

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

CASE NO.: 8:20-cv-394

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.

DEFENDANT WILLIAMS' NOTICE OF FILING
PROPOSED ORDER TO PAY HIS ATTORNEYS' FEES

Defendant MICHAEL SCOTT WILLIAMS ("Williams"), pursuant to the Court's Orders dated July 8, 2020 and August 3, 2020 [D.E. 104, 123], gives notice of filing the attached his counsels' invoices for the time billed from July 15, 2020 through May 28, attached hereto as **Exhibits A and B**, and a Proposed Order directing the Receiver to pay Williams' counsels' invoices, attached hereto as **Exhibit C**.

On July 8, 2020, the Court previously approved Williams' counsel's proposed rates and budget and modified the Asset Freeze Order [D.E. 33] to allow \$64,350 to be made available for

payment of their fees from May 27, 2020 through August 28, 2020. [D.E. 104]. On July 15, 2020, the Court directed the Receiver to pay \$40,326 of these funds to Williams' counsel for their fees during the period from May 27, 2020 through July 14, 2020, leaving \$24,024 of the amount the Court had approved to pay Williams' counsels' fees. [D.E. 123]

As evidenced by Williams' counsels' attached invoices, Williams' counsel incurred a total of \$29,779.75 in fees during the period from July 15, 2020 through August 28, 2020. *See Exhibits A and B.* Williams has advised the SEC that his attorneys have voluntarily agreed to reduce their fees by \$5,755.75 (i.e., from \$29,799.75 to \$24,024) so that their fees are consistent with budget they had presented to the Court and with the amount approved by the Court. Accordingly, the attached Proposed Order directs the Receiver to pay \$24,024 to Williams' counsel's attorneys instead of the full \$29,779.75 reflected in their invoices. *See Exhibit C.*

The SEC has advised Williams that it opposes Williams' request to pay his attorneys \$24,024. The SEC has not explained the basis of its objection.

Respectfully Submitted,

By: /s/ Timothy W. Schulz
Timothy W. Schulz, Esq., FBN 073024
TIMOTHY W. SCHULZ, P.A.
224 Datura Street, Suite 815
West Palm Beach, Florida 33401
Telephone: (561) 659-1167
Facsimile: (561) 659-1168
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Co-Trial Counsel for Defendants

By: /s/ Jon A. Jacobson
Jon A. Jacobson, Esq., FBN 155748
JACOBSON LAW P.A.
224 Datura St., Suite 812
West Palm Beach, FL 33401
Telephone: (561) 880-8900
Facsimile: (561) 880-8910
Email: jjacobson@jlpa.com
Email: e-service@jlpa.com
Co-Trial Counsel for Defendants

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on September 2, 2020, the foregoing document was filed with the Clerk of the Court using the CM/ECF system. I also certify that the foregoing document is

being served this day on all counsel of record identified on the attached Service List via transmission of the Notice of Electronic Filing generated by CM/ECF.

By: /s/ Jon A. Jacobson

By: /s/ Timothy W. Schulz

Service List

SECURITIES AND EXCHANGE COMMISSION

v.

KINETIC INVESTMENT GROUP, LLC, et al.

CASE NO.: 8:20-cv-394

United States District Court, Middle District of Florida

QUARLES & BRADY, LLP

Jordan D. Maglich, Esq.

101 E. Kennedy Blvd., Suite 3400

Tampa, Florida 33602

Telephone: (813) 387-0300

Facsimile: (813) 387-1800

Email: Jordan.maglich@quarles.com

Email: docketfl@quarles.com

Counsel for Receiver

Christine Nestor, Esq.

Stephanie M. Moot, Esq.

John T. Houchin, Esq.

Barbara Veniegra, Esq.

Securities and Exchange Commission

801 Brickell Avenue, Suite 1950

Miami, Florida 33131

Telephone: (305) 982-6367

Email: nestorc@sec.gov

Email: moots@sec.gov

Email: houchinj@sec.gov

Email: viniegrab@sec.gov

Counsel for Plaintiff



JACOBSON LAW P.A.

