

**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-MSS-SPF

Defendants, and

**KINETIC FUNDS I, LLC,
KCL SERVICES, LLC d/b/a LENDACY,
SCPIO, LLC, LF42, LLC, EL MORRO
FINANCIAL GROUP, LLC, and
KIH, INC. f/k/a KINETIC INTERNATIONAL, LLC,**

Relief Defendants.

**RECEIVER'S ELEVENTH INTERIM OMNIBUS APPLICATION FOR
ALLOWANCE AND PAYMENT OF PROFESSIONALS' FEES
AND REIMBURSEMENT OF EXPENSES FOR
JULY 1, 2022 – SEPTEMBER 30, 2022¹**

Mark A. Kornfeld, Esq., in his capacity as the court-appointed Receiver (the "Receiver") for Defendant, Kinetic Investment Group, LLC, and Relief Defendants, Kinetic Funds I, LLC, KCL Services, LLC d/b/a Lendacy, Scpio, LLC, LF 42, LLC, El Morro Financial Group, LLC, and KIH Inc., f/k/a Kinetic International, LLC (collectively, the "Receivership Defendants"), moves this Court for the entry of an order awarding fees and reimbursement of costs to the Receiver and his

¹ See Order Appointing Receiver (Doc. 34) at ¶ 54.

professionals whose retention has been approved by the Court. *See* Docs. 41-43, 47, 154, 207. This motion covers all fees and costs incurred from July 1, 2022, through September 30, 2022 (the “Application Period”). The Securities and Exchange Commission’s (the “SEC” or “Commission”) Standardized Fund Accounting Report (“SFAR”) for this period is attached hereto as **Exhibit 1**. The Commission does not oppose this Motion, and Defendant Williams does not take a position on the Motion. In support thereof, the Receiver states as follows:

I. Preliminary Statement

The Receiver seeks Court approval to pay the sum of **\$65,542.37** to the professionals engaged by the Receiver for fees incurred and reimbursement of **\$0** in expenses for a total payment of **\$65,542.37**. This Application includes time billed for the three-month period from July 1, 2022 through September 30, 2022. The professionals who seek payment hereunder have made various accommodations given the public interest nature of this appointment, including providing a discount to their normally-charged rates, agreeing to seek payment of fees on a quarterly basis, and not seeking payment for any time incurred prior to the Receiver’s appointment.

This is an extremely complex receivership involving the simultaneous operation of multiple sub-funds in a hedge fund structure, a purportedly independent-yet-intertwined and financially-related lending platform, and the use of investor funds to purchase at least two parcels of real estate and fund the operation of no less than three companies in Puerto Rico. The Receiver has also faced challenges in carrying

out his duties given the current COVID-19 pandemic. Despite these challenges, the Receiver and his retained professionals have worked expeditiously and efficiently to provide valuable services and secure investor assets, have billed at significantly reduced rates, and are entitled to reasonable payment of the fees and reimbursement of their expenses.

For the time covered by this Motion,² the Receiver and his Retained Professionals have performed extensive and valuable services on behalf of the Receivership estate which include, but are not limited to, the following:

1. Communicated with Real Estate Professionals, Managers of Real Property, and Prospective Buyer of Villa Gabriela Properties in connection with Motion to Approve the Sale of the Villa Gabriela Properties (Doc. 275).

- The Receiver and his staff professionals have continued communicating with the Real Estate Professionals involved in the potential sale of the Villa Gabriela Properties during the time period the sale remained pending before the Court. By virtue of holding title to the Villa Gabriela, Receiver is responsible for all continued expenses of the Properties and holding approximately \$63,000.00 in escrow (via his Real Estate Professionals) for the prospective Buyer. Since the filing of the Motion to Approve Sale in April of 2022, the Receiver has received multiple inquiries from the prospective Buyer regarding the timeline of the approval. Receiver has continued to keep Buyer informed on the progression of the potential sale and regularly works with his professionals to ensure all management fees for the Villa Gabriela Properties are paid timely. Until title can be transferred to the Buyer, the Receiver will continue to handle and manage the Real Property as an asset of the Receivership Estates.
- In connection with the Receiver's efforts to transfer title of the Villa Gabriela properties in San Juan, Puerto Rico from Defendant Williams to the Receiver, as provided in the Court's Order approving the Receiver's Motion for Turnover (Doc. 72), Receiver also was required to utilize his Puerto Rico counsel to address and resolve several existing deficiencies from the previous sale to Defendant Williams. After obtaining title, the Receiver was able to

² Neither the Receiver nor his attorneys charged for the time spent preparing this motion.

gain access to, and assess the condition of, the Villa Gabriella properties. The Receiver then worked with his Puerto Rico legal counsel to list the Villa Gabriela properties for sale, and details of the listing are posted on the Receiver's website at www.kineticreceivership.com/assets-for-sale. Following extensive marketing efforts and bidding process (which included interest from over two dozen potential buyers), the Receiver ultimately agreed to sell the Properties for \$2,100,000.00 to Allan Rothstein (the "Purchaser"), as set forth in the Purchase and Sale Agreement. The proposed sale price is 40% higher than the price previously paid by Williams using funds traceable to investor deposits. On April 1, 2022, the Receiver filed Receiver's Motion for Approval of the Sale of the (1) Private Sale of Puerto Rico Real Properties and Parking Spaces; and (2) Proposed Publication, Marketing, and Overbid Procedures Associated with the Sale of the Real Properties. (Doc. 275).

- On April 15, 2022, Defendant Williams filed his Response in Opposition to the Receiver's Motion for Approval of Sale of Condos (Doc. 277.) In this Response, Defendant Williams puts forward multiple scattered arguments asking the Court to deny the approval of the sale. In this Motion, Defendant Williams' expressly ignores the previously-entered Joint Stipulation, in which he agreed that title to the Real Property would be transferred to the Receiver. (Doc. 103.) Williams also agreed to "use reasonable and best efforts to cooperate with the Receiver to effect the transfer of ownership." (Doc. 103, ¶¶ 5, 6.) At the point where Receiver is in the final stages of receiving approval of the sale from the Court, Williams claims he engaged in no "wrongdoing" and that the sale should not be approved. (Doc. 103.) To address Defendant Williams' opposition to the approval of the sale, Receiver and Receiver's staff have expended valuable resources to prepare a seven-page memorandum in Reply (Doc. 281) and by continuing to handle the administrative costs of the Receivership Estates' Real Property. The real estate professionals, hired by the Receiver to handle the sale, have been holding \$63,000.00 of buyer's escrow funds for approximately four months. These professionals cannot release the funds until the sale is approved. Every month that Receiver continues to hold title to the Real Property, Receiver must continue to pay administrative costs in the form of Homeowners Association Fees and Real Property Taxes. Receiver will continue to adamantly oppose Defendant Williams' arguments that the sale should not be approved by the Court.

2. Requested Court Approval for Second Interim Distribution to Claimants.

- On September 15, 2022, the Receiver filed his Unopposed Motion to Approve Second Interim Distribution, in which the Receiver sought an Order approving a distribution of \$3,500,000.02 to Claimants. This distribution amount represents a recovery of 10.6% of the Total Allowed

Amounts of Investor Claims. At present, the Receiver awaits Court Approval to move forward with the requested distribution amount. Once the Receiver receives an Order from the Court, the Receiver will promptly remit checks to Claimants as designated in Exhibit A of the Motion.

3. Reviewed Potential Third-Party Claims and continued work to bring in funds to the Receivership Estates.

- The Receiver has identified various potential claims with respect to third-parties that may have received improper transfers consisting of investor assets. After the Court granted his Unopposed Motion to Approve Procedure to Pursue Potential Third Party Claims, the Receiver and his professionals continued evaluating those potential claims pursuant to the procedures approved by the Court. In May 2021, the Receiver and his professionals sent demand letters to various individuals seeking the return of funds the Receiver believes are rightfully owing to the Receivership Entities. For several of those claims, the Receiver has reached an agreement to recover the full amount sought. For other claims, the Receiver is continuing to pursue a beneficial outcome which could include filing litigation against those third-parties. For one of those claims, the Receiver filed a motion seeking the Court's approval of a negotiated settlement (Doc. 271). During the Reporting Period, Receiver has engaged multiple individuals regarding debt repayment plans. Receiver continues his efforts to obtain funds from these individuals through individualized payments plans.

4. The Eleventh Interim Report

- The Receiver prepared and filed his Eleventh Interim Report on October 28, 2022 (Doc. 295), which provided a comprehensive summary, analysis, and supporting documentation of the Receiver's continuing investigation as well as the tracing of investor funds.

4. Continued Investigation and Review of Relevant Documentation and Information

- The Receiver and his professionals continued their investigation of the business operations of the various Receivership Entities. This included identifying, obtaining, and reviewing relevant documentation and information from the Receivership Entities' offices and interviewing various individuals.

5. Attended To Litigation Matters

- The Receiver continues to monitor the Court's docket given that the Commission's claims against Mr. Williams remain pending.

6. Continued Investor Outreach and Website Updates

- The Receiver responded to phone calls and written communications from Kinetic Funds investors and continued to provide updates and announcements on the informational website at www.kineticreceivership.com for investors and other interested parties.

The above activities are discussed in more detail in the Receiver's Eleventh Interim Report which was filed on October 28, 2022 (Doc. 295) (the "Eleventh Report"), as well as the Receiver's previously-filed Interim Reports which are available on the Receiver's website at www.kineticreceivership.com. The Receiver incorporates the Eleventh Report into this Application and attaches a true and correct copy of the Eleventh Report as **Exhibit 2** for the Court's convenience.

II. Background

On February 20, 2020, the Commission filed a complaint (Doc. 1) (the "Complaint") in the United States District Court for the Middle District of Florida (the "Court") against the Defendants Kinetic Investment Group, LLC and Michael S. Williams and Relief Defendants 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, alleging that the 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. Doc. 1.³

According to the Complaint, the scheme involved securities offerings made on behalf of Relief Defendant Kinetic Funds, a purported hedge fund with a sub-fund structure managed by Defendants Kinetic Investment Group, LLC (“Kinetic Investment”) and Williams. Defendants represented to investors that the largest sub-fund, Kinetic Funds Yield (“KFYield”), invested all of its assets in income-producing U.S. listed financial products hedged by listed options. *Id.* ¶ 2. Potential investors were told that KFYield was a liquid investment that would “maintain 90% principle [sic] protection” and that an investor could redeem their principal investment “100%...without penalties” with a 30-day written notice. *Id.* ¶¶2, 28.

Investors in the KFYield fund, which attracted the near-entirety of investor funds, were also often provided with documentation from Bloomberg’s reporting service containing claims about KFYield’s performance including that the fund had achieved positive annual returns every year since inception. Many, but not all, KFYield investors were also attracted to the investment opportunity given the advertised ability to simultaneously obtain a low- interest loan at the time of their investment from Relief Defendant KCL Services d/b/a Lendacy (“Lendacy”) based on the amount of their KFYield investment. Investors understood that Lendacy utilized its own private funding source to make the low-interest loans.

³ On April 27, 2020, Williams served his Answer and Affirmative Defenses largely denying the Commission’s allegations (Doc. 56).

On March 6, 2020, the Court granted the Commission's Motion for Appointment of Receiver and entered an Order appointing Mark A. Kornfeld as the Receiver over Defendant Kinetic Investment Group, LLC and the Relief Defendants ("Order Appointing Receiver") (Doc. 34). The Receiver's preliminary investigation has uncovered evidence supporting the Commission's allegations that Defendants made a number of misrepresentations relating to the promised and actual use of investor funds and the performance of the Kinetic Funds portfolios. The Receiver's preliminary forensic accounting also shows that at least \$6 million of investor funds were either misappropriated or otherwise diverted to other projects and expenses unrelated to the Kinetic Funds investment opportunity.

A mediation was held on August 28, 2020, but resulted in an impasse (Doc. 132). Both the Commission and Mr. Williams have filed motions for summary judgment. On July 21, 2021, the Court granted the Commission's request to postpone the trial pending resolution of the pending case-dispositive motions (Doc. 257).

III. Professional Services

Pursuant to the Order Appointing Receiver, the Receiver obtained approval to engage various Retained Personnel to assist him in carrying out his duties and responsibilities in the Order Appointing Receiver. The Order Appointing Receiver further set forth the frequency and procedures pursuant to which the Receiver was to seek compensation and expense reimbursement for the Receiver and his Retained Professionals. Doc. 34 ¶¶ 53-54. In accordance with the Commission's Billing Instructions, the Receiver states as follows:

(a) **Time period covered by the Application:** July 1, 2022 – September 30, 2022.

(b) **Date of Receiver's appointment:** March 6, 2020.

(c) **Date services commenced:** February 14, 2020.⁴

(d) **Names and rates of all professionals:** See Exs. 5-6.

(e) **Interim or Final Application:** Interim.

(f) **Records supporting fee application:** See below.

The following exhibits are provided in accordance with the Billing Instructions:

Exhibit 3: Receiver's Certification

Exhibit 4: Total compensation and expenses requested; any amounts previously requested; and total compensation and expenses previously awarded

Exhibit 5: Fee Schedule: Names and Hourly Rates of Professionals and Paraprofessionals & Total Amount Billed for each Professional and Paraprofessional:

Exhibit 5(a): Buchanan Ingersoll & Rooney PC

Exhibit 5(b): YIP Associates

Exhibit 5(c): E-Hounds

Exhibit 5(d): PDR CPAs + Advisors

Exhibit 5(e): IRW Law Offices

⁴ As further described in the Receiver's First Omnibus Fee Application, the Receiver and his professionals began undertaking efforts in the weeks prior to his appointment to prepare for the possibility of the Order Appointing Receiver being entered at or following the hearing on March 6, 2020, but neither the Receiver nor his Professionals sought reimbursement of those fees or expenses.

Exhibit 6: The Professionals' time records for the time period covered by this Application, sorted in chronological order, including a summary and breakdown of the requested reimbursement of expenses:

Exhibit 6(a): Buchanan Ingersoll & Rooney PC

Exhibit 6(b): YIP Associates

Exhibit 6(c): E-Hounds

Exhibit 6(d): PDR CPAs + Advisors

Exhibit 6(e): IRW Law Offices

IV. Case Status

(a) Cash on hand

As of the date of this Application, the Receivership bank accounts have a cumulative balance of \$6,616,360.85.⁵

(b) Summary of the administration of the case

Since his appointment on March 6, 2020, the Receiver has administered the case with the objective of efficiently fulfilling his duties under the Order Appointing Receiver while doing so as cost-effectively as possible by, wherever available, leveraging the use of professionals with favorable rate structures.

During this reporting period, the Receiver has focused on (i) continuing his investigation of the underlying business operations of the various Receivership

⁵ This balance includes approximately \$234,526.78 in funds previously held in Mr. Williams' prior counsel's trust account and which were subsequently transferred to the Receiver's fiduciary accounts to be held in trust pending further Order from the Court. In the interim, the Court has authorized the payment of various living and legal expenses to or for Mr. Williams' benefit.

Entities, (ii) enhancing and preserving the value of Receivership assets, including exploring potential third party claims and serving demand letters on third parties and also continuing the process of preparing for the sale of the Villa Gabriela real estate in Puerto Rico, (iii) investigating potential avenues to recover additional assets, and (iv) continuing to implement a Court-approved claims process that included making a First Interim Distribution to Investor Claimants. Although the Receiver has made significant progress, Defendant Williams continues to contest the Commission's allegations and thus the Receiver is unable to offer an estimate as to when the case is expected to close.

(c) Summary of creditor claims proceedings

The Receiver, along with his Retained Professionals, undertook significant efforts to understand the relationship between the Receivership Entities and current and former investors in order to determine the most equitable framework for a Court-approved claims process to return investor funds. Complicating this analysis was the fact that many of the current and former investors in Kinetic Funds also obtained a loan (or loans) from Receivership Entity Lendacy, which required the Receiver and his forensic professionals to conduct a full forensic analysis of the flow of funds between investors and all Receivership Entities over a seven-year period based on available financial records.

Following the Court's approval of the Receiver's Amended Motion to Establish and Approve (i) Procedure to Administer and Determine Claims; (ii) Proof of Claim Form; and (iii) Claims Bar Date and Notice Procedures (Doc. 155), the

Receiver mailed out over 100 proof of claim packets to potential claimants and creditors on November 17, 2020, published notification of the claim bar date of **February 15, 2021** in specified newspapers and his website, and filed his Notice of Publication and Claim Bar Date (Doc. 165). The Receiver ultimately received 37 proof of claim packets.

On June 18, 2021, the Receiver filed his Claims Approval Motion in which he requested the Court's approval of his determinations of the approval and priority of the submitted claims as well as a plan for distribution. The Court entered an Order granting the Claims Approval Motion on July 21, 2021 (Doc. 256). After the passage of time to implement the Objection Procedure, the Receiver filed his Unopposed Motion to Approve First Interim Distribution (the "Distribution Motion") on September 3, 2021 in which he requested Court approval to make an initial interim distribution to eligible Investor Claimants consisting of 40% of each Investor Claimant's approved claim. Doc. 263. On October 29, 2021, the Court entered an Order granting the Distribution Motion, and the Receiver mailed out the approved distribution checks within the 10-day period following the Court's Order. On September 15, 2022, the Receiver filed his Unopposed Motion to Approve Second Interim Distribution, in which the Receiver requested approval to distribute \$3,500,000.02 as set forth in Exhibit A to the Motion. This Distribution represents a recovery of 10.6% of the Allowed Amounts of Investor Claims. At present the Receiver awaits the Court Order on the second distribution. The Receiver will also continue to evaluate an appropriate time to seek Court approval for any additional

distributions. At this stage, the Receiver does not believe that sufficient funds exist to satisfy all anticipated investor claims in full.

(d) Description of assets

In addition to the descriptions provided herein, for detailed information about the assets of the receivership estate, including the anticipated or proposed disposition of the assets, the Receiver respectfully refers the Court and interested parties to the Eleventh Report attached hereto as **Exhibit 2**.

(e) Description of liquidated and unliquidated claims held by the Receiver

The Receiver continues to review potential causes of action against the principals of the Receivership Defendants and various third parties, which claims remain subject to the Receiver's ongoing investigation with the assistance of his legal and forensic professionals. These claims may include common law claims and claims under fraudulent transfer statutes. While the Receiver cannot yet predict the likelihood, amount or cost-effectiveness of particular claims or the claims as a whole, the Receiver continues to diligently evaluate claims against third parties.

