

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

KINETIC INVESTMENT GROUP, LLC and
MICHAEL SCOTT WILLIAMS,

CASE NO.: 8:20-cv-394-MSS-SPF

Defendants, and

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

Relief Defendants.

**RECEIVER'S MOTION TO APPROVE
THIRD INTERIM DISTRIBUTION**

Mark A. Kornfeld, Esq., solely in his capacity as the court-appointed Receiver (the "Receiver") and pursuant to the Court's Order granting the Receiver's Motion to (1) Approve Determination and Priority of Claims, (2) Pool Receivership Assets and Liabilities, (3) Approve Plan of Distribution, and (4) Establish Objection Procedure (the "**Claims Determination Motion**") (Doc. 256), files this Motion seeking an Order approving a third interim distribution of **\$1,399,999.97** as set forth in this Motion and

in **Exhibit A**, representing a recovery of **4.2%**¹ of the Allowed Amounts of Investor Claims² with the highest priority that are eligible to receive a distribution at this time. As set forth below, the Motion also seeks authority for the Receiver to address approve administrative revisions to certain claim determinations previously submitted by the Receiver and approved by the Court. A proposed order is provided as **Exhibit B**.

As set forth in the Claims Determination Motion, which was subsequently approved by the Court, the Receiver determined to approve 28 Investor Claims in full or in part for a total amount of **\$33,040,127.25**. No objections were received to the Receiver's determination of these 28 Investor Claims.

On October 29, 2021, this Court approved the Receiver's Motion to Approve its First Interim Distribution (Doc. 263), which provided for an initial distribution of **\$13,216,050.91** to the 28 Investor Claims. On January 20, 2023, this Court approved the Receiver's Motion to Approve Second Interim Distribution (Doc. 304), which provided for a distribution of **\$3,500,000.02**. At present, the Receivership Accounts have cash on hand of **\$4,560,416.22**, which is the result of the recovery efforts by the Receiver and his professionals from the beginning of this litigation including:

- Freezing approximately **\$7.6 million** located at BMO Harris Bank;
- After liquidating brokerage accounts and satisfying necessary margin account obligations, transferring approximately **\$5.5 million** to the Receiver's bank accounts;

¹4.2% represents the percentage of the allowed allocation amount, which is \$33,040,127.25.

² The phrases "**Allowed Amount**," "**Investor Claims**," and "**Investor Claimants**" shall have the same meaning as previously defined in the Claims Determination Motion (Doc. 249.)

- Liquidation of gold coins held by Kinetic Funds for total proceeds of **\$223,877.75**;
- Receipt of 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' brokerage accounts;
- Receipt of approximately **\$4.0 million** in net sales proceeds from the sale of the property located at 152 Tetuan Street, San Jan, Puerto Rico 00901;
- Receipt of thousands of dollars in claims against "false profit" investors who received profits from investments in Lendacy loan program;
- Receipt of approximately \$1.6M in net sale proceeds from the sale of the Villa Gabriela Property; and,
- The payment of approximately **\$1.45M** in fees and expenses to the Receiver and his retained legal, accounting, tax, and technology professionals for their services March 2020 through August 2, 2023.

The sale of the Villa Gabriela property was the last significant asset the Receiver anticipated monetizing in the seven-figure range.

Even with the proceeds from the sale of the Villa Gabriela Property, **it does not appear that the Receiver's efforts will result in a 100% recovery of all Investor Claims.** If the proposed Third Interim Distribution is approved by this Court, the Receiver will have distributed **\$18,116,050.90** of the approximately **\$21,500,000.00** that has been recovered to benefit approved claimants. The Receiver believes it is now prudent to distribute a portion of the cash on hand while also maintaining a balance to continue the administration of the Receivership until its closure.

If this Motion is approved, the Receiver will make an interim distribution as described herein and in Exhibit A **within 15 business days** of the Court's entry of an Order granting this Motion. Thereafter, and as discussed below, the Receiver

anticipates making an additional distribution as warranted by ongoing recovery efforts and as certain contingencies are resolved or otherwise eliminated – including the ultimate resolution of the Commission’s pending claims against Defendant Williams.