August 31, 2020

Mark A. Kornfeld
c/o Jordan D. Maglich, Esq.
Quarles & Brady LLP
101 E. Kennedy Blvd., Suite 3400
Tampa, FL 33602

Re: *SEC v. Kinetic Inv. Group, LLC, et al.*, Case No. 8:20-cv-00394

Dear Mark A. Kornfeld:

Enclosed is invoice 10194, which covers Jacobson Law P.A.'s services from 7/15/2020 to 8/28/2020. This invoice, dated 8/31/2020, is for \$19,519.50. Your total balance, including past charges, is \$19,519.50. Prompt payment of your total balance is appreciated.

Billing Summary

Total for services rendered	\$19,519.50
Total expenses	\$0.00
Total interest and finance charges	\$0.00
Total payments and other transactions	(\$24,667.50)
Total previous balance	\$24,667.50
Balance Due	\$19,519.50

Thank you for your confidence in our work and our commitment to serving you.

If you have questions, please call us at 561-880-8900.

Very truly yours,

Jon A. Jacobson
Enclosure



JACOBSON LAW P.A.

Invoice submitted to:

August 31, 2020

Mark A. Kornfeld
 c/o Jordan D. Maglich, Esq.
 Quarles & Brady LLP
 101 E. Kennedy Blvd., Suite 3400
 Tampa, FL 33602

In Reference To: *SEC v. Kinetic Inv. Group, LLC, et al.*, Case No. 8:20-cv-00394

Invoice #10194

Professional Services

			Hrs/Rate	Amount
7/15/2020	JAJ	Draft correspondence to M. Williams re: Receiver's questions, underlying facts, case status; review correspondence from M. Williams; talk to M. Williams.	0.80 357.50/hr	286.00
	JAJ	Review correspondence from attorney J. Maglich re: Receiver's questions, Fogerty Accounts; draft correspondence to attorney J. Maglich; talk to attorney J. Maglich.	0.20 357.50/hr	71.50
7/16/2020	JAJ	Review correspondence from attorney C. Nestor re: Williams' production; review file; identify and prepare documents for production; draft correspondence to attorney C. Nestor.	0.20 357.50/hr	71.50
	JAJ	Review correspondence from M. Williams re: Receiver's questions, underlying facts, PR condos; draft correspondence to M. Williams; talk to M. Williams.	0.80 357.50/hr	286.00
7/17/2020	JAJ	Attend conference call w/ Xact re: SEC's production; review correspondence from Xact; draft correspondence to Xact.	0.60 357.50/hr	214.50
	JAJ	Draft correspondence to M. Williams re: PR Condos.	0.10 357.50/hr	35.75
7/20/2020	JAJ	Review correspondence from attorney J. Maglich re: Fogarty Accounts; draft correspondence to attorney J. Maglich; talk to attorney J. Maglich; conference call w/ Xact re: SEC's production.	1.10 357.50/hr	393.25
	JAJ	Draft correspondence to M. Williams re: Receiver's questions, Fogarty Accounts; review correspondence from M. Williams; talk to M. Williams.	0.90 357.50/hr	321.75
7/21/2020	JAJ	Draft correspondence to attorneys C. Nestor and S. Moot re: SEC's production; review correspondence from attorney S. Moot.	0.10 357.50/hr	35.75
7/22/2020	JAJ	Review correspondence from Xact re: SEC's production; talk to Xact.	0.30 357.50/hr	107.25