V. Services Provided And Compensation Sought By The Professionals

(a) Services Provided By The Receiver And Buchanan Ingersoll & Rooney PC

The Receiver is a Shareholder at the law firm of Buchanan Ingersoll & Rooney PC ("Buchanan Ingersoll"). The Receiver has practiced law for nearly thirty years and has experience handling fraud recovery cases. The Receiver initially obtained Court approval to retain the services of Quarles & Brady, LLP ("Quarles & Brady")

to serve as his legal counsel. As an accommodation to the Receiver and the public interest nature of this matter, Quarles & Brady agreed to reduce the billing rate of its professionals for this case as provided in the Fee Schedule attached hereto as **Exhibit 5(a)** which was, on average, more than 20% (and in some instances, closer to 30%) less than the customary rate charged to clients. To date, these discounts resulted in a total reduction of over \$100,000 from the rates customarily charged by Quarles & Brady attorneys to clients. As of December 14, 2020, the Receiver and his counsel became associated with Buchanan Ingersoll. The Court approved the retention of Buchanan Ingersoll on December 9, 2020 (Doc. 159), including Buchanan Ingersoll's agreement to continue the reduced existing billing rate of the Receiver and his professionals. To date, these discounts resulted in a total reduction of over \$100,000 from the rates customarily charged by Buchanan Ingersoll attorneys to clients.

The standard hourly rate which the Receiver charges clients begins at (and often exceeds) \$625. The Receiver agreed that for purposes of his appointment as the Receiver, his hourly rate would be reduced to \$437.50 per hour, representing approximately a thirty percent (30%) discount off the standard hourly rate which he charges clients in comparable matters. This rate was set forth in the Commission's Motion to Appoint Receiver, which the Court granted on March 6, 2020 (Doc. 34). During the time covered by this motion, the Receiver seeks compensation for 107.30 hours expended on this Receivership but only seeks compensation for 107.10 of those hours for a total of \$46,856.25 in legal services and \$0 in costs. The statement summarizing the services rendered by the Receiver is attached as **Exhibit 6(a)**.

During the period covered by this Application, Buchanan Ingersoll spent 62.4 hours assisting the Receiver in fulfilling his duties under the Order Appointing Receiver, but only seeks compensation for 49.90 of those hours. Buchanan Ingersoll seeks compensation for professional services in the amount of \$13,473.00 and costs in the amount of \$0. The statement summarizing the services rendered by Buchanan Ingersoll is also encompassed within **Exhibit 6(a)** attached hereto. The work performed by Buchanan Ingersoll has been focused on investigating the fraud and related activities underlying this matter; locating and taking control of Receivership assets; investigating and pursuing additional assets for the Receivership, and coordinating the framework and procedures for a Court-approved claims process as detailed in the Interim Report. For the period from July 1, 2022 through September 30, 2022, the Receiver requests that the Court award the Receiver and Buchanan Ingersoll fees for professional services rendered and costs incurred in the amounts of \$55,643.62 and \$0, respectively, for a total of \$55,643.62 ⁶.

The Receiver and his legal professionals with Buchanan Ingersoll provided these services to investigate the affairs of the Receivership Entities, preserve Receivership assets and attempt to locate and recover additional assets, and to distribute assets to Investor Claimants with approved claims. These services were incurred in connection with the administration of the Receivership and are for the

⁶ The Receiver provided a 10% discount off the original fee invoice amount of \$60,329.25, which lowered the total Receivership fee invoice sum by \$4,685.63 for a total due and owing of \$55,643.62. The itemized amounts in the Receiver and Buchanan invoices show the hourly amount prior to the 10% discount, which is reflected on Pg. 1 in “Invoice Summary.”

benefit of aggrieved investors, creditors, and other interested parties of the Receivership Entities. All of the services for which compensation is sought were rendered on behalf of the Receivership Entities and in furtherance of the duties of the Receiver, and in discharge of the Receiver's responsibilities under the Order Appointing Receiver.

(b) Services Provided By Yip & Associates

The Receiver obtained Court approval to retain the services of Yip Associates, experienced forensic accountants, to assist in investigating and analyzing the flow of funds both into and out of the various businesses operated by the Receivership Entities, and to assist in locating any additional funds. Yip & Associates has significant experience conducting forensic and fraud investigations in actions brought by state and federal regulators including the Securities and Exchange Commission. As set forth in the Receiver's Motion to Retain Yip & Associates, Yip & Associates agreed to reduce the rates of its professionals for this case. Hal Levenberg, a Director at Yip & Associates whose normal hourly rate charged to clients is \$395, agreed to cap his rate at \$295 which is the same rate charged by the Receiver's lead counsel, Jordan D. Maglich. Yip & Associates also agreed to discount the hourly rates charged by associates and senior associates from \$195 to \$245 to \$175 and \$220, respectively.

The Receiver has relied on Yip & Associates' extensive forensic accounting experience to assist him in understanding the complex relationship between the various Receivership Entities as well as account for the numerous inflows and outflows over the past seven-year period for which the Receiver has obtained

voluminous banking and brokerage statements. These services were instrumental to helping the Receiver understand and account for the flow of funds between the various entities and also saved the Receiver considerable time in preparing various documents and pleadings incorporating this forensic analysis including the Interim Reports. Yip & Associates also provided necessary services to allow the Receiver to efficiently formulate a Court-approved claims process that ultimately resulted in the Receiver's mail-out of over 100 proof of claim packets to potential claimants and creditors, the review and determination for each of the submitted claims, and the preparation of the checks mailed out in the Court-approved First Interim Distribution.

During the period covered by this Application, Yip & Associates billed 15.5 hours in assisting the Receiver in fulfilling his duties under the Order Appointing Receiver and the Receiver seeks \$4,132.50 in professional fees for Yip & Associates for this third quarter period.

(c) Services Provided By E-Hounds, Inc.

The Receiver obtained Court approval to retain the services of E-Hounds, Inc. ("E-Hounds") to assist with managing and facilitating access to data imaged from electronic devices and hardware belonging to the Receivership Entities. As set forth in the Receiver's Motion to Retain Information Technology Professionals) (the "IT Motion") (Doc. 38), E- Hounds principal Adam Sharp has extensive experience in this field and also with assisting court-appointed receivers including in matters brought by the SEC. As an accommodation to the Receiver, E-Hounds agreed not to

charge an up-front retainer and provided preferred hourly rates ranging from \$195 to \$250 for customary forensic imaging tasks.⁷ The Receiver has leveraged E-Hounds' lower rate structure to identify and preserve electronic data obtained from Receivership Entities' computer servers, electronic devices and paper files located at the Sarasota office and utilize the firm's review platform as a central review platform on a flat-fee structure with no additional servicing or storage fees. The Court granted the Receiver's Motion to retain E-Hounds on March 6, 2020 (Doc. 42).

The extent of services provided by E-Hounds to the Receiver during this application period has primarily consisted of updating and maintaining the document review platform and, where necessary, performing one-off forensic imaging tasks. The Receiver anticipates that this will remain the primary services provided by E-Hounds for the foreseeable future. During the period covered by this Application, E-Hounds seeks reimbursement of expenses in the sum of \$1,485.00. A copy of the statement summarizing the services rendered by E-Hounds is attached hereto as **Exhibit 6(b)**. The Receiver requests that the Court award E-Hounds fees for costs incurred from July 1, 2022 through September 30, 2022, in the amount of \$1,485.00.

(d) Services Provided By PDR CPAs + Advisors.

The Receiver obtained Court approval to retain the services of PDR CPAs + Advisors ("PDR") to handle tax-related issues for the Receivership Entities. (Doc.

⁷ E-Hounds' fee proposal, which was included in the Receiver's IT Motion, also included additional fees and services for non-customary tasks including expert witness and "triage reporting" services. Doc. 38 Ex. 2.

47.) This includes the preparation of any required tax-related documents as well as analyzing previous tax documents to assist the Receiver in performing his duties. PDR's principal, Bill Price, routinely provides tax and accounting services in receivership matters. During the period covered by this Application, PDR billed 20.35 hours in assisting the Receiver in fulfilling his duties under the Order Appointing Receiver, which included the efforts to determine the calculations for a Second Interim Distribution to Claimants, and seeks professional fees in the sum of \$4,016.25 as set forth in the invoices attached as **Exhibit 6(c)**. The Receiver requests that the Court award PDR fees for professional services rendered and costs incurred from July 1, 2022 through September 30, 2022, in the amount of \$4,016.25.

(e) Services Provided By IRW Law Offices.

In connection with his efforts to market and sell various Receivership real property located in Puerto Rico, the Receiver obtained Court approval to retain the services of IRW Law Offices ("IRW") based in Puerto Rico to provide legal services to the Receiver regarding those efforts. (Doc. 154). This includes the preparation of necessary sale-related documents and other services to assist the Receiver in performing his duties. During the period covered by this Application, the Receiver required IRW's assistance in handling various tasks associated with the Villa Gabriela property, including the ongoing process of addressing and correcting title issues and also completing the transfer of title of the property from Mr. Williams to the Receiver. During this period, IRW seeks compensation for 13.50 hours expended on this matter and billed the Receiver for professional services rendered in the amount of \$265.00

and expenses of \$0 as set forth in the invoices attached as **Exhibit 6(d)**. The Receiver requests that the Court award IRW fees for professional services rendered from July 1, 2022 through September 30, 2022, in the amount of \$265.00.

MEMORANDUM OF LAW

A receiver appointed by a court who reasonably and diligently discharges his duties is entitled to be fairly compensated for services rendered and expenses incurred. *See SEC v. Elliott*, 953 F.2d 1560 (11th Cir. 1992) (“[I]f a receiver reasonably and diligently discharges his duties, he is entitled to compensation.”); *Donovan v. Robbins*, 588 F. Supp. 1268, 1272 (N.D. Ill. 1984) (“[T]he receiver diligently and successfully discharged the responsibilities placed upon him by the Court and is entitled to reasonable compensation for his efforts.”); *SEC v. Custable*, 1995 WL 117935 (N.D. Ill. Mar. 15, 1995) (receiver is entitled to fees where work was of high quality and fees were reasonable); *SEC v. Mobley*, 2000 WL 1702024 (S.D.N.Y. Nov. 13, 2000) (court awarded reasonable fees for the receiver and his professionals). In determining reasonable compensation for the services rendered by the Receiver and his Professionals, the Court should consider the circumstances surrounding the receivership. *See Elliot*, 953 F.2d at 1577.

In addition to fees, the receiver is “also entitled to be reimbursed for the actual and necessary expenses” that the receiver “incurred in the performance of [its] duties.” *Fed. Trade Comm’n v. Direct Benefits Grp., LLC*, 2013 WL 6408379, at *3 (M.D. Fla. 2013). The Receiver and his Professionals support their claims for reimbursement

of expenses with “sufficient information for the Court to determine that the expenses are actual and necessary costs of preserving the estate.” *SEC v. Kirkland*, 2007 WL 470417, at *2 (M.D. Fla. 2007) (citing *In re Se. Banking Corp.*, 314 B.R. 250, 271 (Bankr. S.D. Fla. 2004)).

Here, because of the nature of this case, it was necessary for the Receiver to employ attorneys, accountants, and professionals experienced and familiar with financial frauds, federal receiverships, securities laws, banking, finance, and trusts and estates. Further, in order to perform the services required and achieve the results obtained to date, the skills and experience of the Receiver and the Professionals in the areas of fraud, securities, computer and accounting forensics, and financial transactions were indispensable.

The Receiver and his legal, forensic, and information technology professionals have each discounted their normal and customary rates as an accommodation to the Receivership and to conserve Receivership assets. The rates charged by the attorneys and paralegals are at or below those charged by attorneys and paralegals of comparable skill from other law firms in the Middle District of Florida. This case has been time-intensive for the Receiver and his Professionals because of the need to resolve many issues rapidly and efficiently. The attached Exhibits detail the time, nature and extent of the professional services rendered by the Receiver and his Professionals for the benefit of investors, creditors, and other interested parties. The Receiver anticipates that additional funds will be obtained through the Receiver’s negotiations or litigation with third parties.

The Receiver is sensitive to the need to conserve the Receivership Entities' assets and respectfully submits that the fees and costs expended to date were reasonable, necessary, and benefited the Receivership. Notably, the Commission has no objection to the relief sought in this motion. *Custable*, 1995 WL 117395, *7 (“In securities law receiverships, the position of the SEC in regard to the awarding of fees will be given great weight.”)

CONCLUSION

Under the terms and conditions of the Order Appointing Receiver, the Receiver, among other things, is authorized, empowered, and directed to engage professionals to assist him in carrying out his duties and obligations. The Order further provides that he apply to the Court for authority to pay himself and his Professionals for services rendered and costs incurred. In exercising his duties, the Receiver has determined that the services rendered and their attendant fees and costs were reasonable, necessary, advisable, and in the best interest of the Receivership.

WHEREFORE, Mark A. Kornfeld, the Court-appointed Receiver, respectfully requests that this Court award the following sums and direct that payment be made from the Receivership assets:

Mark A. Kornfeld, Esq. and Buchanan Ingersoll	\$55,643.62
YIP Associates	\$4,132.50
E-Hounds	\$1,485.00

PDR CPAs + Advisors	\$4,016.25
IRW Law Offices	\$ 265.00
TOTAL:	\$65,542.37

A proposed Order is attached as **Exhibit 7**.

WHEREFORE, the Receiver seeks entry of an Order granting this motion and awarding the Receiver and his professionals their interim fees, reimbursement of costs, and for such other relief that is just and proper.

LOCAL RULE 3.01(g) CERTIFICATION

Pursuant to Local Rule 3.01(g), the Receiver hereby certifies that he has conferred with counsel for Plaintiff, Securities and Exchange Commission, which does not oppose the requested relief. The Receiver has also conferred with counsel for Defendant Michael S. Williams, who takes no position on the requested relief.

Respectfully submitted,

BUCHANAN INGERSOLL & ROONEY PC

/s/ Lauren V. Humphries
Lauren V. Humphries, Esq. (FBN 117517)
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Tampa, FL 33602
Telephone: (813) 222-2098
Facsimile: (813) 222-8189
Email: Lauren.Humphries@bipc.com
Attorneys for Receiver Mark A. Kornfeld

CERTIFICATE OF SERVICE

I hereby certify that on October 28, 2022, 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:

Christine Nestor, Esq.
Stephanie N. Moot, Esq.
John T. Houchin, Esq.
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Counsel for Defendant Michael Williams

By: 
Attorney



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REPORT OF STANDARDIZED FUND ACCOUNTING REPORT

Mark A. Kornfeld, As Receiver for Kinetic Investment Group, LLC et al.
Tampa, FL

We have compiled the standardized fund accounting report for the period July 1, 2022 to September 31, 2022 and from inception March 6, 2020 to September 31, 2022, included in the accompanying prescribed form (Civil Court Docket No. 8:20-cv-00394-WFJ-SPF). We have not audited or reviewed the accompanying standardized fund accounting report and accordingly, do not express an opinion or any assurance about whether the standardized fund accounting report is in accordance with the form prescribed by the Civil Court Docket No. 8:20-cv-00394-WFJ-SPF).

Mark A. Kornfeld, As Receiver for Kinetic Investment Group, LLC et al, is responsible for the preparation and fair presentation of the standardized fund account report in accordance with requirements prescribed by the Civil Court Docket No 8:20-cv-00394-WFJ-SPF, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the standardized fund accounting report.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist Mark A. Kornfeld, As Receiver for Kinetic Investment Group, LLC et al, in presenting financial information in the form of a standardized fund accounting report without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the standardized fund accounting report.

This standardized fund accounting report is presented in accordance with the requirements of the Civil Court Docket No. 8:20-cv-00394-WFJ-SPF , which differ from accounting principles generally accepted in the United States of America. This report is intended solely for the information and use of the Civil Court Docket No 8:20-cv-00394-WFJ-SPF and is not intended and should not be used by anyone other than this specified party.

Oldsmar, Florida
October 20, 2022

Standardized Fund Accounting Report for				
Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis				
Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF				
Reporting Period 07/01/2022-09/30/2022				
FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 07/01/2022):			\$ 6,593,318.36
	Increases in Fund Balance:			
Line 2	Business Income			
Line 3	Cash and Securities**			
Line 4	Interest/Dividend Income	10,832.45		
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income	115,472.12		
Line 8	Miscellaneous - Other			
	Total Funds Available (Line 1 - 8):		126,304.57	6,719,622.93
	Decreases in Fund Balance:			
Line 9	Disbursements to Claimants	-		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	88,016.07		
Line 10b	Business Asset Expenses	3,435.40		
Line 10c	Personal Asset Expenses	8,829.36		
Line 10d	Investment Expenses			
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees			
	2. Litigation Expenses			
	Total Third-Party Litigation Expenses			
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments			
	Total Disbursements for Receivership Operations		100,280.83	100,280.83
Line 11	Disbursements for Distribution Expenses Paid by the Fund			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator			
	Independent Distribution Consultant (IDC)			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses			
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution			
	(FAIR) Reporting Expenses			
	Total Plan Implementation Expenses			
	Total Disbursements for Distribution Expenses Paid by the Fund			
Line 12	Disbursements to Court/Other:			
Line 12a	Investment Expenses/Court Registry Investment			
	System (CRIS) Fees			
Line 12b	Federal Tax Payments			
	Total Disbursements to Court/Other:			
	Total Funds Disbursed (Lines 9 - 11)			100,280.83
Line 13	Ending Balance (As of 09/30/2022)			6,619,342.10

Standardized Fund Accounting Report for
Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis
Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
Reporting Period 07/01/2022-09/30/2022

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets:			6,619,342.10
Line 14a	Cash & Cash Equivalents			6,619,342.10
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds			
	Total Ending Balance of Fund - Net Assets			6,619,342.10
OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
Line 15	Report of Items Not To Be Paid by the Fund			
Line 15a	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
	Plan Development Expenses Not Paid by the Fund			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses Not Paid by the Fund		-	
Line 15b	Plan Implementation Expenses Not Paid by the Fund			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution			
	(FAIR) Reporting Expenses			
	Total Plan Implementation Expenses Not Paid by the Fund		-	
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund:			
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			-
Line 16	Disbursements to Court/Other Not Paid by the Fund:			
Line 16a	Investment Expenses/CRIS Fees			
Line 16b	Federal Tax Payments			
	Total Disbursements to Court/Other Not Paid by the Fund		-	
Line 17	DC & State Tax Payments			
Line 18	No of Claims			
	# of Claims Received This Reporting Period			
	# of Claims Received Since Inception of Fund			
Line 19	No of Claimants/Investors:			
Line 19a	# of Claimants/Investors Paid This Reporting Period			
	# of Claimants/Investors Paid Since Inception of Fund			