I. BACKGROUND

On February 20, 2020, Plaintiff Securities and Exchange Commission (the “Commission”) initiated this action alleging violations of federal securities laws against Defendants Kinetic Investment Group, LLC (“Kinetic Group”) and Michael S. Williams (“Williams”) and Relief Defendants Kinetic Funds I, LLC (“Kinetic Funds”), KCL Services, LLC d/b/a Lendacy (“Lendacy”), Scipio, LLC (“Scipio”), LF 42, LLC, El Morro Financial Group, LLC, and KIH Inc., f/k/a Kinetic International, LLC (collectively, the “Receivership Entities”).

At a hearing on March 6, 2020, the Court entered the Order Appointing Receiver which, in relevant part, directed the Receiver to “[t]o take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Defendants” and to “develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered and recoverable Receivership Property. (Doc. 34 ¶¶ 7.B, 46.) In the first year of the Receivership, the Receiver made significant efforts to identify and recover Receivership assets, and those efforts resulted in cash on hand of **about \$20 million** in the Receiver’s fiduciary bank accounts. On October 29, 2021, this Court approved the Receiver’s Motion to Approve First Interim Distribution (Doc. 263), which provided for an initial distribution **\$13,216,050.91** to Claimants. The Receiver dutifully distributed the first interim distribution to the

approved claimants. On January 20, 2023, this Court approved the Receiver's Motion to Approve Second Interim Distribution (Doc. 304), which provided for a second distribution of **\$3,500,000.02**. The Receiver dutifully distributed the second interim distribution to the approved claimants. At present, the Receivership Accounts have cash on hand of **\$4,560,416.22** and the Receiver's recovery efforts remain ongoing. If the Court approves this Third Distribution as requested in this Motion, the Receiver will allocate **\$1,399,999.97** to pay to approved claimants.

A. The Claims Process

On August 20, 2020, the Receiver filed his 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 (the "Claims Motion") (Doc. 131). On November 5, 2020, the Court entered an Order granting the Claims Motion which established, in relevant part, the draft proof of claim form, the method to determine investor claims, timing and deadlines for submission of claims, and mechanisms to provide notice of the claims process (Doc. 155). That Order also established a Claim Bar Date of 90 days following the mailing of Proof of Claim Forms to all potential claimants or investors. Pursuant to the Court's Order, any person or entity who failed to submit a completed proof of claim to the Receiver so that it is actually received by the Receiver on or before the Claim Bar Date is barred and precluded from asserting any claim against the Receivership or Receivership Entity.

The Court's Order further provided that sufficient and reasonable notice would be given by the Receiver if made (1) by mail to the last known addresses of all known potential claimants, (2) by publication in *The New York Times*, *The Sarasota Herald Tribune*, and the *El Nuevo Dia* newspapers, and (3) by publication on the Receiver's website (www.kineticreceivership.com). In compliance with the Court's Order, on November 17, 2020, the Receiver mailed 117 packages to the last known addresses of known investors and their attorneys, if any, as well as any other known potential creditors of the Receivership estate, thereby establishing **February 15, 2021**, as the Claim Bar Date. Each package included a cover letter, the Notice of Deadline Requiring Filing of Proofs of Claim (the "Notice"), and a Proof of Claim Form (collectively, the "Claims Package"). The Receiver published the Notice in (i) *The New York Times* on December 16, 2020; (ii) *El Nuevo Dia* on December 10, 11, 14, 15, 16, 17, and 18; and (iii) *The Sarasota Herald Tribune* on December 8, 9, 10, 11, 12, 15, and 16.³ The Receiver also posted the Notice and a Proof of Claim Form on his website. On December 28, 2020, the Receiver filed his Notice of (i) February 15, 2021 Claim Bar Date and (ii) Publication of Claim Bar Date Notice (Doc. 165).

The Receiver received 33 claims on or before the Claim Bar Date (the "**Claims**"). Of those Claims, 28 claims were submitted by investors in Kinetic Funds (the "**Investor Claimants**" or "**Investor Claims**"). The remaining five claims were

³ A copy of the Claim Bar Date Notice is also available on the Receiver's website at <https://www.kineticreceivership.com/wp-content/uploads/2020/12/Claim-Bar-Date-Notice.pdf>.

submitted by other non-investor creditors (the “**Non-Investor Claimants**” or “**Non-Investor Claims**”), including one claim from a former employee, three claims from individuals or entities that provided professional services to or on behalf of one or more Receivership Entities, and one claim from the owner of an apartment that had previously been leased to one of the Receivership Entities. The Receiver subsequently received four additional investor claims after the Claim Bar Date, resulting in 37 total Claims of which 32 were Investor Claims.⁴