Mark A. Kornfeld

Page 2

			<u>Hrs/Rate</u>	<u>Amount</u>
7/23/2020	JAJ	Review correspondence from Xact re: SEC's production; talk to Xact; draft correspondence to Xact; review correspondence from attorney J. Maglich re: Williams' document requests and subpoena; review file; draft correspondence to attorney J. Maglich; draft correspondence to attorneys C. Nestor and S. Moot re: Xact.	0.70 357.50/hr	250.25
	JAJ	Review and analyze Receiver's Motion to Approve Margin Obligation, Declaration of J. Maglich, and Declaration of M. Bour; review file.	0.80 357.50/hr	286.00
7/26/2020	JAJ	Review correspondence from M. Williams re: Underlying facts, strategy.	0.10 357.50/hr	35.75
7/27/2020	JAJ	Review correspondence from J. Maglich re: Document Requests and Subpoenas.	0.20 357.50/hr	71.50
7/28/2020	JAJ	Review correspondence from M. Williams re: Underlying facts, strategy.	0.10 357.50/hr	35.75
	JAJ	Review correspondence from/to attorney M. Bellafonte re: Fogarty; draft correspondence to attorney J. Maglich re: Document requests and interrogatories; review correspondence from attorney C. Nestor re: Fogarty, eDiscovery vendors; draft correspondence to attorney C. Nestor re: eDiscovery vendors.	0.30 357.50/hr	107.25
7/29/2020	JAJ	Review correspondence from attorney C. Nestor re: eDiscovery vendors.	0.10 357.50/hr	35.75
	JAJ	Review correspondence from attorney J. Maglich re: Receiver's Second Fee Application; review file.	0.20 357.50/hr	71.50
7/30/2020	JAJ	Review and analyze Receiver's Second Interim Report; review and analyze Fogarty's Notices of Appearance, Motions to Appear Pro Hac, Certificate of Interested Persons, and Designations of Consent to Act; review file.	0.40 357.50/hr	143.00
8/1/2020	JAJ	Review correspondence from M. Williams re: Receiver's Motion to Determine Margin Obligation; review file.	0.10 357.50/hr	35.75
8/3/2020	JAJ	Talk to KL Discovery; draft correspondence to KL Discovery; review correspondence from KL Discovery; draft correspondence to Xact; review correspondence from Xact; review correspondence from J. Maglich's office re: Modification to Asset Freeze Order.	0.90 357.50/hr	321.75
8/4/2020	JAJ	Draft correspondence to attorney J. Maglich's office re: Modification to Asset Freeze Order; review correspondence from attorney J. Maglich's office; review correspondence from KL Discovery; talk to KL Discovery; draft correspondence to KL Discovery; draft correspondence to Xact; review correspondence from Xact; talk to Xact.	0.60 357.50/hr	214.50
8/5/2020	JAJ	Review correspondence from M. Williams re: Underlying facts, mediation, strategy.	0.10 357.50/hr	35.75

Mark A. Kornfeld

Page 3

			<u>Hrs/Rate</u>	<u>Amount</u>
8/5/2020	JAJ	Review and analyze Receiver's Notice of Appearance.	0.10 357.50/hr	35.75
	JAJ	Review correspondence from Xact; review correspondence from KL Discovery; draft correspondence to attorneys C. Nestor and S. Moot re: eDiscovery vendors; review correspondence from attorney C. Nestor re: eDiscovery; talk to E-Hounds; draft correspondence to E-hounds,	0.80 357.50/hr	286.00
8/6/2020	JAJ	Review correspondence from E-hounds,	0.10 357.50/hr	35.75
8/7/2020	JAJ	Draft correspondence to E-Hounds; review correspondence from E-hounds; talk to E-Hounds; draft correspondence to attorneys C. Nestor and S. Moot re: eDiscovery Vendors; review correspondence from attorney S. Moot.	0.50 357.50/hr	178.75
8/10/2020	JAJ	Review correspondence from M. Williams re: Underlying facts, mediation, strategy.	1.20 357.50/hr	429.00
	JAJ	Draft and revise Motion to Retain eDiscovery Vendor.	2.80 357.50/hr	1,001.00
	JAJ	Draft correspondence to attorneys C. Nestor and S. Moot re: Motion to Retain eDiscovery Vendor; review correspondence from attorney S. Moot; draft correspondence to attorney J. Maglich re: Motion to Retain eDiscovery Vendor; review correspondence from attorney J. Maglich.	0.30 357.50/hr	107.25
8/11/2020	JAJ	Review correspondence from M. Williams re: Underlying facts, mediation, strategy.	0.40 357.50/hr	143.00
	JAJ	Revise, finalize, and file Motion to Retain eDiscovery Vendor.	0.40 357.50/hr	143.00
	JAJ	Draft correspondence to attorneys C. Nestor and S. Moot re: Motion to Retain eDiscovery Vendor; review correspondence from attorney S. Moot.	0.40 357.50/hr	143.00
8/12/2020	JAJ	Draft correspondence to Xact re: Hard drive; review correspondence from Xact; talk to E-Hounds.	0.30 357.50/hr	107.25
	JAJ	Review and analyze Order Granting Motion to Modify Asset Freeze Order; review file.	0.10 357.50/hr	35.75
	JAJ	Draft correspondence to E-Hounds; review correspondence from attorney C. Nestor re: Motion for Partial Relief re: Mediation; review correspondence from attorney J. Maglich re: Motion for Partial Relief.	0.10 357.50/hr	35.75
8/13/2020	JAJ	Draft memo re: SEC's responses/objections to document requests.	2.30 357.50/hr	822.25
	JAJ	Review and analyze SEC's Response to Williams' Request for Documents, First Set of Interrogatories, and Privilege Log.	0.40 357.50/hr	143.00

