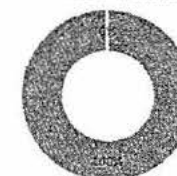
Statement Summary: January-19  
 Account Number: 0106  
 Account Title: Sinski  
 Mailing Address: Sarasota, FL 34237



## Portfolio Summary:

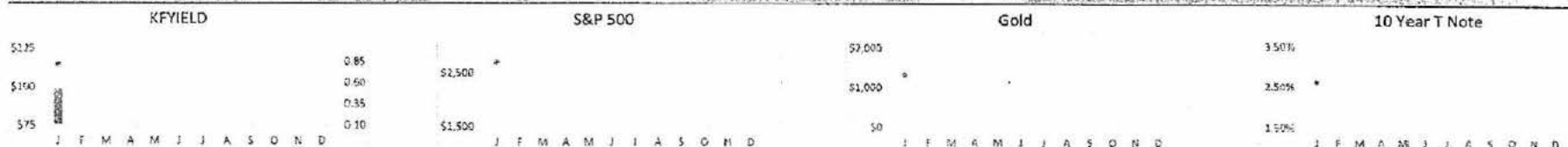
Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	2,369.74	0.529	1,252.73	10.90	2,380.64	273,576.55
<b>Total</b>				<b>1,252.73</b>			<b>273,576.55</b>

Asset Allocation



- KFYIELD
- KFINLT
- KFGWTH
- KFGOLDS
- Others

## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	1,252.73	10.90	10.90	-	-

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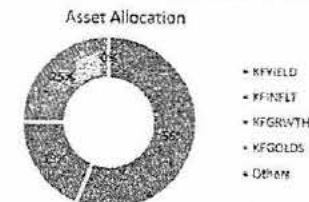
CONFIDENTIAL TREATMENT REQUESTED

Statement Summary: January-19  
 Account Number: 0108  
 Account Title: Vantage FBO Symmes, IRA  
 Mailing Address: Phoenix, AZ 85048

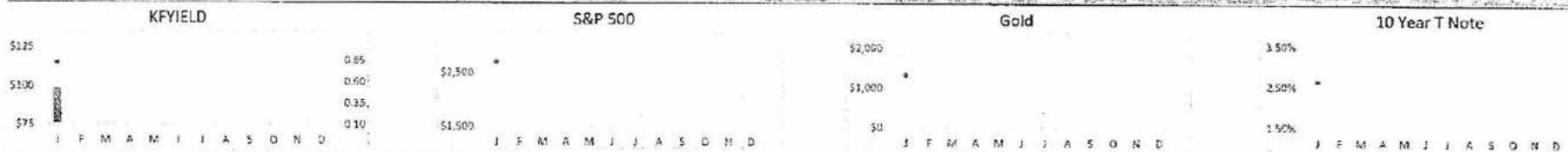


## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	1,811.09	0.529	957.41	8.33	1,819.42	209,082.49
KFINFLT	112.02	622.79	0.0000	-	-	622.79	69,762.40
KFGRWTH	127.16	734.47	-	-	-	734.47	93,396.48
<b>Total</b>				<b>957.41</b>			<b>372,241.37</b>



## Market Performance:



## Transactions:

Fund	Fund Transactions			Dividend Reinvestment			Total	Cash Transactions	
	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	957.41	8.33	8.33	-	-
KFINFLT	112.02	-	-	100%	-	-	-	-	-
KFGRWTH	127.16	-	-	100%	-	-	-	-	-

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KFI 769

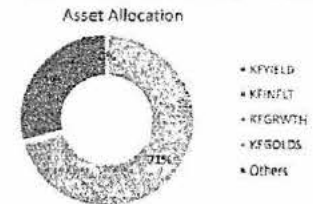
CONFIDENTIAL TREATMENT REQUESTED

Statement Summary: January-19  
 Account Number: 0110  
 Account Title: Werbin  
 Mailing Address:   
 Lakeway, TX 78734

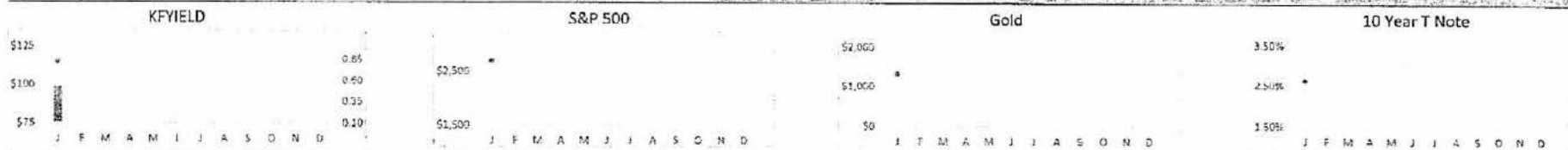


## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFGOLDS	114.71	931.77	-	-	-	931.77	106,883.89
Other Investments							44,132.06
<b>Total</b>							<b>151,015.94</b>



## Market Performance:



## Transactions:

Fund	Fund Transactions		Dividend Reinvestment		Total Shares	Cash Transactions	
	Price \$	\$	%	\$		Deposit \$	Withdrawal \$
KFGOLDS	114.71	-	100%	-	-	-	-

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KFI 770

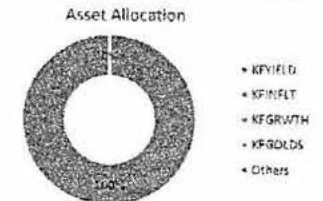
CONFIDENTIAL TREATMENT REQUESTED

Statement Summary: January-19  
 Account Number: 0504  
 Account Title: Williams  
 Mailing Address: [REDACTED]  
 Sarasota, FL 34231

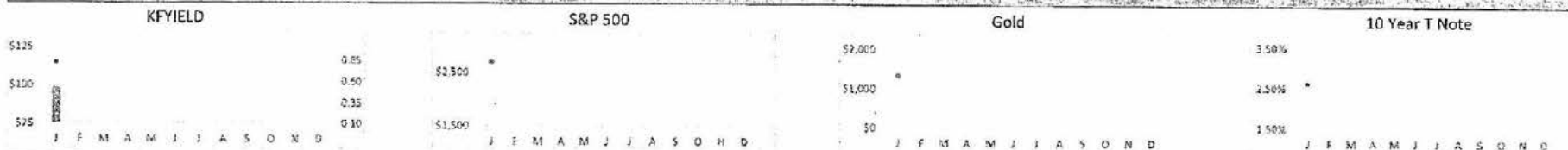


## Portfolio Summary:

Fund	Price \$	Shares	Div per \$	Div Cash \$	Buy/Sell	Total Shares	Mkt Value \$
KFYIELD	114.92	14,049.45	0.529	7,427.05	64.63	14,114.08	1,621,949.61
<b>Total</b>				7,427.05			1,621,949.61



## Market Performance:



## Transactions:

Fund Transactions				Dividend Reinvestment			Total	Cash Transactions	
Fund	Price \$	\$	Shares	%	\$	Shares	Shares	Deposit \$	Withdrawal \$
KFYIELD	114.92	-	-	100%	7,427.05	64.63	64.63	-	-

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KFI 771

**Sent:** Tue, 15 Sep 2015 13:04:15 -0400  
**Subject:** Re: LENDACY - Dr. Corbett transaction  
**From:** Kelly Locke <klocke@lendacy.com>  
**To:** [REDACTED]@kingstreet.com  
**Cc:** fscorbett <FSCORBETT@verizon.net>  
[KMG-FUND-JUNE2015.pdf](#)

Hi Ryan,

Yes - please see attached and also visit [www.kineticgrp.com](http://www.kineticgrp.com).

Kinetic Investment Group (formerly Kinetic Management Group) has recently begun working with a marketing company to re-brand its image. The ownership, managing staff and operations of Kinetic have remained unchanged, they're simply improving their logo, presentation materials and website. I have attached the former performance and marketing materials for your review and invite you to review the existing website. Please understand that it will change in the near future to reflect the new logo and company branding which is why they're mostly using the Bloomberg reports for now.

If you're interested, Michael Williams also authors a daily newsletter called the Market Preview which can be found on the Bloomberg terminal or here: <http://marketpreview.silexx.com/>

Don't hesitate to call or e-mail should you have any further questions. Additionally, I'd like to extend an invitation for Dr. Corbett to visit our office when his schedule permits.

Thank you,

Kelly Locke, Operations Director  
LENDACY - Leverage Your Wealth  
1800 2nd Street, Suite 956  
Sarasota, FL 34236  
[klocke@lendacy.com](mailto:klocke@lendacy.com)  
[www.lendacy.com](http://www.lendacy.com)  
(941) 363-6686

On Tue, Sep 15, 2015 at 10:57 AM, Ryan Corbett <[RCorbett@kingstreet.com](mailto:RCorbett@kingstreet.com)> wrote:

Thanks Kelly.

Does the Kinetic fund have a more traditional prospectus / marketing materials other than the Bloomberg screens?

**From:** Kelly Locke [mailto:[klocke@lendacy.com](mailto:klocke@lendacy.com)]  
**Sent:** Monday, September 14, 2015 7:00 PM  
**To:** Ryan Corbett  
**Cc:** fscorbett



**Subject:** LENDACY - Dr. Corbett transaction

Hi Ryan,

Dr. Corbett asked that I forward some information to you regarding the investment / lending structure we are offering to facilitate his upcoming real estate purchase.

Lendacy is a relationship based lending company that partners with Kinetic Investment Group to offer a solution that allows investors the ability to keep their assets invested, generating income and in turn, Lendacy provides an unsecured credit line to use for the purchase.

I understand you have access to a Bloomberg terminal - our ticker is **KFYIELD**.

KFYIELD is a conservatively blended fund that targets income while securing investor principal. The fund employs options to mitigate risk, and ensure growth and monthly dividend income. The fund's holdings are primarily invested in government bonds including treasury inflation protected securities, corporate bonds, preferred shares, publicly listed equities, real estate investment trusts and master limited partnerships. Our funds can distribute liquidity on a quarterly basis with the option of reinvestment or redistribution of profits.

Based on the investment relationship Dr. Corbett would maintain with our partner, Kinetic, Lendacy can extend a 70% LTV and only charges simple interest.

Michael Williams developed the trading strategy and proactively manages the fund. When you have a moment to review this material, please let me know if you have any questions and I can arrange a conference call to discuss in more detail.

I've attached some reports of the information you'll find on Bloomberg as well as our Lendacy brochure than includes a few case studies.

Thank you and have a nice evening,

--

Kelly Locke, Operations Director

LENDACY - Leverage Your Wealth

1800 2nd Street, Suite 956

Sarasota, FL 34236

[klocke@lendacy.com](mailto:klocke@lendacy.com)

[www.lendacy.com](http://www.lendacy.com)

[\(941\) 363-6686](tel:(941)363-6686)

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# KINETIC MANAGEMENT GROUP, LLC

Fund strategy assessment, products, allocation, performance, and risk.

Data provided by Bloomberg.

January 2012 -  
June 2015



## Strategy Assessment

### Goal:

The strategy is focused on maximizing fixed income returns, rather than market performance.

Traditional fixed income and annuities lock clients in for long periods of time, thus creating a liquidity issue. These traditional fixed income funds are usually also locked into a fix rate.

The goal of the FUND is to:

- Maximize yield in the fixed income market
- Create 90% principal protection in volatile market conditions
- Maintain maximum liquidity
- Adjust to a volatile interest rate environment

### Products:

The FUND includes a variety of listed financial products, including but not limited to government bonds, treasury inflation protected securities (TIPS), corporate bonds, preferred shares, public listed equities, real estate investment trusts (REITs), master limited partnerships (MLPs), and exchange traded funds (ETFs). All products are listed on the U.S. exchanges and all products have a yield component.

Liquidity and volume of products are in the top 20% of all listed securities. Analysis of these listed products reflect very high liquidity factor and improves the ability to mitigate risk and/or liquidate positions in a timely fashion.

Volatility risk is limited by the very nature of the products. Because many of these products comprise government, corporate, and other forms of guarantees, the products are not exposed to the same kind of volatility that many individual stocks are exposed to. While this does not guarantee against risk of loss, it does reflect lower volatility risk.

**Time Frame, Balance, and Rotation:**

The FUND product selection is based on value, yield, and risk. The fund is always trying to maximize yield enhancement and thus the fund is rebalanced and products are rotated based on the yields maturity, value, and risk. The core product types remains the same, however individual issue and their weighting is constantly monitored, rebalanced and rotated if products do not meet the criteria. The rebalancing and rotation is a slow process that is adjusted on a limited basis monthly and quarterly.

**Risk:**

The risk exposure of the fund is based on the assets held in the portfolio. While the products are typically low volatility issues when compared to typical equity positions, there still remains risk of loss. To limit downside risk the fund is proactively hedged with long put option contracts, a type of insurance against future losses. The fund proactively implements strategy to hedge 90% of the portfolio against adverse moves, which significantly reduces losses from "Black Swan" type events, Flash Crashes, and other adverse short-term risks.

The products are all in the listed market and liquid, allowing for the managers to take quick and decisive measures as market conditions change.

**Portfolio Allocation & Weighting:**

The portfolio weighting changes on a monthly basis. The fund is additionally reviewed on a quarterly basis for reallocation and any possible larger adjustments. Please note that this can and will change based on the fund managers' discretion as market conditions change.

**Returns:**

The following reports were generated by Bloomberg and include annual performance, allocation information, and bench marketing.

Benchmark is S&P Preferred Stock Trust.

# Bloomberg

## KINETIC FUNDS YIELD

## Fund Overview

Kinetic Funds Yield is an open end fund incorporated in the United States. It is a conservative blended fund that targets income while securing principal. The strategy employs options to mitigate risk, and ensure growth and income. The fund's holdings are primarily invested in government bonds including TIPS, corporate bonds, preferred shares, publicly listed equities, REITs and MLPs.

### Contact Details

Management Company Kinetic Management Group LLC  
 Company Address Kinetic Management Group  
 LLC, 1800 2nd Street, Suite 955,  
 Sarasota, FL 34236, USA  
 Company Telephone 1-941-870-9544  
 Web Site www.kinetic-sg.com  
 Fund Manager MICHAEL S WILLIAMS  
 Mgr - Start Date 01/02/2012  
 Transfer Agent --

### Fund Info

as of 06/30/2015  
 Last Close \$ 129.10  
 Total Assets (mil) \$ 9.05  
 Total Assets Date 06/30/2015  
 Inception Date 01/01/2012  
 Primary Benchmark S&P Preferred Stock TR  
 Curr US Dollar  
 Min Investment 250,000.00  
 Ticker KFYIELD US  
 ISIN --

### Fees And Expenses

Expense Ratio --  
 Front Load --  
 Fund Mgr Stated Fee --  
 Mgr Stated Perf. Fee --  
 High-Water Mark --  
 Hurdle Rate --  
 Back Load --  
 Early Withdraw Fee --

### Bloomberg Classification

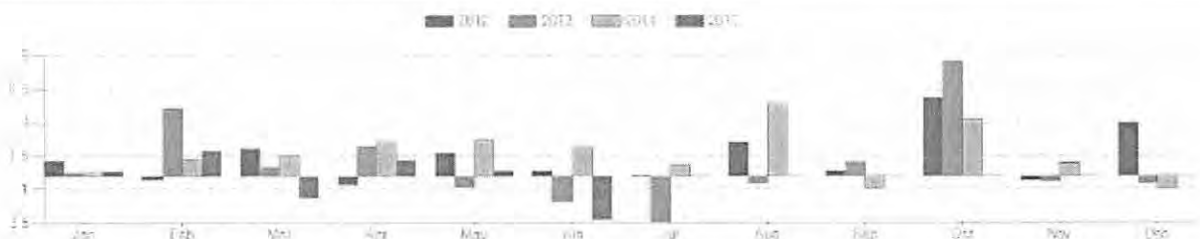
Fund Type Mutual Fund  
 Fund Asset Class Focus Mixed Allocation  
 Domicile United States  
 Fund Objective Conservative Allocation  
 Fund Style --  
 Fund Market Cap Focus --  
 Fund Geographical Focus United States  
 Fund Currency Focus --

### Total Return Chart



### Seasonality

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	1.10	-0.24	2.04	-0.65	1.72	0.37	0.08	2.52	0.41	5.84	-0.38	3.99
2013	0.18	5.02	0.65	2.21	-0.88	-1.90	-3.39	-0.61	1.05	8.61	-0.44	-0.58
2014	0.18	1.24	1.44	2.47	2.77	2.10	0.85	5.39	-0.97	4.23	0.96	-1.02
2015	0.33	1.82	-1.67	1.19	0.37	-3.33	--	--	--	--	--	--



The material produced in this document is intended for informational purposes only and should not be construed as an offer or solicitation for the purchase or sale of any financial instrument. The information provided herein reflects current market practice and is not intended to constitute legal, tax, or accounting advice. The information and data contained herein has been obtained from internal data processing, fund administrators as well as other outside sources and, although it is believed to be accurate, no guarantee of completeness or accuracy is being made. Bloomberg LP shall not be liable for any losses or damage that anyone may suffer as a result of relying on this information. The information may be changed by Bloomberg LP at any time.

# Bloomberg

## KINETIC FUNDS YIELD

## Fund Performance-Risk-Tracking

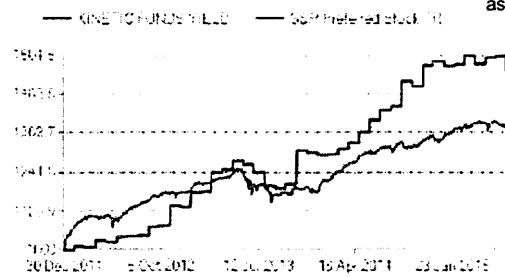
Benchmark: S&P Preferred Stock TR

Currency: USD

as of 06/30/2015

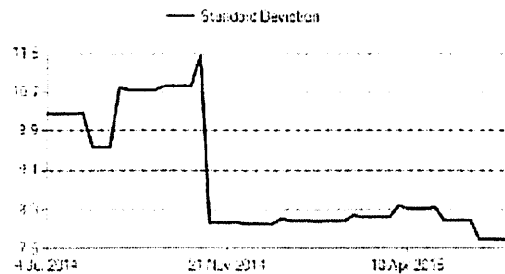
### Performance

	Fund	Bench.
Mean Return 1Y Weekly	14.52	5.31
Total Return 3M	-1.82	-0.84
Total Return 6M	-1.37	2.10
Total Return 1Y	8.11	4.89
Total Return Ytd	-1.37	2.10
Perf 2014	21.27	14.07
Perf 2013	9.79	-0.17
Perf 2012	17.93	18.64
Perf 2011	--	-1.16
Perf 2010	--	14.99
Perf 2009	--	45.01
Eff 7D Yld	0.00	--
30D Yld	0.00	--
Gross 7D Yld	0.00	--
Subs 7D Yld	0.00	--
Avg Life	--	--
MMkt Avg Days To Mat.	--	--



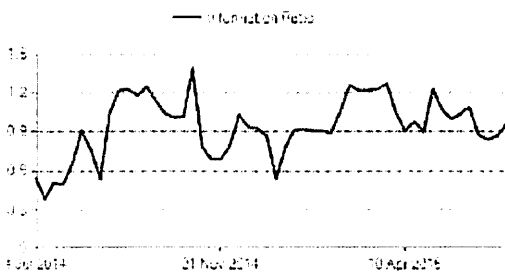
### Risk

	Fund	Bench.
Downside Risk 1Y Weekly Ann	3.13	2.57
Semivariance 1Y Weekly Ann	3.45	4.11
Standard Dev 1Y Weekly Ann	7.77	3.42
Max Drawdown 1Y	-3.46	-2.03
Max Increase 1Y	11.99	7.32
Kurtosis 1Y Weekly	10.96	0.05
Skewness 1Y Weekly	3.03	-0.43



### Risk/Return

	vs Bench.
Excess Return 1Y Weekly Ann	8.75
Information Ratio 1Y Weekly	1.04
Jensen Alpha 1Y Weekly	14.24
Modigliani Rap 1Y Weekly	0.01
Sharpe Ratio 1Y Weekly	1.87
Sortino Ratio 1Y Weekly	1.57
Treynor Measure 1Y Weekly	2.82



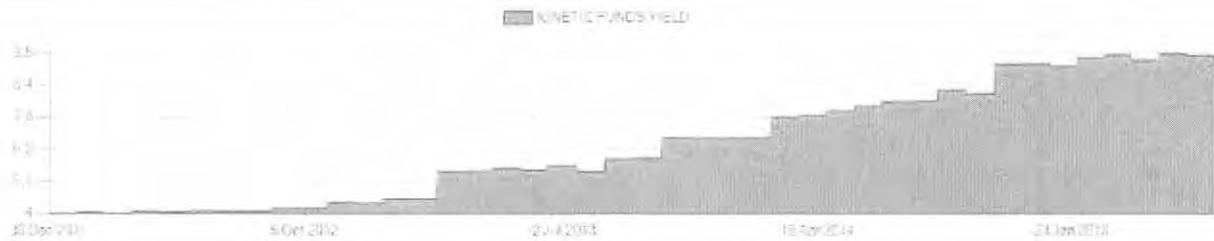
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# Bloomberg

Fund Allocation

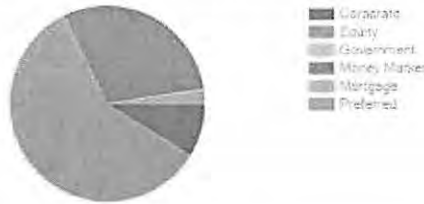
Total Assets (mil)

as of 06/30/2015



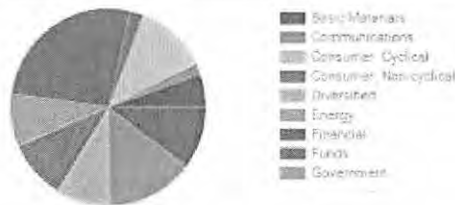
## Asset Allocation

Corporate	8.788 %
Equity	58.77 %
Government	0.028 %
Money Market	29.995 %
Mortgage	0.258 %
Preferred	2.16 %



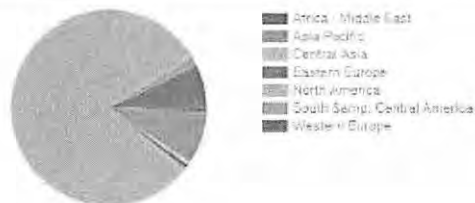
## Sector Allocation

Basic Materials	7.107 %
Communications	10.11 %
Consumer, Cyclical	6.441 %
Consumer, Non-cyclical	6.792 %
Diversified	0.114 %
Energy	5.943 %
Financial	18.443 %
Funds	1.601 %
Government	0.028 %
Industrial	8.442 %
Mortgage Securities	0.258 %
Technology	0.969 %
Utilities	3.755 %



## Geo Allocation

Africa / Middle East	0.446 %
Asia Pacific	5.928 %
Central Asia	0.422 %
Eastern Europe	0.509 %
North America	55.288 %
South & Central America	1.002 %
Western Europe	4.967 %



## Portfolio Statistics

% Of Top Ten Holdings	31.28	Avg Price/Earnings	20.46
Fund Turnover	--	Avg Price/Cash Flow	7.45
Median Mkt Cap (M)	137.41	Avg Price/Sales	1.44
Avg Market Cap (mil)	18,459.09	Avg Price/Book Ratio	1.53
Avg Divd Yield	4.87		

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## Returns Notes:

THE FUND IS INSURED TO 90% OF ITS EQUITY AND SAW A MAXIMUM 1 YEAR MARK-TO-MARKET DECLINE OF 3.46 %.

- THE STRATEGY IS FOCUSED ON INCOME AND NOT MARKET PERFORMANCE.
- YIELD INCOME WAS GENERATED EVERY MONTH, EXCEPT FOR JANUARY IN WHICH INCOME IS NOT ALWAYS ISSUED, IN THOSE CASES IT IS PAID TWICE IN DECEMBER THE PRECEDING YEAR FOR TAX REASONS.
- STANDARD DEVIATION IS LOW RELATIVE TO TYPICAL EQUITY POSITIONS.
- MONTHLY RISK BASED HAIRCUT (RBH MARGIN) REMAINS IN THE 25% RANGE.
- THE FUND IS NOT LEVERED.
- INVESTORS MAY ELECT TO TAKE YIELD DISTRIBUTIONS OR REINVEST THEM
- THIS IS NOT A HIGH FREQUENCY STRATEGY.
- POSITIONS ARE CARRIED OVER NIGHT.
- POSITIONS ARE USUALLY ROLLED PRIOR TO EXPIRATION.
- LISTED OPTIONS ARE USED TO REDUCE EQUITY RISK.

## Disclaimer

OPTIONS INVOLVE A HIGH DEGREE OF RISK AND ARE NOT SUITABLE FOR ALL INVESTORS. FOR MORE INFORMATION, PLEASE READ CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS, AVAILABLE AS OF THE EFFECTIVE DATE OF THIS AGREEMENT, AT: [HTTP://WWW.OPTIONSCLEARING.COM/PUBLICATIONS/RISKS/RISKSTOC.PDF](http://www.optionsclearing.com/publications/risks/riskstoc.pdf).

THIS STUDY DOES NOT INCLUDE A REVIEW OF ANY LEGAL DOCUMENTS, REGULATORY REQUIREMENTS, INVESTOR REQUIREMENTS, OR CURRENT INVESTORS REPORTS.

THIS REPORT DOES NOT ENDORSE OR RECOMMEND ANY INVESTMENTS AND SHOULD BE STRICTLY USED FOR INFORMATION PURPOSES BASED ON THE DATA PROVIDED BY VPRO AND MERRILL LYNCH PROFESSIONAL CLEARING

BEFORE MAKING ANY INVESTMENTS CHECK WITH YOUR REGISTERED INVESTMENT ADVISOR.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RETURNS.

FOR MORE INFORMATION:

KINETIC MANAGEMENT GROUP, LLC

1800 2<sup>ND</sup> STREET, SUITE 955

SARASOTA, FL 34236



June 6, 2017

Emily Kahn  
Financial Specialist  
Florida Office of Financial Regulation  
Division of Securities  
Tampa Regional Office  
1313 N. Tampa Street, Suite 615  
Tampa, FL 33602

RE: Kinetic Response Letter

Dear Emily Kahn,

We look forward to offering our financial product in Florida. We want to ensure that we remain in compliance with Florida statutes and laws. We filed in October of 2016 to offer the investment under Reg D and began the process to create the supporting documents. We have yet to date not actively marketed, promoted, or sold our product in Florida, beyond our existing personal relationship (friends, family, and partners).

We seek to create relationships with investment advisors in Florida to offer our products to their qualified investors (accredited). We are progressing to completing the Kinetic Funds, LLC ("KF") supporting documents and materials to provide to advisers in 2017.

Our product is exclusively for accredited investors and qualified purchasers. Our business plan is to build relationships with financial advisor representatives to provide our product as an alternative conservative investment in the financial markets.

The following addresses the items contained in your May 31, 2017 letter regarding questions related to our entities' promotion and sale of financial products in the state of Florida.

**Question 1: Representation**

**State of Florida:**

██████████ (Bison Financial Tampa, FL) to introduce potential business and accredit investors to the investment. Compensation equal to .25% of any investment deposit made to the company. ██████████ has not introduced any potential leads in the state of Florida. We currently do not have a relationship with Bison.



June 6, 2017

██████████ (First Sarasota Capital Advisors, LLC RIA Sarasota, FL), to introduce potential accredited investors. To date only introduce 1 Florida investor, their family member. Compensation equal to 25% of management fees. We currently do not have a relationship with ██████████ as of 2017.

We are currently reviewing registered investment advisors in the state of Florida to begin promoting/marketing our investment, once all documentation is completed.

#### **Out of State:**

██████████ - Series 65. Compensation equal to 50% of management fee. Located in Arizona. He has never marketed or promoted investment in state of Florida.

██████████ Series 65. Compensation equal to 50% of management fee. Located in Puerto Rico. He has never marketed or promoted investment in the state of Florida.

██████████ Series 65. Compensation equal to 50% of management fee. Located in Maine. He has never marketed or promoted investment in the state of Florida. No longer a financial advisor as of: May 17, 2016. We currently do not have a relationship with Rob Johnson.

#### **Question 2: Product**

KFI, LLC is a private investment fund consisting only of listed securities in the U.S. financial markets. It is intended only for accredited investors and qualified purchasers, as defined by the SEC.

The investment funds objective is to protect principal in down markets, by using listed options for risk mitigation, generate income, and provide liquidity.

It is an open-end investment fund registered in the state of Delaware. It is a conservative blended fund that targets income while securing principal. The strategy employs options to mitigate risk and ensure growth and income.

Goal: Hedged Income

The strategy is primarily focused on principal protection and maximizing income.

Products: Equities, ETFs, MLPs, REITs KFYIELD's holdings are comprised of securities classified as US equities, US Real-Estate Investment Trusts (REITs), US preferred securities, US Master-Limited Partnerships (MLPs), government bonds and corporate debt Exchange Traded Funds (ETFs).

All products are listed on the U.S. exchanges.

Benchmark: Benchmarked to the NASDAQ Multi-Asset Diversified Income Index (NQMAUS). The fund contains a similar portfolio, asset class, and weighting to the NQMAUS, but employs options to mitigate risk. KFI, LLC is actively managed and re-balanced to maximize yield and mitigate volatility risk.

June 6, 2017

**Question 3: Investors**

Kinetic Investment Group and its employees have not solicited Florida residents to invested in KF or KFI since filing for Reg D on October 2016. Nor has KF or KFI received any solicited investments from any Florida residence since the Reg D filing on October 2016.

Only one Florida investor was introduced to Kinetic Funds, I, LLC from an advisor who was compensated. This investor was a family member and was compensated.

██████████ (Florida)

Investment amount: \$500,000

Introduced by: ██████████ (RIA) his mother

Fee: Michael was compensated as per the contract of 25% of management fees.

Other Florida investors are either friends, associates, partners, and no compensation has been paid for marketing, promotion, or sales. They were/are all part of a private equity investment prior to any Regulation D filing.

██████████ (Florida)

Investment amount: \$65,000

Introduced by: Michael Williams

Fee: (none)

██████████ (Florida)

Investment amount: \$600,000

Introduced by: Michael Williams

Fee: (none)

██████████ (Florida)

Investment amount: \$525,000

Introduced by: A friend of the company.

Fee: (none)

██████████ (Florida)

Investment amount: \$225,000

Introduced by: An employee of the company.

Fee: (none)

██████████ (Florida)

Investment amount: \$650,000

Introduced by: A friend of the company.

Fee: (none)

June 6, 2017

**Question 4. Organizational Chart:**

(see Exhibit 1. Organization Chart)

**Question 5. KF's holdings:**

Kinetic Funds, LLC ("KF") currently does not have any holdings.

*Note: It is the new entity in which we are creating in 2017 to promote and market our fund. All investments and investors will be transferred into Kinetic Funds, LLC once it is established. We are currently drafting the PPM, OA, and other legal documents, while considering the best structure for tax reporting, execution and clearing, among other logistics. Once completed we will forward a completed final package for your files.*

**Question 6. KFI's holdings:**

Kinetic Funds I, LLC ("KFI") currently holds listed securities, such as, stocks and options, as well as cash. See attachment.

*Note: It was created with friends, family, and manager member money, based on a strategy to meet specific goals. Eventually, once we were ready to promote the fund beyond relationships, we would either amend or create a new entity with the existing strategy and move existing investors into the entity, with the purpose of creating the most effective and efficient entity that meets with the investment objectives. (see response to question 5.)*

**Question 7. KF and KFI's financial statements.**

Note Kinetic Funds, LLC ("KF") does not currently have any financial assets, bank accounts, etc. it is the process of being formed. KFI does not produce any financial statements as all our assets are either in cash or in the listed financial markets, we use the clearing firm statements and trading platform, which report our financial assets and market valuations (see response to question 6 and attachment). Our CPAs prepare KFI's tax return along with investor member's K-1's, from the brokerage account statements.

**Question 8. Staff / Employees Promoting or Selling:**

KF, KFI, nor Kinetic Investment Group, actively employs any staff to market or sell the product. We have focused on building an investment strategy in the listed market. It was decided to create relationships with investment advisors to promote the fund beyond our personal network of friends, family, and partners. Michael Williams works with registered investment advisors and/or investment companies in helping explain and review the product. No employee of Kinetic Investment Group has any compensation agreements for introducing potential clients to our product.

June 6, 2017

**Question 9. KF Investors**

KF currently has no investors. It is currently in the process of being set-up and to be operational with a target date by year-end 2017.

**Question 10. Documents**

KFI, LLC (Operating Agreement, Subscription Agreement, Questionnaire,) Please see attached.

*Note: KF, LLC documents are not completed, but will be submitted when completed. As previously stated we are reviewing the legal, accounting, and tax aspects to create the most efficient entity to implement the strategy for investors.*

**Question 11. KFI Investors**

*See response to Question 3 for list of investors.*

Note: None of the investors, unless identified as such, were introduced by a representative and compensated as described in Question 3. KFI, LLC has not had any Florida investors since filing for Reg D in October 2016.

**Question 12. Documentation**

*See response to Question 10. All documents already attached.*

**Question 13. Marketing**

We are currently finalizing some material for KF. Attached are what we have currently used, and we expect to have a finalized version to accompany our KF PPM and supporting documents once completed.

**Question 14.** Michael Williams is the managing member of Kinetic Investment Group, LLC.

**Michael's brief bio:**

Michael has been involved professionally in the financial markets since 1990. He was a member of the PCX/ARCA exchange in San Francisco. He was an option market maker and institutional floor broker. Michael has been an instructor for the Options Institute Council (OIC) representing the exchange, as well as lectured to the SEC, universities, the Money Show, and other financial conventions on options and risk management.

Michael is the co-author of "Fundamentals of the Options Market", published by McGraw Hill.

In 2008, he and his partner created a financial software company, Silexx Financial Systems, that now is integrated with every U.S. exchange and major Wall Street firms.

Michael created Kinetic Investment Group and the Kinetic funds to design unique strategies in the financial markets, to meet the needs and objectives for accredited investors seeking alternatives.

June 6, 2017

**Michael's role at Kinetic Investment Group:**

He designed the strategy and works on a day-to-day basis seeing its implementation and continues to work to improve the model. He also meets with investment professionals to explain the investment strategy and address questions on a as needed basis.

**Michael is an Investor:**

He is an investor in KF1, LLC as an investor member like all other members.

**Compensation:**

Michael is compensated from his direct investment in the fund (like any other investor member).

Michael is compensated as a partner/owner of Kinetic Investment Group, if any net profits are derived from the management company's operation. Currently the company continues to reinvest profits, if any, to expand the business. Michael has not received any profit distributions in 2016.

Michael does **NOT** receive a salary as an employee from Kinetic Investment Group, or any of the aforementioned companies.

Michael does **NOT** receive compensation for introducing and/or promoting the product.

**15. Entities serving KF and KFI:**

KF and KFI funds works with the following entities and individuals to provide services:

Legal: [REDACTED]

Accounting: Famiglio and Associates

Financial Technology: Silexx Financial Systems

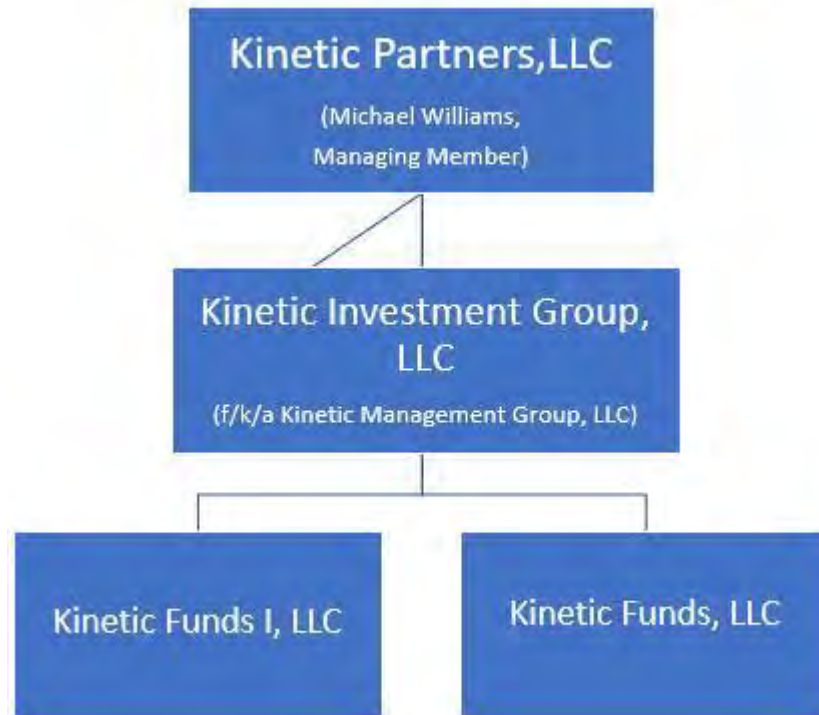
Clearing/Execution: Interactive Broker

**16. Invoicing:**

We do not directly invoice any individual invested in the fund, therefore there are no paid or unpaid invoices.

June 6, 2017

## Exhibit 1: Organization Chart



Company Name	Purpose/Description
Kinetic Partners, LLC	This company was originally formed for the purpose of engaging in and managing various businesses in the securities industries. Managing Member of Kinetic Investment Group
Kinetic Management Group/Kinetic Investment Group, LLC	Same company, name legally changed to Kinetic Investment Group. This is the management company, which receives the fund management fee (1%) in order to pay Kinetic's operating expenses, such as payroll, rent, utilities and general office and administrative expenses
Kinetic Funds I, LLC	Private pooled investment fund with Investor Members, clearing through Interactive Brokers
Kinetic Funds, LLC	Currently just exists on paper, i.e. has EIN number and legally formed. Kinetic Funds I, LLC assets and investors will be moved into Kinetic Funds, LLC once all documents and operational logistics are complete.

Sent: Tue, 01 Sep 2015 13:35:12 -0400  
Subject: KFYield  
From: "Michael Williams" <mwilliams@lendacy.com>  
To: "Kelly Locke" <klocke@lendacy.com>  
[KFYIELD-REPORT-JULY15.pdf](#)  
[KFYIELD-BENCHMARK.pdf](#)

Please make sure that ALL the boys (sales people) - STOP using the term GEMINI and make sure they do NOT circulate the GEMINI quarterly performance anymore. We moved to a NAV (share price) + Dividend based system and now on Bloomberg.  
Give them copies of the latest PDF's from Bloomberg.  
Here is JULY 2015 and we can update them MONTHLY as they come out.

Regards,  
Michael

Michael Williams  
LENDACY - Leverage Your Wealth  
1800 2nd Street, Suite 956  
Sarasota, FL 34236  
mwilliams@lendacy.com  
[www.lendacy.com](http://www.lendacy.com)  
[941.363.6686](tel:941.363.6686)



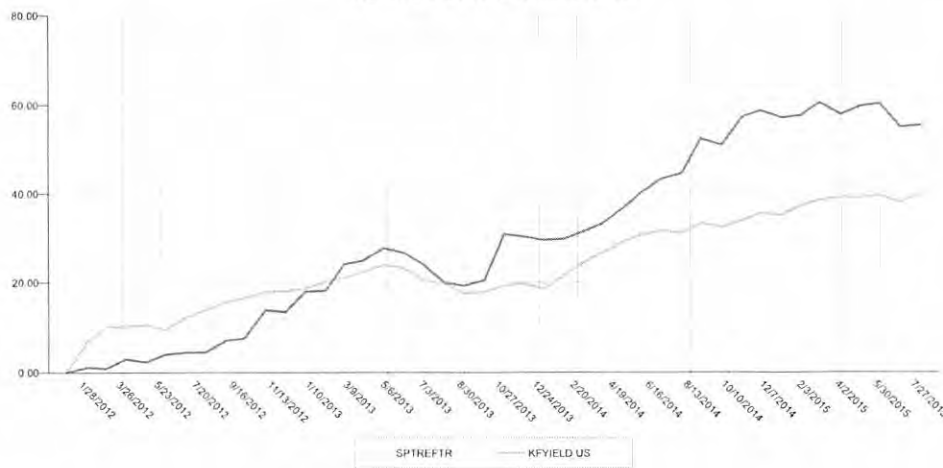


## Bloomberg

## Performance Analysis

Portfolio: KFYIELD US Benchmark: SPTREFTR Start Date: 12/30/2011 End Date: 07/31/2015 Currency: USD  
 Period: Monthly History: Total Return

Total Return: 55.261 Benchmark: 39.908

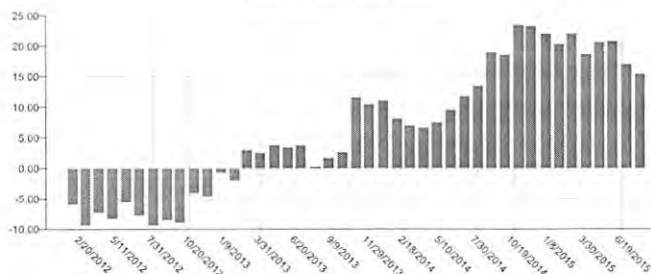


## Performance Analysis

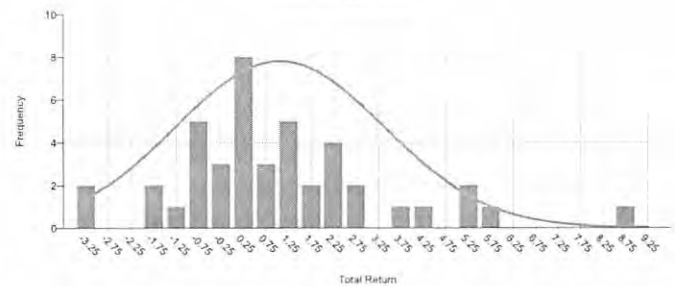
Performance: Daily	Portfolio	Benchmark
Total Return 1 Month(s)	0.26	1.43
Total Return MTD	0.26	1.43
Total Return QTD	0.26	1.43
Total Return YTD	-1.11	3.55
Total Return 3 Month(s)	-2.72	0.60
Total Return 6 Month(s)	-1.44	1.92
Total Return 1 Year(s)	7.49	6.79
Total Return 2 Year(s)	29.48	16.89
Total Return 3 Year(s)	48.60	22.89

Risk: Weekly	Portfolio	Benchmark
Standard Deviation 1 Year(s)	8.31	3.46
Semivariance 1 Year(s)	4.82	4.25
Beta 1 Year(s)	0.04	--
Correlation 1 Year(s)	0.02	--
R-Squared 1 Year(s)	0.00	--
Information Ratio 1 Year(s)	0.29	--
Sharpe Ratio vs Risk Free 1 Year(s)	1.04	1.61
Tracking Error 1 Year(s)	6.46	--

## Performance Vs Benchmark



## Return Distribution



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## Bloomberg

## Performance Analysis

Portfolio: KFYIELD US

Benchmark: SPTREFTR

Start Date: 12/30/2011

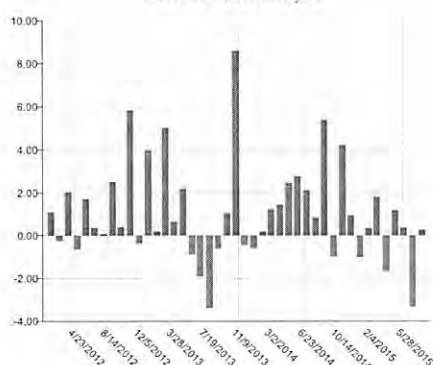
End Date: 07/31/2015

Currency: USD

Period: Monthly

History: Total Return

Absolute Period Analysis



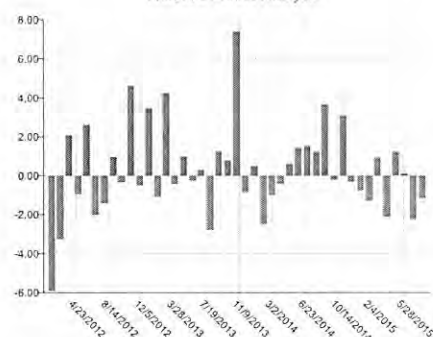
Period Analysis	Up	Down	Total
Number	30	13	43
Percentage	69.77	30.23	100.00
Average	2.05	-1.23	1.05
Standard Dev.	2.04	1.06	2.35
Max Sequence	8	4	8
Avg Sequence	3.00	1.44	2.26

Best/Worst	Performance	Date
Best 1	8.61	10/31/2013
Best 2	5.84	10/31/2012
Best 3	5.39	08/29/2014
Worst 1	-3.39	07/31/2013
Worst 2	-3.33	06/30/2015
Worst 3	-1.90	06/28/2013

Monthly Return

	Periodic Performance			Cumulative Performance		
	Portfolio	Benchmark	+/-	Portfolio	Benchmark	+/-
07/31/2015	0.26	1.43	-1.17	55.26	39.91	15.35
06/30/2015	-3.33	-1.08	-2.25	54.86	37.94	16.92
05/29/2015	0.37	0.27	0.10	60.19	39.45	20.74
04/30/2015	1.19	-0.03	1.22	59.60	39.07	20.53
03/31/2015	-1.67	0.44	-2.11	57.73	39.11	18.62
02/27/2015	1.82	0.89	0.93	60.40	38.49	21.91
01/30/2015	0.33	1.60	-1.27	57.53	37.27	20.26
12/31/2014	-1.02	-0.26	-0.76	57.01	35.11	21.90
11/28/2014	0.96	1.29	-0.33	58.63	35.46	23.17
10/31/2014	4.23	1.13	3.10	57.13	33.74	23.39
09/30/2014	-0.97	-0.77	-0.21	50.75	32.25	18.51
08/29/2014	5.39	1.72	3.67	52.23	33.27	18.97
07/31/2014	0.85	-0.38	1.23	44.44	31.01	13.44
06/30/2014	2.10	0.58	1.53	43.23	31.51	11.73
05/30/2014	2.77	1.36	1.42	40.28	30.76	9.53
04/30/2014	2.47	1.85	0.61	36.50	29.01	7.49
03/31/2014	1.44	1.86	-0.42	33.21	26.66	6.55
02/28/2014	1.24	2.24	-1.00	31.32	24.34	6.98
01/31/2014	0.18	2.68	-2.50	29.71	21.61	8.10
12/31/2013	-0.58	-1.07	0.49	29.47	18.44	11.03
11/29/2013	-0.44	0.41	-0.84	30.23	19.72	10.51
10/31/2013	8.61	1.22	7.39	30.80	19.24	11.56
09/30/2013	1.05	0.27	0.78	20.44	17.81	2.63
08/30/2013	-0.61	-1.84	1.24	19.18	17.49	1.69
07/31/2013	-3.39	-0.59	-2.80	19.91	19.69	0.21
06/28/2013	-1.90	-2.20	0.30	24.11	20.41	3.71
05/31/2013	-0.88	-0.61	-0.27	25.52	23.12	2.41
04/30/2013	2.21	1.24	0.98	27.64	23.87	3.77
03/29/2013	0.65	1.08	-0.43	24.88	22.36	2.52
02/28/2013	5.02	0.76	4.26	24.07	21.06	3.01
01/31/2013	0.18	1.26	-1.08	18.14	20.14	-1.99
12/31/2012	3.99	0.50	3.49	17.93	18.64	-0.72
11/30/2012	-0.38	0.13	-0.51	13.40	18.05	-4.65
10/31/2012	5.84	1.21	4.63	13.83	17.89	-4.06
09/28/2012	0.41	0.74	-0.34	7.55	16.48	-8.93
08/31/2012	2.52	1.56	0.96	7.12	15.62	-8.50
07/31/2012	0.08	1.51	-1.43	4.49	13.85	-9.36
06/29/2012	0.37	2.39	-2.02	4.40	12.16	-7.76
05/31/2012	1.72	-0.90	2.62	4.01	9.54	-5.52
04/30/2012	-0.65	0.31	-0.96	2.25	10.53	-8.27
03/30/2012	2.04	-0.04	2.08	2.92	10.18	-7.26
02/29/2012	-0.24	3.02	-3.26	0.86	10.22	-9.37
01/31/2012	1.10	7.00	-5.90	1.10	7.00	-5.90
12/30/2011	0.00	0.00	0.00	0.00	0.00	0.00

Relative Period Analysis



Relative Analysis	Winning	Losing	Coherent	Incoherent
Number	21	22	34	9
Percentage	48.84	51.16	79.07	20.93
Avg Difference	2.05	-1.45	0.34	-0.05
Std Dev Difference	1.81	1.33	2.47	1.97
Max Sequence	5	3	11	4
Avg Sequence	1.50	1.47	5.67	1.80

Best/Worst	Difference	Fund Perf	Index Perf	Date
Best 1	7.39	8.61	1.22	10/31/2013
Best 2	4.63	5.84	1.21	10/31/2012
Best 3	4.25	5.02	0.76	02/28/2013
Worst 1	-5.90	1.10	7.00	01/31/2012
Worst 2	-3.26	-0.24	3.02	02/29/2012
Worst 3	-2.80	-3.39	-0.59	07/31/2013

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## Bloomberg

## Performance Analysis

Portfolio: KFYIELD US

Benchmark: SPTREFTR

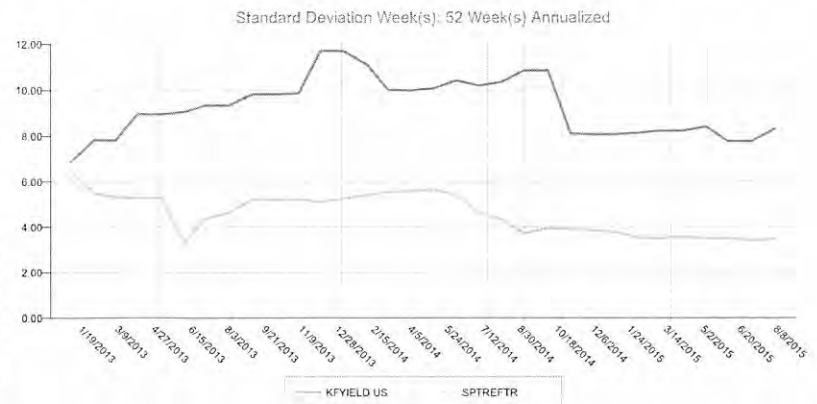
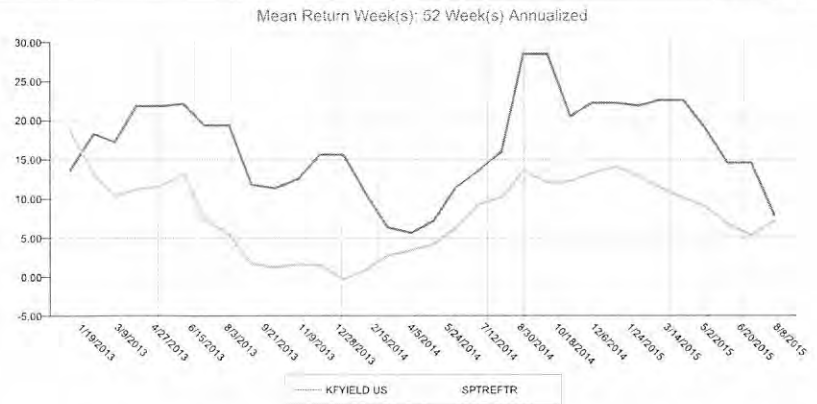
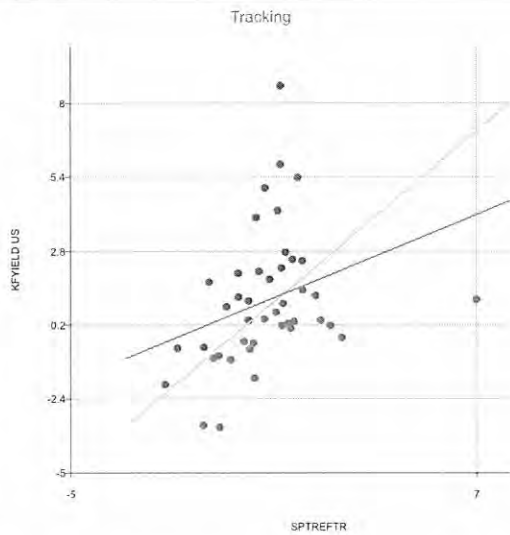
Start Date: 12/30/2011

End Date: 07/31/2015

Currency: USD

Period: Monthly

History: Total Return



If the returns are mainly over the breakeven line, the fund could be seen as a performance winner.

