

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,
SCIPIO, LLC, LF42, LLC, EL MORRO
FINANCIAL GROUP, LLC, and
KIH, INC. f/k/a KINETIC INTERNATIONAL, LLC,

Relief Defendants.

**THIRTEENTH INTERIM OMNIBUS APPLICATION FOR ALLOWANCE
AND PAYMENT OF PROFESSIONALS' FEES AND EXPENSES FOR
JANUARY 1, 2023 – MARCH 31, 2023¹**

Mark A. Kornfeld, Esq., in his capacity as 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, Scipio, 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 costs to the Receiver and his professionals whose retention has been approved by the Court. *See* Docs. 41-43, 47, 154, 207.

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

This motion covers all fees and costs incurred from **January 1, 2023**, through **March 31, 2023** (the “Reporting Period”). The Securities and Exchange Commission’s (the “SEC” or the “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 **\$77,771.50** to the professionals engaged by the Receiver for fees incurred and reimbursement of **\$4,743.11** in expenses for a total payment of **\$82,514.61**. This Application includes time billed for the three-month period from January 1, 2023 through March 31, 2023. 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.

II. Executive Summary Activities for Reporting Period

a. **Finalized Closing of Villa Gabriela, Adding ~\$1.6M to Receivership Estate**

For the period covered by this Motion², Receiver and his professionals finalized the closing of “Villa Gabriela,” specifically the properties listed below:

- Condominium Villa Gabriela, Apartment PH1-A/PH 1-B located at 109 De la Cruz Street, San Juan, Puerto Rico 00901;
- Condominium Villa Gabriella, Apartment 2-E located at 109 De la Cruz Street, San Juan, Puerto Rico 00901;
- Parking Space #321 located at Cochera San Francisco, Luna Street #204, San Juan, Puerto Rico 00901; and
- Parking Space #325 located at Cochera San Francisco, Luna Street #204, San Juan, Puerto Rico 00901.

The Villa Gabriela sale officially closed during this Reporting Period on January 13, 2023. Prior to the Closing Date, the Receiver worked diligently with Puerto Rican legal counsel to facilitate all aspects of Closing in addition to requesting court approval for the amended sale price of \$1,690,000.00. Two months before the Closing, the Purchaser terminated the Purchase and Sale Contract due to the “mere passage of time” since the Purchase Agreement had been signed. After this issue arose, the Receiver and his staff took immediate steps to negotiate new terms that were approved by the court and favorable to the defrauded investor claimants. The proceeds from the sale brought in \$1,606,053.00 to the Receivership Estate.

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

Due to the Receiver's efforts, the Closing occurred as planned – bringing in necessary funds to the Receivership Estates. A great deal of legal work was expended during the Reporting Period to assist the Receiver's real estate professionals in finalizing the Closing, preparing the Closing documents, working with the Receiver's Puerto Rican legal counsel, handling Post-Closing issues, communicating regularly with the Purchaser on all aspects of the Properties, ceasing the continued HOA payments and management of the Properties, and communicating regularly with the Purchaser's legal counsel.

b. Distributed \$3.5M to Investor Claimants in Second Interim Distribution

The Receiver received Court approval for his Unopposed Motion to Approve Second Interim Distribution, in which the Receiver sought an Order approving a distribution of \$3,500,000.02 to the Investor Claimants. (Doc. 304.) This distribution amount represents a recovery of 10.6% of the Total Allowed Amounts of Investor Claims. Through his CPA Professionals, the Receiver prepared individual checks to the investor claimants designating the distribution amount for each claimant. The Receiver prepared letters to accompany the distribution checks explaining the process and each individual claimant's distribution amount. At present, all claimant investors have cashed their Second Distribution checks and the money has been distributed to the investors. Many investors have expressed gratitude to the Receiver for effectuating this Second Distribution. At present, the Receiver and his staff are preparing a motion for a Third Interim Distribution of ~\$2.3M to the investors.

c. Assessed Tax Considerations regarding Zephyr Aerospace Investment and Tax Considerations for Receivership Estate Overall

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”). The purpose of Zephyr was to revolutionize the way individuals select airline seats on commercial airlines. This \$500,000.00 investment was clearly traceable to investor funds. During the Reporting Period, the Receiver and his staff have been in communication with Zephyr’s principal (Jeffrey O’Neill) regarding updates on the company, which appears to be non-operational and without profit. Understanding that the Zephyr investment is likely a loss, the Receiver has worked diligently with his tax professionals to determine whether any offset can be reached to limit the taxable gains to the estate. The Receiver will continue to take all steps to monetize the asset or use the calculated loss value of the investment to benefit the Receivership Estate in its tax considerations. The Receiver and his staff have also addressed various tax concerns regarding the reporting of any taxable gains to the Receivership Estates for the real property sold in Puerto Rico. Via the Receiver’s U.S. tax professionals, the Receiver has engaged a CPA in Puerto Rico to ensure that all Puerto Rican tax returns have been properly completed for the sales that have occurred in this Receivership.

d. 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). Receiver continues his efforts to obtain funds from these individuals through individualized payments plans including handling any issues that occur with the individualized plans.

e. 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.

f. Attended To Litigation Matters

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

g. 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.

h. The Thirteenth Interim Report

The Receiver prepared and filed his Thirteenth Interim Report on April 25, 2023 (Doc. 308), which provided a comprehensive summary, analysis, and supporting documentation of the Receiver's continuing investigation as well as the tracing of investor funds. The above activities are also discussed in more detail in the Receiver's Thirteenth Interim Report which was filed contemporaneously on January 31, 2023 (Doc. 305) (the "Thirteenth 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 Thirteenth Report into this Application and attaches a true and correct copy of the Thirteenth 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

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

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.

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:** January 1, 2023 – March 31, 2023.
- (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(b): YIP & Associates

Exhibit 5(c): E-Hounds

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 5(d): PDR CPAs + Advisors

Exhibit 5(e): IRW Law Offices

Exhibit 5(f): K.Tek Systems

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

Exhibit 6(f): K.Tek Systems

IV. Case Status

(a) Cash on hand

As of the date of this Application, the Receivership bank accounts have a cumulative balance of **\$4,622,320.87**.⁵

(b) Summary of the administration of the case

⁵ This balance includes approximately \$204,987.18 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. The current funds includes the most recent net proceeds from the Sale of Villa Gabriela Properties, which brought in \$1,606,053.00 to the Receivership Estate.

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 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. During this Reporting Period, on January 20, 2023, the Receiver received Court approval for his Unopposed Motion to Approve Second Interim Distribution. (Doc. 304.) All distribution checks related to the Second Interim Distribution have been received and cashed by the Claimants. The Receiver is in the process of preparing his Motion to Approve a Third Interim Distribution. 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 Thirteenth 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 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 provided 116.3 hours in legal services on this Receivership but only seeks compensation for 109.3 of those hours for a total of **\$47,818.75** in legal services and **\$2,948.11** in expenses. 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 90.8 hours assisting the Receiver in fulfilling his duties under the Order Appointing Receiver but only seeks compensation for 79.70 of those hours. Buchanan Ingersoll seeks compensation for professional services in the amount of **\$21,561.75** and expenses 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 January 1, 2023 through March 31, 2023, the Receiver requests that the Court award the Receiver and Buchanan Ingersoll fees for professional services rendered in the amount of **\$69,380.50** and expenses in the amount of **\$2,948.11**, for a total of **\$72,328.61**.

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 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.

During the period covered by this Application, Yip & Associates billed 7.6 hours in assisting the Receiver in fulfilling his duties under the Order Appointing Receiver and seeks professional fees in the sum of \$2,553.50. A copy of the statement summarizing the services rendered by Yip & Associates is attached hereto as **Exhibit 6(b)**. The Receiver requests that the Court award Yip & Associates fees for professional services rendered from January 1, 2023, through March 31, 2023, in the amount of **\$2,553.50**.

(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.⁶ 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 Reporting 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 **\$990.00**.⁷ A copy of the statement

⁶ 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.

⁷ E-Hounds did not charge a monthly amount to the Receiver for the month of January 2023 due to the account being taken offline for short period during the month. E-Hounds chose to not charge the Receivership for January 2023, which is reflected on the invoice of \$0.

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 January 1, 2023 through March 31, 2023, in the amount of **\$990.00**.

(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. 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 19.8 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 **\$4,050.00** as set forth in the invoices attached as **Exhibit 6(c)**. The Receiver requests that the Court award PDR fees for professional services rendered from January 1, 2023 through March 31, 2023, in the amount of **\$4,050.00**.

(e) Services Provided By IRW Law Offices

In connection with his efforts to market and sell the Receivership remaining 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 **7.25** hours expended on this matter and billed the Receiver for professional services rendered in the amount of **\$1,787.50** and expenses of **\$25.00** 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 January 1, 2023 through March 31, 2023, in the amount of **\$1,812.50**

(f) Services Provided By K-Tek Systems.

The Receiver obtained Court approval to retain the services of K.Tek Systems, Inc. ("K.Tek") to prepare a website to be used to communicate with interested parties including investors. Doc. 47. The Court previously approved the payment of K.Tek's invoices for the hosting of the Receiver website during the time period of April 1, 2021 to April 1, 2022. The Receiver now requests compensation for \$760.00 for the annual hosting charge for the time period of April 1, 2022 to April 1, 2023, which is referenced in the invoice attached as **Exhibit 6(f)**. The Receiver requests that the Court award K.Tek fees for professional services rendered incurred during the time period of April 1, 2022 to April 1, 2023, in the amount of **\$720.00**.