Mark A. Kornfeld

				Page	4
				<u>Hrs/Rate</u>	<u>Amount</u>
8/13/2020	JAJ	Research privilege, confidentiality and Fla. Stat. ss. 119,0712, 517.2015, and 517.2016.	0.90 357.50/hr	321.75	
	JAJ	Review correspondence from M. Williams re: ISX, SEC's discovery responses; draft correspondence to M. Williams re: SEC's discovery responses.	0.20 357.50/hr	71.50	
	JAJ	Review and analyze draft, and finalize, Motion for Partial Relief re: Mediation; review and analyze SEC's responses to Document Requests and Interrogatories; review and analyze Receiver's response to Subpoena; review file.	0.80 357.50/hr	286.00	
	JAJ	Draft correspondence to attorney C. Nestor re: Motion for Partial Relief re: Mediation; review correspondence from attorney C. Nestor; review correspondence from E-Hounds; review correspondence from KL Discovery; draft correspondence to KL Discovery; talk to attorney J. Maglich re: Receiver's production; review correspondence from Xact; draft correspondence to Xact.	0.40 357.50/hr	143.00	
8/14/2020	JAJ	Draft memo re: SEC's responses/objections to document requests.	2.80 357.50/hr	1,001.00	
	JAJ	Review correspondence from M. Williams re: Underlying facts, mediation, strategy.	0.60 357.50/hr	214.50	
	JAJ	Review and analyze documents produced by Receiver.	1.00 357.50/hr	357.50	
	JAJ	Draft correspondence to attorney J. Maglich re: Receiver's production.	0.10 357.50/hr	35.75	
8/17/2020	JAJ	Review correspondence from E-Hounds re: Status of documents; draft correspondence to E-Hounds; talk to E-Hounds; review correspondence from attorney J. Maglich re: Motion to Approve Claim Procedures.	0.40 357.50/hr	143.00	
	JAJ	Review correspondence from M. Williams re: Underlying facts, mediation, strategy.	0.60 357.50/hr	214.50	
8/18/2020	JAJ	Review correspondence from Mediator P. Grilli's office re: Mediation; review correspondence to Mediator P. Grilli's office;	0.10 357.50/hr	35.75	
	JAJ	Draft correspondence to M. Williams re: Underlying facts, mediation, strategy; review correspondence from M. Williams.	0.30 357.50/hr	107.25	
	JAJ	Review and analyze Order granting Receiver's Second Application for Fees; review file; review and analyze SEC's production.	0.80 357.50/hr	286.00	
8/19/2020	JAJ	Review and analyze Order granting SEC's Motion for Partial Relief; review and analyze Receiver's Motion to Approve Procedure to Process Claims; review file.	0.40 357.50/hr	143.00	