First Observation 01/31/2012

○ 21 Winning Periods

○ 22 Losing Periods

— Regression Line

— Breakeven Line

Tracking Indicators	Total	Bull	Bear
Alpha	0.67	1.75	0.34
Beta	0.49	-0.05	1.12
Correlation	0.31	-0.03	0.42
Mean Excess Return	3.16	3.25	2.92
Information Ratio	0.39	0.36	0.52
Jensen Alpha	8.53	23.02	3.77
R-Squared	0.10	0.00	0.18
Sortino Ratio Vs Index	0.48	0.58	0.53
Tracking Error	8.26	9.19	5.61

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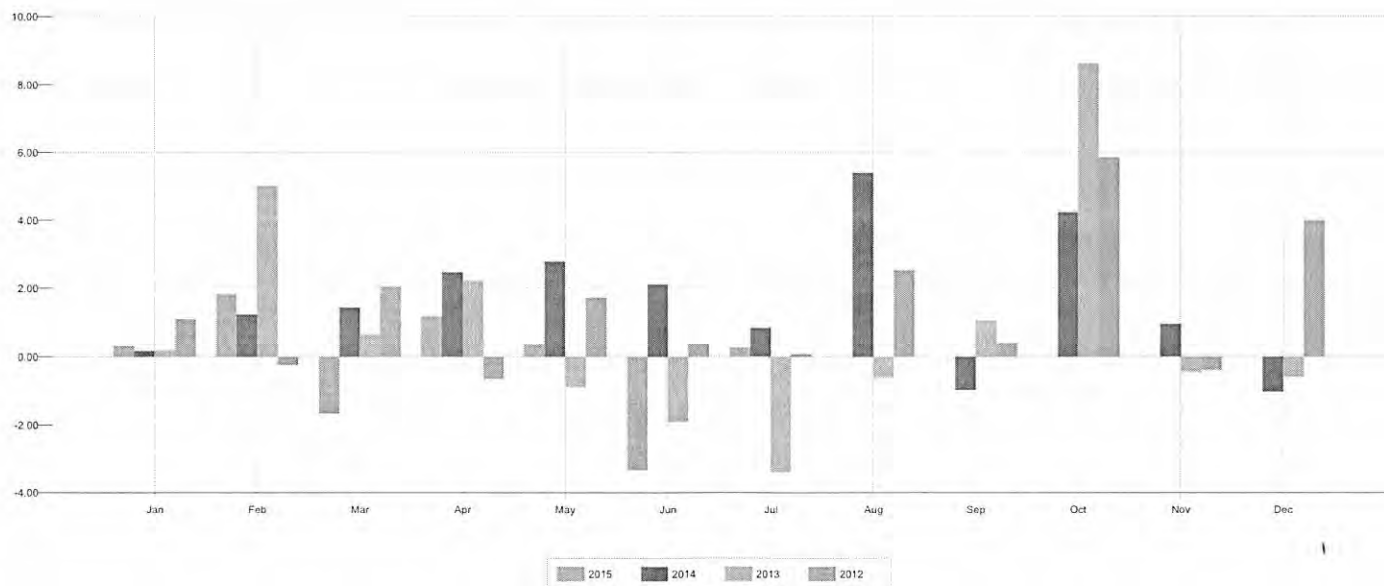
## Bloomberg

## Performance Analysis

Portfolio: KFYIELD US Benchmark: SPTREFTR Start Date: 12/30/2011 End Date: 07/31/2015 Currency: USD  
 Period: Monthly History: Total Return

## Seasonality

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	1.10	-0.24	2.04	-0.65	1.72	0.37	0.08	2.52	0.41	5.84	-0.38	3.99
2013	0.18	5.02	0.65	2.21	-0.88	-1.90	-3.39	-0.61	1.05	8.61	-0.44	-0.58
2014	0.18	1.24	1.44	2.47	2.77	2.10	0.85	5.39	-0.97	4.23	0.96	-1.02
2015	0.33	1.82	-1.67	1.19	0.37	-3.33	0.26	--	--	--	--	--
Average	0.45	1.96	0.62	1.30	1.00	-0.69	-0.55	2.43	0.16	6.23	0.05	0.80



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# Bloomberg

## KINETIC FUNDS YIELD

## Fund Overview

Kinetic Funds Yield is an open end fund incorporated in the United States. It is a conservative blended fund that targets income while securing principal. The strategy employs options to mitigate risk, and ensure growth and income. The fund's holdings are primarily invested in government bonds including TIPS, corporate bonds, preferred shares, publicly listed equities, REITs and MLPs.

### Contact Details

Management Company

Kinetic Management Group LLC

Company Address

Kinetic Management Group  
LLC, 1800 2nd Street, Suite 955,  
Sarasota, FL 34236, USA

Company Telephone

1-941-870-9544

Web Site

www.kinetic-sg.com

Fund Manager

MICHAEL S WILLIAMS

Mgr - Start Date

01/02/2012

Transfer Agent

--

### Fund Info

Last Close

\$ 128.98

Total Assets (mil)

\$ 9.04

Total Assets Date

07/31/2015

Inception Date

01/01/2012

Primary Benchmark

S&P Preferred Stock TR

Curr

US Dollar

Min Investment

US Dollar 250,000.00

Ticker

KFYIELD US

ISIN

--

### Fees And Expenses

Expense Ratio

--

Front Load

--

Fund Mgr Stated Fee

--

Mgr Stated Perf. Fee

--

High-Water Mark

--

Hurdle Rate

--

Back Load

--

Early Withdraw Fee

--

### Bloomberg Classification

Fund Type

Mutual Fund

Fund Asset Class Focus

Mixed Allocation

Domicile

United States

Fund Objective

Conservative Allocation

Fund Style

--

Fund Market Cap Focus

--

Fund Geographical Focus

United States

Fund Currency Focus

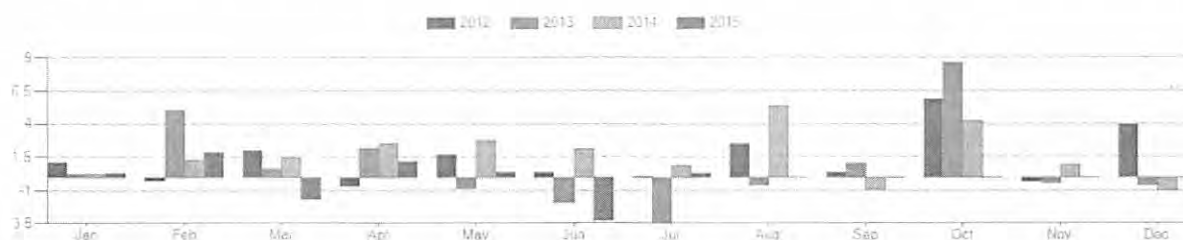
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### Total Return Chart



### Seasonality

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	1.10	-0.24	2.04	-0.65	1.72	0.37	0.08	2.52	0.41	5.84	-0.38	3.99
2013	0.18	5.02	0.65	2.21	-0.88	-1.90	-3.39	-0.61	1.05	8.61	-0.44	-0.58
2014	0.18	1.24	1.44	2.47	2.77	2.10	0.85	5.39	-0.97	4.23	0.96	-1.02
2015	0.33	1.82	-1.67	1.19	0.37	-3.33	0.26	--	--	--	--	--



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# Bloomberg

## KINETIC FUNDS YIELD

## Fund Performance-Risk-Tracking

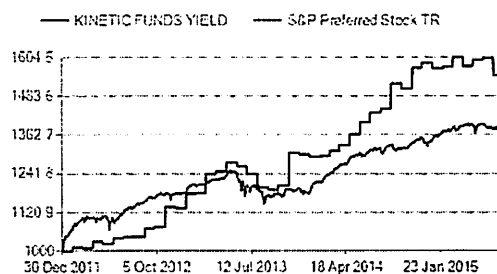
Benchmark: S&amp;P Preferred Stock TR

Currency: USD

as of 07/31/2015

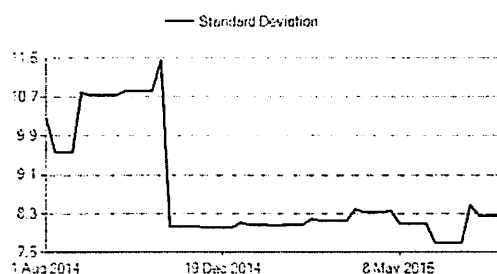
### Performance

	Fund	Bench.
Mean Return 1Y Weekly	7.85	7.17
Total Return 3M	-2.72	0.60
Total Return 6M	-1.44	1.92
Total Return 1Y	7.49	6.79
Total Return Ytd	-1.11	3.55
Perf 2014	21.27	14.07
Perf 2013	9.79	-0.17
Perf 2012	17.93	18.64
Perf 2011	--	-1.16
Perf 2010	--	14.99
Perf 2009	--	45.01
Eff 7D Yld	0.00	--
30D Yld	0.00	--
Gross 7D Yld	0.00	--
Subs 7D Yld	0.00	--
Avg Life	--	--
MMkt Avg Days To Mat.	--	--



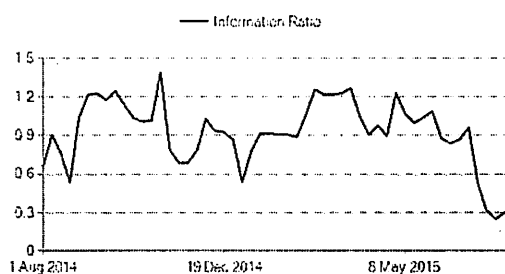
### Risk

	Fund	Bench.
Downside Risk 1Y Weekly Ann	4.38	2.53
Semivariance 1Y Weekly Ann	4.77	3.85
Standard Dev 1Y Weekly Ann	8.31	3.46
Max Drawdown 1Y	-3.46	-2.03
Max Increase 1Y	2.16	5.54
Kurtosis 1Y Weekly	10.17	-0.09
Skewness 1Y Weekly	2.11	-0.18



### Risk/Return

	vs Bench.
Excess Return 1Y Weekly Ann	0.63
Information Ratio 1Y Weekly	0.07
Jensen Alpha 1Y Weekly	6.98
Modigliani Rap 1Y Weekly	-0.04
Sharpe Ratio 1Y Weekly	0.94
Sortino Ratio 1Y Weekly	1.04
Treynor Measure 1Y Weekly	0.66



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# Bloomberg

## KINETIC FUNDS YIELD

## Fund Performance-Risk-Tracking

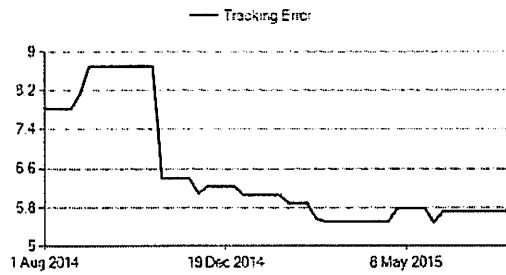
Benchmark: S&P Preferred Stock TR

as of 07/31/2015

Currency: USD

Tracking

	vs Bench.
Alpha 1Y Weekly	0.13
Beta 1Y Weekly	0.12
Correlation 1Y Weekly	0.05
Bear Correlation 1Y Weekly	0.04
Bull Correlation 1Y Weekly	-0.08
R Squared 1Y Weekly	0.00
Tracking Error 1Y Weekly Ann	6.46



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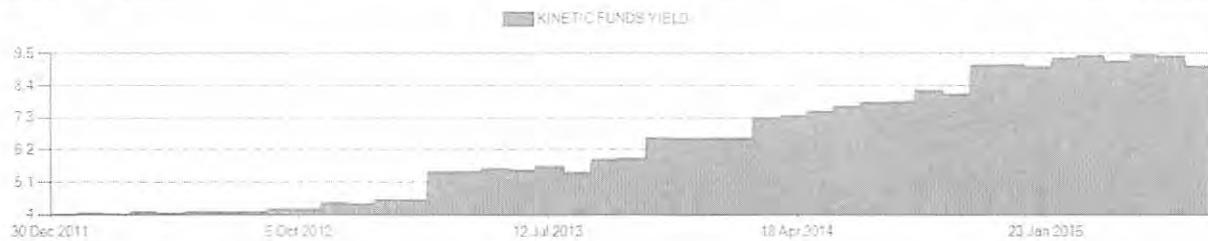


# Bloomberg

## Fund Allocation

Total Assets (mil)

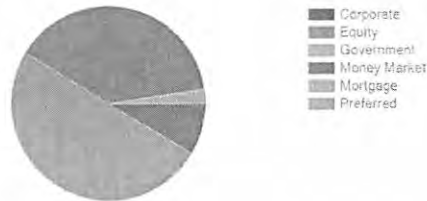
as of 07/31/2015



## Asset Allocation

as of 08/25/2015

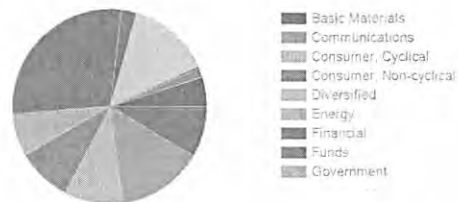
Corporate	8.544 %
Equity	50.057 %
Government	0.033 %
Money Market	38.94 %
Mortgage	0.31 %
Preferred	2.117 %



## Sector Allocation

as of 08/25/2015

Basic Materials	5.182 %
Communications	8.85 %
Consumer, Cyclical	5.913 %
Consumer, Non-cyclical	5.564 %
Diversified	0.095 %
Energy	4.17 %
Financial	17.157 %
Funds	1.527 %
Government	0.033 %
Industrial	8.405 %
Mortgage Securities	0.31 %
Technology	0.872 %
Utilities	2.982 %



## Geo Allocation

as of 08/25/2015

Africa / Middle East	0.334 %
Asia Pacific	4.991 %
Central Asia	0.393 %
Eastern Europe	0.256 %
North America	49.067 %
South & Central America	0.893 %
Western Europe	3.747 %



## Portfolio Statistics

as of 08/25/2015

% Of Top Ten Holdings	29.05	Avg Price/Earnings	22.53
Fund Turnover	--	Avg Price/Cash Flow	6.57
Median Mkt Cap (M)	915.97	Avg Price/Sales	1.42
Avg Market Cap (mil)	18,719.13	Avg Price/Book Ratio	1.43
Avg Divd Yield	5.23		

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**FL-04184**

***GUAR\_ANADI\_20191114***

***11/14/2019 10:16 AM***

**Condensed Transcript**

**Prepared by:**

FL-04184

Thursday, December 5, 2019

<p style="text-align: right;">Page 265</p> <p>1 Q The information that you send to Bloomberg, 2 where do you get that information from? 3 A The information which I send to Bloomberg, I 4 have get it from the statements. 5 Q The statements being? 6 A The one which I make. 7 Q The monthly investor statements? 8 A Yes. 9 Q Okay. I'm showing you a document that's been 10 marked as Kinetic Exhibit 167. 11 A Yes. 12 Q Which is a composite document consisting of a 13 printout from a Bloomberg finance terminal with 14 information about the Kinetic Yield Fund. Do you 15 recognize that? 16 A Yes. 17 Q And Exhibit 167 displays, among other things, 18 the net asset value of the fund as of September 30th, 19 2019, correct? 20 A Yes. 21 Q And what is the net asset value indicated as 22 of that date? 23 A 43.01 million. 24 Q Is that the assets or the net -- was net 25 asset value?</p>	<p style="text-align: right;">Page 267</p> <p>1 assets, among other things, correct? 2 A Market value, yes. 3 Q Okay. And the information that you provide 4 to Bloomberg is based on the financial information that 5 Mr. Williams provides to you on a monthly basis? 6 A Yes. 7 Q So if Mr. Williams provides you with 8 incorrect information, then you're going to 9 inadvertently relay that to Bloomberg; is that fair? 10 A Yes. 11 Q Do you have an opinion as to whether the 12 amount of assets reported by Bloomberg for the KF Yield 13 Fund as of September 30th, 2019 is accurate or not? 14 A This one? 15 Q The 43.01 million. 16 A Yes. I mean based on what I calculate since 17 I did, this is the number I got, so I send that number 18 to them. But based on looking at this, it's not 19 accurate. 20 Q And when you say based on looking at this, 21 you're referring to the -- 22 A Exhibit 166. 23 Q -- number that you calculated as the market 24 value in Exhibit 166; is that correct? 25 A Yes. Yes.</p>
<p style="text-align: right;">Page 266</p> <p>1 A Oh. Net NAV, 114.22. 2 Q Okay. And the market value of the assets 3 held by the fund as of that date is what? 4 A 43.01 million. 5 Q Okay. And that 43.01 million is a little 6 more than a \$11 million more than the amount that we 7 calculated in Exhibit 166, correct? 8 A Yes. 9 Q Can you explain why there's such a large 10 difference? 11 A I -- I don't know. 12 Q Do you have an understanding as to who at the 13 Kinetic companies has ultimate authority for the 14 information about the KF Yield Fund that's provided to 15 Bloomberg? 16 A Ultimate authority? It's Michael's account, 17 but Michael ask me -- like one and a half years ago, 18 Michael started asking me to send the information to 19 Bloomberg. Before Kelly Locke used to do it. 20 Q And the information that you send to 21 Bloomberg consists of the net asset value? 22 A Yes. From the statements I generate, it has 23 the net asset value, I use that value and send it to 24 Bloomberg. 25 Q And it also includes the market value of the</p>	<p style="text-align: right;">Page 268</p> <p>1 Q And sitting here today, can you explain why 2 there's a difference between the two exhibits? 3 A I don't know the difference. I am only in 4 charge of, like, making the statements and doing the 5 trading. I have no access to, like, BMO statements or 6 what is happening in Lendacy, or anything like that and 7 I try to focus on what I know. Like, the things my 8 duty is and things like that, so I don't know where 9 that discrepancy would come from. 10 Q Your role -- strike that. 11 Is it fair to say you view your role as a 12 trader on the operational side for the fund? 13 A Yes. 14 Q You don't provide the underlying accounting 15 for the fund? 16 A I do not. 17 Q And you rely on other people to provide that? 18 A Yes. 19 Q And who do you rely on to provide that 20 information to you? 21 A Michael. 22 Q Michael, being Michael Williams? 23 A Yes. I am bad at balance sheet and all. I 24 already told Michael about it. I try to appear for 25 CFLL three times, but I couldn't pass the exam because</p>

<p style="text-align: right;">Page 289</p> <p>1 KF Yield, one of your investments would be, you know, a</p> <p>2 Lendacy loan that would include one of the investments</p> <p>3 of the KF Yield fund?</p> <p>4 A I don't know if I'm the right person to say</p> <p>5 this.</p> <p>6 I am really confused right now. It will be</p> <p>7 great if you talk to Michael about it. Lendacy</p> <p>8 loans -- so if \$1 million is invested in the fund and</p> <p>9 someone has taken 700,000-dollar loan or not taken the</p> <p>10 loan, I would still take \$1 million.</p> <p>11 Q I understand that. What I'm asking you,</p> <p>12 if -- let's -- we're including the Lendacy loan as part</p> <p>13 of one to the investments that are part of funds'</p> <p>14 products, if you're using that to calculate what KF</p> <p>15 Yield -- the value of it is, wouldn't it be safe to say</p> <p>16 that one of the investment products of KF Yield are</p> <p>17 those Lendacy loans?</p> <p>18 A I guess, yeah.</p> <p>19 Q And where is it Bloomberg reported that, you</p> <p>20 know, the fund's holdings could be invested in private</p> <p>21 equity loans for example?</p> <p>22 A I don't know.</p> <p>23 Q Shouldn't it be disclosed that one of the</p> <p>24 potential investments could be in private equity loans</p> <p>25 or private equity companies that provide loans?</p>	<p style="text-align: right;">Page 291</p> <p>1 Q Let's assume that is a true statement.</p> <p>2 Would the Lendacy investment aspect of the</p> <p>3 KF Yield be a US listed -- a product listed in the</p> <p>4 US exchanges?</p> <p>5 A I don't know about that. But if a investor</p> <p>6 is investing, wouldn't Michael tell them that they can</p> <p>7 take a loan from Lendacy and still in KF Yield it will</p> <p>8 be one million traded on margin? I would assume that</p> <p>9 he would tell -- Michael would tell the clients that so</p> <p>10 he doesn't have to tell Lendacy -- like, he doesn't</p> <p>11 have to show Lendacy as a loan, right?</p> <p>12 Because when -- if I'm a -- if I'm say</p> <p>13 Michael and you are investor, and I tell you, okay,</p> <p>14 you can invest one million in my fund and take a</p> <p>15 loan on it as well -- secured loan on it, you as</p> <p>16 investor would know that there's a secured loan</p> <p>17 going on with it, so why would -- do you know what</p> <p>18 I'm trying to say?</p> <p>19 Q No. I don't understand what you're trying to</p> <p>20 say. I don't think you're answering my question.</p> <p>21 I'm asking if the brochures all states</p> <p>22 that there's -- and you're making an assumption here</p> <p>23 that everybody borrowed with Lendacy, which is not a</p> <p>24 true statement. We know that some of the investors</p> <p>25 did not take out a Lendacy loan.</p>
<p style="text-align: right;">Page 290</p> <p>1 A I just do what I'm asked to do. I don't know</p> <p>2 if that should be there or shouldn't be there.</p> <p>3 Q Have you ever heard the KF Yield Fund</p> <p>4 marketing pitches? Has anyone told you what the</p> <p>5 marketing pitches are?</p> <p>6 A No.</p> <p>7 Q Did anyone ever tell you that one of the</p> <p>8 marketing pitches for KF Yield is that, all the</p> <p>9 products are listed on the US exchanges?</p> <p>10 A I don't know. I've never been in a marketing</p> <p>11 pitch of KF Yield.</p> <p>12 Q Okay. So let's assume that that's one of the</p> <p>13 statements given to investors, that all products of KF</p> <p>14 Yield are listed on the US exchanges. Would the fact</p> <p>15 that there are Lendacy products in that investment,</p> <p>16 would it be a true statement then that all of KF</p> <p>17 Yield's products are listed on the US exchanges?</p> <p>18 A Can you please repeat it?</p> <p>19 Q So let's assume that the statement I just</p> <p>20 told you is correct, that when Michael Williams was</p> <p>21 pitching the KF Yield investment to investors, one of</p> <p>22 the things he would say or one of the things that the</p> <p>23 marketing Brochure states is that, all of the products</p> <p>24 of KF Yield are listed on the US exchanges.</p> <p>25 A Okay. Yeah.</p>	<p style="text-align: right;">Page 292</p> <p>1 So my question is, is an investment in a</p> <p>2 private equity investment company that provides</p> <p>3 loans, for example, such as Lendacy, would that</p> <p>4 constitute a product that's listed on the US</p> <p>5 exchange?</p> <p>6 A No, because Lendacy is not listed on the US</p> <p>7 exchange.</p> <p>8 Q Okay. That was my question. So then the</p> <p>9 fact that there's this investment or that part of the</p> <p>10 market value includes the Lendacy loans would be</p> <p>11 inconsistent with a statement that says all of KF</p> <p>12 Yield's products are listed on the U S exchange,</p> <p>13 correct?</p> <p>14 A Yes. But I did not write it, so I have no</p> <p>15 opinion about it.</p> <p>16 Q I'm not asking for your opinion.</p> <p>17 A Okay.</p> <p>18 Q But thank you. I'm just asking if it would</p> <p>19 be an inconsistent statement that if investors are</p> <p>20 being told that all of the KF Yield products are listed</p> <p>21 on the US exchanges, but one of the products includes</p> <p>22 these Lendacy loans, then that would be an inconsistent</p> <p>23 statement?</p> <p>24 A Okay. Yeah.</p> <p>25 Q Because Lendacy is -- or, you know, the</p>

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1 Lendacy or the company is not, you know, a product  
 2 listed on the US exchange, correct?  
 3 A Yes. Yes. That's correct.  
 4 Q Okay. Thank you.  
 5 BY MR. HOUCHIN:  
 6 Q Are you aware of any other regulatory agency  
 7 other than the SEC making any inquiry about Kinetic or  
 8 the KF Yield Fund?  
 9 A I don't know about the inquiry, but when I  
 10 joined there was a -- what do you call it when a firm  
 11 goes through all the documents of a company to figure  
 12 out if everything is going fine or not in the company?  
 13 Q Like an audit?  
 14 A Yeah, audit. Audit. So when I joined there  
 15 was some audit going on, but I don't know which company  
 16 was doing the audit, but it was a government agency.  
 17 Q Were you involved anyway in relation to that?  
 18 A I was not. I just heard, so I thought I can  
 19 tell you.  
 20 Q Who did you hear it from?  
 21 A I think it's Gina. Once Gina had to go and,  
 22 like, talk to the audit people and that's how I came to  
 23 know about it.  
 24 Q Did she tell you anything about --  
 25 A No.

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1 She just said that there's an audit  
 2 going on and she was talking to the people.  
 3 Q Did you have any communications with anyone  
 4 other than Gina Rosenberger about that?  
 5 A No, I don't think so. It was just a casual  
 6 thing.  
 7 Like, you know, what were you doing, and she  
 8 said, oh, the company is being audited. So not say the  
 9 company was exactly audited or what they were doing,  
 10 but I think it was the audit.  
 11 Q Okay. In what time period are talking about  
 12 that this -- we're going to call it an audit -- was  
 13 taking place?  
 14 A It must be in 2016 because Gina left in  
 15 December of 2016.  
 16 Q And was that audit or examination, or  
 17 whatever was being done, was that concluded by the time  
 18 Ms. Rosenberger left the company?  
 19 A I would not know that.  
 20 Q Have you ever had any communications with  
 21 Michael Williams about that audit or review, or  
 22 examination?  
 23 A No.  
 24 Q Have you ever heard anything about that other  
 25 than what you just described --

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1 A No.  
 2 Q -- from Ms. Rosenberger?  
 3 A I have not.  
 4 Q Do you know whether the company had to  
 5 provide any documents to the regulatory agency at that  
 6 point in time?  
 7 A I don't know.  
 8 Q Now, we talked about Ms. Locke leaving a  
 9 couple of times today, do you recall that?  
 10 A Yes.  
 11 Q Do you recall approximately when she resigned  
 12 from the company?  
 13 A It was I think May or April of last year,  
 14 2018.  
 15 Q So May -- April or May 2018?  
 16 A Yeah.  
 17 Q And you said she pulled you into her office  
 18 and explained why she was leaving; is that correct?  
 19 A She was there talking to -- she talk to me  
 20 and -- yes.  
 21 Q Do you have any understanding as to whether  
 22 she talk to anyone else within the company about why  
 23 she was leaving?  
 24 A I mean she was very close to Keli Pufahl and  
 25 they would do everything together, so she must have --

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1 she definitely talk to Keli Pufahl, but I don't know if  
 2 she talk to Keli Pufahl that why she is leaving, but I  
 3 know Keli Pufahl knew that she was leaving.  
 4 Q Did you have any communications with  
 5 Ms. Pufahl about Ms. Locke leaving?  
 6 A So we -- there was a small incident in  
 7 office, we would leave, like, cups in the sink and Keli  
 8 Pufahl got really irritated about it and grabbed all  
 9 the cubs and put it in, like, the trading area where we  
 10 work.  
 11 So I was, like, why did you do it and she  
 12 started, like, shouting at me, and then later on she  
 13 came and apologize saying that, oh, I'm really sad  
 14 right now and not thinking right because -- no I don't  
 15 know if she said not thinking right, but she apologized  
 16 and told me that Kelly Locke was leaving.  
 17 Q Did you have any understanding at that point  
 18 in time as to why Ms. Locke was leaving?  
 19 A No, I have not. I did not.  
 20 Q So that's before Ms. Locke had pulled you  
 21 into her office?  
 22 A Yes.  
 23 Q When Ms. Pufahl told you that Ms. Locke was  
 24 leaving, how did you respond?  
 25 A I was like, okay. I mean I didn't care.

1 STATE OF FLORIDA

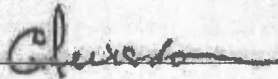
2 COUNTY OF PALM BEACH

3  
4 I, Caretha Wisdom, Professional Court Reporter  
5 and Notary Public in and for the State of Florida at  
6 Large, do hereby certify that I was authorized to and  
7 did report said hearing in stenotype; and that the  
8 foregoing pages are a true and correct transcription of  
9 my shorthand notes of said hearing.

10 I further certify that said Hearing was taken  
11 at the time and place hereinabove set forth and that the  
12 taking of said hearing was commenced and completed as  
13 hereinabove set out.

14 I further certify that I am not an attorney  
15 or counsel of any of the parties, nor am I a relative  
16 or employee of any attorney or counsel of any party  
17 connected with the action, nor am I financially  
18 interested in the action.

19  
20 Dated this 27th day of November, 2019.

21  
22   
23 Caretha Wisdom,  
24 Professional Court Reporter  
25



**Sent:** Wed, 28 Oct 2015 09:42:14 -0400  
**Subject:** Kinetic Brochure (e-mail)  
**From:** Kelly Locke <klocke@lendacy.com>  
**To:** Michael Reynolds <[REDACTED]@hedgeo.com>, Dennis Shanahan <dws@hedgeo.com>  
**Cc:** Michael Williams <[REDACTED]@lendacy.com>  
[Kinetic Stitch-In Brochure spreads final.pdf](#)

Hi Mike & Dennis,

See attached and feel welcomed to distribute this to your investors! Please share any positive/negative feedback you receive about the brochure. It's important to us that these materials are effective. I am working with Matthew this week to have the brochure printed and stitched into our Kinetic folder as one piece.

I am also working on the Kinetic performance document that we will issue on a quarterly basis. The Bloomberg pdf reports will continue to be available monthly. Thank you Dennis for your suggestions with the Raymond James document. I will send over a first draft and welcome any feedback you may have.

Talk soon..

Kelly Locke, Operations Director  
LENDACY - Leverage Your Wealth  
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[klocke@lendacy.com](mailto:klocke@lendacy.com)  
[www.lendacy.com](http://www.lendacy.com)  
(941) 363-6686









## Kinetic Investment Group Mitigating Risk in a Constantly Changing Environment

As an investor, you want a partner with an intimate understanding of financial markets, who employs state-of-the-art technology to manage and mitigate risk and who, as a result, can offer wise and creative guidance to succeed in a constantly changing, ever more complex financial environment.

### Meet the Kinetic Investment Group.

We believe in not only looking for opportunities that offer substantial rewards but also in recognizing and analyzing the inherent risks in each of those opportunities. By employing our experience and technology, we determine how to best mitigate that risk while enhancing the return on capital, whether it be in private equity, private index funds or gold and silver.

**Advanced, Proprietary Technology  
Intelligence & Experience  
Backed by Cutting Edge Technology**

Our strategies employ options, as one would use insurance, to mitigate risk. Additionally, options can be used to ensure growth and/or income for our investors.

We implement our strategies by marrying our extensive knowledge of the options markets with our proprietary technology, the Proactive Management System™.

Kinetic uses the System to pre-insure our portfolios so that any unexpected market volatility such as a flash crash, a Black Swan event, or some other circumstance of consequence, will not adversely impact their portfolio and cause dramatic losses. So that even the most risk averse can sleep soundly at night.

The team at Kinetic has experience designing and developing leading technology used by top-tier Wall Street Firms.

*“Blind optimism  
will always  
end in ruin!”*



## Bespoke Service

Considering Every Investor's Needs;  
Meeting Every Investor's Challenges.

Investment goals involve creating strategies that include risk mitigation, capital deployment, and return objectives. It is essential to have a team with experience in both financial products and risk mitigation, coupled with technology experience to design, build, deploy and manage the strategies. The team must be nimble enough to navigate the ever-changing conditions of the markets, and the events that shape them, so the investments can take full advantage of opportunities in the present that will reap benefits for them far into the future. After all, a wise investment is a legacy, something that endures.

Always readily accessible, our team has a passion for what they do and the experience and market acumen to see possibilities and discover opportunities that will help each investor achieve their objectives while insuring them a comfort level around their investments not typically found among private investment firms.






*“Diversification should be a byproduct of informed investments, it should never be an investment strategy!”*

## Freedom & Security Offering the Best of Both Worlds

The Kinetic Investment Group has created a product portfolio that addresses target rich opportunities in private equity, private index funds and gold and silver.

**Kinetic Funds YIELD** is an open end fund incorporated in the United States. It is a conservative blended fund that targets income while securing principal. The strategy employs options to mitigate risk, and ensure growth and income. The fund's holdings are primarily invested in government bonds including TIPS, corporate bonds, preferred shares, publicly listed equities, REITs and MLPs.

So that access to money is never an issue, our funds can distribute liquidity on a quarterly basis with the option of reinvestment or redistribution of profits. The decision is always yours. And to provide investors full transparency, objective benchmarking and portfolio review, our fund is listed on **Bloomberg**.

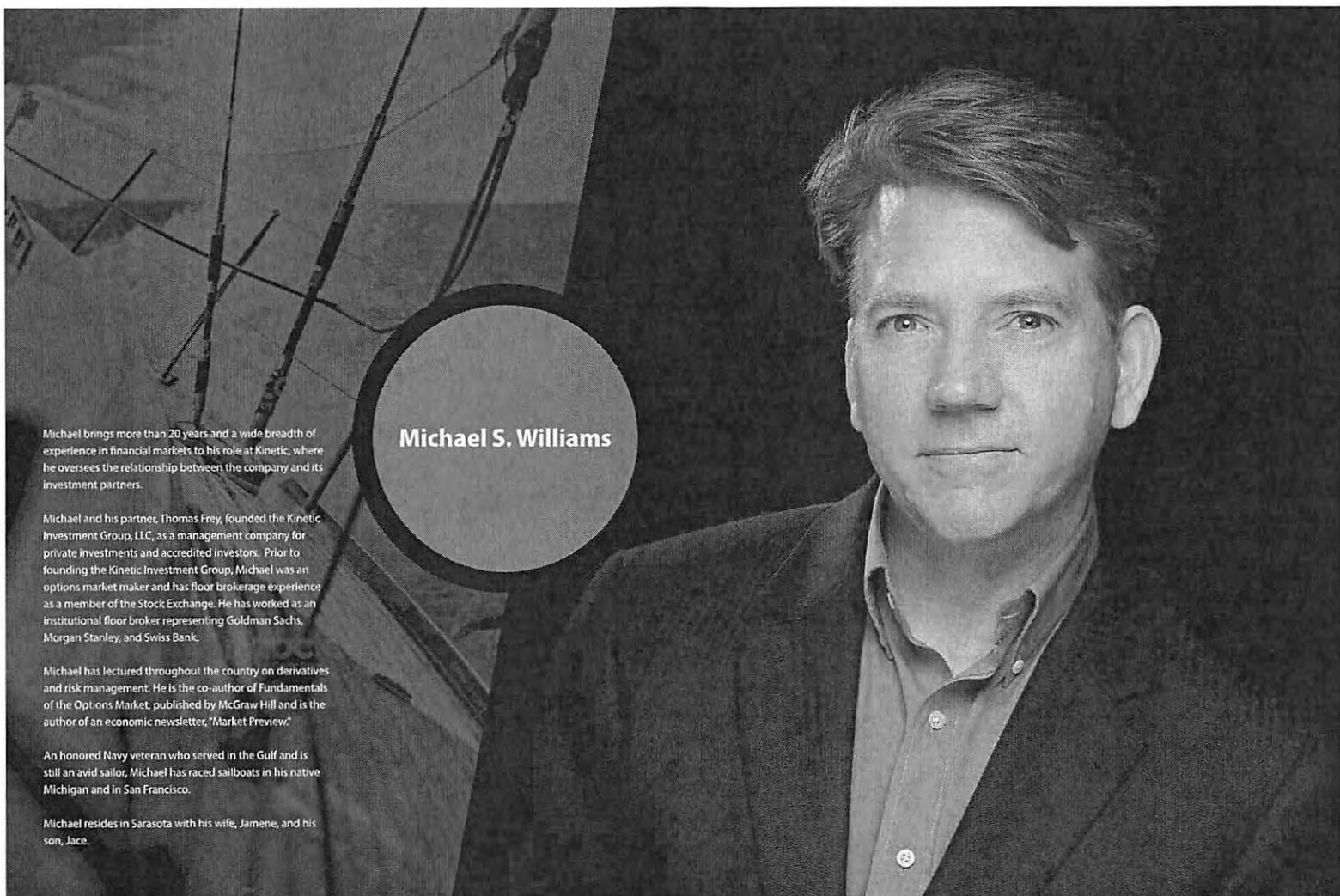


## Exclusively Yours Precious Metals and Private Equity

Kinetic Funds precious metal portfolios are invested in products listed on the gold and silver exchange markets. Profits are extracted monthly or quarterly to purchase physical gold and silver.

By leveraging capital, principal continues to work for the investor by providing tax advantages and a hedge against inflation. Investors can take possession of their physical holdings or leave them at our storage facility.

Kinetic Investment Group also has the ability to create private equity holdings that are equity rich and offer positive cash flow for investors. All are carefully considered and diligently investigated before any investment is made. If you need to raise capital for a special project, inquire about a private equity fund.



Michael brings more than 20 years and a wide breadth of experience in financial markets to his role at Kinetic, where he oversees the relationship between the company and its investment partners.

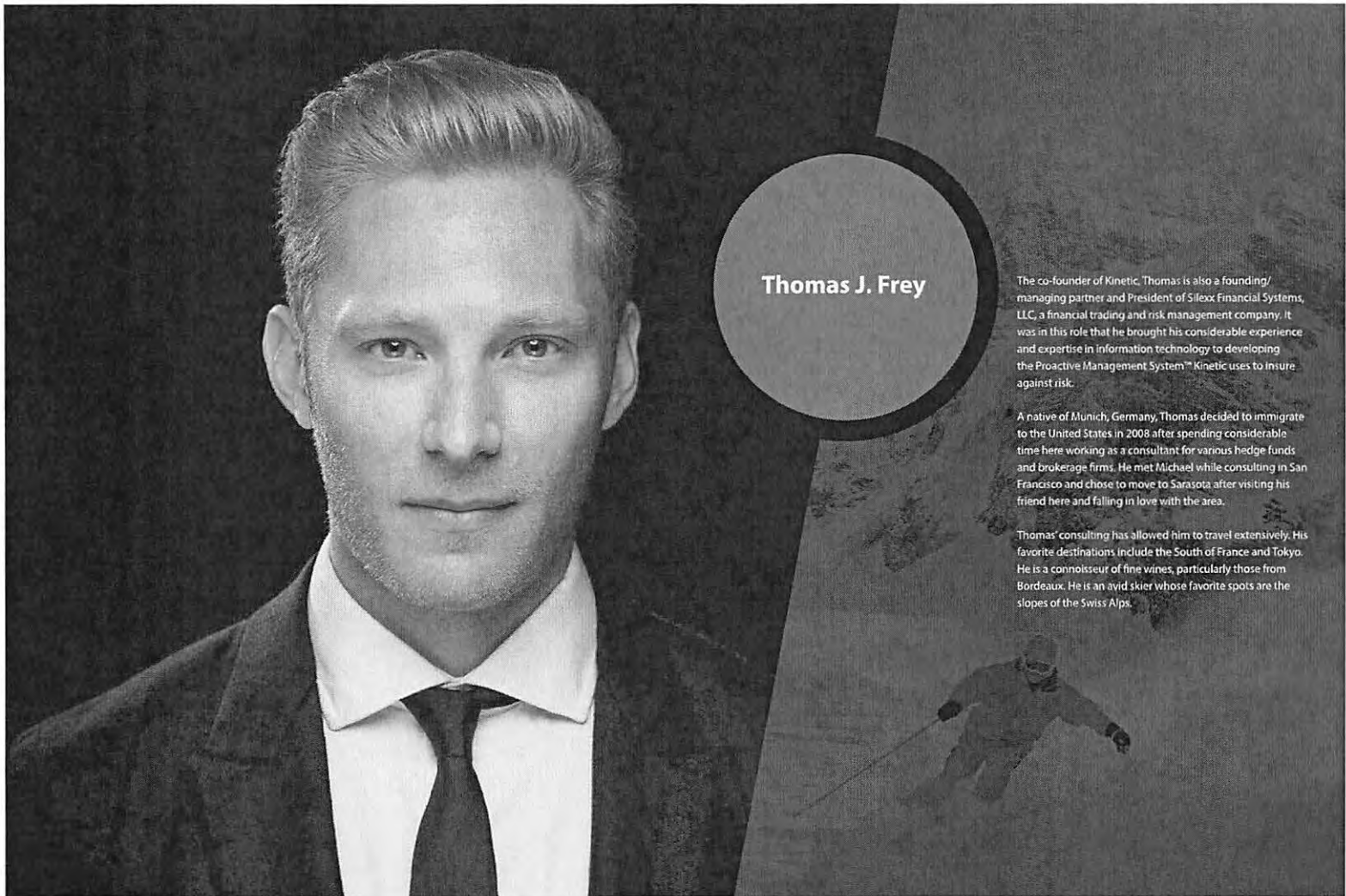
Michael and his partner, Thomas Frey, founded the Kinetic Investment Group, LLC, as a management company for private investments and accredited investors. Prior to founding the Kinetic Investment Group, Michael was an options market maker and has floor brokerage experience as a member of the Stock Exchange. He has worked as an institutional floor broker representing Goldman Sachs, Morgan Stanley, and Swiss Bank.

Michael has lectured throughout the country on derivatives and risk management. He is the co-author of *Fundamentals of the Options Market*, published by McGraw Hill and is the author of an economic newsletter, "Market Preview."

An honored Navy veteran who served in the Gulf and is still an avid sailor, Michael has raced sailboats in his native Michigan and in San Francisco.

Michael resides in Sarasota with his wife, Jamene, and his son, Jace.





**Thomas J. Frey**

The co-founder of Kinetic, Thomas is also a founding/ managing partner and President of Silexx Financial Systems, LLC, a financial trading and risk management company. It was in this role that he brought his considerable experience and expertise in information technology to developing the Proactive Management System™ Kinetic uses to insure against risk.

A native of Munich, Germany, Thomas decided to immigrate to the United States in 2008 after spending considerable time here working as a consultant for various hedge funds and brokerage firms. He met Michael while consulting in San Francisco and chose to move to Sarasota after visiting his friend here and falling in love with the area.

Thomas' consulting has allowed him to travel extensively. His favorite destinations include the South of France and Tokyo. He is a connoisseur of fine wines, particularly those from Bordeaux. He is an avid skier whose favorite spots are the slopes of the Swiss Alps.



**EXHIBIT****EX. 41**

Sent: Thu, 30 Jul 2015 10:00:07 -0400  
Subject: Lendacy  
From: Kelly Locke <klocke@lendacy.com>  
To: [REDACTED]@rmpglobalconsulting.com  
[Lendacy Brochure for email.pdf](#)  
[GEMINI performance.pdf](#)  
[KMG brochure gemini.pdf](#)

Hi Rene,

Thank you for your time yesterday. I've attached our Lendacy brochure - a read through gives you a good idea of how Lendacy works, and includes case studies for investors we've been able to assist.

Additionally, in regard to the investment (as I mentioned these transactions have two parts - the lending arm, and the investment arm), I've attached a marketing brochure and a fund performance summary.. I will add, we are currently in the process to have our fund listed on Bloomberg. I can appreciate this helps with transparency when considering private investments.

When you're ready I can schedule a follow up call including Michael Williams to discuss the fund and hedging strategy in more detail.

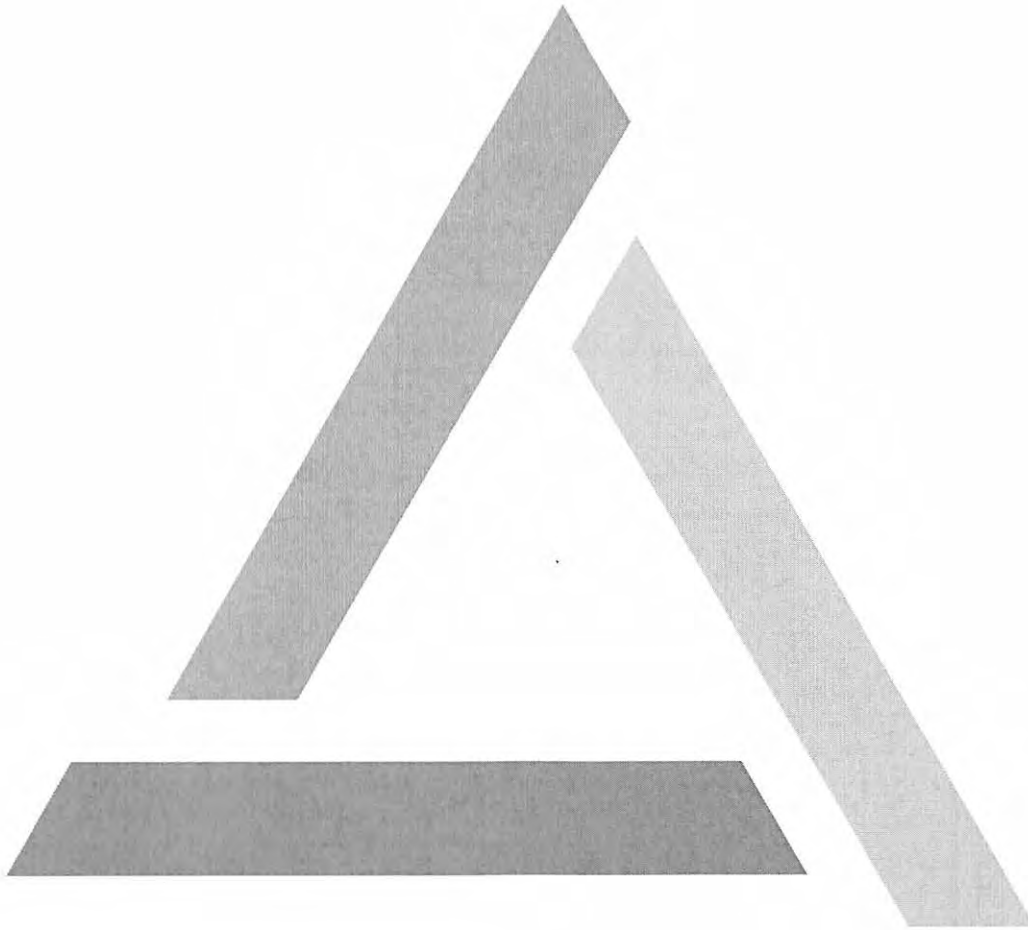
I look forward to hearing from you. Please let me know what questions arise.

Thank you,

--

Kelly Locke, Operations Director  
LENDACY - Leverage Your Wealth  
1800 2nd Street, Suite 956  
Sarasota, FL 34236  
[klocke@lendacy.com](mailto:klocke@lendacy.com)  
[www.lendacy.com](http://www.lendacy.com)  
(941) 363-6686







## Lendacy: Leverage Your Wealth

Wise investors have long known that the secret to creating a financial legacy is to leverage their wealth when opportunity presents itself.

That opportunity might be the acquisition of real estate, the refinance of a property, the rescue of an underwater property, the purchase of an IPO, or an angel investment.

But too often, accessing or borrowing the funds needed to take advantage of opportunities is fraught with difficulties: liquidating working assets, high interest rates on loans, lost opportunities because of a bank's indecision, huge penalties for early IRA withdrawals, and onerous tax consequences. The list goes on.

Lendacy offers customized lending solutions that provide access to funds with flexible lines of credit to meet your investment requirements.

Now, you can access capital you could not get to before, borrowing at a rate well below prime while having investments that often earn more than you pay in interest. You keep 100% of your capital working, generating dividends and interest with the opportunity for continued appreciation.

Because your loan is customized, your payment options are flexible, determined by your particular needs and can include deferred, interest only, flat, or principal reduction payment schedules. It is possible because of our relationships with the investment managers with whom we partner.

Intelligence, imagination, and hard work created your wealth. Partnering with Lendacy to leverage it can help protect and grow your legacy.





## The Perks of Being an Accredited Investor

The opportunity Lendacy offers is open only to those select few who have achieved a certain degree of success and in doing so are what the Securities and Exchange Commission defines as an accredited investor.

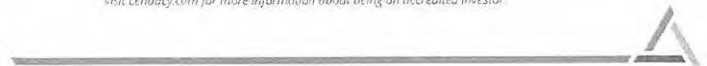
To qualify, you must in general terms:

- Have an income exceeding \$200,000 in each of the two most recent years or a joint income with your spouse that exceeds \$300,000 for those years and a reasonable expectation of the same income level in the current year.
- Be an individual who has a net worth, or joint net worth with your spouse that exceeds \$1 million excluding the value of your primary residence.
- Be a trust, with total assets in excess of \$5 million, not formed to specifically purchase the subject securities, whose purchase is directed by a sophisticated person.
- Be an entity in which all the equity owners are accredited investors.

If you qualify, you are able to participate in a variety of investment opportunities not available to those who have not achieved this financial status. They include IPO's, hedge and private equity funds, structural products created within the banking sector, as well as certain commercial real estate and brand name franchise investments.

