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.

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**RECEIVER'S UNOPPOSED MOTION FOR AUTHORIZATION TO RETAIN
MARSHALL SWATT FOR EVALUATION OF ISX ASSET**

Mark A. Kornfeld, Esq., as Receiver (the "Receiver") appointed over Defendant

Kinetic Investment Group, LLC and Relief Defendants Kinetic Funds, LLC, KCL

Services, LLC d/b/a Lendacy, Scipio, LLC, LF 42, LLC, and KIH Inc., f/k/a Kinetic

International, LLC ("Kinetic International") (collectively, the "Receivership

Entities"), pursuant to the Court's March 6, 2020 Order Granting Plaintiff Securities

and Exchange Commission's Emergency Motion for Appointment of Receiver (the

"Order Appointing Receiver") (Doc. 34), hereby files his Unopposed Motion for

Authorization to Retain Marshall Swatt to perform an evaluation of the status and potential value of the source code of the "ISX" software technology platform developed by Kinetic International (the "ISX Asset"). In support, the Receiver states as follows:

1.   This action commenced on February 20, 2020, with the filing of the Securities and Exchange Commission's ("Commission") Complaint against Defendants and Relief Defendants, the Commission's Emergency Motion and Memorandum of Law for Asset Freeze and Other Relief (Doc. 2), and the Commission's Emergency Motion and Memorandum of Law for Appointment of Receiver (Doc. 3).

2.   Following a hearing on March 6, 2020, this Court entered the Order Appointing Receiver appointing Mark A. Kornfeld, Esq., as Receiver of all assets of the Receivership Entities. Pursuant to the Order Appointing Receiver, the Receiver is authorized to, among other things, "solicit persons and entities…to assist him in carrying out the duties and responsibilities described in this Order." *See* Order Appointing Receiver at ¶ 52. Prior to engaging any such professionals, the Receiver must first obtain an Order of this Court authorizing such engagement. *Id.* Any professionals that the Receiver engages with this Court's approval are "entitled to reasonable compensation and expense reimbursement from the Receivership Estates as described in the 'Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission'… agreed to by the Receiver." *Id.*

3.   The Complaint alleges that Williams used over $2 million in the form of two Lendacy loans to fund the operations of several Puerto Rico startup companies, including Kinetic International. Doc. 1 ₱ 37. Kinetic International apparently used hundreds of thousands of dollars from these "loans" to fund the development of a software technology platform and source code known as "ISX". The ISX source code was owned and developed by Kinetic International. Hundreds of thousands of dollars from these loans were also spent in holding a luxurious event in March 2019 at the Condado Vanderbilt Hotel in San Juan, Puerto Rico, in part, to promote the ISX platform to potential users and investors.

4.   In early May 2019, nearly all employees working for Kinetic International and El Morro Financial in Puerto Rico resigned. On May 2, 2019, Defendant Williams resigned from Kinetic International's Board of Directors. A subsequent report commissioned by Kinetic International's remaining Board of Directors found that the company had zero revenue, accounts payable of over $300,000, and liabilities of nearly $2 million. The remaining Board of Directors at Kinetic International subsequently attempted to continue developing ISX, but ultimately elected to cease operations and liquidate its assets. Among other things, this resulted in the depletion of the $550,000 that had been transferred from Kinetic Funds to assist in Kinetic International's application to be an International Financial Entity ("IFE"). The IFE license was ultimately surrendered prior to the filing of this action.

5.   The Receiver has obtained a copy what he understands to be the ISX source code. The Receiver seeks to retain a professional with the requisite expertise and understanding in order to provide an educated analysis as to the status and developmental stage of the source code, the estimated work needed to complete the source code (if necessary), and an assessment of the current and potential value of the source code. The Receiver expects to use this information in determining whether or not the ISX Asset might have any value to third parties.

6.   The Receiver seeks the Court's approval to retain Marshall Swatt (hereinafter "Swatt") to review the ISX source code and prepare an analysis and evaluation. Swatt is a Senior Project Manager and Technical Consultant with vast experience in blockchain based data and analytics platforms. He has over twenty years of architect and engineering experience, eight years of technical project management, and currently assists in the design and development of platforms for the blockchain data analytics network. Swatt is based in Syracuse, New York but assists with consulting projects around the United States and internationally. A copy of his CV is attached as **Exhibit A**.

7.   Swatt has agreed to provide an evaluation and assessment of the completeness of the ISX source code, a determination of the viability of the ISX platform, and an estimate as to the potential valuation.

8.   In consideration for the services Swatt will provide to the Receiver, Swatt proposes to charge the Receiver an hourly rate of $300. Swatt has estimated

that the review and analysis of the ISX Asset, as well as his preparation of a summary of his analysis will cost approximately $5,000 or less. The Receiver seeks authority to enter into an agreement with Swatt to perform the aforementioned services and to pay any invoices not exceeding $5,000 in total.