On June 21, 2021, the Receiver filed his Claims Determination Motion (Doc. 249). In that motion, the Receiver set forth his recommended determination and priority for each of the Claims. The Receiver attached detailed exhibits to the Claims Determination Motion addressing each claim. In an effort to minimize disclosure of Claimants’ financial affairs, the Receiver assigned each claim a number and, except where the Claimant’s identity was important to the determination of a claim, did not identify the account or accountholder’s name(s). The Receiver also proposed a procedure for a Claimant to dispute the Receiver’s recommended treatment of a claim.

⁴ Claim Nos. 24-27 were each submitted within several weeks of the Claim Bar Date. A majority of those claimants indicated that they had not received the Proof of Claim and subsequently submitted their completed Proof of Claim Forms. The fourth untimely Proof of Claim, submitted by a Puerto Rico pension fund on or around March 15, 2021, did not indicate any reason for the failure to submit the Proof of Claim Form by the required date. The Receiver determined to treat those submissions as timely given that the duration of the claim submission process took place during extraordinary macroeconomic circumstances including the COVID-19 pandemic, and that the submissions came within several weeks after the Claim Bar Date. Additionally, to state the obvious, the decision to deny these claims would result in an extreme penalty to otherwise-innocent investors by completely denying their participation in any recovery of investor assets. The Court approved these determinations in the Claims Determination Order.

After careful review and consideration, the Receiver made the following determinations: (1) 28 Investor Claims should be allowed (in full or in part) for the total amount of \$33,040,127.25; (2) 4 unsecured non-investor claims (“**Non-Investor Unsecured Claims**”) should be allowed (in full or in part) for the total amount of \$226,541.00, subject to certain limitations and a lower priority than Investor Claims as set forth in the Claims Determination Motion; (3) 2 Investor Claims should be denied because those claims did not suffer any losses; and (4) 2 Investor Claims – including a claim submitted by Defendant Williams for approximately \$1.4 million – should be denied for reasons set forth in the Claims Determination Motion. Not including Non-Investor Unsecured Claims, the Receiver recommended that \$33,040,127.25 in claims be allowed.

The Receiver further determined the appropriate priority for each claim. The Receiver determined that Investor Claims, comprised of all claims submitted by investors with a net loss, would have the highest priority in participating in distributions of recovered Receivership assets. The Receiver further determined that Non-Investor Unsecured Claims, consisting of claims submitted by non-investor creditors that had provided services to or on behalf of one or more of the Receivership Entities, should have the second-highest priority. However, as discussed in the Claims Determination Motion and approved by the Court, each of the Non-Investor Unsecured Claims should only be allowed to participate in a distribution of Receivership assets after all Investor Claims have been satisfied in full. The remaining

claims have been denied in full and thus will not receive any distribution of Receivership assets.

B. The Court's Order Granting The Claims Determination Motion And The Receiver's Outreach To Claimants

Throughout the claims process, the Receiver has been in regular communication with interested parties. In addition to posting Court filings on his website, the Receiver has also sent communications to all individual and entities that submitted a Proof of Claim Form. On June 25, 2021, the Receiver mailed a letter giving notice of the Claims Determination Motion to all Claimants to the mailing address (and, if available, email address) provided on each of their respective submitted Proof of Claim Forms, and to their attorneys, if any were identified. The letter advised each Claimant of their respective claim number and also indicated that the recommended determination of each claim was set forth in the Exhibits attached to the Claims Determination Motion and addressed in the body of the Motion. The letter further informed the Claimants that the Claims Determination Motion was available on the Receiver's website or, upon request, from the Receiver's office. Claimants were then able to cross-reference their respective claim number with the Exhibits attached to the Claims Determination Motion to learn the Receiver's determination of the corresponding claim.

On July 21, 2021, the Court entered an Order granting the Claims Determination Motion in its entirety, including the proposed objection procedure for any claimant that disagreed with the Receiver's determination of their claim (the

“Claims Determination Order”) (Doc. 256). The objection procedure proposed by the Receiver in the Claims Determination Motion and adopted by the Court provided that the Receiver would provide each Claimant with written notice of the entry of the Claims Determination Order. Any Claimant that was dissatisfied with the Receiver’s determination of their claim and/or claim priority, or the anticipated plan of distribution, was required to serve the Receiver with a written objection within 30 days from the date of the written notice sent by the Receiver.