However, many accredited investors are unaware of the possibilities available and do not take advantage of them. Your Lendacy consultant will be happy to discuss this and show you how you can best leverage your wealth given your current financial needs.

*Visit [Lendacy.com](http://Lendacy.com) for more information about being an accredited investor.*







## The Three Quick and Simple Steps to Funding

### 1. The Discovery Step

The process begins with your providing a standard credit application to determine whether you qualify as an accredited investor. If you qualify for a line of credit, then we will work to find a repayment schedule that meets your needs going forward, whether it is a deferred, interest only, principal reduction, or flat payment schedule. The objective is to craft a comprehensive solution that leverages your wealth to serve your goals for growing and protecting your financial legacy.

### 2. The Solution Step

Once the information we obtain in the discovery phase has established you are an accredited investor and eligible for a Lendacy line of credit, we will make recommendations on repositioning your assets and liabilities with a custodian who specializes in working with people like you who are leveraging their wealth.

### 3. The Funding Step

Once your custodian has your funds, they will complete the transaction with our partnering investment manager and you will have access to your line of credit through a wire transfer to your bank, escrow account, or to you personally, however you direct.







## Case Studies: Acquiring Real Estate

When retired architect Rob F. found a four-acre lot on which he could build four homes, he knew he had uncovered a promising investment opportunity and wanted to take advantage of it. He turned to his bank for the capital needed to pursue the project.

Though he paid for several promising appraisals over a period of months and was willing to put up a 40% deposit and pay 5% interest on the loan, the bank rejected him. Their rationale: though he had 35 years of experience as an architect, he had none as a builder.

Rob was referred to Lendacy by the real estate agent that had found him the property. We brought him to a team of professional asset managers that recognized the value of his career and offered a creative approach to obtaining the necessary capital.

Within seven days, Lendacy arranged an investor relationship credit line that allowed Rob to fund the transaction at a rate well below prime so liquidating his assets was unnecessary. He was able to keep them working, generating dividend income and interest sufficient to pay insurance and taxes on the property in addition to the interest on his credit line.

Today, the properties are built and Rob is realizing a healthy positive cash flow.





### Case Studies: Refinancing a Property

In 2005, Susan and George K. obtained a construction loan to build their dream home. They purchased a lot, worked closely with an architect, and began construction. But in the midst of building the housing bubble burst. The couple was left with a house that was underwater and a loan they could not refinance.

Already paying an excessive interest rate of 6%, they were then charged penalties for exceeding the term of the construction loan balloon. In all, they found themselves faced with a monthly obligation of nearly \$15,000. For four years they attempted—and failed—to refinance or restructure the loan because their bank demanded a cash-in refinance. To do so would have meant liquidating a considerable portion of their IRA and paying tax penalties because they were not yet 62. Their cherished dream of retirement was in jeopardy.

The couple's financial professionals had no way to help them. So they referred them to Lendacy. In a matter of days, they were able to obtain an investor relationship line of credit below prime that enabled them to execute the cash-in refinance without liquidating their assets. Their monthly costs were reduced by 300% to \$3,000 a month.

They are now in their dream home, able to repay their debt and live comfortably off the dividends and interest from their untouched assets.





### Case Studies: Preserving a Family Legacy

Like many baby boomers, Tom M. was faced with overseeing the care of an adored aging parent whose deteriorating health required dramatic changes in care and housing. The stress was overwhelming as Tom was seemingly faced with choices that would wipe out the legacy his parents had worked so hard to build for him, his wife, and children. Even more disheartening, he soon realized that even if he were to liquidate all of his mother's assets there was no guarantee they would provide the level of care that he, and she, wanted her to enjoy in her old age.

A friend familiar with Lendacy recommended us to Tom. Lendacy's financial team was able to arrange a customized investor relationship line of credit within a few weeks with an interest rate well below prime with a flexible, interest-only payment option.

Tom was then able to acquire, free and clear, a home for his mother in a country club like independent living facility she loved while leaving a 100% of her investment assets intact. Tom used the dividends and interest she earned to pay for her care.

His Lendacy line of credit enabled Tom to preserve his peace of mind as well as his mother's legacy.





## Case Studies: Fixing and Flipping

Joe S. had always had a keen eye as an entrepreneur and had done well targeting niche markets for fixing and flipping properties during the real estate boom. But when the Great Recession hit, competition increased in his market segment. Margins became slimmer and profits harder to come by because of higher lender fees, high interest rates, and banks less willing to lend money.

While others were hurt in this new environment, Joe found a way to take advantage of it and create greater opportunities for himself with a new funding platform for the acquisition of property and construction work that needed to be done with a customized investor relationship line of credit with Lendacy.

With no bank involvement, lender fees eliminated, interest rates well below market rates, and a flexible payment schedule that allowed him to defer payment until work was complete and the property sold, he was able, with this new approach to financing, to make more money on projects than ever before. Projects his competition was not even able to bid on.

Knowing that the costs of capital were substantially reduced, Joe was able to outbid his competitors for properties and sell them for less, while still making a healthy profit thanks to the savings his Lendacy line of credit provided.

He also had the satisfaction of providing housing for people who might otherwise not be able to afford it.





## Lendacy's Founding Partners

Michael S. Williams, Founding/Managing Partner, President

Michael brings more than 20 years and a wide breadth of experience in financial markets to his role at Lendacy, where he oversees the relationship between the company and its affiliated investment partners.

Michael and his partner, Thomas Frey, founded the Kinetic Management Group, LLC, as a management company for private investments and accredited investors. Together they also founded Silexx Financial Systems, LLC, a leading technology firm for professional trading and risk management systems with many of the top tier financial firms among their clients.

Prior to founding the Kinetic Management Group, Michael was an options market maker and has floor brokerage experience as a member of the Stock Exchange. He has worked as an institutional floor broker representing Goldman Sachs, Morgan Stanley, and Swiss Bank.

Michael has lectured throughout the country on derivatives and risk management. He is the co-author of *Fundamentals of the Options Market*, published by McGraw Hill and is the author of an economic newsletter, "Market Preview."

An honored Navy veteran who served in the Gulf and is still an avid sailor, Michael has raced sailboats in his native Michigan and in San Francisco. He collects first editions and among his most treasured are several by Winston Churchill, Robert Louis Stevenson, Ernest Hemingway, Ian Fleming and Rafael Sabatini.

Michael resides in Sarasota with his wife, Janelle, and his son, Jace.





## Lendacy's Founding Partners

Thomas J. Frey, Founding Partner

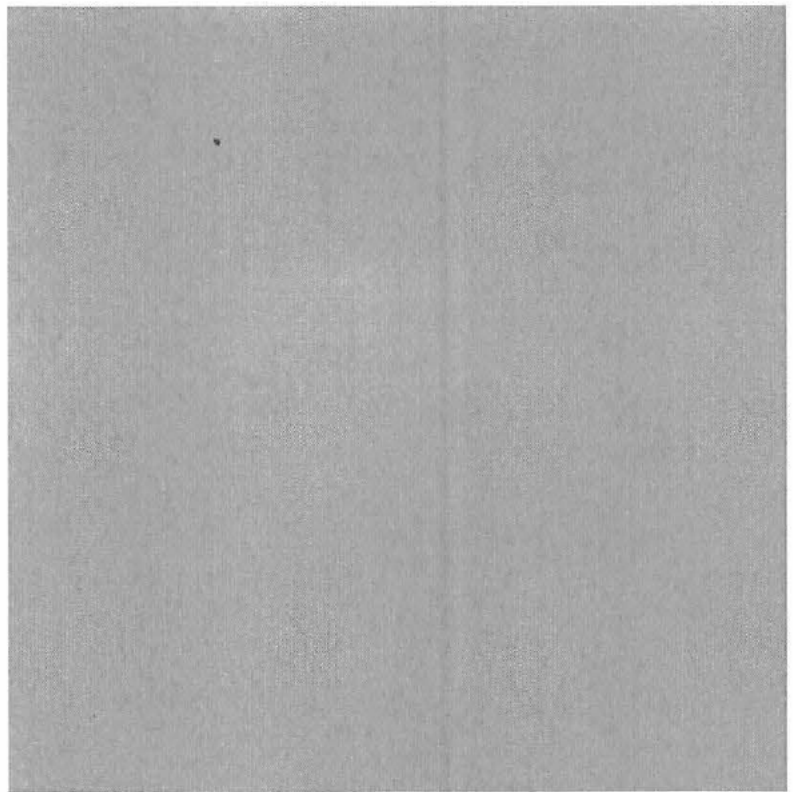
Thomas, co-founder of Lendacy, brings his considerable experience and expertise in information technology to developing the IT infrastructure and systems the company uses. He is also a founding/managing partner and President of Silexx Financial Systems, LLC, a financial trading and risk management company.

Thomas and his longtime friend and business partner, Michael Williams, founded the Kinetic Management Group to aid accredited investors in managing and leveraging their wealth. Lendacy, the Group's lending arm, was formed to provide its investors with easy access to lines of credit.

A native of Munich, Germany, Thomas decided to immigrate to the United States in 2008 after spending considerable time here working as a consultant for various hedge funds and brokerage firms. He met Michael while consulting in San Francisco and chose to move to Sarasota after visiting his friend here and falling in love with the area.

Thomas' consulting has allowed him to travel extensively. His favorite destinations include the South of France and Tokyo. He is a connoisseur of fine wines, particularly those from Bordeaux. He is an avid skier whose favorite spot are the slopes of the Swiss Alps.









Office (941) 363-6686 | Toll Free (855) 793-5363 | [info@lendacy.com](mailto:info@lendacy.com) | [www.lendacy.com](http://www.lendacy.com)  
1800 2<sup>nd</sup> Street, Suite 956 | Sarasota, FL | 34236

Lendacy is not a mortgage lender. Credit line and private loan solutions are not collateralized against real estate. All loans are subject to credit approval. Approval based on, but not limited to, credit rating, assets and income. Applicants must review the terms and conditions of the credit application and contract. Approvals are not guaranteed. Interest Rates (APR) are based on an applicant's credit worthiness and tied to Fed Fund Rates and subject to change. Loans may or may not be secured against other assets and/or may require a Guarantor. All applicants are advised to visit [lendacy.com/disclosures](http://lendacy.com/disclosures) for additional information.

2014

GEMINI FUND

Strategy Review

**[JAN 2011 – DEC 2014]**

DATA WAS PROVIDED BY STATEMENTS FROM BROKER DEALER (MEMBER FIRM) VPRO, LLC (JBO) AND NIRVANA. CLEARING RELATIONSHIP WITH MERRILL LYNCH PROFESSIONAL CLEARING CORP AND INTERACTIVE BROKERS. NET RETURNS INCLUDE COMMISSIONS, EXCHANGE FEES, INTEREST, AND CLEARING FEES. THE TRADING ACTIVITY IN ACCOUNTS ARE EXCLUSIVE TO THE STRATEGY AND FINANCIAL PRODUCTS. ACCOUNTS STATEMENTS REVIEWED; 61395, 61396, 63471, 73317, 64161.

## Strategy Assessment

### Goal:

The strategy is focused on maximizing fixed income returns, rather than market performance. Traditional fixed income and annuities lock clients in for long periods of time, thus creating a liquidity issue. These traditional fixed income funds are usually also locked into a fix rate.

The goal of the GEMINI FUND is to:

- Maximize yield in the fixed income market
- Create 90% principal protection in volatile market conditions
- Maintain maximum liquidity
- Adjust to a volatile interest rate environment

### Products:

The GEMINI FUND includes a variety of listed financial products, including but not limited to government bonds, treasury inflation protected securities (TIPS), corporate bonds, preferred shares, public listed equities, real estate investment trusts (REITs), master limited partnerships (MLPs), and exchange traded funds (ETFs). All products are listed on the U.S. exchanges and all products have a yield component.

Liquidity and volume of products are in the top 20% of all listed securities. Analysis of these listed products reflect very high liquidity factor and improves the ability to mitigate risk and/or liquidate positions in a timely fashion.

Volatility risk is limited by the very nature of the products. Because many of these products comprise government, corporate, and other forms of guarantees, the products are not exposed to the same kind of volatility that many individual stocks are exposed to. While this does not guarantee against risk of loss, it does reflect lower volatility risk.

**Time Frame, Balance, and Rotation:**

The GEMINI FUND product selection is based on value, yield, and risk. The fund is always trying to maximize yield enhancement and thus the fund is rebalanced and products are rotated based on the yields maturity, value, and risk. The core product types remains the same, however individual issue and their weighting is constantly monitored, rebalanced and rotated if products do not meet the criteria. The rebalancing and rotation is a slow process that is adjusted on a limited basis monthly and quarterly.

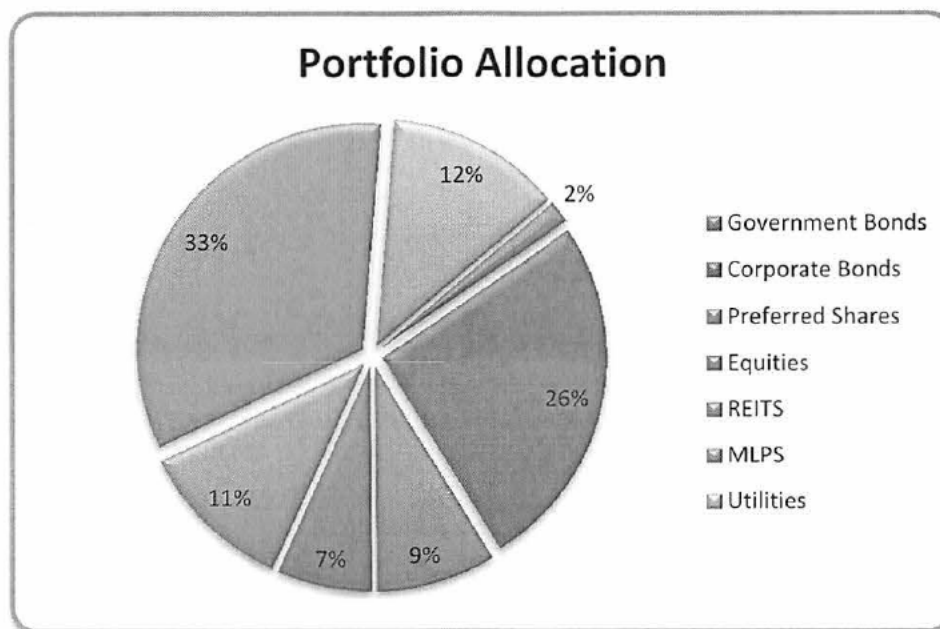
**Risk:**

The risk exposure of the fund is based on the assets held in the portfolio. While the products are typically low volatility issues when compared to typical equity positions, there still remains risk of loss. To limit downside risk the fund is proactively hedged with long put option contracts, a type of insurance against future losses. The fund proactively implements strategy to hedge 90% of the portfolio against adverse moves, which significantly reduces losses from "Black Swan" type events, Flash Crashes, and other adverse short-term risks.

The products are all in the listed market and liquid, allowing for the managers to take quick and decisive measures as market conditions change.

**Portfolio Allocation & Weighting:**

The portfolio weighting changes on a monthly basis. The fund is additionally reviewed on a quarterly basis for reallocation and any possible larger adjustments. Please note that this can and will change based on the fund managers' discretion as market conditions change.



### Net Quarterly Returns:

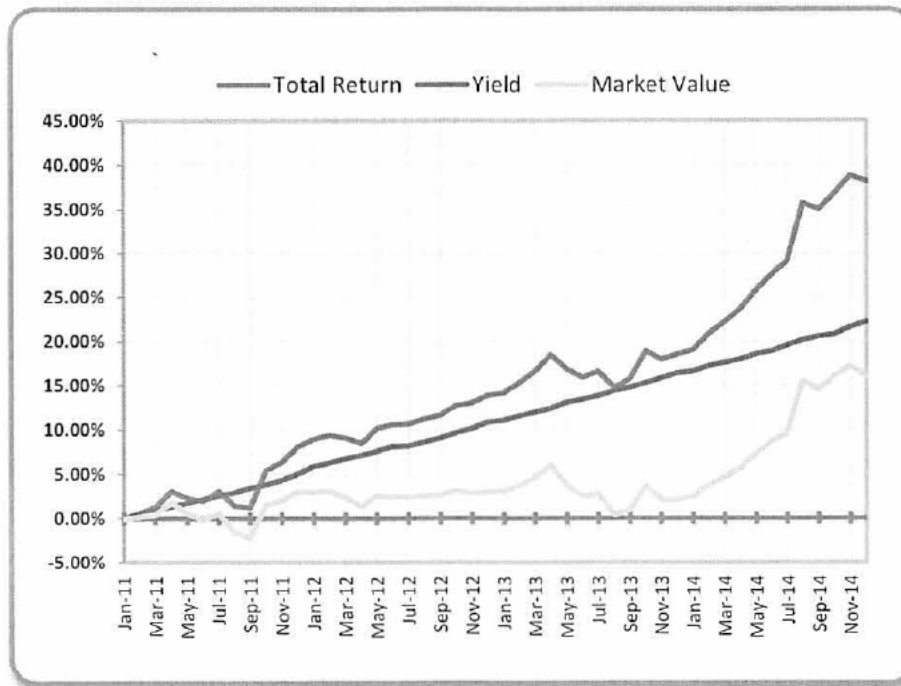
GEMINI FUND focuses on maximizing yield while limiting market exposure risk. The net quarterly yield has averaged 1.39% or 5.55% annually. The Market Value change has remained low as a by-product of active hedging and diversification. The returns are not compounded.

QTR	2011			2012			2013			2014		
	Mkt Value	Yield	Total	Mkt Value	Yield	Total	Mkt Value	Yield	Total	Mkt Value	Yield	Total
1st QTR	0.43%	0.85%	1.28%	-0.69%	1.74%	1.06%	1.60%	1.10%	2.70%	2.58%	1.17%	3.75%
2nd QTR	-0.59%	1.31%	0.71%	0.08%	1.37%	1.45%	-2.10%	1.41%	-0.69%	4.03%	1.33%	5.36%
3rd QTR	-2.02%	1.24%	-0.78%	0.16%	0.89%	1.05%	-1.54%	1.38%	-0.16%	5.79%	1.64%	7.43%
4th QTR	5.23%	1.62%	6.84%	0.41%	1.85%	2.27%	1.11%	1.64%	2.76%	1.48%	1.63%	3.11%
Total	3.04%	5.02%	8.05%	-0.03%	5.85%	5.82%	-0.92%	5.53%	4.61%	13.88%	5.78%	19.66%

Total Return	2011	2012	2013	2014	AVG
Quarterly AVG	2.01%	1.45%	1.15%	4.92%	2.38%
Quarterly Yield AVG	1.25%	1.46%	1.38%	1.45%	1.39%
Largest Qtr. Drawdown	-0.78%	0.00%	-0.69%	0.00%	-0.37%
Largest Qtr. Gain	6.84%	2.27%	2.76%	7.43%	4.83%
Market Value (YTD)	3.04%	-0.03%	-0.92%	13.88%	3.99%
Yield (YTD)	5.02%	5.85%	5.53%	5.78%	5.55%
Total Return (YTD)	8.05%	5.82%	4.61%	19.66%	9.54%

**Cumulative Returns:**

Cumulative Total Returns from January 2011 – December 2014 were 38.14%. Cumulative yield was 22.18%. The returns are not compounded.



	2011	2012	2013	2014
Yield	5.02%	10.87%	16.40%	22.18%
MV	3.04%	3.00%	2.08%	15.96%
Total Return	8.05%	13.87%	18.48%	38.14%

The fund has maintained a low level of market value volatility while maximizing the yield since January 2011.

## Returns Notes:

MAXIMUM MARK RISK RESULTED IN SEPTEMBER 2011 AS FINANCIAL MARKETS DECLINED BY OVER 10% DURING THAT PERIOD. THE FUND WAS INSURED TO 90% OF ITS EQUITY AND SAW A MARK-TO-MARKET DECLINE OF 2.19%.

- THE STRATEGY IS FOCUSED ON FIXED INCOME AND NOT MARKET PERFORMANCE.
- YIELD INCOME WAS GENERATED EVERY MONTH, EXCEPT FOR JANUARY IN WHICH INCOME IS NOT ALWAYS ISSUED, IN THOSE CASES IT IS PAID TWICE IN DECEMBER THE PRECEDING YEAR FOR TAX REASONS.
- STANDARD DEVIATION IS LOW RELATIVE TO TYPICAL EQUITY POSITIONS.
- MONTHLY RISK BASED HAIRCUT (RBH MARGIN) REMAINS IN THE 25% RANGE.
- THE FUND IS NOT LEVERED.
- INVESTORS MAY ELECT TO TAKE YIELD DISTRIBUTIONS OR REINVEST THEM, THE RETURNS DO NOT REFLECT COMPOUNDED RETURNS
- THIS IS NOT A HIGH FREQUENCY STRATEGY.
- POSITIONS ARE CARRIED OVER NIGHT.
- POSITIONS ARE USUALLY ROLLED PRIOR TO EXPIRATION.
- LISTED OPTIONS ARE USED TO REDUCE EQUITY RISK.

## Disclaimer

OPTIONS INVOLVE A HIGH DEGREE OF RISK AND ARE NOT SUITABLE FOR ALL INVESTORS. FOR MORE INFORMATION, PLEASE READ CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS, AVAILABLE AS OF THE EFFECTIVE DATE OF THIS AGREEMENT, AT: [HTTP://WWW.OPTIONSCLEARING.COM/PUBLICATIONS/RISKS/RISKSTOC.PDF](http://www.optionsclearing.com/publications/risks/riskstoc.pdf).


THIS STUDY DOES NOT INCLUDE A REVIEW OF ANY LEGAL DOCUMENTS, REGULATORY REQUIREMENTS, INVESTOR REQUIREMENTS, OR CURRENT INVESTORS REPORTS.

THIS REPORT DOES NOT ENDORSE OR RECOMMEND ANY INVESTMENTS AND SHOULD BE STRICTLY USED FOR INFORMATION PURPOSES BASED ON THE DATA PROVIDED BY VPRO AND MERRILL LYNCH PROFESSIONAL CLEARING

BEFORE MAKING ANY INVESTMENTS CHECK WITH YOUR REGISTERED INVESTMENT ADVISOR.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RETURNS.





# GEMINI FUND

**INCOME AND SECURITY**  
GEMINI IS LIKE HAVING AN UNFAIR ADVANTAGE.

## WHY GEMINI FUNDS?

**SECURE**  
The GEMINI fund offers principal protection through our Pro-Active Risk Management System.

**SAFE**  
The GEMINI fund is held at a top tier prime brokerage firm. All financial products are exchange listed.

**LIQUID**  
Listed products on the exchange means there is always a market.

**INCOME GENERATION**  
The GEMINI fund pays monthly and quarterly income, regardless of principal performance.

**QUALIFIED MONEY**  
The GEMINI fund is approved for Qualified Money, based on approval of the independent trust company.

## GEMINI

We combine an income generation strategy with hedged principal growth to create a unique hybrid investment fund called GEMINI. The investment portfolio is hedged against extreme negative market moves and offers additional yield enhancements to boost income returns.

## INCOME RETURNS

Measured, dependable income returns are achieved through the owning of listed government and corporate bonds, preferred shares, and other listed income products that pay dividends. The goal of GEMINI is to generate income that exceeds treasury yield.

## PRO-ACTIVE RISK MANAGEMENT SYSTEM


Traditional investments hold long positions without insurance; they rely on "timing" and the ability of the fund manager to exit before significant drops in the market. However, many times investments are caught in unexpected market conditions and it is most likely too late to exit at favorable prices. Frequently investment advisors' advice at this point is to "Hold" the position and "Hope" the market will rebound. While they are usually right, in many cases it will take months, if not years, before unrealized losses are slowly made back.

The GEMINI fund uses a Pro-Active Risk Management System that pre-insures the portfolio before any unexpected market volatility creates significant losses. Investors can sleep at night knowing that 90-95% of their principal is insured against adverse market moves. This Pro-Active Risk Management System significantly reduces volatility in the fund, by insuring against "Flash Crashes," "Black Swan Events," and other massive consequential market impacts.

## INVESTING

The GEMINI fund is a conservative income fund that is easy to invest in. A combination of the Pro-Active Risk Management System secures principal while a dividend income strategy boosts returns. GEMINI targets interest income that far exceeds treasury yields, while showing roughly 90-95% of principal against discrete market events, depending on market conditions.

GEMINI is one of the few income funds that offer the Pro-Active Risk Management System.



## GEMINI FUND

## THE GEMINI FUND DIFFERENCE

The GEMINI fund was designed to tackle many limitations of traditional income funds, which include lock-up until maturity and fixed yield that may not beat the rate of inflation. That goal is accomplished by the following:

### BLENDED PORTFOLIO

The GEMINI fund holds a variety of financial products that include government and corporate bonds, preferred stock, REITs, ETFs, MLPs, and more. All these products collectively offer income for the holders. By creating a proprietary basket of products we can maximize the yield and manage inflation risk. GEMINI is constantly analyzing the market and looking to enhance the return by reweighting the basket based on yield, value, and risk.

### INSURING AGAINST RISK

Traditional income products, like Treasury Bonds, are considered "Safe Havens" because 100% of the principal is returned at maturity. However, a 10-year lock-up on principal on a 10-year treasury means having to wait a long time. The GEMINI fund invests in a variety of financial products with staggered maturity dates and uncorrelated risks. The majority of the principal is then actively hedged against "Black Swan" or event risk.

### INCOME

We appreciate that some investors need monthly or quarterly income. The GEMINI fund allows investors a choice of monthly or quarterly income distributions or automatic reinvestment into the fund. It's that simple, it's your money and if you need it, it's available.

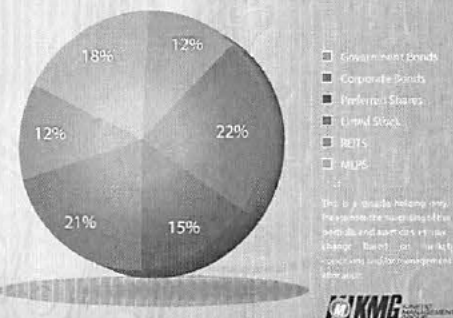
The combination of a blended portfolio to enhance yield, hedging against event risk, and generating monthly or quarterly income, we believe that the GEMINI fund offers a unique opportunity for investors versus traditional yield enhancement products.

## THE GEMINI FUND HOLDINGS

The proprietary portfolio basket consists of exchange listed products only. The portfolio may include, but is not limited to the following listed products:

- GOVERNMENT BONDS, INCLUDING TREASURY INFLATION PROTECTED SECURITIES (TIPS)
- CORPORATE BONDS
- PREFERRED SHARES
- PUBLICLY LISTED EQUITIES
- REAL ESTATE INVESTMENT TRUSTS (REITs)
- MASTER LIMITED PARTNERSHIPS (MLPs)

## PORTFOLIO ALLOCATION SAMPLE



Sent: Mon, 14 Sep 2015 18:59:35 -0400  
Subject: LENDACY - Dr. Corbett transaction  
From: Kelly Locke <klocke@lendacy.com>  
To: [REDACTED]@kingstreet.com  
Cc: fscorbett <FSCORBETT@verizon.net>  
[Lendacy Brochure \(4\).pdf](#)  
[KFYIELD-BENCHMARK \(7\).pdf](#)  
[KFYIELD-REPORT-AUG15 \(5\).pdf](#)

Hi Ryan,

Dr. Corbett asked that I forward some information to you regarding the investment / lending structure we are offering to facilitate his upcoming real estate purchase.

Lendacy is a relationship based lending company that partners with Kinetic Investment Group to offer a solution that allows investors the ability to keep their assets invested, generating income and in turn, Lendacy provides an unsecured credit line to use for the purchase.

I understand you have access to a Bloomberg terminal - our ticker is **KFYIELD**.

KFYIELD is a conservatively blended fund that targets income while securing investor principal. The fund employs options to mitigate risk, and ensure growth and monthly dividend income. The fund's holdings are primarily invested in government bonds including treasury inflation protected securities, corporate bonds, preferred shares, publicly listed equities, real estate investment trusts and master limited partnerships. Our funds can distribute liquidity on a quarterly basis with the option of reinvestment or redistribution of profits.

Based on the investment relationship Dr. Corbett would maintain with our partner, Kinetic, Lendacy can extend a 70% LTV and only charges simple interest.

Michael Williams developed the trading strategy and proactively manages the fund. When you have a moment to review this material, please let me know if you have any questions and I can arrange a conference call to discuss in more detail.

I've attached some reports of the information you'll find on Bloomberg as well as our Lendacy brochure than includes a few case studies.

Thank you and have a nice evening,

--

Kelly Locke, Operations Director  
LENDACY - Leverage Your Wealth  
1800 2nd Street, Suite 956  
Sarasota, FL 34236  
[klocke@lendacy.com](mailto:klocke@lendacy.com)  
[www.lendacy.com](http://www.lendacy.com)  
(941) 363-6686



# Bloomberg

## KINETIC FUNDS YIELD

## Fund Overview

Kinetic Funds Yield is an open end fund incorporated in the United States. It is a conservative blended fund that targets income while securing principal. The strategy employs options to mitigate risk, and ensure growth and income. The fund's holdings are primarily invested in government bonds including TIPS, corporate bonds, preferred shares, publicly listed equities, REITs and MLPs.

### Contact Details

Management Company  
Company Address

Kinetic Management Group LLC  
Kinetic Management Group  
LLC, 1800 2nd Street, Suite 955,  
Sarasota, FL 34236, USA

Company Telephone

1-941-870-9544

Web Site

www.kinetic-sg.com

Fund Manager

MICHAEL S WILLIAMS

Mgr - Start Date

01/02/2012

Transfer Agent

--

### Fund Info

Last Close

\$ 127.58

Total Assets (mil)

\$ 8.95

Total Assets Date

08/31/2015

Inception Date

01/01/2012

Primary Benchmark

S&P Preferred Stock TR

Curr

US Dollar

Min Investment

US Dollar 250,000.00

Ticker

KFYIELD US

ISIN

--

### Fees And Expenses

Expense Ratio

--

Front Load

--

Fund Mgr Stated Fee

--

Mgr Stated Perf. Fee

--

High-Water Mark

--

Hurdle Rate

--

Back Load

--

Early Withdraw Fee

--

### Bloomberg Classification

Fund Type

Mutual Fund

Fund Asset Class Focus

Mixed Allocation

Domicile

United States

Fund Objective

Conservative Allocation

Fund Style

--

Fund Market Cap Focus

--

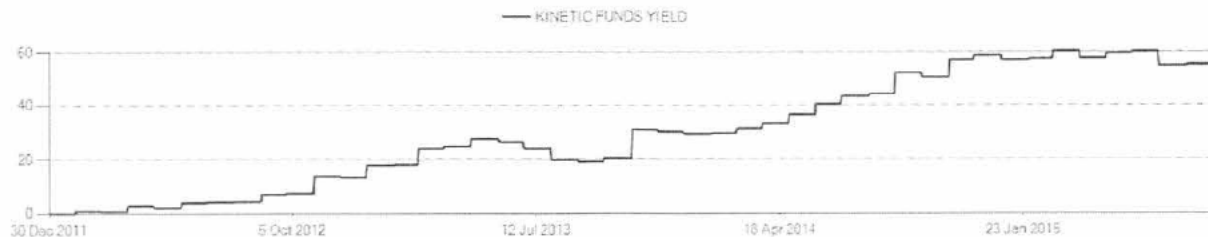
Fund Geographical Focus

United States

Fund Currency Focus

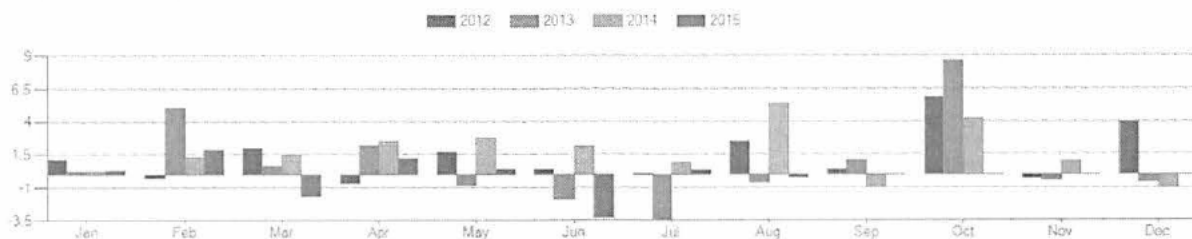
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### Total Return Chart



### Seasonality

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	1.10	-0.24	2.04	-0.65	1.72	0.37	0.08	2.52	0.41	5.84	-0.38	3.99
2013	0.18	5.02	0.65	2.21	-0.88	-1.90	-3.39	-0.61	1.05	8.61	-0.44	-0.58
2014	0.18	1.24	1.44	2.47	2.77	2.10	0.85	5.39	-0.97	4.23	0.96	-1.02
2015	0.33	1.82	-1.67	1.19	0.37	-3.33	0.26	-0.29	--	--	--	--



The material produced in this document is intended for informational purposes only and should not be construed as an offer or solicitation for the purchase or sale of any financial instrument. This information provided herein reflects current market practices and is not intended to constitute legal, tax, or accounting advice. The information and data contained herein has been obtained from internal data processing, fund administrators as well as other outside sources and, although it is believed to be accurate, no guarantee of completeness or accuracy is being made. Bloomberg LP shall not be liable for any losses or damage that anyone may suffer as a result of relying on this information. The information may be changed by Bloomberg LP at any time.

# Bloomberg

## KINETIC FUNDS YIELD

## Fund Performance-Risk-Tracking

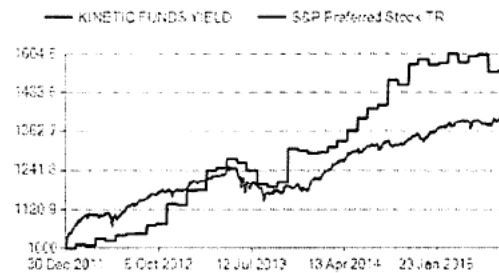
Benchmark: S&P Preferred Stock TR

as of 08/31/2015

Currency: USD

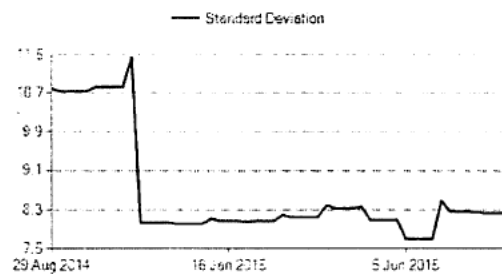
### Performance

	Fund	Bench.
Mean Return 1Y Weekly	2.19	4.58
Total Return 3M	-3.35	-0.22
Total Return 6M	-3.48	0.46
Total Return 1Y	1.70	4.41
Total Return Ytd	-1.40	2.98
Perf 2014	21.27	14.07
Perf 2013	9.79	-0.17
Perf 2012	17.93	18.64
Perf 2011	--	-1.16
Perf 2010	--	14.99
Perf 2009	--	45.01
Eff 7D Yld	0.00	--
30D Yld	0.00	--
Gross 7D Yld	0.00	--
Subs 7D Yld	0.00	--
Avg Life	--	--
MMkt Avg Days To Mat.	--	--



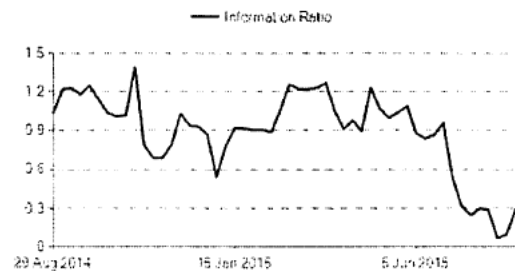
### Risk

	Fund	Bench.
Downside Risk 1Y Weekly Ann	4.10	2.53
Semivariance 1Y Weekly Ann	4.42	4.05
Standard Dev 1Y Weekly Ann	6.35	3.49
Max Drawdown 1Y	-3.48	-2.48
Max Increase 1Y	6.40	6.98
Kurtosis 1Y Weekly	11.66	-0.05
Skewness 1Y Weekly	1.00	-0.11



### Risk/Return

	vs Bench.
Excess Return 1Y Weekly Ann	-2.29
Information Ratio 1Y Weekly	-0.32
Jensen Alpha 1Y Weekly	2.14
Modigliani Rap 1Y Weekly	-0.03
Sharpe Ratio 1Y Weekly	0.34
Sortino Ratio 1Y Weekly	0.75
Treynor Measure 1Y Weekly	2.68



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# Bloomberg

## KINETIC FUNDS YIELD

## Fund Performance-Risk-Tracking

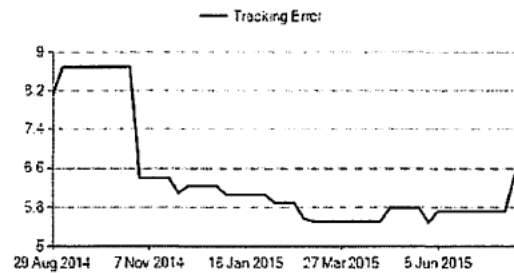
Benchmark: S&P Preferred Stock TR

as of 08/31/2015

Currency: USD

Tracking

	vs Bench.
Alpha 1Y Weekly	0.04
Beta 1Y Weekly	0.00
Correlation 1Y Weekly	0.00
Bear Correlation 1Y Weekly	0.07
Bull Correlation 1Y Weekly	-0.07
R Squared 1Y Weekly	0.00
Tracking Error 1Y Weekly Ann	--



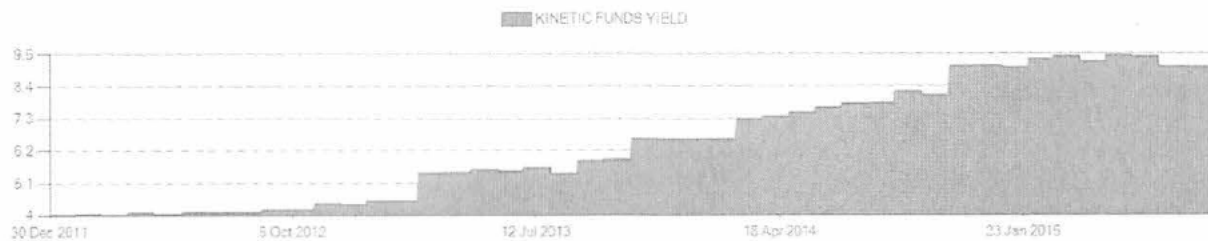
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# Bloomberg

## Fund Allocation

Total Assets (mil)

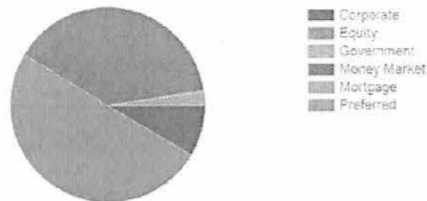
as of 08/31/2015



## Asset Allocation

as of 08/25/2015

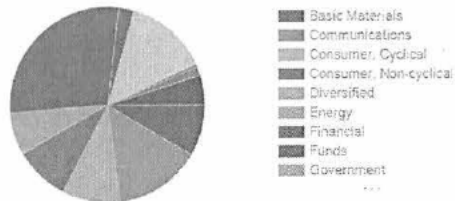
Corporate	8.544 %
Equity	50.057 %
Government	0.033 %
Money Market	38.94 %
Mortgage	0.31 %
Preferred	2.117 %



## Sector Allocation

as of 08/25/2015

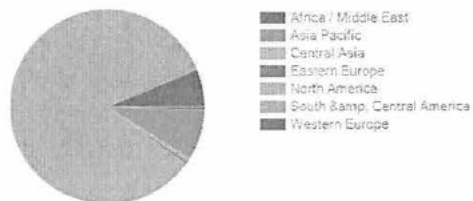
Basic Materials	5.182 %
Communications	8.85 %
Consumer, Cyclical	5.913 %
Consumer, Non-cyclical	5.564 %
Diversified	0.095 %
Energy	4.17 %
Financial	17.157 %
Funds	1.527 %
Government	0.033 %
Industrial	8.405 %
Mortgage Securities	0.31 %
Technology	0.872 %
Utilities	2.982 %



## Geo Allocation

as of 08/25/2015

Africa / Middle East	0.334 %
Asia Pacific	4.991 %
Central Asia	0.393 %
Eastern Europe	0.256 %
North America	49.067 %
South & Central America	0.893 %
Western Europe	3.747 %

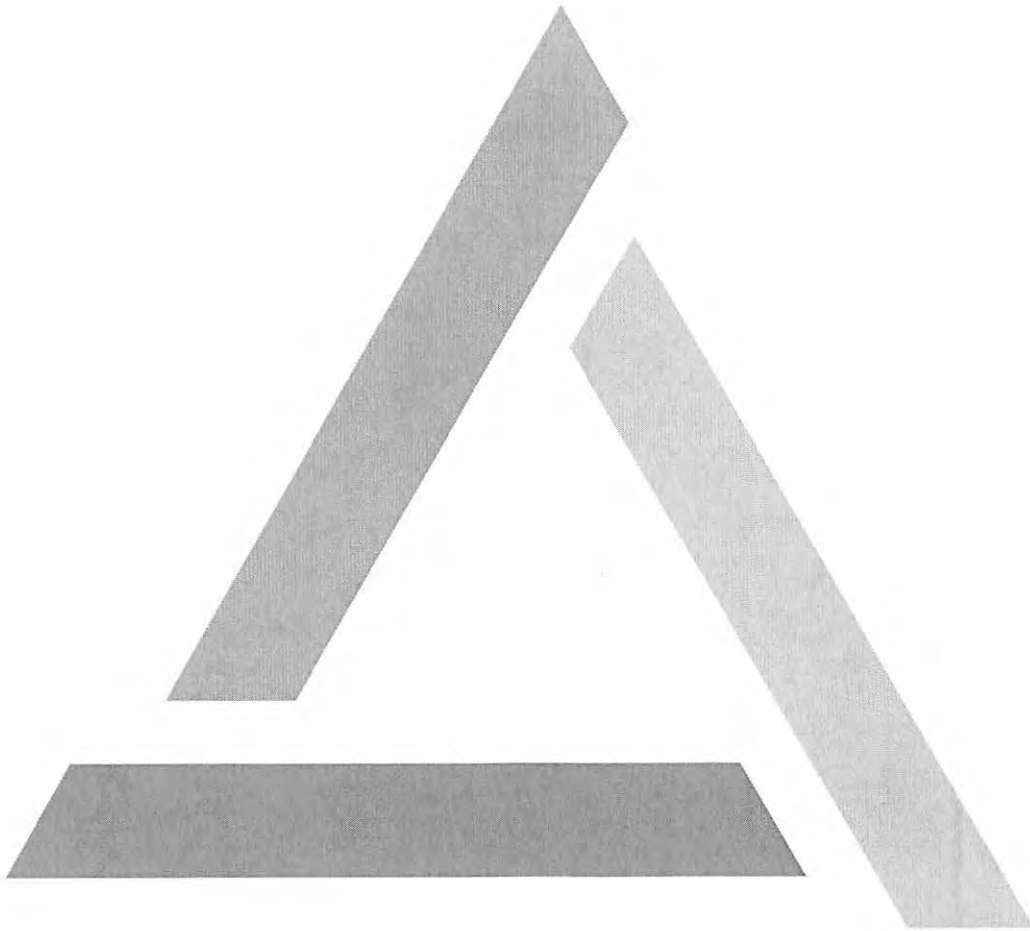


## Portfolio Statistics

as of 08/25/2015

% Of Top Ten Holdings	29.05	Avg Price/Earnings	22.53
Fund Turnover	- -	Avg Price/Cash Flow	6.57
Median Mkt Cap (M)	915.97	Avg Price/Sales	1.42
Avg Market Cap (mil)	18,719.13	Avg Price/Book Ratio	1.43
Avg Dvd Yield	5.23		

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## Lendacy: Leverage Your Wealth

Wise investors have long known that the secret to creating a financial legacy is to leverage their wealth when opportunity presents itself.

That opportunity might be the acquisition of real estate, the refinancing of a property, the rescue of an underwater property, the purchase of an IPO, or an angel investment.

But too often, accessing or borrowing the funds needed to take advantage of opportunities is fraught with difficulties: liquidating working assets, high interest rates on loans, lost opportunities because of a bank's indecision, huge penalties for early IRA withdrawals, and onerous tax consequences. The list goes on.

Lendacy offers customized lending solutions that provide access to funds with flexible lines of credit to meet your investment requirements.

Now, you can access capital you could not get to before, borrowing at a rate well below prime while having investments that often earn more than you pay in interest. You keep 100% of your capital working, generating dividends and interest with the opportunity for continued appreciation.

Because your loan is customized, your payment options are flexible, determined by your particular needs and can include deferred, interest only, flat, or principal reduction payment schedules. It is possible because of our relationships with the investment managers with whom we partner.

Intelligence, imagination, and hard work created your wealth. Partnering with Lendacy to leverage it can help protect and grow your legacy.





## The Perks of Being an Accredited Investor

The opportunity Lendacy offers is open only to those select few who have achieved a certain degree of success and in doing so are what the Securities and Exchange Commission defines as an accredited investor.

To qualify, you must in general terms:

- Have an income exceeding \$200,000 in each of the two most recent years or a joint income with your spouse that exceeds \$300,000 for those years and a reasonable expectation of the same income level in the current year.
- Be an individual who has a net worth, or joint net worth with your spouse that exceeds \$1 million excluding the value of your primary residence.
- Be a trust, with total assets in excess of \$5 million, not formed to specifically purchase the subject securities, whose purchase is directed by a sophisticated person.
- Be an entity in which all the equity owners are accredited investors.

If you qualify, you are able to participate in a variety of investment opportunities not available to those who have not achieved this financial status. They include IPOs, hedge and private equity funds, structural products created within the banking sector, as well as certain commercial real estate and brand name franchise investments.

However, many accredited investors are unaware of the possibilities available and do not take advantage of them. Your Lendacy consultant will be happy to discuss this and show you how you can best leverage your wealth given your current financial needs.

*Visit [Lendacy.com](http://Lendacy.com) for more information about being an accredited investor.*





## The Three Quick and Simple Steps to Funding

### 1. The Discovery Step

The process begins with your providing a standard credit application to determine whether you qualify as an accredited investor. If you qualify for a line of credit, then we will work to find a repayment schedule that meets your needs going forward, whether it is a deferred, interest only, principal reduction, or flat payment schedule. The objective is to craft a comprehensive solution that leverages your wealth to serve your goals for growing and protecting your financial legacy.

### 2. The Solution Step

Once the information we obtain in the discovery phase has established you are an accredited investor and eligible for a Lendacy line of credit, we will make recommendations on repositioning your assets and liabilities with a custodian who specializes in working with people like you who are leveraging their wealth.

### 3. The Funding Step

Once your custodian has your funds, they will complete the transaction with our partnering investment manager and you will have access to your line of credit through a wire transfer to your bank, escrow account, or to you personally, however you direct.





## Case Studies: Acquiring Real Estate

When retired architect Rob F. found a four-acre lot on which he could build four homes, he knew he had uncovered a promising investment opportunity and wanted to take advantage of it. He turned to his bank for the capital needed to pursue the project.

Though he paid for several promising appraisals over a period of months and was willing to put up a 40% deposit and pay 5% interest on the loan, the bank rejected him. Their rationale: though he had 35 years of experience as an architect, he had none as a builder.

Rob was referred to Lendacy by the real estate agent that had found him the property. We brought him to a team of professional asset managers that recognized the value of his career and offered a creative approach to obtaining the necessary capital.

Within seven days, Lendacy arranged an investor relationship credit line that allowed Rob to fund the transaction at a rate well below prime so liquidating his assets was unnecessary. He was able to keep them working, generating dividend income and interest sufficient to pay insurance and taxes on the property in addition to the interest on his credit line.

Today, the properties are built and Rob is realizing a healthy positive cash flow.





### Case Studies: Refinancing a Property

In 2005, Susan and George K. obtained a construction loan to build their dream home. They purchased a lot, worked closely with an architect, and began construction. But in the midst of building the housing bubble burst. The couple was left with a house that was underwater and a loan they could not refinance.

Already paying an excessive interest rate of 6%, they were then charged penalties for exceeding the term of the construction loan balloon. In all, they found themselves faced with a monthly obligation of nearly \$15,000. For four years they attempted—and failed—to refinance or restructure the loan because their bank demanded a cash-in refinance. To do so would have meant liquidating a considerable portion of their IRA and paying tax penalties because they were not yet 62. Their cherished dream of retirement was in jeopardy.

The couple's financial professionals had no way to help them. So they referred them to Lendacy. In a matter of days, they were able to obtain an investor relationship line of credit below prime that enabled them to execute the cash-in refinance without liquidating their assets. Their monthly costs were reduced by 300% to \$3,000 a month.

They are now in their dream home, able to repay their debt and live comfortably off the dividends and interest from their untouched assets.





### Case Studies: Preserving a Family Legacy

Like many baby boomers, Tom M. was faced with overseeing the care of an adored aging parent whose deteriorating health required dramatic changes in care and housing. The stress was overwhelming as Tom was seemingly faced with choices that would wipe out the legacy his parents had worked so hard to build for him, his wife, and children. Even more disheartening, he soon realized that even if he were to liquidate all of his mother's assets there was no guarantee they would provide the level of care that he, and she, wanted her to enjoy in her old age.

A friend familiar with Lendacy recommended us to Tom. Lendacy's financial team was able to arrange a customized investor relationship line of credit within a few weeks with an interest rate well below prime with a flexible, interest-only payment option.

Tom was then able to acquire, free and clear, a home for his mother in a country club like independent living facility she loved while leaving a 100% of her investment assets intact. Tom used the dividends and interest she earned to pay for her care.

His Lendacy line of credit enabled Tom to preserve his peace of mind as well as his mother's legacy.





### Case Studies: Fixing and Flipping

Joe S. had always had a keen eye as an entrepreneur and had done well targeting niche markets for fixing and flipping properties during the real estate boom. But when the Great Recession hit, competition increased in his market segment. Margins became slimmer and profits harder to come by because of higher lender fees, high interest rates, and banks less willing to lend money.

While others were hurt in this new environment, Joe found a way to take advantage of it and create greater opportunities for himself with a new funding platform for the acquisition of property and construction work that needed to be done with a customized investor relationship line of credit with Lendazy.

With no bank involvement, lender fees eliminated, interest rates well below market rates, and a flexible payment schedule that allowed him to defer payment until work was complete and the property sold, he was able, with this new approach to financing, to make more money on projects than ever before. Projects his competition was not even able to bid on.

Knowing that the costs of capital were substantially reduced, Joe was able to outbid his competitors for properties and sell them for less, while still making a healthy profit thanks to the savings his Lendazy line of credit provided.

He also had the satisfaction of providing housing for people who might otherwise not be able to afford it.