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	\$72,328.61
YIP	\$2,553.50
E-Hounds	\$ 990.00
PDR CPAs + Advisors	\$4,050.00
IRW Law Offices	\$1,812.50
K-Tek Systems, Inc.	\$780.00
TOTAL:	\$82,514.61

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



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Attorneys for Receiver Mark A. Kornfeld

CERTIFICATE OF SERVICE

I hereby certify that on April 25, 2023, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system which will send a Notice of Electronic Filing to the following counsel of record:

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Counsel for Defendant Michael Williams

By: 

Attorney

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

EXHIBIT “1”



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 January 1, 2023 to March 31, 2023 and from inception March 6, 2020 to March 31, 2023, 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
April 12, 2023

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 01/01/2023 -03/31/2023

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 01/01/2023):			\$ 6,575,394.62
	Increases in Fund Balance:			
Line 2	Business Income			
Line 3	Cash and Securities**			
Line 4	Interest/Dividend Income	36,123.85		
Line 5	Business Asset Liquidation	1,606,053.00		
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income			
Line 8	Miscellaneous - Other	5,000.00		
	Total Funds Available (Line 1 - 8):		1,647,176.85	8,222,571.47
	Decreases in Fund Balance:			
Line 9	Disbursements to Claimants	3,500,000.02		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	88,400.11		
Line 10b	Business Asset Expenses			
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		3,597,229.49	3,597,229.49
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)			3,597,229.49
Line 13	Ending Balance (As of 03/31/2023)			4,625,341.98

**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 01/01/2023 -03/31/2023**

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets:			4,625,341.98
Line 14a	Cash & Cash Equivalents			4,625,341.98
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds	-	-	
	Total Ending Balance of Fund - Net Assets			4,625,341.98
OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
Line 15	Report of Items Not To Be Paid by the Fund			
	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
Line 15a	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 03/31/2023

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	206,140.68		
Line 5	Business Asset Liquidation	5,631,553.00		
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income	3,603,118.07		
Line 8	Miscellaneous - Other	228,877.75		
	Total Funds Available (Line 1 - 8):		23,322,601.72	23,322,601.72
	Decreases in Fund Balance:			
Line 9	Disbursements to Claimants	16,716,050.93		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	1,726,040.70		
Line 10b	Business Asset Expenses	76,449.83		
Line 10c	Personal Asset Expenses	97,123.26		
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		18,697,259.74	18,697,259.74
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)			18,697,259.74
Line 13	Ending Balance (As of 03/31/2023)			4,625,341.98

**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 03/31/2023**

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets:			4,625,341.98
Line 14a	Cash & Cash Equivalents			4,625,341.98
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds	-		
	Total Ending Balance of Fund - Net Assets			4,625,341.98
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,
SCPIO, LLC, LF 42, LLC, EL MORRO
FINANCIAL GROUP, LLC, and KIH, INC.,
f/k/a KINETIC INTERNATIONAL, LLC,**

Relief Defendants.

_____ /

RECEIVER'S THIRTEENTH INTERIM REPORT

(January 1, 2023 to March 31, 2023)

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 ("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 Thirteenth Interim Report (the "Thirteenth Report") covering information and activity occurring from

January 1, 2023 to March 31, 2023. 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 Thirteenth Report (January 1, 2023 to March 31, 2023), 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. Distributed \$3.5M to Investor Claimants in Second Distribution

The Receiver received Court approval for his Unopposed Motion to Approve Second Interim Distribution, in which the Receiver sought an Order approving a distribution of \$3,500,000.02 to the Investor Claimants. (Doc. 304.) This distribution amount represents a recovery of 10.6% of the Total Allowed Amounts of Investor Claims. Through his CPA Professionals, the Receiver prepared individual checks to the investor claimants designating the distribution amount for each claimant. The Receiver prepared letters to accompany the distribution checks explaining the process and each individual claimant's distribution amount. At present, all claimant investors have cashed their Second Distribution checks and the money has been distributed to the investors. Many investors have expressed gratitude to the Receiver for effectuating this Second Distribution. At present, the Receiver and his staff are preparing a motion for a Third Interim Distribution of \$2.3M to the investors, which will leave approximately \$2.3M in the Receivership Estates Servis Accounts.

To date, the Receiver has returned a total amount of \$18,037,656.82 to the investor claimants in this Receivership.

2. Finalized Closing of Villa Gabriela, Adding ~\$1.6M to Receivership Estate

For the period covered by this Motion, Receiver and his professionals finalized the closing of “Villa Gabriela,” specifically the properties listed below:

- Condominium Villa Gabriela, Apartment PH1-A/PH 1-B located at 109 De la Cruz Street, San Juan, Puerto Rico 00901;
- Condominium Villa Gabriella, Apartment 2-E located at 109 De la Cruz Street, San Juan, Puerto Rico 00901;
- Parking Space #321 located at Cochera San Francisco, Luna Street #204, San Juan, Puerto Rico 00901; and
- Parking Space #325 located at Cochera San Francisco, Luna Street #204, San Juan, Puerto Rico 00901.

The sale of Villa Gabriela officially closed during this Reporting Period, on January 13, 2023. Prior to the Closing Date, the Receiver worked diligently with Puerto Rican legal counsel to facilitate all aspects of Closing, in addition to requesting court approval for the amended sale price of \$1,690,000.00. Two months prior to the Closing, the Purchaser terminated the Purchase and Sale Contract due to the “passage of time” since the Purchase Agreement had been signed. After this issue arose, the Receiver took immediate steps to negotiate new terms that were approved by the court and favorable to the defrauded investor claimants. The proceeds from the sale brought in \$1,606,053.00 to the Receivership Estate.

Due to the Receiver’s efforts, the Closing occurred as planned – bringing in

necessary funds to the Receivership Estates. A great deal of legal work was expended during the Reporting Period to assist the Receiver's real estate professionals in finalizing the Closing, preparing the Closing documents, working with the Receiver's Puerto Rican legal counsel, handling Post-Closing issues, communicating regularly with the Purchaser on all aspects of the Properties, ceasing the continued HOA payments and management of the Properties, and communicating regularly with the Purchaser's legal counsel.

3. Assessed Tax Considerations regarding Zephyr Aerospace Investment and Receivership Estate Overall

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"). The investment into Zephyr was beyond the scope of what investor money was to be used for in that there was no dividend strategy in this investment. The purpose of Zephyr was to revolutionize the way individuals select airline seats on commercial airlines. This \$500,000.00 investment was clearly traceable to investor funds. During the Reporting Period, the Receiver and his staff have been in communication with Zephyr's principal (Jeffrey O'Neill) regarding updates on the company, which appears to be non-operational and without profit. Understanding that the Zephyr investment is likely a loss, the Receiver has worked diligently with his tax professionals to determine whether any offset can be reached to limit the taxable gains to the estate. The Receiver will continue to take all steps

to monetize the asset or use the calculated loss value of the investment to benefit the Receivership Estate in its tax considerations. The Receiver and his staff have also addressed various tax concerns regarding the reporting of any taxes to the Receivership Estates for the real property sold in Puerto Rico. Via the Receiver's U.S. tax professionals, the Receiver has engaged a CPA in Puerto Rico to ensure that all Puerto Rican tax returns have been properly completed for the sales that have occurred in this Receivership.

4. Reviewed Potential Third-Party Claims

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). Receiver continues his efforts to obtain funds from these

individuals through individualized payments plan, which will bring in \$5,000 to the Receivership Estate in the next quarter.

In his investigation, the Receiver identified three bank accounts held at Interactive Brokers, LLC, which collectively held approximately \$10,000.00 on behalf of the Receivership defendants. The Receiver is in the process of working with the Compliance Department of Interactive Brokers to facilitate the transfer of these funds to the Receivership Estates. The Receiver anticipates that the fund transfer will be effectuated in the Second Quarter of this year.

5. Preparation of Twelfth Interim Report

The Receiver prepared and filed his Twelfth Interim Report on January 31, 2023 (Doc. 305), 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 Investigation And Review of Relevant Documentation and Information regarding the Receivership Entities

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.

8. 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.

9. Managed Receiver's Cash Accounts held at ServisFirst Bank.

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 April 28, 2023 as **Exhibit 1**.¹ 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**² in the Receiver's fiduciary bank accounts during the Receiver's appointment;

¹ The report includes the bank account holding funds previously transferred by Williams' former counsel to the Receiver.

² 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.

(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:

- 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 2019.³

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) ⁴	2.45%

Beginning in June 2014, Kinetic Funds moved its brokerage accounts for KFYield and other sub-accounts to Interactive Brokers.⁵ According to Interactive Brokers’ Portfolio Analyst tool, the KFYield trading account’s performance (and change in

³ 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%.

⁴ The Receiver has not seen any information indicating that Kinetic Funds updated the Fund’s reported Bloomberg performance figures after September 2019.

⁵ 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.

net asset value) from 2015 (the first full year at Interactive Brokers) to 2019 was:

<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			Change
	Total	Long	Short	Total	
Cash	-11,437,677.94	0.00	-88,877,936.84	-88,877,936.84	-77,440,258.90
Stock	17,663,496.00	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	6,610,940.67	107,869,693.13	-103,126,312.66	4,734,380.68	-1,776,669.99
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.⁶

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

⁶ 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	-3,154,506.38
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	-95,802.03
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.⁷ 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

⁷ 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 Brokers⁸). 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 analysis by the Receiver and his Retained Professionals shows the following flow

⁸ 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.

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.⁹ 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

⁹ 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.¹⁰ 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

¹⁰ 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. 47-53.¹¹ 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 draw" and also to fund employee K.P.'s purchase of Defendant Williams' car.

¹¹ 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.

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 2013.¹² 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.¹³ A K-1 was also generated showing a \$1 million loss for Kinetic Partners, LLC.

¹² See <https://brokercheck.finra.org/firm/summary/131920>.

¹³ 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.

