

**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,
SCIPPIO, LLC, LF 42, LLC, EL MORRO
FINANCIAL GROUP, LLC, and KIH, INC.,
f/k/a KINETIC INTERNATIONAL, LLC,**

Relief Defendants.

**DECLARATION OF JORDAN D. MAGLICH IN SUPPORT OF RECEIVER'S
MOTION TO (i) APPROVE DETERMINATION OF MARGIN ACCOUNT
OBLIGATIONS; (ii) LIQUIDATE INVESTOR ACCOUNTS TO PARTIALLY
SATISFY MARGIN OBLIGATIONS; (iii) REPAY REMAINING MARGIN
BALANCE; AND (iv) TRANSFER REMAINING RECEIVERSHIP
FUNDS TO FIDUCIARY BANK ACCOUNTS**

I, Jordan D. Maglich, say and declare as follows:

1. I am an attorney with Quarles & Brady LLP in Tampa, Florida, and I represent Mark A. Kornfeld, as Receiver, in this case.

2. I make this declaration based on information personally known to me and gathered at my direction in support of the Receiver's Motion to (i) Approve Determination of Margin Account Obligation; (ii) Partially Liquidate Investor Account to Satisfy Margin Obligation; (iii) Repay Remaining Margin Balance; and (iv) Transfer Majority of Remaining

Receivership Cash Assets to Fiduciary Bank Accounts (the “Motion”) (Doc. 108).

3. Attached hereto as **Exhibit 1** are copies of correspondence (without exhibits) sent by the Receiver to counsel for the Fogarty Trust and Jon Fogarty (collectively, the “Fogarty Investors”) on July 8, 2020 and July 20, 2020.

4. Attached hereto as **Exhibit 2** is a copy of a Power of Attorney form dated November 12, 2002 provided to the Receiver by counsel for the Fogarty Investors.

5. Attached hereto as **Exhibit 3** is a copy of a Letter dated August 19, 2003 provided to the Receiver by counsel for the Fogarty Investors.

6. Attached hereto as **Exhibit 4** is a copy of an email and attachment sent from Defendant Williams to Jon Fogarty on October 13, 2010. This document was located in electronic records maintained or created by the Receivership Entities.

7. Attached hereto as **Exhibit 5** is a copy of an email sent from Defendant Williams to Jon Fogarty on July 6, 2010. This document was located in electronic records maintained or created by the Receivership Entities.

8. Attached hereto as **Exhibit 6** is a copy of an email sent from Defendant Williams to Jon Fogarty on April 2, 2014. This document was located in electronic records maintained or created by the Receivership Entities.

9. Attached hereto as **Exhibit 7** is a copy of an email sent by Defendant Williams on August 8, 2013. This document was located in electronic records maintained or created by the Receivership Entities.

10. I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 22nd day of July, 2020.



JORDAN D. MAGLICH

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 22nd day of July, 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 Viniegra, Esq.
Securities and Exchange Commission
801 Brickell Avenue, Suite 1950
Miami, FL 33131
nestorc@sec.gov
moots@sec.gov
houchinj@sec.gov
viniegrab@sec.gov
Counsel for Plaintiff

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

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

I FURTHER CERTIFY that on this 22nd day of July, 2020, I served a copy of the foregoing by U.S. Mail and e-mail to the following:

Maria S. Bellafronto, Esq.
Hopkins & Carley
70 South First Street
San Jose, CA 95113
mbellafr@hopkinscarley.com
Counsel for Jon Fogarty and the Fogarty Trust

/s/ Jordan D. Maglich
Attorney

EXHIBIT 1



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813.387.0300
Fax 813.387.1800
www.quarles.com

Attorneys at Law in
Chicago
Indianapolis
Madison
Milwaukee
Minneapolis
Naples
Phoenix
Tampa
Tucson
Washington, D.C.

Writer's Direct Dial: 813-387-6713
E-Mail: jordan.maglich@quarles.com

July 8, 2020

VIA EMAIL

Maria S. Bellafronto, Esq.
Hopkins & Carley
70 South First Street
San Jose, CA 95113
mbellafr@hopkinscarley.com

Re: *Securities and Exchange Commission 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*

U.S. District Court, Middle District of Florida, Tampa Division, Case No. 8:20-cv-00394

Dear Maria:

As you know, I represent Mark A. Kornfeld in his capacity as the Court-appointed Receiver in the above-referenced action. We have appreciated your patience and cooperation during our investigation of certain brokerage accounts purportedly belonging to your clients Jon Fogarty and the Thomas Fogarty Trust (the "Fogarty Trust") (Jon Fogarty and the Fogarty Trust are collectively referred to as the "Fogarty's"), and I am providing this correspondence and attached enclosures pursuant to our lengthy discussion yesterday. I am hopeful we will be able to reach an agreement that can then be presented for the Court's approval on or before July 31, 2020.

Mr. Williams Reaches A Management Agreement With The Fogarty Trust

Based on our discussions and documents provided to the Receiver, we understand that the Fogarty Trust reached an arrangement with Michael Williams sometime in 2004 or 2005 pursuant to which Mr. Williams would be compensated to manage the Fogarty Trust's substantial equity position in Johnson & Johnson ("J&J") by, among other things, taking steps to hedge the position. It appears Mr. Williams has maintained custody of the J&J position in an account at various brokerage firms, including Bank of America/Merrill Lynch ("BOA/ML") and Interactive Brokers ("IB"). At some point, Mr. Williams also agreed to manage several equity positions (and execute related options transactions) on behalf of Jon Fogarty.

Maria S. Bellafronto
July 8, 2020

Mr. Williams appears to have established separate sub-accounts for the Fogarty Trust and Jon Fogarty among other sub-accounts utilized for various sub-funds controlled by Kinetic Funds I, LLC and its predecessor Kinetic Securities Trading.

The Fogarty Accounts Are Initially Held At BOA/ML

The Fogarty Trust's account containing the J&J position with an account number ending in x73320 (the "FT Account") was established and maintained at BOA/ML until June 2014. Copies of monthly statements for 2013 and 2014 for the FT Account obtained by the Receiver are enclosed as **Exhibit A**. As shown by the FT Account's January 2013 statement, the account's holdings consisted of an equity position in J&J valued at \$4,651,637.76, and an option position in J&J valued at \$12,800. That statement also reflects a margin balance of (\$4,626,985.57) as of December 31, 2012.

A review of the trading activity in the FT Account from January 2013 to June 2014 shows that the account activity consisted of regular trading in J&J options, the payment of monthly management fees, and the receipt of quarterly dividends. Other than the quarterly receipt of dividends, the account did not have an underlying cash position to fund the regular (and often significant) options trades. Rather, the purchases were funded by (and increased) the account's current margin balance. As the statements show, the monthly trading activity included total options purchases ranging from \$30,000 to over \$200,000 which were occasionally offset by option sales. The consistent options purchases caused the margin balance to increase from (\$4,626,985.57) as of December 31, 2012 to (\$5,436,240.54) by December 31, 2013 and to (\$5,704,279.62) by May 31, 2014.

The account records show that the increase in the margin balance was entirely attributable to and for the benefit of the FT Account. This increase is also consistent with other evidence reviewed by the Receiver. For example, an April 2, 2014 email from Michael Williams to Jon Fogarty states that:

Currently your father's JNJ position has been used as a credit facility to cover the tax liability in the FOXH profits, was used to withdraw capital, and he is not subject to tax risk in the underlying or margin risk. Additionally, his position is hedged and dividends and unrealized gains continues to build. Your father has never made a payment, nor does he need to - especially at these low interest rates as the dividends off-set the credit line interest payments currently. In essence the dividends are used to pay the interest and principal.

See Exhibit B.