## Lendacy's Founding Partners

Michael S. Williams, Founding/Managing Partner, President

Michael brings more than 20 years and a wide breadth of experience in financial markets to his role at Lendacy, where he oversees the relationship between the company and its affiliated investment partners.

Michael and his partner, Thomas Frey, founded the Kinetic Management Group, LLC, as a management company for private investments and accredited investors. Together they also founded Siloxx Financial Systems, LLC, a leading technology firm for professional trading and risk management systems with many of the top tier financial firms among their clients.

Prior to founding the Kinetic Management Group, Michael was an options market maker and has floor brokerage experience as a member of the Stock Exchange. He has worked as an institutional floor broker representing Goldman Sachs, Morgan Stanley, and Swiss Bank.

Michael has lectured throughout the country on derivatives and risk management. He is the co-author of *Fundamentals of the Options Market*, published by McGraw Hill and is the author of an economic newsletter, "Market Preview."

An honored Navy veteran who served in the Gulf and is still an avid sailor, Michael has raced sailboats in his native Michigan and in San Francisco. He collects first editions and among his most treasured are several by Winston Churchill, Robert Louis Stevenson, Ernest Hemingway, Ian Fleming and Rafael Sabatini.

Michael resides in Sarasota with his wife, Jamele, and his son, Jace.





### **Lendacy's Founding Partners**

Thomas J. Frey, Founding Partner

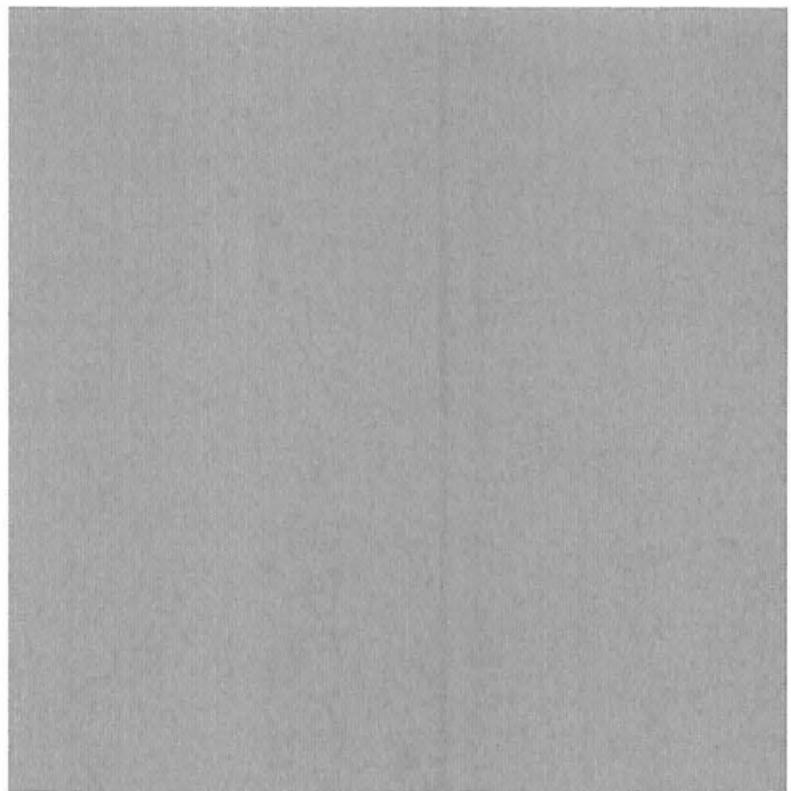
Thomas, co-founder of Lendacy, brings his considerable experience and expertise in information technology to developing the IT infrastructure and systems the company uses. He is also a founding/managing partner and President of Siltexx Financial Systems, LLC, a financial trading and risk management company.

Thomas and his longtime friend and business partner, Michael Williams, founded the Kinetic Management Group to aid accredited investors in managing and leveraging their wealth. Lendacy, the Group's lending arm, was formed to provide its investors with easy access to lines of credit.

A native of Munich, Germany, Thomas decided to immigrate to the United States in 2008 after spending considerable time here working as a consultant for various hedge funds and brokerage firms. He met Michael while consulting in San Francisco and chose to move to Sarasota after visiting his friend here and falling in love with the area.

Thomas' consulting has allowed him to travel extensively. His favorite destinations include the South of France and Tokyo. He is a connoisseur of fine wines, particularly those from Bordeaux. He is an avid skier whose favorite spot are the slopes of the Swiss Alps.







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1800 2<sup>nd</sup> Street, Suite 956 | Sarasota, FL | 34236

Lendacy is not a mortgage lender. Credit line and private loan solutions are not collateralized against real estate. All loans are subject to credit approval. Approval based on, but not limited to, credit rating, assets and income. Applicants must review the terms and conditions of the credit application and contract. Approvals are not guaranteed. Interest Rates (APR) are based on an applicant's credit worthiness and tied to Fed Fund Rates and subject to change. Loans may or may not be secured against other assets and/or may require a Guarantor. All applicants are advised to visit [lendacy.com/disclosures](http://lendacy.com/disclosures) for additional information.

## Bloomberg

## Performance Analysis

Portfolio: KFYIELD US

Benchmark: SPTRFTR

Start Date: 12/30/2011

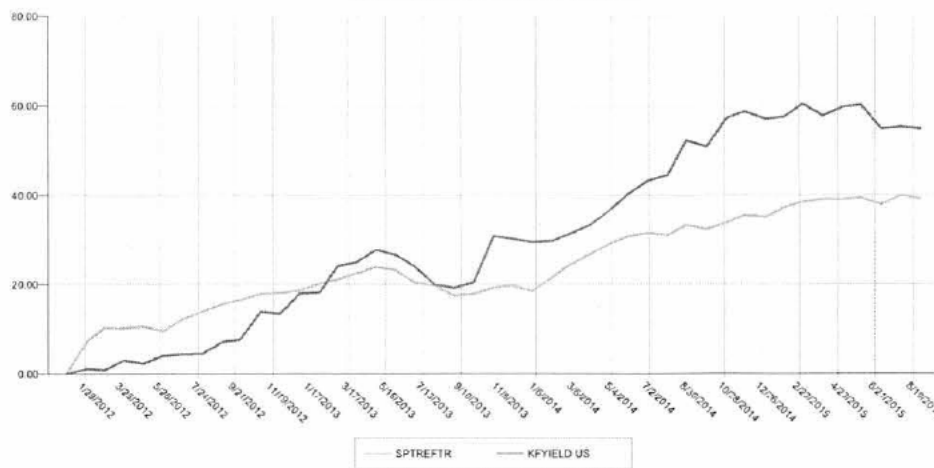
End Date: 08/31/2015

Currency: USD

Period: Monthly

History: Total Return

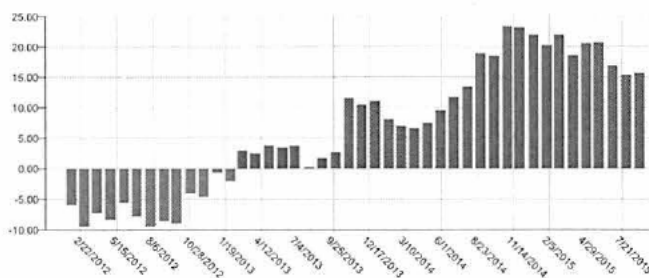
Total Return: 54.817 Benchmark: 39.133



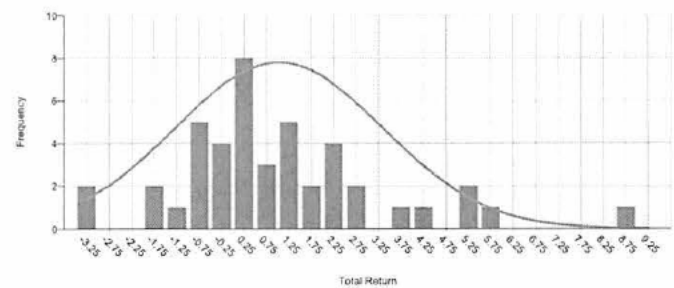
## Performance Analysis

Performance: Daily	Portfolio	Benchmark
Total Return 1 Month(s)	-0.29	-0.55
Total Return MTD	-0.29	-0.55
Total Return QTD	-0.03	0.87
Total Return YTD	-1.40	2.98
Total Return 3 Month(s)	-3.35	-0.22
Total Return 6 Month(s)	-3.48	0.46
Total Return 1 Year(s)	1.70	4.41
Total Return 2 Year(s)	29.90	18.43
Total Return 3 Year(s)	44.53	20.34
Risk: Weekly		
Standard Deviation 1 Year(s)	6.35	3.49
Semivariance 1 Year(s)	4.71	4.08
Beta 1 Year(s)	0.14	--
Correlation 1 Year(s)	0.06	--
R-Squared 1 Year(s)	0.00	--
Information Ratio 1 Year(s)	0.31	--
Sharpe Ratio vs Risk Free 1 Year(s)	0.93	1.40
Tracking Error 1 Year(s)	6.46	--

## Performance Vs Benchmark



## Return Distribution



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Bloomberg

Performance Analysis

Portfolio: KFYIELD US

Benchmark: SPTREFTF

Start Date: 12/30/2011

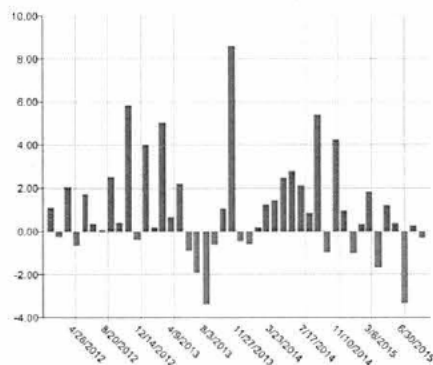
End Date: 09/31/2015

Currency: USD

Period: Monthly

History: Total Return

Absolute Period Analysis



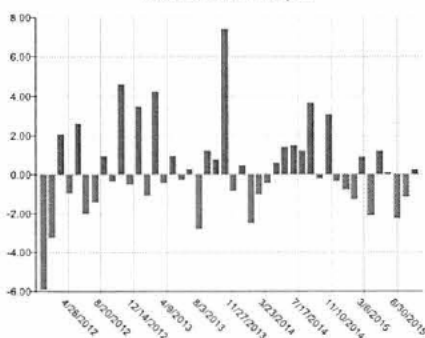
Period Analysis			
	Up	Down	Total
Number	30	14	44
Percentage	68.18	31.82	100.00
Average	2.05	-1.17	1.02
Standard Dev.	2.04	1.05	2.33
Max Sequence	8	4	8
Avg Sequence	3.00	1.40	2.20

Best-Worst		
	Performance	Date
Best 1	8.61	10/31/2013
Best 2	5.84	10/31/2012
Best 3	5.39	08/29/2014
Worst 1	-3.39	07/31/2013
Worst 2	-3.33	06/30/2015
Worst 3	-1.90	06/28/2013

Monthly Return

	Periodic Performance			Cumulative Performance		
	Portfolio	Benchmark	+/-	Portfolio	Benchmark	+/-
08/31/2015	-0.29	-0.55	0.26	54.82	39.14	15.68
07/31/2015	0.26	1.43	-1.17	55.26	39.91	15.35
06/30/2015	-3.33	-1.08	-2.25	54.86	37.94	16.92
05/29/2015	0.37	0.27	0.10	60.19	39.45	20.74
04/30/2015	1.19	-0.03	1.22	59.60	39.07	20.53
03/31/2015	-1.67	0.44	-2.11	57.73	39.11	18.62
02/27/2015	1.82	0.89	0.93	60.40	38.49	21.91
01/30/2015	0.33	1.60	-1.27	57.53	37.27	20.26
12/31/2014	-1.02	-0.26	-0.76	57.01	35.11	21.90
11/28/2014	0.96	1.29	-0.33	58.63	35.46	23.17
10/31/2014	4.23	1.13	3.10	57.13	33.74	23.39
09/30/2014	-0.97	-0.77	-0.21	50.75	32.25	18.51
08/29/2014	5.39	1.72	3.67	52.23	33.27	18.97
07/31/2014	0.85	-0.38	1.23	44.44	31.01	13.44
06/30/2014	2.10	0.58	1.53	43.23	31.51	11.73
05/30/2014	2.77	1.36	1.42	40.28	30.76	9.53
04/30/2014	2.47	1.85	0.61	36.50	29.01	7.49
03/31/2014	1.44	1.86	-0.42	33.21	26.66	6.55
02/28/2014	1.24	2.24	-1.00	31.32	24.34	6.98
01/31/2014	0.18	2.68	-2.50	29.71	21.61	8.10
12/31/2013	-0.58	-1.07	0.49	29.47	18.44	11.03
11/29/2013	-0.44	0.41	-0.84	30.23	19.72	10.51
10/31/2013	8.61	1.22	7.39	30.80	19.24	11.56
09/30/2013	1.05	0.27	0.78	20.44	17.81	2.63
08/30/2013	-0.61	-1.84	1.24	19.18	17.49	1.69
07/31/2013	-3.39	-0.50	-2.80	19.91	19.69	0.21
06/28/2013	-1.90	-2.20	0.30	24.11	20.41	3.71
05/31/2013	-0.88	-0.61	-0.27	26.52	23.12	3.41
04/30/2013	2.21	1.24	0.98	27.64	23.87	3.77
03/29/2013	0.65	1.08	-0.43	24.88	22.36	2.52
02/28/2013	5.02	0.76	4.25	24.07	21.06	3.01
01/31/2013	0.18	1.26	-1.08	18.14	20.14	-1.99
12/31/2012	3.99	0.50	3.49	17.93	18.64	-0.72
11/30/2012	-0.38	0.13	-0.51	13.40	18.05	-4.65
10/31/2012	5.84	1.21	4.63	13.83	17.89	-4.06
09/28/2012	0.41	0.74	-0.34	7.55	16.48	-8.93
08/31/2012	2.52	1.56	0.96	7.12	15.62	-8.50
07/31/2012	0.08	1.51	-1.43	4.49	13.85	-9.36
06/29/2012	0.37	2.39	-2.02	4.40	12.16	-7.76
05/31/2012	1.72	-0.90	2.62	4.01	9.54	-5.52
04/30/2012	-0.65	0.31	-0.96	2.25	10.53	-8.27
03/30/2012	2.04	-0.04	2.08	2.92	10.18	-7.26
02/29/2012	-0.24	3.02	-3.26	0.86	10.22	-9.37
01/31/2012	1.10	7.00	-5.90	1.10	7.00	-5.90
12/30/2011	0.00	0.00	0.00	0.00	0.00	0.00

Relative Period Analysis



Period Analysis				
	Winning	Losing	Coherent	Incoherent
Number	22	22	35	9
Percentage	50.00	50.00	79.55	20.45
Avg Difference	1.97	-1.45	0.34	-0.06
Std Dev Difference	1.81	1.33	2.44	1.97
Max Sequence	5	3	11	4
Avg Sequence	1.47	1.47	5.83	1.80

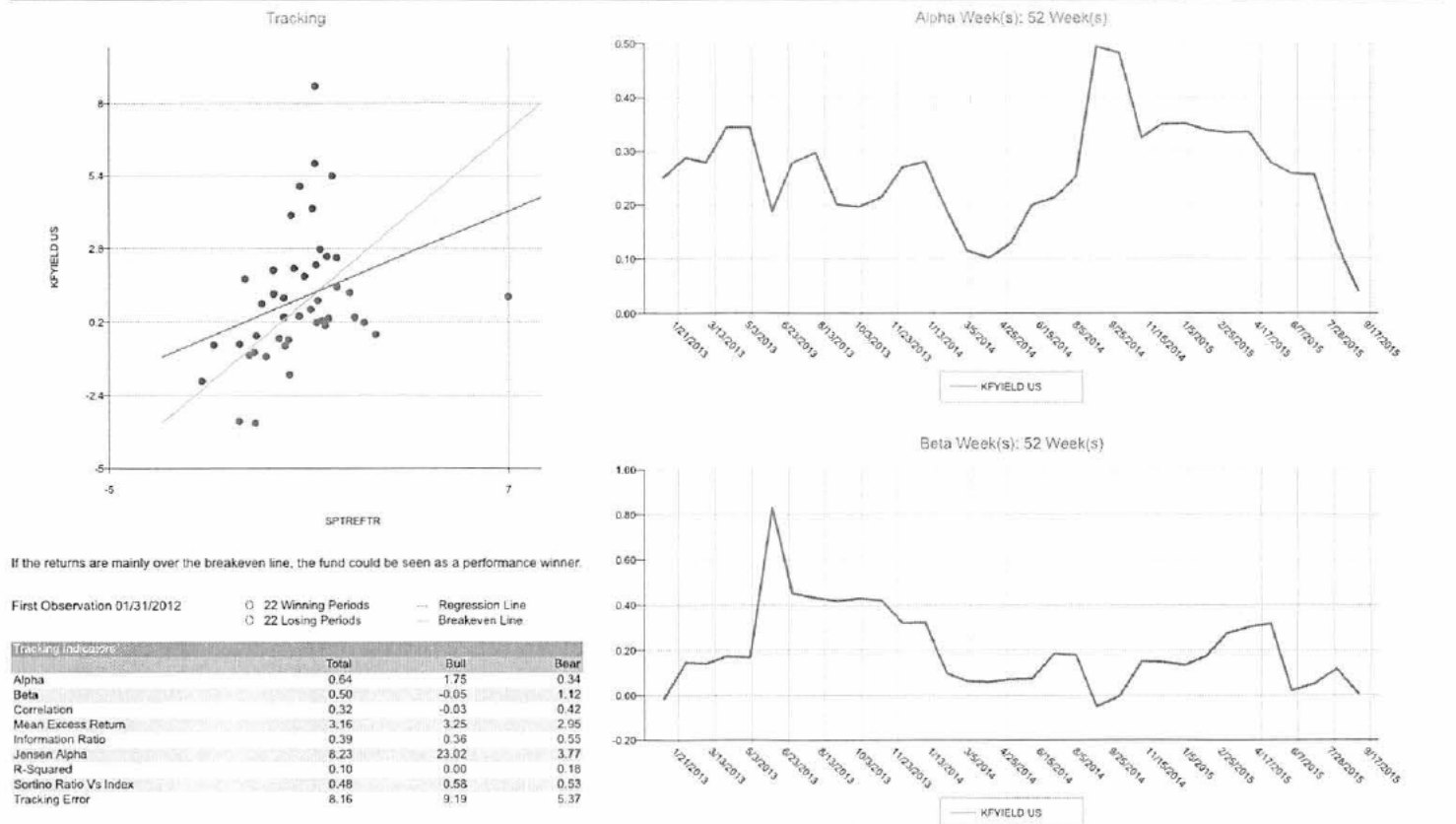
Best-Worst				
	Difference	Fund Perf	Index Perf	Date
Best 1	7.39	8.61	1.22	10/31/2013
Best 2	4.63	5.84	1.21	10/31/2012
Best 3	4.25	5.02	0.76	02/28/2013
Worst 1	-5.90	1.10	7.00	01/31/2012
Worst 2	-3.26	-0.24	3.02	02/29/2012
Worst 3	-2.80	-3.39	-0.59	07/31/2013

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## Bloomberg

## Performance Analysis

Portfolio: KFYIELD US Benchmark: SPTREFTR Start Date: 12/30/2011 End Date: 08/31/2015 Currency: USD  
 Period: Monthly History: Total Return



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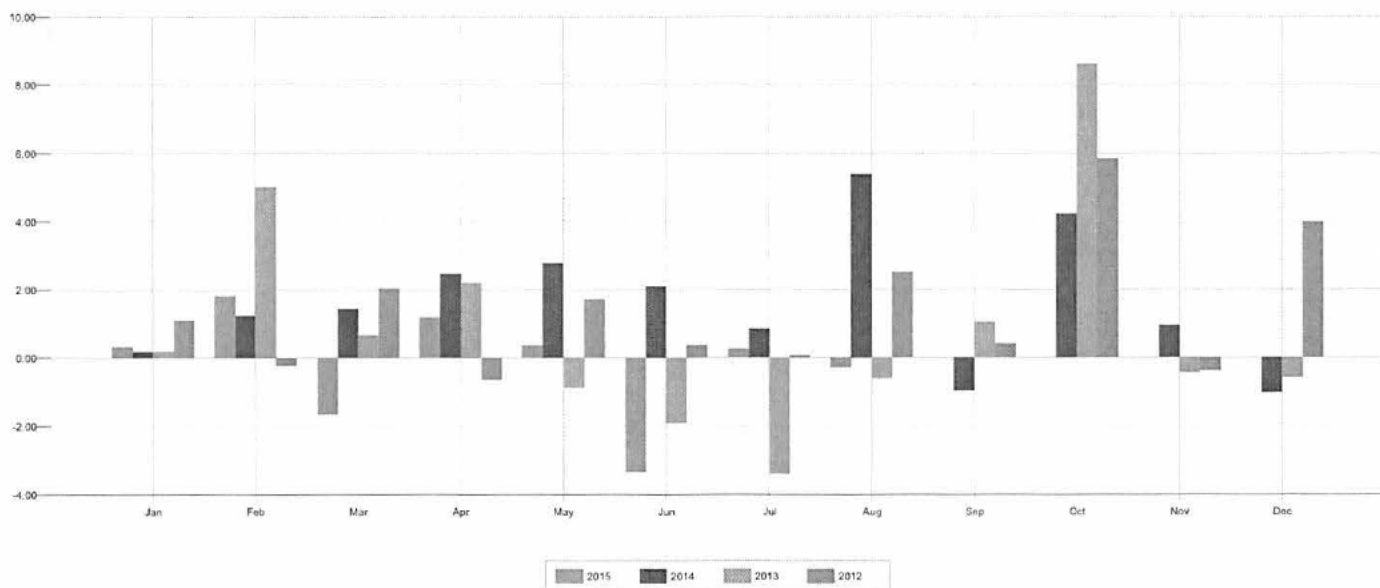
## Bloomberg

## Performance Analysis

Portfolio: KFYIELD US Benchmark: SPTREFTF Start Date: 12/30/2011 End Date: 08/31/2015 Currency: USD  
 Period: Monthly History: Total Return

## Seasonality

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	1.10	-0.24	2.04	-0.65	1.72	0.37	0.08	2.52	0.41	5.84	-0.38	3.99
2013	0.18	5.02	0.65	2.21	-0.88	-1.90	-3.39	-0.61	1.05	8.61	-0.44	-0.58
2014	0.18	1.24	1.44	2.47	2.77	2.10	0.85	5.39	-0.97	4.23	0.96	-1.02
2015	0.33	1.82	-1.67	1.19	0.37	-3.33	0.26	-0.28	—	—	—	—
Average	0.45	1.96	0.62	1.30	1.00	-0.69	-0.55	1.75	0.16	6.23	0.05	0.80



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LENDACY

Real Estate Lending Structure

INDIVIDUAL

- or -

ENTITY



INVESTOR



**INVESTOR PLACES CAPITAL INTO KINETIC FUNDS (BLOOMBERG: KFYIELD)**

1. Maintain 90% principle protection
2. Earn 5.5% annual dividend paid monthly\*
3. Quarterly redemptions

*\*Based on historical returns*

**KINETIC**  
INVESTMENT GROUP

- > Designed to offer immediate monthly dividend cash flow
- > Dividend cash flow may be used to satisfy Lendacy credit line payment
- > Transparency is provided by listing all holdings and performance on Bloomberg
- > Kinetic investor and Lendacy applicant can be different entities

**LENDACY PROVIDES CREDIT LINE TO INVESTOR**

1. Below market rates
2. Flexible repayment terms
3. Approvals up to 70% of Kinetic Investment



**INVESTOR APPLIES FOR CREDIT LINE TO FUND REAL ESTATE PROJECTS/ PURCHASES**



RESIDENTIAL



COMMERCIAL



CONSTRUCTION

**LENDACY**  
LEVERAGE YOUR WEALTH

- > Ability to structure multiple credit lines with different repayment options
- > Interest only, principle & interest, 2-year deferred, flat pay, custom
- > No closing costs, maintenance fees or pre-payment penalties
- > Lendacy is not a mortgage lender and does not take a collateral position in real estate projects

LENDACY OFFICE

(941) 363-6686  
www.lendacy.com

KINETIC OFFICE

(941) 870-9544  
www.kineticfunds.com

EXHIBIT

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tabbles

# LENDACY

## Private Equity Investment Structure



**INDIVIDUAL INVESTORS**



**COMBINE ASSETS INTO "INVESTOR, LLC"**



**"INVESTOR, LLC" PLACES CAPITAL INTO KINETIC FUNDS (BLOOMBERG: KFYIELD)**

1. Maintain 90% principle protection
2. Earn 5.5% annual dividend paid monthly\*
3. Quarterly redemptions

*\*Based on historical returns*

**KINETIC**  
INVESTMENT GROUP

- Designed to offer immediate monthly dividend cash flow
- Dividend cash flow may be used to satisfy Lendacy credit line payment
- Open ended fund that allows replacement of current investors
- Kinetic investor, "Investor, LLC" and Lendacy applicant, "Project, LLC" can be different entities

**LENDACY PROVIDES CREDIT LINE TO "PROJECT, LLC"**

1. Below market rates
2. Flexible repayment terms
3. Approvals up to 70% of Kinetic investment



**"PROJECT, LLC" APPLIES FOR CREDIT LINE TO FINANCE VARIOUS PROJECTS**



**REAL ESTATE**



**AGRICULTURE**



**ENERGY**

**LENDACY**  
LEVERAGE YOUR WEALTH

- Ability to structure multiple credit lines with different repayment options
- Interest only, principle & interest, 2-year deferred, flat pay, custom
- No closing costs, maintenance fees or pre-payment penalties
- Lendacy does not take a collateral position in any investments made using the credit line

**LENDACY OFFICE**

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[www.lendacy.com](http://www.lendacy.com)

**KINETIC OFFICE**

(941) 870-9544  
[www.kineticfunds.co](http://www.kineticfunds.co)



The advertisement features a dark, textured background on the left and a photograph of a cloudy sky over a horizon on the right. The text is white and positioned on the dark background.

## Kinetic Investment Group Mitigating Risk in a Constantly Changing Environment

As an investor, you want a partner with an intimate understanding of financial markets, who employs state-of-the-art technology to manage and mitigate risk and who, as a result, can offer wise and creative guidance to succeed in a constantly changing, ever more complex financial environment.

### Meet the Kinetic Investment Group.

We believe in not only looking for opportunities that offer substantial rewards but also in recognizing and analyzing the inherent risks in each of those opportunities. By employing our experience and technology, we determine how to best mitigate that risk while enhancing the return on capital, whether it be in private equity, private index funds or gold and silver.

**Advanced, Proprietary Technology**  
**Intelligence & Experience**  
**Backed by Cutting Edge Technology**

Our strategies employ options, as one would use insurance, to mitigate risk. Additionally, options can be used to ensure growth and/or income for our investors.

We implement our strategies by marrying our extensive knowledge of the options markets with our proprietary technology, the Proactive Management System™.

Kinetic uses the System to pre-insure our portfolios so that any unexpected market volatility such as a flash crash, a Black Swan event, or some other circumstance of consequence, will not adversely impact our portfolios and cause dramatic losses. So that even the most risk averse can sleep soundly at night.

The team at Kinetic has experience designing and developing leading technology used by top-tier Wall Street Firms.

*“Blind optimism  
will always  
end in ruin!”*

## Bespoke Service

### Considering Every Investor's Needs Meeting Every Investor's Challenges

Investment goals involve creating strategies that include risk mitigation, capital deployment, and return objectives. It is essential to have a team with experience in both financial products and risk mitigation, coupled with technology experience to design, build, deploy and manage the strategies. The team must be nimble enough to navigate the ever-changing conditions of the markets, and the events that shape them, so the investments can take full advantage of opportunities in the present that will reap benefits for them far into the future. After all, a wise investment is a legacy, something that endures.

Always readily accessible, our team has a passion for what they do and the experience and market acumen to see possibilities and discover opportunities that will help each investor achieve their objectives while insuring them a comfort level around their investments not typically found among private investment firms.

Be an investment strategy.

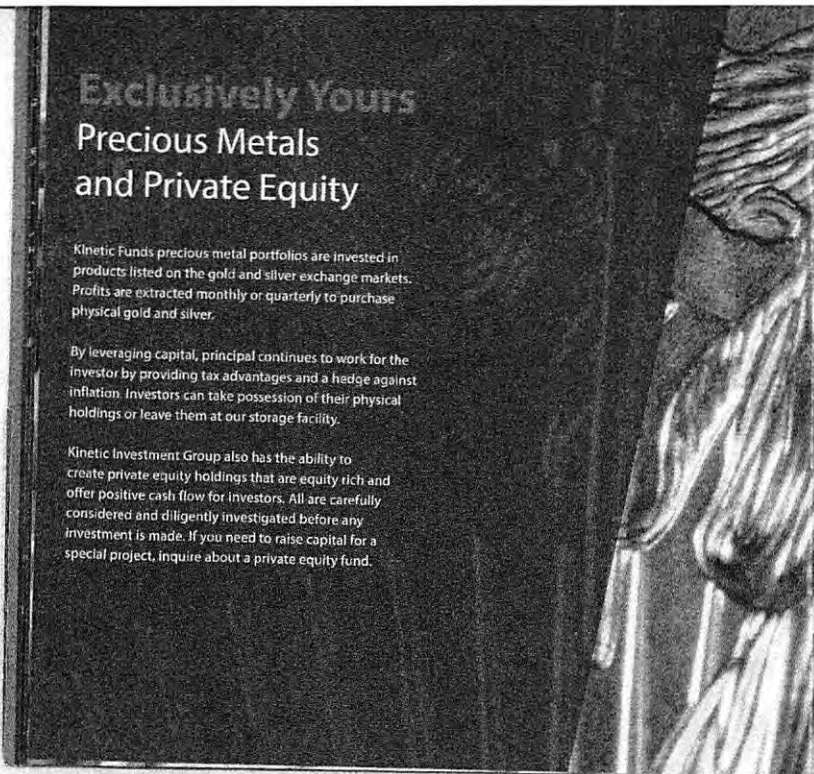
## Freedom & Security Offering the Best of Both Worlds

The Kinetic Investment Group has created a product portfolio that addresses target rich opportunities in private equity, private index funds and gold and silver.

**Kinetic Funds YIELD** is an open end fund incorporated in the United States. It is a conservative blended fund that targets income while securing principal. The strategy employs options to mitigate risk, and ensure growth and income. The fund's holdings are primarily invested in government bonds including TIPS, corporate bonds, preferred shares, publicly listed equities, REITs and MLPs.

So that access to money is never an issue, our funds can distribute liquidity on a quarterly basis with the option of reinvestment or redistribution of profits. The decision is always yours. And to provide investors full transparency, objective benchmarking and portfolio review, our fund is listed on **Bloomberg**.





## Exclusively Yours Precious Metals and Private Equity

Kinetic Funds precious metal portfolios are invested in products listed on the gold and silver exchange markets. Profits are extracted monthly or quarterly to purchase physical gold and silver.

By leveraging capital, principal continues to work for the investor by providing tax advantages and a hedge against inflation. Investors can take possession of their physical holdings or leave them at our storage facility.

Kinetic Investment Group also has the ability to create private equity holdings that are equity rich and offer positive cash flow for investors. All are carefully considered and diligently investigated before any investment is made. If you need to raise capital for a special project, inquire about a private equity fund.



## Michael S. Williams

Michael brings more than 20 years and a wide breadth of experience in financial markets to his role at Kinetic, where he oversees the relationship between the company and its investment partners.

Michael and his partner, Thomas Frey, founded the Kinetic Investment Group, LLC, as a management company for private investments and accredited investors. Prior to founding the Kinetic Investment Group, Michael was an options market maker and has floor brokerage experience as a member of the Stock Exchange. He has worked as an institutional floor broker representing Goldman Sachs, Morgan Stanley, and Swiss Bank.

Michael has lectured throughout the country on derivatives and risk management. He is the co-author of *Fundamentals of the Options Market*, published by McGraw Hill and is the author of an economic newsletter, "Market Preview."

An honored Navy veteran who served in the Gulf and is still an avid sailor, Michael has raced sailboats in his native Michigan and in San Francisco.

Michael resides in Sarasota with his wife, Jamea, and his son, Jace.

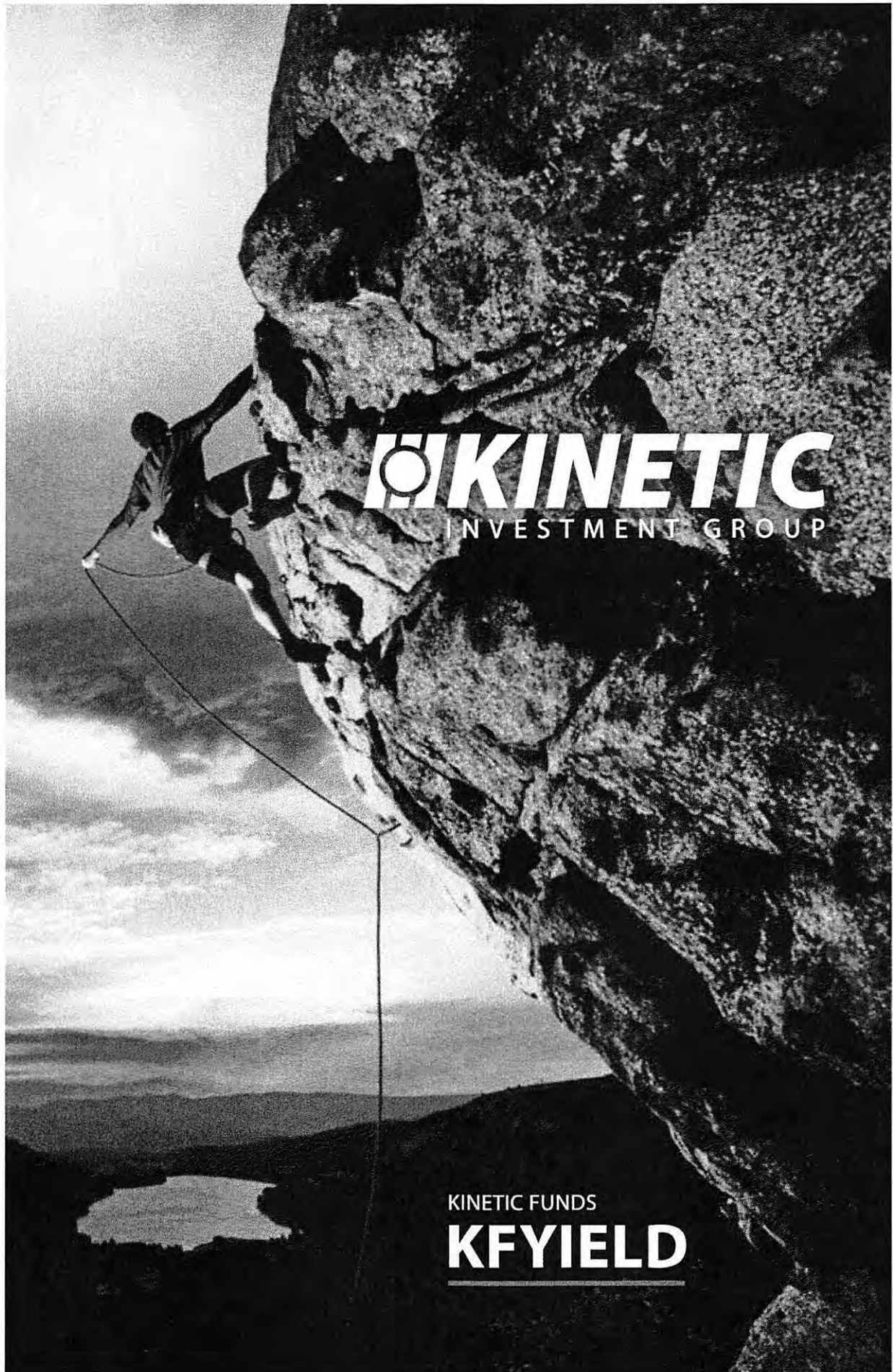


## Thomas J. Frey

The co-founder of Kinetic, Thomas is also a founding/ managing partner and President of Siléox Financial Systems, LLC, a financial trading and risk management technology company. It was in this role that he brought his considerable experience and expertise in information technology to developing the Proactive Management System™. Kinetic uses to insure against risk.

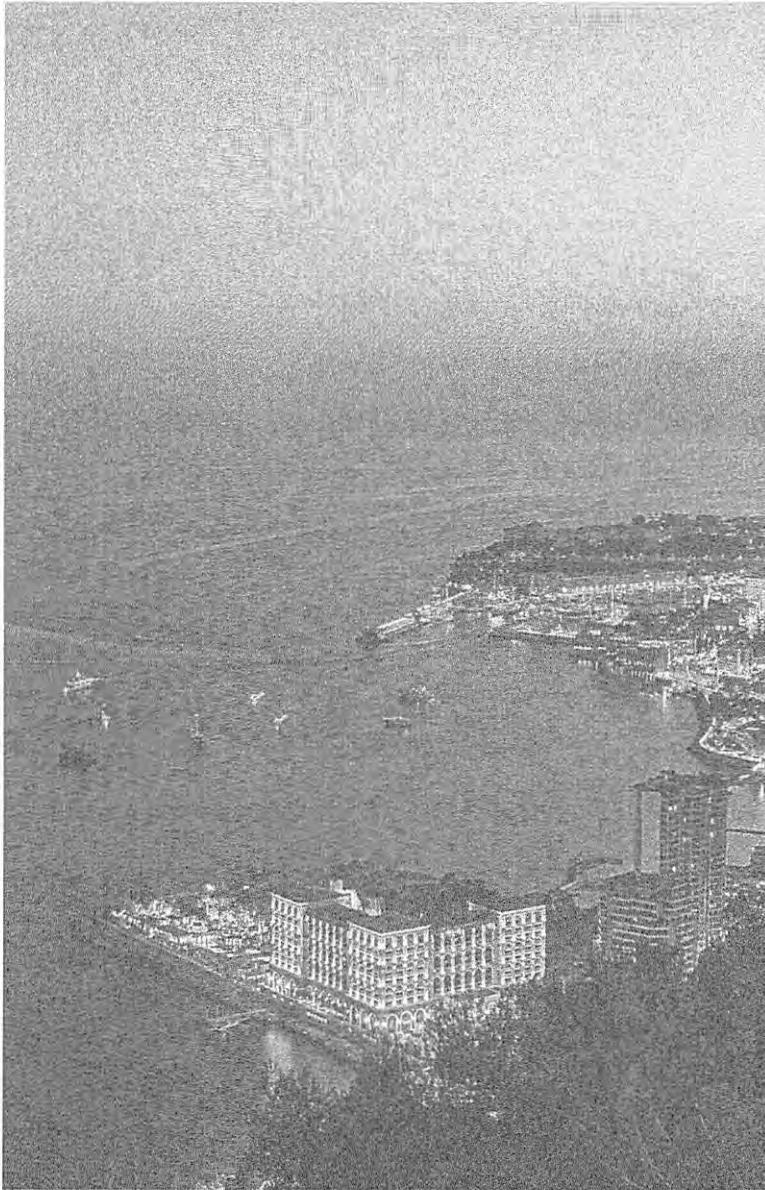
A native of Munich, Germany, Thomas decided to immigrate to the United States in 2008 after spending considerable time here working as a consultant for various hedge funds and brokerage firms. He met Michael while consulting in San Francisco and chose to move to Sarasota after visiting his friend here and falling in love with the area.

Thomas' consulting has allowed him to travel extensively. His favorite destinations include the South of France and Tokyo. He is a connoisseur of fine wines, particularly those from Bordeaux. He is an avid skier whose favorite spots are the slopes of the Swiss Alps.



**KINETIC**  
INVESTMENT GROUP

KINETIC FUNDS  
**KFYIELD**



**Generate Revenue.  
Protect your wealth.  
Build your legacy.**

Kinetic Funds: KFYIELD was designed to provide revenue, growth, and principle protection.

Our team has developed a private investment fund that achieves these goals while maintaining liquidity.

Can you afford not to invest in a principal protected, liquid, revenue generating investment?



## Kinetic Funds: Yield (KFYIELD)

In the 2008-2009 financial crisis, our Managing Director and his partners did very well, not because they were right about the market decline, but because they were hedged (insured) and in some cases, were over insured. However, many of their friends and family suffered significant losses. To address the problems of 2008-2009 they decided to create a fund with three simple objectives.

### Protection:

The investment fund is chartered to hedge 90% of the portfolio at all times.

In a market crash, flash crash, black swan event, the fund is hedged to a maximum loss of 10%. Since inception the fund has been running 93-95% principal protection. Listed options are the single best hedging product based on one sole reason, they are regulated, managed, and assigned by the U.S. government agencies. If you exercise an option contract, the counter party is forced by the full weight of the U.S. government regulated agencies to assume the equity position or have the equity position possessed. This security is the principal reason why we see institutional hedging in the listed markets. At no time is the fund uninsured.

The following graph is an example of how a protective option strategy would work to mitigate risk in a market crash:

### JOHNSON & JOHNSON (JNJ)

- +1,000 SHARES AT 133.30 = \$133,300
- +10 OCTOBER 125 PUTS (RIGHT TO SELL 1,000 SHARES OF STOCK FOR \$125 PER SHARE)
- COST OF INSURANCE FOR THE NEXT 3 MONTHS: \$1.14 PER SHARE (\$1,140) LESS THAN 1% COST
- MAX RISK: \$9240, LESS THAN 7% RISK.
- PROTECTING: \$124,060 OF YOUR PRINCIPAL – OVER 93% OF YOUR INVESTMENT



### Income:

Our fund generates income that exceeds government bonds.

The Federal Reserve intervention of Quantitative Easing ("QE") and zero interest rates has drastically reduced income from instruments such as fixed income, bonds and/or CDs. Kinetic has designed the fund to constantly acquire stocks, preferred shares, ETFs, REITs, and MLPs that all pay a dividend. In that last 5+ years the fund has averaged over 5.5% annualized income. The fund can even make these dividends payable to investors on a monthly basis, as a source of income, or they can reinvest it.

### Liquidity:

Your money is always available.

The housing market and private equity investments can quickly become illiquid. Even certain financial products like annuities and corporate bonds can have significant penalties and liquidity problems. Kinetic wanted to make sure that investors can liquidate their investment. The fund's positions are hedged out to 90 days, with a 30 day written notice prior to the quarter end, the fund principal can be redeemed without penalties.

### From Concept to Reality:

The concept of the fund was designed to participate in the financial markets, remain liquid, hedge against risk, and maximize income. While markets generally rise over time, it is the volatile unknown that can leave even the best investments illiquid and losses that can wipe out years of growth.

This fund was never designed to "beat the market" or track the S&P. At its very core, it is to secure principal, generate income, and remain liquid.

The fund was initially designed for partners personal assets and initially close friends and family. Over time it has grown and Kinetic has gone through the process of expanding the fund and making it available to accredited investors.



## Benefits of Smart Portfolio Investing

Smart portfolio investing means analyzing the goals of the investor and finding the right products to serve the needs of the investor. KFYIELD is an ideal product offering additional benefits to meet accredited investor goals in a smart portfolio.

### Goal:

The strategy is primarily focused on maximizing income, rather than market performance. The fund will always protect investors in a down-market and will participate in growth.

KFYIELD is listed on Bloomberg to provide investors full transparency, objective benchmarking and portfolio review. Bloomberg provides the data necessary to undertake a proper analysis and due diligence of the fund. With the adequate data, advisers can do the analysis and take advantage of KFYIELD to complement the following strategies:

### Portfolio efficiency:

Including KFYIELD in an existing portfolio can reduce risk without harming returns. The low volatility and standard deviation of the fund can replace other risky assets to more efficiently generate more return per unit of risk.

### Increase Income:

These days, KFYIELD's target yield is higher than the average corporate bonds. Investing in KFYIELD can improve the projected annual yield of a portfolio composite. With a proper allocation to the fund, estimated income for a client can be maximized.

### Inflation Protection:

Compared to traditional bonds, KFYIELD gets its income from stock dividends. This difference gives the fund exposure to investments that correlate positively to inflation. While the same \$100 received from a bond's coupon in 10 years will not buy the same goods, the same proportion dividend from a stock (5% of 100 vs. 5% of 110) that has increase in value with inflation will keep up more competently with price increases.

### Liquidity:

Many bond products, annuities, and other income generating products have long-term lockdowns and significant risk of the underlying value until held to maturity. Recently 10-year US Treasuries have seen swings of greater than 20% prior to maturity, meaning that early liquidity can mean suffering significant losses. Can you wait 10-years for the principal return? KFYIELD offers quarterly liquidation of principal, unlike bonds and annuities.

### Financing Opportunities:

Because of the unique characteristics of the fund, KFYIELD can serve as collateral for alternative financing. Many listed securities offer margin loans or collateral loans, KFYIELD offers the same advantages. Lendacy is a company that partners with Kinetic to provide accredited investors with an alternative method of financing that gives them liquidity without compromising their investments and potential tax liabilities.

### Qualified Money:

The KFYIELD fund has been approved by several qualified money custodians, allowing accredited investors to invest their retirement monies. KFYIELD's goals and strategy make for a conservative income generating strategy for those looking to protect their retirement wealth.

## Kinetic Funds: KFYIELD

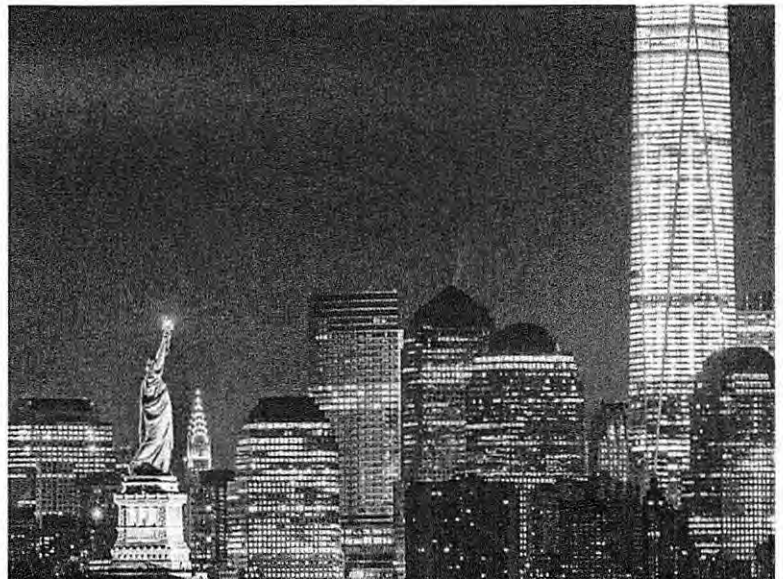
Kinetic Funds: KFYIELD is an open-end fund incorporated in the United States. It is a conservative blended fund that targets income while securing principal. The strategy employs options to mitigate risk, and ensure growth and income.

KFYIELD is listed on Bloomberg to provide investors full transparency, objective benchmarking and portfolio review.

**Bloomberg Ticker Symbol:** KFYIELD.

### Kinetic Funds: KFYIELD offers:

- Liquidity (quarterly liquidation with 30-day notice on any unencumbered funds).
- Monthly distributions of dividends or reinvestment.
- 90% portfolio hedged using listed options against market volatility risk.







## KFYIELD Fund Details

### Products:

Kinetic Funds: KFYIELD holding's are comprised of securities classified as US equities, US Real-Estate Investment Trusts (REITS), US preferred securities, US master-limited partnerships (MLPs), government bonds and corporate debt Exchange Traded Funds (ETFs). All products are listed on the U.S. exchanges and all products have a yield component.

### Benchmark:

KFYIELD is benchmarked to the NASDAQ Multi-Asset Diversified Income Index (NQMAUS). The fund contains a similar portfolio and asset class, but employs options to mitigate risk. KFYIELD is actively managed and re-balanced to maximize yield and mitigate volatility risk. <https://indexes.nasdaqomx.com/Index/Overview/NQMAUS>

### Time Frame, Balance, and Rotation:

Kinetic Funds: KFYIELD product selection is based on value, yield, volatility, and risk. The fund's focus is to maximize yield enhancement, while insuring against risk. The fund adjusts positions, and products are rotated based on the yield's maturity, value, volatility and risk.

### Portfolio Allocation & Weighting:

The portfolio weighting changes with market conditions. The fund is additionally reviewed on a quarterly basis for reallocation and any possible larger adjustments. Please note that this can and will change based on the fund manager's discretion as market conditions change.

### Risk:

The risk exposure of the fund is based on the assets held in the portfolio. The products are typically, low volatility issues when compared to typical equity positions. To limit downside risk the fund is proactively hedged with long put option contracts, a type of insurance against future losses. The fund proactively implements the option strategy to hedge 90% of the portfolio against adverse moves, which significantly reduces losses from "Black Swan" type events, Flash Crashes, and other adverse short-term risks.

The products are all in the listed market and liquid, allowing for the fund to take quick and decisive measures as market conditions change.

## Proactive Risk Management

A crucial part of KFYIELD's strategy focuses on understanding the macro economic conditions, while analyzing assets values. Markets are in a never-ending cycle of credit expansion and contraction. It is also important that we not conflate asset appreciation with economic growth. While it may seem there is a correlation, that may not be the case. Remember, correlation is NOT proof of causation. This means we must pay closer attention at drivers of asset inflation, is it the availability of low cost credit formation (debt) or is it from strong top-line revenue growth and wage increases?

The determining factor on hedging the risk is based on a set of market conditions. Since the inception of the fund, the risk mitigation has run at minimum levels to participate in market growth. However, when economic and market conditions change, the fund will increase the risk mitigation and may even over-hedge when the probability arises of a market correction. This means it is possible for the fund to generate a profit in a declining market if the fund is over-hedged (owns more insurance than principal). As market conditions change, the fund risk management changes.

## Safe Guards

Kinetic Investment Group takes our clients' privacy and security seriously. To meet our fiduciary responsibilities, we have addressed and continue to improve our systems to give you the security you deserve.

### Clearing / Banking:

- Interactive Brokers: We have aligned ourselves with Interactive Brokers. An independent clearing operation that is not exposed to traditional banking risks (MBS, sub-prime, OTC, and other counter party risks).
- Bank of Montreal / Harris: BMO Harris is one of the most secure banks and had avoided the 2008-2009 credit crisis and exposure to MBS securities. BMO Harris remains one of the strongest rated banks under both BASIL III and stress tests. A3 Moody's Rating.

### Transparency:

- Bloomberg: Our funds are listed on Bloomberg, including benchmarking and returns. All holdings are reflected on Bloomberg as well, which is unprecedented in the private fund community.

### Capital Transfers:

- Security Verification: All capital transfer handling uses a two-party authentication system. In addition, all capital transfers are immediately reported to and certified by accounting. This insures against fraud and cyber-attacks and will notify the firm of any unauthorized transfers.