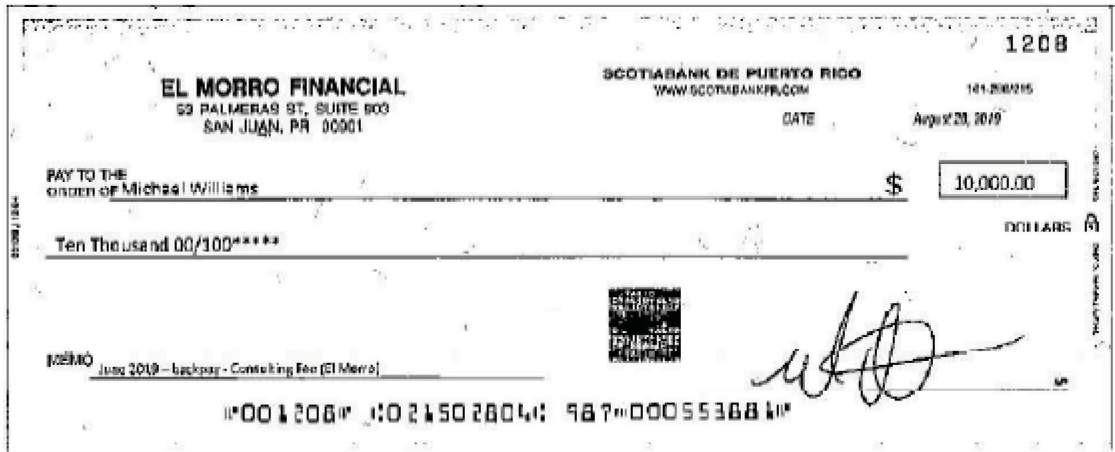
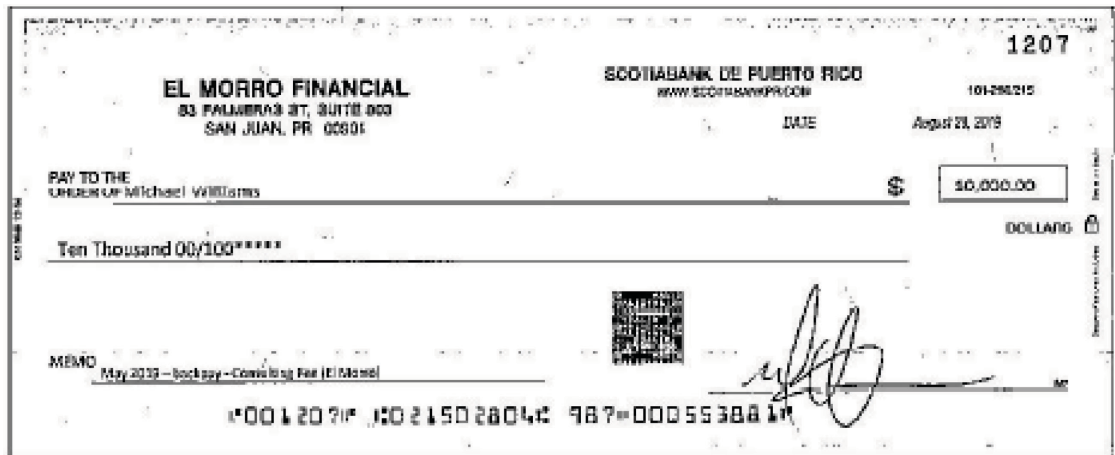
Between mid-2012 through the end of 2012, it appears KST moved its accounts out of VTrader and over to Bank of America/Merrill Lynch. The Receiver's investigation into these events has been hampered by the passage of nearly ten years from these events and the unavailability of sufficient documentation, 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.¹⁴ These investigative efforts remain

¹⁴ 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 documents from 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 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 throughout this year.

B. Third 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. On January 20, 2023, the Receiver received Court approval of the Second Interim Distribution. The Receiver promptly remitted all checks related to the Second Distribution, which have been cashed by investors. The Receiver is currently in the process of preparing his Motion for a Third Interim Distribution of \$2.3M to Investors, with a planned Distribution in either the second or third quarter this year. After this distribution, the Receivership will have approximately \$2.3M in remaining funds.

C. Liquidation and Sale of Real Property

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 has successfully closed on the Villa Gabriela Properties for the sale amount of \$1,690,000.00. After commission payments were made to the broker and closing costs were finalized, the Receiver brought it \$1,606,053.00 in net proceeds to the Receivership Estate.

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 as 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.

E. Tax Considerations for the Receivership Estate

The Receiver is in the process of determining the appropriate steps to wind down the Receivership Estate. The Receiver is working closely with his tax professionals in the United States and Puerto Rico to ensure that taxes related to the Estate have been properly reported and that the Receivership is taking all necessary steps to complete final returns related to the Receivership once all assets have been distributed to the claimants. The Receiver anticipates that all assets will be distributed to claimants within this calendar year.

Respectfully submitted,
BUCHANAN INGERSOLL & ROONEY PC

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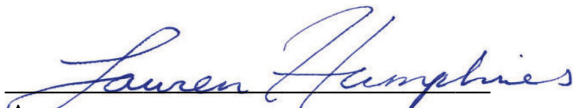
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 25th day of April, 2023, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system which will send a Notice of Electronic Filing to the following counsel of record:

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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 25th day of April, 2023.

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	\$559,587.85	\$23,177.24
Receiver and Buchanan Ingersoll & Rooney PC	Attorneys	189.00	\$69,380.50	\$2,948.11	\$72,328.61	\$585,316.62	\$10,191.41
Yip & Associates	Accountants	7.60	\$2,553.50	\$0.00	\$2,553.50	\$265,788.25	\$2,043.80
E-Hounds, Inc.	Information Technology and Forensic Technology	0.00	\$0.00	\$990.00	\$990.00	\$40,740.00	\$20,590.00
IRW Law Offices	Attorneys	7.25	\$1,787.50	\$25.00	\$1,812.50	\$23,327.50	\$918.38
PDR CPAs + Advisors	Accountants	19.80	\$4,050.00	\$0.00	\$4,050.00	\$36,292.50	\$598.03
K. Tek Systems	Website	0.00	\$0.00	\$780.00	\$780.00	\$3,990.00	\$720.00
Marshall Swatt		0.00	\$0.00	\$0.00	\$0.00	\$8,475.00	\$0.00
Total		223.65	\$ 77,771.50	\$ 4,743.11	\$82,514.61	\$559,587.85	\$23,177.24

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	109.30	\$ 47,818.75
Jordan D. Maglich	Litigation	Counsel	2010	\$ 455.00	\$ 295.00		\$ -
Lauren Humphries	Litigation	Associate	2015	\$ 390.00	\$ 270.00	79.40	\$ 21,438.00
Mitchell Horowitz	Tax	Partner	1984	\$ 760.00	\$ 412.50	0.30	\$ 123.75
Tabitha Pellegrine	Labor & Employment	Paralegal		\$ 280.00	\$ 195.00		\$ -
Total Fees							\$ 69,380.50
Less: Credit							\$0.00
Total Expenses							\$ 2,948.11
Total						189.00	\$ 72,328.61

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

EXHIBIT “5b”

Yip Associates

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	3.60	\$ 1,062.00
Shawna B. Amarnai	Director	10 years	\$ 350.00	\$ 295.00		\$ -
Christopher M. Cropley	Manager	12 years	\$ 300.00	\$ 245.00		\$ -
Nicole Escudero Duenas	Associate	6 years	\$ 245.00	\$ 245.00	0.70	\$ 171.50
Peter J. Tiano	Associate		\$195.00	\$ 195.00		\$ -
KRB				\$ 400.00	3.30	\$ 1,320.00
Santiago I. Carpio	Senior Associate		\$ 245.00	\$ 245.00		\$ -
Total Fees						\$ 2,553.50
Less Discount						\$ -
Total Expenses						\$ -
Total					7.60	\$ 2,553.50

SEC vs. Kinetic Investment Group, LLC, et al
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EXHIBIT “5c”

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					\$ 990.00
Total				0	\$ 990.00

SEC vs. Kinetic Investment Group, LLC, et al
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EXHIBIT “5d”

PDR CPAs

Name	Title	Year Licensed/ Experience	Standard Rate	Billing Rate	Total Hours	Total Billed
William E. Price	CPA	45+		\$ 335.00	7.25	\$ 2,428.75
William E. Price	CPA	45+	\$ 320.00	\$ 320.00		\$ -
Gail Heinold	Accounting Manager	20+		\$ 160.00		\$ -
Gail Heinold	Accounting Manager	20+	\$ 210.00	\$ 155.00	1.75	\$ 271.25
Gail Heinold	Accounting Manager	20+		\$ 125.00		\$ -
Tammy Warden	Staff Accountant			\$ 125.00	10.00	\$ 1,250.00
Sharon O'Brien	Staff Accountant	10+	\$ 150.00	\$ 125.00	0.30	\$ 37.50
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		\$ -
TNJ				\$125.00	0.5	\$ 62.50
Tracy Hess	Tax Manager	5+	\$ 225.00	\$ 210.00		\$ -
Total Fees						\$ 4,050.00
Less: Credit						0.00
Total Expenses						\$ -
Total					19.80	\$ 4,050.00

SEC vs. Kinetic Investment Group, LLC, et al
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EXHIBIT “5e”

Name	Practice Area	Title	Year Licensed	Standard Rate	Reduced Rate	Total Hours	Total Billed
Ivonne Rodriguez	Litigation	Attorney	2009	\$ 250.00	\$ 250.00		\$ -
Zwindi Iglesias	Litigation	Attorney	2011	\$ 225.00	\$ 200.00		\$ -
Zwindi Iglesias	Litigation	Attorney	2011		\$ 250.00	4.00	\$ 1,000.00
DK		Paralegal		\$ 150.00	\$ 150.00		\$ -
Gabriela Díaz		Attorney		\$ 200.00	\$ 200.00		\$ -
Gabriela Díaz		Attorney			\$ 250.00	1.00	\$ 250.00
Gabriela Díaz		Attorney			\$ 600.00		\$ -
Carla Martinez		Attorney			\$ 250.00		\$ -
RB		Associate		\$ 150.00	\$ 150.00		\$ -
DR		Paralegal		\$ 150.00	\$ 150.00		\$ -
Time					\$ 250.00	2.00	\$ 500.00
Time					\$ 150.00	0.25	\$ 37.50
Total Fees							\$ 1,787.50
Less: Credit							\$ -
Total Expenses							\$ 25.00
Total						7.25	\$ 1,812.50

SEC vs. Kinetic Investment Group, LLC, et al
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EXHIBIT “5f”

International Intelligence Group, LLC

Name	Title	Standard Rate	Reduced Rate	Total Hours	Total Billed
Ron During	Principal	\$ 125.00	\$ 85.00		\$ -
Total Fees					\$ -
Less: Credit					\$ -
Total Expenses					\$ 780.00
Total				0	\$ 780.00

No fees in 2nd quarter

SEC vs. Kinetic Investment Group, LLC, et al
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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

April 12, 2023
Invoice No. 12226888

INVOICE SUMMARY

For Professional Services Rendered:

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

Fees:	\$69,380.50
Disbursements:	<u>\$2,948.11</u>

Total Current Invoice:	\$72,328.61
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TRUIST Place
401 E. Jackson Street, Suite 2400
Tampa, FL 33602-5236

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MARK KORNFELD, RECEIVER
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401 E. JACKSON STREET, SUITE 240
ATTN: JORDAN MAGLICH, ESQUIRE
TAMPA, FL 33602

April 12, 2023
Invoice No. 12226888

For Professional Services Rendered:

