

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

KINETIC INVESTMENT GROUP, LLC and
MICHAEL SCOTT WILLIAMS,

CASE NO.: 8:20-cv-394

Defendants, and

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

Relief Defendants.

**RECEIVER'S MOTION FOR AUTHORIZATION TO EMPLOY
QUARLES & BRADY, LLP AND PETERS, LAPLACA, AND
FUSTE, AS COUNSEL**

Mark A. Kornfeld, Esq., as Receiver (the “**Receiver**”) appointed over Defendant Kinetic Investment Group, LLC and Relief Defendants Kinetic Funds, LLC, KCL Services, LLC d/b/a Lendacy, Scipio, LLC, LF 42, LLC, and KIH Inc., f/k/a Kinetic International, LLC (collectively, the “**Receivership Entities**”), pursuant to the Court’s March 6, 2020 Order Granting Plaintiff Securities and Exchange Commission’s Emergency Motion for Appointment of Receiver (the “**Order Appointing Receiver**”) (Doc. 34), hereby files his Motion for Authorization to Employ Quarles & Brady, LLP and Peters, LaPlaca, and Fusté (collectively, the “**Firms**”), as Counsel *nunc pro tunc* to March

6, 2020, and states as follows:

1. This action commenced on February 20, 2020, with the filing of the Securities and Exchange Commission's ("SEC") Complaint against Defendants and Relief Defendants, the SEC's Emergency Motion and Memorandum of Law for Asset Freeze and Other Relief (Doc. 2), and the SEC's Emergency Motion and Memorandum of Law for Appointment of Receiver (Doc. 3).

2. Following a hearing on March 6, 2020, this Court entered the Order Appointing Receiver appointing Mark A. Kornfeld, Esq. as Receiver of all assets of the Receivership Entities. Pursuant to the Order Appointing Receiver, the Receiver is authorized to, among other things, "engage and employ persons in his discretion to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to,... attorneys" *See* Order Appointing Receiver at ¶¶ 7.F. and 61. Prior to engaging any such attorneys, the Receiver must first obtain an Order of this Court authorizing such engagement. *See* Order Appointing Receiver at ¶ 52. Any attorneys that the Receiver engages with this Court's approval are "entitled to reasonable compensation and expense reimbursement from the Receivership Estates as described in the 'Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission' ... agreed to by the Receiver."

3. Accordingly, pursuant to the Order Appointing Receiver, the Receiver seeks this Court's approval to engage the Firms as counsel to provide the Receiver with legal advice and assistance in fulfilling his duties under the Order Appointing Receiver.

3. The Receiver seeks to retain Quarles & Brady, LLP (the "**Quarles Firm**") as his primary counsel, as the Quarles Firm has extensive experience in receiverships,

commercial litigation, financial services, and regulatory matters. The Receiver's lead counsel, Jordan D. Maglich, Esq., will assume primary responsibility for this undertaking and has significant experience representing court-appointed receivers, including receivers appointed in enforcement actions brought by the SEC and other state and federal regulatory agencies. Mr. Maglich will be assisted by other attorneys with the Quarles Firm who will also provide assistance given their extensive experience in commercial litigation, financial services, and regulatory matters.

4. Given the presence of Receivership Entities' offices and assets in San Juan, Puerto Rico, the Receiver also seeks to retain Peters, LaPlaca, and Fusté, which is based in San Juan, Puerto Rico. The Hon. Jose A. Fusté is a former chief judge in the District of Puerto Rico from 1985 to his retirement in 2016, has extensive experience including on receivership matters, and was also recently appointed by the Governor of Puerto Rico to serve on a housing advisory council. Judge Fusté may be assisted by his colleague Damian LaPlaca, Esq., who has significant commercial litigation experience. Accordingly, Judge Fusté and his firm can provide significant assistance to the Receiver in fulfilling his duties with respect to the business operations and employees of the Receivership Entities in San Juan, Puerto Rico and the Receiver believes they are qualified to serve as counsel for the Receiver in Puerto Rico as needed.

4. In consideration for the Firms representing the Receiver, the Receiver proposes to pay the Firms attorneys' fees based on the time expended by lawyers, paralegals, and other professionals and paraprofessionals of the Firms (based on fee applications to be filed by the Firms, payment of which is subject to this Court's approval). Mr. Maglich of

the Quarles Firm will be principally responsible for representing the Receiver in this matter. Mr. Maglich's normal hourly rate is \$375.00 but shall be reduced to \$295.00 for purposes of this case.