9.   The Receiver will take all steps to ensure that there is no duplication of efforts or expenses among any of the professionals he engages with the approval of this Court.

10.   Swatt has informed the Receiver that he does not have any conflict with serving the Receiver in this case.

WHEREFORE, the Receiver respectfully requests that this Court enter an Order authorizing the Receiver to retain and employ Marshall Swatt to provide services to the Receiver in connection with the analysis and valuation of the ISX Asset and for such other and further relief as is just and proper.

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LOCAL RULE 3.01(g) CERTIFICATION

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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.

Respectfully submitted,

/s/ Lauren V. Humphries
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CERTIFICATE OF SERVICE

I hereby certify that on March 18, 2021, 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/ Lauren v. Humphries
Attorney

SEC vs. Kinetic Investment Group, LLC, et al
CASE NO.: 8:20-cv-394

EXHIBIT "A"

MARSHALL SWATT
marshallswatt@gmail.com | c646 391 4669 | linkedin.com/in/marshallswatt | Syracuse, NY

CTO

Blockchain technology executive with business and engineering expertise applied to the development of complex blockchain applications. 6 years of blockchain industry experience. 5 years' CTO/CISO experience. 8 years' technical project management experience. 20+ years' architect and engineering experience. Participated in two software M&A deals. Formed and led several teams of engineers and non-technical staff. Responsible for staffing, planning, budgeting, and execution. *Core competencies*:

Strategic & Organizational Planning • Recruiting & Staffing • Team Leadership & Effective Communication
Integration Management • Process Redesign & Change Management
Critical Thinking • Coordination & Execution • Software Architecture Design & Management
Software Development Lifecycle Management

SELECTED ACHIEVEMENTS

- Managed the design and development of a real-time data and analytics platform for blockchain network data at EVI, Inc., launched in under six months. (blockchain, fintech)
- Managed the design and development of a secure, low-latency and asynchronous bitcoin exchange platform at Coinsetter. Launched debut in under nine months. Participated in two software M&A deals at Coinsetter: acquisition of foreign competitor, CaVirtEx, and sale of the combined business to Kraken, a Silicon Valley unicorn. Acquired within three years of seed funding. (blockchain, fintech)
- Architect and engineer for the design and development of a real-time advertising platform at Opt-Intelligence, that achieved $10M in revenue within 2 years of launch. (AdTech)
- Architect and Engineer for a low-latency SMS inter-carrier routing platform at Mobile Spring, handling 200MM+ in daily message traffic among global telco carriers. Later acquired by Real Networks. (telecom)
- Architect and Engineer for Citi VelocityFX institutional foreign currency exchange, which handled $5BB+ in daily notional trading volume upon debut. (fintech)
- Architect and Engineer for Condé Nast's Magnet platform, handling millions of daily users across over two dozen publications, including The New Yorker, Architecture Digest and Vanity Fair. (digital media)

PROFESSIONAL EXPERIENCE

Consultant Miami, FL (1/2019 – PRESENT)
Senior Technology & Management Consultant, Client Projects

HXRO, *Chicago, IL* – Worked with founders to draft a strategic growth plan for their engineering department. Reviewed engineering software, systems and components. Assessed staffing needs, proposed head counts, determined technical roles and requirements, set hiring priorities, and outlined a roadmap for talent acquisition and growth. Presented an operational structure for engineering that would allow the business to achieve three parallel needs: 1). Scale the platform's capacity 2). Maintain uptime and reliability of existing services and 3). Ensure continuous release of new development pipelines.

Nelson Mullins Law Firm, *Miami, FL* - Managed a project to recover crypto assets from the M1 Global $1B+ receivership. Drafted a recovery plan for court-appointed receiver that included securing all known assets, performing a comprehensive audit of financial funds flows, and recommending a reliable

process of sale of crypto assets. Oversaw implementation to ensure timely recovery of all assets in under four months.

Incubating Hedge Fund, *Mexico City, Mexico* – Acted as interim Operations and Technology Manager for a small hedge fund startup, to establish operations and engineering departments. Hired initial staff for engineering, accounting and operations departments. Established departmental structures and processes and managed teams for over six months to establish norms and achieve productivity. Provided project management training to the CTO.

EVI, Inc. Miami, FL (2/2016 – 1/2019)
Founder
Led the development of a blockchain exchange and data analytics platform, providing real-time time-series data on 15 blockchain networks and 600+ ERC20 token assets. Hired the engineering team, managed the design and development of the project from inception through launch in less than 8 months. Platform ran 15 separate network nodes and extracted data in real-time. *Technologies*: Java, J2EE, Python, JavaScript, Node.js, SQL, ActiveMQ, MySQL, Nginx, Jenkins, Jira, BitBucket, Maven, Artifactory, SonarQube, Packet cloud hosting.