A separate sub-account was also established at BOA/ML for the benefit of Jon Fogarty with an account number ending in x73321 (the "JF Account"). The JF Account appears to have maintained a single equity position in Gainsco Inc., had a margin balance of (\$93,472.87) as of December 31, 2012, and sporadically made purchases at Mr. Fogarty's direction. It appears that this margin balance, at least for the 2013-2014 time period, was used to fund these purchases made

Maria S. Bellafronto

July 8, 2020

at Mr. Fogarty's direction. Copies of monthly statements for 2013 and 2014 for the JF Account obtained by the Receiver are enclosed as **Exhibit C**.

All Accounts (Including The Fogarty Accounts) Are Transferred To Interactive Brokers in June 2014

As of May 31, 2014, the total margin balance across all Kinetic sub-accounts at BOA/ML (including the FT Account and the JF Account) was approximately -\$12.36 million. When factoring in additions/subtractions to the various margin balances between May 31, 2014 and June 4, 2014 (primarily consisting of sales in the KF Yield sub-account resulting in a decrease of roughly \$480,000 to that sub-account's margin balance), a collective margin balance of approximately -\$11.89 million existed among the BOA/ML sub-accounts on June 4, 2014. Of this -\$11.89 million total balance, (\$5,661,243.15) was attributable to the FT Account and (\$81,913.51) was attributable to the JF Account

On or around June 4, 2014, Kinetic Funds transferred all of its sub-accounts at BOA/ML (including the FT Account and JF Account) to IB. As part of the transfer, Kinetic transferred \$14.5 million of securities and a margin balance of -\$11.89 million from Kinetic's BOA/ML accounts to a master account for Kinetic Funds' account structure at Interactive Brokers with an account number ending in x8796 (the "8796 Account"). Of those securities, approximately \$8 million were transferred to various Kinetic Funds sub-funds at IB (i.e., KF Yield, KF Gold, KF Inflation) and the remaining securities valued at approximately \$6.5 million (largely comprised of the J&J position) were transferred to separate IB accounts established for the Fogarty's. This included an account established for the Fogarty Trust with an account number ending in x4167 (the "FT IB Account") and an account established for Jon Fogarty with an account number ending in x4170 (the "JF IB Account"). Monthly statements for the FT IB Account and the JF IB Account from inception to May 2020 are enclosed as **Exhibit D** and **Exhibit E**, respectively.

Following The Interactive Brokers Transfer, The Margin Balances Attributable To The Fogarty's BOA/ML Accounts Are Essentially Assumed By Kinetic Funds

The margin balances previously incurred in the FT Account and JF Account at BOA/ML were never correspondingly re-allocated to those accounts after the June 2014 transfer to Interactive Brokers. It appears that the (\$5,661,243.15) margin balance attributable to the FT Account and the (\$81,913.51) margin balance attributable to the JF Account remained as part of the combined -\$11.89 million margin balance transferred from BOA/ML to the 8796 Account (the "BOA/ML Margin") where that balance continued to accrue interest. In December 2016, a partial payment of \$5 million was made from Kinetic Funds' bank account (consisting of new investor deposits) to pay down the BOA/ML Margin balance to (\$7,241,208.41) as of December 31, 2016. On June 26, 2018, Kinetic Funds used the proceeds from a separate margin loan generated in a sub-account ending in account number x2028 (the "2028 Account") to pay off the remaining balance of the BOA/ML Margin. The 2028 Account has since continued to accrue interest and currently has a margin balance of roughly -\$7.69 million.

As a result, the margin balance in both the FT IB Account and the JF IB Account was effectively reset to zero after the June 2014 transfer to Interactive Brokers. Although no further

Maria S. Bellafronto

July 8, 2020

margin activity appears to have taken place in the JF IB Account, the FT IB Account continued to regularly use its margin capabilities in implementing the options trading strategies apparently designed to hedge the J&J position.¹ The margin balance on the FT IB Account increased from \$0 as of June 5, 2014 to (\$4,483,055.39) as of May 31, 2020. As of May 31, 2020, the J&J position in the FT IB Account was valued at \$9,360,540.

The Fogarty Accounts Benefitted By Kinetic Funds' Assumption And Repayment Of Their Margin Balances

Despite the documentation and other evidence showing that the margin balances accrued in the FT Account and JF Account at BOA/ML were solely generated for the benefit of those respective accounts, neither margin balance was re-allocated to the FT IB Account or JF IB Account following the June 2014 transfer to Interactive Brokers. Instead, the combined margin balance of (\$5,743,156.66) attributable to the FT Account and JF Account as of June 4, 2014 was effectively assumed by and paid off by Kinetic Funds. In short, both the Fogarty Trust and Jon Fogarty benefitted by not having to repay the margin balance it incurred while the account was at BOA/ML.

The Receiver Proposes A Fair And Equitable Compromise To Resolve These Issues

The 2028 Account at Interactive Brokers currently has a margin balance of roughly -\$7.7 million, having been generated to payoff the remaining margin balance transferred over from BOA/ML that included the margin balances attributable to the Fogarty Trust and Jon Fogarty. Accordingly, it would be inequitable to use Kinetic Funds' limited assets to satisfy any balance that was incurred for (and remained the obligation of) the Fogarty Trust and Jon Fogarty.

Subject to Court approval, the Receiver proposes foregoing any claim to accumulated interest provided that the Fogarty Trust and/or Jon Fogarty agree to repay the (\$5,743,156.66) million total margin balance in the FT Account and JF Account at BOA/ML as of June 4, 2014. As part of any compromise, the Receiver would accept instructions to liquidate or otherwise transfer the FT IB Account and JF IB Account holdings (and associated margin balance) to any specified institution.² This compromise would be independent of any current margin balance in the FT IB Account. Additionally, this compromise would have no bearing on the Kinetic Funds investments made by the Fogarty Trust and Jon Fogarty, which will be administered with other Kinetic Funds investments through a Court-approved claims process. Subject to further discussion

¹ The FT IB Account also used margin to fund transfers to the JF IB Account and to fund investments in Kinetic Funds sub-funds (see June 16, 2014 transfers to sub-accounts x4166 and x4162, which respectively represented the KF Gold and KF Inflation sub-funds).

² This of course assumes that any assets remain in either of these accounts following the compromise. For example, the partial or full liquidation of assets in either account to generate funds to pay the Receiver would necessarily reduce the amount of funds in that account that could later be transferred at the direction of the Fogarty's.

Maria S. Bellafronto

July 8, 2020

and formal documentation, the Receiver believes this proposal is fair and equitable and will result in additional funds available for distribution to Kinetic Funds investors (including the Fogarty's).

Should you have any questions or wish to discuss any of these items, please feel free to contact me by phone at (813) 384-6713 or by email at jordan.maglich@quarles.com.

Very truly yours,



Jordan D. Maglich

Counsel for Mark A. Kornfeld, Esq., Receiver

Enclosure



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July 20, 2020

VIA EMAIL

Maria S. Bellafronto, Esq.
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mbellafr@hopkinscarley.com

Re: *Securities and Exchange Commission 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*

U.S. District Court, Middle District of Florida, Tampa Division, Case No. 8:20-cv-00394

Dear Maria:

As you know, I represent Mark A. Kornfeld in his capacity as the Court-appointed Receiver in the above-referenced action. This letter will follow up on our telephone call on July 14, 2020 regarding my previous correspondence dated July 8, 2020 and setting forth the Receiver's position along with supporting documentation that your clients are responsible for the margin balances totaling approximately -\$5.7 million previously incurred in their accounts at Bank of America/Merrill Lynch ("BOA/ML") as of June 4, 2014 (the "Margin Balance"). Subject to the Court's approval, the Receiver had proposed foregoing the pursuit of any associated interest obligation if your clients were agreeable to repaying that Margin Balance.