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

SERVICES AND COSTS INCLUDING

Timekeeper	Date	Task	Narrative	Hours	Amount
Fee/Employment Applications					
M. A. Kornfeld	01/25/23	B160	Review, analyze, revise fee application. (NO CHARGE).	2.00	N/C
M. A. Kornfeld	01/31/23	B160	Review file re Fee Application. (NO CHARGE).	1.00	N/C
Subtotal Fee/Employment Applications				3.00	0.00
Tax Issues					
M. A. Kornfeld	01/04/23	B240	Review, analyze files direct L. Humphries relating to year end tax matters second distribution and sale of condos and equity investment in Zephyr.	2.40	1,050.00
M. A. Kornfeld	01/06/23	B240	Review tax issues, document for closing draft review, revise Interim Report.	2.00	875.00
M. I. Horowitz	01/11/23	B240	Attorney conference with L. Humphries re: possible tax loss to be realized on loss from investment.	0.30	123.75
M. A. Kornfeld	02/17/23	B240	Emails, preliminary discussions with counsel, advisors regarding Estate tax obligations.	1.20	525.00
M. A. Kornfeld	02/20/23	B240	Meeting, confer with Yip and Associates regarding wind down, third distribution, taxes,.	1.00	437.50
M. A. Kornfeld	02/20/23	B240	Emails, confer with L. Humphries regarding taxes, winding down HOA, call with counsel.	1.00	437.50

MARK KORNFELD, RECEIVER
 RE: IN RE: KINETICS
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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	02/21/23	B240	Emails, confer with , L. Humphries regarding information demands, possible legal action vs. Zephyr and principal.	0.50	218.75
M. A. Kornfeld	02/21/23	B240	Review, analyze, direct, L. Humphries regarding 2-23 call with counsel, tax advisors.	0.50	218.75
M. A. Kornfeld	02/27/23	B240	Confer with L. Humphries on ongoing tax analysis, wind down response to claimants.	1.00	437.50
M. A. Kornfeld	03/01/23	B240	Review, analyze, emails with L. Humphries on open issues relating to Kinetics estate and all entities.	1.00	437.50
M. A. Kornfeld	03/01/23	B240	Emails, review, and timing for dissolution of to claimant tax queries.	0.20	87.50
M. A. Kornfeld	03/03/23	B240	Emails, follow up on Zephyr investment, tax issues, closing estate issues relating to same.	0.50	218.75
M. A. Kornfeld	03/16/23	B240	Review analysis of tax information and equity investment offset.	0.50	218.75
M. A. Kornfeld	03/20/23	B240	Analyze and confer with YIP and Associates and L. Humphries on tax filings, statements, third distributions, tax reserves and wind down to administrative procedures.	3.70	1,618.75
M. A. Kornfeld	03/28/23	B240	Emails, calls throughout day with L. Humphries regarding tax filings and post-closing adjustments and wind down, calls with YIP and Associates regarding same.	2.50	1,093.75
Subtotal Tax Issues				18.30	7,998.75
Asset Disposition					
M. A. Kornfeld	01/05/23	B130	Emails, confer, with L. Humphries, and Commission throughout day regarding purchase and sale agreement, closing, distributions, taxes, wind down.	2.70	1,181.25
M. A. Kornfeld	01/11/23	B130	Emails, calls, confer, direct counsel, broker, L. Humphries regarding closing, purchase and sale agreement, timing, wires modifications.	3.50	1,531.25

MARK KORNFELD, RECEIVER
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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	01/24/23	B130	Review claimant individual files, correspondence regarding and in connection to delivery of aggregate seven figures second distribution, coordinate with Yip, tax advisors relating to same, relating to filings.	2.50	1,093.75
M. A. Kornfeld	01/27/23	B130	Review, revise Interim Report (1.5); taxes, administration of second distribution, outline for third distribution (1.0).	2.50	1,093.75
M. A. Kornfeld	01/31/23	B130	Review all relevant files and spreadsheets for Second Distribution.	1.00	437.50
M. A. Kornfeld	02/03/23	B130	Emails and confer throughout day with L. Humphries regarding second distribution.	0.50	218.75
M. A. Kornfeld	02/07/23	B130	Administration of distributions.	2.00	875.00
M. A. Kornfeld	02/10/23	B130	Attend to claimant distributions.	0.40	175.00
M. A. Kornfeld	02/14/23	B130	(No Charge) Throughout day respond to emails, attend to distributions, claimant questions and queries, banking transfers relating to same.	1.20	N/C
M. A. Kornfeld	03/07/23	B130	Emails, confer, calls with L. Humphries, foreign counsel, tax advisors regarding and drafting of issues relating to potential Q2 third distribution to claimants, winding down estate.	2.50	1,093.75
M. A. Kornfeld	03/13/23	B130	Emails to Yip and Associates regarding working with counsel on distributions, wind down.	0.50	218.75
M. A. Kornfeld	03/14/23	B130	Review files, calls, emails throughout day, counsel, L. Humphries, tax advisors, forensic experts on multiple administrative matters.	1.50	656.25
Subtotal Asset Disposition				20.80	8,575.00
Case Administration					
L. Humphries	01/02/23	B110	(NO CHARGE) Preparation of edits to invoices.	1.00	N/C
L. Humphries	01/02/23	B110	Review and analysis of Receivership mail.	0.30	81.00

MARK KORNFELD, RECEIVER
 RE: IN RE: KINETICS
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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	01/03/23	B110	Communications with Buyer's agent on sale of condos.	0.20	54.00
M. A. Kornfeld	01/03/23	B110	Emails, confer, review outstanding issues with L Humphries, advise Commission regarding final sale of condos, timing, publication, broker commissions, Zephyr, 2022 taxes, installment settlements, distributions, write offs, litigation and potential wind down to administrative estate (timeline).	2.50	1,093.75
L. Humphries	01/03/23	B110	Phone conference with A. Rivera.	0.20	54.00
L. Humphries	01/03/23	B110	Phone conference with advisor, regarding tax issues with ordinary loss in Receivership assets.	0.60	162.00
L. Humphries	01/03/23	B110	Phone conference with A. Rivera regarding purchase issues, post closing adjustments.	0.40	108.00
L. Humphries	01/04/23	B110	Phone conference with Receiver's professionals on closing details.	0.50	135.00
L. Humphries	01/05/23	B110	(No Charge) Preparation of various emails regarding vendors for fee application.	0.60	N/C
L. Humphries	01/06/23	B110	Communicated with Buyer's counsel on documents, filings, checklist for closing.	0.20	54.00
L. Humphries	01/09/23	B110	Phone conference with Receiver.	0.30	81.00
L. Humphries	01/10/23	B110	Receipt and review of various correspondence from A. Rivera.	0.20	54.00
L. Humphries	01/10/23	B110	Preparation of various correspondence for tax matters for tax specialist M. Horowitz.	0.20	54.00
L. Humphries	01/10/23	B110	Preparation of all files and documents for closing regarding Villa Gabriela property.	1.50	405.00
L. Humphries	01/10/23	B110	Drafted various correspondence regarding update on Kinetics' Zephyr investment.	0.30	81.00
L. Humphries	01/10/23	B110	Phone conference with Puerto Rico counsel regarding the closing.	0.40	108.00
L. Humphries	01/10/23	B110	Phone conference with Puerto Rico and Buyer's counsel regarding guarantee issue.	0.40	108.00
L. Humphries	01/11/23	B110	Communicated with Z. Iglesias regrading local legal issues.	0.30	81.00

MARK KORNFELD, RECEIVER
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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	01/11/23	B110	Communicated with Servis First regarding closing details.	0.20	54.00
L. Humphries	01/11/23	B110	Communicated with escrow agent on wire issue.	0.20	54.00
L. Humphries	01/11/23	B110	Receipt and review of correspondence from K. Vanateer regarding closing.	0.10	27.00
L. Humphries	01/11/23	B110	Draft correspondence to B. Price on sale related tax issues.	0.10	27.00
L. Humphries	01/11/23	B110	Preparation of various correspondence regarding closing details.	0.30	81.00
L. Humphries	01/11/23	B110	Phone conference regarding closing details.	0.50	135.00
L. Humphries	01/11/23	B110	Conference with M. Horowitz regarding tax considerations of Receivership.	0.30	81.00
L. Humphries	01/12/23	B110	Review, revise, execution of all final documents related to closing.	2.40	648.00
L. Humphries	01/12/23	B110	Conference with Puerto Rico counsel on closing logistics.	0.30	81.00
L. Humphries	01/12/23	B110	(NO CHARGE) Review and analysis of invoices.	0.60	N/C
L. Humphries	01/12/23	B110	Preparation of various tasks prior to and in connection with closing on Purchase and Sale Agreement.	3.80	1,026.00
L. Humphries	01/13/23	B110	Review and analysis of draft SFAR.	0.20	54.00
L. Humphries	01/13/23	B110	(No Charge) Preparation of draft Fee Application.	2.50	N/C
L. Humphries	01/16/23	B110	Communicated with escrow regarding wire transfer.	0.30	81.00
L. Humphries	01/16/23	B110	(No Charge) Review of invoices for Fee Application.	0.50	N/C
L. Humphries	01/16/23	B110	Review and analysis of tax documents in preparation for phone conference with B. Price on Zephyr.	0.30	81.00
L. Humphries	01/16/23	B110	Phone conference with B. Price.	0.40	108.00
L. Humphries	01/17/23	B110	(No Charge) Preparation of edits to vendor issues for fee application.	1.50	N/C
L. Humphries	01/17/23	B110	Assessed various documents regarding ongoing Cochera charge, issue.	0.40	108.00

MARK KORNFELD, RECEIVER
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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	01/17/23	B110	Multiple emails throughout day, memo, analysis, confer with L. Humphries regarding sale, next Interim Report, Estate capital gains, taxes, Zephyr, distributions, timeline for final distribution, wind down.	2.70	1,181.25
M. A. Kornfeld	01/18/23	B110	Review, update, analyze, revise Interim Report and issues relating to sale, escrow and releases relating to same.	1.50	656.25
L. Humphries	01/19/23	B110	Communicated with counsel on issue with closing wire amount.	0.40	108.00
L. Humphries	01/19/23	B110	Drafted update to Interim Report.	2.50	675.00
M. A. Kornfeld	01/19/23	B110	Follow up with L. Humphries, advisors regarding Interim Report, tax queries, Zephyr, second distribution, preparation of third distribution.	2.00	875.00
L. Humphries	01/20/23	B110	Review and analysis of checks for Claimants to confirm accuracy of all information prior to signature by Receiver.	0.40	108.00
L. Humphries	01/20/23	B110	Communicated with Receiver on distribution of funds.	0.20	54.00
L. Humphries	01/20/23	B110	Drafted update to Receiver's website on status of second distribution.	0.40	108.00
L. Humphries	01/20/23	B110	Reviewed Order from Judge Scriven regarding approval of Second Interim Distribution.	0.20	54.00
M. A. Kornfeld	01/23/23	B110	Review, analyze documents and memoranda, emails, throughout day for meeting with, L. Humphries regarding court order on authorizing second distribution, next steps, tax advice, ongoing analysis of winding down estate, Zephyr investment, timing, conferring with advisors to deliver proceeds of second distribution, notice to claimants, paying off all final condo expenses owed by Estate as Seller.	4.00	1,750.00