### Document Security:

- Enterprise Encryption: All statements, legal, and communications is managed through CITRIX Enterprise Encrypted Sharefile service. Kinetic has also incorporated secured RightSignature for online documentation.

Our firm's priority is to protect your principal both in the markets as well as at the banks. We will continue to remain vigilant in this regards. Thank you for your consideration.

## Technology

### SILEXX:

The management team is unique in that they have developed their own financial risk management and trading system and formed the company, Silexx Financial Systems ([www.silexx.com](http://www.silexx.com)). It has become the cardinal independent platform used by hedge funds and intuitions internationally and is integrated with top-tier Wall Street firms.

Silexx is unique in that it is one of the only agnostic financial trading and risk management platforms. Silexx is a technology company and does not participate in revenue derived from clearing or execution, allowing it to remain objective and independent. This has allowed Silexx to partner with a variety of execution, clearing, and banking relationships.

RiskRadarX™ is a proprietary system that is unique to Silexx, allowing an investment firm to monitor portfolio risk, including volatility, interest rate changes, and market movements in real-time.

Technology is an integral part of our trading operation and strategy. The team's experience in developing financial software, execution and risk systems, has been instrumental in designing and deploying their own proprietary systems for Kinetic Funds.





## Michael S. Williams

Michael brings more than 25 years and a wide breadth of experience in the financial markets to his role in the Kinetic family of companies.

As an institutional broker on the trading floor of the PCX/ NYSE options exchange, he represented Goldman Sachs, Swiss Bank, and Morgan Stanley order flow. He later became an options market maker and member of the exchange, making markets in the technology industry including Applied Materials (AMAT) and Advanced Micro Devices (AMD).

Michael was selected by the exchange to represent the Options Industry Council (OIC) as a guest speaker and instructor. He has lectured at the Securities Exchange Commission (SEC), at Universities, and as a guest speaker at financial conferences throughout the country on the use of derivatives and risk management. He was commissioned to write the Exchange Floor Membership Exam and co-authored the McGraw Hill textbook, "Fundamentals of the Options Market". He has created and managed Broker Dealers, Registered Investment Advisor Firms, and consulted for hedge funds and institutional operations.

In 2008 Michael and his partner developed their own financial risk management, trading, and OMS system and formed the company, Silexx Financial Systems ([www.silexx.com](http://www.silexx.com)). It has become the cardinal independent platform used by hedge funds and institutions internationally and is integrated with top-tier Wall Street Firms.

His experience in understanding pricing models, probability, and pro-active hedging strategies were instrumental in designing a trading model that focused on principle protection and yield, rather than market direction. This led to the development of Kinetic Investment Group, LLC ([www.kineticfunds.com](http://www.kineticfunds.com)). Investing their own and partner monies, they built a track record, listed on Bloomberg: KFYIELD.

In 2014, Michael co-founded Lendacy ([www.lendacy.com](http://www.lendacy.com)) to meet the financing demands of accredited investors and qualified purchasers, as access to capital has become encumbered by the traditional banking industry under the weight of Dodd/Frank and compliance related issues. Lendacy joins other companies in the booming private lending industry of peer-to-peer, crowd funding, and private financing.

Michael writes the Market Preview, a economic and financial news letter read throughout the country by industry professionals and has been quoted on CNBC and the Wall Street Journal. An honored Navy veteran who served in the Gulf and is still an avid sailor, Michael has raced sailboats in his native Michigan and in San Francisco.

## Relationships

### Clearing:

The management team has experience with clearing relationships at Merrill Lynch, Goldman Sachs, and Spear Leads. After careful consideration for access to markets, execution fees, technology, and specialization in the options market, the management team selected Interactive Brokers (IB) as their primary clearing house.

Kinetic's management team was well acquainted with the largest options market making firm, Timber Hill. The founder of the company, Thomas Peterffy is well respected in the financial industry for his experience in the options market, integrating technology and market making, and his focus on independence.

Peterffy created IB after he saw a need for an independent self-clearing firm that could bring forth the technology, market access, and clearing without the interconnected reliance of the traditional banking risks that had become apparent during the financial crisis. Timber Hill's experience, Mr. Peterffy's sterling reputation, and Silexx's integration has made IB the premier choice for clearing.

**IB History:** <https://www.interactivebrokers.com>

### Execution:

Kinetic has also established outside execution relationships. Additional execution relationships provide not only back-up gate-ways for execution, but also widens breadth of execution access and adds additional execution algorithms.

Third party execution services provides an unencumbered and independent avenue for execution. With no vested interest in clearing, this allows the execution firm to seek best execution gateways, liquidity, and specialized algorithmic trading.

Dash Financial is one of the premier independent execution services. The same theory of remaining independent and agnostic in the creation of Silexx, is at the core of Dash Financial. Silexx is fully integrated into Dash Financial services. <https://www.dashfinancial.com>

## Companies



Kinetic Investment Group was created to develop unique investment funds that incorporate options to mitigate risk and generate additional income. Their first fund, KFYIELD is now listed on Bloomberg, focusing on principal protection, and maximizing yield. Kinetic has developed a Gold/Silver fund, Inflation Fund, and Opportunity Fund, which will soon be listed on Bloomberg. Kinetic's goal has been to build unique proactive risk mitigating funds.



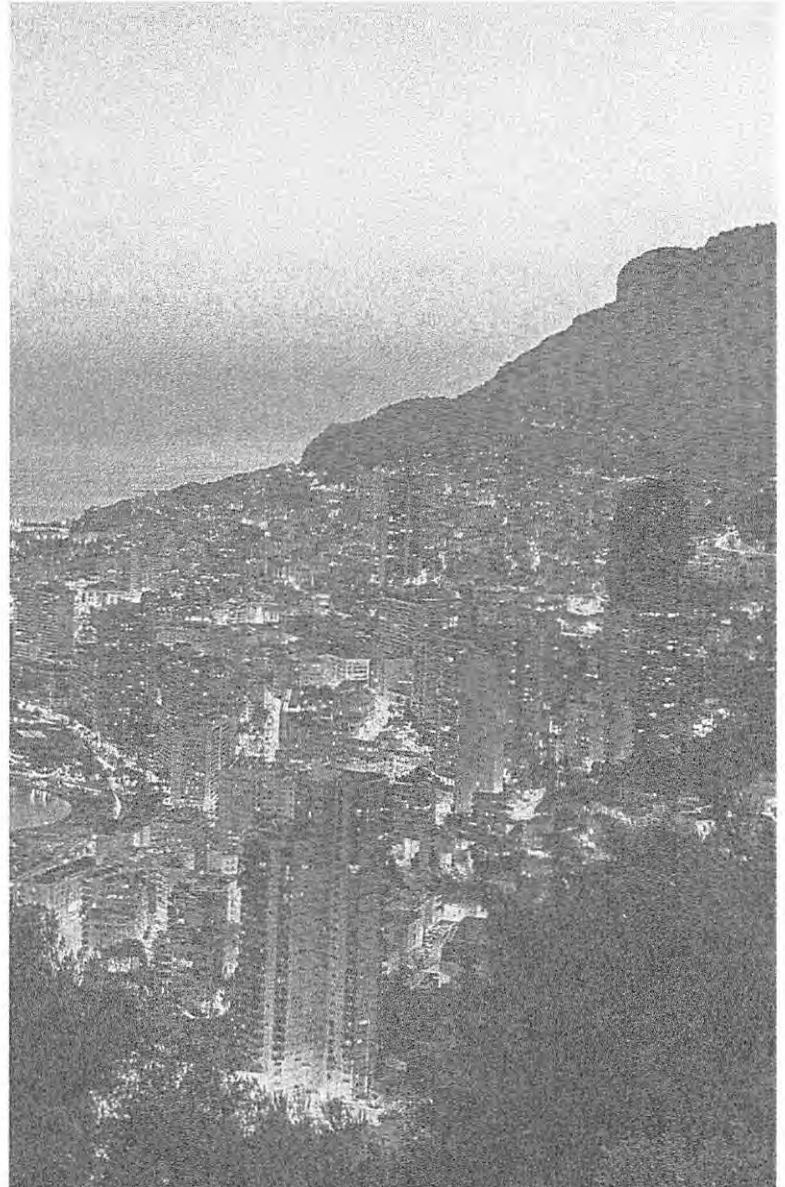
Kinetic Financial Advisors is an independent adviser group for accredited and sophisticated investors looking to bespoke services to address financial planning, investment risk, and access to a variety of investment products. Remaining independent allows Kinetic Advisers to find the best products and services, without being beholden to one financial institution. Kinetic Adviser services has locations in the U.S. and Puerto Rico.



Mr. Williams co-founded a financial software company called Silexx, out of a personal need for a more robust risk management and trading platform. The software company is now integrated with every major Wall-Street firm and is now expanding into European and the Asian markets. It is used by top-tier hedge funds and institutions as their preferred OMS and risk management solution.



Lendacy offers unique financial solutions, working with accredited investors, companies, and firms to help solve financing needs. Lendacy offers flexible financing services.





The image features a black and white photograph of a dramatic landscape. In the foreground, there are dark, silhouetted hills or mountains. The middle ground shows a body of water, possibly a bay or ocean, with a small, distant island or headland visible. The sky is filled with large, textured clouds, with a bright light source (likely the sun) breaking through near the horizon, creating a strong glow and lens flare effect. The overall mood is powerful and dynamic.

# **KINETIC**

INVESTMENT GROUP

1800 2<sup>nd</sup> Street, Suite 955 | Sarasota, FL 34236 | (941) 870-9544 | [www.kineticfunds.com](http://www.kineticfunds.com)

## Lendacy: Leverage Your Wealth

Wise investors have long known that the secret to creating a financial legacy is to leverage their wealth when opportunity presents itself.

That opportunity might be the acquisition of real estate, the refinance of a property, the rescue of an underwater property, the purchase of an IPO, or an angel investment.

But too often, accessing or borrowing the funds needed to take advantage of opportunities is fraught with difficulties: liquidating working assets, high interest rates on loans, lost opportunities because of a bank's indecision, huge penalties for early IRA withdrawals, and onerous tax consequences. The list goes on.

Lendacy offers customized lending solutions that provide access to funds with flexible lines of credit to meet your investment requirements.

Now, you can access capital you could not get to before, borrowing at a rate well below prime while having investments that often earn more than you pay in interest. You keep 100% of your capital working, generating dividends and interest with the opportunity for continued appreciation.

Because your loan is customized, your payment options are flexible, determined by your particular needs and can include deferred, interest only, flat, or principal reduction payment schedules. It is possible because of our relationships with the investment managers with whom we partner.

Intelligence, imagination, and hard work created your wealth. Partnering with Lendacy to leverage it can help protect and grow your legacy.



## The Perks of Being an Accredited Investor

The opportunity Lendacy offers is open only to those select few who have achieved a certain degree of success and in doing so are what the Securities and Exchange Commission defines as an accredited investor.

To qualify, you must in general terms\*:

- Have an income exceeding \$200,000 in each of the two most recent years or a joint income with your spouse that exceeds \$300,000 for those years and a reasonable expectation of the same income level in the current year.
- Be an individual who has a net worth, or joint net worth with your spouse that exceeds \$1 million excluding the value of your primary residence.
- Be a trust, with total assets in excess of \$5 million, not formed to specifically purchase the subject securities, whose purchase is directed by a sophisticated person.
- Be an entity in which all the equity owners are accredited investors.

If you qualify, you are able to participate in a variety of investment opportunities not available to those who have not achieved this financial status. They include IPO's, hedge and private equity funds, structural products created within the banking sector, as well as certain commercial real estate and brand name franchise investments.

However, many accredited investors are unaware of the possibilities available and do not take advantage of them. Your Lendacy consultant will be happy to discuss this and show you how you can best leverage your wealth given your current financial needs.

*\*Visit [Lendacy.com](http://Lendacy.com) for more information about being an accredited investor.*





## The Three Quick and Simple Steps to Funding

### 1. The Discovery Step

The process begins with your providing a standard credit application to determine whether you qualify as an accredited investor. If you qualify for a line of credit, then we will work to find a repayment schedule that meets your needs going forward, whether it is a deferred, interest only, principal reduction, or flat payment schedule. The objective is to craft a comprehensive solution that leverages your wealth to serve your goals for growing and protecting your financial legacy.

### 2. The Solution Step

Once the information we obtain in the discovery phase has established you are an accredited investor and eligible for a Lendacy line of credit, we will make recommendations on repositioning your assets and liabilities with a custodian who specializes in working with people like you who are leveraging their wealth.

### 3. The Funding Step

Once your custodian has your funds, they will complete the transaction with our partnering investment manager and you will have access to your line of credit through a wire transfer to your bank, escrow account, or to you personally, however you direct.



## Case Studies: Acquiring Real Estate

When retired architect Rob F. found a four-acre lot on which he could build four homes, he knew he had uncovered a promising investment opportunity and wanted to take advantage of it. He turned to his bank for the capital needed to pursue the project.

Though he paid for several promising appraisals over a period of months and was willing to put up a 40% deposit and pay 5% interest on the loan, the bank rejected him. Their rationale: though he had 35 years of experience as an architect, he had none as a builder.

Rob was referred to Lendacy by the real estate agent that had found him the property. We brought him to a team of professional asset managers that recognized the value of his career and offered a creative approach to obtaining the necessary capital.

Within seven days, Lendacy arranged an investor relationship credit line that allowed Rob to fund the transaction at a rate well below prime so liquidating his assets was unnecessary. He was able to keep them working, generating dividend income and interest sufficient to pay insurance and taxes on the property in addition to the interest on his credit line.

Today, the properties are built and Rob is realizing a healthy positive cash flow.



## Case Studies: Refinancing a Property

In 2005, Susan and George K. obtained a construction loan to build their dream home. They purchased a lot, worked closely with an architect, and began construction. But in the midst of building the housing bubble burst. The couple was left with a house that was underwater and a loan they could not refinance.

Already paying an excessive interest rate of 6%, they were then charged penalties for exceeding the term of the construction loan balloon. In all, they found themselves faced with a monthly obligation of nearly \$15,000. For four years they attempted—and failed—to refinance or restructure the loan because their bank demanded a cash-in refinance. To do so would have meant liquidating a considerable portion of their IRA and paying tax penalties because they were not yet 62. Their cherished dream of retirement was in jeopardy.

The couple's financial professionals had no way to help them. So they referred them to Lendacy. In a matter of days, they were able to obtain an investor relationship line of credit below prime that enabled them to execute the cash-in refinance without liquidating their assets. Their monthly costs were reduced by 300% to \$3,000 a month.

They are now in their dream home, able to repay their debt and live comfortably off the dividends and interest from their untouched assets.



## Case Studies: Preserving a Family Legacy

Like many baby boomers, Tom M. was faced with overseeing the care of an adored aging parent whose deteriorating health required dramatic changes in care and housing. The stress was overwhelming as Tom was seemingly faced with choices that would wipe out the legacy his parents had worked so hard to build for him, his wife, and children. Even more disheartening, he soon realized that even if he were to liquidate all of his mother's assets there was no guarantee they would provide the level of care that he, and she, wanted her to enjoy in her old age.

A friend familiar with Lendacy recommended us to Tom. Lendacy's financial team was able to arrange a customized investor relationship line of credit within a few weeks with an interest rate well below prime with a flexible, interest-only payment option.

Tom was then able to acquire, free and clear, a home for his mother in a country club like independent living facility she loved while leaving a 100% of her investment assets intact. Tom used the dividends and interest she earned to pay for her care.

His Lendacy line of credit enabled Tom to preserve his peace of mind as well as his mother's legacy.



## Case Studies: Fixing and Flipping

Joe S. had always had a keen eye as an entrepreneur and had done well targeting niche markets for fixing and flipping properties during the real estate boom. But when the Great Recession hit, competition increased in his market segment. Margins became slimmer and profits harder to come by because of higher lender fees, high interest rates, and banks less willing to lend money.

While others were hurt in this new environment, Joe found a way to take advantage of it and create greater opportunities for himself with a new funding platform for the acquisition of property and construction work that needed to be done with a customized investor relationship line of credit with Lendacy.

With no bank involvement, lender fees eliminated, interest rates well below market rates, and a flexible payment schedule that allowed him to defer payment until work was complete and the property sold, he was able, with this new approach to financing, to make more money on projects than ever before. Projects his competition was not even able to bid on.

Knowing that the costs of capital were substantially reduced, Joe was able to outbid his competitors for properties and sell them for less, while still making a healthy profit thanks to the savings his Lendacy line of credit provided.

He also had the satisfaction of providing housing for people who might otherwise not be able to afford it.



## Lendacy's Founding Partners

Michael S. Williams, Founding/Managing Partner, President

Michael brings more than 20 years and a wide breadth of experience in financial markets to his role at Lendacy, where he oversees the relationship between the company and its affiliated investment partners.

Michael and his partner, Thomas Frey, founded the Kinetic Management Group, LLC, as a management company for private investments and accredited investors. Together they also founded Silexx Financial Systems, LLC, a leading technology firm for professional trading and risk management systems with many of the top tier financial firms among their clients.

Prior to founding the Kinetic Management Group, Michael was an options market maker and has floor brokerage experience as a member of the Stock Exchange. He has worked as an institutional floor broker representing Goldman Sachs, Morgan Stanley, and Swiss Bank.

Michael has lectured throughout the country on derivatives and risk management. He is the co-author of *Fundamentals of the Options Market*, published by McGraw Hill and is the author of an economic newsletter, "Market Preview."

An honored Navy veteran who served in the Gulf and is still an avid sailor, Michael has raced sailboats in his native Michigan and in San Francisco. He collects first editions and among his most treasured are several by Winston Churchill, Robert Louis Stevenson, Ernest Hemingway, Ian Fleming and Rafael Sabatini.

Michael resides in Sarasota with his wife, Jamene, and his son, Jace.



## Lendacy's Founding Partners

Thomas J. Frey, Founding Partner

Thomas, co-founder of Lendacy, brings his considerable experience and expertise in information technology to developing the IT infrastructure and systems the company uses. He is also a founding/managing partner and President of Silexx Financial Systems, LLC, a financial trading and risk management company.

Thomas and his longtime friend and business partner, Michael Williams, founded the Kinetic Management Group to aid accredited investors in managing and leveraging their wealth. Lendacy, the Group's lending arm, was formed to provide its investors with easy access to lines of credit.

A native of Munich, Germany, Thomas decided to immigrate to the United States in 2008 after spending considerable time here working as a consultant for various hedge funds and brokerage firms. He met Michael while consulting in San Francisco and chose to move to Sarasota after visiting his friend here and falling in love with the area.

Thomas' consulting has allowed him to travel extensively. His favorite destinations include the South of France and Tokyo. He is a connoisseur of fine wines, particularly those from Bordeaux. He is an avid skier whose favorite spot are the slopes of the Swiss Alps.



## **Michael S. Williams**

### **Biografía – Español**

- Director General de Kinetic Investment Group
- Agente de la bolsa de valores en el NYSE / ARCA Exchange
- Representó Goldman Sachs, Merrill Lynch y otros negocios institucionales.
- Market Maker de opciones y miembro del NYSE / ARCA Exchange
- Autor del libro de texto de McGraw Hill: "Fundamentals of the Options Market".
- Conferenciante y ponente en Universidades, SEC, Bolsa de Valores con diálogos sobre Manejo de Riesgos.
- Cofundador de Silexx Financial Systems – tecnología para el manejo de riesgos utilizada por todas las principales firmas de Wall Street.
- Honrado Veterano de las fuerzas armadas de los EE.UU.

### **Biography – English**

- Managing Director of Kinetic Investment Group
- Institutional Floor Broker on the NYSE/ARCA Exchange
- Represented Goldman Sachs, Merrill Lynch, and other institutional business.
- Option Market Maker and member of the NYSE/ARCA Exchange
- Author of McGraw Hill text book: Fundamentals of the Options Market.
- Lecturer and speaker at Universities, SEC, Stock Exchanges, and Conferences on Risk Management.
- Co-Founder of Silexx Financial Systems – risk management technology used by all major Wall Street firms.
- Honored US Navy Veteran

**STATEMENT BY WILMER GONZALEZ VARGAS**

Pursuant to 28 U.S.C. § 1746, the following was said:

1. My name is Wilmer Gonzalez Vargas. I am over twenty-one years old and have personal knowledge of the present matters.
2. I am a resident of Vega Baja, Puerto Rico.
3. Since 1974, I have been and continue to be a pastor and ordained minister with the Iglesia de Dios Pentecostal, Movimiento Internacional [Pentecostal Church of God, International Movement], Region of Puerto Rico.
4. Since July 2005, I have been and remain the administrator of the Plan de Pensiones Ministerial, Inc. [Ministerial Pension Plan, Inc.] (“Pension Plan”). As part of my duties as an administrator, I manage the investments of the Pension Plan. Pension Plan is a plan established in 1974 for the benefit of retired ministers of the Iglesia de Dios Pentecostal, Movimiento Internacional, Region of Puerto Rico.
5. At the beginning of 2017, Ángel Díaz Gonzalez, pension plan business consultant, suggested that Pension Plan consider investing in Kinetic Funds I, LLC (“Kinetic Funds”), administered by Michael S. Williams (“Williams”).
6. At the beginning of 2017, with an interpreter, Williams and Kelly Locke (“Locke”) came to the Pension Plan office and made a presentation to me and the Pension Plan Board of Directors on investments with Kinetic Funds as well as the opportunity to obtain loans through a related company called Lendacy. At this meeting, Williams gave us a marketing brochure explaining Kinetic Funds, and in particular, the KFYIELD fund (“KFYIELD” or the “Fund”), a true and correct copy which is attached here as Exhibit “A.”

7. At this meeting in our office, Williams spoke about investing in KFYIELD and Locke explained the opportunity to obtain loans with Lendacy.

8. At this meeting in our office, Williams explained KFYIELD as follows:

- a. The Fund is an open investment fund established in the United States;
- b. The Fund is a conservative fund;
- c. The main objective of the Fund is to generate income and to secure capital;
- d. The Fund's strategy uses options to mitigate risk, secure income, and look for growth;
- e. The Fund is listed in Bloomberg;
- f. The Fund maintains a protection of 90% of the capital and the maximum potential loss shall not exceed 10%;
- g. The Fund has liquidity and all its investments are listed on the United States stock exchanges.

9. Based on the information in the KFYIELD marketing brochure attached here as Exhibit A and KFYIELD's explanation of Williams, Pension Plan understood that investing in KFYIELD was safe and not high-risk because the principal invested in KFYIELD was protected and safe, that all investments in KFYIELD took place in companies in the United States, and that the money invested was always available because the investor could cancel every quarter.

10. At this meeting in our office, Locke explained that the Pension Plan could request a loan of up to 70 percent of the value of its investment in KFYIELD. Although, initially, Pension Plan applied for a loan of \$350,000 through Lendacy, Pension Plan ultimately decided not to obtain such a loan.

11. In deciding to invest in KFYIELD, it was very important for Pension Plan that the investments of the Fund be listed on the United States stock exchanges.

12. Apart from the Kinetic Funds marketing brochure attached here as Exhibit A, the Subscription Instructions, the Subscription Agreement, and the Kinetic Funds Offer Questionnaire, Pension Plan never received any prospectus from the fund or other offer material on Kinetic Funds. Attached as Exhibit "B" are true and correct copies of the Subscription Instructions, the Subscription Agreement, and the Kinetic Funds Offer Questionnaire received by the Pension Plan.

13. Around April 7, 2017, Pension Plan invested \$500,000 in KFYIELD. Pension Plan made additional investments in April 2018, for a total investment in the Fund of \$800,000. Attached as Exhibit "C" are true and correct copies of the accounts that reflect the investments of the Pension Plan in KFYIELD.

14. The Pension Plan was never told that the money it invested in KFYIELD could be used to finance its own loans with Lendacy.

15. The Pension Plan was never told that the money it invested in KFYIELD could be used to finance the loans of others with Lendacy.

16. The Pension Plan was never told that the money it invested in KFYIELD could be used to finance Williams's loans or Williams's companies with Lendacy.

I declare under penalty of perjury that the foregoing is true and correct.

Signed today, [HW: December 10], 2019.

[Signature]  
WILMER GONZALEZ VARGAS  
ADMINISTRATOR  
PLAN DE PENSIONES MINISTERIAL, INC.

EXHIBIT A



PROTECTION, INCOME, AND LIQUIDITY



## Michael Williams

General Director of Kinetic Investment Group

Stock Exchange Broker in the NYSE/ARCA Exchange

Represented Goldman Sachs, Merrill Lynch and other institutional businesses.

Options Market Maker and member of the NYSE/ARCA Exchange

Author of McGraw Hill textbook: "Fundamentals of the Options Market"

Speaker at universities, the SEC, and the Stock Exchange on Risk Management.

Co-founder of Silexx Financial Systems - risk management technology used by all major Wall Street firms.

Honored US Military Veteran



## Kelly Locke

CEO and President of Lendacy

Lendacy equity partner and co-founder

Former Operations Manager for National City Bank

She worked in the Special Services section for clients with high net worth and intuition.

She assisted PNC with the acquisition of National City Bank and managed the transition staff team.

Operations management for Mancuso & Dias, taking them from being a regional firm to a national law firm.

Lendacy Financial Solution program architect to customize private equity financing.

Currently, she is working on a case study and research for government agencies in Puerto Rico and debt refinancing.



## Fund Goals

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**Protection**  
**Income**  
**Liquidity**



## Protection


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The fund uses Listed Options in the United States to protect investments from a market collapse.

90% principal protection

**Uses the listed options to protect (insure) against risk**

Backed and regulated by the United States government and its agencies:

- U.S. Securities and Exchange Commission (SEC)
  - U.S. Commodity Futures Trading Commission (CFTC)
  - Board of Governors of the Federal Reserve System (FED)
- 

# Options Regulation

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## U.S. Securities and Exchange Commission (SEC)

Regulates all listed options and underlying securities in stock exchanges.



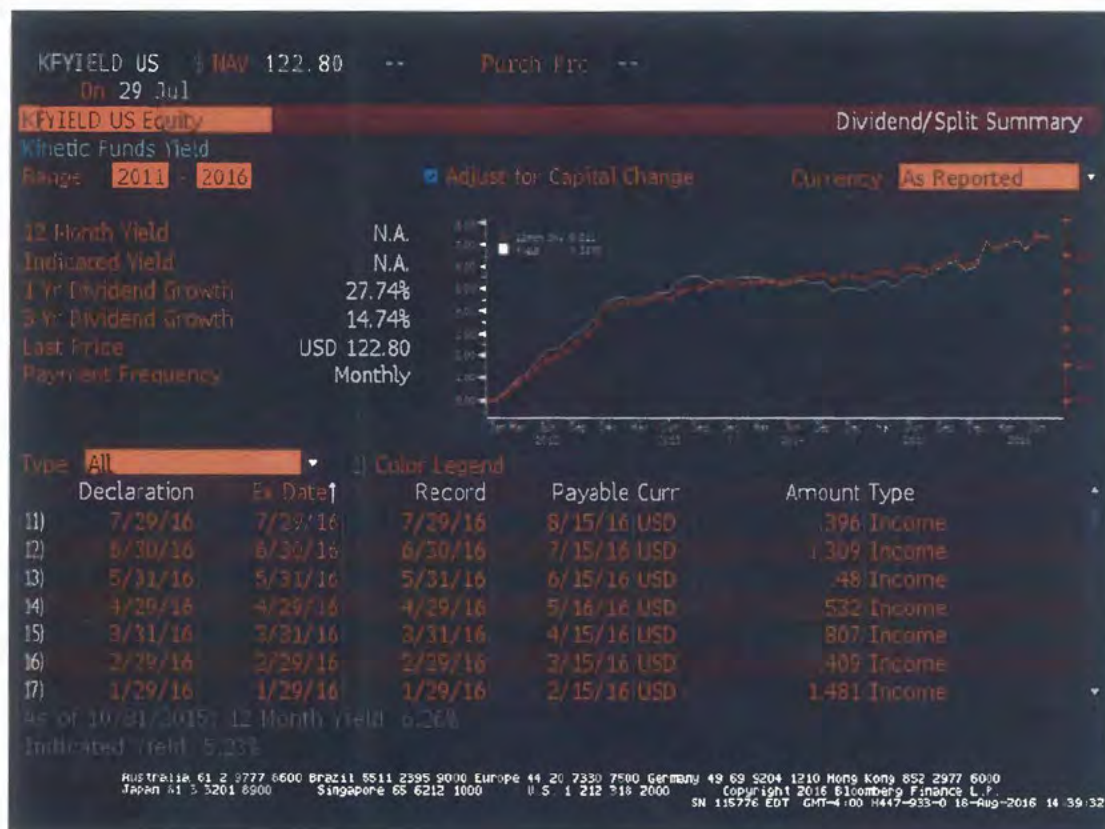
## Option Clearing Corporation (OCC)

Regulates all Compensation Options and the exercise of options.



## U.S. Federal Reserve (FED)

The Federal Reserve of the United States and the United States Treasury regulate and guarantee good credit and good credit risk in the exchange products listed in the United States.



## Income

Income yield of 6.26% in the last 12 months

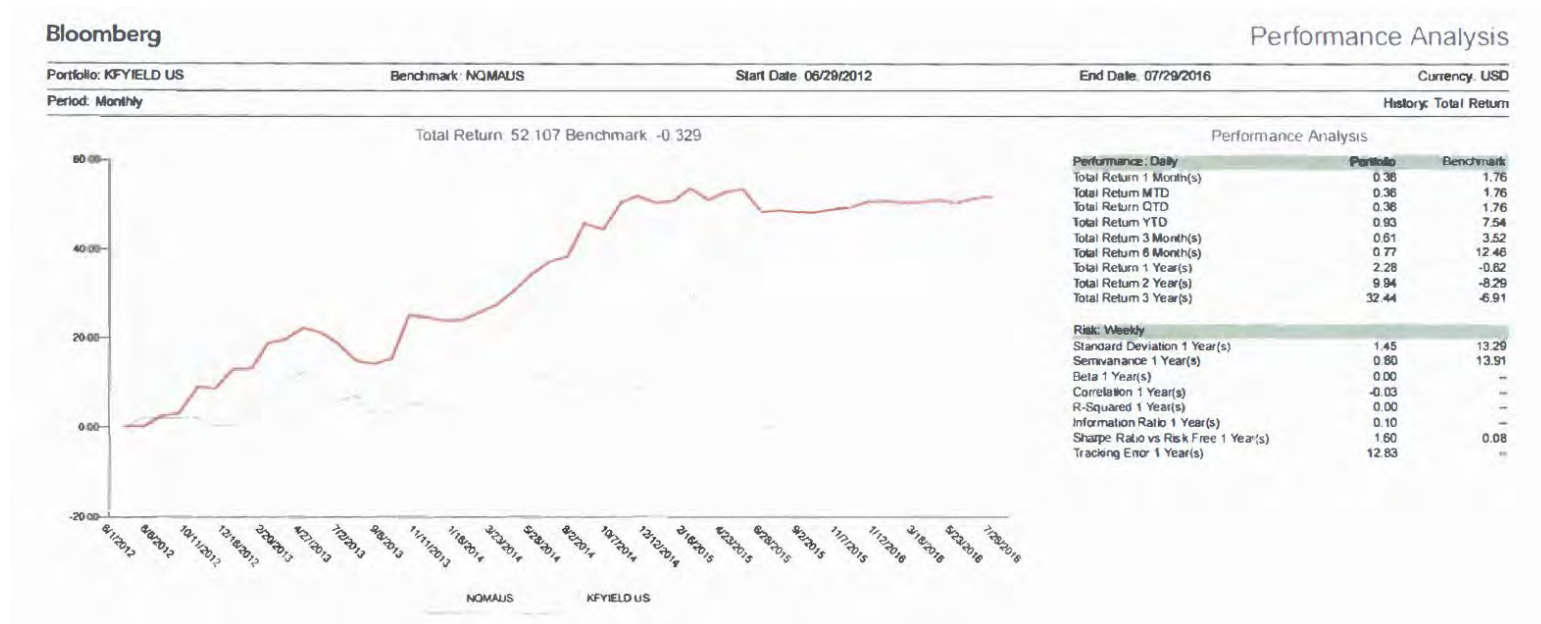
1-year dividend growth of 27.7%

3-year dividend growth of 14.7%

Paid monthly

# Performance

KFYIELD is compared with the index: NASDAQ US Multi-Asset Income Fund ('NQMAUS') and with the ETF ('MDIV')



# Investments

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## THE SECURITIES PORTFOLIO CONSISTS OF SHARES THAT PAY DIVIDENDS AND CASH.

Johnson & Johnson  
JPMorgan Chase&Co.  
Duke Energy  
Merck  
AT&T  
Bank of Montreal  
Garmin  
BP  
Seagate

General Motors  
Centurylink  
Caterpillar  
BHP Billiton  
Prudential Financial  
Viacom  
Total Oil

## Liquidity



### **Monthly:**

Dividends can be paid monthly, reinvested, or partly reinvested and partly distributed.

### **Quarterly:**

The principal is available quarterly.

### **Financing:**

Additional liquidity may be available in 24 hours through our private banking partner, LENDACY.





# Transparency

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## **Bloomberg Listing: KFYIELD**

- ▶ Full list of Portfolio Securities
- ▶ Monthly Report of Dividends
- ▶ Submission of Dividends
- ▶ Reference Point
- ▶ Detailed Information on Risk and Analysis

## **Real-Time Risk Monitoring:**

- ▶ Interest Rate Risk
- ▶ Plummeting Risk
- ▶ Changes in Volatility
- ▶ Market Risks
- ▶ Dividends and Earnings

**SILEXX**



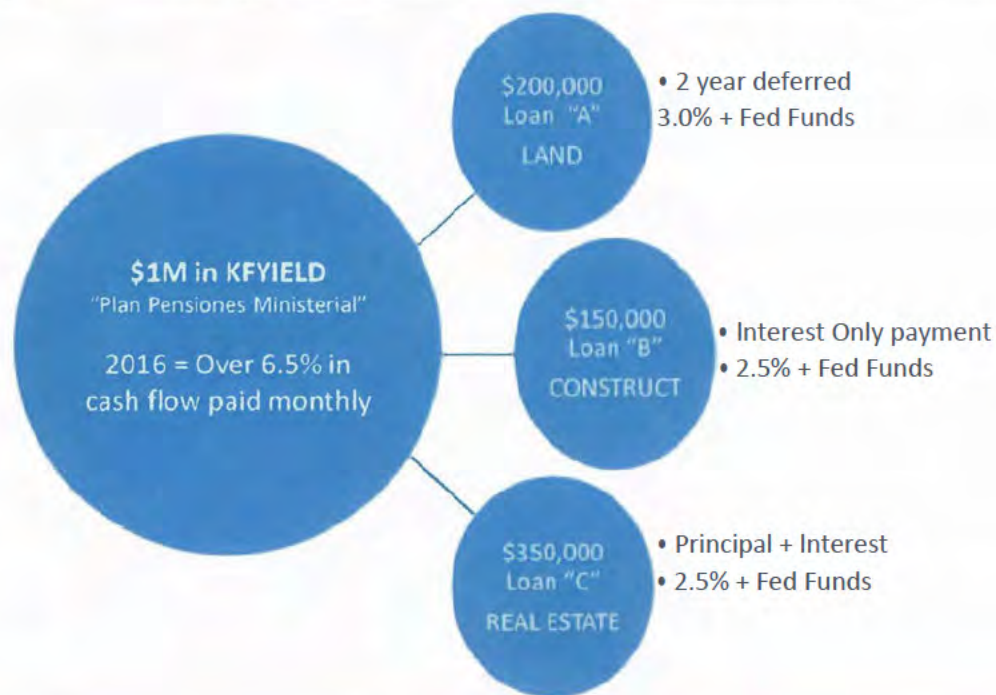
## Benefits

Lendacy is an independent company that partners exclusively with the Kinetic Research Group to offer flexible and customized loan solutions.

- Avoids asset liquidity to finance new loans
- Access to credit lines customized to fit your Pension needs
- One single approval for all loans
- Credit line available for the life of the investment
- Access to credit with 24-hour notice via bank transfer
- There are no pre-payment penalties, monthly fees, or closing costs
- Interest rates currently at 2.5% – 3.0% + Current Federal Funds
- The income received from Kinetic can be used for automatic loan payments with Lendacy



## Multiple Loans



[HW: Analyze - this guideline  
Dividends]

# Income and Costs



Data based on:

- Investment of \$1M KFYIELD
- Credit Line \$700K LENDACY
- Interest Rate: 2.5% + Fed Funds (3.1% total)

Interest payments only using the KFYIELD dividend

INTEREST ONLY PAYMENT MODEL						
YEAR	Net Dividend Income KFYIELD		Market Value KFYIELD		LENDACY Credit Line	
	\$	%	\$	%	Balance	Interest Payments
1	\$28,663	2.87%	\$1,124,300	12.43%	-\$700,000	(21,707) 21,707
2	\$41,620	4.16%	\$1,168,900	16.89%	-\$700,000	(21,707) 21,707
3	\$45,980	4.60%	\$1,344,200	34.42%	-\$700,000	(21,707) 21,707
4	\$54,519	5.45%	\$1,270,700	27.07%	-\$700,000	(21,707) 21,707
Total	\$170,782	17.08%	\$1,270,700	27.07%	-\$700,000	(86,829) 86,829

→ Uninvested value



# THANK YOU

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[www.kineticfunds.com](http://www.kineticfunds.com)



[www.silexx.com](http://www.silexx.com)



[www.lendacy.com](http://www.lendacy.com)



## KINETIC FUNDS I, LLC

EXHIBIT B

*1/19/2017*  
*Archive*

### SUBSCRIPTION INSTRUCTIONS

An investor desiring to subscribe for limited liability company interests in KINETIC FUNDS I, LLC ("Interests") must do the following:

1. Complete, date and sign a Subscription Agreement in the attached form. Have your signature notarized in the Acknowledgement form.
2. Complete, date and sign an Offering Questionnaire in the form appearing as Appendix I to the Subscription Agreement.
3. Complete, date and sign the Form W-9 attached to the Subscription Agreement.
4. Keep copies of the completed, dated, signed and notarized Subscription Agreement, Offering Questionnaire and Form W-9 for your records.
5. Send the completed, dated and originally signed Subscription Agreement, Offering Questionnaire and Form W-9 to:

KINETIC FUNDS I, LLC  
1800 2nd Street, Suite 955  
Sarasota, FL 34236

6. Unless the Managing Member otherwise agrees, payment of the subscription amount must be made by check or wire transfer through or from a U.S. bank or a banking institution.

- (a) Send a cashier's check in payment for the amount subscribed (as indicated on the signature page of the Subscription Agreement) payable to "KINETIC FUNDS I, LLC", to:

KINETIC FUNDS I, LLC  
1800 2nd Street, Suite 955  
Sarasota, FL 34236

### OR

- (b) Wire transfer that amount to:

BMO Harris  
111 West Monroe  
Chicago, IL 60603

Routing #: [REDACTED] 561  
Swift Code [for international]: [REDACTED]

Further Credit To: KINETIC FUNDS I, LLC  
Account #: [REDACTED] 255



## KINETIC FUNDS I, LLC

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### KINETIC FUNDS I, LLC

#### SUBSCRIPTION AGREEMENT

1. **SUBSCRIPTION.** The undersigned (the "Subscriber") hereby irrevocably subscribes for a membership interest ("Interests") in KINETIC FUNDS I, LLC, a Delaware limited liability Company (the "Company"), in the amount indicated on the signature page of this Subscription Agreement. In payment for the Interests, the Subscriber is concurrently sending a check in that amount payable in immediately available funds or is wire transferring that amount to the custodian for the Company in accordance with the Subscription Instructions furnished by the Company to the Subscriber. Such subscription, when and if accepted by the Managing Member of the Company, Michael S. Williams (the "Managing Member"), will constitute the initial Capital Contribution by the Subscriber to the Company, in accordance with the Company's Operating Agreement, as amended and as and if amended in the future (the "AGREEMENT") relating to the Company and its business. Capitalized terms used and not otherwise defined in this Subscription Agreement have the meanings respectively ascribed to them in the AGREEMENT.

2. **REPRESENTATIONS, WARRANTIES AND AGREEMENTS BY SUBSCRIBER.** The Subscriber hereby represents, warrants and agrees as follows:

(a) The Interests are being purchased by the Subscriber and not by any other person, with the Subscriber's own funds and not with the funds of any other person, and for the account of the Subscriber, not as a nominee or agent and not for the account of any other person. On acceptance of this Subscription Agreement by the Managing Member, no person other than the Subscriber will have any interest, beneficial or otherwise, in the Interests. The Subscriber is not obligated to transfer Interests or any part thereof or interest therein to any other person nor does the Subscriber have any agreement or understanding to do so. The Subscriber is purchasing the Interests for investment for a period described in the Company's Operating Agreement, as and if amended, which has been delivered to you, and not with a view to the sale or distribution of any part or all thereof by public or private sale or other disposition. The Subscriber has no intention of selling, granting any participation in or otherwise distributing or disposing of any Interests. The Subscriber does not intend to subdivide the Subscriber's purchase of Interests with any person.

(b) The Subscriber understands that the Interests have not been registered or qualified under the 1933 Act or any other securities law or regulation, on the ground, among others, that there will be no distribution or public offering of the Interests. The Subscriber understands that the Interests will be issued by the Company in connection with a transaction that does not involve any public offering within the meaning of section 4(2) of the 1933 Act or applicable provisions of other securities laws and regulations, under the respective rules and regulations of the SEC and the administrators of such other laws and regulations thereunder. The Subscriber understands that the Company is relying in part on the Subscriber's representations herein for purposes of claiming such exemptions and that such exemptions may not be available if, notwithstanding the Subscriber's representations, the Subscriber has in mind merely acquiring Interests for resale on the occurrence or non-occurrence of some predetermined event. The Subscriber has no such intention.

(c) The Subscriber, either alone or with the Subscriber's professional advisers who are unaffiliated with, have no equity interest in and are not compensated by the Company or any affiliate of the Company ("Affiliate") or selling agent of the Company, directly or indirectly, has such knowledge and experience in financial and business matters that the Subscriber is capable of evaluating the merits and risks of an investment in Interests and has the capacity to protect the Subscriber's own interests in connection with the Subscriber's proposed investment in Interests.



## KINETIC FUNDS I, LLC

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(d) The Subscriber either has previously furnished to the Managing Member a completed and signed Offering Questionnaire attached hereto as Appendix I or is doing so contemporaneously with the submission of this Subscription Agreement. The information in the Subscriber's most recently completed and signed Offering Questionnaire previously delivered or being delivered to the Managing Member, which is incorporated herein by reference, is true, correct and complete in all respects as of the date hereof.

(e) The Subscriber acknowledges that under U.S., international and other antimoney laundering laws, rules, regulations, treaties or other restrictions, the Managing Member or the Company (as the case may be) may require further identification of the Subscriber before they will process a subscription or withdrawal and that the Subscriber's subscription or withdrawal may be delayed if the Subscriber does not provide such required information on a timely basis. The Subscriber agrees to provide to the Managing Member any additional information regarding the Subscriber that the Managing Member or the Company deems necessary or convenient to ensure compliance with all applicable laws concerning money laundering and similar illicit activities.

(f) The Subscriber understands that the Company is prohibited from accepting subscriptions for Interests by any person or entity that is acting, directly or indirectly, in violation of any anti-money laundering laws, rules, regulations, treaties or other restrictions, or on behalf of any suspected terrorist or terrorist organization, including any person, entity or organization that is included on any so-called "watch list" maintained by any governmental agency of the U.S. (including, but not limited to, the U.S. Central Intelligence Agency, the U.S. Department of the Treasury, the U.S. Federal Bureau of Investigation, the IRS, the U.S. Office of Foreign Assets Control and the SEC) (each such person or entity being called herein a "Prohibited Investor"):

(1) The Subscriber is not (A) acting as an agent, representative, nominee or intermediary for any other person, entity or other beneficial owner (each such person or entity being called herein an "Underlying Beneficial Owner") and no Underlying Beneficial Owner has any beneficial or economic interest in the Interests, (B) a Prohibited Investor or (C) a senior foreign political figure,<sup>1</sup> an immediate family member<sup>2</sup> of a senior foreign political figure or a close associate<sup>3</sup> of a senior foreign political figure.

(2) If the Subscriber is a corporation, Company, limited liability company, trust, association or other entity, the Subscriber (A) has established the identity of each director, officer and beneficial owner of the Subscriber (including, but not limited to, each shareholder, member, partner, trustee and beneficiary), (B) will maintain all evidence identifying such persons for at least five years after the date the Subscriber terminates its entire interest in the Company, (C) has made such information available to the Managing Member in the Offering Questionnaire or will provide such information to the Managing Member immediately on the Managing Member's request and (D) has no intention or obligation to distribute, assign, transfer or sell all or any portion of the Interests to any underlying beneficial owner.

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1 A "senior foreign political figure" is a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

2 The "immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and inlaws.

3 A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.



## KINETIC FUNDS I, LLC

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(3) If the Subscriber is an investment entity (such as an investment pool organized as a limited Company, limited liability company, corporation or other entity), (A) the Subscriber has established and applies anti-money laundering practices and procedures that comply with all applicable laws, rules and regulations and are designed to detect and report any activity that raises suspicion of money laundering activities and (B) none of the Subscriber's directors, officers, managers, members, partners, shareholders or other beneficial owners is a Prohibited Investor, a senior foreign political figure, an immediate family member of a senior foreign political figure or a close associate of a senior foreign political figure.

(4) The assets used to subscribe for the Interests hereby were not derived, directly or indirectly, from any illegal activity or source.

(g) If the Subscriber is a bank organized under non-U.S. law or is an agency, branch or office located outside the U.S. of a U.S. bank (a "Foreign Bank"), or if the Subscriber receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Foreign Bank:

(1) The Foreign Bank maintains a place of business that is located at a fixed address, other than solely an electronic address or a post-office box, in a country in which the Foreign Bank is authorized to conduct banking activities, at which location the Foreign Bank (A) employs one or more individuals on a full-time basis and (B) maintains operating records related to its banking activities;

(2) The Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities;

(3) The Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate (as that term is defined in 31 C.F.R. §103.175); and

(4) The Subscriber agrees to furnish such other documentation that the Managing Member or the Company may request at any time, including, but not limited to, any certification or recertification provided for by 31 C.F.R. §103.177(b).

(h) The Subscriber agrees to notify the Managing Member immediately if any of the representations, warranties or agreements in section 2(e), (f) or (g) becomes false, inaccurate or incomplete in any respect at any time that the Subscriber holds any Interests. The Subscriber understands and agrees that if the Managing Member believes that any of the representations, warranties or agreements in section 2(e), (f) or (g) or any other information that the Subscriber has supplied to the Managing Member or the Company is or becomes false, inaccurate or incomplete in any respect, the Managing Member or the Company may be required to expel the Subscriber from the Company, freeze the assets of the Subscriber, suspend the Subscriber's withdrawal rights, request additional information or recertification, deliver the Subscriber's assets invested in the Company to a governmental agency, report any such action and the Subscriber's identity to a governmental agency or take any combination of the foregoing actions or any other action as required by applicable law. The Subscriber hereby (1) waives and releases any known or unknown claim that the Subscriber might now or at any future time have against the Company, the Managing Member or any of their respective Affiliates, controlling persons, shareholders, members, managers, partners, directors, officers, employees, attorneys and agents in connection with such action by the Managing Member or the Company and (2) agrees that, in connection with such action by the Managing Member or the Company, the Managing Member may segregate and manage any portion or all of the Subscriber's investment in the Company separate and apart from the Company's assets, in the Managing Member's absolute discretion, including without limitation, by selling or otherwise disposing of such assets of the Subscriber and reinvesting the proceeds there from.



## KINETIC FUNDS I, LLC

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The rights and obligations of the Managing Member under this section 2(h) shall supersede any duties that the Managing Member may have to the Subscriber under the Agreement or otherwise.

(i) Unless otherwise approved by the Managing Member, distributions of the Company's assets to the Subscriber (whether as a result of a distribution to all Capital Class Members or in connection with a withdrawal by the Subscriber) shall be made (1) only to the Subscriber (as reflected on the Company's books and records) and (2) only through accounts held at a U.S. bank.

(j) The Subscriber acknowledges receipt of the AGREEMENT and acknowledges that the Subscriber has been furnished with such financial and other information concerning the Company, the Managing Member and the business and proposed business of the Company as the Subscriber considers necessary in connection with the Subscriber's investment in Interests. The Subscriber has carefully reviewed the AGREEMENT and is thoroughly familiar with the existing and proposed business, operations, management, properties and financial condition of the Company and has discussed with representatives of the Managing Member any questions the Subscriber may have had with respect thereto. The Subscriber understands:

- (1) The risks involved in this offering, including the speculative nature of the investment;
- (2) The financial hazards involved in this offering, including the risk of losing the Subscriber's entire investment;
- (3) The lack of liquidity and restrictions on transfers of Interests; and
- (4) The tax consequences of this investment.

The Subscriber has consulted with the Subscriber's own legal, accounting, tax, investment and other advisers with respect to the tax treatment of an investment by the Subscriber in Interests and the merits and risks of an investment in Interests.

(k) The Subscriber understands that the investment in Interests is highly speculative, and is able to bear the economic risk of such investment. The Subscriber is an "accredited investor" as defined in the Offering Questionnaire attached hereto as Appendix I. If the Subscriber has indicated category (13) in Part E of such Offering Questionnaire, all direct and indirect equity owners of the Subscriber are also accredited investors.

(l) The Subscriber has a net worth in excess of \$1,500,000. Each direct or indirect ultimate equity owner of the Subscriber has a net worth in excess of \$1,500,000, if the Subscriber is (1) a private investment company (a company that would be defined as an investment company under the ICA, but for the exception from that definition provided by ICA section 3(c)(1)), (2) an investment company registered under the ICA or (3) a business development company as defined in Advisers Act section 202(a) (22).

(m) If the Subscriber is an individual, the Subscriber is a citizen of the U.S., or a resident alien taxable as a citizen of the U.S., over twenty-one years of age (or the age of majority in the Subscriber's state of residence) and if the Subscriber is an unincorporated association, all of its members are such citizens or resident aliens of such age. The requirements of the preceding sentence will be deemed met if the Subscriber is such a citizen or resident alien of such age who is acting as a custodian, trustee or legally appointed personal representative for the beneficial investor (who may be under such age). The Subscriber agrees to notify the Company within sixty days of becoming a nonresident alien.