Mark A. Kornfeld

Page 5

			<u>Hrs/Rate</u>	<u>Amount</u>
8/19/2020	JAJ	Draft correspondence to M. Williams re: Underlying facts, mediation, strategy.	0.10 357.50/hr	35.75
	JAJ	Review correspondence from Mediator P. Grilli's office re: Mediation.	0.10 357.50/hr	35.75
8/20/2020	JAJ	Review correspondence from M. Williams re: Underlying facts, mediation, strategy.	1.00 357.50/hr	357.50
	JAJ	Draft memo re: Elements of Claims.	2.20 357.50/hr	786.50
	JAJ	Research elements of claims.	0.60 357.50/hr	214.50
	JAJ	Review and analyze Receiver's Amended Motion to Approve Procedure to Process Claims; review file.	0.20 357.50/hr	71.50
8/21/2020	JAJ	Conference call w/ M. Williams re: Mediation; draft correspondence to M. Williams.	2.20 357.50/hr	786.50
	JAJ	Draft correspondence to Mediator P. Grilli's office re: Mediation.	0.10 357.50/hr	35.75
8/24/2020	JAJ	Review correspondence from M. Williams re: Mediation, strategy, underlying facts; review and analyze documents; draft correspondence to M. Williams.	1.10 357.50/hr	393.25
	JAJ	Research PR securities laws re: Registration.	0.50 357.50/hr	178.75
	JAJ	Review and analyze documents.	2.80 357.50/hr	1,001.00
8/25/2020	JAJ	Conference call w/ Mediator P. Grilli re: Mediation.	1.40 357.50/hr	500.50
8/26/2020	JAJ	Review correspondence from Mediator P. Grilli re: Mediation; draft correspondence to Mediator P. Grilli.	0.20 357.50/hr	71.50
8/27/2020	JAJ	Review correspondence from M. Williams re: Mediation, underlying facts, strategy; draft correspondence to M. Williams; talk to M. Williams.	1.80 357.50/hr	643.50
	JAJ	Research SEC sanctions and penalties.	0.80 357.50/hr	286.00
	JAJ	Review correspondence from Mediator P. Grilli re: Mediation; draft correspondence to Mediator P. Grilli.	0.20 357.50/hr	71.50
	JAJ	Review and analyze documents; identify and prepare documents for Mediation.	2.80 357.50/hr	1,001.00

Mark A. Kornfeld

Page 6

<u>Hrs/Rate</u>	<u>Amount</u>
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8/28/2020	JAJ	Attend mediation.	5.50 357.50/hr	1,966.25
	JAJ	Review correspondence from M. Williams re: Mediation, underlying facts, strategy; talk to M. Williams; draft correspondence to M. Williams.	0.60 357.50/hr	214.50
	JAJ	Review and analyze documents.	1.10 357.50/hr	393.25
		For professional services rendered	54.60	\$19,519.50
		Previous balance		\$24,667.50
		Total payments		(\$24,667.50)
		Balance due		<u><u>\$19,519.50</u></u>

TIMOTHY W. SCHULZ, P.A.

224 Datura Street
 Suite 815
 West Palm Beach, Florida 33401

STATEMENT

Phone: 561-659-1167 • Fax: 561-659-1168

Federal ID No. 20-3898727

E-mail: schulzt@twslegal.com

A Litigation Law Firm

PRIVILEGED & CONFIDENTIAL

Williams, Michael

Re: SEC Charges

Statement Date: 08/31/2020
 Statement No. 5291
 Account No. 199.01
 Page No. 1

Payments received after 08/31/2020 are not included on this statement.