During our call on July 14, 2020, you indicated that your clients do not intend to repay the Margin Balance based on their position that the balance resulted from Defendant Williams' improper and unauthorized actions. As I mentioned, our investigation has located several email messages between Defendant Williams and Jon Fogarty in 2010 and 2014 discussing the status, size, and origin of the margin balance and the underlying reasons resulting in the balance. Those additional messages are attached hereto for your review. The Receiver believes that these documents continue to support his understanding that the use of margin (liberally as necessary) was fully disclosed to and authorized by Mr. Fogarty and The Fogarty Trust who directly benefitted from these actions. There is no evidence that Jon Fogarty either questioned or otherwise disputed

Maria S. Bellafronto
July 20, 2020

these balances with Mr. Williams or anyone else. Indeed, Mr. Fogarty admitted during our call on July 7, 2020 that the oversight of those accounts was left to third-party professionals and that he did not perform any diligence or otherwise review monthly statements reflecting the activity in any of the accounts managed by Mr. Williams.

Although the Receiver understands your clients' position, the fact remains that the Receiver has a fiduciary duty to maximize recovery for all Kinetic Funds investors. The Receiver's position that your clients are responsible for their respective margin balances at BOA/ML up to June 1, 2014 is supported by contemporaneous evidence showing that your clients were aware of the actions undertaken for their benefit that increased their margin balances. It would certainly not be equitable for limited Kinetic Funds investor assets to be used to satisfy your clients' Margin Balance.

To the extent your clients' continue to maintain their position despite these additional supporting documents, please be advised that the Receiver intends to seek the Court's approval to satisfy the Margin Balance and accrued interest by liquidating the entire Johnson & Johnson stock position in the account held at Interactive Brokers on behalf of the Fogarty Trust (ending in x4167). To the extent this liquidation does not fully satisfy the accrued Margin Balance and accrued interest, the Receiver reserves the right to seek any deficiency through any Court-approved claims process including but not limited to the denial and/or offset of any claim submitted on behalf of the Fogarty Trust's investment in Kinetic Funds.

Should you have any questions or wish to discuss any of these items, please feel free to contact me by phone at (813) 384-6713 or by email at jordan.maglich@quarles.com.

Very truly yours,



Jordan D. Maglich
Counsel for Mark A. Kornfeld, Esq., Receiver

Enclosures

EXHIBIT 2

**The Morgan Account
Power of Attorney
Trustees and Other Fiduciaries**

JPMorgan Private Bank

MORGAN USE ONLY US966 10/01
 Title **THOMAS J. FOGARTY SEP. PROP. TR.**
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"I," "me," "my," or "Accountholder" means each trustee, custodian, executor or other fiduciary signing this document. Each account referred to, and each authority granted by, this Power of Attorney applies only to accounts held by me in the fiduciary capacity specified below on the signature page.

By my signature below, I authorize each of MICHAEL WILLIAMS and AMY HOFFMAN to act, in the manner indicated in the section titled "Specimen Signatures," as my agent and attorney-in-fact (each, the "Attorney," and collectively, the "Attorneys") with full power and authority on my behalf as specified below.

I understand that fiduciaries generally may delegate discretionary authority only in limited circumstances and that the documents establishing the fiduciary relationship may impose specific limitations on the power to delegate. I represent to Morgan (as defined in subdivision A below) that I am fully authorized by the law and the documents governing my fiduciary obligations to execute this Power of Attorney in the manner shown below. I further represent that I will continue to exercise full control over each account and each Attorney covered by this Power. I understand that Morgan is relying on these representations and I promise to hold harmless and indemnify Morgan as specified further below.

PLEASE INITIAL THE LINE TO THE LEFT OF EACH OF THE FOLLOWING LETTERED SUBDIVISIONS AS TO WHICH AN AGENT WILL BE GIVEN AUTHORITY. IF THE LINE TO THE LEFT OF A LETTERED SUBDIVISION IS NOT INITIALED, NO AUTHORITY WILL BE GRANTED FOR MATTERS INCLUDED IN THAT SUBDIVISION. ALTERNATELY, THE LETTER CORRESPONDING TO EACH POWER TO BE GRANTED MAY BE WRITTEN OR TYPED ON THE BLANK LINE IN SUBDIVISION B, AND THE LINE TO THE LEFT OF SUBDIVISION B MUST BE INITIALED IN ORDER TO GRANT EACH OF THE POWERS SO INDICATED. (CHECKS OR OTHER MARKS MAY BE SUBSTITUTED FOR INITIALS.)

OPERATION OF ALL ACCOUNTS

A. To open and operate all of our banking, brokerage, asset, investment management and other accounts at one or more offices or subsidiaries or affiliates of J.P. Morgan Chase & Co. (individually or collectively, "Morgan") , including J.P. Morgan Securities Inc., and to engage in transactions and activities identified in Subdivisions C through L below , unless the Accountholder, in writing, imposes limitations on such activities;

SPECIFIED ACCOUNTS AND POWERS

B. To engage in each of the matters identified in sections lettered:

BANKING, CUSTODY, BROKERAGE AND MARGIN ACCOUNTS; RELATED PLEDGES

C. To open and/or operate any one or more deposit, custody or brokerage accounts in my name or any other name including the name of the Attorney(s); to deposit money, checks, notes and other instruments for the payment of money, stocks, bonds, mortgages and other securities and property; to write or endorse as the case may be any of these instruments with my name for the purpose of cashing or depositing them or paying them to other persons, including the Attorney; to write and sign checks and other instruments to be paid by us; to give orders for the withdrawal, transfer or other use of money on deposit in my name, or otherwise available to us; to borrow money from Morgan secured by property held in accounts in my name; to engage in foreign exchange transactions in any form with Morgan;

To receive and sign trading confirmations, advices, and statements or duplicate statements;

To execute and issue all necessary instruments for transfer of securities out of my name or out of any other name(s) and into the name of any nominee of Morgan or into any other name(s);

D. To purchase and borrow (on a secured or unsecured basis) from, sell (including short sales in a margin account), and lend (on a secured or unsecured basis) to, and to otherwise enter into transactions of any kind with Morgan with respect to any and all securities and financial instruments whatsoever in which Morgan may deal, broker or act as counterparty from time to time, including (without limitation) shares, stocks, bonds, debentures, notes, warrants, participation certificates, forward contracts, option or futures contracts, repurchase (or reverse repurchase) transactions, securities lending, or any other certificates or evidences of indebtedness or interest of any and every kind whatsoever, whether publicly or privately offered, secured or unsecured, and any other financial instruments; to enter into any derivative transactions with respect to the foregoing, including over the counter equity derivatives and structured transactions (including, but not limited to options, swaps, collars, caps and floors); to pledge any funds or instruments for the purposes of securing my obligations with respect to the foregoing; to enter into foreign exchange or foreign currency transactions in any form; and, to enter into, complete and execute agreements and to take other actions, including, but not limited to signing reconcilements of accounts and other documents to carry out the purpose of this authorization;

To receive and sign trading confirmations, advices, and statements or duplicate statements;

To execute and issue all necessary instruments for transfer of securities out of my name or out of any other name(s) and into the name of any nominee of Morgan or into any other name(s);