On July 23, 2021, the Receiver mailed out written notice to all Claimants notifying them of the Court’s Claims Determination Order and advising them of the **August 23, 2021** deadline to serve the Receiver with any written objection (the “Objection Deadline”). The written notice also advised each Claimant that their failure to properly and timely object to the Receiver’s claim determination, claim priority, or plan of distribution permanently waived and barred the Claimant’s right to object to or contest the Receiver’s claim determination, claim priority, and plan of distribution, and fixed the final claim amount as the Allowed Amount determined by the Receiver and approved by the Court as set forth in the Exhibits attached to the Claims Determination Motion.

C. Objections Received By The Receiver On Or Before The Objection Deadline

The Receiver received a single objection concerning his determination to deny Claim No. 35. After further discussion between that Claimant and the Receiver, the

Claimant determined to withdraw that objection. Other than that (withdrawn) objection, no further objections were received on or before the Objection Deadline.

II. THE RECEIVER'S PROPOSED THIRD INTERIM DISTRIBUTION

A. **Proposed Distribution Of 4.2% Of Investor Claimants' Allowed Amounts**

In the Claims Determination Order, the Court approved the Receiver's plan of distribution set forth in the Claims Determination Motion. This plan of distribution provided that a third interim distribution (and any subsequent distributions based on available funds) will be made on a *pro rata* basis subject to applicable exceptions, priorities, and other parameters discussed in the Claims Determination Motion. Based on the current balance of the Receivership bank accounts, the Receiver seeks leave to make a third interim distribution of **\$1,399,999.97** to Investor Claimants with approved claims as specified in **Exhibit A**. This distribution will result in **4.2% recovery** of these Investor Claimants' Allowed Amounts. Although the Receiver anticipates making one or more future distributions as warranted by the amount of funds on hand and the status of the case, it is not likely that all Investor Claims will ever be paid in full.

The distribution plan approved by the Court provides that approved claimants receive a fixed percentage of their Allowed Amount from the aggregate amount distributed to claimants in any particular distribution based upon the following formula, which achieves a *pro rata* distribution: each claim's Allowed Amount divided by the total Allowed Amount of all allowed claims (in that priority group) multiplied

by the aggregate distribution amount. The amount each Investor Claim would receive based on this formula as part of a third interim distribution is specified in Exhibit A.

As of September 6, 2022, the total balance of all Receivership accounts is approximately \$4.5 million. The Receiver believes that by making a third interim distribution totaling **\$1,399,999.97**, he will be able to provide a significant amount of money to Claimants now while still maintaining adequate funds, including to cover the expenses of administering the Receivership and paying the Receiver's professionals who assist with the administration. Further, as discussed below, the Receiver will be left with sufficient funds and assets to cover claims which are subject to any objections that may be sustained. Additionally, the Commission's claims against Defendant Williams remain pending as the trial previously scheduled for September 2021 has been indefinitely postponed pending the Court's determination of the dispositive motions filed by both the Commission and Williams. (Doc. 257.) The Receiver believes he has reserved more than is necessary for the payment of a further distribution and intends to distribute the remaining funds as appropriate based on relevant factors including the resolution of the Commission's claims against Williams and any additional recovery.

The Receiver requests leave to make the third interim distribution in the amounts specified on Exhibit A within 15 days of the date of the order authorizing the distribution. However, the Receiver has been preparing to make distributions and is hopeful to be ready to make distributions as set forth in this motion and Exhibit A sooner than the requested 15 day period after entry of an order granting this motion.

The Receiver will mail checks by U.S. Mail. The Receiver requests that the Claimants be allowed 120 days to negotiate the distribution checks. If a check is not negotiated by the Claimant within 120 days, the money will revert to the Receivership and likely will be distributed on a *pro rata* basis in a future distribution. A deadline for negotiating distribution checks is necessary for the orderly administration of the Receivership and to avoid future expenses for tracing unnegotiated checks and having the bank place “stop payments” on any such checks. In the second interim distribution to investors, all checks were negotiated by the Claimants within the 120 day period.