MARK KORNFELD, RECEIVER
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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	01/25/23	B110	Review and finalize information for claimant distributions, review prior distribution submissions and publication relating to same, review state of Estate assets for preparing for a third and potentially final distribution to claimants.	2.00	875.00
L. Humphries	01/26/23	B110	(No Charge) Preparation of review of invoice changes.	0.40	N/C
L. Humphries	01/26/23	B110	Receipt and review of various correspondence from Z. Iglesias.	0.20	54.00
L. Humphries	01/26/23	B110	(No charge) Preparation of updates to invoices regarding changes to amounts.	1.00	N/C
M. A. Kornfeld	01/26/23	B110	(No Charge) Review revise Quarter 4 fee invoices and application.	2.00	N/C
M. A. Kornfeld	01/26/23	B110	Review work product relating to distributions, claimant files, reserves for third distribution, finalizing tax information for 2022 relating to Zephyr, response to claimant queries, third Interim Report.	3.00	1,312.50
L. Humphries	01/27/23	B110	Communicated with Puerto Rico counsel on a number of outstanding local issues arising out of the closing.	0.30	81.00
L. Humphries	01/27/23	B110	(No Charge) Preparation of update to Fee Application.	1.50	N/C
M. A. Kornfeld	01/30/23	B110	Review, revise Interim Report.	1.00	437.50
L. Humphries	01/30/23	B110	Preparation of correspondence regarding Zephyr investment.	0.20	54.00
L. Humphries	01/31/23	B110	Receipt and review of various correspondence regarding closing disbursements.	0.30	81.00
M. A. Kornfeld	01/31/23	B110	Finalize and file Interim Report.	1.00	437.50
L. Humphries	01/31/23	B110	Drafted correspondence to Z. Iglesias on La Cochera funds.	0.20	54.00
L. Humphries	01/31/23	B110	Preparation of draft letters to investor claimants for checks.	1.00	270.00
L. Humphries	01/31/23	B110	Preparation of various correspondence to B. Price on SFAR request.	0.20	54.00
L. Humphries	01/31/23	B110	Phone conference with Puerto Rico counsel regarding closing disbursements.	0.30	81.00
L. Humphries	02/01/23	B110	Conference with the Receiver.	0.40	108.00

MARK KORNFELD, RECEIVER
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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	02/01/23	B110	Phone conference with claimant regarding check disbursement issue.	0.50	135.00
M. A. Kornfeld	02/01/23	B110	Review, analyze tax items, second distribution administration, review claimant files and matrixes for remaining assets, establishing reserves (for possible tax obligations) and preparation of third and potentially final distribution.	2.90	1,268.75
L. Humphries	02/01/23	B110	Drafted letter to claimant regarding second interim distribution and related tax information on same.	0.80	216.00
L. Humphries	02/02/23	B110	Phone conference with Receiver regarding distribution issues.	0.30	81.00
M. A. Kornfeld	02/02/23	B110	Calls, emails analysis throughout day relating to second distribution, taxes, communications regarding HOA fees, Zephyr documentation, E-hounds and overall estate administration responses to questions, investor queries.	3.50	1,531.25
L. Humphries	02/03/23	B110	Communicated with professionals regarding tax issues.	0.40	108.00
L. Humphries	02/06/23	B110	Review and analysis of documents related to Jacobson attorney charges.	0.80	216.00
L. Humphries	02/06/23	B110	Meeting with Receiver on claimant funds.	0.40	108.00
M. A. Kornfeld	02/06/23	B110	Exchange emails with Zephyr on status of investment.	0.50	218.75
L. Humphries	02/06/23	B110	Communicated with Puerto Rico counsel regarding return of La Cochera deposit.	0.30	81.00
M. A. Kornfeld	02/06/23	B110	Meet, analyze, discuss with L. Humphries regarding distributions, Zephyr investment, administration, data hosting, HOA fees, and third distribution.	2.50	1,093.75
M. A. Kornfeld	02/06/23	B110	(No Charge) Call with EHounds.	0.40	N/C
M. A. Kornfeld	02/08/23	B110	Review, analyze confer with L. Humphries regarding administration of Estate, Ehounds, HOA fees and claimant distributions.	1.00	437.50
L. Humphries	02/08/23	B110	Drafted correspondence to Zephyr principal.	0.20	54.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	02/09/23	B110	Conference with Receiver's professionals regarding additional checks.	0.30	81.00
L. Humphries	02/10/23	B110	Communicated with A. Sharp.	0.20	54.00
L. Humphries	02/10/23	B110	Preparation of work regarding to Servis payment regarding prior ruling of court on Jacobson expense.	0.40	108.00
L. Humphries	02/10/23	B110	Phone conference with A. Sharp.	0.40	108.00
L. Humphries	02/13/23	B110	Attendance at meeting with the Receiver.	0.40	108.00
M. A. Kornfeld	02/13/23	B110	Direct L. Humphries, S. Storno regarding Order approving fees.	0.40	175.00
L. Humphries	02/14/23	B110	Preparation of various correspondence preparing re-issued check request.	0.10	27.00
L. Humphries	02/14/23	B110	Communicated with investor claimant on reissuing check due to change in name/account item.	0.30	81.00
M. A. Kornfeld	02/15/23	B110	Meeting with L. Humphries regarding tax issues, emails from, to foreign counsel, B. Price regarding same, regarding filings associated with sale of condos, Zephyr losses.	1.00	437.50
L. Humphries	02/16/23	B110	Communicated with Puerto Rico counsel regarding various issues.	0.40	108.00
L. Humphries	02/16/23	B110	Follow up phone conference with investor claimant regarding check issue.	0.40	108.00
M. A. Kornfeld	02/16/23	B110	Emails, respond to queries relating to claimant need for reissued check to different account, HOA post sale of condos, tax issues.	0.50	218.75
L. Humphries	02/17/23	B110	Reviewed and analyzed documents in preparation for meeting with accountants and Puerto Rico counsel on taxable income to estate.	2.20	594.00
L. Humphries	02/17/23	B110	Preparation of research regarding Zephyr entity.	0.60	162.00
L. Humphries	02/17/23	B110	Phone conference with investor claimant J.F.	0.30	81.00
M. A. Kornfeld	02/17/23	B110	Attend to follow up with certain claimants distributions, entity and address changes, reissuing of new checks, payouts for second distributions.	0.50	218.75