## KINETIC FUNDS I, LLC

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(n) If the Subscriber is a corporation, limited liability company, Company, trust or other entity:

(1) Unless otherwise indicated on the Subscriber's Offering Questionnaire, the Subscriber is not a foreign corporation, foreign limited liability company, foreign Company, foreign trust or foreign estate (as those terms are defined in the Code and the Regulations). The Subscriber agrees to notify the Company within sixty days of the date that the Subscriber becomes any such foreign person.

(2) The Subscriber was not formed for the purpose of investing in Interests. Less than forty percent of the Subscriber's total assets will be invested in the Company. The Subscriber has or will have other substantial business or investments.

(3) If the Subscriber is an "investment company", as that term is defined in the Investment Company Act of 1940, as amended, (the "ICA") or it relies on the exclusion from the definition of "investment company" provided by ICA section 3(c)(1) or 3(c)(7), the Subscriber understands and agrees that the Subscriber's subscription hereby may be reduced by the Managing Member to an amount that is less than ten percent of the total amount of interests in the Company held by all Capital Class Members.

(4) Other than as may be required with respect to the allocation of profits and losses from New Issue securities (under Rule 2790 of the National Association of Securities Dealers, Inc. (the "NASD"), as such Rule may be amended or replaced from time to time by the NASD or any similar rule or interpretation of any self-regulatory organization or governmental agency or official having similar authority), the governing documents of the Subscriber require that each beneficial owner of the Subscriber, including, but not limited to, shareholders, members, partners and beneficiaries, participate through such beneficial owner's interest in the Subscriber in all of the Subscriber's investments and that the profits and losses from each such investment are shared among such beneficial owners in the same proportions as all other investments of the Subscriber. No such beneficial owner may vary such beneficial owner's share of profits and losses or the amount of such beneficial owner's contribution for any particular investment made by the Subscriber.

The Subscriber understands that the Subscriber's certification in section 2(m) or (n)(1) above regarding non-foreign status may be disclosed to the IRS by the Company, and any false statement may be punishable by fine, imprisonment or both.

(o) If the Subscriber is a corporation, limited liability company, Company, trust or other entity and is not an Employee Benefit Plan, less than twenty-five percent of the value of each class of equity interests in the Subscriber (excluding from the computation non-Employee Benefit Plan interests of any individual or entity with discretionary authority or control over the assets of the Subscriber) is held by benefit plan investors, as defined in the Department of Labor's "plan asset" regulations at 29 C.F.R. §2510.3-101 ("Benefit Plan Investors"). If the Subscriber is as described in the preceding sentence and at any time twenty-five percent or more of the value of any class of equity interests in the Subscriber (computed as described in the preceding sentence) is or becomes held by Benefit Plan Investors (in which event, the Subscriber shall be or become a "25% Subscriber"), the Subscriber shall immediately disclose such fact to the Company. If the Subscriber is or becomes a 25% Subscriber or an Employee Benefit Plan, the person signing this Subscription Agreement on behalf of the Subscriber hereby represents and warrants as follows:

(1) If the Subscriber is an Employee Benefit Plan that is subject to Title I of ERISA, such person is either a named fiduciary of the Employee Benefit Plan (as defined in ERISA section 402(a)(2)) or an investment manager of the Employee Benefit Plan (as defined in ERISA section 3(38)) with



## KINETIC FUNDS I, LLC

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full authority under the terms of the Employee Benefit Plan and full authority from all Employee Benefit Plan beneficiaries, if required, to cause the Employee Benefit Plan to invest in the Company. Such investment has been duly approved by all other named fiduciaries whose approval is required, if any, and is not prohibited or restricted by any provision of the Employee Benefit Plan or of any related instrument.

(2) If the Subscriber is an Employee Benefit Plan that is subject to Title I of ERISA or a 25% Subscriber whose assets include assets of an Employee Benefit Plan under the "plan asset" regulations, such person has determined independently that the investment by the Employee Benefit Plan or 25% Subscriber in the Company satisfies all requirements of ERISA section 404(a)(1), specifically including the "prudent man" standards of ERISA section 404(a)(1)(B) and the "diversification" standard of section 404(a)(1)(C), and will not be prohibited under any provision of ERISA section 406 or Code section 4975(c)(1). Such person has requested and received all information from the Managing Member that such person, after due inquiry, considered relevant to such determinations. In determining that the requirements of ERISA section 404(a)(1) are satisfied, such person has taken into account the risk of loss of part or all of the Employee Benefit Plan's or 25% Subscriber's investment and that an investment in the Company will be relatively illiquid, and funds so invested will not be readily available for the payment of employee benefits. Taking into account these factors and all other factors relating to the Company, the undersigned has concluded that investment in the Company constitutes an appropriate part of the Employee Benefit Plan's or 25% Subscriber's overall investment program.

(3) Such person will notify the Managing Member, in writing, of any alteration in the identity of any named fiduciary or investment manager, including such person, who has the authority to approve investments in the Company.

(4) Neither the Managing Member nor any Affiliate of the Managing Member has rendered any investment advice (within the meaning of ERISA section 3(21) and the regulations thereunder) to the Subscriber (or, if the Subscriber is a 25% Subscriber, to any Employee Benefit Plan investing in the 25% Subscriber) with respect to the assets that will be invested in the Company on a regular basis pursuant to a mutual understanding, arrangement or agreement, written or otherwise, between the Subscriber (or, if the Subscriber is a 25% Subscriber, between any Employee Benefit Plan investing in the 25% Subscriber) and any of such parties who will act in regard to the Company, and none of such parties renders any investment advice to the Subscriber or to any such Employee Benefit Plan that furnishes a primary basis for investment decisions with respect to assets of the Subscriber or of any such Employee Benefit Plan.

If the Managing Member or any Affiliate, director, officer, member, manager, partner, employee or agent of the Managing Member is ever held to be a fiduciary, it is agreed that, in accordance with ERISA sections 405(c)(1), 405(c)(2) and 405(d) and any successor sections thereto, the fiduciary responsibilities of that person shall be limited to such person's duties in administering the business of the Company, and such person shall not be responsible for any other duties with respect to any Employee Benefit Plan or any Employee Benefit Plan investing in the 25% Subscriber (specifically including evaluating the initial or continued appropriateness of any such Employee Benefit Plan's investment in the Company under ERISA section 404(a)(1)). The Managing Member may, but shall not be required to, elect to report the Company's underlying assets directly to the DOL pursuant to 29 C.F.R. 2520.103-12.

(p) This Subscription Agreement constitutes a legal, valid and binding agreement of the Subscriber enforceable against the Subscriber in accordance with its terms. The Subscriber, if not an individual, is empowered and duly authorized to enter into this Subscription Agreement (including the power of attorney herein) under any governing document, operating agreement, Company agreement, trust instrument, pension plan, charter, articles or certificate of incorporation or organization, bylaw provision or the like. The person, if any, signing this

## KINETIC FUNDS I, LLC

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Subscription Agreement on behalf of the Subscriber is empowered and duly authorized to do so by the governing document, trust instrument, operating agreement, Company agreement, pension plan, charter, articles or certificate of incorporation or organization, bylaw provision, board of directors or stockholder resolution, or the like.

(q) The offer to sell Interests was directly communicated to the Subscriber by the Company in a manner such that the Subscriber was able to ask questions of and receive answers from the Managing Member concerning the terms and conditions of this transaction. At no time was the Subscriber presented with or solicited by any leaflet, public promotional meeting, newspaper, magazine or similar media (including, without limitation, any internet site that does not comply with procedures required to prevent a public solicitation of Interests), or radio or television article or advertisement, or any other form of advertising or general solicitation. The Subscriber has not reproduced, duplicated or delivered to any other person the AGREEMENT or any part thereof or excerpt therefrom, including, without limitation, this Subscription Agreement, except to the Subscriber's own advisers, and shall not do so without the Managing Member's prior consent.

(r) The Subscriber understands that insofar as indemnification for liabilities arising under the 1933 Act may be permitted to directors, officers or persons controlling the Company pursuant to the AGREEMENT or this Subscription Agreement, the Company has been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the 1933 Act and is therefore unenforceable.

(s) The Subscriber understands and agrees that the Managing Member and the Company may release and disclose to proper governmental authorities confidential information about the Subscriber and, if applicable, its directors, officers and beneficial owners, if the Managing Member is required to do so by applicable law, rule, regulation, subpoena or court order or if the Managing Member believes it is in the best interest of the Company in light of the applicable laws, rules and regulations regarding Prohibited Investors.

3. AGREEMENT TO REFRAIN FROM RESALES. The Subscriber agrees that the Subscriber shall in no event pledge, hypothecate, sell, transfer, assign or otherwise dispose of any Interests, nor shall the Subscriber receive any consideration for Interests from any person, unless and until prior to any proposed pledge, hypothecation, sale, transfer, assignment or other disposition, the Subscriber shall have complied with all requirements and conditions in the AGREEMENT.

4. CERTIFICATES TO BE LEGENDED. The Subscriber understands and agrees that any instrument or certificate representing or relating to Interests may bear such legends as the Company may consider necessary or advisable to facilitate compliance with the 1933 Act and any other applicable securities law or regulation, including, without limitation, legends stating that the Interests have not been registered or qualified under the 1933 Act or any other securities law and setting forth the limitations on dispositions imposed hereby and by the Agreement.

5. INTERESTS WILL BE RESTRICTED SECURITIES. The Subscriber understands that the Interests will be "restricted securities" as that term is defined in Rule 144 under the 1933 Act and, accordingly, that the Subscriber must hold the Interests indefinitely unless they are subsequently registered or qualified under the 1933 Act and any other applicable securities law or exemptions from such registration and qualification are available. The Subscriber understands that the Company is under no obligation so to register or qualify Interests under the 1933 Act or any other securities law, or to comply with Regulation A or any other exemption under the 1933 Act or any other law. The Subscriber understands that Rule 144 is not available for any sale of Interests and will not be available for at least several years.



## KINETIC FUNDS I, LLC

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6. **COMPANY MAY REFUSE TO TRANSFER.** If, in the opinion of counsel for the Managing Member or a manager of the Managing Member, the Subscriber has acted or at any time hereafter shall have acted in a manner inconsistent with the representations and warranties in this Subscription Agreement, the Managing Member may refuse to transfer the Interests until such time as such counsel is of the opinion that such transfer will not require registration or qualification of Interests under the 1933 Act or any other securities law or registration of the Company under the ICA. The Subscriber understands and agrees that the Company may refuse to acknowledge or permit any disposition of Interests that does not comply in all respects with the Agreement and this Subscription Agreement and that the Company intends to make an appropriate notation in its records to that effect.

7. **INDEMNIFICATION.** The Subscriber agrees to indemnify and defend the Company, the Managing Member, each person, if any, who controls the Managing Member within the meaning of the 1933 Act or the 1934 Act, and each of their respective Affiliates, controlling persons, shareholders, members, managers, partners, directors, officers, employees, attorneys and agents and hold them harmless from and against any and all claims, liabilities, losses, damages, settlements and expenses (including, without limitation, attorneys' fees and expenses, expert witnesses' fees and expenses and court costs) as and when suffered or incurred on account of or arising out of:

(a) Any breach of or inaccuracy in the Subscriber's representations, warranties or agreements herein, including, without limitation, the defense of any claim based on any allegation of fact inconsistent with any of such representations, warranties or agreements;

(b) Any disposition of Interests contrary to any of such representations, warranties or agreements;

(c) Any action, suit or proceeding based on (1) a claim that any of such representations, warranties or agreements were inaccurate or misleading or otherwise cause for obtaining damages or redress under the 1933 Act or any other securities law, or (2) any disposition of any Interests or any part thereof or interest therein; or

(d) Any delay in the Subscriber's subscription, any freezing of the assets of the Subscriber, any suspension or delay of the Subscriber's withdrawal rights, any delivery of the Subscriber's assets invested in the Company to a governmental agency, or any other action, delay or disclosure, pursuant to section 2(e), (f), (g), (h) or (s).

8. **POWER OF ATTORNEY.** The Subscriber hereby irrevocably constitutes and appoints the Managing Member, with full power of substitution and re-substitution, the Subscriber's true and lawful attorney, for the Subscriber and in the Subscriber's name, place and stead and for the Subscriber's use and benefit to sign, execute, deliver, certify, acknowledge, swear to, file, record and publish:

(a) The AGREEMENT and the Company's Certificate of Formation, and any amendments to either of such documents in accordance with the AGREEMENT;

(b) Any other certificates, instruments, agreements and documents necessary to qualify or continue the Company as a limited liability company or a Company wherein members have limited liability in the states or other jurisdictions where the said attorney-in-fact deems necessary or advisable;



## KINETIC FUNDS I, LLC

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(c) All conveyances, assignments, documents of transfer or other instruments and documents necessary to effect the assignment of Interests or the dissolution and termination of the Company in accordance with the Agreement; and

(d) All filings and submissions pursuant to any applicable law, regulation, rule, order, decree or judgment which, in the opinion of said attorney-in-fact, may be necessary or advisable in connection with the business of the Company.

The power of attorney granted herein is coupled with an interest, shall be irrevocable, shall survive the death, disability or incapacity of the Subscriber, shall be deemed given by each and every assignee and successor of the Subscriber and may be exercised by said attorney-in-fact by listing, or attaching a list of, the names of the Subscriber and other persons for whom the said attorney-in-fact is acting and signing the Agreement and such other certificates, instruments and documents with the single signature of an authorized signatory on behalf of the said attorney-in-fact acting as such for all of the persons whose names are so listed.

9. **ARBITRATION.** The parties waive their right to seek remedies in court, including any right to a jury trial. The parties agree that any dispute between or among any of the parties or any of their Affiliates arising out of, relating to or in connection with this Subscription Agreement or the Company or its formation, organization, capitalization, business or management, shall be resolved exclusively through binding arbitration conducted under the rules and before the facilities of any self-regulatory organization of which the Company is a member at the time of such dispute, or of the Judicial Arbitration and Mediation Service in or nearest in geographic proximity to Sarasota, Florida, ("JAMS") if the Company is not a member of any such self-regulatory organization at the time of such dispute. The arbitration hearing shall be held in the county and state of the principal office of the Company at the time the dispute arises, unless required to be held elsewhere by the rules of the organization before which the arbitration is conducted. Disputes shall not be resolved in any other forum or venue. If conducted under the auspices of JAMS, (a) the arbitration shall be conducted by a retired judge who is experienced in resolving disputes regarding the securities business, (b) the arbitrator shall apply the substantive law of the state of Florida to all state law claims, (c) limited discovery shall be conducted in accordance with JAMS' Arbitration Rules and Procedures, (d) the arbitrator may not award punitive or exemplary damages, unless (but only to the extent that) such damages are required by law to be an available remedy for the specific claim(s) asserted, (e) the arbitrator's award shall consist of a written statement as to the disposition of each claim and the relief, if any, awarded on each claim and (f) the award shall not include or be accompanied by any findings of fact, conclusions of law or other written explanation of the reasons for the award. The parties understand that the right to appeal or to seek modification of any ruling or award by the arbitrator is severely limited under state and federal law. Any award rendered by the arbitrator shall be final and binding, and judgment may be entered thereon in any court of competent jurisdiction in the county and state of the principal office of the Company at the time the award is rendered or as otherwise provided by law.

10. **SUCCESSORS.** The representations, warranties and agreements in this Subscription Agreement shall be binding on the Subscriber's successors, assigns, heirs and legal representatives and shall inure to the benefit of the respective successors and assigns of the Company and the Managing Member, any other person that shall hereafter be admitted to the Company as a Managing Member thereof in accordance with the Agreement, and their respective Affiliates.

## KINETIC FUNDS I, LLC

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11. **GOVERNING LAW.** This Subscription Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Florida.

12. **NUMBER AND GENDER.** The use of the singular number shall be deemed to include the plural and vice versa, and each gender shall be deemed to include each other gender, as the context may require, and "person" shall be deemed to include natural person, corporation, limited liability company, Company, trust or other legal entity.

13. **ENTIRE AGREEMENT.** This Subscription Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by all parties. The representations, warranties, covenants and agreements in this Subscription Agreement shall survive the execution and delivery of this Subscription Agreement and the AGREEMENT and shall continue in full force and effect notwithstanding anything to the contrary in the AGREEMENT, except only to the extent otherwise provided in a written amendment of this Subscription Agreement, specifically referring hereto, that is signed by or on behalf of the Managing Member and the Subscriber.

14. **SEVERABILITY.** If any provision of this Subscription Agreement or the application thereof to any person or in any circumstances shall be held to be invalid, unlawful, or unenforceable to any extent, the remainder of this Subscription Agreement, and the application of such provision other than to the persons or in the circumstances deemed invalid, unenforceable or unlawful, shall not be affected thereby, and each remaining provision hereof shall continue to be valid and may be enforced to the fullest extent permitted by law.

## KINETIC FUNDS I, LLC

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### KINETIC FUNDS I, LLC

#### SUBSCRIPTION AGREEMENT SIGNATURE PAGE

AMOUNT OF CHECK OR SIMULTANEOUS WIRE TRANSFER: **\$500,000**

TYPE OF OWNERSHIP: (Check One):

<u>Check One</u>	<u>TYPE OF OWNERSHIP</u>	<u>SIGNATURE PAGE</u>
	INDIVIDUAL OWNERSHIP	PAGE 13
	JOINT TENANTS WITH RIGHT OF SURVIVORSHIP	PAGE 13
	COMMUNITY PROPERTY	PAGE 13
	TENANTS-IN-COMMON	PAGE 13
x	CORPORATION	PAGE 14
	COMPANY OR LIMITED LIABILITY COMPANY	PAGE 15
	TRUST (Including employee benefit plan and individual retirement account trusts)	PAGE 16
	CUSTODIAN FOR MINOR	PAGE 17
	CUSTODIAN FOR PENSION PLAN/RETIREMENT FUNDS	PAGE 18
	OTHER (Please specify and include appropriate documentation)	NA



## KINETIC FUNDS I, LLC

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### INDIVIDUAL(S):

The Managing Member may require that you furnish a certified or notarized copy of your driver's license or passport.

Dated: \_\_\_\_\_

Investor #1:  
Print or Type Name:

\_\_\_\_\_

Signature: \_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

Social Security No. \_\_\_\_\_

Investor #2 (if any):  
Print or Type Name:

\_\_\_\_\_

Signature: \_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

Social Security No. \_\_\_\_\_

## KINETIC FUNDS I, LLC

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### CORPORATION:

The Managing Member may require that you furnish articles or certificate of incorporation, bylaws and corporate resolution certified by the secretary of the corporation authorizing execution of this Subscription Agreement by the person signing below.

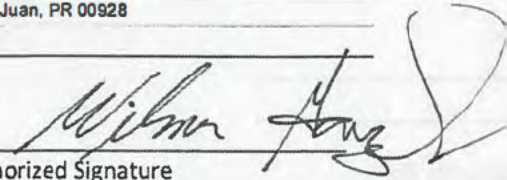
Dated: 4/7/2017

Name of Corporate Investor:  
Plan de Pensiones Ministerial

State of Incorporation  
Puerto Rico

Address:  
Apartado 21065  
San Juan, PR 00928

By:

  
Authorized Signature

Print Name and Title of Signatory Rev. Wilmer Gonzalez Vargas

Tax Identification Number ██████████924

## KINETIC FUNDS I, LLC

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### COMPANY OR LIMITED LIABILITY COMPANY:

The Managing Member may require that you furnish a certified copy of the statement of Company or Company agreement or the operating agreement and articles or certificate of organization or formation authorizing execution of this Subscription Agreement by the person signing below.

Dated: \_\_\_\_\_

Name of Company or Limited Liability Company \_\_\_\_\_

State of Formation \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Authorized Signature

Print Name and Title of Signatory \_\_\_\_\_

Tax Identification Number \_\_\_\_\_



## KINETIC FUNDS I, LLC

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### TRUST:

The Managing Member may require that you furnish a certified copy of the trust agreement or other instrument and any other documentation necessary to establish the authority of the person signing this Subscription Agreement.

Dated: \_\_\_\_\_

Name of Trust \_\_\_\_\_

State and Date of Formation \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

\* Signature of Trustee or Other Authorized Person

Print Name and Title of Signatory \_\_\_\_\_

Tax Identification Number \_\_\_\_\_

\* All documents must be signed by or on behalf of the trustee or, in the case of an individual retirement account, the custodian, not by or on behalf of a participant or beneficiary.

## KINETIC FUNDS I, LLC

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### CUSTODIAN FOR MINOR:

Dated: \_\_\_\_\_

Print Name of Custodian: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Signature of Custodian

Custodian for:

Print Name of Minor \_\_\_\_\_

under the Florida Uniform Transfers to Minors Act

Social Security Number of Minor: \_\_\_\_\_

## KINETIC FUNDS I, LLC

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### CUSTODIAN FOR PENSION PLAN/RETIREMENT FUNDS:

For non-self-directed Pension Plans and/or Retirement Funds or plans that are not in a trust, a signature from the authorized person for the custodian of the pension plan / retirement fund is required.

Dated: \_\_\_\_\_

Name of Pension Plan / Retirement Fund / IRA:

\_\_\_\_\_ FBO \_\_\_\_\_, IRA

Name of Custodian:

State of Incorporation

Address:

By:

Authorized Signature

Print Name and Title of Signatory \_\_\_\_\_

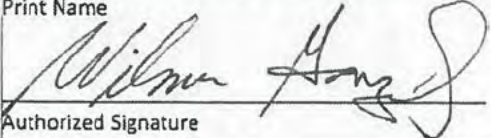
By:

Authorized Signature

Print Name and Title of Signatory \_\_\_\_\_

# KINETIC FUNDS I, LLC

## ACKNOWLEDGMENT

(STATE OF FLORIDA )  (COUNTY OF SARASOTA)  On _____ before me, _____, Notary Public, personally appeared MICHAEL S WILLIAMS personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument  WITNESS my hand and official seal.	<b>CAPACITY CLAIMED BY SIGNER</b>  <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> CORPORATE OFFICER(S)  <b>TITLE(S)</b> PARTNER(S)  <input checked="" type="checkbox"/> GENERAL <input type="checkbox"/> LIMITED  <input type="checkbox"/> ATTORNEY-IN-FACT <input type="checkbox"/> TRUSTEE(S) <input type="checkbox"/> GUARDIAN/CONSERVATOR <input type="checkbox"/> OTHER:  <b>SIGNER IS REPRESENTING:</b>  Plan de Pensiones Ministerial Entity Name  Rev. Wilmer Gonzalez Vargas Print Name  Authorized Signature
(SIGNATURE OF NOTARY)	

## COMPANY'S ACCEPTANCE

KINETIC FUNDS I, LLC, the Company named above, hereby accepts the foregoing Subscription Agreement as of \_\_\_\_\_.

by: \_\_\_\_\_  
 Michael S. Williams,  
 Managing Member of LF 42, LLC,  
 Managing Member, Kinetic Partners, LLC



## KINETIC FUNDS I, LLC

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**\*Percentage Interest of Class C Members only; this Percentage Interest will be revised accordingly as, if and when additional Class C Members may be admitted to the Company.**



**EXHIBIT "C-1"**  
**TO**  
**Kinetic Funds I, LLC**  
**OPERATING AGREEMENT**

**Class C Member Addendum**

This Addendum, consisting of three (3) pages, is entered into as of 4/7/17 in connection with the admission of Plan de Pensiones Ministerial as a Class C Member of KINETIC FUNDS I, LLC (the "Class C Member"). KINETIC FUNDS I, LLC is hereinafter referred to as the "Company" and Kinetic Partners, LLC the Company's Class A Member, is hereinafter referred to as the "Class A Member." This Addendum shall constitute a counterpart signature page to the Company's Operating Agreement.

The execution of this Addendum confirms investment by the Class C Member at the Company.

The Class C Member has agreed to invest in one or more Funds (as hereinafter defined) provided by the Company. The Class A Member will have full and complete discretion to make any and all trading decisions and affect any strategies as the Class A Member shall determine, in its sole and absolute discretion, in order to manage the Funds.

**INVESTMENT:**

The Class C Member will contribute Five Hundred Thousand Dollars (\$ 500,000) to be invested in one, or more, of the following investment funds (each, a "Fund", more than one, "Funds") at the discretion of the Class C Member. Please check the box below corresponding to the Funds that the Class C Member will participate in and indicate the amount to be initially allocated to each.

All Funds may include a "Preferred Return" investment. This investment is in a private sector funding company that offers fixed rate preferred interest returns. The preferred return helps reduce volatility, generates additional income, and increases Alpha of the funds. The preferred returned will vary in maturity, amount, and interest. The Preferred Return investment may be added as/if/when they become available. The invested amount will be at the sole discretion of the Class A (Managing) Member. The "Preferred Return" investment may encumber Class C member investments for a period of time based on maturity.

- ☐ KFINFLT (Inflation) – Fund focuses on hedging against a rise in inflation and/or devalue in the U.S. dollar. Investments in the gold, silver, commodities, currency and international markets. Assets in the Fund include, but are not necessarily limited to, ETFs, stocks, and listed options. Assets may be long and/or short.

Amount: \_\_\_\_\_

- ☒ KFYIELD (Income) – Fund focuses on income generation. Investments in government bonds, corporate bonds, REITS, MLPs, Preferred Shares. Assets in the Fund include but are not necessarily limited to, ETFs, stocks, and listed options. Assets tend to be (but need not be) long.

Amount: \$500,000

- ☐ KFVALUE (Value) – Fund focuses on multinational companies with strong balance sheets, fundamentals, positive revenue, and sound corporate management. The Fund is actively managed and may be long and/or short to prosper in rising and declining markets. Assets in the Fund include, but are not necessarily limited to, stocks, preferred stocks, and listed options. Assets may be long and/or short.

Amount: \_\_\_\_\_

The Class C Member may, with the approval of the Class A Managing Member, reallocate between the Funds listed above on a quarterly basis, upon thirty (30) days prior written notice actually received by the Class A Managing Member prior to the end of any calendar quarter. In no event may any allocation result in less than Two Hundred & Fifty Thousand (\$250K) being placed in any one Fund.

#### FINANCIAL PRODUCTS:

The Fund(s) will trade derivatives, but may also be invested in individual stocks, components of the indices, cash, and other exchange listed products in the sole and absolute discretion of the Class A (and Managing) Member, in its sole and absolute discretion, from time to time and at any time. The Funds also may include a Preferred Return investment, as described above, which will vary in maturity, amount, and interest.

#### REPORTING:

The Class C Member will receive a monthly statement of its selected Fund(s)' investments. The report will be sent by email on the 15<sup>th</sup> of each month for the preceding month's activity. The Fund(s)' Profit/Loss are reported on a mark-to-market basis for month-end. Any/all dividends issued by financial products held in the Fund will reported as a separate line item. The Company may provide statements online, if/when available. If a Class C Member wishes to receive statements by standard mail, that will be arranged by request. The Company does not guarantee the receipt via standard mail by the 15<sup>th</sup> of the month.

#### RISK MARGIN:

The Funds' goal is to not exceed a Risk Margin of 75% to equity ratio, measured in the form of "haircut" or risk-based margin. While this it is the goal to maintain this Risk Margin exposure, a particular position or positions may increase or decrease depending on market conditions. IT MUST BE NOTED that this is a guideline only when deploying positions and maintaining the positions, and that this goal may be exceeded, in the sole and absolute discretion of the Class A Member from time to time and at any time.

#### REINVESTMENT/DIVIDEND DISTRIBUTIONS:

A Class C Member may reinvest up to One Hundred Percent (100%) of any/all net dividends generated in any Fund selected on the previous page hereof, or receive a distribution of net dividends on a monthly basis. Dividend distributions are made on the 10<sup>th</sup> business day for any/all dividends that are generated in the Fund(s) from the previous month.

☒ Yes, Class C Member hereby elects to reinvest all (or 100 %) of its share of net dividends.

\*Reinvest all net of Lendacy interest charges

#### PROFITS AND LOSSES:

The Class C member will receive 100% of any and all dividends issued by any/all financial products held in the Fund selected as indicated on the previous page of this Addendum.

The Class C member will receive 80% of net profits earned by any Fund selected as indicated on the previous page of this Addendum. The term "net profits" as used herein means the profits generated by a particular Fund, minus any and all expenses incurred by the Company, directly or indirectly, in connection with the operation of a particular Fund, including, but not necessarily limited to, any and all fees or charges imposed by any securities exchange, clearing firms, quotation services, commission, interest and the like, that are charged directly to the Fund and a Class C Member by the Company's clearing firm, broker dealer, or any third-party services related to transacting business in the Fund. All Funds are based on realized and unrealized accounting; this may change due to regulatory changes or requirements. Changes, if any, may affect realized returns and tax reporting. The Class C member will be notified as to any changes, when and if they occur. It is the Class C Member's responsibility to contact its tax professional to see how it may or may not affect its tax reporting. Net Profits shall be calculated and distributed on a monthly basis.

The Class A Member will receive 20% of the net profits. The Class A Member will not participate in any dividend distributions by any/all financial products that are held in the Fund(s). Any/all dividends by financial products held in the Fund selected by the Class C Member will be issued to the Class C Member.

Preferred Return Investment profits and losses, if any, will be allocated to the Class C member investments at the absolute and sole discretion of the Class A Member.



#### **HIGHWATER MARK:**

A Class C Member will have a high-water mark that is based on the profits and losses amount stated in the INVESTMENT section on the prior page hereof. The Class A Member will only receive 20% of net profits (as defined in the "Profits and Loss" section) for any profits that exceed the "high-water mark". Any realized losses in the account must be made up in full with realized gains, prior to the Class A member receiving any profits. The high-water market is reset at fiscal year-end of the Class C Members' realized profit/loss at year-end.

The high-water mark only pertains to returns generated in the fund/s and not the preferred return investment.

#### **PRINCIPAL WITHDRAWALS:**

The Class C Member may make a Principal Withdrawal request at the end of a calendar quarter, provided that thirty (30) days' prior written notice is provided to Company and that said Class C Member's capital contribution has been deposited with the Company for at least ninety (90) days. Principal Withdrawals are not a right and are at all times subject to regulatory and Company approvals. Class C Member assets may also be invested in "preferred return" investments (INVESTMENT SECTION), which may not be fully liquid in order to accommodate principal withdrawal requests. The Company will inform Class C Members as/if any principal capital that maybe available at quarter-end for principal redemptions. For example, but not by way of limitation, withdrawal requests maybe denied, in the Class A Managing Member's sole and absolute discretion, due to liquidity limitations of some long-term investments which may include the Preferred Return private funding investment obligations, and which may not have matured at the time of the Principal Withdrawal Request.

The CLASS A (Managing) Member will endeavor to facilitate any such request(s) and instructions, but The Class A (Managing) Member hereby expressly reserves the sole and absolute discretion to reject any Principal Withdrawal request that could or would create, by way of example only and not intended to in any way to limit the Class A Member's discretion in this regard, margin or risk requirements. A Class C Member must fully complete the Company's Redemption Form and submit it to Company no later than thirty (30) days prior to a calendar quarter-end. The Company's Redemption Form is available upon request.

**Anything to the contrary herein notwithstanding, any and all required qualified distributions for a Class C Member that has attained the age set by the Internal Revenue Service ("IRS") for minimum distributions will be made to the trust company/custodian designated by the said Class C Member no later than April of the year following the year that said Class C Member attains the age of 70 ½ or as may otherwise may be required by the IRS.**

#### **TERMINATION:**

The Class A Member may terminate the Class C membership at any time with written notice to the Class C Member and follow the procedures as described in the PRINCIPAL WITHDRAWAL section.

The Class C Member may terminate its Class C membership with at least ninety (90) days' prior written notice. Distributions by and/or Withdrawal of funds from, the Company (if any) will at all times remain subject to the REINVESTMENT / DIVIDEND DISTRUBTIONS and PRINCIPAL WITHDRAWALS sections hereinabove.

#### **FEEES AND EXPENSES:**

The Fund(s) is/are charged an annual One Percent (1%) expense ratio. The 1% expense ratio will be charged to the subject Fund on a monthly pro-rated basis, based on the net equity value of the Fund on the last business day of each month. Tax preparation, accounting, legal, and any other related fees will be itemized and directly debited from the Class C Member's account on the Company's records.

#### **RISKS:**

Neither the Company nor the Class A Member guarantees that any profits will be generated with the Class C Member's capital contribution and the Class C Member expressly understands and agrees that its entire capital contribution may

be lost, in which case the Class C Member will have no recourse against the Company or the Class A (Managing) Member unless the Class A Member is proven in a court of law to have engaged in grossly negligent or intentionally wrongful acts or failures to act.

AGREED AND ACKNOWLEDGED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_:

CLASS C MEMBER

Rev. Wilmer Gonzalez Vargas


(print name)

Plan de Pensiones Ministerial


(company name – if applicable – please attach Operating Agreement or other corresponding documentation, if Class C Member is not an individual.)

By: 

Office/Residence Phone: 

Address: 

Cellphone: \_\_\_\_\_

San Juan, PR 

Email: 

Fax: \_\_\_\_\_

KINETIC FUNDS I, LLC  
CLASS A MEMBER

By: \_\_\_\_\_

Michael S. Williams, Managing Member of  
KF 42, LLC, Managing Member of its Managing  
Member, Kinetic Partners, LLC

Page | 1

APPENDIX I TO  
SUBSCRIPTION AGREEMENT

OFFERING QUESTIONNAIRE

KINETIC FUNDS I, LLC

(All Information Will Be Treated Confidentially)

**INSTRUCTIONS**

This Questionnaire is being distributed to a select group of investors, each of whom KINETIC FUNDS I, LLC, a Delaware limited liability company (the "Company"), believes may find investment in the Company suitable for such investor's current investment objectives. The primary purpose of this Questionnaire is to elicit information sufficient to permit the Company reasonably to conclude that the Subscriber has sufficient investment sophistication and ability to take financial risk to meet the standards for availability of the private offering exemption from the registration requirements of the 1933 Act, and the qualification or registration requirements of any other applicable securities law. Capitalized terms used and not otherwise defined in this Questionnaire have the meanings respectively ascribed to them in the Subscription Agreement and the Company's Operating Agreement, as amended and as may in the future be amended from time to time (the "Agreement") of which this Offering Questionnaire is an integral part.

If, in completing this Questionnaire, you are in doubt regarding the meaning or implication of any of the terminology or regarding the significance of any particular question, please contact KINETIC FUNDS I, LLC, 1800 2nd Street, Suite 955, Sarasota, FL 34236, telephone: (941) 870-9544; email: [info@kinetic-sg.com](mailto:info@kinetic-sg.com)

If the answer to any question is "None" or "Not Applicable," please so state.

YOUR ANSWERS WILL AT ALL TIMES BE KEPT STRICTLY CONFIDENTIAL. EACH PERSON SIGNING THIS QUESTIONNAIRE AGREES, HOWEVER, THAT THE COMPANY'S MANAGING MEMBER MAY PRESENT THIS QUESTIONNAIRE TO SUCH PARTIES AS THE MANAGING MEMBER DEEMS APPROPRIATE IF CALLED ON TO ESTABLISH THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION OR QUALIFICATION OF THE INTERESTS UNDER THE 1933 ACT OR ANY OTHER SECURITIES LAW OR IN CONNECTION WITH COMPLIANCE WITH ANY OTHER APPLICABLE LAW, RULE OR REGULATION (INCLUDING, WITHOUT LIMITATION, ANTI-MONEY LAUNDERING LAWS, RULES AND REGULATIONS).

Unless you have already furnished a completed and signed Offering Questionnaire to the Managing Member, or have otherwise furnished to the Managing Member all of the information elicited by this Questionnaire, and unless the information furnished is still true and complete, please complete, sign, date and return one copy of this Questionnaire with original signatures to KINETIC FUNDS I, LLC at the address set forth above.

**Note for Trusts:** If the Subscriber is a trust that believes it is an "accredited investor" described in Part E, category (4), please furnish a separate Questionnaire with respect to the Subscriber and each person participating in making the investment decision (except that persons participating in making the investment decision need not complete Parts C, E, F and G).

KINETIC FUNDS I, LLC  
**RECEIVED**  
MAY 17 2017



**Note for Certain Entities:** If the Subscriber is an entity that believes it is an "accredited investor" by virtue of the accredited investor status of each equity owner thereof (see Part E, category (13)), please furnish a separate Questionnaire with respect to the Subscriber and each such equity owner.

## A. IDENTIFYING INFORMATION

Both entities and individual subscribers should complete this Part A, inserting the information requested with respect to the Subscriber, not any person completing this Questionnaire on the Subscriber's behalf, except that if such person is acting as a custodian for a minor whose funds will be invested, please so indicate and complete the information with respect both to such person and to the minor.

Full Name(s): Plan de Pensiones Ministerial, Inc.

Address: [REDACTED]

Phone: [REDACTED]

Email: [REDACTED]

Date of Birth: \_\_\_\_\_ Marital Status: \_\_\_\_\_ Number of Dependents: \_\_\_\_\_

In what state is the Subscriber's principal residence? (If the Subscriber has resided in this state less than one year, or plans to change the Subscriber's state of residence, please explain.)

Is there any reason the Subscriber might be considered a resident of another state (e.g., live part of the year, have an office or business, registered to vote, pay taxes or hold a driver's license in another state)? If so, please explain:

Is the Subscriber acting as an agent, representative, nominee or intermediary for any other person, entity or other beneficial owner? Yes ☐ No ☒

If the Subscriber is an individual, is the Subscriber a senior foreign political figure,<sup>1</sup> an immediate family member<sup>2</sup> of a senior foreign political figure or a close associate<sup>3</sup> of a senior foreign political figure? Yes ☐ No ☐

<sup>1</sup> A "senior foreign political figure" is a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure. (Footnote continued at bottom of following page)



If the Subscriber is a corporation, Company, limited liability company, trust, association or other entity:

1. Please identify the following
  - a. Type of entity: Corporation
  - b. The jurisdiction under the laws of which the Subscriber is organized and existing: San Juan, Puerto Rico
  - c. The jurisdiction where the Subscriber's principal place of business is located: San Juan, Puerto Rico
2. Has the Subscriber established the identity of each director, officer and beneficial owner of the Subscriber (including, but not limited to, each shareholder, member, partner and beneficiary)?  
Yes ☒ No ☐
3. Does the Subscriber have any intention or obligation to distribute, assign, transfer or sell all or any portion of the interests to any of its directors, officers or beneficial owners?  
Yes ☐ No ☒

If the Subscriber is an investment entity (such as an investment pool organized as a limited Company, limited liability company, corporation or other entity):

1. Has the Subscriber established and does it apply anti-money laundering practices and procedures that comply with all applicable laws, rules and regulations?  
Yes ☐ No ☐
2. Is any director, officer, manager, member, partner, shareholder or other beneficial owner of the Subscriber (i) a person, entity or other organization that is included on any so-called "watch list" maintained by any governmental agency of the U.S. (including, but not limited to, the U.S. Central Intelligence Agency, the U.S. Department of the Treasury, the U.S. Federal Bureau of Investigation, the IRS, the U.S. Office of Foreign Assets Control and the SEC) or (ii) a senior foreign political figure, an immediate family member of a senior foreign political figure or a close associate of a senior foreign political figure?  
Yes ☐ No ☐

Is the Subscriber a bank organized under non-U.S. law, or an agency, branch or office located outside the U.S. of a U.S. bank (a "Foreign Bank")? Yes ☐ No ☒

If yes, the Managing Member will not process this subscription until the Subscriber fully completes and returns to the Managing Member a Certification Regarding Correspondent Accounts for Foreign Banks. Please contact the Managing Member to obtain a form of Certification.

The "immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and in-laws. A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

## B. EMPLOYMENT AND BACKGROUND

If the Subscriber is an individual, please furnish all of the following information with respect to the Subscriber and the Subscriber's spouse. If the Subscriber is an entity or is investing jointly with a person other than the Subscriber's spouse, please furnish all of the following information in this Part B regarding each officer, manager, partner, trustee or other person who will participate in the investment decision. If the Subscriber is acting as a custodian for a minor whose funds will be invested, please furnish information in this Part B regarding the custodian only.

**Investor Name:**

<u>College/University</u>	<u>Degree</u>	<u>Major</u>	<u>Year</u>
<u>Colegio Pentecostal MZPA</u>	<u>Bachelors</u>	<u>Theology</u>	

Name and Address of Current Employer: Plan de Pensiones Ministerial, Inc.  
Ave. Lomas Verdes 1820, Ramal San Jose

Nature of Employment: Administrator

Nature of Employer's Business: Pension Plan

If self-employed, nature of business:

**Sponsor/Co-Investor Name:**

<u>College/University</u>	<u>Degree</u>	<u>Major</u>	<u>Year</u>

Name and Address of Current Employer:

Nature of Employment:

Nature of Employer's Business:

If self-employed, nature of business:

Describe briefly all positions (including directorships) held during the past five years that were related to financial, business, accounting, economics, taxation or investment matters and that the Subscriber believes demonstrate the Subscriber's investment sophistication. Where appropriate, briefly describe the business of the company or other entity in which the position was held:

Treasurer - Plan de Pensiones Ministerial Inc.

Member of the Board of Directors of AJEC

Board Member of the Pension Plan of Plan de Pensiones Ministerial Inc.

Communications Department Director - Plan de Pensiones Ministerial Inc.

Describe briefly any other background in business (particularly in the securities business), economics, finance, accounting, taxation, law, investing or related fields (include any relevant educational experience) that demonstrates investment sophistication:

Additional courses in Business Administration at the Interamerican University of Puerto Rico and American University in Puerto Rico.

Has been in charge of monitoring and meeting with the investments advisors for the company for many years. He is in charge of making the investment decisions.

Describe briefly any legal actions, including lawsuits, arbitrations and mediations, involving securities, commodities or other investments, in which the Subscriber has been involved in the past five years. State the names of the parties to the proceeding, whether the Subscriber was a plaintiff or defendant, where the action took place (i.e., name of court, location of arbitration), a brief description of the dispute and the resolution of the matter:

None

**C. FINANCIAL INFORMATION**

**Entities.** This section should be completed for any Subscriber that is an entity, such as a corporation, limited liability company, Company, trust, etc.

Number of partners, shareholders, members, other beneficial owners or beneficiaries:

Is the Subscriber a qualified retirement plan (such as a 401(k) plan, profit sharing plan, Keogh plan or pension plan), individual retirement account, individual retirement annuity, or a fund providing for medical care or benefits, ~~separate~~ or accident, disability, death, unemployment, vacation or other similar benefits ("employee plans")? Yes ☒ No ☐

Is any class of equity interests in the Subscriber held by any such "employee plan" or by an entity (such as a fund of funds) whose assets constitute "plan assets" of an employee plan under the Department of Labor's "plan asset" regulations at 29 C.F.R. §2510.3-101? Yes ☐ No ☒

If yes, what is the aggregate percentage of the value of each class of equity interests in the Subscriber held by such "employee plans" (excluding from the computation non-employee plan interests held by any individual or entity with discretionary authority or control over the assets of the Subscriber)?

If the Subscriber is a trust other than such an "employee plan," is the trust revocable pursuant to its trust agreement? Yes ☐ No ☒

Is the Subscriber a charitable remainder trust or other tax-exempt entity? Yes ☒ No ☐

If yes, does the Subscriber understand (a) that the Company may allocate ~~the~~ the Subscriber unrelated business taxable income ("UBTI") and (b) the consequences of any such allocation? Yes ☒ No ☐

What is the Subscriber's approximate net worth? \$ 17,000,000

Was the Subscriber formed for the specific purpose of acquiring interests? Yes ☐ No ☒

Have the shareholders, partners or other holders of equity or beneficial interests in the Subscriber been provided the opportunity to decide individually whether or not to participate, or the extent of their participation, in the Subscriber's investment in the Company? Yes ☒ No ☐

Is less than 40% of the Subscriber's total assets invested in the Company? Yes ☒ No ☐

Is the Subscriber a company that would be an investment company under the ICA but for the exception provided by ICA section 3(c)(7)? Yes ☐ No ☒

Is the Subscriber a private investment company (a company that would be an investment company under the ICA but for the exception provided by ICA section 3(c)(1))? Yes ☐ No ☒

Is the Subscriber an investment company as defined in the ICA? Yes ☐ No ☒

Is the Subscriber a business development company as defined in Advisers Act section 202(a)(22)? Yes ☐ No ☒

If the Subscriber is a private investment company, an investment company under the ICA or a business development company (as those terms are described above), does each of the equity owners of the Subscriber have a net worth in excess of \$1,500,000? Yes ☐ No ☒ N/A ☒



**Individuals and Owners.** The following question should be answered by (1) each Subscriber who is an individual (in the capacity of one who self-directs his/her individual retirement account, as and if applicable); (a custodian for a Subscriber who is a minor must provide the minor's financial information, not the custodian's information and a custodian for a pension plan/individual retirement account must provide the plan's or account's, as the case may be, financial information); (2) each partner of a Subscriber that is a Company; (3) each member of a Subscriber that is a limited liability company; (4) each beneficiary of a Subscriber that is a trust (other than an employee benefit plan trust that is not self-directed); and (5) each shareholder of a Subscriber that is a closely held corporation.

Is the person's individual or joint net worth with his or her spouse, as of the date hereof, in excess of \$1,500,000?

Yes ☒ No ☐

#### D. INVESTMENT BACKGROUND AND OBJECTIVES

Both entities and individual Subscribers should complete this Part D, inserting the information requested with respect to the Subscriber, not any person who is completing this Questionnaire on the Subscriber's behalf.

Approximate number of years the Subscriber has been investing: 40+ Please indicate the frequency of the Subscriber's investments in:

Real estate other than the Subscriber's principal residence (directly or through Companies or other entities managed by others):

☐ often, ☐ occasionally, ☒ seldom, ☐ never

Mutual funds and private securities investment pools (such as the Company):

☒ often, ☐ occasionally, ☐ seldom, ☐ never

Approximate current net portfolio value: \$ 5,000,000

Marketable securities (stocks, options, derivatives, bonds, debentures, notes):

☒ often, ☐ occasionally, ☐ seldom, ☐ never

Approximate current net portfolio value: \$ 5,000,000

Privately held corporations, limited liability companies and Companies and start-up ventures (stocks, bonds, debentures, notes, member or partner interests):

☐ often, ☐ occasionally, ☒ seldom, ☐ never

Approximate current net portfolio value: \$

**Change in Amounts Invested.** Is the total amount of the Subscriber's investments currently substantially more than the total amount typically invested over the past several years (other than as the result of market increases)?

Yes ☐ No ☒

If yes, please give details (e.g., when did increase occur, what was approximate value of total prior portfolio):

**Order of Objectives (number preferences from 1 to 3, from most preferred to least)**

1     **Capital Appreciation**

2     **Income**

3     **Liquidity**

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**E. "ACCREDITED INVESTOR"**

If the Subscriber is an "accredited investor" as that term is defined in Regulation D under the 1933 Act, and under other applicable securities laws and regulations, please indicate by initialing the category or categories that accurately describe the Subscriber's situation (initial all applicable blanks):

- \_\_\_\_\_ (1) A natural person (not an entity) whose individual net worth, or joint net worth with his or her spouse, at the time of his or her purchase exceeds \$1,500,000;
- \_\_\_\_\_ (2) A natural person (not an entity) who (initial appropriate blank(s)): (a) ☐ had an individual income in excess of \$200,000 in each of the preceding two years or (b) ☐ had joint income with his or her spouse in excess of \$300,000 in each of those years and (c) in either case (a) or (b), has a reasonable expectation of reaching the same income level in the current year;
- ✓ \_\_\_\_\_ (3) An employee benefit plan within the meaning of Title I of ERISA (initial appropriate blank): (a) if ☐ the investment decision is made by a plan fiduciary, as defined in section 3(21) thereof, which is (i) ☐ a bank, (ii) ☐ a savings and loan association, (iii) ☐ an insurance company or (iv) ☐ a registered investment adviser, or (b) ☒ if the employee benefit plan has total assets in excess of \$5,000,000, or (c) ☒ if the employee benefit plan is a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- \_\_\_\_\_ (4) A trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities of the Company being offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment in the Company;
- \_\_\_\_\_ (5) A bank as defined in 1933 Act section 3(a)(2) or a savings and loan association or other institution as defined in 1933 Act section 3(a)(5)(A), whether acting in its individual or fiduciary capacity;
- \_\_\_\_\_ (6) A broker or dealer registered pursuant to section 15 of the 1934 Act;
- \_\_\_\_\_ (7) An insurance company as defined in 1933 Act section 2(13);
- \_\_\_\_\_ (8) An investment company registered under the ICA or a business development company as defined in ICA section 2(a)(48);
- \_\_\_\_\_ (9) A small business investment company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958;
- \_\_\_\_\_ (10) A private business development company as defined in Advisers Act section 202(a)(22)
- \_\_\_\_\_ (11) An organization described in Code section 501(c)(3), corporation, Massachusetts or similar business trust, Company or limited liability company, not formed for the specific purpose of acquiring the securities of the Company being offered, or a plan established or maintained by a state or its political subdivisions or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, in any such case with total assets in excess of \$5,000,000 (in case of an organization described in Code section 501(c)(3), such total assets include endowment, annuity and life income funds are to be determined according to the Subscriber's most recent audited financial statements);
- ✓ \_\_\_\_\_ (12) A manager, director, executive officer or general partner of the Company or the Managing Member; or
- \_\_\_\_\_ (13) An entity in which all the equity owners are accredited investors.

If the Subscriber has indicated category (3) (c) or (13) above, please list below the names and categories of accreditation of the accredited investors making the investment decisions (category (3)(c)) or who are the equity owners (category (13)) (attach additional pages if necessary):

Accredited Investor Person Making Decision / Equity Owner

Category

Wilmer Gonzalez Vargas

**Special Note for Trusts, Limited Liability Companies, Companies and Certain Retirement Plans:** The application of the "accredited investor" categories to trusts (including Massachusetts or similar business trusts), limited liability companies, Companies and self-employed individual retirement plans is subject to complex regulatory interpretations and may differ under state and federal law. Accordingly, such an entity attempting to qualify may be required to deliver additional information, including a satisfactory opinion of its counsel.

#### F. PURCHASER REPRESENTATIVE

The Subscriber will be eligible to invest in the Company only if the Subscriber, either alone or together with the Subscriber's "purchaser representative" (such as an investment adviser, attorney, accountant or other consultant), has such knowledge and experience in financial and business matters that the Subscriber is capable of evaluating the merits and risks of an investment in the Company and has the capacity to protect the Subscriber's own interests in connection with the proposed investment in the Company. Does the Subscriber intend to have a "purchaser representative" advise him or her in order to meet this requirement? Yes ☐ No ☒.

If yes, the Managing Member will furnish to the Subscriber additional information and a Purchaser Representative Questionnaire for completion before considering whether to accept the subscription. In the meantime, the Subscriber should furnish the information indicated below with respect to the Subscriber's purchaser representative:

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

**G. NASD WITHHOLDING RULE**

For purposes of this section G., the following definitions apply:

"Collective investment account" means any hedge fund, investment Company, investment corporation or any other collective investment vehicle that is engaged primarily in the purchase and/or sale of securities. A "collective investment account" does not include a family investment vehicle or investment club.

