

**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 UNOPPOSED MOTION (1) TO LIQUIDATE CERTAIN PERSONAL
PROPERTY, AND (2) FOR AUTHORIZATION TO LIQUIDATE ITEMS OF \$5,000 OR
LESS IN VALUE WITHOUT FURTHER ORDER**

Mark A. Kornfeld, as Receiver and through the undersigned counsel, moves the Court for permission to (1) liquidate, donate, or otherwise dispose of certain personal property that belongs to Receivership Entities and (2) liquidate, donate, or otherwise dispose of, without prior approval from the Court, any other personal property that belongs to Receivership Entities and that has a value of \$5,000 or less. In support, the Receiver states as follows.

1. On February 20, 2020, Plaintiff Securities and Exchange Commission (“Commission”) initiated this action against Defendants and Relief Defendants alleging that Defendants violated the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment Advisers Act of 1940 by making false or materially misleading representations to

investors and that over \$6 million of investor funds was misappropriated to fund other business ventures and pay for other unauthorized expenses. On March 6, 2020, the Court entered the Order Appointing Receiver appointing Mark A. Kornfeld as Receiver over Defendant Kinetic Investment Group, LLC and Relief Defendants (collectively, “Receivership Entities”).

2. Pursuant to the Order Appointing Receiver, the Receiver has the duty and authority to: “administer and manage the business affairs, funds, assets, causes in action and any other property of the Defendant and Relief Defendants; marshal and safeguard all of their assets; and take whatever actions are necessary for the protection of the investors.” (Order Appointing Receiver at 1-2.) In particular, the Receiver was directed to:

[t]ake immediate possession of all personal property of the Receivership Defendants, wherever located, including but not limited to electronically stored information, computers, laptops, hard drives, external storage drives, and any other such memory, media or electronic storage devices, books, papers, data processing records, evidence of indebtedness, bank records and accounts, savings records and accounts, brokerage records and accounts, certificates of deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages, furniture, office supplies and equipment.

Id. ¶ 14.

3. In accordance with that Order, the Receiver has taken possession of various property of the Receivership Entities which is currently being held in storage and through this Motion seeks this Court’s permission to sell or otherwise dispose of certain of this property. Specifically, the Receiver has taken possession of a variety of furniture, fixtures, electronics, and miscellaneous supplies and items previously located at the office of Kinetic Funds I, LLC in Sarasota, Florida (the “Kinetic Office”). A list of those items is attached hereto as Exhibit A. The Receiver has made various efforts to sell those items, including soliciting local potential buyers and also listing the items for sale on his website. As of the date of this motion, the Receiver has received limited bids for various items.

4. The Receiver requests authorization from this Court to sell all or some of the furniture, fixtures, electronics, and miscellaneous supplies and items located at the Kinetic Office (including any similar items that may have been inadvertently left off the attached list) for the highest amount reasonably obtainable. Due to their age and condition, the value of many of those items is believed to be minimal. However, the Receiver will endeavor to obtain the highest amount possible in the most cost-effective manner. If the Receiver is unable to sell any of those items following a reasonable attempt, he requests authorization to use his discretion to donate or otherwise dispose of those items.

5. Further, in order to minimize the future expense and burden on the Receivership and this Court, the Receiver requests that this Court authorize him to sell, donate, or otherwise dispose of any other personal property of the Receivership Entities for the highest amount reasonably obtainable without further order from the Court provided that the property has an individual resale value of \$5,000.00 or less.

MEMORANDUM OF LAW

The Court's power to supervise an equity receivership and to determine the appropriate actions to be taken in the administration of the receivership is extremely broad. *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992); *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986). The Court's wide discretion derives from the inherent powers of an equity court to fashion relief. *Elliott*, 953 F.2d at 1566; *SEC v. Safety Finance Service, Inc.*, 674 F.2d 368, 372 (5th Cir. 1982). The relief sought by the Receiver falls squarely within those powers, as the liquidation and/or disposal of these items will allow the Receiver to minimize any associated storage or retention costs.

WHEREFORE, the Receiver requests this Court enter an Order granting this motion to sell, donate, or otherwise dispose of (1) the personal property specified above and (2) any other

personal property of the Receivership Entities which has an individual resale value of \$5,000 or less.

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 the Commission and counsel for Defendant Michael Williams prior to filing this Motion and both counsel have indicated that they do not oppose the relief requested in this motion.

QUARLES & BRADY LLP

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 21st day of October, 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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/s/ Jordan D. Maglich

Attorney

EXHIBIT A

LIST OF PERSONAL PROPERTY

- (6) White office chairs
- (3) Lime Green High Back Chairs
- (11) Green and Blue Chairs
- 2-Drawer Metal Filing Cabinets - 2 (Putty)
- 4-Drawer Metal Filing Cabinet - 1 (Black)
- (4) White Swivel Chairs with blue cushions
- (1) White Round Table - 48"
- (1) Black Console Table 46" x 15" x 27"
- (2) L-Shape Couch 69"x69" with 28" detachable back
- (2) White with purple top stools - 18" Round x 16" Height
- (1) Liberty Safe (5' x 30" x 22")
- (4) Table/Desk (25 1/2" x 30" x 48") (has electrical plugs)
- (9) Double Monitor Mounts
- (5) Wire garbage baskets

- White Boards -
 - (2) 6' x 36"
 - (1) 71" x 47"
 - (1) 70" x 35"
 - (1) 85" x 48"

- (1) 75" Flat Screen TV (Samsung)
- (2) 65" Flat Screen TV (Samsung)
- (1) 55" Flat Screen TV (Samsung)

- Computer Monitors:
 - (1) Dell 22"
 - (1) Dell 24"

(1) ViewSonic 24"
(18) Dell 27"

(5) Dell Computer Drives
(1) Dell Computer

(1) Backgammon game
(1) Poker Chip Set
(1) PlayStation 4
(3) Controllers
(10) Games

(2) Pioneer Speakers (approximately 18")

(1) HP Color Laser Jet Printer

(6) Polycom Phones
(2) Cisco Phones

(1) Amazon Basics Shredder

(1) Scan Snap (Scanner)

(4) APC Surge Protectors

(3) Desks (36" x 27" x 30") (I believe these are the "standing" desks)

(1) Desk (72" x 29" x 30") with L-attachment (71" x 29 1/2" x 19 1/2") and 4-drawer file cabinet
(28" x 20" x 14")

(1) Desk (72" x 29" x 30")

(1) Desk (5' x 30" x 22")

(1) Bookshelf (6' x 14" x 36")

(2) Metal Open Wire Storage Shelves

(1) Koby Feldmos Picture (32" x 59")
Bull pic

Miscellaneous Office Supplies

Numerous Books

Miscellaneous Server Room Items