B. Authorization To Proceed With Administrative Revisions

The Receiver requests authority to proceed without further Court order with necessary administrative revisions to certain claim determinations where warranted and supported by sufficient documentation.⁵ For example, a number of the Investor Claimants made their investment using qualified retirement funds held with third-party custodians. The Receiver intends to make distributions to those claimants by making any distribution check payable to the third-party custodian, with reference to the claimant. Those checks will be sent to the Claimant at the address provided on their Proof of Claim Form and it will be the Claimant’s obligation to deposit the check into the appropriate account. In the event that any of those affected claimants may have changed custodians for the account(s) which held the investments underlying this

⁵Receiver requested and was approved by the Court in making these same administrative revisions when Receiver effectuated his second interim distribution to approved claimants.

case, the Receiver will request sufficient documentation to confirm this change and then proceed to revise the ultimate payee for any distributions to that claimant.⁶

The Receiver's forensic accountants have also identified two Investor Claimants (who submitted Claim Nos. 11 and 24) whose claims appear to consist of investments of both qualified and non-qualified funds. In both instances and based on the advice of the Receiver's tax professional, the Receiver has separated those claims to reflect the respective portion of qualified and non-qualified funds comprising that Investor Claimant's investment.⁷ Thus, while the total amount of each of Investor Claimants' respective claim will not change, the Receiver will divide each of those claims into

⁶ For tax purposes and on the advice of the Receiver's tax professional, the Receiver will make relevant distribution checks payable to the name of the account. For instance, if the account was titled in the name of "Vantage IRA FBO Claimant," the payee for any distribution check to which this account is entitled will be "Vantage IRA FBO Claimant." The distribution will be mailed to the Claimant at the address provided on the Proof of Claim Form and it will be the Claimant's obligation to deposit the check into the appropriate account.

⁷ By way of example using Claim No. 11, the claim amount determined by the Receiver and approved by the Court was \$42,565.66. Based on the Receiver's forensic accountant's review and determining the *pro rata* amount of the qualified and non-qualified claims based on proportion of funds received from each of those sources, this results in separating Claim No. 11 into Claim No. 11A for \$28,516.42 (representing the claim involving the investment of qualified funds) and Claim No. 11B for \$14,049.24 (representing the claim involving the investment of non-qualified funds). The total amount of the Claims for the benefit of that Investor Claimant do not change (i.e., \$28,516.42 (claim amount for Claim No. 11A) + \$14,049.24 (claim amount for Claim No. 11B) = \$42,565.66 (the original claim amount for Claim No. 11)). Thus, the Receiver would issue payments as follows: (i) a check for \$11,406.57 payable to "Claimant's Retirement Custodian FBO Claimant," representing 40% of the total claim amount of Claim No. 11A, and (ii) a check payable for \$5,619.70 to the claimant in their individual capacity, representing 40% of the total claim amount of Claim No. 11B.

separate claims reflecting the proportionate contribution from qualified and non-qualified sources.

For these claims, the Receiver requests authority to revise the ultimate claim determination (but not the amount of the allowed claim) in the event that changed circumstances (such as the change in custodians or the investment of both qualified and non-qualified funds) are raised with and verified by the Receiver.

III. ARGUMENT

As explained above, the Receiver asks the Court to approve the third interim distribution as set forth in this motion and in Exhibit A. The third interim distribution sought herein is consistent with the plan of distribution approved by the Court. (Doc. 256.) Further, the relief requested in this motion is in the best interest of the Receivership and the Claimants as a whole; is fair, reasonable, and equitable; and satisfies due process.

The primary purpose of an equity receivership is to promote the orderly and efficient administration of the estate for the benefit of the creditors. The relief requested by the Receiver best serves this purpose. The Court has wide latitude in exercising inherent and broad equitable power in approving a plan of distribution of receivership funds. See *SEC v. Elliot*, 953 F.2d 1560, 1566 (11th Cir. 1992); *SEC v. Forex Asset Mgmt.*, 242 F.3d 325, 331 (5th Cir. 2001) (affirming district court's approval of plan of distribution because court used its discretion in "a logical way to divide the money"); *CFTC v. Levy*, 541 F.3d 1102, 1110 (11th Cir. 2008) ("Appellate Courts will 'not disturb the district court's choice of an equitable remedy except for abuse of

discretion.’’); *Quilling v. Trade Partners, Inc.*, 2007 WL 107669, *1 (W.D. Mich. 2007) (“In ruling on a plan of distribution, the standard is simply that the district court must use its discretion in a logical way to divide the money”) (internal quotations omitted); *SEC v. Hardy*, 803 F.2d 1034, 1037 (9th Cir. 1986) (Court’s power over an equity receivership and to determine appropriate procedures for administering a receivership is “extremely broad.”); *SEC v. Basic Energy*, 273 F.3d 657, 668 (6th Cir. 2001).