***Broker accounts U1364167 and U1364170 are not part on the Receivership and not included in above report.**
Accounts were closed and transferred out to the investors

Receiver: _____
By: _____
Title _____
Date _____

Standardized Fund Accounting Report for				
Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis				
Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF				
Reporting Period From Inception 03/06/2020 to 09/30/2022				
FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 03/06/2020):			\$ -
	Increases in Fund Balance:			
Line 2	Business Income			
\\	Cash and Securities		13,652,912.22	
Line 4	Interest/Dividend Income		139,632.58	
Line 5	Business Asset Liquidation		4,025,500.00	
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income		3,603,118.07	
Line 8	Miscellaneous - Other		223,877.75	
	Total Funds Available (Line 1 - 8):		21,645,040.62	21,645,040.62
	Decreases in Fund Balance:			
Line 9	Disbursements to Claimants		13,216,050.91	
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals		1,572,098.22	
Line 10b	Business Asset Expenses		76,449.83	
Line 10c	Personal Asset Expenses		79,464.54	
Line 10d	Investment Expenses		55,113.36	
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees			
	2. Litigation Expenses			
	Total Third-Party Litigation Expenses			
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments		26,481.66	
	Total Disbursements for Receivership Operations		15,025,658.52	15,025,658.52
Line 11	Disbursements for Distribution Expenses Paid by the Fund			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator			
	Independent Distribution Consultant (IDC)			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses			
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution			
	(FAIR) Reporting Expenses			
	Total Plan Implementation Expenses			
	Total Disbursements for Distribution Expenses Paid by the Fund			
Line 12	Disbursements to Court/Other:			
Line 12a	Investment Expenses/Court Registry Investment			
	System (CRIS) Fees			
Line 12b	Federal Tax Payments			
	Total Disbursements to Court/Other:			
	Total Funds Disbursed (Lines 9 - 11)			15,025,658.52
Line 13	Ending Balance (As of 09/30/2022			6,619,382.10

Standardized Fund Accounting Report for
Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis
Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
Reporting Period From Inception 03/06/2020 to 09/30/2022

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets:			6,619,382.10
Line 14a	Cash & Cash Equivalents			6,619,382.10
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds			
	Total Ending Balance of Fund - Net Assets			6,619,382.10
OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
Line 15	Report of Items Not To Be Paid by the Fund			
Line 15a	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
	Plan Development Expenses Not Paid by the Fund			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses Not Paid by the Fund		-	
Line 15b	Plan Implementation Expenses Not Paid by the Fund			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution			
	(FAIR) Reporting Expenses			
	Total Plan Implementation Expenses Not Paid by the Fund		-	
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund:			
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			-
Line 16	Disbursements to Court/Other Not Paid by the Fund:			
Line 16a	Investment Expenses/CRIS Fees			
Line 16b	Federal Tax Payments			
	Total Disbursements to Court/Other Not Paid by the Fund		-	
Line 17	DC & State Tax Payments			
Line 18	No of Claims			
	# of Claims Received This Reporting Period _____			
	# of Claims Received Since Inception of Fund _____			
Line 19	No of Claimants/Investors:			
Line 19a	# of Claimants/Investors Paid This Reporting Period _____			
	# of Claimants/Investors Paid Since Inception of Fund _____			

Receiver:
By: _____
Title
Date _____

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

EXHIBIT “2”

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

KINETIC INVESTMENT GROUP, LLC and
MICHAEL SCOTT WILLIAMS, Case No: 8:20-cv-394-MSS-SPF

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.

_____/

CORRECTED RECEIVER’S ELEVENTH INTERIM REPORT

(July 1, 2022 to September 30, 2022)¹

Mark A. Kornfeld, Esq., in his capacity as the court-appointed Receiver (the “Receiver”) for Kinetic Investment Group, LLC (“KIG”), Kinetic Funds I, LLC (“Kinetic Funds”), KCL Services, LLC d/b/a Lendacy (“Lendacy”), Scipio, LLC

¹ Due to certain significant post-quarterly events involving the prospective \$2.1 million sale of the Villa Gabriel Property, the Receiver has included some post-quarter activity in this Report to alert the Court as to the status of the sale and the position of the prospective purchaser. These events are described in greater detail in Sec. (1) of the Executive Summary.

(“Scipio”), LF 42, LLC (“LF42”), El Morro Financial Group, LLC (“El Morro”), and KIH Inc., f/k/a Kinetic International, LLC (“Kinetic International”) (collectively, the “Receivership Defendants”), respectfully files his Eleventh Interim Report (the “Eleventh Report”) covering information and activity occurring from July 1, 2022 to September 30, 2022. In addition to providing notice of the receivership to all known investors shortly after his appointment, the Receiver has also established an informational website at www.kineticreceivership.com, which is regularly updated with important court filings (including previous and subsequent Interim Reports), announcements, and other news that might be relevant to interested parties.

During the time period covered by this Eleventh Report (July 1, 2022 to September 30, 2022), the Receiver and his team of legal, technology, tax, and accounting professionals (collectively, the “Retained Professionals”) have engaged in significant activities regarding the Receivership Estate, which are discussed more thoroughly in the forthcoming report.

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I. EXECUTIVE SUMMARY OF REPORTING PERIOD

A. Significant Activities Occurring During This Reporting Period

1. CONTINUED EFFORTS TO OBTAIN APPROVAL OF THE SALE OF THE VILLA GABRIEL PROPERTY AS PRESCRIBED IN RECEIVER’S MOTION FOR APPROVAL OF PRIVATE SALE (DOC. 275)

As stated in the Commission’s Complaint, Defendant Williams “used KFYield funds” to purchase “three luxury apartments and two parking spaces for himself in San Juan, Puerto Rico.” (Doc. 1 ¶ 34.) The Receiver’s investigation revealed evidence supporting these allegations, including that Kinetic funds were directly traceable to the purchase of Villa Gabriela. On April 1, 2022, the Receiver filed Receiver’s Motion for Approval of the Sale of the (1) Private Sale of Puerto Rico Real Properties and Parking Spaces; and (2) Proposed Publication, Marketing, and Overbid Procedures Associated with the Sale of the Real Properties. (Doc. 275, the “Motion for Approval.”)

In the Motion for Approval, the Receiver sought judicial confirmation of the sale either (i) to the Purchaser/Buyer for a purchase price of **\$2,100,000.00** pursuant to the Purchase and Sale Agreement; or (ii) to the highest, qualified buyer who hereafter timely submits the highest “bona fide offer” pursuant to the terms and conditions set forth herein and approved by the Court. Since the filing of the Motion in last Reporting Period, the Receiver has worked expeditiously to effectuate the closing of Villa Gabriel, including responding to Court briefings,

keeping investors, real estate professionals, and Buyer informed, and upholding the management responsibilities, which are detailed more thoroughly below.

As to the prospective sale, the Receiver obtained an Order granting approval for the sale on October 24, 2022 (post Q3 Period.) Prior to receiving this approval, Receiver received written communication from counsel for the prospective buyer that the buyer intended to terminate the Purchase and Sale agreement due to the passage of time in which the sale was not approved. Receiver's counsel immediately contacted counsel for the buyer who was concerned about the change in the market and the increase in interest rates in the last six months. The buyer expressed a willingness to close on lower pricing terms. Despite the fact that approval was granted by the Court shortly after Receiver received the buyer's correspondence, the buyer is still not willing to set a closing date. Counsel for the Receiver and counsel for the buyer are speaking regularly to determine an amicable resolution. In the interim, Receiver has initiated the publication and overbid procedures prescribed by the Motion for Approval. The publication regarding the sale and overbid procedures will run in the *Sarasota Herald Tribune* and Puerto Rico's *El Nuevo Dia* on October 31, 2022.

The Receiver will continue to keep the Court notified regarding any developments regarding the prospective sale, including any timely offers that satisfy the highest "bona fide offer" requirement. The Receiver will also continue

to communicate with the buyer and his counsel to determine a solution to bring in the most funds to the Receivership Estates for the Villa Gabriel property.

2. CONTINUED ALL MANAGEMENT RESPONSIBILITIES OF HOLDING TITLE TO VILLA GABRIEL PROPERTY, INCLUDING COMMUNICATING WITH REAL ESTATE PROFESSIONALS ON PROSPECTIVE SALE, HANDLING DAY-TO-DAY ISSUES AND UPKEEP OF PROPERTY, AND PAYING CONTINUING COSTS RELATED TO PROPERTY

On April 1, 2022, Receiver filed a Motion for Approval of Private Sale (Doc. 275) to sell the Villa Gabriel to a prospective buyer for \$2.1 million. By way of background, Receiver and his staff of professionals have continued to work diligently to prepare for the eventual sale of Villa Gabriel, as outlined in the Motion for Approval filed with the Court. During the time preceding this sale, Receiver has expended a great deal of time, effort, and resources to handle and manage this property. These tasks include but are not limited to as follows:

- Worked with Villa Gabriel management company in Puerto Rico to handle all upkeep issues with the property, including weather proofing for storms, plumbing and electrical upkeep, and general property maintenance;
- Communicated with real estate professionals and real property brokers as to the status of the prospective sale and the progression of Receiver's Motion for Approval of Private Sale and the subsequent briefings related to the Motion in the Receivership litigation;
- Expended funds of the Receivership Estate to pay outstanding property taxes, property insurance, and HOA management fees related to the property; and,

- Assisted and communicated with Puerto Rican legal counsel regarding any issues related to the prospective sale of Villa Gabriel.

As part of the sale, Receiver accepted \$63,000.00 as earnest deposit from the contract buyer to hold in escrow for the eventual sale. Receiver's real estate professionals continue to hold these funds until the sale closes. While the Court's approval occurred outside of this Reporting Period (approved via Court Order entered on October 24, 2022), Receiver has now initiated the publishing and overbid procedures as outlined in the Motion for Approval and notified counsel for the buyer of same. Receiver will continue all efforts to swiftly effectuate the sale and bring its proceeds into the Receivership Estate.

3. FILED UNOPPOSED MOTION FOR SECOND INTERIM DISTRIBUTION TO INVESTORS AND WORKED WITH FORENSIC CPA PROFESSIONALS TO DETERMINE APPROPRIATE DISTRIBUTION CALCULATIONS.

On September 15, 2022, the Receiver filed his Unopposed Motion to Approve Second Interim Distribution, in which the Receiver sought the Court to enter an Order approving a distribution of **\$3,500,000.02** to investors. This distribution amount represents a recovery of 10.6% of the Total Allowed Amounts of Investor Claims. Prior to filing this Motion, Receiver met with his forensic CPA professionals to determine the appropriate distribution calculations for investors and created the Exhibit A Distribution Chart in line with their calculations.

Even with the anticipated proceeds from the sale of the Villa Gabriela Property, **it does not appear that the Receiver's efforts will result in a 100% recovery of all Investor Claims.** If the proposed Second Interim Distribution is approved by this Court, the Receiver will have distributed \$16,716,050.90 (over 80%) of the approximately \$20,000,000.00 that has been recovered to benefit Investor Claims. The Receiver believes it is now prudent to distribute a portion of the cash on hand while also maintaining a balance to continue the administration of the Receivership, the payment of management costs of Villa Gabriela, the potential prosecution of third-party claims, and to reserve for any unknown contingencies arising out of these matters. At present, the Receiver awaits Court Approval from the Court. Once the Receiver receives an Order approving the distribution, the Receiver will promptly remit checks to investors.

4. REVIEWED POTENTIAL THIRD-PARTY CLAIMS AND CONTINUED WORK TO OBTAIN FUNDS FROM THIRD-PARTIES

Receiver previously identified various potential claims with respect to third-parties that may have received improper transfers consisting of investor assets. After the Court granted his Unopposed Motion to Approve Procedure to Pursue Potential Third-Party Claims, the Receiver and his professionals continued evaluating those potential claims pursuant to the procedures approved

by the Court. Receiver and his professionals have continued their efforts to obtain funds from these individuals.

For several of those claims, the Receiver has reached an agreement to recover the full amount sought. For other claims, the Receiver is continuing to pursue a beneficial outcome which could include filing litigation against those third-parties. For one of those claims, the Receiver filed a motion seeking the Court's approval of a negotiated settlement (Doc. 271), which resulted in a structured payment plan to satisfy the agreed upon debt. Additionally, the Receiver received one lump sum payment of \$111,472.12 from an investor due to false profits received from a Kinetic entity. Receiver will continue his efforts to obtain full recovery of third-party claims.

5. PREPARATION OF TENTH INTERIM REPORT

The Receiver prepared and filed his Tenth Interim Report on July 29, 2022 (Doc. 287), which provided a comprehensive summary, analysis, and supporting documentation of the Receiver's continuing investigation as well as the tracing of investor funds.

6. COMMUNICATION WITH INVESTORS

The Receiver's staff professionals and counsel continued to communicate regularly with investors via phone and through email correspondence. Additionally, the Receiver continues to provide updates and announcements on

the informational website at www.kineticreceivership.com for investors and other interested parties. Receiver has provided updates to investors on the status of the Motion for Second Interim Distribution and the eventual distribution of 10.6% of Total Allowed Amounts of Investor Claims.

7. CONTINUED MONITORING OF ZEPHYR AEROSPACE INVESTMENT AND COMMUNICATED WITH ZEPHYR PRINCIPAL

In March of 2019, Kinetic International made an investment totaling \$500,000.00 in an early-stage airline seat startup known as Zephyr Aerospace (“Zephyr”). This investment was traceable to investor funds. The Receiver has been in contact with Zephyr’s principal regarding updates on the company and will continue all efforts to monetize this investment for the defrauded investors.

8. CONTINUED INVESTIGATION AND REVIEW OF RELEVANT DOCUMENTATION AND INFORMATION

The Receiver and his professionals continued their investigation of the business operations of the various Receivership Entities. This included identifying, obtaining, and reviewing relevant documentation and information from the Receivership Entities’ offices and interviewing various individuals.

9. ATTENDED TO LITIGATION MATTERS

The Receiver continues to monitor the Court’s docket given that the Commission’s claims against Mr. Williams remain pending. The Receiver continues to be in contact with the SEC and individuals involved in the litigation.

10. MANAGEMENT OF RECEIVER'S CASH ACCOUNTS

Receivership funds are currently being held at ServisFirst Bank. The Receiver has attached a standardized fund accounting report showing the total funds on hand and secured as of July 28, 2022 as **Exhibit 1**.² As of the date of this Report, the Receiver has (i) secured, frozen, marshaled, and liquidated assets for the benefit of victim that resulted in the deposit of **approximately \$20 million**³ in the Receiver's fiduciary bank accounts during the Receiver's appointment; (ii) secured significant real property assets and commenced the process of marketing and liquidating those assets which shall result in additional proceeds deposited with the Receivership Estate; and (iii) made an initial distribution of **\$13.2 million** to Investor Claimants with approved claims, which amount constitutes 40% of each Investor Claimant's approved claim.

The nearly \$20 million recovered for the benefit of victims is the result of the following actions:

² The report includes the bank account holding funds previously transferred by Williams' former counsel to the Receiver.

³ This amount includes approximately \$251,928.02 in funds previously held in Mr. Williams' prior counsel's trust account and which were subsequently transferred to the Receiver's fiduciary accounts to be held in trust pending further Order from the Court. In the interim, the Court has authorized the payment of various living and legal expenses to or for Mr. Williams' benefit.

- March 6, 2020: Froze approximately **\$7.6 million** in Receivership bank accounts located at BMO Harris Bank;
- March 20, 2020: Liquidated securities located in Kinetic Funds sub-accounts at Interactive Brokers. After satisfying the account margin obligations, approximately **\$5.5 million** was transferred to the Receiver's bank accounts on January 7, 2021;
- June 25, 2020: Liquidated gold coins held by Kinetic Funds for total proceeds of **\$223,877.75** which were deposited into the Receiver's bank accounts;
- November 10, 2020: Received nearly **\$3.5 million from** two Kinetic Funds investors as part of a settlement that ultimately offset roughly \$8 million of the approximately \$12 million in margin obligations in Kinetic Funds' Interactive Brokers' sub-accounts;
- May 11, 2021: Received approximately **\$4.0 million** in net sales proceeds from the sale of the property located at 152 Tetuan Street, San Jan, Puerto Rico 00901; and
- Through September 30, 2021, the Receiver and his retained legal, accounting, tax, and technology professionals have been paid approximately **\$1,250,000** in fees and expenses for their services.

II. BACKGROUND

A. Procedure and Chronology

On February 20, 2020, the Commission filed a complaint (the "Complaint") (Doc. 1) in the United States District Court for the Middle District of Florida (the "Court") 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. Doc. 1 ¶¶4, 28-38.

The Complaint alleged that the scheme involved securities offerings made on behalf of Kinetic Funds, a purported hedge fund with a sub-fund structure managed by Kinetic Investment Group and Defendant Williams. *Id.* ¶ 2. Defendants represented to investors that the largest sub-fund, KFYield, invested all of its assets in income-producing U.S. listed financial products hedged by listed options. *Id.* Potential investors were told that KFYield was a liquid investment that would “maintain 90% principle [sic] protection” and that an investor could redeem their principal investment “100% . . . without penalties” with a 30-day written notice. *Id.* ¶¶ 2, 28. Investors in the KFYield fund, which attracted the near-entirety of investor funds entrusted to Kinetic Funds, were routinely provided with documentation from Bloomberg’s reporting service that claimed KFYield had achieved positive annual returns every year since inception. *Id.* ¶ 24. Many, but not all, investors were also attracted to the Kinetic Funds investment opportunity by the advertised ability to obtain low-interest and unsecured loans from Lendacy based on their KFYield investment and with the understanding that 100% of their KFYield investment would continue earning dividends. *Id.* ¶ 28.

On March 6, 2020, the Court entered the Order Appointing Receiver. By separate Order, the Court also granted the Commission’s Motion for Asset Freeze

and granted other relief as to all Defendants (Doc. 33). Among other things, the Orders froze Defendants' assets and enjoined any further violations of federal securities laws.

On May 12, 2020, Defendant Williams filed his Answer and Affirmative Defenses to the Commission's Complaint in which he denied the Commission's substantive allegations and set forth 13 affirmative defenses (Doc. 56). On May 28, 2020, the Commission filed its Motion for Judgment of Permanent Injunction (Doc. 86) following the Receiver's execution of a Consent Judgment on behalf of the various Receivership Entities named in the Complaint, and the Court entered that Consent Judgment on November 5, 2020 (Doc. 156). The Commission and Defendant Williams mediated this case on August 28, 2020, which resulted in an impasse (Doc. 132). Both the Commission and Defendant Williams have filed pending dispositive motions seeking judgment in their favor. Docs. 200-202. On July 21, 2021, the Court granted the Commission's request to postpone the trial pending resolution of the pending case-dispositive motions. (Doc. 257).