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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	02/21/23	B110	Drafted communications to J. O'Neill on Zephyr issues.	0.20	54.00
L. Humphries	02/21/23	B110	Communicated with B. Price regarding tax issues with the Estate.	0.40	108.00
L. Humphries	02/21/23	B110	Communicated with Puerto Rico counsel regarding local tax questions.	0.40	108.00
M. A. Kornfeld	02/21/23	B110	(No Charge) Emails, confer with L. Humphries, S. Storno regarding claimant distributions, banking items, invoices from vendors.	0.40	N/C
M. A. Kornfeld	02/21/23	B110	Outline, research questions to be answered for third distribution and eventual wind down of estate with open issues of equity interest in Zephyr.	0.70	306.25
L. Humphries	02/22/23	B110	Communicated with investor claimant regarding check issue.	0.40	108.00
L. Humphries	02/22/23	B110	Review of Servis Accounts to update status of cashed distribution checks.	0.30	81.00
M. A. Kornfeld	02/22/23	B110	Review emails, confer with L. Humphries regarding calls with counsel, advisors, information records request on Zephyr.	1.00	437.50
L. Humphries	02/22/23	B110	Researched applicability of Section 220 type demand for Puerto Rico entity as to corporate records for Zephyr Aerospace.	1.80	486.00
L. Humphries	02/23/23	B110	Communicated with B. Price on Puerto Rico tax return.	0.40	108.00
L. Humphries	02/23/23	B110	Communicated with Receiver regarding document request to Puerto Rico entity.	0.20	54.00
L. Humphries	02/23/23	B110	Preparation of correspondence to claimant investor regarding reissued check.	0.20	54.00
L. Humphries	02/23/23	B110	Phone conference with B. Price and Z. Iglesias regarding tax issues and closing.	0.40	108.00
L. Humphries	02/24/23	B110	Drafted various correspondence to B. Price on prior closing of Puerto Rico apartment building.	0.20	54.00
L. Humphries	02/27/23	B110	Communicated with Receiver's tax professionals regarding ongoing tax analysis.	0.40	108.00
L. Humphries	02/28/23	B110	Drafted various correspondence regarding filing of final tax return.	0.20	54.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	03/01/23	B110	Communicated with investor claimant on IRA issue.	0.20	54.00
L. Humphries	03/01/23	B110	Drafted correspondence to B. Price.	0.20	54.00
M. A. Kornfeld	03/01/23	B110	Call with S. Moot regarding open issues, enforcement proceeding, Zephyr, winding down Kinetics in q2, motions, reserves, anticipated expenses, and timing for transition to administrative estate.	0.70	306.25
L. Humphries	03/02/23	B110	Drafted correspondence to claimant investor on distribution.	0.20	54.00
L. Humphries	03/02/23	B110	Drafted correspondence to claimant investor.	0.10	27.00
L. Humphries	03/03/23	B110	Phone conference with Buyers counsel regarding post-closing adjustment issues.	0.30	81.00
L. Humphries	03/03/23	B110	Drafted correspondence to tax professionals.	0.20	54.00
L. Humphries	03/03/23	B110	Communicated with counsel in Puerto Rico regarding various issues.	0.30	81.00
L. Humphries	03/06/23	B110	Receipt and review of returned check from claimant investor.	0.10	27.00
L. Humphries	03/06/23	B110	Phone conference with claimant investor.	0.30	81.00
M. A. Kornfeld	03/06/23	B110	Emails, confer with L. Humphries regarding post closing sale issues, Zephyr, work on memo and motion relating to next distribution..	1.70	743.75
M. A. Kornfeld	03/12/23	B110	Review, analyze correspondence, work files, emails to L. Humphries regarding HOA fees to be reimbursed by Buyer, Zephyr, third distribution, motion to court, winding down estate, responding to claimant questions.	1.50	656.25
L. Humphries	03/13/23	B110	Meeting with the Receiver regarding ongoing asset recovery efforts.	0.40	108.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	03/13/23	B110	Phone call with L. Humphries, emails, analyze documents and correspondence regarding follow up on issues relating to taxes, required filings arising from sale of condos, building, HOA, interactive brokers, claimant inquires, returned checks, winding down estate, closing reports, administrative estate, reserves, timeline.	2.00	875.00
L. Humphries	03/14/23	B110	(No Charge) Review and analysis of vendor invoices for Fee App.	0.40	N/C
M. A. Kornfeld	03/15/23	B110	Review, confer with L. Humphries regarding response to claimant emails on returned check, and response to buyers counsel relating to post closing items on HOA and administrative cost reimbursements.	1.00	437.50
L. Humphries	03/15/23	B110	Communicated with Servis regarding accounts.	0.20	54.00
L. Humphries	03/15/23	B110	Communicated with Receiver regarding banking issue.	0.20	54.00
M. A. Kornfeld	03/15/23	B110	Emails, confer with L. Humphries regarding documentation on taxes, drafting and issues for Interim Report, third distribution.	1.20	525.00
L. Humphries	03/16/23	B110	Receipt and review of various correspondence from B. Price.	0.20	54.00
L. Humphries	03/16/23	B110	Conference with Receiver on request from claimant investor.	0.40	108.00
M. A. Kornfeld	03/17/23	B110	Meet with L. Humphries, review all relevant files regarding all issues surrounding winding down of estate, discussions about reimbursements, post-closing and taxes.	3.80	1,662.50
L. Humphries	03/20/23	B110	Communicated with Receiver on post closing issue.	0.20	54.00
L. Humphries	03/20/23	B110	Assessed closing documents regarding dispute over HOA costs to be paid by the Buyer.	1.00	270.00
L. Humphries	03/20/23	B110	Preparation of various correspondence to H. Levenberg.	0.20	54.00
L. Humphries	03/20/23	B110	Review and analysis of various correspondence from H. Levenberg.	0.20	54.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	03/21/23	B110	Review and analysis of documents regarding tax questions in determining of closure time line for Estate.	0.80	216.00
M. A. Kornfeld	03/21/23	B110	Emails, confer with L. Humphries regarding meeting with forensic and tax advisors, on third distribution.	0.90	393.75
M. A. Kornfeld	03/22/23	B110	Review, analyze, respond to emails and queries throughout day on tax questions and HOA and wind down issues relating to sale of condos and building and equity investments.	2.00	875.00
L. Humphries	03/23/23	B110	Preparation of further documentation for tax professionals.	0.40	108.00
M. A. Kornfeld	03/23/23	B110	Emails, analysis, follow up with L. Humphries regarding open issues for winding down, Interim Report, third distribution.	1.00	437.50
L. Humphries	03/24/23	B110	Assessed tax returns and deadline regarding 2022 preparation.	0.50	135.00
L. Humphries	03/27/23	B110	Assessed information from prior tax returns in preparation of final return.	0.50	135.00
L. Humphries	03/27/23	B110	Drafted various correspondence to K. Becker.	0.20	54.00
L. Humphries	03/27/23	B110	Preparation of memorandum regarding tax issues.	0.40	108.00
L. Humphries	03/27/23	B110	Preparation of correspondence to A. Rothstein.	0.10	27.00
L. Humphries	03/27/23	B110	Drafted various correspondence to H. Levenberg on tax issues.	0.20	54.00
M. A. Kornfeld	03/27/23	B110	Emails, confer with L. Humphries on issues relating to winding down and potentially closing out of estate by quarter 3.	0.50	218.75
L. Humphries	03/28/23	B110	Phone conference regarding tax returns.	0.80	216.00
M. A. Kornfeld	03/29/23	B110	Calls, emails with L. Humphries regarding tax and wind down legal question.	1.00	437.50
M. A. Kornfeld	03/31/23	B110	Emails, calls throughout day with L. Humphries regarding wind down, open issues.	1.00	437.50
L. Humphries	03/31/23	B110	Preparation of update to Interim Report.	1.50	405.00
L. Humphries	03/31/23	B110	Phone conference with Purchaser.	0.40	108.00
L. Humphries	03/31/23	B110	Phone conference with A. Rothstein.	0.40	108.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
Subtotal Case Administration				114.60	36,279.75
Asset Analysis and Recovery					
L. Humphries	01/02/23	B120	Communicated with ACCO company regarding management and maintenance of Villa Gabriela.	0.30	81.00
L. Humphries	01/02/23	B120	Receipt and review of correspondence from HOA association.	0.10	27.00
L. Humphries	01/03/23	B120	Preparation of documents and review of materials for closing on sale of condos and parking spaces.	0.60	162.00
L. Humphries	01/03/23	B120	Phone conference with investors regarding update on distribution.	0.30	81.00
L. Humphries	01/04/23	B120	Drafted Notice of Filing and Supplement to Court regarding proposed distribution.	0.80	216.00
L. Humphries	01/06/23	B120	Communicated with Receiver's professional regarding open issues for closing.	0.30	81.00
L. Humphries	01/06/23	B120	Phone conference with Servis regarding administrativ banking issues.	0.30	81.00
L. Humphries	01/09/23	B120	Drafted various correspondence regarding tax issues relating to gains and losses for Receivership.	0.20	54.00
M. A. Kornfeld	01/09/23	B120	Emails, analysis, direct L. Humphries, counsel regarding scheduled closing for 1-12, distributions, tax issues, wind down, tax write-offs.	1.80	787.50
L. Humphries	01/10/23	B120	Preparation of various correspondence to J. O'Neill regarding Estate's Zephyr investment.	0.30	81.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	01/10/23	B120	Meeting, confer with, direct L. Humphries throughout day regarding sale of condos, closing, required potential modifications to Purchase and Sale Agreement, necessary writings, increased escrow discussions caused by Buyer delay to close; tax issues, advise counsel on to proceed in, communications/documents to be received from Zephyr, Motion to court on second distribution, preparation of Motion for third distribution, and next Interim Report to Court.	3.40	1,487.50
L. Humphries	01/10/23	B120	Meeting with the Receiver on closing, filings.	0.40	108.00
L. Humphries	01/11/23	B120	Preparation of documents and communications to Receiver's professionals for closing.	2.80	756.00
L. Humphries	01/11/23	B120	Drafted various correspondence regarding inspection related queries.	0.30	81.00
M. A. Kornfeld	01/12/23	B120	Emails, confer, discuss, direct L. Humphries throughout day regarding 1-13 closing on sale of condos, wires, transfers, title transfer, escrow, closing costs and fees, review, analysis, execution of closing documents/statements.	3.50	1,531.25
L. Humphries	01/13/23	B120	Preparation of documents for closing of real property.	2.50	675.00
M. A. Kornfeld	01/13/23	B120	Emails, analyze, follow up regarding tax issues, calls with L. Humphries, Kinetics write offs, documentation, next Interim Report, third distribution, timeline for estate potential close out.	2.40	1,050.00
M. A. Kornfeld	01/13/23	B120	Review communications, respond to questions, direct counsel, agents on closing matters for sale of condos.	1.70	743.75
L. Humphries	01/16/23	B120	Review and analysis of closing documents provided by counsel post-closing.	2.80	756.00
L. Humphries	01/17/23	B120	Phone conference regarding La Cochera.	0.30	81.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	01/18/23	B120	Communicated with A. Rivera regarding post-closing issues.	0.40	108.00
L. Humphries	01/18/23	B120	Assessed various post-closing issues regarding amounts owed and issues with management of real property.	2.00	540.00
L. Humphries	01/19/23	B120	Preparation of required Notice of Publication regarding Villa Gabriela sale.	0.30	81.00
L. Humphries	01/23/23	B120	Conference with Receiver regarding distribution.	0.40	108.00
L. Humphries	01/23/23	B120	Preparation of correspondence to J. O'Neill (Zephyr).	0.20	54.00
L. Humphries	01/24/23	B120	Preparation of correspondence to Zephyr principal.	0.20	54.00
L. Humphries	01/25/23	B120	(No Charge) Review of Fee Application Invoices.	0.20	N/C
L. Humphries	01/30/23	B120	Drafted Twelfth Interim Report for filing with Court.	0.80	216.00
L. Humphries	02/01/23	B120	Communicated with A. Sharp regarding website management and update.	0.50	135.00
L. Humphries	02/01/23	B120	Communicated with management company regarding outstanding charges owed by Villa Gabriela purchaser Rothstein.	0.40	108.00
L. Humphries	02/03/23	B120	Reviewed final checks and letters for disbursement to claimants.	1.00	270.00
L. Humphries	02/06/23	B120	Phone conference regarding Website hosting items and charges for hosting documents.	0.40	108.00
L. Humphries	02/07/23	B120	(No Charge) Communicated with A. Sharp regarding payment issue.	0.30	N/C
L. Humphries	02/07/23	B120	Phone conference with two different investor claimants regarding distribution.	0.40	108.00
L. Humphries	02/09/23	B120	Communicated with Servis professionals regarding re-issued checks.	0.20	54.00
L. Humphries	02/09/23	B120	Phone conference with claimant investor on disbursement.	0.40	108.00
L. Humphries	02/15/23	B120	Communicated regarding tax filing requirements for sale income.	0.50	135.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	02/15/23	B120	Communicated with Z. Iglesias regarding post closing issues and possible tax matters.	0.40	108.00
L. Humphries	02/15/23	B120	Assessed and reviewed Villa Gabriela documents in preparation for sending to B. Price for tax assessment.	0.80	216.00
L. Humphries	02/16/23	B120	Drafted various correspondence to investor claimant J.F. on distribution.	0.20	54.00
L. Humphries	02/16/23	B120	Preparation of various communications to Zephyr principal on \$500,000 investment and previously requested documents.	0.40	108.00
L. Humphries	02/16/23	B120	(No Charge) Preparation of vendor payment for all vendors in fee application.	0.90	N/C
L. Humphries	02/20/23	B120	Drafted communications to J. O'Neill on investments.	0.20	54.00
L. Humphries	02/22/23	B120	Communicated with investor claimant regarding distribution check issue.	0.40	108.00
L. Humphries	02/23/23	B120	Receipt and review of various correspondence from Zephyr Aerospace.	0.20	54.00
M. A. Kornfeld	02/23/23	B120	Review equity investment documents supplied by J. O'Neill, President at Zephyr.	1.40	612.50
L. Humphries	02/24/23	B120	Drafted correspondence to B. Price on sale of commercial building.	0.10	27.00
M. A. Kornfeld	02/24/23	B120	Review, analyze communications and documents from J. O'Neill from Zephyr Aerospace regarding company wind-down, crowd funding offerings, SAFE agreement, financials, use of proceeds, engineering costs, assessments of write-offs.	1.50	656.25
L. Humphries	02/24/23	B120	Assessed documents, financial records, and contractual agreements provided by J. O'Neill on behalf of Zephyr Aerospace.	2.20	594.00
M. A. Kornfeld	02/27/23	B120	Ongoing review, analysis of Zephyr documents and communications.	1.00	437.50
L. Humphries	02/27/23	B120	Receipt and review, analysis of correspondence from tax advisor B. Price.	0.10	27.00