In approving a plan of distribution in a receivership, “the district court, acting as a court of equity, is afforded the discretion to determine the most equitable remedy.” *Forex*, 242 F.3d at 332. The Court may adopt any plan of distribution that is fair and reasonable. *SEC v. Wang*, 944 F.2d 80, 83-84 (2d Cir. 1991); *Basic Energy*, 273 F.3d at 671. Consistent with how investor funds were managed and handled by Defendants, “[C]ourts have favored pro rata distribution of assets where, as here, the funds of defrauded victims were commingled and where victims were similarly situated with respect to their relationship to the defrauders.” *SEC v. Credit Bancorp, Ltd.*, 290 F.3d 80, 88 (2d Cir. 2002); see *Quilling*, 2007 WL 107669 at *2 (approving use of *pro rata* distribution plan in case involving investment fraud.). A fair and reasonable distribution plan may provide for reimbursement to certain claimants, while excluding others. See *Wang*, 944 F.2d at 84 (citations omitted); *Basic Energy*, 273 F.3d at 660-61; *Byers*, 637 F. Supp. 2d at 184 (“Receiver’s proposal to treat differently those involved in the fraudulent scheme when distributions are being made is eminently reasonable and is supported by caselaw.”) The Receiver believes that the interim distribution set

forth above is fair and reasonable and is consistent with the distribution plan approved by the Court.

WHEREFORE, Mark A. Kornfeld, as Receiver, respectfully requests the Court enter an order substantially in the same form as Exhibit B: (1) authorizing a third interim distribution in the total amount of **\$1,399,999.97** as set forth above and in Exhibit A; (2) authorizing the Receiver to review and approve administrative revisions to investor claims without further Court order and as set forth above, including the authority to honor requests for reissuance of distribution checks made payable to custodians that are no longer applicable if, in the Receiver's sole discretion, he is provided sufficient notification and proof; and (3) for any further relief deemed just and proper.

LOCAL RULE 3.01(g) CERTIFICATION

Pursuant to Local Rule 3.01(g), the undersigned certifies that counsel for the Receiver conferred with counsel for the Commission and Defendant Williams prior to filing this Motion. The Receiver is authorized to represent that the Commission does not oppose the requested relief, and that Williams takes no position regarding the requested relief.

Respectfully submitted,

BUCHANAN INGERSOLL & ROONEY PC

/s/ Lauren V. Humphries

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 4th day of August, 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 all counsel of record.

/s/ Lauren V. Humphries

Lauren V. Humphries

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

EXHIBIT “”A

Third Distribution Amount:	\$1,400,000.00
Third Distribution Percentage Recovery of Allowed Amount	4.2%