B. The Receiver's Role and Responsibilities

As an independent agent of the Court, the Receiver's powers and responsibilities are set forth in the Order Appointing Receiver which provides, in relevant part, that the Receiver:

- “[S]hall have all powers, authorities, rights and privileges heretofore possessed by the officers, directors, managers and general and limited

partners of the Receivership Defendants under applicable state and federal law...” and “shall assume and control the operation of the Receivership Defendants and shall pursue and preserve all of their claims.” Doc. 34 ¶¶ 4-5;

- Shall “take custody, control, and possession of all Receivership Property and records relevant thereto from the Receivership Defendants...” and “manage, control, operate and maintain the Receivership Estates and hold in his possession, custody and control all Receivership Property pending further Order of this Court.” *Id.* ¶ 7(B);
- Is “authorized, empowered, and directed to investigate the manner in which the financial and business affairs of the Receivership Defendants were conducted and...to institute such actions and legal proceedings...as the Receiver deems necessary and appropriate...” *Id.* ¶ 37; and
- Is directed to “develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property...and to “file and serve a full report and accounting of each Receivership Estate” for each calendar quarter. *Id.* ¶¶ 46, 48.

C. Receivership Defendants

The Receiver incorporates by reference herein the descriptions of the various Receivership Defendants and Other Relevant Non-Parties set forth in the First Report. *See* Doc. 60 at pp. 12-16.

III. OVERVIEW OF RECEIVER’S PRELIMINARY FINDINGS

The Receiver’s issuance of interim quarterly reports is intended to, among other things, present a detailed summary of various preliminary findings and ongoing investigation. Unless specifically indicated herein, those preliminary findings are incorporated herein and remain consistent with the Receiver’s

ongoing investigation. The Receiver reserves the right to revise, amend, and/or supplement these conclusions as the investigation progresses. The Receiver presents the following non-exclusive conclusions that he continues to supplement based on his preliminary review of the documents in his possession and with the assistance of his Retained Professionals.

A. Discrepancies Between Kinetic Funds’ Actual And Reported Performance And Assets

i. Performance Discrepancies

Many investors were attracted to KFYield through promises of consistent investment returns made possible through lower risk, “principle [sic] protection,” and “maximum liquidity.” No later than early 2017, KFYield’s performance and other information were listed on Bloomberg, and those reports were provided to current and prospective investors showing that KFYield had achieved consistent positive returns. For example, the Q2 2019 Quarterly Report distributed to current investors included a Bloomberg report indicating that the fund had profitable monthly returns for 41 out of the 50 months during the period from April 2015 to June 2019 - including a streak of 21 consecutive months of positive monthly returns from October 2017 to June 2019.⁴

⁴ With the exception of a -3.33% monthly return in 2015, the fund’s performance for the remaining reported eight unprofitable months during that period ranged from -.02% to -.61%.

The following chart lists KFYield's annual performance from 2013 to 2019 based on figures reported by Bloomberg and distributed to current and prospective investors:

<u>Year</u>	<u>Bloomberg Reported Performance For KFYield Fund</u>
2013	9.79%
2014	21.27%
2015	.21%
2016	2.24%
2017	1.04%
2018	7.09%
2019 (through June 28, 2019) ⁵	2.45%

Beginning in June 2014, Kinetic Funds moved its brokerage accounts for KFYield and other sub-accounts to Interactive Brokers.⁶ According to Interactive Brokers' Portfolio Analyst tool, the KFYield trading account's performance (and change in net asset value) from 2015 (the first full year at Interactive Brokers) to 2019 was:

⁵ The Receiver has not seen any information indicating that Kinetic Funds updated the Fund's reported Bloomberg performance figures after September 2019.

⁶ Prior to June 2014, trading accounts for KFYield and other sub-funds were held at Bank of America/Merrill Lynch by Kinetic Securities Trading ("KST"), a predecessor to Kinetic Funds.

<u>Year</u>	<u>Actual Interactive Brokers Performance For KFYield Fund</u>
2015	-8.8%
2016	-3.8%
2017	-27.5%
2018	12.8%
2019 (annual)	-1.2%

There are significant discrepancies between the figures reported on Bloomberg and calculated by Interactive Brokers.

For example, in the “Fourth Quarter 2017” quarterly report distributed by Kinetic Investment Group that included the fund’s reported performance data on Bloomberg for that period, Defendant Williams stated that “[l]ast year maintained a conservative approach of over-hedging against potential market volatility.” The Bloomberg report included with that Quarterly Report showed that, as of December 29, 2017, the fund had total assets of \$31.78 million and its year-to-date performance was 1.04%.

However, the 2017 annual statement produced by Interactive Brokers for KFYield’s trading account showed that the account declined in value by over 25% during that period:

Net Asset Value					
	December 31, 2016	December 31, 2017			
	Total	Long	Short	Total	Change
Cash	-11,437,677.94	0.00	-88,877,936.84	-88,877,936.84	-77,440,258.90
Stock	17,653,496.00	104,667,799.00	-219,768.00	104,438,041.00	86,784,546.00
Options	264,376.62	3,067,374.02	-13,927,674.86	-10,860,300.83	-11,124,677.36
Interest Accruals	-4,140.83	0.00	-99,942.86	-99,942.86	-95,802.03
Dividend Accruals	34,887.82	134,620.11	0.00	134,620.11	99,632.29
Total	6,510,940.57	107,869,693.13	-103,126,312.66	4,734,380.58	-1,776,559.99
Time Weighted Rate of Return					-27.62%

According to this statement, KFYield had a Net Asset Value (“NAV”) of \$6,510,940.57 as of December 31, 2016, and that NAV declined to \$4,734,380.58 as of December 31, 2017 - an annual change of -\$1,776,559.99 or -27.62% of the account’s NAV. As of December 31, 2017, the account holdings consisted of over \$104 million in stock positions, -\$10.8 million in net options positions, and a cash balance of nearly -\$89 million.⁷

Another portion of that statement entitled “Change in NAV” showed a breakdown of the annual change in the NAV during that period:

⁷ Unlike previous reports, which included the fund’s top 10 holdings as of the end of the relevant quarter, the 2017 Q4 report included the fund’s top holdings as of February 13, 2018 - approximately 45 days after the end of the relevant quarter and which were significantly different than the fund’s holdings as of December 29, 2017.

Change in NAV	Total
Starting Value	6,510,940.67
Mark-to-Market	-3,164,606.38
Position Transfers	16,684.00
Dividends	1,923,148.82
Withholding Tax	-2,036.76
Change in Dividend Accruals	99,632.29
Interest	-439,632.20
Change in Interest Accruals	-96,802.03
Other Fees	-253.30
Commissions	-120,842.30
Transaction Fees	-2,953.13
Ending Value	4,734,380.68

As the statement shows, the KFYield account generated nearly \$2 million in dividends during this period (which appeared to have largely been generated by using significant amounts of margin to purchase dividend-generating equities) but also incurred mark-to-market losses of over -\$3.1 million and paid over \$500,000 in commissions and margin interest charges.

Despite having open equity positions with a value of more than \$100 million as of December 29, 2017, the account statement shows that the vast majority of these holdings were purchased using margin and that the net account value was actually \$4.734 million as of December 29, 2017. In other words, the account's liquidation would have generated less than \$5 million in net proceeds. The fund's reported NAV of roughly \$4.7 million (and thus value of its investment holdings) as of December 31, 2017, differs by over \$25 million compared to the total assets represented in the Bloomberg report for the same time period. Similarly, the account's annual decline of over 27% during 2017 is significantly different than the

1.04% increase represented in the Bloomberg report for the same period. The Receiver has made requests to Defendant Williams' counsel for more information and clarification regarding the calculation of investment performance for KFYield but has, to date, not received any formal response.

ii. Apparent Shortfall

Based on the above-identified discrepancies, there appears to have been a shortfall between actual and reported fund assets since at least 2017. Using the late-2017 timeframe as an example, the December 2017 monthly statements distributed to KFYield investors show the total market value of the KFYield fund investments as nearly \$27 million.⁸ This theoretically is the amount of funds that were being held and managed on behalf of KFYield investors, and accordingly is the amount that would need to be returned in the event that all investors elected to redeem their investments.

However, it appears that Kinetic Funds had approximately half of the amount represented to KFYield investors readily accessible and available for withdrawal as of December 31, 2017. As of December 31, 2017, Kinetic Funds' bank account at BMO Harris (which held investor deposits) had a balance of approximately \$9.8 million, and KFYield's sub-account at Interactive Brokers had

⁸ This figure also appears to differ from the Bloomberg report showing total KFYield assets of nearly \$32 million as of December 29, 2017.

a value of approximately \$4.73 million. Thus, Kinetic Funds had approximately \$14.5 million of available cash or securities assets to satisfy total KFYield investor obligations of approximately \$27 million (which does not include holdings or margin obligations in Kinetic Funds' other sub-accounts at Interactive Brokers⁹). Although the Receiver understands that Kinetic Funds had extended various Lendacy loans to investors and non-investors, the near-entirety of those loans specifically provided that the loans were unsecured and thus were not assets that could be immediately called or otherwise converted to cash to meet investor redemptions. Indeed, in the event that KFYield's largest investor alone sought to liquidate its \$18 million investment (which did not have a corresponding Lendacy loan), it is unclear how Kinetic Funds would have been able to satisfy that redemption - let alone maintain continuity of operations. The Receiver continues to investigate the origin, extent, and duration of this shortfall.

B. Analyzing The Use Of Investor Deposits

From January 15, 2013 to March 4, 2020 (the "Relevant Period"), approximately \$44.1 million was deposited into Kinetic Funds' BMO Harris bank account with account number ending in x4255 (the "KF Bank Account"). The

⁹ For example, Kinetic Funds' master account had a negative margin balance of -\$7.3 million as of December 31, 2017 for which Kinetic Funds was legally responsible.

analysis by the Receiver and his Retained Professionals shows the following flow of funds and transaction activity in the BMO Account holding investor deposits:

- Approximately **\$11 million** was transferred during the Relevant Period from the KF Bank Account to Kinetic Funds' Interactive Brokers brokerage account in the master account with account number ending in x8796 (the "Brokerage Account"). This included a \$5 million transfer on December 29, 2016 which was used to reduce the then-outstanding -\$12.23 million margin balance to -\$7.24 million as of December 31, 2016, and thus never deposited into the KFYield sub-account. Another \$5 million was transferred to the Brokerage Account on June 29, 2018, of which \$4.995 million was transferred to the KFYield sub-account that same day.
- Nearly **\$13 million** of investor deposits was transferred from the KF Bank Account to Lendacy's BMO Harris bank accounts ending in x8676 and x1081 (the "Lendacy BMO Accounts") during the Relevant Period, which was in turn used for various purposes including:
 - Making at least 34 loans totaling **\$6.1 million** to various investors, insiders, and third-parties (excluding Michael Williams);
 - Transferring an additional **\$4.3 million** at the direction, and for the benefit, of Defendant Williams for two separate purchases of real estate in Puerto Rico;
 - Transferring nearly **\$1 million** to Kinetic Investment Group's BMO Harris bank account;
 - Transferring **\$586,550** to El Morro Financial;
 - Transferring **\$550,000** to LF42; and
 - Transferring nearly **\$500,000** for a private investment in an aerospace company in the name of Kinetic International.
- At least **\$6.1 million** of investor deposits was transferred from the KF Bank Account to current and former investors in the form of redemptions and distributions.
- Nearly **\$3.9 million** was transferred from the KF Bank Account to Kinetic Investment Group's BMO Harris bank account during the Relevant

Period.¹⁰ Kinetic Investment Group's bank account also received transfers of nearly \$1 million from Lendacy.

- Over **\$4 million** was transferred by the Receivership Entities to various third parties for professional services or payments, including:
 - Over \$1.53 million to ADP, a payroll processing company;
 - Nearly \$1 million to American Express for credit card payments;
 - Nearly \$700,000 for rental payments for the Sarasota KIG office and the Puerto Rico office used by El Morro and other entities;
 - Roughly \$230,000 for health insurance;
 - Approximately \$122,000 to Bloomberg LP; and
 - Nearly \$500,000 to legal and accounting firms.
- Over **\$1 million** was transferred in connection with Receivership Entity KIH, Inc. f/k/a Kinetic International, LLC's efforts to develop a software exchange platform known as ISX, including:
 - The transfer of **\$550,000** from the KF Bank Account to two Puerto Rico bank accounts established for Kinetic International, LLC;
 - The transfer of over **\$500,000** to fund a "launch event" in March 2019 and to pay outside contractors and developers.

On March 5, 2020, one day before the Court's hearing on the Commission's motions seeking an asset freeze and appointment of a receiver, Defendant Williams deposited approximately \$2.9 million with the Receivership Entities which included a \$2.35 million deposit into the KF Bank Account. Prior to that

¹⁰ Kinetic Investment Group also received nearly \$1 million in transfers from the Lendacy Accounts, which received the near-entirety of their funding from the KF Bank Account (\$12.9 million) and payments from loan recipients (\$2.7 million).

deposit the day before the Court's hearing, the KF Bank Account had a balance of less than \$5.2 million. Following appointment of the Receiver on March 6, 2020, a total of approximately \$7.6 million was frozen in the Receivership Entities' bank accounts at BMO Harris.

C. Kinetic Funds Management Fees

The Receiver's investigation shows Kinetic Funds and Lendacy made total transfers of nearly \$5 million to Kinetic Investment Group over the relevant period - including nearly \$3.9 million alone from Kinetic Funds. Although the agreements between Kinetic Funds and its investors specified that Kinetic Funds would pay Kinetic Investment Group a management fee of 1% of assets under management as well as 20% of any profits realized from trading of investor assets, the total transfers of nearly \$5 million appear to be significantly larger than what the 1% "expense ratio" for assets under management would have been even using the numbers reported to investors at the end of each calendar year.¹¹ Based on the Receiver's investigation, it appears that at least a portion of these transfers were used by Kinetic Investment Group for other unauthorized expenses that did not benefit investors. For example, Kinetic Investment Group made nearly \$1 million in transfers to El Morro Financial during the period of March 2017 to December

¹¹ This also assumes that Kinetic Investment Group was entitled to receive this "expense ratio" fee even if a majority of investor funds were never deposited into brokerage accounts as represented.

2019. *See* First Report pp. 47-53.¹² The Receiver continues to investigate these discrepancies.

D. Lendacy's Funding Source Was Kinetic Funds

Lendacy received approximately \$17 million into its bank accounts from February 2013 to March 2020, including nearly \$13 million in transfers of investor funds from Kinetic Funds' bank account. Lendacy used these transfers to fund at least 34 loans to various individuals and entities during that time period. These loans often featured significantly below-market rates, were not typically collateralized, and contained little recourse in the event of default. Of those loans, roughly a third were made to insiders and non-KFYield investors that were necessarily funded using investor assets.

For example, a Lendacy loan was made to non-investor M.J. on or about May 4, 2016. It is believed that M.J. is Defendant Williams' niece, and the purpose of the loan appears to have been to fund a summer college program. The loan has been in default since M.J. last made a payment in June 2019. At least four employees also received Lendacy loans for various reasons including a "sales

¹² The vast majority of these transfers appear to have been made pursuant to monthly invoices ranging from \$25,000 to \$50,000 generated by El Morro for purported services relating to "Statement Reporting" and other various expenses apparently for Kinetic Funds investors. El Morro also funded a lavish Kinetic Financial Summit in San Juan, Puerto Rico in early 2019 that had no discernible benefit to Kinetic Funds investors.

draw” and also to fund employee K.P.’s purchase of Defendant Williams’ car. Each of those loans were in default no later than February 2019. Another Lendacy loan was made to Puerto Rico resident A.C. for what appears to be repairs to a business located in Puerto Rico. None of those Lendacy loan recipients were Kinetic Funds investors, meaning that their “loans” were necessarily funded with investor deposits.

A document located in Kinetic Funds’ files and prepared by the former office administrator shows that a number of the investor loans were also in default as of December 2019 – including some loan recipients that had not made payments in months or even years. For example, Lendacy loans totaling approximately **\$2.5 million** to investors L.W., M.S., and C.G. appear to have been in default **since at least 2015**.

E. Significant Losses From Association With VTrader Pro, LLC

At the March 6, 2020 hearing, Defendant Williams’ counsel disclosed that part of the Kinetic Funds asset shortfall identified by the Court was attributable to losses suffered in connection with Kinetic Funds’ previous relationship with a failed broker-dealer named VTrader Pro, LLC (“VTrader”). The Receiver has seen evidence that Kinetic Funds’ predecessor, KST, was a Class B, “Entrepreneurial Member Trader” of VTrader before VTrader’s registration was

terminated in January 2013.¹³ As an “Entrepreneurial Member Trader,” KST shared in the profits and losses of VTrader and received distributions based on the percentage of profits in its individual trading accounts. There were number of other Member Traders in VTrader that were unrelated to KST or Defendant Williams. KST and every other Member Traders’ trading accounts were assets of VTrader and essentially comingled. This meant that KST’s trading account was subject to VTrader’s obligations and third party claims and exposed to the losses and shortfalls incurred by other Member Traders.

At some point in 2011, VTrader suffered heavy losses and needed a capital infusion to remain viable. To this end, Defendant Williams agreed to exchange \$1 million from the KST Class B investment in VTrader and convert it to Class A stock. VTrader subsequently collapsed, resulting in the loss of KST’s \$1 million investment. It appears those losses were satisfied by (and correspondingly depleted) investor assets.¹⁴ A K-1 was also generated showing a \$1 million loss for Kinetic Partners, LLC.

¹³ See <https://brokercheck.finra.org/firm/summary/131920>.

¹⁴ In January 2012, VTrader informed Williams that most of the \$1 million that KST had converted to Class A stock had been used to pay down debt balances owed by Class B members and was gone. With respect to the \$1 million Williams converted into a Class A investment, it appears that KST received only \$5,000 in the liquidation. Thus, in addition to any trading losses KST incurred on its subaccounts, it also seemingly lost nearly \$1,000,000 as a result of its Class A investment in VTrader.