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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	02/28/23	B120	Preparation of update to the Receiver on status of issues.	0.20	54.00
M. A. Kornfeld	02/28/23	B120	Emails, confer with L. Humphries, review claimant and tax advisor emails relating to distributions, and follow up call with SEC.	1.50	656.25
L. Humphries	03/01/23	B120	Phone conference with B. Price regarding taxable gains from prior sale of Puerto Rico office building.	0.40	108.00
L. Humphries	03/01/23	B120	Receipt and review of mailing of information from investor claimant.	0.20	54.00
M. A. Kornfeld	03/02/23	B120	Review settlement agreements, tax update, third distribution, reserves.	1.00	437.50
L. Humphries	03/13/23	B120	Addressed issue with counsel regarding dispute on closing costs.	0.80	216.00
L. Humphries	03/14/23	B120	Communicated with counsel regarding closing costs issue.	0.30	81.00
L. Humphries	03/15/23	B120	Communicated with B. Price on tax issues.	0.20	54.00
L. Humphries	03/17/23	B120	Phone conference with counsel on post closing fees and adjustments.	0.30	81.00
L. Humphries	03/17/23	B120	Phone conference with claimant investor queries on distribution.	0.30	81.00
L. Humphries	03/21/23	B120	Assessed bank statement to review status of claimants check receipt.	0.20	54.00
L. Humphries	03/27/23	B120	Communicated with Puerto Rico counsel prior to conference with Villa Gabriela's purchaser's counsel.	0.20	54.00
L. Humphries	03/27/23	B120	Phone conference with H. Levenberg on multiple issues requested by Receiver.	0.70	189.00
L. Humphries	03/27/23	B120	Receipt and review of communication from B. Price.	0.10	27.00
L. Humphries	03/27/23	B120	Receipt and review of correspondence from A. Rothstein.	0.10	27.00
L. Humphries	03/29/23	B120	Communicated with Tax Professionals regarding issues.	0.30	81.00
L. Humphries	03/29/23	B120	Communicated with tax professionals regarding preparation of returns and issue with K1s	0.40	108.00

Subtotal Asset Analysis and				50.70	16,527.00
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Timekeeper	Date	Task	Narrative	Hours	Amount
Recovery					
Total Hours				207.40	
Total Fees					\$69,380.50

DESCRIPTION OF COSTS

	Description	Amount
01/02/23	LOCALiQ Florida - Advertising	176.00
01/26/23	Miscellaneous Lauren V. Humphries Outstanding Closing Costs-Sale-LaCochera Park Spots-A. Rothstein	2,704.38
02/07/23	Postage - M. A. Kornfeld	26.09
02/13/23	Postage - M. A. Kornfeld	8.10
02/20/23	Postage - M. A. Kornfeld	8.34
02/23/23	Postage - M. A. Kornfeld	8.10
03/01/23	Postage - M. A. Kornfeld	9.00
03/01/23	Postage - M. A. Kornfeld	8.10
Total Costs		\$2,948.11

Amount Due This Invoice:	\$72,328.61
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TIMEKEEPER SUMMARY

Name	Title	Hours	Rate	Amount
L. Humphries	Associate	79.40	270.00	21,438.00
L. Humphries	Associate	11.40	N/C	N/C
M. I. Horowitz	Partner	0.30	412.50	123.75
M. A. Kornfeld	Partner	109.30	437.50	47,818.75
M. A. Kornfeld	Partner	7.00	N/C	N/C
	Total	207.40		69,380.50



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

April 12, 2023
Invoice No. 12226888

Our Reference:	0103373-000001
Client Name:	MARK KORNFELD, RECEIVER
Invoice Date:	April 12, 2023
Invoice Number:	12226888
Total Due This Invoice:	\$72,328.61

Total Due All Invoices For this Matter:	\$72,328.61
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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: 12226888

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: 31876
Date: April 17, 2023
Matter ID: 291.0001

Re: Kinetic Investment Group, LLC

For Professional Services Rendered January 1, 2023 through March 31, 2023

<u>Date</u>	<u>Initials</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
03/15/2023	HAL	Discussion with Receiver's counsel re: additional work needed, third claims distribution analysis, closing of case and additional work to be performed (1.0); reviewed tax returns for Kinetic Funds (1.3).	2.3	\$ 295	\$ 678.50
03/22/2023	HAL	Reviewed second claims analysis in preparation for call (.6); discussion with NED re: requests from receiver (.2).	0.8	\$ 295	\$ 236.00
03/22/2023	NED	Reviewed requests from receiver and discussion with HAL.	0.2	\$ 245	\$ 49.00
03/24/2023	KRB	Conference call with HAL and NED re: tax work to be performed (.5); reviewed appointment order and case docket in preparation for call (1.4).	1.9	\$ 400	\$ 760.00
03/24/2023	HAL	Conference call with KRB and NED re: tax work to be performed.	0.5	\$ 295	\$ 147.50
03/24/2023	NED	Conference call with KRB and HAL re: tax work to be performed.	0.5	\$ 245	\$ 122.50
3/29/2023	KRB	Reviewed receiver's reports and bank activity for the receivership estate re: tax return preparation analysis.	1.4	\$ 400	\$ 560.00
Total Fees			7.6		\$ 2,553.50
Total Amount Due					\$ 2,553.50



Invoice Number: 31876
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:

FIRST HORIZON BANK
165 Madison Avenue
Memphis, TN 38103

ABA Number: **084000026**

FIRST HORIZON BANK Credit Account Information

FHB Customer Name: **YIPCPA, LLC d/b/a YIP ASSOCIATES**

FHB Account Number: **4400000149**

Amount of Wire: **\$2,553.50**

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 “6c”



Invoice for Services

All funds payable to:

E-Hounds, Inc.

32815 US 19 North Suite 100
 Palm Harbor, Florida 34684
 support@ehounds.com (727) 726-8985

Open Date	Close Date	Invoice #	Balance Due	Case Reference (E9578)	Terms
01/01/2023	01/31/2023	41919	\$0.00	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
	01/01/2023		OFFLINE FOR NON-PAYMENT			
1	01/05/2023		E-Hounds Review Platform (incl 1 user seat) Courtesy Rate Monthly			\$0.00

All balances are due upon receipt. Thank you!

Payments Applied	

SUBTOTAL \$0.00

TOTAL \$0.00

Balance Due **\$0.00**

Retainer Amount Remaining \$0.00

Please note: Our fees are subject to change annually. Last change: 2/1/2022

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:



Venmo: @ehounds

Zelle: support@ehounds.com



venmo



PayPal



Invoice for Services

All funds payable to:

E-Hounds, Inc.

32815 US 19 North Suite 100
 Palm Harbor, Florida 34684
 support@ehounds.com (727) 726-8985

Open Date	Close Date	Invoice #	Balance Due	Case Reference (E9578)	Terms
02/01/2023	02/28/2023	42260	\$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	02/05/2023		E-Hounds Review Platform (incl 1 user seat) Courtesy Rate Monthly		\$495.00	\$495.00

All balances are due upon receipt. Thank you!

Payments Applied

SUBTOTAL **\$495.00**

TOTAL **\$495.00**

Balance Due \$495.00

Retainer Amount Remaining **\$0.00**

Please note: Our fees are subject to change annually. Last change: 2/1/2022

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E-Hounds also accepts:



Venmo: @ehounds

Zelle: support@ehounds.com



venmo



PayPal



Invoice for Services

All funds payable to:

E-Hounds, Inc.

32815 US 19 North Suite 100
 Palm Harbor, Florida 34684
 support@ehounds.com (727) 726-8985

Open Date	Close Date	Invoice #	Balance Due	Case Reference (E9578)	Terms
03/01/2023	03/31/2023	42766	\$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	03/05/2023		E-Hounds Review Platform (incl 1 user seat) Courtesy Rate Monthly		\$495.00	\$495.00

All balances are due upon receipt. Thank you!

