

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

CASE NO.: 8:20-cv-00394-MSS-SPF

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.

JOINT STIPULATION

The Receiver MARK A. KORNFELD (“Receiver”) and Defendant MICHAEL SCOTT WILLIAMS (“Mr. Williams”), through undersigned counsel, have agreed to the terms of this Joint Stipulation in response to the *Receiver’s Motion For Possession Of And Title To Residential Real Property Purchased By Defendant Williams In San Juan Puerto Rico And Incorporated Memorandum Of Law* (“Motion for Possession”)[DE 72], and state as follows:

1. On May 15, 2020, the Receiver filed his Motion for Possession in which he identified residential real property located in San Juan, Puerto Rico, that is currently owned by Mr. Williams.

2. Through his Motion for Possession the Receiver seeks to take title to and possession of the real property located in Puerto Rico.

3. The real property identified by the Receiver, (the “Puerto Rico Condos”) is as follows:

- Condominium Villa Gabriela, Apartment PH1-A/PH 1-B located at 109 De la Cruz Street, San Juan, Puerto Rico 00901;
- Condominium Villa Gabriela, Apartment 2-E located at 109 De la Cruz Street, San Juan, Puerto Rico 00901;
- Parking Space #321 located at Cochera San Francisco, Luna Street #204, San Juan, Puerto Rico 00901; and
- Parking Space #325 located at Cochera San Francisco, Luna Street #204, San Juan, Puerto Rico 00901.

4. Both the Receiver and Mr. Williams have agreed to specific terms with regards to the Motion for Possession and in resolution of the Motion, and request that the Court enter an Order granting the Motion for Possession consistent with this Stipulation.

TERMS

5. Title to the Puerto Rico Condos and parking spaces identified herein shall be immediately transferred to the Receiver, who may take any and all steps necessary to formalize this transfer and his ownership of the Condominiums.

6. Mr. Williams will use reasonable and best efforts to cooperate with the Receiver to effect the transfer of ownership of the Puerto Rico Condos to the Receiver.

7. By this Stipulation, Mr. Williams expressly acknowledges that he has no ownership, property, or other legal rights or interests in the Puerto Rico Condos and waives any claim to the contrary.

8. Mr. Williams represents that, to the best of his knowledge, the Puerto Rico Condos are free and clear of any encumbrances or liens, except the residential Lease discussed below.

9. Any rent currently being paid by the Tenants residing in the Puerto Rico Condos (collectively, “Tenants”) shall be paid to Mr. Williams’ personal Banco Popular account in accordance with the June 9, 2020 Order [DE 95], and Mr. Williams may use such rent as permitted by the June 9th Order and the March 6, 2020 Order [DE 33] until either: (i) a settlement is reached at the August 28, 2020 mediation of this case (“Mediation”) or (ii) a settlement is not reached on or before 12:00 am EST on August 30, 2020 (“Settlement Deadline”).

10. The Receiver will not take any steps to evict the Tenants or sell or encumber the Condominium Units before the Settlement Deadline.

11. Mr. Williams represents that: (i) there is no formal or informal tenancy or lease arrangement with any Tenants currently residing in the Penthouse unit and those tenants are strictly personal guests of Mr. Williams, and (ii) the Tenant residing in the ground-floor unit is subject to a one-year lease terminating in January 2021.

12. Any Tenants or personal guests in the Penthouse unit will vacate the Condominium on or before 15 calendar days after the Settlement Deadline (“Vacate Deadline”). Mr. Williams agrees he will cooperate (and not obstruct or otherwise interfere with) any efforts to ensure that those Tenants vacate the Penthouse unit by the Vacate Deadline.

13. Mr. Williams further represents that he will not enter into or otherwise cause any additional formal or informal lease agreement or arrangement to be entered into with any of the Tenants without the Receiver's express written approval.

14. Mr. Williams represents that he (or others at his direction) has not taken, and shall not take, any steps to sell, rent, or otherwise encumber the Puerto Rico Condos.

15. Mr. Williams represents that the Puerto Rico Condos are in habitable and saleable condition and that he is not aware of any material defects or encumbrances on either of the Condominiums.

16. Mr. Williams shall provide current photographs of the interior of each of the condominium units, and also represents that he will: (i) immediately inform the Receiver of any defect, necessary repair, or damage to the Puerto Rico Condos, and (ii) maintain sufficient insurance coverage on the Condominium Units at all times, and (iii) will use reasonable and best efforts to transfer such insurance coverage to the Receiver at the Settlement Deadline if necessary.

17. Any necessary repairs required for the Puerto Rico Condos from the date of this Stipulation through the Settlement Deadline shall be the responsibility of Mr. Williams.

18. If a settlement is reached at the Mediation, the written settlement agreement will specify the final disposition of the Puerto Rico Condos.

19. If a settlement is not reached by the Settlement Deadline, then the Receiver may immediately take any and all steps necessary to evict the Tenants and/or sell or encumber the Puerto Rico Condos and will provide the Tenants with reasonable notice of such evictions, sales, or encumbrances as required under Puerto Rico law.

20. To the extent the Receiver files any motion to evict the Tenants and/or sell or encumber the Puerto Rico Condos, Williams is free to respond to such motion but agrees that any arguments regarding the propriety of or basis for turnover of the Puerto Rico Condos to the Receiver (or the status of the Tenants) are precluded and moot as a result of this Stipulation.

21. Any further disputes regarding this Stipulation must be resolved by the Court.

LOCAL RULE 3.01(g) CERTIFICATE OF GOOD FAITH CONFERENCE

I HEREBY CERTIFY that, in accordance with Middle District Local Rule 3.01(g), the undersigned has conferred with counsel for the Receiver, via e-mail on July 6, 2020, in a good faith effort to resolve the issues raised herein, and the Receiver and Defendant Michael Williams have agreed to this Joint Stipulation.

Respectfully Submitted,

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