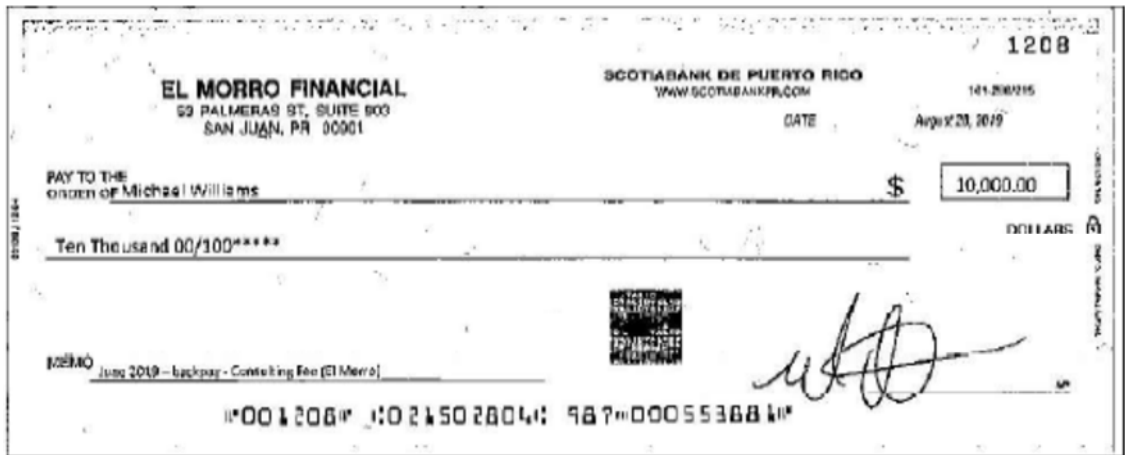
Between mid-2012 through the end of 2012, it appears KST moved its accounts out of VTrader and over to Bank of America/Merrill Lynch. The Receiver's investigation into these events has been hampered by the passage of nearly ten years from these events and the unavailability of sufficient documentation, but it appears that investor funds were adversely affected.

F. Williams' Use Of Investor Funds For His Own Benefit

The Receiver's review of the financial transactions among the various Receivership Entities has allowed him to trace millions of dollars in investor funds that were transferred to or for the benefit of Defendant Williams and without any discernible authorized purpose or benefit to Kinetic Funds. As further detailed in the First Report, these transfers include:

- The use of \$1.5 million in investor funds, later classified as a Lendacy loan, to purchase two luxury apartments in Puerto Rico and corresponding parking spaces. In addition to using one of the apartments as his primary residence, Defendant Williams also rented out one of the units to a tenant for which he received monthly rental income not turned over to Kinetic Funds (Doc. 60 pp. 43-44);
- The use of \$2.755 million in investor funds, later classified as a Lendacy loan, to purchase a historic commercial bank building in San Juan, Puerto Rico on behalf of Receivership Entity Scipio, LLC (Doc. 60 pp. 45-46);
- The use of \$2 million in investor funds, later classified as a Lendacy loan on behalf of Receivership Entity LF42, for various expenses relating to several Receivership Entities located and operating in San Juan, Puerto Rico, including the funding of the "Kinetic Summit" in February 2019 (Doc. 60 p. 47);
- The payment of nearly \$1 million in investor funds to Receivership Entity El Morro Financial purportedly for statement preparation and other

services and the payment of more than \$50,000 in salary to Defendant Williams from mid-2017 to mid-2019. Several \$10,000 checks were also written payable to (and signed by) Defendant Williams in late 2019 that contained the notation “Consulting Fee” in the memo portion:



(See First Report pp. 47-53);

- The structuring of at least one “Consulting Agreement” between Kinetic Investment Group and LF42, Defendant Williams’ entity, including an agreement in September 2019 - after Defendant Williams was on notice of the Commission’s investigation - signed by Defendant Williams on behalf of KIG and LF42 and pursuant to which Kinetic Investment Group transferred \$10,000 per month to LF42 from September 2019 to February 2020 for Defendant Williams’ benefit (See First Report p. 47);

- The sale of Defendant Williams' car to an employee in the Sarasota, Florida Kinetic Funds office for which the employee signed a Lendacy loan for \$18,000 and the same sum was wired to Defendant Williams (*See* First Report p. 47); and
- Arranging for who the Receiver understands to be Defendant Williams' girlfriend to be on the payroll of Kinetic Investment Group despite the lack of any justifiable business purpose or services for value (*See* First Report pp. 47).

G. Continued Investor Outreach and Administration Of Website

Throughout the relevant period, the Receiver continued to communicate with investors and other interested parties regarding the status of his efforts and any particular questions or issues brought to the Receiver's attention. The Receiver also continued to administer his informational website located at www.kineticreceivership.com which is regularly updated with court filings and reports and also allows interested parties to contact the Receiver.

IV. THE NEXT QUARTER

A. Investigation

The Receiver believes he has identified and, if applicable, frozen or secured all known assets attributable to investor funds, and he continues to investigate the Receivership Defendants' business operations and underlying financial transactions between those operations.¹⁵ These investigative efforts remain

¹⁵ A further description of these assets and the Receiver's intended liquidation plan is set forth in the Receiver's Liquidation Plan (Doc. 92) available on the Receiver's website and incorporated herein.

ongoing through the review of additional documents from (and, where necessary, interviews with) third parties. The Receiver continues to work diligently and efficiently on this task, which includes a substantial amount of documentation and financial records. The Receiver will continue to attempt to locate additional funds and other assets and will likely institute proceedings to recover assets on behalf of the Receivership Defendants. In an effort to more fully understand the conduct at issue and in an attempt to locate more assets, the Receiver will continue to conduct interviews of parties and third parties who may have knowledge of the fraudulent scheme. The Receiver believes that continuation of the Receivership (and employment of the Retained Professionals) is necessary and imperative for the continued marshaling, liquidation, and distribution of assets.

B. Claims Process and Second Interim Distribution to Investors

The Receiver has prioritized the process of returning investor funds as soon as possible, which resulted in a First Interim Distribution being made in November 2021 to Investor Claimants with approved claims. The First Interim Distribution represented the return of 40% of each Investor Claimant's approved claim. On September 15, 2022, Receiver filed his Unopposed Motion to Approve Second Interim Distribution, in which the Receiver sought an Order approving a distribution of \$3,500,000.02 to Claimants. This distribution amount represents a recovery of \$10.6% of the Total Allowed Amounts of Investor Claims. At present, the Receiver awaits Court Approval to move forward with the requested

distribution amount. Once the Receiver receives an Order from the Court, the Receiver will promptly remit checks to Claimants as designated in Exhibit A of the Motion.

C. Liquidation and Sale of Real Property

The Receiver continues to prioritize the marketing and sale of the Receivership's real property assets. Following his successful liquidation of the Bank Building for net proceeds of **\$4.0 million**, the Receiver worked with his professionals to transfer title of Villa Gabriela from Defendant Williams to the Receiver and is taking all steps to effectuate the current contracted sale for **\$2.1 million**. Once the Receiver received Court approval for the sale on October 24, 2022, Receiver immediately took efforts to initiate the publication and overbid procedures. On October 31, 2022, the publications regarding the sale and overbid procedures will run in the *Sarasota Herald Tribune* and Puerto Rico's *El Nuevo Dia*. In the Executive Summary of this Report, the Receiver has outlined certain efforts expended by him and his staff counsel regarding the buyer's potential termination of the Purchase and Sale Agreement. Receiver will work diligently to communicate with buyer's counsel to find an amicable resolution to this issue.

The Receiver previously disposed of all of the remaining personal property secured from Kinetic Funds' office in Sarasota, Florida, which has included donations to three local non-profits. As for the ISX software, the Receiver was

previously provided with a “Summary & Valuation of ISX Codebase” prepared by Marshall Swatt which, among other things, concluded that the “codebase is largely a preliminary design, for proof of concept or demonstration purposes, rather than suitable for actual use” and estimated that the software has a current market value of approximately \$45,000. The Receiver continues to explore available options to realize any value from the ISX asset and the Zephyr investment.

D. Potential Third-Party Claims

The Court granted the Receiver’s Unopposed Motion to Approve Procedure to Pursue Potential Third-Party Claims on February 25, 2021. The Receiver is proceeding with pursuing some of those potential claims a stated earlier in this Report. Moving forward, the Receiver will continue to evaluate the viability of other third-party claims to add assets to the Receivership Estates.

Respectfully submitted,
BUCHANAN INGERSOLL & ROONEY PC

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Telephone: (813) 222-2098
Facsimile: (813) 222-8189
Email: lauren.humphries@bipc.com
Attorneys for Receiver Mark A. Kornfeld

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 28th day of October, 2022,
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:

Christine Nestor, Esq.
Stephanie N. Moot, Esq.
John T. Houchin, Esq.
Barbara Viniegra, Esq.
Securities and Exchange Commission
801 Brickell Avenue, Suite 1950
Miami, FL 33131
nestorc@sec.gov
moots@sec.gov
houchinj@sec.gov
viniegrab@sec.gov
Counsel for Plaintiff

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Timothy W. Schulz, P.A.
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Jon A. Jacobson, Esq.
Jacobson Law, P.A.
224 Datura Street, Suite 812
West Palm Beach, FL 33401
jjacobson@jlpa.com
e-service@jlpa.com
Counsel for Defendant Michael Williams



Attorney



Oldsmar / Tampa / St. Petersburg

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REPORT OF STANDARDIZED FUND ACCOUNTING REPORT

Mark A. Kornfeld, As Receiver for Kinetic Investment Group, LLC et al.
Tampa, FL

We have compiled the standardized fund accounting report for the period July 1, 2022 to September 31, 2022 and from inception March 6, 2020 to September 31, 2022, included in the accompanying prescribed form (Civil Court Docket No. 8:20-cv-00394-WFJ-SPF). We have not audited or reviewed the accompanying standardized fund accounting report and accordingly, do not express an opinion or any assurance about whether the standardized fund accounting report is in accordance with the form prescribed by the Civil Court Docket No. 8:20-cv-00394-WFJ-SPF).

Mark A. Kornfeld, As Receiver for Kinetic Investment Group, LLC et al, is responsible for the preparation and fair presentation of the standardized fund account report in accordance with requirements prescribed by the Civil Court Docket No 8:20-cv-00394-WFJ-SPF, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the standardized fund accounting report.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist Mark A. Kornfeld, As Receiver for Kinetic Investment Group, LLC et al, in presenting financial information in the form of a standardized fund accounting report without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the standardized fund accounting report.

This standardized fund accounting report is presented in accordance with the requirements of the Civil Court Docket No. 8:20-cv-00394-WFJ-SPF , which differ from accounting principles generally accepted in the United States of America. This report is intended solely for the information and use of the Civil Court Docket No 8:20-cv-00394-WFJ-SPF and is not intended and should not be used by anyone other than this specified party.

Oldsmar, Florida
October 20, 2022

Standardized Fund Accounting Report for
Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis
Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
Reporting Period 07/01/2022-09/30/2022

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 07/01/2022):			\$ 6,593,318.36
	Increases in Fund Balance:			
Line 2	Business Income			
Line 3	Cash and Securities**			
Line 4	Interest/Dividend Income	10,832.45		
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income	115,472.12		
Line 8	Miscellaneous - Other			
	Total Funds Available (Line 1 - 8):		126,304.57	6,719,622.93
	Decreases in Fund Balance:			
Line 9	Disbursements to Claimants	-		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	88,016.07		
Line 10b	Business Asset Expenses	3,435.40		
Line 10c	Personal Asset Expenses	8,829.36		
Line 10d	Investment Expenses			
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees			
	2. Litigation Expenses			
	Total Third-Party Litigation Expenses			
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments			
	Total Disbursements for Receivership Operations		100,280.83	100,280.83
Line 11	Disbursements for Distribution Expenses Paid by the Fund			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator			
	Independent Distribution Consultant (IDC)			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses			
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution (FAIR) Reporting Expenses			
	Total Plan Implementation Expenses			
	Total Disbursements for Distribution Expenses Paid by the Fund			
Line 12	Disbursements to Court/Other:			
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees			
Line 12b	Federal Tax Payments			
	Total Disbursements to Court/Other:			
	Total Funds Disbursed (Lines 9 - 11)			100,280.83
Line 13	Ending Balance (As of 09/30/2022)			6,619,342.10

Standardized Fund Accounting Report for
Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis
Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
Reporting Period 07/01/2022-09/30/2022

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets:			6,619,342.10
Line 14a	Cash & Cash Equivalents			6,619,342.10
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds			
	Total Ending Balance of Fund - Net Assets			6,619,342.10
OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
Line 15	Report of Items Not To Be Paid by the Fund			
Line 15a	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
	Plan Development Expenses Not Paid by the Fund			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses Not Paid by the Fund		-	
Line 15b	Plan Implementation Expenses Not Paid by the Fund			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution (FAIR) Reporting Expenses			
	Total Plan Implementation Expenses Not Paid by the Fund		-	
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund:			
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			-
Line 16	Disbursements to Court/Other Not Paid by the Fund:			
Line 16a	Investment Expenses/CRIS Fees			
Line 16b	Federal Tax Payments			
	Total Disbursements to Court/Other Not Paid by the Fund		-	
Line 17	DC & State Tax Payments			
Line 18	No of Claims			
	# of Claims Received This Reporting Period _____			
	# of Claims Received Since Inception of Fund _____			
Line 19	No of Claimants/Investors:			
Line 19a	# of Claimants/Investors Paid This Reporting Period _____			
	# of Claimants/Investors Paid Since Inception of Fund _____			

*Broker accounts U1364167 and U1364170 are not part on the Receivership and not included in above report.
Accounts were closed and transferred out to the investors

Receiver:
By: _____
Title
Date _____

Standardized Fund Accounting Report for				
Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis				
Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF				
Reporting Period From Inception 03/06/2020 to 09/30/2022				
FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 03/06/2020):			\$ -
	Increases in Fund Balance:			
Line 2	Business Income			
\\	Cash and Securities		13,652,912.22	
Line 4	Interest/Dividend Income		139,632.58	
Line 5	Business Asset Liquidation		4,025,500.00	
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income		3,603,118.07	
Line 8	Miscellaneous - Other		223,877.75	
	Total Funds Available (Line 1 - 8):		21,645,040.62	21,645,040.62
	Decreases in Fund Balance:			
Line 9	Disbursements to Claimants		13,216,050.91	
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals		1,572,098.22	
Line 10b	Business Asset Expenses		76,449.83	
Line 10c	Personal Asset Expenses		79,464.54	
Line 10d	Investment Expenses		55,113.36	
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees			
	2. Litigation Expenses			
	Total Third-Party Litigation Expenses			
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments		26,481.66	
	Total Disbursements for Receivership Operations		15,025,658.52	15,025,658.52
Line 11	Disbursements for Distribution Expenses Paid by the Fund			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator			
	Independent Distribution Consultant (IDC)			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses			
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution			
	(FAIR) Reporting Expenses			
	Total Plan Implementation Expenses			
	Total Disbursements for Distribution Expenses Paid by the Fund			
Line 12	Disbursements to Court/Other:			
Line 12a	Investment Expenses/Court Registry Investment			
	System (CRIS) Fees			
Line 12b	Federal Tax Payments			
	Total Disbursements to Court/Other:			
	Total Funds Disbursed (Lines 9 - 11)			15,025,658.52
Line 13	Ending Balance (As of 09/30/2022			6,619,382.10

Standardized Fund Accounting Report for
Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al. - Cash Basis
Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
Reporting Period From Inception 03/06/2020 to 09/30/2022

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets:			6,619,382.10
Line 14a	Cash & Cash Equivalents			6,619,382.10
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds			
	Total Ending Balance of Fund - Net Assets			6,619,382.10
OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
Line 15	Report of Items Not To Be Paid by the Fund			
Line 15a	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
	Plan Development Expenses Not Paid by the Fund			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses Not Paid by the Fund		-	
Line 15b	Plan Implementation Expenses Not Paid by the Fund			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Investor Identification:			
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond			
	5. Miscellaneous			
	6. Federal Account for Investor Restitution			
	(FAIR) Reporting Expenses			
	Total Plan Implementation Expenses Not Paid by the Fund		-	
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund:			
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			-
Line 16	Disbursements to Court/Other Not Paid by the Fund:			
Line 16a	Investment Expenses/CRIS Fees			
Line 16b	Federal Tax Payments			
	Total Disbursements to Court/Other Not Paid by the Fund		-	
Line 17	DC & State Tax Payments			
Line 18	No of Claims			
	# of Claims Received This Reporting Period _____			
	# of Claims Received Since Inception of Fund _____			
Line 19	No of Claimants/Investors:			
Line 19a	# of Claimants/Investors Paid This Reporting Period _____			
	# of Claimants/Investors Paid Since Inception of Fund _____			

Receiver:
By: _____
Title
Date _____

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

EXHIBIT “3”

CERTIFICATION

I, **MARK A. KORNFELD** (the "Applicant"), declare under penalty of perjury that the following is true and correct:

1. The Applicant is a Shareholder in the law firm of Buchanan Ingersoll & Rooney PC ("Buchanan Ingersoll") and the Receiver in this action. This Certification is based on the Applicant's first-hand knowledge of and review of the books, records and documents prepared and maintained by Buchanan Ingersoll in the ordinary course of its business. The Applicant knows that the facts contained in this motion regarding work performed by the Receiver and his staff and the facts contained in this Certification are true, and the Applicant is authorized by Buchanan Ingersoll to make this Certification. Having reviewed the time records and data which support the motion, the Applicant further certifies that said motion is well grounded in fact and justified.

2. The billing records of Buchanan Ingersoll which are attached to this Application are true and correct copies of the records maintained by Buchanan Ingersoll. These records were made at or near the time the acts, events, conditions or opinions described in such records occurred or were made. The Applicant knows that the records were made by persons with knowledge of the transactions or occurrences described in such records or that the information contained in the records was transmitted by a person with knowledge of the transactions or occurrences described in the records. The records were kept in the ordinary course of the regularly conducted business activity of Buchanan Ingersoll and it is the regular business practice of Buchanan Ingersoll to prepare these records.

3. To the best of the Applicant's knowledge, information and belief formed after reasonable inquiry, this motion and all fees and expenses herein are true and accurate and comply with the Billing Instructions for Receivers in Civil Actions Commenced by the SEC.

4. All fees contained in this Application are based on the rates listed in the fee schedule attached hereto and such fees are reasonable, necessary and commensurate with the skill and experience required for the activity performed.

5. The Applicant has not included in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment, or capital outlay (except to the extent that any such amortization is included within the permitted allowable amounts set forth herein for photocopies and facsimile transmission).