"Family investment vehicle" means a legal entity beneficially owned solely by immediate family members.

"Immediate family member" means a person's parent, parent-in-law, spouse, sibling, brother-in-law, sister-in-law, son-in-law, daughter-in-law, child, or any other individual to whom the person provides material support.

"Investment club" means a group of friends, neighbors, business associates or others that pool their money to invest in stock or other securities and are collectively responsible for making investment decisions.

"Limited business broker/dealer" means any broker or dealer whose authorization to engage in the securities business is limited solely to the purchase and sale of investment company/variable contracts securities and direct participation program securities.

"Material support" means directly or indirectly providing more than 25% of a person's income in the prior calendar year. Members of the immediate family living in the same household are deemed to be providing each other with material support.

"Restricted person" means a person who generally is ineligible to receive New Issues under the rules and interpretations of the NASD.

To permit the Company to invest in initial public offerings in compliance with Rule 2790 of the NASD (the "New Issue Rule"), please indicate by checking the appropriate blank below whether or not the Subscriber, or any beneficial owner of the Subscriber, is any of the following:

- ☐ (1) A member of the NASD or otherwise a domestic or foreign broker or dealer;
- ☐ (2) An officer, director, general partner, associated person or employee of a NASD member or any other broker or dealer (other than a limited business broker/dealer);
- ☐ (3) An agent of a NASD member or any other broker or dealer (other than a limited business broker/dealer) that is engaged in the investment banking or securities business;
- ☐ (4) An immediate family member of a person specified in the preceding clause (2) or (3) if the person specified:
- (a) materially supports, or receives material support from, the immediate family member;
  - (b) is employed by or associated with the NASD member, or an affiliate of the NASD member, selling any New Issue to the immediate family member; or
  - (c) has an ability to control the allocation of any New Issue;

- ☐ (5) A finder or any person acting in a fiduciary capacity to the managing underwriter of New Issues, including, but not limited to, an attorney, an accountant or a financial consultant;
- ☐ (6) An immediate family member of a person specified in the preceding clause (5) if the person specified in such clause (5) materially supports, or receives material support from, the immediate family member;
- ☐ (7) A person who has authority to buy or sell securities for a bank, savings and loan institution, insurance company, investment company, investment adviser or collective investment account;
- ☐ (8) An immediate family member of a person specified in the preceding clause (7) that materially supports, or receives material support from, such person;
- ☐ (9) A person listed, or required to be listed, in Schedule A of a Form BD (other than with respect to a limited business broker/dealer), except persons identified by an ownership code of less than 10%;
- ☐ (10) A person listed, or required to be listed, in Schedule B of a Form BD (other than with respect to a limited business broker/dealer), except a person whose listing on Schedule B relates to an ownership interest in a person listed on Schedule A identified by an ownership code of less than 10%;
- ☐ (11) A person listed, or required to be listed, in Schedule C of a Form BD that meets the criteria of the preceding clause (9) or (10);
- ☐ (12) A person that directly or indirectly owns 10% or more of a public reporting company listed, or required to be listed, in Schedule A of a Form BD (other than a reporting company that is listed on a national securities exchange or is traded on the Nasdaq National Market, or other than with respect to a limited business broker/dealer);
- ☐ (13) A person that directly or indirectly owns 25% or more of a public reporting company listed, or required to be listed, in Schedule B of a Form BD (other than a reporting company that is listed on a national securities exchange or is traded on the Nasdaq National Market, or other than with respect to a limited business broker/dealer); or
- ☐ (14) An immediate family member of a person specified in any of the preceding clauses (9) through (13), unless the person owning the broker/ dealer: (a) does not materially support, or receive material support from, the immediate family member, and (b) is not an owner of the NASD member, or an affiliate of the NASD member, selling any New Issue to the immediate family member, and has no ability to control the allocation of any New Issue.

Is the Subscriber or any beneficial owner of the Subscriber a person described in any of the preceding clauses (1) through (14)? Yes ☐ No ☒

If the answer to the preceding question is yes, the Subscriber may nevertheless be eligible to purchase New Issues if the Subscriber is in one of the categories listed below. Please indicate by checking the appropriate blank below whether or not the Subscriber is any of the following:

- ☐ (1) An investment company registered under the ICA;
- ☐ (2) A common trust fund or similar fund as described in section 3(a)(12)(A)(iii) of the 1934 Act that: (a) has investments from 1,000 or more accounts and (b) does not limit beneficial interests in the fund principally to trust accounts of restricted persons under the New Issue Rule;
- ☐ (3) An insurance company general, separate or investment account, provided that (a) the account is funded by premiums from 1,000 or more policyholders, or, if a general account, the insurance company has 1,000 or more policyholders, and (b) the insurance company does not limit the policyholders whose premiums are used to fund the account principally to restricted persons under the New Issue Rule, or, if a general account, the insurance company does not limit its policyholders principally to restricted persons under the New Issue Rule;
- ☐ (4) An account in which the beneficial interests of restricted persons under the New Issue Rule does not exceed in the aggregate 10% of such account;
- ☐ (5) A publicly traded entity (other than a broker/dealer or an affiliate of a broker/dealer where such broker/dealer is authorized to engage in the public offering of New Issue Securities either as a selling group member or underwriter) that: (a) is listed on a national securities exchange; (b) is traded on the Nasdaq National Market; or (c) is a foreign issuer whose securities meet the quantitative designation criteria for listing on a national securities exchange or trading on the Nasdaq National Market;
- ☐ (6) An investment company organized under the laws of a foreign jurisdiction, provided that (a) the investment company is listed on a foreign exchange or authorized for sale to the public by a foreign regulatory authority, and (b) no person owning more than 5% of the shares of the investment company is a restricted person under the New Issue Rule;
- ☐ (7) An ERISA benefits plan that is qualified under Code section 401(a), provided that such plan is not sponsored solely by a broker/dealer.
- ☐ (8) A state or municipal government benefits plan that is subject to state and/or municipal regulation;
- ☐ (9) A tax exempt charitable organization under Code section 501(c)(3); or
- ☐ (10) A church plan under Code section 414(e).

Is the Subscriber a person described in any of the preceding clauses (1) through (10)? Yes ☐ No ☒

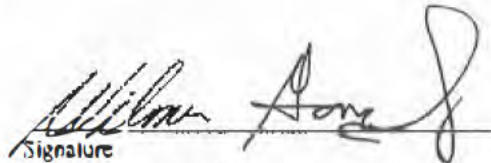
The Subscriber understands that: if any representation in this Part G is or ever becomes untrue in any respect, the business of the Company may be materially and adversely affected thereby, and the Subscriber will be fully responsible for the consequences thereof. The Subscriber agrees to notify the Managing Member promptly in writing if any such representation is or ever is about to become or ever becomes untrue in any respect.



**II. SIGNATURE**

To the best of my knowledge and belief, the above information supplied by me is true and correct in all respects. I agree that I will notify the Managing Member in writing immediately of any material change in any of the foregoing information prior to consummation of my purchase of Interests and any change in the information in Part A or C at any time in the future. I understand that the information being furnished in this Questionnaire is required primarily to enable the Managing Member and the Company to determine whether an offer and sale of Interests to the Subscriber may be made without registration under federal and state securities laws, and whether the Company will comply with certain provisions of federal and state laws applicable to investment advisers and private investment companies.

Date: 9/mayo, 2017

  
Signature

Print Name: Wilmer Gonzales

\_\_\_\_\_  
Signature

Print Name: \_\_\_\_\_



Period Totals: 147,942.48 147,942.48 0.00 1,169,534.30

Account Totals: 147,942.48 147,942.48 0.00 1,169,534.30

1212 AMER NATIONAL (KINETIC)

4 10 27 Ck 26552 CB-1

04/26/2017 KINETIC FUNDS II, LLC

Beginning Balance: 0.00

500,000.00

Period Totals: 500,000.00 500,000.00 0.00 500,000.00

13 30 13 JE 6

12/21/2017 RECONOCER INGRESO DIVIDENDO Y

2,361.81

AJUSTA BAL INVERSION AL 12/31

Period Totals: 2,361.81 2,361.81 0.00 502,361.81

Account Totals: 502,361.81 502,361.81 0.00 502,361.81

1212 INVERSIONES BANCO POPULAR

Beginning Balance: 0.00

Period Totals: 0.00 0.00 0.00 0.00

Account Totals: 0.00 0.00 0.00 0.00

Program: GLOETTS

Company: 21

Date: 12/31/2017

Date Run: 05/10/2018

Plan de Pensiones

General Ledger Detail Trial Balance

As of Date: 12/31/2017

TIME: 11:06:46

Page: 36

Pr	Un	Seq	Reference	Reference2	Trans Date	Description	Net Change	Debit	Credit	Balance
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1214 DEPOSITOS

Beginning Balance: 0.00

Period Totals: 0.00 0.00 0.00 0.00

Account Totals: 0.00 0.00 0.00 0.00

1215 MATERIAL DE OFICINA

Beginning Balance: 0.00

Period Totals: 0.00 0.00 0.00 0.00

Account Totals: 0.00 0.00 0.00 0.00

Period Totals: -107,884.92 0.00 107,884.92 1,061,649.38  
 Account Totals: -107,884.92 0.00 107,884.92 1,061,649.38

## ✓ 1212 AMER NATIONAL (KINETIC)

4 10 1 Clk 26922 CM-0

04/01/2018 KINETIC POUNDS I, LLC

Beginning Balance: 502,361.81

300,000.00

12 30 12 JE 6

Period Totals: 300,000.00  
 12/31/2018 RECONOCER INGRESO DE DIVIDENDOS  
 S Y AJ BAL INV AL 12/31/2018

300,000.00

45,300.81

0.00 802,361.81

Period Totals: 45,300.81 45,300.81 0.00 947,662.62  
 Account Totals: 345,300.81 345,300.81 0.00 847,662.62

## 1213 INVERSIONES BANCO POPULAR

Beginning Balance: 0.00

Period Totals: 0.00 0.00 0.00 0.00  
 Account Totals: 0.00 0.00 0.00 0.00

## 1214 DEPOSITOS

Beginning Balance: 0.00

Period Totals: 0.00 0.00 0.00 0.00  
 Account Totals: 0.00 0.00 0.00 0.00

## 1215 MATERIAL DE OFICINA

Beginning Balance: 0.00

Period Totals: 0.00 0.00 0.00 0.00  
 Account Totals: 0.00 0.00 0.00 0.00

## 1216 SINARY ONLINE

Beginning Balance: 0.00

Period Totals: 0.00 0.00 0.00 0.00  
 Account Totals: 0.00 0.00 0.00 0.00

## 1217 M &amp; R INTERNATIONAL GROUP CORP

Beginning Balance: 0.00

Program: GLDETTE  
 Company: 21  
 Date: 12/31/2018  
 Date Run: 05/24/2019

Plan de Pensiones  
 General Ledger Detail Trial Balance  
 As of Date: 12/31/2018

TIMS: 13:05:38  
 Page: 54

Pr	Jn	Seq	Reference	Reference2	Tran Date	Description	Net Change	Debits	Credits	Balance
----	----	-----	-----------	------------	--------------	-------------	------------	--------	---------	---------

Program: OLNETTE  
 Company: 21  
 Date: 10/16/2019  
 Date Run: 10/16/2019

Plan de Pensiones  
 General Ledger Detail Trial Balance  
 As of Date: 10/16/2019

TIME: 11:36:43  
 Page: 1

Pr	Am	Seq	Reference	Reference2	Tran Date	Description	NEL Change	Debits	Credits	Balance
1212			AMER NATIONAL (KINETIC)							
									Beginning Balance:	847,662.62
	4	30	27	AD 4-162	04/30/2019	RETIRO SOLICITADO A KINETIC INVESTMENT			400,000.00	
						Period Totals:	-400,000.00	0.00	400,000.00	447,662.62
	6	12	4	XX 27393	06/12/2019	KINETIC FUNDS		400,000.00		
						Period Totals:	400,000.00	400,000.00	0.00	847,662.62
	7	20	2	ACH JUL 15 02	07/01/2019	1 DE JULIO DE 2019 02			400,000.00	
						Period Totals:	400,000.00	0.00	400,000.00	447,662.62
						Account Totals:	-400,000.00	400,000.00	800,000.00	447,662.62
						Report Totals:		400,000.00	800,000.00	



## CERTIFICATION

Schreiber Translations, Inc.  
51 Monroe Street  
Suite 101  
Rockville, MD 20850

P: 301.424.7737  
F: 301.424.2336

This is to certify that the attached English language documents are true and accurate translations of the original Spanish language documents to the best of our knowledge and belief. The documents are identified as below:

“Ex. A (Spanish)\_ENG”  
“Wilmer Gonzalez Vargas (Pensiones)\_Executed Declaration (Spanish)\_ENG”

Executed this 6<sup>th</sup> day  
of January, 2020

Schreiber Translations, Inc.  
51 Monroe Street, Suite 101  
Rockville, Maryland 20850  
ATA Member 212207

translation@schreibernet.com  
www.schreibernet.com

Schreiber Translations, Inc. uses all available measures to ensure the accuracy of each translation, but shall not be held liable for damages due to error or negligence in translation or transcription.

**DECLARACIÓN DE WILMER GONZALEZ VARGAS**

Conforme a 28 U.S.C. § 1746, afirmó lo siguiente:

1. Mi nombre es Wilmer Gonzalez Vargas. Tengo más de veintiún años de edad y conocimiento personal acerca de los asuntos mediante.
2. Soy residente de Vega Baja, Puerto Rico.
3. Desde el 1974, he sido y sigo siendo pastor y ministro ordenado de la Iglesia de Dios Pentecostal, Movimiento Internacional, Región de Puerto Rico.
4. Desde Julio del 2005, he sido y sigo siendo el administrador del Plan de Pensiones Ministerial, Inc. ("Plan de Pensiones"). Como parte de mis deberes como administrador, manejo las inversiones del Plan de Pensiones. Plan de Pensiones es un plan de pensión creado en el 1975 para el beneficio de los ministros jubilados de la Iglesia de Dios Pentecostal, Movimiento Internacional, Región de Puerto Rico.
5. Al principio del 2017, Ángelo Díaz Gonzalez, consultor de negocios de Plan de Pensiones me sugirió que Plan de Pensiones considerara invertir en Kinetic Funds I, LLC ("Kinetic Funds"), administrada por Michael S. Williams ("Williams").
6. Al principio del 2017, Williams y Kelly Locke ("Locke"), con un intérprete, vinieron a la oficina de Plan de Pensiones e hicieron una presentación a mí y a la Junta Directiva de Plan de Pensiones sobre inversiones con Kinetic Funds como también la oportunidad de obtener préstamos a través de una compañía relacionada llamada Lendacy. En esta reunión, Williams nos dio un folleto de mercadeo explicando a Kinetic Funds, y en particular el fondo KFYIELD ("KFYIELD" o el "Fondo"), una verdadera y correcta copia la cual esta adjunta aquí como Exhibición "A."

7. En esta reunión en nuestra oficina, Williams habló sobre la inversión en KFYIELD y Locke explicó la oportunidad de obtener préstamos con Lendacy.

8. En esta reunión en nuestra oficina, Williams explicó KFYIELD como sigue:

- a. El Fondo es un fondo de inversión abierto establecido en los Estados Unidos;
- b. El Fondo es un fondo conservador;
- c. El objetivo principal del Fondo es generar ingresos y asegurar capital;
- d. La estrategia del Fondo emplea opciones para mitigar el riesgo, asegurar ingresos, y buscar crecimiento;
- e. El Fondo esta listado en Bloomberg;
- f. El Fondo mantiene una protección de 90% del capital y la potencial perdida máxima no excederá el 10%;
- g. El Fondo tiene liquidez y todas sus inversiones son cotizadas en las bolsas de los Estados Unidos.

9. Basado en la información del folleto de mercadeo de KFYIELD adjunto aquí como Exhibición A y la explicación de Williams de KFYIELD, Plan de Pensiones entendió que la inversión en KFYIELD era segura y no de alto riesgo porque el principal invertido en KFYIELD estaba protegido y seguro, que todas las inversiones en KFYIELD eran en empresas de los Estados Unidos, y que el dinero invertido siempre estaba disponible porque el inversionista podía cancelar cada trimestre.

10. En esta reunión en nuestra oficina, Locke explicó que Plan de Pensiones podía pedir un préstamo de hasta el 70 por ciento del valor de su inversión en KFYIELD. Aunque inicialmente Plan de Pensiones aplico por un préstamo de \$350,000 a través de Lendacy, Plan de Pensiones decidió últimamente no obtener tal préstamo.



11. En decidir hacer la inversión en KFYIELD, era muy importante para Plan de Pensiones que las inversiones del Fondo fuesen cotizadas en las bolsas de los Estados Unidos.

12. Aparte del folleto de mercadeo de Kinetic Funds adjunto aquí como Exhibición A, las Instrucciones de Suscripción, el Acuerdo de Suscripción, y el Cuestionario de Oferta de Kinetic Funds, Plan de Pensiones nunca recibió ningún prospecto del fondo u otro material de oferta sobre Kinetic Funds. Adjunto como Exhibición "B" están copias verdaderas y correctas de las Instrucciones de Suscripción, el Acuerdo de Suscripción, y el Cuestionario de Oferta de Kinetic Funds recibido por Plan de Pensiones.

13. Aproximadamente el 7 de Abril del 2017, Plan de Pensiones invirtió \$500,000 en KFYIELD. Plan de Pensiones hizo inversiones adicionales en Abril del 2018, para una inversión total en el Fondo de \$800,000. Adjunto como Exhibición "C" están copias verdaderas y correctas de las cuentas que reflejan las inversiones de Plan de Pensiones en KFYIELD.

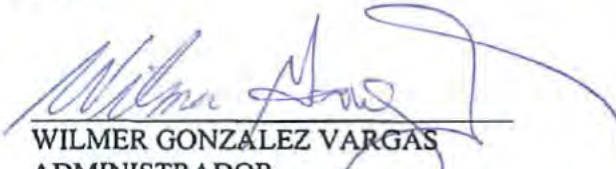
14. A Plan de Pensiones nunca le dijeron que el dinero que invirtió en KFYIELD podría ser utilizado para financiar sus propios préstamos con Lendacy.

15. A Plan de Pensiones nunca le dijeron que el dinero que invirtió en KFYIELD podría ser utilizado para financiar los préstamos de otros con Lendacy.

16. A Plan de Pensiones nunca le dijeron que el dinero que invirtió en KFYIELD podría ser utilizado para financiar los préstamos de Williams o de las compañías de Williams con Lendacy.

Declaro bajo penalidad de perjurio que lo antedicho es verdadero y correcto.

Firmado en este día 10 de diciembre del 2019.

  
WILMER GONZALEZ VARGAS  
ADMINISTRADOR  
PLAN DE PENSIONES MINISTERIAL, INC.

**FL-04184**

***RIVERA\_MYRNA\_20191002***

***10/2/2019 9:35 AM***

**Condensed Transcript**

**Prepared by:**

FL-04184

Friday, October 18, 2019

Page 49

1 with Michael. I remember meeting Kelly. My best  
 2 recollection is, I met Kelly afterwards --  
 3 Q Okay.  
 4 A -- when the topic of what Kelly was doing  
 5 was brought to the table.  
 6 Q So at this meeting, January of 2016 -- and I  
 7 assume because you say your visit yesterday was  
 8 wonderful and insightful, the date of the meeting was  
 9 January 13th, 2016, correct?  
 10 A Yeah. That would be correct, yes.  
 11 Q So on January 13th, was that the first  
 12 meeting where Kelly introduced to you what she was  
 13 doing?  
 14 A I believe so, yes.  
 15 Q Okay. And what did she tell you?  
 16 A What was interesting and insightful was the  
 17 fact that there's another firm called Lendacy that can  
 18 lend to clients who own shares in the Kinetic Fund.  
 19 'Cause these are not marginable securities; this is a  
 20 private fund. That they created Lendacy and were able  
 21 to provide financing employing the fund as collateral  
 22 at rates that were similar to marginal rates for  
 23 holders of the fund. And the conversation came up in  
 24 the context of, what was a looming liquidity crunch  
 25 for the government of Puerto Rico. And because

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1 investors might be in the fund, I don't believe that  
 2 by '16 we had investors and we would have to check  
 3 when those first investors entered the fund because we  
 4 provided all -- we'd have to do all the due diligence,  
 5 asset allocation and so forth before investors  
 6 would -- in the case of State Insurance Fund and ACAA,  
 7 which were the two first investors in the Kinetic Fund  
 8 in Puerto Rico that certainly that we recommended.  
 9 They're no longer our clients. But the sequence was,  
 10 they were the first. That the moneys that were  
 11 invested in the fund could provide liquidity for that  
 12 client if they required it.  
 13 And so, it was insightful because we had  
 14 never seen that type of arrangement before. Kelly  
 15 explained what Lendacy does; we understood already  
 16 what Kinetic did and so we concluded that this was the  
 17 equivalent of -- it's a credit line against the  
 18 assets. And that the reason what was explained to us  
 19 is that, the reason why Lendacy can employ Kinetic as  
 20 collateral, is because of the nature of the structure  
 21 of the mechanics of the fund. The fact that the  
 22 securities are bought and that there are -- that 90  
 23 percent of the portfolio is insured through the puts  
 24 and in some cases it's overhedged. And so the fact  
 25 there was a protection of the principal in the fund,

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1 allowed Lendacy to be able to use the fund as  
 2 collateral for financing for credit line. And that's  
 3 what happened during that. And we were quite -- you  
 4 know, we were quite impressed with that. We thought  
 5 it was a pretty -- we thought it was smart. Never got  
 6 employed. We never told clients to do it, but we  
 7 thought it was an interesting strategy.  
 8 Q And would -- at this meeting, on January 13  
 9 or at any time, what did Kelly or anybody else from  
 10 Lendacy tell you would be the source of the funds for  
 11 financing those Lendacy loans?  
 12 A They had -- they had access -- that's a very  
 13 good question. I don't remember. We can certainly  
 14 check our files and see if we had Lendacy. Since we  
 15 never did it, we never really checked. But we  
 16 understood that they had access to capital to be able  
 17 to do that.  
 18 Q Access to capital, meaning like an  
 19 independent --  
 20 A Meaning independent, yeah, or a bank, or  
 21 something of that nature.  
 22 Q Okay.  
 23 A Yeah.  
 24 Q But not that the moneys invested with  
 25 Kinetic Funds would be used to fund those Lendacy

Page 52

1 loans?  
 2 A No.  
 3 Q You never understood that the Kinetic  
 4 field -- let me just finish the question.  
 5 So to the best of your knowledge, neither  
 6 Kelly Locke or Michael Williams ever told you that the  
 7 moneys invested in Kinetic field -- I mean in Kinetic  
 8 Funds, which is KF Yield, would be used to fund  
 9 Lendacy loans?  
 10 A No.  
 11 Q They never told you that the moneys invested  
 12 with Kinetic Funds, known as KF Yield, would be used  
 13 to loan funds personally to Michael Williams?  
 14 A No.  
 15 Q And that was never told to any of the  
 16 Consultiva clients either?  
 17 A No.  
 18 Q Okay.  
 19 A We never presented Lendacy to any of our  
 20 clients, so the conversation around Lendacy was  
 21 strictly with us.  
 22 Q And they were never told that the moneys  
 23 they invested in Kinetic Funds or KF Yield would be  
 24 used to fund Lendacy loans?  
 25 A No.

C E R T I F I C A T E

STATE OF FLORIDA

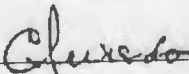
COUNTY OF PALM BEACH

I, Caretha Wisdom, Professional Court Reporter and Notary Public in and for the State of Florida at Large, do hereby certify that I was authorized to and did report said hearing in stenotype; and that the foregoing pages are a true and correct transcription of my shorthand notes of said hearing.

I further certify that said Hearing was taken at the time and place hereinabove set forth and that the taking of said hearing was commenced and completed as hereinabove set out.

I further certify that I am not an attorney or counsel of any of the parties, nor am I a relative or employee of any attorney or counsel of any party connected with the action, nor am I financially interested in the action.

Dated this 14th day of October, 2019.

  
Caretha Wisdom,  
Professional Court Reporter





## CREDIT FACILITY AGREEMENT AND FEDERAL TRUTH-IN-LENDING DISCLOSURE

NOTICE: THIS DOCUMENT CONTAINS PROVISIONS FOR A VARIABLE INTEREST RATE

## 1) YOUR AGREEMENT.

In this Credit Facility Agreement and Disclosure ("Agreement"), the words "you," "your" and "yours" mean each and all of the borrowers named herein [the "Borrower(s)"]. The word "Lender" means KCL SERVICES, LLC, a Delaware limited liability company and/or its successors and assigns whose current business address is: 1800 2<sup>nd</sup> Street, Suite 955, Sarasota, Florida 34236. This Agreement is effective as of 4-29-2015 (the "Effective Date").

You agree to all of the following terms.

## 2) REPAYMENT OPTIONS.

- a) You have selected the REPAYMENT OPTION indicated by checking and initialing the appropriate box below.

- ☐ (1) **DEFERRED.** Under the Deferred Option, you have no regularly scheduled payments and all interest is deferred. On the first December statement after the first Advance hereunder, and then annually thereafter, you will receive a statement from Lender setting forth the amount of indebtedness then outstanding, comprised of: (i) the original Advance; (ii) any additional Advances funded to Borrower; and (iii) any accumulated deferred interest accruing throughout the year. No later than January 15<sup>th</sup> of the following year, borrower will make an election and return same to Lender indicating the prior year's deferred interest to be either (i) added to the existing indebtedness making no contribution towards interest expense or principal reduction, or (ii) make an election to pay some or all of the deferred interest, or (iii) make an election to pay all interest expense plus a portion towards the outstanding principal balance.
- ☐ (2) **INTEREST ONLY.** You elect to make a minimum payment monthly to be credited solely to interest expense.
- ☐ (3) **INTEREST WITH PRINCIPAL REDUCTION.** This option consists of a fixed amount that will be selected for monthly reduction of principal. The required monthly payment will be comprised of: (a) the selected monthly reduction of principal component, plus (b) the monthly interest expense. The monthly payment under this option will vary due to changes in the underlying index and the number of days in the billing cycle pursuant to Section 7 hereinbelow. The formula Lender will use to calculate the monthly payment under this option is expressed as follows: Monthly Payment=fixed principal reduction amount plus monthly interest expense.
- ☒ (4) **FLAT PAY.** Under this option, you agree to pay \$ 750 per month. The monthly payment under this option will be constant. Based upon changes in the underlying index and the number of days in the billing cycle as described in Section 7 hereinbelow, the monthly payment may include some or all of the interest expense. In the event the payment exceeds the interest for that particular month, any such excess will be credited towards principal. The calculation Lender will use to calculate the application of a monthly payment under this option between interest and principal is expressed as follows: Monthly FLAT PAY amount minus monthly interest expense=Principal Reduction or "Deferred Interest" (as defined below). If this calculation results in a positive number, the principal amount will be reduced by said amount and posted as a principal reduction. If this calculation results in a negative number, the principal amount will be increased and posted as "Deferred Interest."



2

## CREDIT FACILITY AGREEMENT AND FEDERAL TRUTH-IN-LENDING DISCLOSURE

- b) You expressly acknowledge and agree that:
    - i) an Advance, and any additional Advance(s), may be renewed/extended at your election, but if so elected, for a term of Three Hundred Sixty-Four (364) days; and
    - ii) pursuant to Section 18, hereinbelow, Lender's Managing Member may, in its sole and absolute discretion, convert the credit facility to a twenty-five (25) year fully amortized payment schedule; and
    - iii) you may select another Repayment Option annually, subject to Lender's approval, which approval will not be unreasonably withheld or delayed.
  - c) You acknowledge and agree that Lender shall have the unfettered right to aggregate and securitize its loans in any particular repayment option category described in Section 2(a) above from time to time and at any time, in Lender's sole and absolute discretion.
- 3) **ADVANCES FROM YOUR ACCOUNT.** You may borrow funds (obtain an "Advance") from your Account by:
- a) Oral request to Lender directing Lender to make an Advance:
    - i) Any oral request for an advance may be made only if the funds are directed to Borrower's account with Lender.
    - ii) All such advances shall be conclusively presumed to have been made for the benefit of Borrower when the Lender believes in good faith that such requests and directions have been made by authorized persons or when said advances are deposited to a credit account of any Borrower.
  - b) Executing and delivering to Lender written instructions directing Lender to make an Advance:
    - i) Directly to a Lender asset account in your name alone or together with third persons.
    - ii) By wire transfer to your order or the order of any third person.
    - iii) By issuing a disbursement check to you, payable to you or a third party.
  - c) At the time your Account is opened, executing and delivering to Lender, written instructions directing Lender to make an Advance to third party creditors to pay off the outstanding balance on any loan or credit account in your name alone or together with third persons.
  - d) Lender is under no obligation to honor a Request for Advance which is in violation of these provisions.
  - e) Limitations on the use of loan proceeds.
    - i) Borrower acknowledges and agrees that such funds may only be used for the purposes specifically indicated and approved by Lender contained in Borrower's Application for the subject Credit Facility.
    - ii) The methods for obtaining Advances from your Account described above shall be referred to in this Agreement collectively as "Requests for Advances."
    - iii) Subject to any cancellation or suspension of your Account and any other limitations or restrictions set forth in this Agreement, Lender will honor a Request for Advance within 24 hours after Lender receives properly executed written instructions or oral requests directing Lender to make an Advance.
    - iv) If there is more than one authorized signer on your Account, you hereby authorize and direct Lender to honor, and release Lender from any liability arising directly or indirectly out of honoring, a Request for Advance executed or orally requested by anyone authorized signer acting alone. However, should a dispute arise amongst you as to the use of the Account, Lender, at its sole discretion, may require the signatures of all authorized signers on any Request for Advance from your Account.
    - v) Except for a Request for Advance made in accordance with Section 3(c), Lender is under no obligation to honor a Request for Advance for less than \$5,000.00.



## CREDIT FACILITY AGREEMENT AND FEDERAL TRUTH-IN-LENDING DISCLOSURE

4) YOUR CREDIT LIMIT IS \$ 40,000.

You may obtain an unlimited number of Advances from your Account during any one statement period. However, Lender will not be obligated to honor a Request for Advance, if the principal balance of your Account together with all other charges which are due, would after honoring the Request for Advance, exceed your credit limit.

## 5) PROMISE TO PAY.

You promise to repay Lender, at the location Lender designates from time to time (a) all borrowings from your Account, whether or not the borrowings exceed your credit limit, (b) all interest and other charges, and (c) all collection costs, court costs, attorneys' fees and all other expenses Lender incurs in enforcing this Agreement.

## 6) BILLING CYCLE.

The term "billing cycle" means the interval between the days or dates of the regular periodic statements (defined in Section 13 below) on your Account. Each billing cycle will correspond to an actual calendar month and contain the number of days in that corresponding calendar month. For example, your January billing cycle will contain 31 days.

## 7) INDEX.

The Index used to determine the Periodic FINANCE CHARGE Rate (described below) for your account is Federal Funds Rate as announced from time to time in the east coast edition of the *Wall Street Journal*, plus \_\_\_\_\_ basis points (the "Margin").

## 8) PERIODIC FINANCE CHARGE RATE.

Subject to the limits described in Section 10 below, Lender will determine the Periodic FINANCE CHARGE Rate for each day in the billing cycle by first adding a number of percentage points (the "Margin") to the Index then in effect. Lender will then divide this sum by 365 (or 366 for billing cycles beginning in a leap year) to get the Daily Periodic FINANCE CHARGE Rate applicable. Your initial Index is \_\_\_\_\_. Your Margin is \_\_\_\_\_ basis points. Your initial ANNUAL PERCENTAGE RATE is \_\_\_\_\_% (corresponding to a Daily Periodic FINANCE CHARGE Rate of \_\_\_\_\_%). This initial ANNUAL PERCENTAGE RATE is based on the Index in effect on \_\_\_\_\_; provided, however, that this ANNUAL PERCENTAGE RATE may be higher than the Index plus the Margin due to the application of the minimum ANNUAL PERCENTAGE RATE requirement set forth in Section 10 below. The ANNUAL PERCENTAGE RATE does not include any charges other than interest.

## 9) PERIODIC FINANCE CHARGE.

Subject to the limit described in Section 10 below, the Periodic FINANCE CHARGE Rate will change in accordance with the Index in effect from time to time. The Periodic FINANCE CHARGE Rate will change on the day the Index changes. Increases in the Index will result in increases in the Periodic FINANCE CHARGE Rate and your minimum monthly payment. The reverse will happen when the Index decreases. To determine the Periodic FINANCE CHARGE for each day in the billing cycle, Lender will multiply the applicable Daily Periodic FINANCE CHARGE Rate then in effect by the Daily Balance described in Section 11 below for that billing cycle. The Periodic FINANCE CHARGE will begin to accrue the date the Lender honors a request for Advance or otherwise charges your Account pursuant to this Agreement, which, for purpose of this Agreement, shall be the day that either funds are wired or the date a check is posted.

**CREDIT FACILITY AGREEMENT AND FEDERAL TRUTH-IN-LENDING DISCLOSURE****10) ANNUAL PERCENTAGE RATE LIMIT.**

Your Account is subject to a limit on the ANNUAL PERCENTAGE RATE. Your ANNUAL PERCENTAGE RATE shall never be greater than 20 percentage points, nor less than 0 percentage points.

**11) CALCULATION OF DAILY BALANCE.**

To determine how much interest should be charged for a billing cycle, Lender figures your Daily Balance for each day in the billing cycle. The Daily Balance is figured by taking your beginning Account balance each day, adding any new Request for Advance honored and any other charges applied to your Account and subtracting any payments and credits received that day. This produces the Daily Balance. Special Note: Daily accruing Periodic FINANCE CHARGE, late charges and other fees will not be included in determining your Daily Balance.

**12) MONTHLY PAYMENTS.**

Your Total Payment Due each month will be due not later than the Payment Due Date set forth in your regular periodic statement. The amount of your Total Payment Due will be calculated as follows:

- a) Your Total Payment Due will be equal to the amount of the Periodic FINANCE CHARGE which has accrued on your Balance during the previous billing cycle, plus all other amounts, including but not limited to any amount outstanding in excess of your credit limit and late payments or late charges then due but as yet unpaid. Depending upon the Repayment Option you selected in Section 2, hereinabove, your monthly payment may or may not reduce the principal that is outstanding on your Account.
- b) In the event that the Lender elects, pursuant to Section 2(b) hereinabove, to convert your repayment obligation to a fully amortized loan, your Total Payment Due will be equal to the amount, calculated monthly by Lender, which would be sufficient to fully repay the balance on your Account, at the then current ANNUAL PERCENTAGE RATE in substantially equal installments over the remaining twenty-five (25) year term of your Account, plus all other amounts, including but not limited to late payments or late charges, then due but as yet unpaid. The Lender will apply each payment made with respect to your Account in the following order: (a) Periodic FINANCE CHARGES; (b) Late Charges; (c) Other Account Charges listed in Section 16 below, and any other charges charged to your account, and (d) the remaining principal balance.

**13) REGULAR PERIODIC STATEMENT.**

You will receive a monthly statement of your Account. All Advances and other charges assessed in connection with your Account will be reflected on the monthly statement for the month during which the Advance is honored or fee or charge is charged to your Account. The regular periodic statement will also reflect the Total Payment Due.

**14) PREPAYMENTS.**

You have the right, at any time, to prepay all or any part of the balance owing on your Account without penalty.

**CREDIT FACILITY AGREEMENT AND FEDERAL TRUTH-IN-LENDING DISCLOSURE****15) STOP PAYMENT ORDERS.**

You can ask Lender to stop payment on a Request for Advance if the corresponding Advance has not yet been paid from your Account. To stop payment, you must mail or telecopy us a writing signed by you requesting that a stop payment be placed on a particular Request for Advance. Oral stop payment orders will not be accepted.

To place a Stop Payment Order, Lender needs the following information:

- (1) Your account number;
- (2) the exact number and amount of the Request for Advance;
- (3) the name of the person who signed the Request for Advance;
- (4) the name of the party to whom the Request for Advance is payable; and
- (5) the reason for the Stop Payment Order.

Lender will charge your Account \$10.00 when the Stop Payment Order goes into effect. A Stop Payment Order will not go into effect until Lender verifies that the Request for Advance identified is unpaid. Your Stop Payment Order will expire six months from its date, unless you renew it. You may write Lender to cancel a Stop Payment Order at any time. A Stop Payment Order is canceled automatically when your Account is closed.

**16) OTHER ACCOUNT CHARGES**

- a) So long as your Account remains open, on the anniversary of the date on which your Account is opened, and on the anniversary of such date every year thereafter Lender has the right to charge you a non-refundable, non-proratable Annual Account Fee of \$ 75.00. If such annual fee is assessed in any given year, such Annual Fee will be billed in the next regular periodic statement and added to the minimum monthly payment due.
- b) A \$25.00 returned check fee charge will be posted to your Account if a check or other instrument given to Lender to fully or partially repay your Account balance is not honored by the financial institution upon which it is written.
- c) An over the limit fee of \$25.00 will be posted to your Account if a Request for Advance is presented for payment against your Account and you do not have sufficient available credit to cover the Advance and Lender refuses to honor the Request for Advance.
- d) A fee of \$10.00 will be posted to your Account whenever you request Lender to stop payment on a Request for Advance.
- e) A fee of \$25.00 will be posted to your Account whenever you request Lender to pay an Advance by wire transferor disbursement check.
- f) Your Account will be charged a fee of \$25.00 per hour plus photocopy fees of \$5.00 per page whenever you request research or reconciliation services regarding your Account and/or photocopies of statements for purposes other than a billing error inquiry.
- g) If you fail to pay the Total Payment Due on or before the tenth day following your Payment Due Date, you will be charged a late charge equal to the greater of six percent of the portion of your Total Payment Due during the last billing cycle or \$5.00, whichever is greater.

**17) YOUR OBLIGATIONS ARE UNSECURED.**

Your obligations under this Agreement are unsecured. Notwithstanding the foregoing sentence, you understand and agree that your obligations hereunder are at all times subject to the Lender's Managing Member's election, in its sole and absolute discretion, to take the actions described and set forth in Section 2 hereinabove.

**6 CREDIT FACILITY AGREEMENT AND FEDERAL TRUTH-IN-LENDING DISCLOSURE****18) SUSPENSION OF YOUR ACCOUNT AND REDUCTION OF YOUR CREDIT LIMIT.**

- a) Lender reserves the right, in its sole and absolute discretion, to dishonor your Requests for Advances or reduce the Credit Limit on your Account if:
  - i) Lender reasonably believes you will not be able to meet your payment obligations on the Account due to a material change in your financial circumstances.
  - ii) You are in default of a material obligation contained in this Agreement.
  - iii) Any form of government action prevents Lender from imposing the ANNUAL PERCENTAGE RATE calculated in accordance with the terms of this Agreement.
  - iv) A government regulatory agency has notified Lender that continuing to honor Requests for Advances would constitute an unsafe and unsound practice.
  - v) The maximum ANNUAL PERCENTAGE RATE that can be assessed in connection with your Account is reached.
- b) If Lender dishonors your Requests for Advances or reduces your credit limit in accordance with this Section 18, Lender will mail you a written notice not later than three business days after such action is taken. Lender will not be obligated to honor your Requests for Advances or reinstate your Credit Limit unless:
  - i) You notify Lender in writing that the basis upon which Lender elected to dishonor your Requests for Advances or reduce your Credit Limit has ceased to exist; and
  - ii) Lender independently verifies that the condition has in fact ceased to exist.

Lender will begin honoring your Requests for Advances and/or reinstate your Credit Limit as soon as reasonably possible after the conditions set forth in this Section 18(b) have been satisfied.

**19) CHANGES IN THE TERMS OF YOUR ACCOUNT.**

- After your Account is opened, Lender may:
- a) Change the Index and Margin if the Index becomes unavailable, as long as historical fluctuations in the two indices are substantially similar and as long as the new index and margin will produce a rate similar to the rate in effect at the time the original Index became unavailable.
  - b) Change, eliminate and/or add a term or condition of or to this Agreement provided you have expressly agreed to the amendments in writing.
  - c) Without your consent, change, eliminate or add any terms or conditions of or to this Agreement, which amendment will be unequivocally beneficial to you or constitute an insignificant change in terms.

**20) CREDIT INFORMATION AND FINANCIAL STATEMENTS.**

You agree to provide to Lender upon Lender's reasonable request your current financial statement. Further, by maintaining this Account, you are authorizing Lender to release information to other persons such as credit bureaus, merchants and other financial institutions, about you and your Account, to obtain additional credit reports from time to time, and to request beneficiary statements from senior lienholders, if any.

**21) EVENTS OF DEFAULT.**

Lender may, without notice to you, declare your Account to be in default if any of the following conditions exist:

- a) You fail to make required payments under the terms of this Agreement.
- b) You engage in fraud or misrepresentation in connection with your Account or this Agreement.



**CREDIT FACILITY AGREEMENT AND FEDERAL TRUTH-IN-LENDING DISCLOSURE**

- c) You use any funds provided by Lender for any purpose other than as represented by you in your Application submitted to Lender to obtain the Credit Facility and that was approved by Lender based on the information submitted in said Application.

**22) LENDER'S RIGHTS IN THE EVENT OF DEFAULT.**

- a) Upon Lender's notification to you that your Account is in default, Lender may immediately (a) refuse to honor any further Requests for Advances, (b) increase the Margin by two and one half (2.5) percentage points, (c) declare immediately due and payable the entire balance of your Account, and (d) exercise all of the rights or remedies provided under this Agreement and applicable law. After notification of default by Lender and any resulting increase in the Margin on your Account, and acceleration of the remaining balance on your Account, you shall have no further right to request disbursements under your Account. In the event Lender notifies you of a default and exercises any of the remedies set forth in this paragraph, and you exercise the rights provided to you under this Agreement, if any, to reinstate your Account, your Account shall be reinstated and the Margin will be reduced to the Margin in effect prior to Lender notifying you of a default.
- b) In addition to the foregoing, and without in any way limiting the foregoing, if the box in Section 26 hereinbelow is checked and the Borrower (or any of them if there is more than one Borrower) and Guarantor have initialed where indicated therein, the Guarantor shall be bound to all the provisions of the Guarantor Addendum attached hereto and by this reference made a part hereof.

**23) TAX DEDUCTIBILITY.**

You should consult a tax advisor regarding the deductibility of interest and charges for your Account.

**24) TERMINATION OF ACCOUNT AT YOUR ELECTION.**

You may terminate your Account at any time by providing written notice to Lender, whereupon you may:

- a) If not already done so, request Lender to convert your Account to a fully amortized twenty-five (25) year repayment obligation. If Lender grants this request, payment will be calculated in accordance with Section 12(b) of this Agreement; or
- b) Close your Account by immediately paying the total outstanding principal and interest balance on your Account.

If Lender does not grant your request pursuant to Section 24.(a) above, the total outstanding balance on your Account will be immediately due and payable.

## 8 CREDIT FACILITY AGREEMENT AND FEDERAL TRUTH-IN-LENDING DISCLOSURE

## 25) MISCELLANEOUS PROVISIONS.

- a) Lender may delay in enforcing any of its rights under this Agreement, but such a delay shall not constitute a waiver of Lender's right to enforce those rights in the future.
- b) If more than one person has signed this Agreement, then your liability shall be joint and several which means that each of you will be separately liable for the entire amount owing on your Account.
- c) Your Account and this Agreement will be governed by the laws of the State of Florida or \_\_\_\_\_, in Lender's sole and absolute discretion.
- d) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.
- e) Borrower agrees to pay all costs, including costs of collection, expenses, and attorneys' fees incurred in collecting any sum due under this Agreement, whether or not suit is filed, and including any proceedings in bankruptcy. Any proceeds from any such action(s) shall be applied first to any and all costs of collection, then to any due and unpaid interest outstanding, then to the principal amount of any and all Advances.
- f) The terms and provisions of this Agreement cannot be waived, altered, modified, amended or terminated except as the Lender may consent thereto in writing duly signed by Lender. Any action to enforce the terms contained herein shall be filed in the state courts of Florida in the County of Sarasota or the United States District Court for the Middle District of Florida in Tampa, and Borrower hereby agrees and consents to subject himself/herself to the jurisdiction of said courts, and further agrees to be bound by any judgment rendered therein.
- g) Borrower shall not, in any manner, directly or indirectly, assign its obligations hereunder to any other person or entity. Any attempt to do so shall render all sums due or to become due under this Agreement to be immediately due and payable in full. Lender shall be permitted to assign its rights under this Agreement to any person or entity it may choose, at any time it may choose, whereupon all obligations of Borrower hereunder will be due directly to such assignee in accordance with the terms and conditions of this Agreement.
- h) All agreements between the Borrower(s) and the Lender as set forth in this Agreement are hereby expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid to the Lender for the use, forbearance, or detention of the monies advanced to Borrower exceed the maximum permissible under applicable law. If, from any circumstance whatsoever, fulfillment of any provision hereof, at the time such performance shall be due, shall be prohibited by law, the obligation to be fulfilled shall be reduced to the maximum not so prohibited, and if from any circumstance the Lender should ever receive as interest hereunder an amount which would exceed the highest lawful rate, such amount as would be excessive interest shall be applied to the reduction of the principal of then outstanding Advances under this Agreement and not to the payment of interest. This provision shall control every other provision of all agreements in this Agreement between the Borrower(s) and the Lender.
- i) If any one or more of the provisions of this Agreement shall, for any reason, be held or found by final judgment of a court of competent jurisdiction to be invalid, illegal or unenforceable under the Employee Retirement Income Security Act of 1974 ("ERISA") or in any other material respect, (i) that invalidity, illegality or unenforceability will not affect any other provisions of this Agreement and (ii) this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been contained herein, provided, however that if the invalidity of any part or provision of this Agreement shall deprive any party of the economic benefit intended to be conferred by this Agreement, Lender shall, in good-faith, develop a structure, the economic effect of which is as close as possible to the economic effect of this Agreement, without regard to such invalidity.
- j) Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and personally delivered or sent by overnight courier, or by facsimile, if such facsimile is followed by a hard copy of the facsimile communication sent by overnight courier, charges prepaid, addressed as follows: if to the Lender, at the address set forth in Section 1 of this Agreement, or to such other address as the Lender may from time to time specify by notice to the Borrower(s); if to a Borrower, to such Borrower at the address set forth beneath such Borrower's signature below or as such Borrower may from time to time specify by notice to the Lender in accordance with this Section 25. (i). Any such notice shall be deemed to be delivered, given and received as of the date so delivered.



## 9 CREDIT FACILITY AGREEMENT AND FEDERAL TRUTH-IN-LENDING DISCLOSURE

## 26) GUARANTOR.

If the box below is checked and Borrower and Guarantor (or any Borrower if there is more than one signatory to this Agreement) have initialed where indicated below, all of the Borrower's obligations set forth in this Agreement are guaranteed in accordance with the terms and provisions contained in the Guarantor Addendum attached hereto and by this reference made a part hereof.

☐

a. Borrower's Initials: \_\_\_\_\_

b. Guarantor's Initials: \_\_\_\_\_

27) BY SIGNING THIS AGREEMENT YOU AGREE TO BE BOUND TO ALL OF THE TERMS OF THIS AGREEMENT AND THE ADDENDA HERETO AS APPLICABLE AND YOU ACKNOWLEDGE RECEIPT OF A COMPLETED COPY OF THIS AGREEMENT WITH APPLICABLE ADDENDA.

EXECUTED ON THE DATE OPPOSITE THE NAMES AND SIGNATURES BELOW:


BORROWER(S):

 (sign)

DATE: 4-30-15

Michael Williams (print)

Address:

  
SARASOTA FL 34236

Fax:

\_\_\_\_\_

Phone:

Email:

\_\_\_\_\_  
 (home)  
 \_\_\_\_\_  
 (business)  
 \_\_\_\_\_  
 (cell)  
 \_\_\_\_\_  
 (home)  
 \_\_\_\_\_  
 (business)

\_\_\_\_\_

[signatures continued on following page, as applicable]



CREDIT FACILITY AGREEMENT AND FEDERAL TRUTH-IN-LENDING DISCLOSURE

BORROWER(S):

\_\_\_\_\_ (sign)

DATE: \_\_\_\_\_

\_\_\_\_\_ (print)

Address:

Fax:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

Phone:

Email:

\_\_\_\_\_ (home)  
\_\_\_\_\_ (business)  
\_\_\_\_\_ (cell)  
\_\_\_\_\_ (home)  
\_\_\_\_\_ (business)

\_\_\_\_\_

## CREDIT FACILITY AGREEMENT AND FEDERAL TRUTH-IN-LENDING DISCLOSURE

**YOUR BILLING RIGHTS -- KEEP THIS NOTICE FOR FUTURE USE**

This notice contains important information about your rights and Lender's responsibilities under the Fair Credit Billing Act.

**Notify Lender In Case Of Errors Or Questions About Your Bill.** If you think your bill is wrong, or if you need more information about a transaction on your bill, write Lender at the address listed on your bill. Write to Lender as soon as possible. Lender must hear from you no later than sixty (60) days after Lender sent you the first bill in which the error or problem appeared. You can telephone Lender, but doing so will not preserve your rights.

In your letter, give Lender the following information:

- i) Your name and account number.
- ii) The dollar amount of the suspected error.
- iii) Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the items you are not sure about. If you have authorized Lender to pay your bill automatically from your savings or checking account, you can stop the payment on any amount you think is wrong. To stop the payment your letter must reach Lender three (3) business days before the automatic payment is scheduled to occur.

**Your Rights And Lender's Responsibilities After Receipt Of Your Written Notice.** Lender must acknowledge your letter within thirty (30) days, unless Lender has corrected the error by then. Within ninety (90) days, Lender must either correct the error or explain why Lender believes the bill was correct.

After Lender receives your letter, Lender cannot try to collect any amount you question, or report you as delinquent. Lender can continue to bill you for the amount you question, including finance charges, and Lender can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while Lender is investigating, but you are still obligated to pay the parts of your bill that are not in question.

If Lender finds that Lender made a mistake on your bill, you will not have to pay any finance charges related to any questioned amount. If Lender didn't make a mistake, you may have to pay finance charges, and you will have to make up any missed payments on the questioned amount. In either case, Lender will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that Lender thinks you owe, Lender may report you as delinquent. However, if Lender's explanation does not satisfy you and you write to Lender within ten (10) days telling Lender that you still refuse to pay, Lender must tell anyone Lender reports you to that you have a question about your bill. And, Lender must tell you the name of anyone Lender reported you to. Lender must tell anyone Lender reports you to that the matter has been settled when it finally is.

