

**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,
SCIPIO, 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 TAX AND WEBSITE PROFESSIONALS**

Mark A. Kornfeld, Esq., as Receiver (the “**Receiver**”) appointed over Defendant Kinetic Investment Group, LLC and Relief Defendants Kinetic Funds I, LLC, KCL Services, LLC d/b/a Lendacy, Scipio, LLC, LF 42, LLC, El Morro Financial Group, LLC, and KIH Inc., f/k/a Kinetic International, LLC (collectively, the “**Receivership Entities**”), by and through undersigned counsel and 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 this Motion for Authorization to Employ Tax and Website Professionals and states the following in support:

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, accountants...financial or business advisors,...forensic experts..." *See* Order Appointing Receiver at ¶ 7.F. Prior to engaging any such professionals, the Receiver must first obtain an Order of this Court authorizing such engagement. *See* Order Appointing Receiver at ¶ 52. Any professionals 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. Pursuant to the Order Appointing Receiver, the Receiver seeks this Court's approval to retain (i) PDR-CPA + Advisors, Inc. ("**PDR**") to provide tax advice and services, and (ii) K. Tec Systems, Inc. ("**K Tec**") to prepare a website to be used to communicate with interested parties including investors.

4. PDR has extensive experience in providing tax and accounting services,

particularly in receivership matters arising from enforcement actions brought by federal and state regulators including the SEC. William E. Price, CPA, who founded PDR in 1974, will assume primary responsibility for this undertaking. Mr. Price routinely provides tax and accounting services in receivership matters, including assistance in preparing and filing tax returns as well as analyzing previously-filed tax returns to determine whether any refunds are owing to the Receivership Estate.

5. In consideration for the services PDR will provide to the Receiver, the Receiver proposes to pay PDR fees based on the time expended by partners, tax managers, and staff (based on fee applications to be filed by PDR, payment of which is subject to this Court's approval). The proposed hourly rates for this matter will be \$320 for partners, \$210 for tax managers, and \$125 for staff. Although these rates are scheduled to increase by seven-and-a-half (7.5%) percent on May 1, 2020, PDR has agreed that they will not increase their rates over the life of the receivership, locking in what will effectively be a seven-and-a-half (7.5%) percent discount. PDR has advised the Receiver that, whenever possible, PDR will utilize tax managers and staff with lower hourly rates under the supervision of Mr. Price.

6. K Tec has extensive experience in providing website design and hosting services, including creating customized websites for receivership matters arising from enforcement actions brought by federal and state regulators.

7. In consideration for the services K Tec will provide to the Receiver, the Receiver proposes to pay K Tec based on a proposal provided by K Tec to the Receiver for designing, creating, and maintaining a website to be used for this receivership. The

proposed flat fee for initial design and setup of the Receiver's website is \$3,000. The proposed fixed monthly hosting fee will be \$50, with an initial fixed setup fee of \$150 for hosting. The hourly rates for support, development, and maintenance will be \$150. Pricing is based on a one-year contract for service.

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

WHEREFORE, the Receiver respectfully requests that this Court (i) enter the proposed Order attached as **Exhibit A**, authorizing the Receiver to employ PDR as tax professionals for the Receiver and K Tec to develop a website for the receivership, and (ii) for such other and further relief as is just and proper.

Dated: March 16, 2020.

QUARLES & BRADY LLP

/s/ Jordan D. Maglich

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LOCAL RULE 3.01(g) CERTIFICATION

Pursuant to Local Rule 3.01(g), the undersigned certifies that counsel for the Receiver conferred with counsel for Defendant Michael Williams on March 13, 2020 and March 16, 2020 and with counsel for Plaintiff on March 13, 2020 regarding the relief requested in this motion. Counsel for Plaintiff has indicated it does not oppose the requested relief. Counsel for Defendant Michael Williams has indicated he does not take a position on the Motion.

/s/ Jordan D. Maglich
Jordan D. Maglich

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 16th 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:

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**ORDER GRANTING RECEIVER'S MOTION FOR
AUTHORIZATION TO EMPLOY TAX AND WEBSITE PROFESSIONALS**

THIS CAUSE came before the Court on Mark A. Kornfeld, as Receiver's (the "Receiver") Motion for Authorization to Employ Tax and Website Professionals (the "Motion") (Doc. ____). With the Court having considered the Motion, reviewed the file, 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 to engage (i) PDR CPAs + Advisors, Inc. as tax professionals for the Receiver, and (ii) K. Tec Systems, Inc. as website professionals for the Receiver.

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

UNITED STATES DISTRICT COURT JUDGE