6. In seeking reimbursement for a service which Buchanan Ingersoll justifiably purchased or contracted for from a third party, the Applicant requests reimbursement only for a service which the Applicant justifiably purchased or contracted for from a third party, the Applicant requests reimbursement only for the amount billed to the Applicant by the third-party vendor and paid by the Applicant to such vendor. If such services are performed by the Applicant, the Applicant will certify that he is not making a profit on such reimbursable service.

Executed this 28th day of October, 2022.

A handwritten signature in blue ink, appearing to read 'Mark A. Kornfeld', written over a horizontal line.

MARK A. KORNFELD
Receiver

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

EXHIBIT “4”

**Total Compensation And Expenses Requested;
Any Amounts Previously Requested;
And Total Compensation And Expenses Previously Awarded**

Name	Specialty	Hours	Fees	Expenses	Total	Fees Previously Awarded	Expenses Previously Awarded
Receiver and Quarles & Brady LLC	Attorneys	0.00	\$0.00	\$0.00	\$0.00	\$503,944.23	\$23,177.24
Receiver and Buchanan Ingersoll & Rooney PC	Attorneys	157.00	\$55,643.62	\$0.00	\$55,643.62	\$503,881.87	\$9,419.05
Yip & Associates	Accountants	15.50	\$4,132.50	\$0.00	\$4,132.50	\$265,788.25	\$558.80
E-Hounds, Inc.	Information Technology and Forensic Technology	0.00	\$0.00	\$1,485.00	\$1,485.00	\$40,490.00	\$19,090.00
IRW Law Offices	Attorneys	1.00	\$250.00	\$15.00	\$265.00	\$17,561.25	\$435.38
PDR CPAs + Advisors	Accountants	20.35	\$4,016.25	\$0.00	\$4,016.25	\$35,135.00	\$598.03
K. Tek Systems	Website	0.00	\$0.00	\$0.00	\$0.00	\$3,990.00	\$720.00
Marshall Swatt		0.00	\$0.00	\$0.00	\$0.00	\$8,475.00	\$0.00
Total		193.85	\$64,042.38	\$1,500.00	\$65,542.37	\$1,379,265.60	\$53,998.50

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

EXHIBIT “5a”

Name	Practice Area	Title	Year Licensed	Standard Rate	Reduced Rate	Total Hours	Total Billed
Mark A. Kornfeld	Litigation	Shareholder	1993	\$ 645.00	\$ 437.50	107.10	\$ 46,856.25
Jordan D. Maglich	Litigation	Counsel	2010	\$ 455.00	\$ 295.00		\$ -
Lauren Humphries	Litigation	Associate	2015	\$ 390.00	\$ 270.00	49.90	\$ 13,473.00
Tabitha Pellegrine	Labor & Employment	Paralegal		\$ 280.00	\$ 195.00		\$ -
Total Fees							\$ 60,329.25
Less: Credit							(\$4,685.63)
Total Expenses							\$ -
Total						157.00	\$ 55,643.62

Name	Title	Year Licensed/ Experience	Standard Rate	Billing Rate	Total Hours	Total Billed
Marcie D. Bour	Partner	30 years	\$ 395.00	\$ 340.00		\$ -
Hal Levenberg	Director	10 years	\$ 395.00	\$ 295.00	6.70	\$ 1,976.50
Shawna B. Amarnai	Director	10 years	\$ 350.00	\$ 295.00		\$ -
Christopher M. Copley	Manager	12 years	\$ 300.00	\$ 245.00		\$ -
Nicole Escudero Duenas	Associate	6 years	\$ 245.00	\$ 245.00	8.80	\$ 2,156.00
Peter J. Tiano	Associate		\$195.00	\$ 195.00		\$ -
Santiago I. Carpio	Senior Associate		\$ 245.00	\$ 245.00		\$ -
Total Fees						\$ 4,132.50
Less Discount						\$ -
Total Expenses						\$ -
Total					15.50	\$ 4,132.50

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

EXHIBIT “5b”

Name	Title	Standard Rate	Reduced Rate	Total Hours	Total Billed
Robert Rohr	Senior Analyst	\$195 - \$250	\$195 - \$250	0	
Ernesto Rojas	Evidence Technician	\$195	\$195	0	\$ -
Sean Organ	Evidence Technician	\$225	\$225	0	\$ -
David A. Bukas	VP of Operations	\$195	\$195	0	\$ -
Total Fees					\$ -
Less: Credit					\$ -
Total Expenses					\$ 1,485.00
Total				0	\$ 1,485.00

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

EXHIBIT “5d”

Name	Practice Area	Title	Year Licensed	Standard Rate	Reduced Rate	Total Hours	Total Billed
Ivonne Rodriguez	Litigation	Attorney	2009	\$ 250.00	\$ 250.00	1.00	\$ 250.00
Zwindi Iglesias	Litigation	Attorney	2011	\$ 225.00	\$ 200.00		\$ -
Zwindi Iglesias	Litigation	Attorney	2011		\$ 250.00		\$ -
DK		Paralegal		\$ 150.00	\$ 150.00		\$ -
Gabriela Díaz		Attorney		\$ 200.00	\$ 200.00		\$ -
Gabriela Díaz		Attorney			\$ 250.00		\$ -
Gabriela Díaz		Attorney			\$ 600.00		\$ -
Carla Martinez		Attorney			\$ 250.00		\$ -
RB		Associate		\$ 150.00	\$ 150.00		\$ -
DR		Paralegal		\$ 150.00	\$ 150.00		\$ -
Total Fees							\$ 250.00
Less: Credit							\$ -
Total Expenses							\$ 15.00
Total						1.00	\$ 265.00

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

EXHIBIT “5c”

PDR CPAs

Name	Title	Year Licensed/ Experience	Standard Rate	Billing Rate	Total Hours	Total Billed
William E. Price	CPA	45+	\$ 320.00	\$ 320.00		\$ -
Gail Heinold	Accounting Manager	20+	\$ 210.00	\$ 155.00		\$ -
William E. Price	CPA	45+		\$ 335.00	6.50	\$ 2,177.50
Gail Heinold	Accounting Manager	20+		\$ 160.00	2.00	\$ 320.00
Tammy Warden	Staff Accountant			\$ 125.00	9.75	\$ 1,218.75
Sharon O'Brien	Staff Accountant	10+	\$ 150.00	\$ 125.00	0.60	\$ 75.00
Megan Justice	Staff Accountant	4+	\$ 150.00	\$ 125.00		\$ -
Shelly Spencer	Staff Accountant			\$125.00		\$ -
Michael Yanchunis	Staff Accountant			\$125.00		\$ -
SGH				\$60.00		\$ -
LH				\$150.00	1.5	\$ 225.00
Tracy Hess	Tax Manager	5+	\$ 225.00	\$ 210.00		\$ -
Total Fees						\$ 4,016.25
Less: Credit						0.00
Total Expenses						\$ -
Total					20.35	\$ 4,016.25

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

EXHIBIT “6a”



TRUIST Place
401 E. Jackson Street, Suite 2400
Tampa, FL 33602-5236

T 813 222 8180
F 813 222 8189
www.bipc.com

MARK KORNFELD, RECEIVER
C/O BUCHANAN INGERSOLL & ROONEY
SUNTRUST FINANCIAL CENTRE
401 E. JACKSON STREET, SUITE 240
ATTN: JORDAN MAGLICH, ESQUIRE
TAMPA, FL 33602

October 17, 2022
Invoice No. 12192842

INVOICE SUMMARY

For Professional Services Rendered:

RE: IN RE: KINETICS
Our Reference: 0103373-000001

Total Fees:	\$60,329.25	
Less 10% Discount:	<u>(\$4,685.63)</u>	
Fees:		\$55,643.62
Disbursements:		<u>\$0.00</u>

Total Current Invoice:	\$55,643.62
-------------------------------	--------------------



TRUIST Place
401 E. Jackson Street, Suite 2400
Tampa, FL 33602-5236

T 813 222 8180
F 813 222 8189
www.bipc.com

MARK KORNFELD, RECEIVER
C/O BUCHANAN INGERSOLL & ROONEY
SUNTRUST FINANCIAL CENTRE
401 E. JACKSON STREET, SUITE 240
ATTN: JORDAN MAGLICH, ESQUIRE
TAMPA, FL 33602

October 17, 2022
Invoice No. 12192842

For Professional Services Rendered:

RE: IN RE: KINETICS
Our Reference: 0103373-000001

SERVICES INCLUDING

Timekeeper	Date	Task	Narrative	Hours	Amount
<hr/>					
Administration					
M. A. Kornfeld	7/6/2022	B100	Throughout day confer with, meet L. Humphries, review, analyze all emails, communications, matter queries, strategies, next steps relating to assets monetization, second distribution, taxes.	4.00	1,750.00
M. A. Kornfeld	7/15/2022	B100	Review, analyze items for updated Interim Report.	0.50	218.75
M. A. Kornfeld	7/18/2022	B100	Review, analyze items relating to document information.	0.50	218.75
M. A. Kornfeld	8/8/2022	B100	Review, discuss, outline options for discussion with L Humphries regarding clawback or rescission of Zephyr equity purchased with Kinetic investor proceeds.	1.00	437.5
M. A. Kornfeld	9/6/2022	B100	(NO CHARGE) Tend to vendor payments.	0.20	N/C
M. A. Kornfeld	9/6/2022	B100	Emails confer with L. Humphries regarding meeting, calculations, approach to second distribution to claimants to be filed end of September, continued review and analysis throughout day regarding all aspects of same.	3.00	1,312.50
<hr/>					
Subtotal Administration				9.20	3,937.50
<hr/>					
Claims and Plan					

MARK KORNFELD, RECEIVER
 RE: IN RE: KINETICS
 0103373-000001

Page 2
 October 17, 2022
 Invoice No. 12192842

Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	7/7/2022	B300	Research analyze claims and history and options relating to equity investment throughout day confer with L. Humphries relating to same.	3.00	1,312.50
M. A. Kornfeld	7/25/2022	B300	Emails, review claimants files in connection with approach to making second distribution.	1.50	656.25
Subtotal Claims and Plan				4.50	1,968.75
Asset Analysis and Recovery					
L. Humphries	7/1/2022	B120	Preparation of updated report to Court on status of real estate sale.	0.50	135.00
L. Humphries	7/1/2022	B120	Communicated with, directed Receiver's professionals regarding real estate sale.	0.40	108.00
M. A. Kornfeld	7/1/2022	B120	Review, analyze Zephyr work product file, and legal options for compelling sale of equity interest.	1.20	525.00
L. Humphries	7/5/2022	B120	Attendance at phone conference with SEC attorneys regarding Motion to Approve Sale of Real Property and other outstanding issues.	0.50	135.00
L. Humphries	7/5/2022	B120	Attendance at meeting with Receiver regarding document and information requests.	0.30	81.00
M. A. Kornfeld	7/5/2022	B120	Meeting, emails, confer with L. Humphries regarding sale of apartments, administration, strategy, information requests, motion for second distribution, assets, costs.	1.00	437.50
M. A. Kornfeld	7/5/2022	B120	Call with L. Humphries, Commission regarding timeline and assets.	0.50	218.75
L. Humphries	7/7/2022	B120	Preparation of follow up communication to Lendacy borrowers.	0.40	108.00
L. Humphries	7/11/2022	B120	Communicated with claimants regarding settlement.	0.40	108.00
L. Humphries	7/11/2022	B120	Communicated with PDR CPAs regarding A. Day reconciliation and other issues.	0.30	81.00
L. Humphries	7/11/2022	B120	Receipt and review of various correspondence from outside requests with subpoena for information.	0.20	54.00

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L. Humphries	7/12/2022	B120	(NO CHARGE) Preparation of Fee Application for Court.	2.50	N/C
L. Humphries	7/13/2022	B120	Receipt and review of correspondence from CPA regarding Quarter 2 questions.	0.10	27.00
L. Humphries	7/13/2022	B120	Drafted updated Claimant Repayment Agreement after negotiations with counsel.	0.60	162.00
L. Humphries	7/14/2022	B120	Communicated with B. Riviera regarding sale questions.	0.20	54.00
L. Humphries	7/14/2022	B120	Assessed payments made regarding real property for updates in reports to Court.	0.20	54.00
L. Humphries	7/15/2022	B120	(NO CHARGE) Preparation of edits regarding Fee Application including contact to Receivership Professionals regarding exhibits.	3.00	N/C
L. Humphries	7/18/2022	B120	Attendance at phone conference in regards to subpoena served on Receivership.	0.50	135.00
L. Humphries	7/18/2022	B120	Attendance at phone conference with claimant regarding debt repayment.	0.30	81.00
M. A. Kornfeld	7/18/2022	B120	Continued review, analysis of Zephyr equity investment documents and emails, files.	1.50	656.25
L. Humphries	7/19/2022	B120	Assessed file regarding claimant information in preparation of draft Motion for Distribution.	0.60	162.00
L. Humphries	7/19/2022	B120	Reviewed and assessed file documents regarding potential \$500k recession claim against Zephyr.	0.80	216.00
M. A. Kornfeld	7/19/2022	B120	Review, analyze, equity investment, other assets, claims and distributions procedures and reserves and timing related to court decision on sale of 91 condos.	2.00	875.00
L. Humphries	7/20/2022	B120	(NO CHARGE) Preparation of invoice review prior to filing BIPC invoices.	0.60	N/C
L. Humphries	7/21/2022	B120	Attendance at phone conference with counsel for investor regarding payment to Receivership Estates for debt.	0.30	81.00
L. Humphries	7/22/2022	B120	Drafted update to Interim Report regarding Lendacy payment received.	0.40	108.00

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L. Humphries	7/22/2022	B120	Attendance at phone conference regarding investor repayment of \$111,000 to estate.	0.40	108.00
L. Humphries	7/23/2022	B120	Preparation of update to Interim Report.	0.80	216.00
L. Humphries	7/23/2022	B120	Preparation of update regarding state of Receivership for website.	0.50	135.00
L. Humphries	7/25/2022	B120	Communicated with counsel regarding response on claimants and distributions made to date.	0.40	108.00
L. Humphries	7/25/2022	B120	Communicated with Servis Bank regarding receipt and review of transfer and other outstanding issues.	0.30	81.00
L. Humphries	7/25/2022	B120	Review and analysis of file regarding second distribution motion.	2.80	756.00
L. Humphries	7/25/2022	B120	Prepared correspondence regarding subpoena response.	0.40	108.00
L. Humphries	7/25/2022	B120	Preparation of correspondence regarding documents produced.	0.20	54.00
M. A. Kornfeld	7/25/2022	B120	Emails, confer with L. Humphries regarding calls with broker and state of purchase and sale agreement and escrow.	0.50	218.75
L. Humphries	7/25/2022	B120	Attendance at phone conference with investor regarding distribution and update on Receivership process.	0.40	108.00
L. Humphries	7/26/2022	B120	Communicated with Investor regarding settlement repayment plan.	0.30	81.00
L. Humphries	7/26/2022	B120	Drafted various follow up correspondence to Lendacy investors.	0.20	54.00
L. Humphries	7/26/2022	B120	Attendance at phone conference with B. Rivera regarding communication with Buyer Broker on pending sale.	0.40	108.00
L. Humphries	7/27/2022	B120	Preparation of final updates to Interim Report.	0.30	81.00
L. Humphries	7/28/2022	B120	Drafted edits to Interim Report for filing with Court.	0.40	108.00
L. Humphries	7/28/2022	B120	(NO CHARGE) Preparation of updates to fee application.	0.40	N/C
L. Humphries	7/29/2022	B120	(NO CHARGE) Communicated with PDR regarding exhibit issue for fee application.	0.30	N/C
L. Humphries	7/29/2022	B120	Preparation of edits to Interim Report.	0.20	54.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	7/29/2022	B120	Review, analyze files for claimants distributions, filing of Interim Report, sale of condos.	1.50	656.25
L. Humphries	8/1/2022	B120	Communicated with EHounds regarding issue with prior payments and continued amount owed from Receivership.	0.30	81.00
L. Humphries	8/2/2022	B120	Communicated with Lendacy investor regarding payment.	0.20	54.00
L. Humphries	8/2/2022	B120	Assessed information from prior distribution motion in preparation and updating file for Second Distribution.	1.50	405.00
M. A. Kornfeld	8/2/2022	B120	Review emails regarding sale of condos.	0.40	175.00
M. A. Kornfeld	8/2/2022	B120	Emails, review administrative banking items for maintaining administrative estate after monies distributed.	0.70	306.25
L. Humphries	8/3/2022	B120	Communicated with Receivership professionals regarding effectuating payment for property management.	0.20	54.00
M. A. Kornfeld	8/3/2022	B120	Review and analyze file, back and forth communications regarding sale of condos, timing, escrow, closing, expenses.	1.50	656.25
L. Humphries	8/3/2022	B120	Receipt and review of various correspondence from Codominio Gabriela House regarding property management.	0.30	81.00
L. Humphries	8/4/2022	B120	Communicated with borrower on payment owed.	0.20	54.00
M. A. Kornfeld	8/4/2022	B120	Emails, analysis regarding assets, attempts at conversion to cash for claimants.	1.50	656.25
M. A. Kornfeld	8/11/2022	B120	Review, continue to analyze possible clawback claims, monetizing and distribution of contingent 2019 equity interest in aerospace company, Zephyr.	1.50	656.25
L. Humphries	8/15/2022	B120	Attendance at meeting with Receiver regarding distribution Motion.	0.40	108.00
M. A. Kornfeld	8/16/2022	B120	Emails, review, analyze Zephyr corporate structure, capital issues for calls with principals regarding initial Kinetics investment by Mr. Williams.	1.50	656.25