Mr. Maglich will be assisted by other attorneys, paralegals and other professionals and paraprofessionals whose hourly rates have been similarly discounted. Attorneys assisting the Receiver at the Quarles Firm will be billed at an hourly rate ranging from \$230 to \$395, which represents a discount from their normal hour rates ranging from \$300 to \$545 per hour. Paralegals and other professionals assisting the Receiver will charge no more than \$200 per hour. These rates are set out in further detail in the SEC's Motion for Appointment of Receiver (Doc. 3). Mr. Fusté of the law firm of Peters, LaPlaca, and Fusté will act as local counsel for the Receiver in the District of Puerto Rico. For purposes of this case, Mr. Fusté has agreed to a discounted hourly rate of \$350 while his colleague Damian LaPlaca has agreed to a discounted hourly rate of \$300. The Firms have advised the Receiver that, whenever possible and appropriate, the Firms shall utilize junior attorneys and paraprofessionals under the supervision of Mr. Maglich and Mr. Fusté, in order to minimize the expenses of the Receivership Estate. The Receiver also intends to utilize the services of other non-legal professionals where necessary and feasible to further reduce any expenses of the Receivership Estate.

5. The Receiver will take all steps to ensure that there is no duplication of efforts or expenses between or among the attorneys and other professionals and paraprofessionals he engages with the approval of this Court.

6. The Firms have informed the Receiver that they do not have any conflict

with serving as counsel for the Receiver in this case.

WHEREFORE, the Receiver respectfully requests that this Court enter the proposed Order attached as **Exhibit A**, appointing Quarles & Brady, LLP as lead counsel for the Receiver, appointing the law firm of Peters, LaPlace, and Fusté as local counsel for the Receiver in the District of Puerto Rico, and for such other and further relief as the Court deems just and proper.

Dated: March 6, 2020.

QUARLES & BRADY LLP

/s/ Mark A. Kornfeld

Mark A. Kornfeld, Esq., as Receiver

Florida Bar No. 1019233

101 E. Kennedy Blvd., Ste. 3400

Tampa, FL 33602

Phone: (813) 387-0300

Facsimile: (813) 387-1800

mark.kornfeld@quarles.com

karen.wollitz@quarles.com

docketfl@quarles.com

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 6th day of March, 2020, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system which will send a Notice of Electronic Filing to the following counsel of record:

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

Gregory W. Kehoe, Esq.
Joseph H. Picone, Esq.
Danielle S. Kemp, Esq.
Greenberg Traurig, P.A.
101 East Kennedy Blvd., Suite 1900
Tampa, FL 33602
keoeg@gtlaw.com
piconej@gtlaw.com
kempd@gtlaw.com
*Counsel for Defendants and Relief
Defendants*

Steven M. Malina, Esq.
Greenberg Traurig, P.A.
77 West Wacker Drive, Suite 3100
Chicago, IL 60601
malinas@gtlaw.com
*Counsel for Defendants and Relief
Defendants*

/s/ Mark A. Kornfeld
Receiver

EXHIBIT A

UNITED STATES DISTRICT COURT
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Relief Defendants.

**ORDER GRANTING RECEIVER'S MOTION FOR
AUTHORIZATION TO EMPLOY QUARLES & BRADY, LLP
AND PETERS, LAPLACA, AND FUSTE, AS COUNSEL**

THIS CAUSE came before the Court on the Receiver's (the "**Receiver**") Motion for Authorization to Employ Quarles & Brady, LLP and Peters, LaPlace, and Fusté (Doc. ____), as counsel for the Receiver, with Quarles & Brady, LLP to serve as lead counsel and Peters, LaPlaca, and Fusté to serve as local counsel in the District of Puerto Rico (the "**Motion**"). With the Court having considered the Motion, and finding that cause exists to grant the Motion, it is hereby ORDERED as follows:

1. The Motion is **GRANTED**.
2. The Receiver is authorized, *nunc pro tunc* to March 6, 2020, to engage Quarles & Brady, LLP as lead counsel for the Receiver and Peters, LaPlaca, and Fusté to serve as local

counsel for the Receiver in the District of Puerto Rico and to assist the Receiver in fulfilling his duties under this Court's Order Appointing Receiver.

DONE and ORDERED this ____ day of _____, 2020 in the Middle District of Florida.

UNITED STATES DISTRICT COURT JUDGE