Payments Applied

SUBTOTAL **\$495.00**

TOTAL **\$495.00**

Balance Due \$495.00

Retainer Amount Remaining **\$0.00**

Please note: Our fees are subject to change annually. Last change: 2/1/2022

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:



Venmo: @ehounds

Zelle: support@ehounds.com



venmo



PayPal

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

EXHIBIT “6d”



**Mark A. Kornfeld, Esq. Receiver for Kenetic Investment, LLC
 January 1, 2023 through January 31, 2023**

Date	Activity Category	Timekeeper	Description	Hours	Rate	Amount
12/29/2022	Accounting & Auditing	WEP	Researched question regarding investment loss	0.25	\$ 335.00	\$ 83.75
1/12/2023	Accounting & Auditing	TMW	Entered all transactions, reconciled all accounts, printed and saved reconciliations, printed Quickbooks reports and prepared court report	3.00	\$ 125.00	\$ 375.00
1/12/2023	Accounting & Auditing	GAH	Reviewed first draft of 4th quarter report	0.25	\$ 155.00	\$ 38.75
1/16/2023	Accounting & Auditing	GAH	Reviewed 4th quarter report and 1099 information	0.75	\$ 155.00	\$ 116.25
1/16/2023	Accounting & Auditing	WEP	Reviewed final 4th quarter court report	0.75	\$ 335.00	\$ 251.25
1/24/2023	Accounting & Auditing	TMW	Reviewed attachment for check distributions, called IRW law firm for W9 request, called Buchana Ingersoll for W9 request, entered claimant checks into Quickbooks	1.25	\$ 125.00	\$ 156.25
1/24/2023	Accounting & Auditing	SAO	Sent emails regarding 2nd interim distributions	0.30	\$ 125.00	\$ 37.50
1/24/2023	Accounting & Auditing	GAH	2nd court ordered checks	0.25	\$ 155.00	\$ 38.75
1/25/2023	Accounting & Auditing	TMW	Updated 1099 spreadsheet, uploaded 1099s for review, printed and scanned 2nd interim checks, emailed Sabrina to confirm if needed envelopes, sent checks via FedEx	1.00	\$ 125.00	\$ 125.00
1/25/2023	Accounting & Auditing	GAH	Reviewed checks	0.25	\$ 155.00	\$ 38.75
1/26/2023	Accounting & Auditing	TMW	Send submitted 1099s to client	0.25	\$ 125.00	\$ 31.25
1/26/2023	Accounting & Auditing	GAH	Reviewed e-file of 1099s	0.25	\$ 155.00	\$ 38.75
1/27/2023	Accounting & Auditing	TMW	Initiated phone call with Sabrina and Brian on FedEx delivery	0.50	\$ 125.00	\$ 62.50
	Total Accounting & Auditing			9.05		\$ 1,393.75

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

9.05

\$ 1,393.75



4023 Tampa Road, Suite 2000
 Oldsmar, FL 34677
 Phone (727) 785-4447 Fax (727) 784-5491
www.pdr-cpa.com

**Mark A. Kornfeld, Esq. Receiver for Kenetic Investment, LLC
 February 1, 2023 through February 28, 2023**

Date	Activity Category	Timekeeper	Description	Hours	Rate	Amount
2/1/2023	Accounting & Auditing	TMW	Voided 2nd distribution checks, entered new checks and printed for Taylor to deliver to client	1.00	\$ 125.00	\$ 125.00
2/2/2023	Accounting & Auditing	TNJ	Reviewed distribution checks and delivered to client's office	0.50	\$ 125.00	\$ 62.50
2/9/2023	Accounting & Auditing	TMW	Re-printed check for Michelle Silva and gave to Admin department to mail to Sabrina	0.25	\$ 125.00	\$ 31.25
2/15/2023	Accounting & Auditing	TMW	Re-printed 2nd distribution check for Scott Corbett and gave to Admin department to mail	0.25	\$ 125.00	\$ 31.25
2/22/2023	Accounting & Auditing	TMW	Printed Quickbooks reports and sent to Bill per his request, created spreadsheet for differences in the accounts, re-issued check	1.50	\$ 125.00	\$ 187.50
2/28/2023	Accounting & Auditing	TMW	Added entry of Zephyr stock of \$50,000 to balance sheet	0.25	\$ 125.00	\$ 31.25
2/27/2023	Accounting & Auditing	TMW	Reviewed Quickbooks for previous sale of office building	0.25	\$ 125.00	\$ 31.25
2/23/2023	Accounting & Auditing	TMW	Attended meeting with Bill to complete 2022, made Puerto Rico condo purchase entry and reached out to Sabrina on miscellaneous income	0.50	\$ 125.00	\$ 62.50
	Total Accounting & Auditing			4.50		\$ 562.50
2/23/2023	Consulting	WEP	Called and followed up on property sale in Puerto Rico	0.75	\$ 335.00	\$ 251.25
2/27/2023	Consulting	WEP	Researched IRA question and emailed client	0.75	\$ 335.00	\$ 251.25
2/28/2023	Consulting	WEP	Researched valuation of Zephyr stock received by receiver and recorded in 2022 financial statements	1.00	\$ 335.00	\$ 335.00
	Total Consulting			2.50		\$ 837.50
2/22/2023	Tax	WEP	Reviewed data for tax return	2.25	\$ 335.00	\$ 753.75
	Total Tax			2.25		\$ 753.75

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

9.25

\$ 2,153.75



4023 Tampa Road, Suite 2000
 Oldsmar, FL 34677
 Phone (727) 785-4447 Fax (727) 784-5491
www.pdr-cpa.com

**Mark A. Kornfeld, Esq. Receiver for Kinetic Investment, LLC
 March 1, 2023 through March 31, 2023**

Date	Activity Category	Timekeeper	Description	Hours	Rate	Amount
3/1/2023	Consulting	WEP	Researched value of Receivership stock investment	1.00	\$ 335.00	\$ 335.00
3/6/2023	Consulting	WEP	Followed up on property sales	0.50	\$ 335.00	\$ 167.50
	Total Consulting			1.50		\$ 502.50

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

1.50

\$ 502.50

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

EXHIBIT “6e”

INVOICE

PMB 721
 1353 Ave Luis Vigoreaux
 Guaynabo, PR 00966
 USA

irwlawoffice@me.com
 O: 7877750624

Number	201906303
Issue Date	4/4/2023
Due Date	4/19/2023
Email	lauren.humphries@bipc.com

Bill To:

Buchanan Ingersoll & Rooney
 O: 813-222-2098

Legal Consultation

Time Entries

Time Entries		Hours	Sub
Senior Attorney ZI 2/24/2023 Call with Bill Price and Lauren Humphries regarding Tax Returns in Puerto Rico.	\$250.00	0.50	\$125.00
Senior Attorney ZI 3/2/2023 Compile and send via email closing documents to Bill Price for tax return analysis.	\$250.00	0.75	\$187.50
Time 3/20/2023 Email exchange regarding settlement statement and HOA fees.	\$250.00	0.25	\$62.50
Time 3/22/2023 Email exchange to re schedule conference call.	\$250.00	0.25	\$62.50
Time 3/27/2023 Create Zoom link for Meeting and send to attorney Zwinda Iglesias via email. RE: Transactions Gabriela's House.	\$150.00	0.25	\$37.50
Time 3/27/2023 Review all five (5) settlement closing documents, review HOA and CRIM certifications to prep for meeting. Meeting with all parties from the closing to discuss pending HOA prorate payment.	\$250.00	1.50	\$375.00
	Time Entries Total	3.50	\$850.00

Expenses

Expense	Price	Qty	Sub
Other 2/26/2023 Bank Charges	\$15.00	1.00	\$15.00
	Expenses Total:	1.00	\$15.00

Total for Legal Consultation	\$865.00
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Legal Services

Time Entries

Time Entries		Hours	Sub
Senior Attorney GD 1/3/2023 Requested 4 Statement of Accounts in CRIM portal, Re: Villa Gabriela Properties (4 properties). Research at Registry of Corporations, Department of state webpage, Re: Search of Contact information of "Cochera SE" corporation to identify telephone number or administrator contact.	\$250.00	1.00	\$250.00
Senior Attorney ZI 1/10/2023 Call with Bengie for updates on closing. Call with Lauren to update her on closing status and new information. Call with Coral (Buyer's broker) for status on closing and new updated.	\$250.00	0.50	\$125.00
Senior Attorney ZI 1/11/2023 Call with Attorney Allan Rivera regarding the closing status, buyer's availability for closing etc. Call with Bengie to inform certain things from Allan's call. Email to Lauren for a conference call requested.	\$250.00	0.50	\$125.00
Senior Attorney ZI 1/11/2023 Conference call with Lauren Humphries and Allan Rivera.	\$250.00	0.50	\$125.00
Senior Attorney ZI 2/8/2023 Send email to Allan Rivera with the information for the payment to be sent to Receiver.	\$250.00	0.25	\$62.50
Senior Attorney ZI 2/8/2023 Varios emails and follow ups with Allan Rivera and Coral Bouret regarding the EIN numbers of the entities that purchased the properties for the CRIM and SURI.	\$250.00	0.50	\$125.00
Senior Attorney ZI 2/15/2023 Communication with Lauren regarding Kinetic Investment Group LLC EIN Number. provide information regarding tax returns in Puerto Rico.	\$250.00	0.50	\$125.00
	Time Entries Total	3.75	\$937.50

Expenses

Expense	Price	Qty	Sub
Other 1/3/2023 4 Statement of Accounts, Re: Villa Gabriela Properties. (\$2.50 each).	\$10.00	1.00	\$10.00
	Expenses Total:	1.00	\$10.00

Total for Legal Services	\$947.50
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Total (USD)	\$1,812.50
Paid	\$0.00
Balance	\$1,812.50

Terms & Conditions

Payments can be made by credit cards, check, and/or ACH transfer.

BY CREDIT CARD: A 1% service charge will be added to the total amount of the invoice.

BY CHECK: Please make check payable to IRW 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 Concierge Services
Account Holder's Address	PMB 721, #1353 Luis Vigoreaux Ave. Guaynabo, PR 00966
Account Number	367-107158
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!

EXHIBIT “6f”



INVOICE

BILL TO
Kinetic Receivership
C/O Buchanan Ingersoll & Rooney PC
Tampa, FL 33602-5236

INVOICE 2022098
DATE 04/01/2023
TERMS Due on receipt
DUE DATE 04/01/2023

	DESCRIPTION	QTY	RATE	AMOUNT
Managed Secure WordPress Hosting	KINETICRECEIVERSHIP.COM	12	60.00	720.00
Managed DNS Services	KINETICRECEIVERSHIP.COM	12	5.00	60.00
BALANCE DUE				\$780.00

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 THIRTEENTH INTERIM OMNIBUS
APPLICATION FOR ALLOWANCE AND PAYMENT OF
PROFESSIONALS' FEES AND REIMBURSEMENT OF EXPENSES
FOR JANUARY 1, 2023 – MARCH 31, 2022

THIS CAUSE came before the Court on the Receiver's (the "Receiver") Thirteenth Interim Omnibus Application for Allowance and Payment of Professionals' Fees and Reimbursement of Expenses for January 1, 2023 through March 31, 2023 (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	\$72,328.61
YIP	\$ 2,553.50
E-Hounds	\$ 990.00
PDR CPAs + Advisors	\$ 4,050.00
IRW Law Offices	\$ 1,812.50
K Tek Systems	\$ 780.00

DONE and ORDERED this ____ day of _____, 2023 in Tampa,
Florida.

**UNITED STATES DISTRICT COURT
JUDGE**

4876-5618-7432, v. 1