Power of Attorney
Trustees and Other Fiduciaries

MORGAN USE ONLY

US966 10/01

Title **THOMAS J. FOGARTY SEP. PROP. TR.**

SPN

Primary CAS

BANKING, CUSTODY AND BROKERAGE ACCOUNTS - LIMITED POWER (TRANSFERS TO OTHER MORGAN ACCOUNTS ONLY)	<input type="checkbox"/> E. To withdraw monies or funds or to sell or exchange stocks, bonds, options or other securities and property for transfer of the monies, funds or proceeds of the sale or exchange of securities or other property only to another account of mine at Morgan;
CUSTODY AND BROKERAGE ACCOUNTS - LIMITED POWER (SECURITIES AGAINST PAYMENT ONLY)	<input type="checkbox"/> F. To buy or sell securities or any other property described in Subdivision D above in which I may deal or which I may hold against receipt of payment to me only;
INVESTMENT MANAGEMENT ACCOUNT	<input type="checkbox"/> G. To give any instruction with respect to any Investment Management Account; To modify the Asset Allocation Guidelines for any Investment Management Account; To deposit funds, securities or other property to any Investment Management Account or to give orders for the withdrawal, sale, exchange, or other disposition (collectively, "Disposition") of any funds, securities or other property from any Investment Management Account, in accordance with any instructions as the Attorney may give; To give orders for the payment or other Disposition of any income or proceeds of any Investment Management Account, or proceeds of any sale or other Disposition of securities and other property in the Account;
INVESTMENT MANAGEMENT ACCOUNT- LIMITED POWER (TRANSFERS TO OTHER MORGAN ACCOUNTS ONLY)	<input type="checkbox"/> H. To deposit funds, securities or other property to any Investment Management Account or to give orders for the withdrawal, sale, exchange, or other disposition (collectively, "Disposition") of any funds, securities or other property from any Investment Management Account, in accordance with any instructions as the Attorney may give, but proceeds of any such Disposition will be credited only to an account of mine at Morgan;
CREDIT; PLEDGE SECURITY	<input type="checkbox"/> I. To borrow money from Morgan, and to apply for and secure from Morgan any forms of credit; to enter into any agreements with Morgan which result in direct or contingent liabilities to us, with or without security; to negotiate or discount any instruments, or negotiate otherwise with or through Morgan; to repay, discharge, settle, adjust, compromise or liquidate any loan, obligation or liability; to pledge, mortgage, hypothecate, assign, transfer, deposit or deliver, with or to Morgan, as security or as additional or substitute security, or for sale or other disposition, stocks, bonds and other securities, book accounts, choses in action and any other tangible or intangible property, to make substitutions thereof, and to receive any thereof upon the release or surrender thereof; to sign, execute and deliver any and all stock powers, bond powers, proxies, assignments, trust receipts, security agreements and other contracts and instruments in writing, with or without seal; to authorize, give, make, procure, accept and receive monies, payments, property, notices, demands, vouchers, receipts, releases, compromises and adjustments; to waive notices, demands, protests and authorize and execute waivers of every kind and nature; to enter into, make, execute, deliver and receive written agreements, undertakings and instruments of every kind and nature;
ACCOUNT ADMINISTRATION	<input checked="" type="checkbox"/> J. To inquire about and receive information relating to any account of mine, including but not limited to, balance, withdrawal, payment and deposit information; <input type="checkbox"/> K. To give instructions for the transfer, withdrawal or other use of money in my name. <input type="checkbox"/> L. To pick up or otherwise receive mail or other information held by Morgan, subject to the terms of applicable agreements with Morgan and to applicable law or regulation.

The Morgan Account Power of Attorney Trustees and Other Fiduciaries

JPMorgan Private Bank

MORGAN USE ONLY

US966 10/01

Title **THOMAS J. FOGARTY SEP. PROP. TR.**

SPN

Primary CAS

Morgan is entitled to rely on this Power of Attorney until Morgan receives my written revocation. A revocation will not affect or impair any liability or obligation of mine arising out of or related to the exercise by an Attorney of any power granted herein before Morgan's receipt of a revocation. Each Attorney is authorized to act on my behalf, in the same manner and with the same force and effect as if I had given any instructions directly, and to do anything necessary or incidental to effect such instructions.

In order to induce Morgan to act in accordance with this Power of Attorney, I agree to hold Morgan harmless from any loss or liability resulting from acting or purporting to act in accordance with this Power of Attorney, until Morgan's receipt of written notice of revocation.

This Power of Attorney and my obligations and promises under it shall bind my successors and assigns.

This Power of Attorney shall be deemed made under the law of the State of New York for all purposes, including (without limitation), construction, validity, and effect, and shall be governed by such law.

I give each Attorney full authority to do anything considered by the Attorney to be necessary and proper to be able to act in accordance with this Power of Attorney, even if it may appear to be for the Attorney's own benefit, all as if I were personally doing it. I hereby ratify and confirm everything that my Attorney(s) or substitute Attorney(s) legally has done or shall do by virtue of this Power of Attorney.

I acknowledge my agent and attorney-in-fact may utilize the website provided by Morgan (the "Site") via the Internet 24 hours a day, seven days a week to act in the manner I indicate in the Subdivisions above provided the functionality is available via the Site. Transactions requiring more than one signature to complete may not be available via the Site. Site usage by any authorized person is subject to the agreements and disclosures detailed on the Site.

SPECIMEN SIGNATURES OF ATTORNEY(S)

Each Attorney shall sign as follows.* Two or more Attorneys may each act singly unless this box is checked in which case any two must act jointly.

[Signature] **MICHAEL WILLIAMS** 11-12-02
Signature (Attorney-in-Fact) Print Name Date
Address: _____

[Signature] **AMY HOFFMAN** 11-12-02
Signature (Attorney-in-Fact) Print Name Date
Address: _____

SIGN HERE

By my signature below, I execute this Power of Attorney as (identify fiduciary title - Trustee, Executor, Conservator, Guardian, Custodian, etc.) **TRUSTEE** of (name of trust, estate, etc.) **THOMAS J. FOGARTY SEP. PROP. TR.** and affirm and acknowledge that I am duly authorized to do so by governing law and under authority of (identify document establishing and governing fiduciary relationship) **THOMAS J. FOGARTY SEPARATE PROPERTY TRUST**

[Signature] **THOMAS J. FOGARTY, TRUSTEE** November 13, 2007
Signature (Fiduciary) Print Name & Title Date

By my signature below, I execute this Power of Attorney as (identify fiduciary title - Trustee, Executor, Conservator, Guardian, Custodian, etc.) _____ of (name of trust, estate, etc.) _____ and affirm and acknowledge that I am duly authorized to do so by governing law and under authority of (identify document establishing and governing fiduciary _____)

SIGN HERE

Signature (Fiduciary) Print Name & Title Date

NOTARIZATION IS REQUIRED

STATE OF: California SS: _____
COUNTY OF: San Francisco

I certify that Amy Hoffman & Michael Williams, known or satisfactorily proven to me to be the individual(s) who signed the foregoing Power of Attorney appeared before me on 12 Nov, 2002, and acknowledged that he/she/they executed the foregoing Power.

[Signature] **Andrew F. Albright** _____
Signature of Notary Public Print Name Date

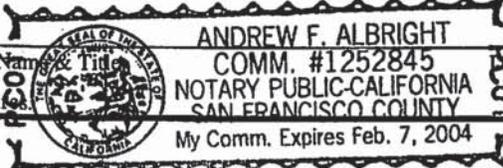
My Commission expires _____


EXHIBIT 3

Thomas J. Fogarty, M. D.

