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November 17, 2020

TO WHOM IT MAY CONCERN:

**RE: *Securities and Exchange Commission v. Kinetic Investment Group, LLC, et al.,
Commencement of Court-Approved Claims Process***

Dear Potential Claimant:

On March 6, 2020, I was appointed as Receiver over the assets of Defendant Kinetic Investment Group, LLC and Relief Defendants 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 (collectively, the “**Receivership Entities**”). One of my overarching obligations has been to maximize the identification and recovery of assets for the benefit of investors and creditors of the Receivership Entities. These efforts have been detailed in the quarterly interim reports that have been filed with the Court and which have also been published on the Receivership website at www.kineticreceivership.com.

On August 19, 2020, I filed a Motion asking the Court to establish and approve the procedures for a claims process to allow me to accept submitted claims and distribute recovered assets to those with approved claims (the “**Claims Motion**”). On November 5, 2020, the Court entered an Order approving the Claims Motion that, among other things, established the framework of a claims process, approved a Proof of Claim Form to be sent to potential claimants, and set a deadline by which all claims must be submitted. A copy of that Order, the Court-approved Claims Process Instructions (the “**Instructions**”), and the Proof of Claim Form are attached for your review. These documents are also available on the Receivership website at www.kineticreceivership.com.

Please carefully read the Instructions and Proof of Claim Form for information about the Court-approved claims process procedures and timeline. Most importantly, to have a claim considered (as an investor or any other type of creditor), the Instructions provide that you **MUST** submit a completed and signed Proof of Claim Form (or a form that substantially conforms to the attached Proof of Claim Form and which contains responses to all of the questions in the Proof of

Claim Form), so that it is **received on or before February 15, 2021** (the “**Claim Bar Date**”) at the address provided in the Proof of Claim Form and Instructions.

In addition to confirming your contact information and learning how you became associated with and/or invested with any of the Receivership Entities, the Proof of Claim Form also seeks information regarding the amount of money you invested with (and, if applicable, received from) any of the Receivership Entities. This information will be used to calculate your Net Investment Amount using a “cash-in, cash-out” method, which will represent the amount of your claim for the Receiver’s determination. As more fully explained in the Instructions, the Net Investment Amount is calculated by taking the total amount contributed by an investor and then subtracting from that amount the total net payments made to the investor or in connection with the investment. The total payments includes, among other things, an investor’s receipt of (and any out-of-pocket payments made towards) any loan from Relief Defendant KCL Services, LLC d/b/a Lendacy (“Lendacy”).

You may see that your Proof of Claim Form has an enclosed Exhibit A that contains my preliminary determination of your Total Amount Invested, Total Payments/Loans/Distributions, and a Net Investment Amount. This determination is preliminary, subject to change, and based on the records I have gathered. A positive Net Investment Amount on Exhibit A to the enclosed Proof of Claim Form does not mean that the claimant has a valid claim or that the claimant will receive the amount or a percentage of the amount identified. I reserve the right to object to any claim notwithstanding the identification of any such amount if appropriate.

For example, if an investor invested \$40,000 and received \$5,000 in payments, the investor would have a Net Investment Amount of \$35,000. Conversely, if an investor invested \$40,000, withdrew \$25,000, and received a separate Lendacy loan for \$20,000, the investor would have a Net Investment Amount of zero. The Net Investment Amount is shown as zero because an investor who received more in payments or distributions than the amount invested does not have a loss. Finally, if an investor invested \$40,000, withdrew \$25,000, received a separate Lendacy loan for \$20,000, and also made a payment towards their Lendacy loan of \$10,000, they would have a Net Investment Amount of \$5,000 because their total net payments would reflect their out-of-pocket payment of \$10,000 towards their Lendacy loan balance.

If an investor invested in his or her individual name and also in the name of an individual retirement account (“**IRA**”) or jointly with another individual, the investor will receive multiple Proof of Claim Forms. The investor must complete, sign, and return each Proof of Claim Form received to preserve all claims. If the claim is being submitted by more than one person (i.e., a joint account), all persons submitting the claim must sign the Proof of Claim Form. **Failure to return a completed and signed Proof of Claim Form for a claim so that it is received on or before the Claim Bar Date of February 15, 2021, will forever bar any claim related to your investment or amount you contend you are owed.**

I have tried to make the claims process as simple as possible, and it remains my primary goal to maximize the amount of distributions to investors and other creditors of the Receivership Entities holding approved claims. However, I must ensure that only legitimate claims are submitted to the Court for approval. The claims process and Proof of Claim Form are designed to

achieve this objective. Please be truthful in submitting your claim as you must swear under penalty of perjury that the claim you submit is true and correct.

Given that the Receivership remains active, it is premature to predict how much money will ultimately be available for distribution. In addition, the total recovery for a claimant with a legitimate and approved claim will necessarily depend on the total amount of submitted and allowed legitimate investor and other creditor claims. We will not be able to determine the total amount of allowed claims until after the claim bar date and the resolution of any claim disputes.

After the passage of the Claim Bar Date, I intend to submit my determination of each timely claim for Court approval and to seek authorization to make an initial distribution. Please feel free to visit the Receivership website at www.kineticreceivership.com for more information.

If you have any questions, please feel free to call or email Jordan Maglich at jordan.maglich@quarles.com or by telephone at 813-384-6713.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mark Kornfeld', with a long horizontal flourish extending to the right.

Mark Kornfeld, Receiver

MAK/JDM
Enclosures