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M. A. Kornfeld	8/16/2022	B120	Assess remainder to be distributed, outline, discuss with L. Humphries action plan relating to same.	1.50	656.25
M. A. Kornfeld	8/16/2022	B120	Emails, respond to inquiries regarding sale of condos, timing, escrow, state of motion practice.	1.00	437.50
L. Humphries	8/17/2022	B120	Review and analysis of completed Tax Returns for Kinetic entities.	0.30	81.00
L. Humphries	8/18/2022	B120	Communicated with Michael Sayre regarding payment.	0.30	81.00
L. Humphries	8/19/2022	B120	Preparation of various correspondence regarding Zephyr claim.	0.30	81.00
L. Humphries	8/19/2022	B120	Receipt and review of correspondence regarding continuing costs of real property Villa Gabriel.	0.20	54.00
L. Humphries	8/22/2022	B120	Drafted various correspondence regarding update to Kinetic Receivership website.	0.20	54.00
L. Humphries	8/23/2022	B120	Receipt and review of correspondence from Jeffrey O'Neill.	0.10	27.00
L. Humphries	8/24/2022	B120	Assessed information regarding Michael Sayre's \$4,000 payment.	0.20	54.00
L. Humphries	8/30/2022	B120	Preparation of Draft Motion to Approve Second Distribution.	0.80	216.00
L. Humphries	9/1/2022	B120	Provided response to Claimant regarding filing.	0.20	54.00
L. Humphries	9/1/2022	B120	Preparation of correspondence to Lendacy borrower regarding settlement.	0.20	54.00
L. Humphries	9/1/2022	B120	Attendance at phone conference regarding Villa Gabriel property.	0.20	54.00
L. Humphries	9/2/2022	B120	Assessed files for Claimants regarding allocations for Second Distribution.	0.60	162.00
L. Humphries	9/5/2022	B120	(NO CHARGE) Review and analysis of Servis Account information in preparation of check transfers.	0.20	N/C
L. Humphries	9/6/2022	B120	Drafted Motion to Approve Second Interim Distribution to Investor Claims.	1.50	405.00
L. Humphries	9/6/2022	B120	Drafted correspondence to Hal Levenberg regarding second distribution to claimants.	0.20	54.00
L. Humphries	9/6/2022	B120	Drafted exhibits for Motion to Approve Second Distribution.	0.40	108.00

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L. Humphries	9/7/2022	B120	Preparation of various correspondence to forensic accountants regarding distribution.	0.20	54.00
L. Humphries	9/7/2022	B120	Receipt and review of various correspondence from Michale Reynolds.	0.20	54.00
L. Humphries	9/8/2022	B120	Attendance at phone conference with Receiver regarding distribution.	0.40	108.00
L. Humphries	9/8/2022	B120	Reviewed Receiver's website information for update to claimants.	0.30	81.00
L. Humphries	9/9/2022	B120	Communicated with Receiver's CPA professionals regarding distribution allocations.	0.30	81.00
L. Humphries	9/9/2022	B120	Preparation of various correspondence to Nicole Escudero at YIP CPA regarding claimant distribution amounts.	0.20	54.00
L. Humphries	9/9/2022	B120	(NO CHARGE) Drafted exhibits for allocation amounts to be sent to YIP professionals.	0.40	N/C
L. Humphries	9/9/2022	B120	Attendance at phone conference with YIP professionals regarding distribution.	0.40	108.00
L. Humphries	9/12/2022	B120	Communicated with Lendacy investors regarding repayment.	0.20	54.00
L. Humphries	9/12/2022	B120	Preparation of Motion for Second Interim Distribution.	1.00	270.00
L. Humphries	9/12/2022	B120	Preparation of various correspondence regarding payment plans.	0.20	54.00
L. Humphries	9/12/2022	B120	Attendance at phone conference with Ronald Herip.	0.30	81.00
L. Humphries	9/13/2022	B120	Communicated with Receiver's Real Estate Professionals regarding sale of Villa Gabriela Property.	0.40	108.00
L. Humphries	9/13/2022	B120	Receipt and review of exhibits from YIP CPA Professionals.	0.20	54.00
L. Humphries	9/13/2022	B120	Drafted edits to Motion for Approval of Second Interim Distribution.	0.80	216.00
L. Humphries	9/13/2022	B120	Preparation of correspondence to counsel for Mr. Williams regarding distribution Motion.	0.10	27.00
L. Humphries	9/13/2022	B120	Preparation of various correspondence to Nicole Escudero at YIP CPA on exhibits.	0.20	54.00

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L. Humphries	9/14/2022	B120	Receipt and review of updated exhibits from Hal Levenberg.	0.20	54.00
L. Humphries	9/14/2022	B120	Receipt and review of correspondence from Diana Caballero (Buyer's real estate agent.)	0.10	27.00
L. Humphries	9/14/2022	B120	Preparation of update to SEC regarding distribution.	0.10	27.00
L. Humphries	9/14/2022	B120	Attendance at phone conference with YIP CPAs regarding follow up questions on claims analysis.	0.30	81.00
L. Humphries	9/14/2022	B120	Receipt and review of correspondence from YIP.	0.10	27.00
L. Humphries	9/14/2022	B120	Receipt and review of correspondence from B. Rivera.	0.10	27.00
L. Humphries	9/14/2022	B120	Receipt and review of correspondence from Stephanie Moot.	0.10	27.00
L. Humphries	9/15/2022	B120	Communicated with counsel for Williams on relief requested in Motion.	0.20	54.00
L. Humphries	9/15/2022	B120	Preparation of edits to Motion for Approval of Second Interim Distribution Motion regarding communications with buyer and conferrals.	0.50	135.00
L. Humphries	9/15/2022	B120	Preparation of draft Order to Court on Interim Distribution Motion.	0.30	81.00
L. Humphries	9/16/2022	B120	Communicated with claimant investor regarding update on Receivership.	0.30	81.00
M. A. Kornfeld	9/30/2022	B120	Work throughout day on issues for Interim Report, review, research and analysis of contingencies relating to sale of condos and equitable ownership in Zephyr and remainder of assets.	2.50	1093.75
Subtotal Asset Analysis and Recovery				59.20	17,386.25
Asset Disposition					
M. A. Kornfeld	9/9/2022	B130	Confer with L. Humphries, review analyze reducers second interim distribution Motion.	1.50	656.25

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M. A. Kornfeld	9/12/2022	B130	Review, revise meet discuss supporting papers and issues to be addressed in Motion for Second Interim Distribution with L. Humphries.	3.00	1312.50
M. A. Kornfeld	9/29/2022	B130	Review, analyze distributions, analyze open issues for preparing third and final distribution and administrative estate, either before or after year end, analyze tax implications for claimants, Receivership Estates.	4.00	1750.00
Subtotal Asset Disposition				8.50	3,718.75
Case Administration					
M. A. Kornfeld	7/1/2022	B110	Emails, confer throughout day with L. Humphries about Q2 activity and next Interim Report, strategy for timing of next distribution to claimants, factual, legal, equitable, administration issues relating to same.	2.50	1093.75
M. A. Kornfeld	7/5/2022	B110	Review, analyze prior distribution motion, claimant information, timing for hearing and objections and payments and reserves and outline issues relating to same, and outstanding pending sale of condos.	2.40	1050.00
L. Humphries	7/6/2022	B110	Communicated with PDR CPAs and Advisors regarding "income" to the Receivership Estate and taxes.	0.40	108.00
M. A. Kornfeld	7/8/2022	B110	Review, analyze draft Interim Report, updates regarding asset monetization, key documents, crowdfunding, equity holders along with Receiver .	2.50	1093.75
M. A. Kornfeld	7/11/2022	B110	Emails, review individual claimant files responsive to outside information request and investigation, review information files relating to same.	1.00	437.50
L. Humphries	7/12/2022	B110	(No Charge) Fee exhibit review.	0.70	N/C
L. Humphries	7/12/2022	B110	Attendance at phone conference with counsel for Ferrer regarding debt issue.	0.40	108.00

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L. Humphries	7/13/2022	B110	(NO CHARGE) Assessed Kinetic Invoices and took various steps to obtain same for fee application.	1.50	N/C
M. A. Kornfeld	7/13/2022	B110	Review, edit update Interim Report, direct L. Humphries regarding same, regarding document review of claimant information, collection, production and response to information request.	2.00	875.00
M. A. Kornfeld	7/14/2022	B110	Emails, confer with L. Humphries regarding, review, analyze, update 10th Interim Report, recent estate expenditures, strategic next steps on assets.	2.00	875.00
L. Humphries	7/14/2022	B110	Reviewed and assessed file documents in preparation for subpoena response.	2.20	594.00
L. Humphries	7/20/2022	B110	Attendance at meeting with Receiver regarding Zephyr claim, distribution, and interim motion to Court.	0.50	135.00
M. A. Kornfeld	7/20/2022	B110	Meet with L. Humphries regarding Interim Report, hearing, equity investment, administrative costs, motion for second distribution, claimant.	1.50	656.25
M. A. Kornfeld	7/21/2022	B110	Meetings, calls, analysis throughout day with L. Humphries on second claimant distributions, collections, equity stake in Zephyr.	2.40	1050.00
L. Humphries	7/22/2022	B110	Preparation of various tasks regarding outstanding false profit investors including recommendations and advice to Receiver.	0.60	162.00
L. Humphries	7/22/2022	B110	(NO CHARGE) Preparation of supplemental invoice review.	0.50	N/C
L. Humphries	7/22/2022	B110	Preparation of various correspondence with counsel for investor regarding payment of outstanding debt.	0.20	54.00
M. A. Kornfeld	7/22/2022	B110	Review, analyze, edit, update Interim Report, draft motion for second distribution.	1.80	787.50
L. Humphries	7/22/2022	B110	Review confirmations of back up information for Receiver claim registrations.	0.40	108.00

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L. Humphries	7/22/2022	B110	Attendance at follow up phone conference regarding wire transfer issue to Receivership estate.	0.40	108.00
L. Humphries	7/22/2022	B110	Drafted various correspondence to Ron During regarding back up claimant information.	0.20	54.00
L. Humphries	7/25/2022	B110	Preparation of follow up correspondence to investor.	0.10	27.00
L. Humphries	7/26/2022	B110	Communicated with M.S. (Lendacy Investor) regarding payment of claim.	0.30	81.00
M. A. Kornfeld	7/26/2022	B110	Calls, emails, confer with L. Humphries, review revise Interim Report, discussions regarding regent settlement payments, second distribution to claimants.	2.40	1050.00
L. Humphries	7/26/2022	B110	Preparation of various correspondence regarding wire transfer into Receivership account.	0.20	54.00
L. Humphries	7/27/2022	B110	Per Receiver, continued to assess documents and email correspondence related to Zephyr investments.	0.40	108.00
M. A. Kornfeld	7/27/2022	B110	Meet, confer with L. Humphries on assets and Interim Report and sale of condos and distribution motion papers.	1.00	437.50
M. A. Kornfeld	7/28/2022	B110	Review, confer with L. Humphries about ongoing next steps to make second distribution, ongoing settlement payments, administration of estate.	2.00	875.00
L. Humphries	8/1/2022	B110	Drafted correspondence to SEC regarding PDR updated invoices.	0.20	54.00
M. A. Kornfeld	8/3/2022	B110	Review, analyze, tend to ongoing administration of condo, tax fees, insurance policies.	0.50	218.75
L. Humphries	8/4/2022	B110	Drafted update to settlement agreement for debt repayment.	0.30	81.00
L. Humphries	8/4/2022	B110	Drafted correspondence to borrower regarding wire instructions and payment to estate.	0.20	54.00
L. Humphries	8/4/2022	B110	Attendance at phone conference with borrower regarding debt repayment.	0.40	108.00
L. Humphries	8/5/2022	B110	Assessed file documents in preparation for second distribution motion.	1.50	405.00

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M. A. Kornfeld	8/9/2022	B110	Review, analyze reserves, information for draft Motion for second distribution.	1.70	743.75
M. A. Kornfeld	8/10/2022	B110	Draft of second distribution motion and next steps as relates to sale of condos.	1.00	437.50
M. A. Kornfeld	8/12/2022	B110	Review, analyze outstanding issues for Motion for second interim distribution.	0.50	218.75
L. Humphries	8/13/2022	B110	Preparation of various correspondence regarding investor payment plans.	0.40	108.00
L. Humphries	8/15/2022	B110	Reviewed, analyze documents regarding Zephyr investments.	1.20	324.00
L. Humphries	8/15/2022	B110	Receipt and review of correspondence from B. Riviera.	0.10	27.00
M. A. Kornfeld	8/15/2022	B110	Meet, emails confer with L. Humphries regarding draft second distribution motion papers, administrative estate.	1.50	656.25
L. Humphries	8/16/2022	B110	Communicated with B. Riviera regarding contact with Buyer.	0.30	81.00
L. Humphries	8/16/2022	B110	Review and analysis of outstanding claims to estate in preparation for final demands.	2.00	540.00
L. Humphries	8/16/2022	B110	Preparation of various correspondence regarding unpaid claims.	0.20	54.00
L. Humphries	8/17/2022	B110	(No Charge) Communicated with K Tek Systems regarding fee application payment.	0.40	N/C
M. A. Kornfeld	8/17/2022	B110	Work on second distribution motion alternatives timing based on sale of condos.	4.00	1750.00
L. Humphries	8/17/2022	B110	Preparation of correspondence to Jeffrey O'Neill regarding Zephyr investment.	0.10	27.00
L. Humphries	8/17/2022	B110	(NO CHARGE) Effectuated fee application order to all vendors.	1.50	N/C
L. Humphries	8/18/2022	B110	Communicated with Jeffrey O'Neill regarding potential claim.	0.30	81.00
L. Humphries	8/18/2022	B110	Receipt and review of correspondence to Michael Sayre.	0.10	27.00
L. Humphries	8/18/2022	B110	(NO Charge) Preparation of Servis maintenance and review of accounts.	0.50	N/C
L. Humphries	8/18/2022	B110	Preparation of correspondence to Michael Sayre.	0.10	27.00

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M. A. Kornfeld	8/18/2022	B110	Review, analyze files, work product, a second distribution to claimants and to prepare for call regarding equity interest in Zephyr.	2.50	1093.75
L. Humphries	8/19/2022	B110	Communicated with Lendacy investor regarding settlement.	0.30	81.00
L. Humphries	8/22/2022	B110	Communicated with principal regarding Zephyr.	0.30	81.00
L. Humphries	8/23/2022	B110	Preparation of various correspondence to Jeffrey O'Neill.	0.20	54.00
L. Humphries	8/29/2022	B110	Review and analysis of correspondence regarding Zephyr claim.	0.20	54.00
L. Humphries	8/29/2022	B110	Drafted Motion to Approve Second Interim Distribution.	1.80	486.00
L. Humphries	8/29/2022	B110	Attendance at phone conference with Jeffrey O'Neill.	0.40	108.00
L. Humphries	9/1/2022	B110	Communicated with Claimant regarding Hedgeo payment.	0.40	108.00
M. A. Kornfeld	9/1/2022	B110	Review, analyze, revise draft motion for second interim distribution, emails confer with L. Humphries throughout day regarding same, regarding Zephyr, regarding what a wind down of estate entails with open equity interest and installment payment settlements due to Receiver Estate, analysis of administrative estate.	4.00	1750.00
M. A. Kornfeld	9/2/2022	B110	Review, analyze prior distribution motions, percentages, settlements, cash on hand, impact of sale of condos, reserves, preliminary calculations, claimants, wind down, administrative estate , next steps.	3.50	1531.25
L. Humphries	9/6/2022	B110	Communicated with claimant investor regarding update on Receivership.	0.40	108.00
L. Humphries	9/7/2022	B110	Attendance at phone conference with property professionals regarding payment of yearly insurance for Receivership Real Property.	0.30	81.00
M. A. Kornfeld	9/7/2022	B110	Review, analyze, revise, discuss issues for distribution to claimants throughout day with L. Humphries.	1.80	787.50

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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	9/8/2022	B110	Calls, emails, confer with L. Humphries regarding distribution motion settlement payments due estate recent requests for payments by HOA, finalizing numbers per claimant for application, status of motion to sell condos, administrative estate and future distributions.	2.00	875.00
L. Humphries	9/9/2022	B110	Responded to Claimant question on website.	0.20	54.00
M. A. Kornfeld	9/13/2022	B110	Emails with SEC and Mr. Williams regarding motion to be filed.	0.20	87.50
M. A. Kornfeld	9/13/2022	B110	Review, analyze motion papers, prior filings and attachments, necessary supporting documents, call with forensic accountants and L. Humphries, direct all with regard to motion for Second Interim Distribution of \$3.5m, timing, objections period, review sale of condos motion with regards to same and impact on all numbers.	4.00	1750.00
M. A. Kornfeld	9/14/2022	B110	Emails confer direct L. Humphries throughout day regarding distributions, meet and confer requirements, communications from buyer of Puerto Rico condos about timing and US process, inclusion in the motion for second interim distribution.	1.00	437.50
L. Humphries	9/14/2022	B110	Preparation of correspondence to counsel for Mr. Williams regarding draft Motion and relief requested.	0.20	54.00
M. A. Kornfeld	9/15/2022	B110	Emails confer with L. Humphries regarding follow up on information requests and Zephyr equity investments.	0.40	175.00
M. A. Kornfeld	9/15/2022	B110	Emails review analyze finalize second distribution motion confer with L. Humphries YIP Associates regarding same throughout day.	2.20	962.50

MARK KORNFELD, RECEIVER
 RE: IN RE: KINETICS
 0103373-000001

Page 15
 October 17, 2022
 Invoice No. 12192842

Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	9/19/2022	B110	Review, analyze second interim distribution, administrative costs and expenses and reserves, case law relating to winding down estate with open equitable assets, confer with L. Humphries throughout day regarding same.	3.50	1531.25
M. A. Kornfeld	9/21/2022	B110	Emails review analyze distributions, all files for claimants, notice, proposed orders, strategic next steps as sale of condos remains sub Judice.	3.00	1312.50
M. A. Kornfeld	9/22/2022	B110	Emails confer with broker, outline legal issues for discussion w Puerto Rico counsel regarding proposed sale of condos, escrow, purchase and sale agreement, next steps on how to approach equity interests in Aerospace company to potentially be liquidated.	2.50	1093.75
M. A. Kornfeld	9/26/2022	B110	Outline legal issues for ongoing Administrative estate.	1.50	656.25
Subtotal Case Administration				88.30	33,318.00
Total Hours				169.70	
Total Fees					\$60,329.25
Less 10% Discount					(\$4,685.63)
Adjusted Fee Total					\$55,643.62

Amount Due This Invoice:	\$55,643.62
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MARK KORNFELD, RECEIVER
RE: IN RE: KINETICS
0103373-000001

Page 16
October 17, 2022
Invoice No. 12192842

TIMEKEEPER SUMMARY

Name	Title	Hours	Rate	Amount
L. Humphries	Associate	49.90	270.00	13,473.00
L. Humphries	Associate	12.50	N/C	N/C
M. A. Kornfeld	Partner	107.10	437.50	46,856.25
M. A. Kornfeld	Partner	0.20	N/C	N/C
Total		169.70		60,329.25



TRUIST Place
401 E. Jackson Street, Suite 2400
Tampa, FL 33602-5236

T 813 222 8180
F 813 222 8189
www.bipc.com

REMITTANCE STATEMENT

MARK KORNFELD, RECEIVER
C/O BUCHANAN INGERSOLL & ROONEY
SUNTRUST FINANCIAL CENTRE
401 E. JACKSON STREET, SUITE 240
ATTN: JORDAN MAGLICH, ESQUIRE
TAMPA, FL 33602