If Lender doesn't follow these rules, Lender can't collect the first \$50.00 of the questioned amount, even if your bill is correct.

**GUARANTOR ADDENDUM**  
**TO**  
**CREDIT FACILITY AGREEMENT**  
**KCL Services, LLC**

If the box in Section 26 of the Agreement to which this Guarantor Addendum is appended is checked and the Borrower's (or any one of them if there is more than one) and the Guarantor's initials appear there, the following provisions are hereby incorporated into the Agreement and by this reference made a part thereof. Capitalized terms used herein have the meanings ascribed to them as set forth in the Agreement.

As a material inducement for Lender to fund an Advance or Advances, as the case may be, repayment of the Loan and all sums due hereunder and all sums which may become due hereunder (the "Guaranteed Obligations") will be personally guaranteed by the undersigned individual (the "Guarantor") and the Guarantor hereby agrees to personally guarantee all of the Guaranteed Obligations.

- a) Anything to the contrary herein notwithstanding, the liability of the Guarantor shall be direct and immediate as a primary and not a secondary obligation or liability, and is not conditioned or contingent upon the pursuit of any remedies against Borrower or any other person. Guarantor unconditionally waives any right which he/she may have to require that Lender first proceed against Borrower or any other person or entity with respect to the Guaranteed Obligations.
- b) Guarantor's obligations hereunder are an irrevocable, absolute, continuing agreement of payment and performance and not a guaranty of collection. Guarantor's obligations hereunder may not be revoked by Guarantor and shall continue to be effective with respect to any Guaranteed Obligations arising or created after any attempted revocation by Guarantor and after Guarantor's death (in which event the Agreement and this Guarantor Addendum shall be binding upon such Guarantor's estate and Guarantor's legal representatives and heirs). The fact that at any time or from time to time the Guaranteed Obligations may be increased or reduced shall not release or discharge the obligations of Guarantor to Lender with respect to the Guaranteed Obligations. Guarantor's obligations hereunder may be enforced by Lender and any subsequent holder of this Promissory Note and shall not be discharged by the assignment or negotiation of all or part of this Promissory Note.
- c) If all or any part of the Guaranteed Obligations shall not be punctually paid when due, whether at demand, maturity, acceleration or otherwise, Guarantor shall, immediately upon demand by Lender and without presentment, protest, notice of protest, notice of non-payment, notice of intention to accelerate the maturity, notice of acceleration of the maturity or any other notice whatsoever, pay in lawful money of the United States of America, the amount due on the Guaranteed Obligations to Lender at Lender's address as set forth in the Agreement. Such demand(s) may be made at any time coincident with or after the time for payment of all or part of the Guaranteed Obligations and may be made from time to time with respect to the same or different items of Guaranteed Obligations. Such demand shall be deemed made, given and received in accordance with the notice provisions of the Agreement.
- d) Guarantor hereby unconditionally agrees to waive and agrees not to assert or take advantage of any defense based upon:
  - i) The incapacity, lack of authority, death or disability of any Borrower, or any other person or entity;
  - ii) The failure of Lender to commence an action against Borrower at any time or to pursue any other remedy whatsoever at anytime;
  - iii) Any duty on the part of Lender to disclose to Guarantor any facts it may now or hereafter know regarding Borrower regardless of whether Lender has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor, Guarantor acknowledging that it is fully responsible for being and keeping informed of the financial condition and affairs of Borrower;
  - iv) Lack of notice of default, demand of performance or notice of acceleration to Borrower or any other party with respect to the Loan or the Guaranteed Obligations;



CREDIT FACILITY AGREEMENT AND FEDERAL TRUTH-IN-LENDING DISCLOSURE

- v) The consideration for this Agreement; any acts or omissions of Lender which vary, increase or decrease the risk on any Guarantor; any statute of limitations affecting the liability of any Guarantor hereunder, the liability of Borrower or any Guarantor hereunder, or the enforcement hereof, to the extent permitted by law;
- vi) The application by Borrower of the proceeds of the Loan for purposes other than the purposes represented by Borrower to Lender or intended or understood by Lender or Guarantor;
- vii) An election of remedies by Lender, whether or not any such election of remedies destroys or otherwise impairs the subrogation rights of Guarantor or the rights of Guarantor to proceed against Borrower by way of subrogation or for reimbursement or contribution, or all such rights;
- viii) Any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in any other aspects more burdensome than that of a Guarantor; and
- ix) Any other suretyship defense that might, but for the terms hereof, be available to Guarantor.

GUARANTOR:

\_\_\_\_\_ (sign)

DATE: \_\_\_\_\_

\_\_\_\_\_ (print)

Address:

Fax:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

Phone:

Email:

\_\_\_\_\_ (home)  
\_\_\_\_\_ (business)  
\_\_\_\_\_ (cell)  
\_\_\_\_\_ (home)  
\_\_\_\_\_ (business)

\_\_\_\_\_





BMO HARRIS BANK N.A. 338364  
P.O. BOX 94033  
PALATINE, IL 60094-4033

ACCOUNT NUMBER: [REDACTED] 8676

Statement Period  
03/01/17 TO 03/31/17  
IM0099002900000000

90 09837

KCL SERVICES, LLC  
1800 SECOND ST SUITE 955  
SARASOTA FL 34236

PAGE 1 OF 2

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TOLL-FREE AT 1-888-340-2265. BMO HARRIS BANK N.A. MEMBER FDIC. EQUAL HOUSING  
LENDER. NMLS401052 VISIT US ONLINE AT WWW.BMOHARRIS.COM.

## CHECKING ACCOUNTS

BUSINESS ADVANTAGE CKG ACCOUNT NUMBER [REDACTED] 8676 (Checking) KCL SERVICES, LLC

Interest Paid YTD 4.31  
Interest Paid Previous Year 45.58

### DEPOSIT ACCOUNT SUMMARY

Previous Balance as of February 28, 2017	8,994.73
7 Deposits (Plus)	1,511,151.01
4 Withdrawals (Minus)	1,516,291.51
Interest Paid (Plus)	4.19
Ending Balance as of March 31, 2017	3,858.42

### Deposits and Other Credits

Date	Amount	Description
Mar 10	75.00	REMOTE DEPOSIT
Mar 13	400.00	REMOTE DEPOSIT
Mar 21	360.00	REMOTE DEPOSIT
Mar 21	1,500,000.00	PC TRANSFER CREDIT
Mar 23	5,000.00	PC TRANSFER CREDIT
Mar 27	1,600.00	REMOTE DEPOSIT
Mar 31	3,716.01	PC TRANSFER CREDIT
Mar 31	4.19	INTEREST PAID

### Withdrawals and Other Debits

Date	Amount	Description
Mar 23	250.00	INTERNATIONAL WIRE OUT
Mar 23	90,000.00	OP 170323245228 OUTGOING PAYMENT MTTRF
Mar 23	1,422,325.50	OUTGOING WIRE
Mar 23		FED WIRE TRANSFER DEBIT 170323245229
Mar 31	3,716.01	OUTGOING WIRE
Mar 31		FED WIRE TRANSFER DEBIT 170323245230
Mar 31		INTERNATIONAL WIRE OUT
Mar 31		OP 170331360360 OUTGOING PAYMENT MT103

EXHIBIT

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BMO HARRIS BANK N.A. 338365  
P.O. BOX 94033  
PALATINE, IL 60094-4033

ACCOUNT NUMBER: [REDACTED] 8676

Statement Period  
03/01/17 TO 03/31/17  
IM0099002900000000

90 09837

KCL SERVICES, LLC

PAGE 2 OF 2

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#### Daily Balance Summary

Date	Balance	Date	Balance
Feb 28	8,994.73	Mar 23	2,254.23
Mar 10	9,069.73	Mar 27	3,854.23
Mar 13	9,469.73	Mar 31	3,858.42
Mar 21	1,509,829.73		

#### Statement Period Rates

Effective	Mar 01, 2017	Balance	Rate
		ZERO to 4,999	0.010 %
		5,000 to 9,999	0.010 %
		10,000 to 24,999	0.050 %
		25,000 to 49,999	0.050 %
		50,000 to 99,999	0.050 %
		100,000 to 249,999	0.050 %
		250,000 to 499,999	0.050 %
		500,000 to 999,999	0.050 %
		1,000,000 to 99,999,999,999	0.050 %





A part of BMO Financial Group

BMO HARRIS BANK N.A.  
P.O. BOX 94033  
PALATINE, IL 60094-4033

336172

ACCOUNT NUMBER: [REDACTED] 4255

Statement Period  
03/01/17 TO 03/31/17  
IM0099002900000000

90 09837

KINETIC FUNDS I, LLC  
1800 SECOND ST #955  
SARASOTA FL 34236

PAGE 1 OF 2

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LENDER. NMLS401052 VISIT US ONLINE AT WWW.BMOHARRIS.COM.

## CHECKING ACCOUNTS

BUSINESS ADVANTAGE CKG  
ACCOUNT NUMBER

[REDACTED] 4255

(Checking)

KINETIC FUNDS I, LLC

Interest Paid YTD	1,397.31
Interest Paid Previous Year	601.26

## DEPOSIT ACCOUNT SUMMARY

Previous Balance as of February 28, 2017	11,930,707.47
2 Deposits (Plus)	17,000.00
10 Withdrawals (Minus)	1,606,016.93
Interest Paid (Plus)	482.31
Ending Balance as of March 31, 2017	10,342,172.85

## Deposits and Other Credits

Date	Amount	Description
Mar 09	10,000.00	REMOTE DEPOSIT
Mar 27	7,000.00	REMOTE DEPOSIT
Mar 31	482.31	INTEREST PAID

## Withdrawals and Other Debits

Date	Amount	Description
Mar 13	6,890.02	PC TRANSFER DEBIT
Mar 16	75,403.40	PC TRANSFER DEBIT
Mar 21	1,500,000.00	PC TRANSFER DEBIT
Mar 23	5,000.00	PC TRANSFER DEBIT
Mar 28	9,225.00	PC TRANSFER DEBIT
Mar 31	3,716.01	PC TRANSFER DEBIT

## Checks by Serial Number

Date	Serial #	Amount	Date	Serial #	Amount
Mar 01	10521	2,200.00	Mar 27	10523	607.50
Mar 24	10522	650.00	Mar 24	10524	2,325.00

EXHIBIT

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BMO HARRIS BANK N.A.  
P.O. BOX 94033  
PALATINE, IL 60094-4033

336173

ACCOUNT NUMBER: [REDACTED] 4255

Statement Period  
03/01/17 TO 03/31/17  
IM0099002900000000

90 09837

KINETIC FUNDS I, LLC

PAGE 2 OF 2

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#### Daily Balance Summary

Date	Balance	Date	Balance
Feb 28	11,930,707.47	Mar 23	10,351,214.05
Mar 01	11,928,507.47	Mar 24	10,348,239.05
Mar 09	11,938,507.47	Mar 27	10,354,631.55
Mar 13	11,931,617.45	Mar 28	10,345,406.55
Mar 16	11,856,214.05	Mar 31	10,342,172.85
Mar 21	10,356,214.05		

#### Statement Period Rates

Effective	Mar 01, 2017	Balance	Rate
	ZERO to	4,999	0.010 %
	5,000 to	9,999	0.010 %
	10,000 to	24,999	0.050 %
	25,000 to	49,999	0.050 %
	50,000 to	99,999	0.050 %
	100,000 to	249,999	0.050 %
	250,000 to	499,999	0.050 %
	500,000 to	999,999	0.050 %
	1,000,000 to	99,999,999,999	0.050 %



The periodic rate and corresponding Annual Percentage Rate does not change.

The periodic rate and corresponding Annual Percentage Rate for this plan is a variable rate which can change monthly. (See your account agreement for details on how the Annual Percentage Rate is determined.)

We figure the interest charge on your account by applying the periodic rate to the "daily balance" of your account for each day in the billing cycle. To get the "daily balance" we take the beginning balance of your account each day, add any new advances, and subtract any payments or credits. This gives us the daily balance.

The interest charge begins to accrue on the date an advance is posted to the account. The interest charge continues to accrue on the unpaid principal balance after the statement has been printed and mailed to you. There is no "grace period" or "free ride period" which would allow you to avoid an interest charge.

If you think there is an error on your statement, write to us at: Harris, Attn: Billing Department, Servicing Dept. D, 3800 Golf Road, P.O. Box 5043, Rolling Meadows, IL 60008.

- **Description of Problem:** If you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

**You must notify us of any potential errors *in writing*. You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.**

- We can apply any unpaid amount against your credit limit.

We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

Call us at 1-800-847-1066 for errors involving Card transactions, or for Electronic Transfers call 1-888-340-2265, or write to Harris, P.O. Box 94019, Palatine, Illinois 60094-4019, as soon as you can if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent you the first statement on which the problem or error appeared. This is the information we will need in order to help resolve the problem:

1. Tell us your name, account number, and Card number (if applicable).
2. Describe the error or the transaction and the date of the transaction you are unsure about, and explain why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

**If you tell us orally, we require that you also inform of us the error in writing within ten Business Days.**

We will determine whether an error occurred within 10\* Business Days after we hear from you and we will correct any error promptly. If we need more time, however, by law we may take up to 45\* days to investigate your complaint or question. If we decide to do this, we will provisionally credit your account within 10\* Business Days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If you fail to give us the required written confirmation of your complaint or question, then we may not credit your account or we may revoke the provisional credit we previously gave to you.

**We will tell you the results of our investigation within three Business Days after completing our investigation.**

*\*These time periods may be extended as follows. The applicable time is 20 Business Days in place of 10 Business Days for new accounts if the notice of the error involves a transfer to or from the account within the first 30 days your account is open. The applicable time is 90 days in place of 45 days if the notice of error involves a transfer that either (1) was initiated outside the U.S., (2) resulted from a Point-of-Sale transaction, or (3) occurred within the first 30 days your account is open.*

- 1 List and Total all outstanding checks including those still outstanding from previous statements.
- 2 Enter the "Ending Balance" shown on this statement.
- 3 Add deposits and other credits not shown on this statement.
- 4 Total
- 5 Subtract the total of outstanding checks as determined in Step 1 above.
- 6 This figure should be your checkbook balance. If it does not agree, review the above steps and if necessary, review your checkbook entries.

[illegible]

RECONCILEMENT		
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④		
⑤		
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GANDIA B. REALTY U.C.68  
San Francisco 409, Plaza Colón  
Viejo San Juan, Puerto Rico, 00907  
(787) 725-2807

### CONTRACT OF OPTION

The undersigned Seller agrees to sell and the undersigned Purchaser agrees to purchase real property described as follows: 152 Tetuán Street, Old San Juan, PR 00901.

Property is sold *AS IS, Where is*, and will include the new doors and windows that the Sellers have already made, as well as the architectural plans.

The total price is TWO MILLION NINE HUNDRED THOUSAND DOLLARS AND 00/100 (\$2,900,000.00) payable as follows:

Earnest money advanced	\$ 145,000.00
Certified check at closing	<u>\$2,755,000.00</u>
Total Price	\$2,900,000.00

Deed of Purchase and Sale is to be prepared by a notary of Purchaser's choice. Purchaser shall have fifteen (15) days to conduct due diligence, inspect the Property, review and verify documentation, and determine that the Property is free and clear of all liens and encumbrances, restrictions, environmental issues, and lawsuits (the "Due Diligence Period"). The closing shall take place no later than fifteen (15) days after the expiration of the Due Diligence Period. If Purchaser elects not to proceed with the closing for any or no reason prior to the expiration of the Due Diligence Period, the full earnest deposit shall be returned to Purchaser and this Agreement will terminate without any further liability to any party.

Seller will convey to Purchaser, for the above total price, the above described real property free and clear of all encumbrances and liens, including but not limited to payment of property taxes. Seller will convey to Purchaser good, legal, marketable fee simple title to the above property.

Notarial fees and all cost and expenses of the original deed of sale are to be paid by Seller. All costs and expenses of the certified copy of the deed of sale, as well as its recording at the Registry of Property, are to be paid by the Purchaser.

Taxes, interest and insurance, and any monies deposited in escrow for the payment of such charges, are to be adjusted at the closing date.

Seller has advised Purchaser to inspect the property with a certified inspector, as per Law 93 of May 16, 2006. The Purchaser also has a right as established by HUD to have the property inspected, since it was built before 1978, for the presence of lead based paint by an inspector certified by the Commonwealth of



Puerto Rico. Purchaser has five (5) days after signing this contract to inspect the property with a certified inspector. The inspection shall be paid by Purchaser.

This contract is subject to the following conditions:

Legal Possession and/or ownership on the property is to be given to Purchaser at the closing date.

RECEIVED ONE HUNDRED FORTY FIVE THOUSAND DOLLARS AND 00/100 (\$145,000.00) as earnest money to be applied on the above sale. If Purchaser refuses to conclude the sale or fails to purchase the property at the closing date due to Purchaser's fault, Purchaser agrees to pay Seller the earnest money as compensation for Purchaser's failure to carry out the sales agreement. If Seller defaults under this Agreement or refuses to sell the property at the closing date through no fault of Purchaser, then Purchaser may elect to: (a) terminate this Agreement, in which case the full earnest deposit shall be refunded to Purchaser within seventy two (72) hours of notice to the Seller, or (b) obtain specific performance of Seller's obligations under this Agreement, plus recovery of Purchaser's reasonable costs and expenses in connection with such default. Pending execution of deeds, earnest money is to be held by broker and deposited in the trust account of Gandía B. Realty Corp. at Banco Popular, Old San Juan Branch, Old San Juan, P.R.

Seller agrees to pay broker Gandía B. Realty Corp. Lic. 68 at closing a commission of five percent (5%) of the selling price, for services rendered.

Brokers Not Liable: The parties agree and acknowledge that Gandía B. Realty Corp. Lic. 68 is only acting as an intermediary in this Contract and the prospective sale/purchase of the Property, and will not be liable for any breach or wrongdoing of the Purchaser and/or the Seller. The parties agree and acknowledge that the Broker is not responsible for construction defects, imperfections of the equipment or appliances, or title faults of the Property.

The parties expressly agree that in the event a controversy or dispute arises in regards to this contract terms, fulfillment and/or observance these will submit to a mediation and transaction process in accordance as established in Rule 13 of the Procedure Regulation of the Department of Consumer Affairs ("DACO" as known by its Spanish acronym).

This contract is subject to approval by the Seller no later than Thursday, March 22, 2018. When so approved the contract shall be binding on both parties. If not approved, earnest money shall be returned to Purchaser.

This is the entire contract and neither party shall be bound by verbal statements.

Scipio LLC  
By: Michael Williams  
PURCHASER

Date

Fidicomiso de Conservación  
By: Fernando Lloveras, Esq.  
SELLER

Date

**FIRST AMENDMENT TO CONTRACT OPTION**

**THIS FIRST AMENDMENT TO CONTRACT OPTION** (this "**Amendment**"), dated as of April 11, 2018, is entered into by and between, **Fideicomiso de Conservación de Puerto Rico** (the "**Seller**"), and **Scipio, LLC** (the "**Purchaser**").

**RECITALS**

**WHEREAS**, Purchaser and Seller are parties to a certain "Contract of Option" dated March 28, 2018 (the "**Agreement**"); and

**WHEREAS**, the Purchaser and Seller have agreed to amend the Agreement to reflect the new understanding between the parties to: 1) extend the Due Diligence Period, as defined in the Agreement, until April 30, 2018, and 2) authorize the assignment of the Agreement by Purchaser.

**NOW THEREFORE**, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, effective, the parties agree as follows:

1. **Recitals Incorporated; Certain Defined Terms.** The recitals set forth above are incorporated herein by this reference and shall be deemed terms and provisions hereof with the same force and effect as if fully set forth in this Paragraph 1. Capitalized terms that are not otherwise defined herein shall be deemed to have the same meanings herein as are ascribed to such terms in the Agreement. As used herein, the "Agreement" hereafter shall be deemed to mean the Agreement, as amended by this Amendment.
2. **Amendment.** The Second Sentence of the Fourth Paragraph in the First Page of the Agreement is hereby amended to read in its entirety as follows: "Purchaser shall have until April 30, 2018 to conduct due diligence, inspect the Property review and verify documentation, and determine that the Property is free and clear of all liens and encumbrances, restrictions, environmental issues, and lawsuits (the "Due Diligence Period")."
3. **Amendment.** The First Sentence of the Second Page of the Agreement is hereby amended to read in its entirety as follows: "Purchaser may inspect the Property with a certified inspector during the Due Diligence Period."
4. **Addition.** The following sentence should be added before the signature block: "Purchaser may assign this Agreement without Seller's consent to a wholly owned subsidiary or affiliate of Purchaser, or to a new entity to be formed by Purchaser for purposes of this transaction."



5. All other terms and conditions of the Agreement will remain in full force and effect.

**IN WITNESS WHEREOF**, Purchaser and Seller have caused this Amendment to be executed the day and year first above written.

**Seller:**

\_\_\_\_\_  
**Fideicomiso de Conservación**  
**By: Fernando Lloveras, Esq.**

**Purchaser:**

\_\_\_\_\_  
**Scipio LLC**  
**By: Michael Williams**

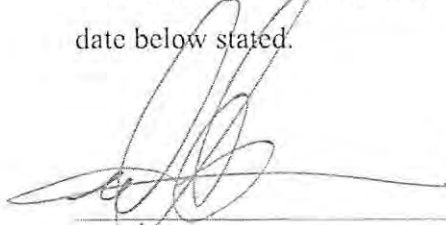
**PURCHASE AGREEMENT  
TERM EXTENSION**

Due to unforeseen delays to acquire the Property located at 152 Calle Tetuán in San Juan, Puerto Rico, the Buyer, Mr. Michael Williams, and the Seller, Fideicomiso de Conservación de Puerto Rico represented by Mr. Fernando Lloveras, Esq., agree to an extension of the purchase agreement closing date from Monday, April 23<sup>rd</sup> 2018 until Friday, May 4<sup>th</sup>, 2018 at 2:00 pm. The closing will take place at 155 Calle Tetuán, main offices of the Fideicomiso de Conservación de Puerto Rico.

Seller agrees to remove the generator on Wednesday, May 2, 2018. Seller further agrees to deliver the existing windows/doors on that same date, Wednesday May 2<sup>nd</sup>, 2018. Seller requests a 3-month time extension from the date of closing to remove the fiber optic connection.

All other conditions and dispositions, as stated in the original purchase agreement signed between the Parties on March 28, 2018 remain in effect.

This is the agreement between the Parties, in evidence of which they execute this extension on the date below stated.

 4/20/18  
\_\_\_\_\_  
Michael Williams Date  
BUYER Scipio, LLC

 April 19, 2018  
\_\_\_\_\_  
Fideicomiso de Conservación Date  
By: Fernando Lloveras, Esq.  
SELLER





I CERTIFY: That on the same date and place of execution I issued a FIRST CERTIFIED COPY of this Deed on behalf of THE CONSERVATION TRUST OF PUERTO RICO, I ATTEST AND GIVE FAITH.

*Mercybel Redondo Rafuls*

NOTARY PUBLIC



*RC 2/14*  
*[Signature]*

-----DEED NUMBER FOUR (4)-----

-----PURCHASE AND SALE DEED-----

---In the city of San Juan, Commonwealth of Puerto Rico, on May fourth (4<sup>th</sup>) of two thousand eighteen (2018).-----

-----BEFORE ME-----

---MERCYBELLE REDONDO RAFULS, Attorney-at Law and Notary Public in and for the Commonwealth of Puerto Rico, with residence in Isla Verde, Puerto Rico, and offices at four hundred and five (405) San Francisco Street, Suite Two-A (2A), in Old San Juan, Puerto Rico.-----

-----APPEAR-----

---AS PARTY OF THE FIRST PART: THE CONSERVATION TRUST OF PUERTO RICO, also known as Fideicomiso de Conservación de Puerto Rico, (hereinafter referred to as the "Seller"), a charitable nonprofit private institution organized and existing under the laws of the Commonwealth of Puerto Rico, pursuant to Deed Number Five (5) executed in San Juan, Puerto Rico on January twenty-third (23<sup>rd</sup>) of nineteen seventy (1970) before Notary Public Luis Sánchez Vilella. The trustees of Seller are: María Salerno, of legal age, married, executive, resident of the state of New York, United States of America; Joaquín Bautista Viso Alonso, also known as Joaquín Viso, of legal age, married, engineer, and resident of San Juan, Puerto Rico; and Dennis Rafael Hickey Rivera, also known as Dennis Rivera, of legal age, single, consultant, and resident of Culebra, Puerto Rico; and who are all represented in this act by Seller's Executive Director, Fernando Enrique Lloveras San Miguel, also known as Fernando E. Lloveras San Miguel, of legal age, married, attorney, and resident of San Juan, Puerto Rico, who is duly authorized to appear herein on behalf of Seller pursuant to a Certificate of Resolution of the Board of Directors issued by Seller's Secretary, Neida Pumarejo Cintrón, executed before Notary Public Carla Arraiza Gonzalez, on April twenty-fifth (25<sup>th</sup>) of two thousand eighteen (2018), authenticated under affidavit number one thousand one hundred and fifty-five (1,155). I, the Notary, have received and reviewed the original of the Corporate Resolution of the Board of Directors and hereby certify and attest that the same provides the corresponding authority described





hereto and complies with all legal requirements.-----

---I, the Notary, attest that I do not know the party of the FIRST part, and have thus identified him through his identification documents, which contain his photograph and signature and was voluntarily shown, as follows: Fernando E. Lloveras, driver's license number 1323600, issued by the Commonwealth of Puerto Rico.-----

---AS PARTY OF THE SECOND PART: SCIPIO, LLC (hereinafter referred to as the "Purchaser"), a limited liability company organized and existing under the laws of the Commonwealth of Puerto Rico, represented herein by its President, Michael Scott Williams, who states not to use his second last name or mother's surname and has refused to provide it, also known as Michael Williams, of legal age, single, business executive, and resident of San Juan, Puerto Rico, who is duly authorized to appear herein on behalf of the Purchaser pursuant to a Certificate of Resolution executed by Michael Scott Williams, as Secretary of Purchaser, executed before the undersigned Notary Public on the date hereof, authenticated under affidavit number ten (10). I, the Notary, have received and reviewed the original of the Corporate Resolution and hereby certify and attest that the same provides the corresponding authority described hereto and complies with all legal requirements.-----

---I, the Notary, attest that I do not know the party of the SECOND part, and have thus identified him through his identification documents, which contain his photograph and signature and was voluntarily shown, as follows: Michael Scott Williams, passport number 519517783, issued by the United States of America.-----

---Per the appearing parties' statements, I, the Notary, also attest as to their age, civil status, occupation, and residence. The appearing parties declare that they have, and in my judgment they do have, the necessary legal capacity and knowledge of the English language to execute this public instrument, and for that purpose they freely and voluntarily:-----

----- STATE -----

---FIRST: The Property. The Seller is the sole owner in fee simple ("*plene dominio*") of the following real property (hereinafter referred to as the



"Property") located in the Municipality of San Juan, Puerto Rico, described in the Registry of Property of Puerto Rico, First Section of San Juan (hereinafter referred to as the "Registry") in the Spanish language as follows:-----

---URBANA: Solar casa de altos y bajos y sótano de mampostería y azotea marcada con el número ciento cincuenta y dos (152), antes tres (3) de la Calle Tetuán de San Juan, Puerto Rico. El solar se compone de quinientos noventa y cuatro punto veinte y cinco (594.25) metros cuadrados ocupando la casa todo el área de solar y linda por su frente NORTE, con la calle en que radica; por la derecha, entrada OESTE, con la casa número ciento cincuenta (150), antes uno (1), propiedad de Antonia Quiñones de Quiñones; por la izquierda, ESTE, antes con la casa cinco (5), hoy con una calle prolongación de la Calle de La Cruz; y por el fondo, SUR, con el Recinto Sur o Calle Ramón Power.-----

---La casa que enclava en el solar de este número ha sido restaurada y en la actualidad consta de edificio para oficinas de dos plantas y sótano de hormigón y mampostería. Dicha estructura está equipada con sistema central de aire acondicionado.-----

---The Property is recorded in the Registry at Page forty-three (43) of Volume nine (9) of San Juan, property number three hundred and eighty-nine (389) -----

---The real property tax identification numbers ("*número de catastro*") assigned to the Property by the Municipal Revenue Collection Center (hereinafter referred to as "CRIM", by its Spanish acronym) are zero forty dash zero zero two dash zero sixty-one dash zero two dash zero zero one (040-002-061-02-001) and zero forty dash zero zero two dash zero sixty-one dash zero two dash nine zero one (040-002-061-02-901).-----

---SECOND: Title. The Seller acquired the Property from Elias Blanco Gómez and Luscinda Olalla Cabral, also known as Luscinda Olalla de Blanco, for the price of Three Million Two Hundred and Fifty Thousand Dollars (\$3,250,000.00) pursuant to Deed Number Ten (10), executed in San Juan, Puerto Rico on October fourth (4<sup>th</sup>) of two thousand and six (2006), before Notary Public Luis García Carnasquillo, presented on October eleventh (11<sup>th</sup>) of two thousand and six (2006) at Entry one thousand three hundred and fifty-five (1,355) of the Book of Daily Entries of San Juan one thousand seventy-nine (1,079), and recorded pursuant to Puerto Rico Law Number two hundred sixteen (216) of December twenty-seventh (27<sup>th</sup>) of two thousand ten (2010), known as the "Act to Streamline the Registry of the Property".-----

---THIRD: Liens and Encumbrances. The Property is subject to the following liens and encumbrances:-----

---(A) By its origin:-----



*Redondo*



1-28-24

----- (a) Free and clear.-----

---(B) By itself:-----

----- (a) Free and clear.-----

---I, the Notary, have advised the Purchaser that the Property is located in the Old San Juan Historic District, and as such it is subject to the laws, regulations and ordinances imposed by the historical preservation entity, Institute of Puerto Rican Culture ("*Instituto de Cultura Puertorriqueña*"), the Municipality of San Juan and the Puerto Rico Planning Board. I, the Notary, have further advised the Purchaser prior to the execution of this Deed, that it should examine the applicable laws, regulations and ordinances so he ascertains itself of the restrictions, obligations, conditions, and limitations imposed upon dominium of the Property.-----

---FOURTH: Purchase and Sale. The Seller and the Purchaser have agreed on the purchase and sale of the Property, subject to the following:-----

#### ----- TERMS AND CONDITIONS-----

---One: Conveyance of Title. The Seller hereby sells, assigns, and transfers to the Purchaser, and the Purchaser acquires from the Seller, the Property described in the FIRST paragraph of this Deed, free and clear of all tenancies, liens, encumbrances, mortgages, options, claims, litigation, judgments, rights of third parties and other restrictions or limitations of record affecting the ability to use or transfer, subject to all rights, easements, servitudes, accesses, privileges, structures, buildings, and appurtenances without any limitation whatsoever, except as otherwise expressed or described in this Deed.-----

---Two: Delivery of Possession. Seller delivers possession of the Property to Purchaser effective as of the date of execution of this Deed without any further formalities being required at this time to complete the delivery of possession of the Property by the Seller to Purchaser.-----

---Three: Purchase Price. The agreed purchase price for the Property is the amount of Two Million Nine Hundred Thousand Dollars (\$2,900,000.00) (hereinafter referred to as the "Purchase Price"). Seller acknowledges having received concurrently in this act, to its satisfaction and contentment, from the hands of Gandia B. Realty, Seller's broker, a certified check in the amount of



PESEN

One Hundred and Forty-Five Thousand Dollars (\$145,000.00), and a wire transfer from Purchaser in the amount of Two Million Six Hundred Seventy-Six Thousand Five Hundred Sixty-Four Dollars and Thirty-Six Cents (\$2,676,564.36), for which Seller grants Purchaser the most formal and legally valid receipt.

—The amount of Seventy-Eight Thousand Four Hundred Thirty-Five Dollars and Sixty-four Cents (\$78,435.64) is being retained by The Title Security Group, LLC as indemnity and security for the payment, satisfaction, discharge and disposition of the current outstanding debt with the CRIM affecting the Property.

—The Seller covenants and warrants that it has been unable to sell the Property for a higher amount due to the precarious Puerto Rico real estate market conditions and the Purchase Price reflects the best purchase offer the Seller has received for the Property. Therefore, both parties hereto represent that they have no intention whatsoever that this transfer be viewed, interpreted or construed in any way as a donation or gift of any kind.

—Four: Condition of the Property. Purchaser hereby accepts that it has inspected the Property prior to the execution of this Deed, accepts the Property in its current condition and acknowledges that Seller has no obligation to make any additional works to the Property. Seller has expressed that it does not know of any hidden defects of construction that would make the Property unsuitable for its use or that could decrease its value.

—Five: Warranty of Title. Seller agrees to comply with the warranties of title ("saneamiento") provided by the Puerto Rico Civil Code in relation to the Property.

—Six: Property Taxes. All real property taxes and other assessments of any kind and nature due and payable (including interest and penalties thereon) with respect to the Property corresponding to the period up to the date of execution of this Deed shall have been paid in full by Seller on or prior to said date. Seller shall be responsible for all real property taxes and assessment, penalties, interest and surcharges and costs and expenses assessed against the Property corresponding to the period up to the date of execution of this Deed, even if



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they are assessed after the execution of this Deed. Thereafter, Purchaser shall be responsible for any and all property taxes on the Property.-----

---Seven: Utilities. All utility charges, including, water, electricity, gas, telephone, internet and cable television service, as applicable, with respect to the Property corresponding to the period up to this Deed shall have been paid in full by Seller. Purchaser shall be responsible thereafter.-----

---Eight: Closing Costs. The parties herein agree that this Deed be executed before a Notary Public chosen by the Purchaser and that all notarial fees, and the cost of internal revenue and legal assistance stamps and vouchers of the original and the first certified copy of this Deed and of its recordation in the Registry, be for the account of the Seller.-----

---Notwithstanding, the Seller hereto represents and warrants that the transaction contemplated in this Deed is in furtherance of the purposes for which Seller was created and organized. As such, pursuant to Act Number One Hundred and One (101) of May twelfth (12<sup>th</sup>) of nineteen forty-three (1943), as amended, and Act Number One Hundred and Twenty-Two (122) of June second (2<sup>nd</sup>) of nineteen seventy-six (1976), Seller is exempt from the payment of all governmental stamp taxes in connection with the execution and recordation of public instruments. Therefore, the execution of the original and first certified copy of this Deed are fully exempt from the payment of all internal revenue and legal assistance stamps, and from payment of all filing fees and internal revenue recordation vouchers.-----

---Nine: Representations and Warranties by Seller. Seller represents and warrants to the Purchaser as follows: -----

-----(a) That it is the owner in fee simple ("*pleno dominio*") of the Property and its title to the Property is free and clear of all tenancies, liens, encumbrances, easements, restrictions, litigation and judgments;-----

-----(b) That it has no knowledge of any violation of applicable law with respect to the Property;-----

-----(c) That it has no knowledge of any pending or threatened eminent domain or similar proceedings by any governmental authority with respect to the Property or any part thereof;-----



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----- (d) That it has no knowledge of any pending or threatened claims, lawsuits, administrative or governmental proceedings, review proceedings or appeals, whether instituted by public or private persons, or of having received a notice or charge asserting any violation of any applicable federal, Commonwealth or local environmental law, rule, regulation or ordinance in relation to the Property or the activities conducted in the Property;-----

----- (e) All construction and/or remodeling works performed in the Property by Seller are in compliance with all applicable laws, codes and regulations, and that all permits and approvals necessary for any construction and/or remodeling performed in the Property has been obtained, including but not limited to any approvals required by the Institute of Puerto Rican Culture ("*Instituto de Cultura Puerriqueña*"); and-----

----- (f) Seller has no knowledge that the Property has any lead-based paint or lead-based paint hazards.-----

---Ten: Representations and Warranties by the Parties to this Deed. Each of the parties represents and warrants to the other the following:-----

----- (a) That, except for Gandia B. Realty, no broker or other person is entitled to any commission, finder's fee or similar payment in connection with the purchase and the sale of the Property. The parties hereto, as the case may be, each agrees to indemnify and hold the other harmless from any and all claims of third parties for any brokerage commission, finder's fee or other similar payment relating to the purchase and the sale of the Property if such claims are based in whole or in part on dealings or agreements with the indemnifying party. The Seller shall be exclusively responsible for the payment of the commissions payable to the broker listed herein;-----

----- (b) That the parties have full power and authority to execute, deliver and perform this Deed, to consummate the transactions contemplated hereby, and comply with their respective obligations hereunder;-----

----- (c) That this Deed and the other documents executed, or to be executed by the parties in relation to this Deed, are or will be, upon their execution and delivery, the valid and binding obligation of each of the parties appearing herein and enforceable against each of them in accordance with its terms; and-----



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*[Handwritten signature]*

----- (d) All representations and warranties contained in this paragraph Ten or elsewhere in this Deed shall survive the closing of this Deed.-----

---Eleven: Additional Documents. The parties agree to execute and deliver any and all other instruments and documents and do any and all other acts and things as may be reasonably necessary in order to carry out and complete the conveyance and transfer of the Property contemplated by this Deed and the recordation thereof in the Registry.-----

---Twelve: Entire Agreement. This Deed constitutes the entire agreement of the parties regarding the subject matter hereof, and shall bind and inure to the benefit of the parties hereto and their respective successors, assigns and heirs.--

---Thirteen: Headings. The headings and numbers of the paragraphs and sections are for convenience and are not to be deemed to be controlling over the text of each paragraph of this Deed.-----

---Fourteen: Governing Law. This Deed shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico.-----

---Fifteen: Severability. If any part or parts of this Deed shall be held unenforceable for any reason, the remainder of this Deed shall continue in full force and effect. If any court of competent jurisdiction deems any provision of this Deed invalid or unenforceable, and if limiting such provision would make the provision valid, then such provision shall be deemed to be construed as so limited.-----

---Sixteen: Petition to the Registrar. The appearing parties respectfully request that the Honorable Registrar of Property record the sale and the transfer of title to the Property to the Purchaser.-----

#### -----ACCEPTANCE AND WARNINGS-----

---The appearing parties accept, ratify and confirm this Deed in all its parts, finding it to be the faithful expression of their will and instructions, and I, the Notary, do hereby certify that I advised them as to the necessary legal warnings and of the legal effects of the present document, including, but not limited to:--

---(A) Title of the Property and Registry. The Notary has advised the Purchaser that the title search reports used to prepare this Deed was prepared and provided by Ramón F. Gómez Marcos of Capital Title Services, Inc., on





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April twenty-six (26) of two thousand eighteen (2018), which is an independent contractor and was not made by the undersigning Notary. The appearing parties relieve the Notary executing this Deed from any liability with respect to errors or omissions committed in the preparation of such title abstract, or that may arise due to any changes in the title to the Property or in its liens and encumbrances that might occur between the date of issuance of the title search reports and the date this Deed is presented in the Registry for its recordation.---

---(B) The undersigning Notary has also advised the appearing parties of the following: (i) The convenience of accrediting the state of liens and encumbrances of the Property with the corresponding certification of the Registry or direct corroboration by examining the books of the Registry, and that the negative certification of the Registry does not exclude the possibility of liens recorded after the date of the certification; (ii) That subsequent to the date of such title abstract and before the presentation for recording of this Deed other documents may be presented or recorded in the Registry that may affect the title to the Property and/or achieve priority over this Deed; (iii) The importance of immediately presenting a certified copy of this Deed in the Registry for recordation, in order that the Purchaser enjoys the benefits of obtaining status as titleholder or owner in the Registry; (iv) The possibility that other documents affecting rights herein created have been presented for recordation prior to the execution and/or presentation of a certified copy of this Deed, and of the preference, priority or seniority that said intervening liens, encumbrances, and/or rights may attain by such prior execution or earlier presentation to the Registry; (v) The desirability of verifying the status of liens and encumbrances affecting the Property as they may appear from the Registry on this date and of the adverse consequences which may result from failure to do so; (vi) The possible existence and pendency of additional unrecorded statutory liens and real property taxes affecting the Property, and (vii) The Purchaser's right to acquire an Owner's Title Insurance Policy.-----

---(C) Property Tax. The undersigned Notary has advised the appearing parties of the convenience and necessity of obtaining, prior to the execution of this Deed, a property tax debt certification from the Center for Recollection of



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Municipal Taxes ("CRIM", by its Spanish acronym). Real property taxes for the last five (5) years and the current tax year constitute a senior and preferred statutory lien on the Property. Purchaser is also warned that it needs to make sure that all the necessary steps are taken in order to present to CRIM the corresponding Application for Tax Exemption, if applicable, and/or Change of Owner form or certificate and that the undersigning Notary is not required to perform such act, nor is responsible for the exoneration and/or change of ownership that the CRIM may grant; and that if the Property is going to be the Purchaser's primary residence, it needs to complete the request for exemption of property tax pursuant to article two point zero one (2.01) of Act Eighty-Three (83) of August thirtieth (30<sup>th</sup>) of nineteen ninety-one (1991), known as "Municipal Property Tax Act of 1991".-----

---The appearing parties manifest and confirm that they have received the corresponding CRIM certification that shows the current balance due, if any, up to the date of the execution of this document. The authorizing Notary informs that she is not responsible for the content and/or limitations of said statement and of the possibility that such agency issues additional and/or annual statements amending and/or correcting the previous ones and of the legal consequences of such issuances. The appearing parties also certify that they have not hired the authorizing notary to make any searches or obtain any documents at the CRIM regarding the existence or not of any debt regarding property taxes.-----

---(D) Historical Property Tax Exemption. The Purchaser has been advised that currently the Property has not been approved and/or granted a tax exemption pursuant to the Tax Exemption for Historical Zones Act, Act Number Seven (7) of March fourth (4<sup>th</sup>) of nineteen fifty-five as amended. The Purchaser has been further advised that unless it applies for and the property tax exemption is granted, property taxes must be paid on or before January thirty first (31<sup>st</sup>) and July thirty first (31<sup>st</sup>) of each year. Failure on the part of the CRIM to issue a timely tax statement or notice does not excuse the taxpayer concerned with making prompt payment.-----

---(E) Special Tax (Act Number Seven (7)). The appearing parties attest,



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manifest, and recognize that they received a copy of the corresponding certification issued by the Treasury Department of Puerto Rico, evidencing the balance, if any, of the special tax imposed by Act Number Seven (7) of March ninth (9<sup>th</sup>) of two thousand nine (2009), as amended, accrued on the Property, up to the date of its execution, being understood that any outstanding balance due will be retained by Purchaser or the title insurance company. It is advisable to verify the payment status of such taxes in the records of the CRIM and the Treasury Department of Puerto Rico. Real property taxes, including Act Seven (7), for the last five (5) years and the current year, constitute a preferred statutory senior and preferred statutory lien on the Property.-----

---(F) Informative Return of Real Property. Seller and Purchaser hereby acknowledge that the authorizing Notary has advised them, in accordance with the provisions of Act Number One Hundred Forty (140) of July thirteenth (13<sup>th</sup>) of two thousand eleven (2011) that the Notary is required to submit electronically to the Treasury Department of the Commonwealth of Puerto Rico the "Informative Return of Segregation, Grouping or Transfer of Real Property", (hereinafter the "Informative Return"), which corresponds to the acts and/or transactions included in this Deed. In accordance with the foregoing, the authorizing Notary has requested the appearing parties to submit the necessary information to complete the Informative Return. The appearing parties hereby acknowledge and certify that: (i) all information they provided by way of the Form is true and correct; (ii) such information shall be used to complete the Informative Return; (iii) the appearing parties are responsible for the legal consequences resulting from the information they provided by way of the Form; and (iv) the authorizing Notary assumes no responsibility whatsoever with respect to the information which has been freely and voluntarily provided by the herein appearing parties.-----

---(G) Flood Zone Regulations. The parties have been advised that if the Property is located in a flood prone zone, title holder and/or any present or future or occupant thereof is obligated by law to observe and comply with the requirements and provisions of the Flood Prone Zones Regulations, and the appearing parties are hereby warned that failure to comply therewith may result



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in an unlawful act pursuant to the provisions of Section Thirty (30) of Act Number Eleven (11) of March eight (8<sup>th</sup>) of nineteen eighty-eight (1988), regarding flood zones and the provisions of the Floodable Zone Building Control Act, of September twenty seven (27) of nineteen sixty one (1961), as amended. The regulations, among other things, imposed construction and building restrictions, as well as restrictions in the conveyance of properties in flood-prone areas that have not complied with the applicable regulations. The Purchaser recognizes having been fully warned of this requirement and obligates itself to the faithful compliance therewith, in the event that it applies.-

---(H) Lead- Based Paint Warning. The parties have been advised that if the Property was built prior to the year Nineteen Seventy-Eight (1978), it is subject to the Lead-Based Paint Hazard Reduction Act of nineteen ninety-two (1992), as codified in 42 U.S.C. sections 4851 et seq. This Act and its regulations require the Seller and its agent or broker, if there is one, and before the Purchaser is compelled under contract, to disclose their knowledge regarding the presence of lead-based paint or any other evaluation or report regarding the presence of lead in the Property; to provide time for the Purchaser to inspect the property to determine the existence or non-existence of lead-based paint or to resign it; and to provide an informative brochure prepared by the Environmental Protection Agency. It is a requirement that the Purchaser, with the Seller, and the agent or broker if there is one, fill out a document with their signatures ratifying the accomplishment of the requirements of the abovementioned Act, as applicable. Copy of such document should be kept by Seller and its agent for a period of three (3) years. The undersigned Notary warns the parties, that non-completion of the requirements imposed by this Act exposes the Seller and its agent or broker to respond for civil liability of possible damages. Knowing the content of this notice, both parties manifest their satisfaction and continue with this purchase/sale act, releasing this authorized Notary from the responsibility in relation to any requirement regarding the disclosure statements concerning lead-based paint.-----



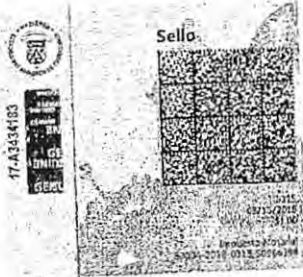
-----ACCEPTANCE AND EXECUTION-----

---I, the Notary, hereby certify that this Deed was read by the persons appearing herein; that I advised them of their right to have witnesses present at the execution hereof, which right they waived; that they acknowledged that they understood the contents of this Deed and the legal effect thereof; and that thereupon they signed this Deed before me and affixed their initials to each and every page hereof.-----

---I, the Notary, do hereby certify as to everything stated or contained in this instrument. To all of which, I, the Notary, ATTEST AND GIVE FAITH. -----



*Mercybelles Redondo*



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

**CASE NO.: 8:20-cv-00394**

**SECURITIES AND EXCHANGE COMMISSION,** )  
 )  
 **Plaintiff,** )  
 )  
 **v.** )  
 )  
 **KINETIC INVESTMENT GROUP, LLC and** )  
 **MICHAEL SCOTT WILLIAMS,** )  
 )  
 **Defendants, and** )  
 )  
 **KINETIC FUNDS I, LLC,** )  
 **KCL SERVICES, LLC d/b/a LENDACY,** )  
 **SCIPIO, LLC,** )  
 **LF42, LLC,** )  
 **EL MORRO FINANCIAL GROUP, LLC, and** )  
 **KIH, INC. f/k/a KINETIC INTERNATIONAL, LLC,** )  
 )  
 **Relief Defendants.** )  
 )  
 \_\_\_\_\_ )

**EXHIBITS IN SUPPORT OF PLAINTIFF  
SECURITIES AND EXCHANGE COMMISSION'S  
EMERGENCY MOTION AND MEMORANDUM OF LAW  
FOR ASSET FREEZE AND OTHER RELIEF**

1. Declaration of Crystal C. Ivory
2. Investor redemption requests
3. Kinetic Investment Group, LLC, Florida corporate filings
4. Form D filed by Kinetic Funds I, LLC
5. Email from Michael Williams dated February 2, 2016
6. Kelly Locke testimony transcript
7. Email from Michael Williams dated March 17, 2016
8. Excerpt from Michael Williams' CRD



9. Recorded deed for Puerto Rico residences
10. Keli Pufahl testimony transcript
11. BMO Harris Bank records for Kinetic Management Group, LLC
12. KCL Services, LLC, Florida corporate filing
13. BMO Harris Bank records for KCL Services LLC
14. BMO Harris Bank records for LF42
15. Scipio, LLC, Puerto Rico Certificate of Formation
16. El Morro Financial Group, LLC, Puerto Rico Certificate of Formation
17. Unanimous Written Consent of the Board of Directors of Kinetic International LLC
18. BMO Harris Bank records for Kinetic Funds I, LLC
19. Kinetic Funds I, LLC, Delaware corporate filing
20. Email from Kelly Locke dated September 9, 2015
21. Credit Facility Agreement and Disclosure between Lendacy and Michael Williams for \$1,517,000
22. Credit Facility Agreement and Disclosure between Lendacy and Scipio, LLC for \$2,755,000
23. Credit Facility Agreement and Disclosure between Lendacy and LF42 for \$550,000
24. Credit Facility Agreement and Disclosure between Lendacy and LF42 for \$2,000,000
25. Summary of misappropriated funds
26. Recorded deed for Scipio, LLC's purchase of bank building in Puerto Rico
27. BMO Harris Bank records for KCL Services, LLC for the time period of May 2018
28. BMO Harris Bank records for Kinetic Funds I, LLC for time period of May 2018
29. BMO Harris Bank copies of checks for LF42
30. El Morro Financial, Puerto Rico Certificate of Organization
31. Kinetic International LLC, Puerto Rico Certificate of Formation
32. Carla Mendez testimony transcript
33. LF42, LLC, Delaware Certificate of Formation

34. Investor Kinetic Investment Group account statements
35. Email from Kelly Locke dated September 15, 2015
36. Letter from Kinetic Investment Group to Florida Office of Financial Regulation
37. INTENTIONALLY LEFT OUT
38. Email from Michael Williams dated September 1, 2015
39. Anadi Guar testimony transcript
40. Email from Kelly Locke dated October 28, 2015
41. Email from Kelly Locke dated July 30, 2015
42. Email from Kelly Locke dated September 14, 2015
43. Lendacy brochure
44. Declaration of Wilmer Gonzalez Vargas
45. Myrna Rivera testimony transcript
46. Credit Facility Agreement and Disclosure between Lendacy and Michael Williams for \$40,000
47. BMO Harris Bank records for KCL Services, LLC for the time period of March 2017
48. BMO Harris Bank records for Kinetic Funds I, LLC for the time period of March 2017
49. Contract of Option between Scipio, LLC and Fideicomiso de Conservación
50. First Amendment to Contract of Option
51. Purchase Agreement Term Extension
52. Recorded deed for property