3270 Alpine Road
Portola Valley, California 94028
(650) 854-1822
FAX (650) 854-2778

August 19, 2003

Rozeta Abovian
Bel Air Investment Advisors LLC
1999 Avenue of the Stars, Ste 2800
Los Angeles, CA 90067

Dear Rozeta:

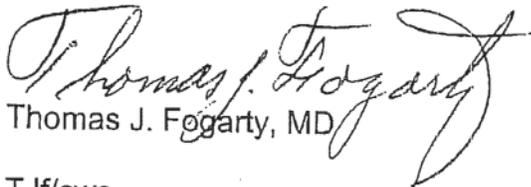
Please transfer 62,928 shares of Johnson and Johnson from Account #908-00313 to:

ABN Amro Sage
Account Name: Aquila Securities, LLC
Account Number: AQ8AA
DTC Number: 5118

The purchase information of these shares is:

Purchase Date: November 8, 1978
Total Cost Basis: \$4988.70
Cost Basis per Share: \$.079276

Sincerely,


Thomas J. Fogarty, MD

TJf/cws

cc: Terry Ryan by Fax # (312) 542-8273
Amy Hoffman by Fax # (415) 982-0436

EMB/tf

Post-it® Fax Note	7671	Date	8/19	# of pages	1
To	Amy Hoffman	From	T Fogarty, MD		
Co./Dept.		Co.			
Phone #		Phone #	(650) 854-1822		
Fax #	(415) 982-0436	Fax #			

EXHIBIT 4

From: Michael Williams
 To: fog@iStock.com
 Subject: Notes for today's meeting
 Date: Wednesday, October 13, 2010 4:02:06 PM
 Attachments: Agenda.pdf
 Board_Fund.pdf

Attached is the Agenda and products for today's meeting.

MATRIX

MATRIX are a unique set of products that allow the investor to take a Bullish, Bearish, or Range Bound market sentiment with a clear and defined payout based on direction or range.

25% Returns

The returns are a fixed cap of 25% regardless of how much the market moves. Example: A Bull MATRIX pays 25%, regardless if the market is up 1% or 25%. The opposite is true for a Bearish MATRIX, the market only has to decline for the fixed return.

Principal Protection Buffer

You can't have reward without risk. As with any investment in the market place, MATRIX products are exposed to market risk. However unlike traditional investments, MATRIX helps reduce the market exposure risk by including a principal protection buffer.

The principal protection buffer is a range in which the market may move against the MATRIX investment and the principal is still protected. While the principal protection buffer doesn't eliminate risk, it does go a long way to help reduce market directional risk.

Matrix Liquidity

Matrix accounts are completely liquid and flexible. Has your sentiment changed? Reverse your Matrix position, or exit completely any day the market is open. The strategies are built in highly liquid listed securities that do not bear counter party risk. Maximum profit and loss are reached at maturity.

You can exit a MATRIX product at any time prior to maturity, maximum profits and losses are not realized until maturity.

MATRIX sample maturity / return / risk profile

Duration	81% at Maturity	Annualized Return	Principal Protection Buffer
1 month	25%	300%	25%
3 months	25%	100%	5%
6 months	25%	100%	4%
9 months	25%	50%	12%
12 months	25%	25%	25%

All MATRIX products are offered in a variety of maturity periods from 1 to 18 months. All products have a fixed return of 25% with a principal protection buffer.

Why MATRIX PRODUCTS?

1. NO FEES (No added commissions or management fees – these products are FREE to trade).
2. Invest with a Principal Protection Buffer!
3. You select the direction or range!
4. You select the time frame (a couple of months to over a year).
5. You can exit the position at any time instead of waiting till maturity.*
6. Bear Matrix is a simple way to hedge a long portfolio.
7. Generate returns in a range bound market with an OMNI MATRIX
8. Trade in small unit size. (As little as \$5,000 per Matrix Product).
9. Trade a MATRIX product any day the market is open; trade multiple MATRIX products.
10. Track your MATRIX product in real-time.

Open a MATRIX Account today and start deciding your future.
 If you have a sentiment – MATRIX is the simple solution with big returns.





MATRIX

Multi-directional Accelerated Target Return Index

Start deciding your future



"Matrix is like having an unfair advantage."

BULL MATRIX

For those investors looking for leveraged accelerated returns, the Bull Matrix offers robust upside leverage returns with principal protected downside buffer. With maximum acceleration to the upside of a 25% return – the Bullish MATRIX allow the investor to make smaller investments with large accelerated returns.

The Bull Matrix only needs to increase approximately 1% in the market to see 25% returns. Investors can choose between short-term and long-term Bull Matrix. While each offer a fixed return, the longer the term, the wider the principal protection buffer. A 12 month Bull Matrix can have up to a 15% down-side principal protection buffer. That means the market can decline up to 15% and the principal is still protected.



Bull MATRIX 25% return (mid term)
 Green = profit, Yellow = Breakeven, Red = Loss

Duration	Green	Yellow	Red
3 months	100%	0%	0%
6 months	100%	0%	0%
12 months	100%	0%	0%

BEAR MATRIX

Looking to hedge a long portfolio or just want to take advantage of a falling market? The Bear Matrix offers the same maximum acceleration of the Bull Matrix, with a 25% return with just a 1% drop in the market. The Bear MATRIX are one of the few products that give investors an alternative to make money in falling markets.

The Bear Matrix generates a 25% fixed return with approximately 15% decline in the market. Investors can choose between short-term and long-term Bear Matrix. While each offer a fixed return, the longer the term, the wider the principal protection buffer. A 12 month Bear Matrix can have up to a 15% up-side principal protection buffer. That means the market can rally as much as 15% and the principal is still protected.



Bear MATRIX 25% return (mid term)
 Green = profit, Yellow = Breakeven, Red = Loss

Duration	Green	Yellow	Red
3 months	100%	0%	0%
6 months	100%	0%	0%
12 months	100%	0%	0%

OMNI MATRIX

Picking direction is sometimes the hardest task. Don't know which way the market is going or believe the market is range bound? The OMNI MATRIX allows the investors to select a percentage range (up and down), as long as the market stays within this range, returns of 25%.

In a volatile and uncertain economy the market can easily rise and fall. During these times of uncertainty and range bound markets, there are still opportunities to profit.

The OMNI Matrix allows you to generate income in a Bullish or Bearish market; no longer do you need to be right about direction. Instead of picking direction, you now only need to concern yourself with Range (high & low). As long as it stays in the range, you generate a profit.

The Bear MATRIX is a great insurance product against a typical long portfolio.



Omni MATRIX 25% return (short term)
 Green = profit, Yellow = Breakeven, Red = Loss

Duration	Green	Yellow	Red
2 months	100%	0%	0%
3 months	100%	0%	0%
4 months	100%	0%	0%



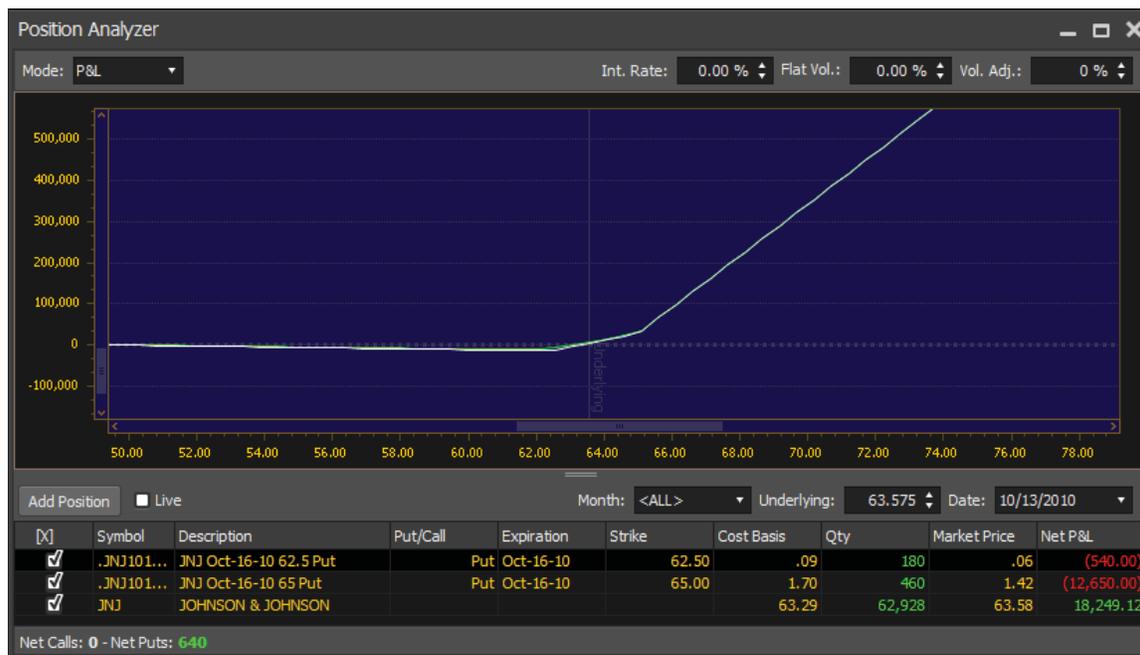
AGENDA: Oct 13, 2010
Fogarty Business Offices