October 17, 2022
Invoice No. 12192842

Our Reference: 0103373-000001
Client Name: MARK KORNFELD, RECEIVER
Invoice Date: October 17, 2022
Invoice Number: 12192842
Total Due This Invoice: \$55,643.62

Total Due All Invoices For this Matter:	\$55,643.62
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**PLEASE RETURN THIS REMITTANCE STATEMENT WITH YOUR PAYMENT
THANK YOU**

Make checks payable to: Buchanan Ingersoll & Rooney
Union Trust Building
Attn: Accounting Department
501 Grant Street – Suite 200
Pittsburgh, PA 15219-4413
Tax ID: 25-1381032

Wire / ACH Information
PNC Bank, N.A.
Buchanan Ingersoll & Rooney Operating Account
Account #: 1133081072
Routing#: 043000096
SWIFT CODE: PNCCUS33

Please Reference 0103373-000001 Invoice: 12192842

Amount remitted this payment: \$_____

**RECENT FEES AND DISBURSEMENTS MAY NOT
YET BE ENTERED ON YOUR ACCOUNT AND
IF NOT, WILL BE SUBSEQUENTLY BILLED**

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

EXHIBIT “6b”

**INVOICE DETAIL**

Mark Kornfeld, Receiver
Buchanan Ingersoll & Rooney PC
401 E. Jackson Street
Suite 2400
Tampa, FL 33602

Invoice Number: 31595
Date: October 17, 2022
Matter ID: 291.0001

Re: Kinetic Investment Group, LLC

For Professional Services Rendered July 1, 2022 through September 30, 2022

Date	Initials	Description	Hours	Rate	Amount
9/9/2022	HAL	Meeting with the Receiver, Receiver's counsel, and NED re: second claims distribution (.5); reviewed and updated claims distribution calculation (2.6).	3.1	\$ 295	\$ 914.50
9/9/2022	NED	Conference call with HAL and Receiver's Counsel re: second distribution (.5); ; prepared analysis for second interim distribution (1.2).	1.7	\$ 245	\$ 416.50
9/12/2022	HAL	Meeting with NED re: Second Interim Distribution (.6); reviewed motion and exhibit for first interim distribution (1.6).	2.2	\$ 295	\$ 649.00
9/12/2022	NED	Continued to prepare analysis of second interim distribution and exhibit to motion for second interim distribution (2.8); discussion with HAL re: same (.6).	3.4	\$ 245	\$ 833.00
9/13/2022	HAL	Meeting with the Receiver and L. Humphries re: second interim distribution (.3); reviewed and updated claims distribution exhibits in preparation for upcoming call (1.1).	1.4	\$ 295	\$ 413.00
9/13/2022	NED	Conference call with Receiver's Counsel (.3); finalized Exhibit A for second interim distribution (2.3).	2.6	\$ 245	\$ 637.00
9/14/2022	NED	Finalized exhibit to second interim distribution and communication with Receiver's Counsel re: same.	1.1	\$ 245	\$ 269.50
Total Fees			15.5		\$ 4,132.50
Total Amount Due					\$ 4,132.50



Invoice Number: 31595
Matter ID: 291.0001

Date	Initials	Description	Hours	Rate	Amount
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Please remit payment by mail to:

Yip Associates
2 South Biscayne Blvd., Suite 2690
Miami, FL 33131

Or, via wire transfer to:

ABA Number: FIRST HORIZON BANK
165 Madison Avenue
Memphis, TN 38103
084000026

FHB Customer Name: FIRST HORIZON BANK Credit Account Information
YIPCPA, LLC d/b/a YIP ASSOCIATES

FHB Account Number: **4400000149**

Amount of Wire: **\$4,132.50**

For Credit to: Yip Associates
2 South Biscayne Blvd., Suite 2690
Miami, FL 33131

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

EXHIBIT “6b”



All funds payable to:

E-Hounds, Inc.

32815 US 19 North Suite 100

Palm Harbor, Florida 34684

www.ehounds.com (727) 726-8985

Invoice for Services

Open Date	Close Date	Invoice #	Balance Due	Case Reference (E9578)	Terms
07/01/2022	07/31/2022	39136	\$495.00	in RE: Kinetic	Due on Receipt

Invoice to:
 BIPC
 in RE: Kinetic
 401 E. Jackson St
 Suite 2400
 Tampa, FL 33602-5236

Case Contact:
 Buchanan Ingersoll
 Lauren V Humphries
 813-222-1141

Q	Date	Expedited	All quantities are based Hourly unless otherwise noted	Tech	Price	Ext
1	07/05/2022		E-Hounds Review Platform (incl 1 user seat) Courtesy Rate Monthly		\$495.00	\$495.00

All balances are due upon receipt. Thank you!

SUBTOTAL **\$495.00**

Payments Applied

TOTAL **\$495.00**

Balance Due \$495.00

Retainer Amount Remaining

Please note: Our fees are subject to change annually. Last change: 1/2/2018

Statement of Limited Liability and Financial Responsibility

E-Hounds, Inc. shall not be liable under any circumstances for any special, consequential, or exemplary damages arising from the use or misuse of data or equipment after it has been returned to the client and/or owner(s). E-Hounds shall not be liable for the continued storage of recovered data for more than 30 days unless otherwise specified in writing by the client. Any problems with recovered data must be reported to E-Hounds within 5 business days of receipt. Property and/or equipment held for legal matters is held for 1 Year at the client's request or upon case closure. Additional storage fees may apply to extended storage/maintenance. ABSOLUTELY NO REFUNDS. This invoice is made under the fee agreement signed on behalf of the above listed client. As stated in the Fee Agreement for E-Hound's services, Final billing must be satisfied before the final release of equipment or findings/reporting. All billing is DUE ON RECEIPT, unless stated otherwise above. All unpaid balances over 30 days will be subject to a 1.5% fee per month. Any unpaid balances over 60 days will be subject to equipment liquidation, collection process and reasonable attorney's fees incurred in collection. Services by E-Hounds is rendered on behalf of the agency, agent, or party contracting for the services, and payment for such services is the sole liability and responsibility of that agency, agent, or party, and is not transferrable or assignable.

E-Hounds also accepts:





All funds payable to:

E-Hounds, Inc.

32815 US 19 North Suite 100

Palm Harbor, Florida 34684

www.ehounds.com (727) 726-8985

Invoice for Services

Open Date	Close Date	Invoice #	Balance Due	Case Reference (E9578)	Terms
08/01/2022	08/31/2022	39147	\$495.00	in RE: Kinetic	Due on Receipt

Invoice to:
 BIPC
 in RE: Kinetic
 401 E. Jackson St
 Suite 2400
 Tampa, FL 33602-5236

Case Contact:
 Buchanan Ingersoll
 Lauren V Humphries
 813-222-1141

Q	Date	Expedited	All quantities are based Hourly unless otherwise noted	Tech	Price	Ext
1	08/05/2022		E-Hounds Review Platform (incl 1 user seat) Courtesy Rate Monthly		\$495.00	\$495.00

All balances are due upon receipt. Thank you!

SUBTOTAL **\$495.00**

Payments Applied

TOTAL **\$495.00**

Balance Due \$495.00

Retainer Amount Remaining

Please note: Our fees are subject to change annually. Last change: 1/2/2018

Statement of Limited Liability and Financial Responsibility

E-Hounds, Inc. shall not be liable under any circumstances for any special, consequential, or exemplary damages arising from the use or misuse of data or equipment after it has been returned to the client and/or owner(s). E-Hounds shall not be liable for the continued storage of recovered data for more than 30 days unless otherwise specified in writing by the client. Any problems with recovered data must be reported to E-Hounds within 5 business days of receipt. Property and/or equipment held for legal matters is held for 1 Year at the client's request or upon case closure. Additional storage fees may apply to extended storage/maintenance. ABSOLUTELY NO REFUNDS. This invoice is made under the fee agreement signed on behalf of the above listed client. As stated in the Fee Agreement for E-Hound's services, Final billing must be satisfied before the final release of equipment or findings/reporting. All billing is DUE ON RECEIPT, unless stated otherwise above. All unpaid balances over 30 days will be subject to a 1.5% fee per month. Any unpaid balances over 60 days will be subject to equipment liquidation, collection process and reasonable attorney's fees incurred in collection. Services by E-Hounds is rendered on behalf of the agency, agent, or party contracting for the services, and payment for such services is the sole liability and responsibility of that agency, agent, or party, and is not transferrable or assignable.

E-Hounds also accepts:





All funds payable to:

E-Hounds, Inc.

32815 US 19 North Suite 100

Palm Harbor, Florida 34684

www.ehounds.com (727) 726-8985

Invoice for Services

Open Date	Close Date	Invoice #	Balance Due	Case Reference (E9578)	Terms
09/01/2022	09/30/2022	39158	\$495.00	in RE: Kinetic	Due on Receipt

Invoice to:
 BIPC
 in RE: Kinetic
 401 E. Jackson St
 Suite 2400
 Tampa, FL 33602-5236

Case Contact:
 Buchanan Ingersoll
 Lauren V Humphries
 813-222-1141

Q	Date	Expedited	All quantities are based Hourly unless otherwise noted	Tech	Price	Ext
1	09/05/2022		E-Hounds Review Platform (incl 1 user seat) Courtesy Rate Monthly		\$495.00	\$495.00

All balances are due upon receipt. Thank you!

SUBTOTAL **\$495.00**

Payments Applied

TOTAL **\$495.00**

Balance Due \$495.00

Retainer Amount Remaining **\$0.00**

Please note: Our fees are subject to change annually. Last change: 1/2/2018**Statement of Limited Liability and Financial Responsibility**

E-Hounds, Inc. shall not be liable under any circumstances for any special, consequential, or exemplary damages arising from the use or misuse of data or equipment after it has been returned to the client and/or owner(s). E-Hounds shall not be liable for the continued storage of recovered data for more than 30 days unless otherwise specified in writing by the client. Any problems with recovered data must be reported to E-Hounds within 5 business days of receipt. Property and/or equipment held for legal matters is held for 1 Year at the client's request or upon case closure. Additional storage fees may apply to extended storage/maintenance. ABSOLUTELY NO REFUNDS. This invoice is made under the fee agreement signed on behalf of the above listed client. As stated in the Fee Agreement for E-Hound's services, Final billing must be satisfied before the final release of equipment or findings/reporting. All billing is DUE ON RECEIPT, unless stated otherwise above. All unpaid balances over 30 days will be subject to a 1.5% fee per month. Any unpaid balances over 60 days will be subject to equipment liquidation, collection process and reasonable attorney's fees incurred in collection. Services by E-Hounds is rendered on behalf of the agency, agent, or party contracting for the services, and payment for such services is the sole liability and responsibility of that agency, agent, or party, and is not transferrable or assignable.

E-Hounds also accepts:



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

EXHIBIT “6c”

Mark A. Kornfeld, Esq. Receiver for Kenetic Investment, LLC
July 1, 2022 through July 31, 2022

Date	Activity Category	Timekeeper	Description	Hours	Rate	Amount
7/22/2022	Tax	LH	Update data for tax return preparation	1.25	\$ 150.00	\$ 187.50
7/22/2022	Tax	LH	Update data for tax return preparation	0.25	\$ 150.00	\$ 37.50
	Total Tax			1.50		\$ 225.00
7/6/2022	Accounting & Auditing	TMW	Downloaded June Servis 1st interactive broker statements, manually entered missing transactions, reconciled accounts, reviewed Quickbooks reports, printed Quickbooks reports and sent to client for review	2.00	\$ 125.00	\$ 250.00
7/7/2022	Accounting & Auditing	TMW	Emailed Lauren with follow-up questions	0.25	\$ 125.00	\$ 31.25
7/7/2022	Accounting & Auditing	GAH	Reviewed questions on checks & deposits	0.25	\$ 160.00	\$ 40.00
7/8/2022	Accounting & Auditing	TMW	Reviewed Quickbooks to view if settlements have been recorded in the past, reviewed where to post a deposit refund to an old renter	0.75	\$ 125.00	\$ 93.75
7/11/2022	Accounting & Auditing	GAH	Reviewed questions on expenses for Fund reports	0.25	\$ 160.00	\$ 40.00
7/13/2022	Accounting & Auditing	TMW	Printed Quickbooks reports to enter information in court report	0.50	\$ 125.00	\$ 62.50
7/13/2022	Accounting & Auditing	TMW	Emailed Lauren with follow-up on categorizing a deposit correctly	0.25	\$ 125.00	\$ 31.25
7/13/2022	Accounting & Auditing	GAH	Updated Fund report and discussed with Tamra	0.25	\$ 160.00	\$ 40.00
7/15/2022	Accounting & Auditing	TMW	Prepared 2nd quarter court report	0.75	\$ 125.00	\$ 93.75
7/18/2022	Accounting & Auditing	TMW	Updated cover letter, updated discrepancy with court report & reprinted. Compiled court report for review	2.00	\$ 125.00	\$ 250.00
7/18/2022	Accounting & Auditing	GAH	Reviewed 2nd quarter reports	1.25	\$ 160.00	\$ 200.00
7/19/2022	Accounting & Auditing	WEP	Reviewed final court report	0.75	\$ 335.00	\$ 251.25
7/22/2022	Accounting & Auditing	TMW	Reprinted 2021 reports for tax preparation	0.50	\$ 125.00	\$ 62.50
	Total Accounting & Auditing			9.75		\$ 1,446.25

Total Mark. A. Kornfeld, Esq. Receiver for Kenetic Investment, LLC

11.25

\$ 1,671.25

**Mark A. Kornfeld, Esq. Receiver for Kenetic Investment, LLC
 September 1, 2022 through September 30, 2022**

Date	Activity Category	Timekeeper	Description	Hours	Rate	Amount
8/9/2022	Tax	WEP	Reviewed data for tax return preparation	2.00	\$ 335.00	\$ 670.00
8/11/2022	Tax	WEP	Finalized 1120-SF tax return and F-1120	2.50	\$ 335.00	\$ 837.50
9/15/2022	Tax	WEP	Prepared initial review of Form 5500 and closed project	1.25	\$ 335.00	\$ 418.75
	Total Tax			5.75		\$ 1,926.25
9/1/2022	Accounting & Auditing	SAO	Paid invoices, updated accounting records	0.60	\$ 125.00	\$ 75.00
9/7/2022	Accounting & Auditing	TMW	Downloaded all statements for Servis 1st and interactive brokers, reconciled all accounts, combined reconciliation and reviewed broker statements balances	2.75	\$ 125.00	\$ 343.75
	Total Accounting & Auditing			3.35		\$ 418.75

Total Mark. A. Kornfeld, Esq. Receiver for Kenetic Investment, LLC

9.10

\$ 2,345.00

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

EXHIBIT “6e”

IRW Law Office

INVOICE

PMB 721
1353 Ave Luis Vigoreaux
Guaynabo, PR 00966
USA

irwlawoffice@me.com
O: 7877750624

Number	201905713
Issue Date	10/3/2022
Due Date	11/2/2022
Email	lauren.humphries@bipc.com

Bill To:

Buchanan Ingersoll & Rooney
O: 813-222-2098

Time Entries

Time Entries	Billed By	Rate	Hours	Sub
Senior Attorney ZI 7/12/2022 Receipt of confirmation of registration in Karibe of Deed of Transfer, verify in Registry of the Property the property that pertains to the registration.	Zwindi M Iglesias	\$250.00	0.50	\$125.00
Senior Attorney ZI 7/19/2022 Call with Benjamin Rivera regarding questions from Buyer's broker for possible extension of the agreement and what would happen if buyer where to back out of the agreement. Review the executed purchase agreement and provide answers to Benjamin Rivera.	Zwindi M Iglesias	\$250.00	0.50	\$125.00
Time Entries Total			1.00	\$250.00

Expenses

Expense	Billed By	Price	Qty	Sub
Other 8/19/2022 Bank Fee RE: WT 08.19.2022	Rosaymar Berrios	\$15.00	1.00	\$15.00
Expenses Total:			1.00	\$15.00

Total (USD)	\$265.00
Paid	\$0.00
Balance	\$265.00

Payments can be made by check or ACH transfer:

BY CHECK: Please make check payable to Ivonne Rodriguez-Wiewall and send to: PMB 721, #1353 Ave. Luis Vigoreaux, Guaynabo, PR 00966

Payments made through wire-transfer must include an additional \$15.00, which is the fee charged by the bank.

BY ACH TRANSFER:

Bank Name	Banco Popular de Puerto Rico (BPPR)
Routing number	021502011
Account Name	IRW Law Office
Account Holder's Address	PMB 721, #1353 Luis Vigoreaux Ave. Guaynabo, PR 00966
Account Number	367-111189
Additional information	Please contact Ms. Rosaymar Berrios at 787-775-0624 or 787-590-7070, or by email at rosaymar@irwlaw.com , should you encounter any difficulties.

Thank you!

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

EXHIBIT “7”

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-MSS-SPF

Defendants, and

KINETIC FUNDS I, LLC, KCL SERVICES,
LLC d/b/a LENDACY, SCIPPIO, LLC,
LF 42, LLC, EL MORRO FINANCIAL
GROUP, LLC, and KIH, INC., f/k/a
KINETIC INTERNATIONAL, LLC,

Relief Defendants.

_____ /

ORDER GRANTING RECEIVER'S ELEVENTH INTERIM OMNIBUS
APPLICATION FOR ALLOWANCE AND PAYMENT OF
PROFESSIONALS' FEES AND REIMBURSEMENT OF EXPENSES
FOR JULY 1, 2022 – SEPTEMBER 30, 2022

THIS CAUSE came before the Court on the Receiver's (the "**Receiver**") Tenth Interim Omnibus Application for Allowance and Payment of Professionals' Fees and Reimbursement of Expenses for July 1, 2022 through September 30, 2022 (Doc. __) (the "**Application**"). With the Court having considered the Application, reviewed the file, and finding that cause exists to grant the Application, it is hereby **ORDERED** as follows:

1. The Application is **GRANTED**.

2. The Court awards the following sums and directs that payment be made from Receivership assets:

Mark A. Kornfeld, Esq. and Buchanan Ingersoll	\$55,643.62
E-Hounds	\$ 1,485.00
PDR CPAs + Advisors	\$ 4,016.25
IRW Law Offices	\$ 265.00
YIP & Associates	\$ 4,132.50

DONE and ORDERED this ____ day of _____, 2022 in Tampa,
Florida.

**UNITED STATES DISTRICT COURT
JUDGE**

4876-5618-7432, v. 1