Coinsetter, Inc. New York, NY (11/2012 – 1/2016)
CTO & CISO
Responsible for managing all technology strategy, planning and execution, and for coordinating with the business to meet overall objectives. Designed, developed, hired, and led a team of over 20 engineers to build all platform components. Successfully launched initial version of platform in eight months.

- Led strategic acquisition of Canadian exchange CaVirtEx
- Coordinated sale of company to Kraken exchange, a Silicon Valley unicorn
- Sourced and managed several teams of engineering staff
- Architected and managed all aspects of software development, cloud and dedicated hardware systems, and database systems
- CISO, responsible for company-wide security. Wrote company Security Development Lifecycle (SDL) document. One of the only bitcoin exchanges never to suffer a loss of capital or data during operations.
- Managed product backlog, led Scrum meetings and sprints, wrote technical specs, including public and internal APIs
- Designed SQL data model, with auditing, key and integrity constraints, indexes, account permissions
- Responsible for engaging with key customers and investors, evaluating vendors and strategic partners

Technologies: Java, Python, JavaScript, Shell Scripting, SQL, HTML, ActiveMQ JMS, MySQL, Redis, Tomcat, Apache, Web Sockets/Socket.io/Node.js, JSON, REST, FIX 4.4, Spring Framework and Components, Java Design Patterns, Selenium Tests, Jenkins, Jira, Gerrit, Maven, SonarQube, Artifactory, Gigaspaces Cache, Monit, UNIX, Postfix, Cloudflare, Apache Commons, Armory Wallets/API/Python Library, Simple API, IdentityMind API, numerous third-party open-source Java libraries, JQuery, Twitter Bootstrap, Twil.io API, SSH public/private keys and Certificates

Citicorp, Investment Banking Division New York, N.Y. (10/2011 – 10/2012)
Senior Software Architect & Engineer Consultant, Citi Velocity FX
Designed and developed a new retail FOREX trading platform to support retail clients and multiple liquidity providers via to process quotes and orders via FIX protocol. Developed market data quote processing engine

capable of processing tens of thousands of quotes per second across all FOREX securities supported by the bank. Supported single, mass and synthetic quote types. Re-architected legacy .NET and C++ services from institutional platform as needed to support the new retail system. *Technologies*: Java, J2EE, C#, FIX, SQLServer

Condé Nast/Advance Publications, Inc., New York, N.Y.

Senior Software Engineer

Responsible for development of digital magazine platform for the Magnet division, which supported core magazine brands such as: The New Yorker, Architecture Digest, Vanity Fair, Glamour, Allure, and eight other publications. *Technologies*: Java, J2EE, CMS, Oracle

Opt-Intelligence, Inc.

Team Lead Architect and Developer

Managed a team responsible for the design, development and launch of a real-time opt-in lead generation advertising platform for an angel funded start-up. Platform grew to support $10MM in annual revenue. *Technologies*: Java, J2EE, Spring, Struts, PostGreSQL

MobileSpring (acquired by Real Networks)

Senior Software Architect and Engineer

Re-engineered a provisioning system for a real-time inter-carrier SMS text routing platform, handling throughput of upwards of 200MM messages per day. *Technologies*: Java, Oracle

───────────────── EDUCATION ─────────────────

GEORGETOWN UNIVERSITY, B.S. Business Administration

───────────────── TECHNICAL SKILLS ─────────────────

- Programming: Java, Python, SQL, JavaScript, Node.JS, React, HTML, CSS, shell scripting
- J2EE frameworks and libraries (Spring, Struts, Hibernate, Apache Commons, Server Containers, etc.)
- Databases: MySQL, Oracle, MongoDB
- Experience with blockchain nodes, wallets, APIs
- Caching: MemCache, Gigaspaces, ehCache, custom implementations
- Server Containers: Apache Tomcat, JBoss, NGINX, FIX engines (FIXForJ, QuickFIX), Messaging Systems (Tibco RV/EMS)
- Tools: GIT, SVN, CVS, build management (Maven, Ant), Docker
- IDE: Eclipse, Netbeans, IntelliJ, Atom
- Standards: Design Patterns, REST, AJAX, JSON, Web Sockets, Internet Protocol Stack
- Software and Hardware Security, security development lifecycle, basic cryptography
- UNIX/Linux, Mac OS, Windows

───────────────── AFFILIATIONS ─────────────────

NY Java SIG • Bitcoin Foundation

Endeavor Mentor • Founder's Institute Advisor