I. What is Aquila Securities?

- a. Private ownership of a Professional Securities Firm with the following advantages.
 - i. Taxes (60% of short-term capital gains converted to long-term)
 - ii. Interest Rates under 1% (currently .625 to .875%)
 (Simple Interest at Fed Funds + 5/8ths)
 - iii. Ability to borrow 75% again equity positions.
 - iv. Fully insured / hedged securities.
 - v. Access to a full ranges of products (futures, equities, commodities)
 - vi. Real-time access to portfolio (via Obsidian software)

II. J&J (Johnson and Johnson)

- a. Maintain long position and fully insured (hedged) as initially directed by client 90% of net principal. (10% max draw down risk).
- b. Net unrealized gains of approximately 25%.
- c. No principal losses on insured position during the credit crisis.





Aquila Capital Management, LLC

III. Review of the FOXH (Fox Hollow) in 2005-2006

- a. Client had concentrated uninsured position in the stock in 2005
- b. Stock climbed significantly creating unrealized gains.
- c. Aquila insured stock position (locking in gains) of over \$50 per share prior to the stock collapse.
- d. Client needs funds, requested to liquidate the FOXH position, creating a significant capital gains tax issue for Aquila.
 - i. Note: Aquila suggested that we do NOT sell FOXH (Fox Hollow) because of the significant capital gains. Instead Client could borrow capital at very low simple interest rates (No Loan Requirements) to avoid/delay tax liabilities.
- e. Aquila acquired another firm position for aprox. 60% equity value via credit facility. We used the acquired losses to offset FOXH gains and saved 40%. Additional benefit by adding firm equity. This reduced tax liability to Aquila to a net of aprox. \$200,000 (down from over several million created by FOXH sale).

Conclusion:

The utilization of the credit facility allowed Dr. Fogarty to sell the FOXH securities and retain 100% of the profits, while at the same time significantly reducing his tax liabilities.

If we had not used the credit facility and acquired the firm's assets for 60% of the value, Dr. Fogarty would have had been exposed to several million in taxable gains.

Subsequently we have an annual audit with our designated examining authority (NYSE/ARCA) – meeting both FINRA and SEC guidelines. All of which the transactions, liabilities, and positions have fully meet with current FINREG.



Aquila Capital Management, LLC

IV. Alternative Investments:

- a. MATRIX PRODUCT (Directional Product)
 - i. Short to Long-term directional (or Omni) investment product.
 - 1. See hand-out.
- b. Bond Fund (Credit Facility)
 - i. Monthly fixed income.
 - ii. Credit Facility to borrow money.
 - 1. See hand-out
- c. Inflation Fund
 - i. Long commodities / Short dollar
 - 1. Current investment.

V. What client would like to do going forward?

- a. J&J position.
 - i. Increase J&J holdings through dividend reinvestment and unrealized capital gains?
- b. Create credit facility with other equity holdings (like J&J)
- c. Need income generation (Bond Fund). Monthly or Quarterly payments.
- d. Directional short-long term investments. (Matrix)
- e. Hedge other long equity positions – directly or using (Matrix like product).



Bond Fund & Credit Line

Important piece of the investment puzzle.

By Kinetic Strategic Group

Why the Bond Fund & Credit Line?

Safe, Secure, Simple ...

SAFE

Accounts are held at Merrill Lynch Pro or Goldman Sachs.

Statements from the firm are generated monthly and real-time access to live accounts are also available.

Secure

All positions are fully hedged.

Using exchange listed products, positions have limited and defined risk.

Liquid

Investments are liquid.

Listed products on the exchange means there is always a market.

Fixed Returns

Funds pay a fixed monthly and/or quarterly return

This can be withdrawn for income or used to pay down a credit line.

Tax Advantage

Special Tax Treatment

A majority of short-term capital gains are converted to long-term.

Credit Line

Simple interest and no penalties

It is not a loan! Pay it back your way.



Bond Fund & Credit Line

What are they?

Bond Fund

- A portfolio of listed government and corporate bonds that pay monthly and quarterly returns.
- They are fully hedged in the listed market to create limited and defined risk exposure.
- The strategy includes pro-active secured insurance policies and yield enhancements to enhance returns and limit risk.

Credit Line

- Through the firm's professional clearing relationship with Merrill Lynch Pro and Goldman Sachs we are able to provide capital against the full hedged/insured securities, up to 75% of the net asset value for very low interest rates.



Bond Fund & Credit Line Comparison

the smarter solution

What you get!	Bond Fund Credit Line	Typical Equity / Margin Loans
Fully insured listed securities	YES	NO
Ability to borrow 75%	YES	NO
Simple Interest	YES	NO
Rates as low as 2%*	YES	NO
Pay back at anytime	YES	NO
Income generating strategies	YES	NO
Customizable / Change Portfolio	YES	NO
Create with Cash	YES	NO
What you don't get!	Bond Fund Credit Line	Typical Equity / Margin Loans
Subject to loan requirements	NO	YES
Subject to margin calls	NO	YES
Penalties (pre-payment, liquidation, etc.)	NO	YES

Typical Equity or Margin Loans are less flexible, offer little in security, and are subject to margin calls.

The Bond Fund Credit Line gives the client the freedom to invest, without being subject to constraints of a typical loan.



3 Different Bond Funds

Why three?

Every client has different needs, some need the maximum amount of credit line, while others need less. Offering three unique funds allows the client to pick and choose which fund meets their objective.

MAXIMIZE CREDIT LINE

- If it is credit that you need, the unleveraged fund allows for up to a 75% credit line.

MAXIMIZE BOND FUND RETURN

- If you only need a small credit line, the 3x Bond Fund allows for up to a 25% credit line.

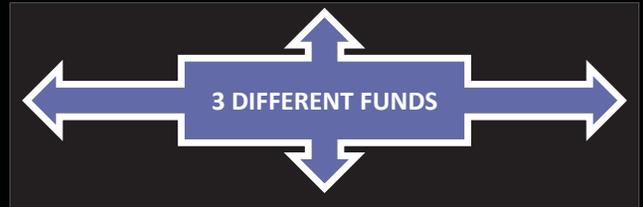
SOMETHING IN BETWEEN

- The 2x Bond Fund allows for 50% credit line, while maximizing returns.



The Three Bond Funds

Unleveraged and Leveraged



Unleveraged – this account contains 100% market value portfolio.

- Investment \$1 million = \$1 million in market value securities.
- Positions hedged at approximately 5% principal risk.

2x Bond Fund – this account contains 200% market value portfolio.

- Investment \$1 million = \$2 million in market value securities.
- Positions hedged at approximately 10% principal risk.

3x Bond Fund – this account contains 300% market value portfolio.

- Investment \$1 million = \$3 million in market value securities.
- Positions hedged at approximately 15% principal risk.