Previous Balance

Fees

			Rate	Hours
07/15/2020	TWS	review and respond to e-mail communication from J. Maglich (.1); prepare for and attend telephone conference with counsel for receiver (.4)	357.50	0.50
07/17/2020	TWS	review email from J. Maglich and client's response to the request for information (.3);	357.50	0.30
07/20/2020	TWS	prepare for and participate in telephone conference with client (.4); participate in telephone conference with J. Maglich (.3); work on document review (.8)	357.50	1.50
07/23/2020	TWS	review and analyze receiver's motion regarding Fogarty margin accounts (1.1); review and analyze declarations and exhibits by J. Maglich and R. Bour (2.1)	357.50	2.10
07/28/2020	TWS	review e-mail from J. Maglich regarding discovery (.1); review and respond to e-mail communication from M. Bellafronto, Esq., regarding Fogarty response to Receiver's motion (.1); review e-mail communications from client regarding issue concerning payment of HOA dues, including e-mail string with HOA management (.3); work on drafting e-mail correspondence to M. Williams (.5); review and respond to e-mail communication from C. Nestor (.1); work on drafting motion to modify asset freeze order (.4).	357.50	1.50
07/29/2020	TWS	telephone conference with counsel for Fogarty family.	357.50	0.30

To ensure proper credit, please include account number and statement date on remittance checks. Thank you.

Williams, Michael
 Account No. 199.01
 RE: SEC Charges

Statement Date: 08/31/2020
 Statement No. 5291
 Page No. 2

			Rate	Hours	
07/31/2020	TWS	review second interim report by Receiver (1.4); review notice of appearances by attorneys for Fogarty Family Revocable Trust and J. Fogarty (.1); review designation and consent to act by J. Clabby and unopposed Motion for M. Bellafronto to appear pro hac vice (.1); review written designation and consent to act and unopposed motion to appear pro hac vice by J. Dooley (.1); review court's order granting motions filed by Fogarty Trust (.1)	357.50	1.80	
08/07/2020	TWS	prepare for and attend telephonic conference with M. Williams (.5)	357.50	0.50	
08/10/2020	TWS	review draft of motion to modify asset freeze order (.1); review documents received from William's prior counsel (1.3)	357.50	1.40	
08/11/2020	TWS	review and respond to e-mail communications from counsel for Fogarty (.1);	357.50	0.10	
08/18/2020	TWS	review e-mail from counsel for receiver regarding protocol for payments to investors (.2); review and analyze documents and lengthy e-mails received from client (1.7); work on drafting motion to order valuation of ISX software(1.2); begin review and analysis of documents received from SEC (1.1)	357.50	4.20	
08/21/2020	TWS	review memo received from client for purposes of mediation (.3); telephone conference with M. Williams regarding mediation preparation (1.3); review client documents (.5).	357.50	2.10	
08/25/2020	TWS	prepare for and attend telephone conference with mediator (1.4).	357.50	1.40	
08/26/2020	TWS	review and analyze documents received from receiver	357.50	1.90	
08/27/2020	TWS	review and analyze documents preparing for mediation.	357.50	2.70	
08/28/2020	TWS	prepare for and attend mediation.	357.50	6.40	
		For Current Services Rendered		28.70	10,260.25

Recapitulation

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
Timothy W. Schulz	28.70	\$357.50	\$10,260.25

Total Current Work

10,260.25

Balance Due



UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

CASE NO.: 8:20-cv-394

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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[PROPOSED] ORDER

THIS CAUSE comes before the Court upon Defendant Michael Williams' Motion to Modify the Asset Freeze Order [D.E. 33] to Unfreeze Funds to Defend This Case [D.E. 102] and the Court's Order dated August 3, 2020 directing Williams to submit a Proposed Order for payment of his counsels' fees for the period from July 15, 2020 through August 28, 2020 [D.E. 123]. Upon review and consideration of the Motion, the Court's August 3 Order, the invoices submitted by Williams' counsel, and Williams' Proposed Order; upon being advised that Plaintiff Securities and Exchange Commission ("SEC") opposes the Williams' request to pay his attorneys' fees; and upon being otherwise fully advised, it is **ORDERED AND ADJUDGED** as follows:

1. Within three business days of entry of this Order, the Receiver shall pay Williams' Counsel \$24,024 from funds held in escrow at ServiceFirst Bank (Account No. XXXXXX-0920).

DONE AND ORDERED in Chambers at Tampa, Florida this ____ day of September 2020.

MARY S. SCRIVEN
United States District Judge

Copies furnished to:
Counsel of Record
Any Unrepresented Person