Bond Fund & Credit Line

A \$1 million dollar account

Bond Fund Data	Bond Fund	2x Bond Fund	3x Bond Fund
Market Value	\$1 mil	\$2 mil	\$3 mil
Credit Facility	\$750k	\$500k	\$250k
Fixed Monthly Income \$	\$5,000	\$10,000	\$15,000
Fixed Monthly Return %	.5%	1%	1.5%
Fixed Annual Income \$	\$60k	\$120k	\$180k
Risk insured per pay period	5%	10%	15%
Fixed Annual Returns	6%	12%	18%

The Bond Fund & Credit Line allows the client to borrow capital from the fund, while allowing the fund's fix income to pay down the debit balance.

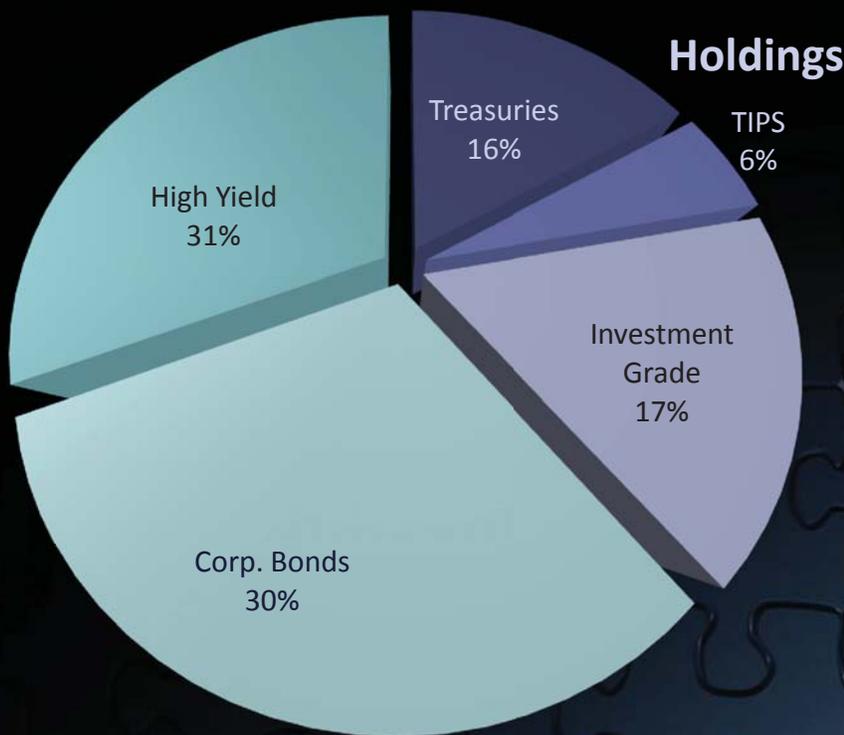
Three difference funds provide different credit availability as well as returns.

These are examples and are net of fees.
 Fixed income is subject to change based on the treasury and/or company monthly/quarterly payments.
 Minimum individual account size is \$1 million.



Bond Fund Portfolio

A balance of different bonds



While the holding are rebalanced from time to time, to reduce volatility and meet return expectations, this is an example of a typical Bond Fund portfolio.



Bond Fund Returns

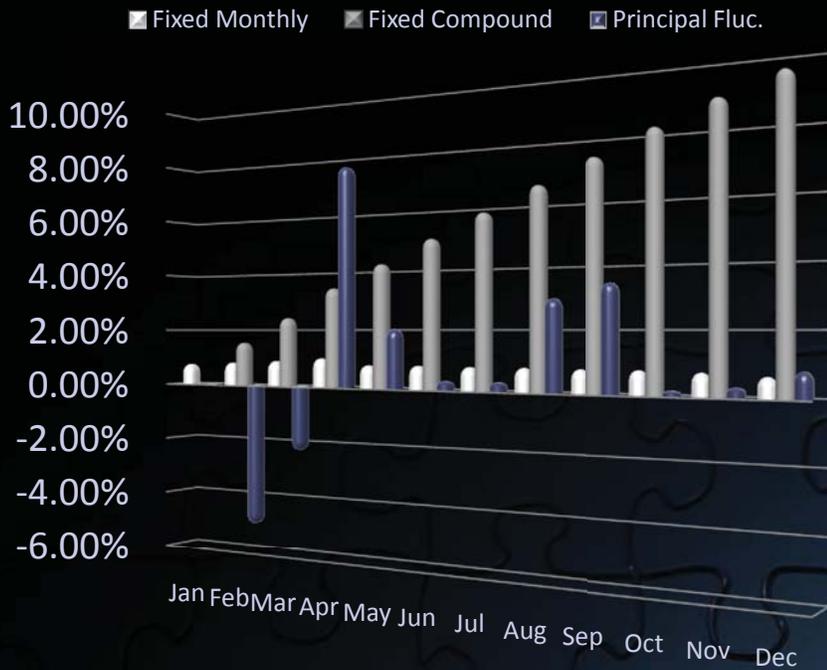
Monthly & Compound returns

The fix returns in the unleveraged bond fund generated 9.52%* in 2009.

Average monthly was .79%, with the high over 1.01%.

While the monthly principal fluctuations ranged between -5% to +7.63% , with an average of +.98%.

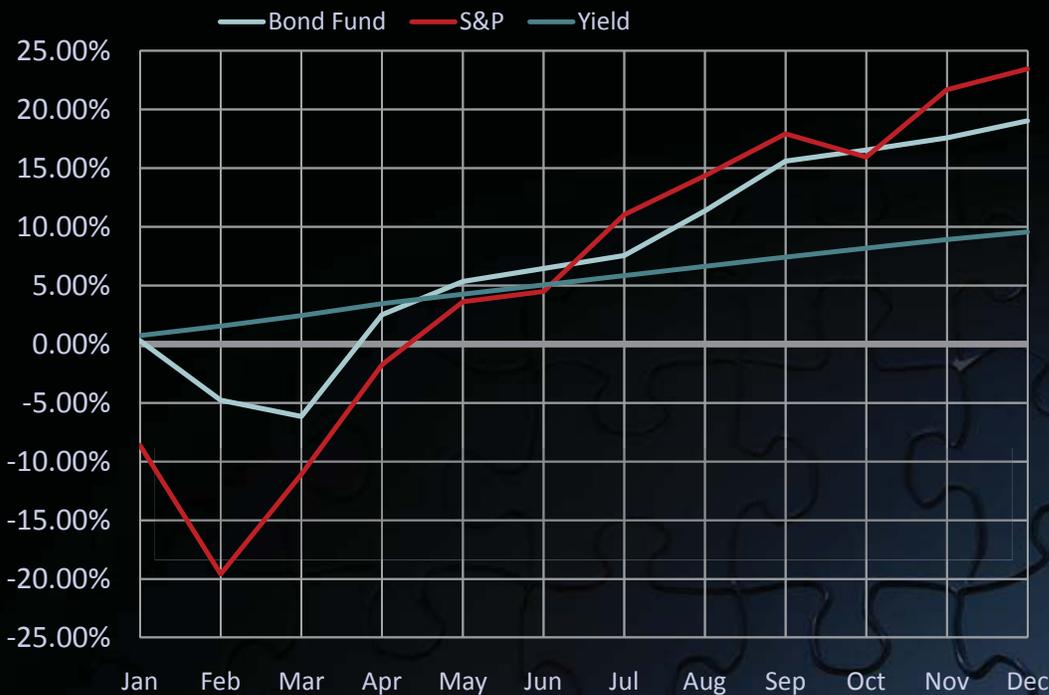
Note the unleveraged bond fund is hedged to 5% during any given return period.



* Does not include fees or any credit lines.

Bond Fund Returns

Returns and comparison.



The fix returns in the unleveraged bond fund generated 9.52%* in 2009.

The Bond Fund net value increased 19%. The S&P saw a wild ride, down 20% to up 20%.

Additionally the Bond Fund generated a consistent yield of well over .5% per month.

Note the unleveraged bond fund is hedged to 5% during any given return period.

* Does not include fees or any credit lines.



Bond Fund & Credit Line Comparison

the smarter solution

What you get!	Bond Fund Credit Line	Typical Equity / Margin Loans
Fully insured listed securities	YES	NO
Ability to borrow 75%	YES	NO
Simple Interest	YES	NO
Rates as low as 2%*	YES	NO
Pay back at anytime	YES	NO
Income generating strategies	YES	NO
Customizable / Change Portfolio	YES	NO
Create with Cash	YES	NO
What you don't get!	Bond Fund Credit Line	Typical Equity / Margin Loans
Subject to loan requirements	NO	YES
Subject to margin calls	NO	YES
Penalties (pre-payment, liquidation, etc.)	NO	YES

Typical Equity or Margin Loans are less flexible, offer little in security, and are subject to margin calls.

The Bond Fund Credit Line gives the client the freedom to invest, without being subject to constraints of a typical loan.



EXHIBIT 5

From: [Michael S. Williams](#)
To: [Jon Fogarty](#)
Subject: Account Balance
Date: Tuesday, July 6, 2010 2:23:43 PM

Jon,

The "haircut" (risk base margin) would leave a cash available balance of \$150k (give or take \$5k) - will have to go line-by-line to figure out the exact amount. I will send over the tax question for full liquidation to give you an estimate. Since you have some tax deferrals on some of the positions - I am not sure exactly what it would be. However, I should have an answer from them in the next day or so.

As per the your father's account the equity value is \$4.3 million, which is below the \$5 million minimum for the private account (of course we had the clearing firm wave that - when we included both your and your sister's account) to keep it up to about or close too the minimum. Additionally, you father's account has been drawn down from initially taking out a few hundred thousand and the FOXH withdraw - so it is pretty close the minimum balance against equity position. Will have to review it in more detail, but it is pretty close - with the buffer for haircut. He is already at 4:1 on debt/equity ratio.

Of course if he transferred over more stock, he can borrow about \$.60 on the dollar or more - depending on hedge.

With interest rates running at 1% in the account, I would suggest this be the best alternative.

Example: Transferring over \$1 million of JNJ stock would free up around \$600,000 in cash - on a fully hedged position - possibly \$700,000.

At simple interest of 1% with no pre-payment penalties or anything like that - it would probably be the best option for you and/or your father if you are looking for cash - without tax penalties, while generating dividend income and equity returns.

Give me a call back to let me know how you want to proceed.

Regards,
Michael

Kinetic Strategic Group, LLC

1800 2nd St. Suite 757
Sarasota, FL 34236

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EXHIBIT 6

Maglich, Jordan D. (TPA x5713)

From: Michael Williams <michael.williams@kinetic-sg.com>
Sent: Wednesday, April 2, 2014 12:03 PM
To: Jon Fogarty
Cc: Kelly Locke
Subject: PRAN and meeting

Jon,

You account netted \$14,700 on the PRAN position and we no longer have a position in it.

I know you are meeting with Chris to discuss some options, I am happy to be involved in that conference call and can also make myself physically available. Just let me know.

Here are some general thoughts.

A Credit Facility - rather than a loan - offers more flexibility, differed interest, no requirements to make payments, and no margin call risk. The current interest rate environment allows you to borrow at 1.5%. Additionally, it reduces or limits tax liability, as assets are NOT sold so any gains are unrealized.

While we do have and do work with Asset Based Loans and Margin Loans - which can be provided, the credit facility is all around more flexible and also less burdensome on payments, interest, margin, and tax treatments.

Currently your father's JNJ position has been used as a credit facility to cover the tax liability in the FOXH profits, was used to withdraw capital, and he is not subject to tax risk in the underlying or margin risk. Additionally, his position is hedged and dividends and unrealized gains continues to build. Your father has never made a payment, nor does he need to - especially at these low interest rates as the dividends off-set the credit line interest payments currently. In essence the dividends are used to pay the interest and principal.

This is just something to think about and was the initial reason why we initially set-up the accounts.

Additionally, if you are interested in taking a more active role in managing and investing - I am happy to spend time with you instructing the use of the software, options, hedging, and risk management. Of course you may have to trade me a driving lesson for that - wink wink.

Stay well.

Regards,
Michael

--

MARKET PREVIEW <http://marketpreview.silexx.com/>

Kinetic Strategic Group, LLC
www.kinetic-sg.com

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EXHIBIT 7

From: [Michael Williams](#)
To: [Lea Graf \(CPA\)](#)
Cc: [Laura Plum](#)
Subject: Re: Aquila Securities and your personal return
Date: Thursday, August 8, 2013 4:43:56 PM

On Thu, Aug 8, 2013 at 4:04 PM, Lea Graf (CPA) <lea@plumcpas.com> wrote:

Hi Michael,

A few more questions:

1. Can you please tell us how to split the dividends and capital losses between the Aquila Securities members? How much to Heather Fogarty, Thomas Fogarty, Ed Bautista, Jon Fogarty and yourself?

The statement is Thomas Fogarty's - none of it belongs to the rest.

Heather is in cash

Jon is reported below - as we moved him stock only (\$25k) which received the dividend listed below (GANS). The rest was invested into Kinetic.

Ed closed his account = cash

I closed my account = cash.

2. At the end of 2011, the Aquila Securities trading account balance was \$1,578,455. Please indicate which members contributed capital and how much they each contributed to arrive at the 12/31/12 equity balance of \$4,532,992.

The only contribution was Thomas Fogarty Trust.

3. If any members withdrew money, please indicate who and how much.

We closed Aquila and 2012 is the last year for Aquila. It is all moved into Kinetic Funds. Thomas and Jon have their own accounts as well. Thomas is 73320 and Jon is 73321 - their other capital is in the funds.

4. What was each member's ending equity balance as of 12/31/12?

Jon = 226,520 Dividends 11,547 / Short-term gains 5707 / Long-term 8561

Heather = Cash - no change

Ed = Cash = no change closed account.

Thomas = Dividends 76,772.16 / Net Loss -79,936.33

5. Did you receive management fees/commissions from the Aquila accounts during 2012? If so, how much?

\$1600 a month = which was expenses.

I have attached the 2011 details for you reference.

Lea Graf

Certified Public Accountant
Plum & Company, CPAs, P.A.
1800 Second Street, Suite 745
Sarasota, FL 34236
P: [\(941\) 955-1643](tel:9419551643)
F: [\(941\) 951-2429](tel:9419512429)

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From: Michael Williams [mailto:michael.williams@kinetic-sg.com]
Sent: Thursday, August 08, 2013 3:46 PM
To: Laura Plum
Cc: Lea Graf
Subject: Re: Aquila Securities and your personal return

I believe I had sent this over a while ago, but if not here it is. Sorry about the delay.

On Thu, Aug 8, 2013 at 3:35 PM, Laura Plum <laura@plumcpas.com> wrote:

Michael,

Lea has reviewed the documents that we have for Aquila Securities and your personal tax returns.

We still need the following for Aquila Securities for 2012 transactions:

1. Trading Account activity for V Trader
2. Trading Account activity for Israel Englander

Thank you.

Laura

Laura A. Plum, MBA, CPA

Plum & Company, CPA's, PA

1800 Second Street, Suite 745

Sarasota, FL 34236

[\(941\)955-1643](tel:(941)955-1643) Fax [\(941\)951-2429](tel:(941)951-2429)

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