Claim Number	Allowed Amount	First Interim Distribution Amount [ECF No. 263]	Net Allowed Amount After First Interim Distribution	Second Interim Distribution Amount [ECF No. 304]	Net Allowed Amount After First & Second Interim Distribution	Third Interim Distribution Amount
1	\$ 4,000,000.00	\$ 1,600,000.00	\$ 2,400,000.00	\$ 423,727.18	\$ 1,976,272.82	\$ 169,490.87
2	\$ 500,000.00	\$ 200,000.00	\$ 300,000.00	\$ 52,965.90	\$ 247,034.10	\$ 21,186.36
3	\$ 250,000.00	\$ 100,000.00	\$ 150,000.00	\$ 26,482.95	\$ 123,517.05	\$ 10,593.18
4	\$ 26,138.59	\$ 10,455.44	\$ 15,683.15	\$ 2,768.91	\$ 12,914.24	\$ 1,107.56
5	\$ 225,084.51	\$ 90,033.80	\$ 135,050.71	\$ 23,843.61	\$ 111,207.10	\$ 9,537.44
6	\$ 249,261.19	\$ 99,704.48	\$ 149,556.71	\$ 26,404.69	\$ 123,152.02	\$ 10,561.87
7	\$ 332,582.13	\$ 133,032.85	\$ 199,549.28	\$ 35,231.02	\$ 164,318.26	\$ 14,092.41
8	\$ 898,691.09	\$ 359,476.44	\$ 539,214.65	\$ 95,199.96	\$ 444,014.69	\$ 38,079.98
9	\$ 1,818,739.42	\$ 727,495.77	\$ 1,091,243.65	\$ 192,662.33	\$ 898,581.32	\$ 77,064.93
10	\$ 18,981.58	\$ 7,592.63	\$ 11,388.95	\$ 2,010.75	\$ 9,378.20	\$ 804.30
11A	\$ 28,516.42	\$ 11,406.57	\$ 17,109.85	\$ 3,020.80	\$ 14,089.05	\$ 1,208.32
11B	\$ 14,049.24	\$ 5,619.70	\$ 8,429.54	\$ 1,488.26	\$ 6,941.28	\$ 595.30
12	\$ 49,000.00	\$ 19,600.00	\$ 29,400.00	\$ 5,190.66	\$ 24,209.34	\$ 2,076.26
13	\$ 16,000.00	\$ 6,400.00	\$ 9,600.00	\$ 1,694.91	\$ 7,905.09	\$ 677.96
14	\$ 1,000.00	\$ 400.00	\$ 600.00	\$ 105.93	\$ 494.07	\$ 42.37
15	\$ 251,778.55	\$ 100,711.42	\$ 151,067.13	\$ 26,671.35	\$ 124,395.78	\$ 10,668.54
16	\$ 842,886.56	\$ 337,154.62	\$ 505,731.94	\$ 89,288.49	\$ 416,443.45	\$ 35,715.39
17	\$ 611,804.55	\$ 244,721.82	\$ 367,082.73	\$ 64,809.55	\$ 302,273.18	\$ 25,923.82
18	\$ 1,151,949.48	\$ 460,779.79	\$ 691,169.69	\$ 122,028.08	\$ 569,141.61	\$ 48,811.23
19	\$ 30,613.05	\$ 12,245.22	\$ 18,367.83	\$ 3,242.90	\$ 15,124.93	\$ 1,297.16
20	\$ 1,665,000.00	\$ 666,000.00	\$ 999,000.00	\$ 176,376.44	\$ 822,623.56	\$ 70,550.58
21	\$ 243,599.79	\$ 97,439.92	\$ 146,159.87	\$ 25,804.96	\$ 120,354.91	\$ 10,321.99
22	\$ 23,977.29	\$ 9,590.92	\$ 14,386.37	\$ 2,539.96	\$ 11,846.41	\$ 1,015.98
23	\$ 18,000,000.00	\$ 7,200,000.00	\$ 10,800,000.00	\$ 1,906,772.32	\$ 8,893,227.68	\$ 762,708.93
24A	\$ 565,780.31	\$ 226,312.12	\$ 339,468.19	\$ 59,934.12	\$ 279,534.07	\$ 23,973.65
24B	\$ 100,000.00	\$ 40,000.00	\$ 60,000.00	\$ 10,593.18	\$ 49,406.82	\$ 4,237.27
25	\$ 353,883.44	\$ 141,553.38	\$ 212,330.06	\$ 37,487.51	\$ 174,842.55	\$ 14,995.00
26	\$ 120,810.06	\$ 48,324.02	\$ 72,486.04	\$ 12,797.63	\$ 59,688.41	\$ 5,119.05
27	\$ 400,000.00	\$ 160,000.00	\$ 240,000.00	\$ 42,372.72	\$ 197,627.28	\$ 16,949.09
28	\$ 250,000.00	\$ 100,000.00	\$ 150,000.00	\$ 26,482.95	\$ 123,517.05	\$ 10,593.18
TOTAL	\$ 33,040,127.25	\$ 13,216,050.91	\$ 19,824,076.34	\$ 3,500,000.02	\$ 16,324,076.32	\$ 1,399,999.97

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

EXHIBIT "B"

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,
LF 42, LLC, EL MORRO FINANCIAL
GROUP, LLC, and KIH, INC., f/k/a
KINETIC INTERNATIONAL, LLC,

Relief Defendants.

_____ /

ORDER

THIS CAUSE came before the Court on the Receiver's (the "**Receiver**") Unopposed Motion to Approve Third Interim Distribution (Doc. __) (the "**Motion**"). The Securities and Exchange Commission does not oppose the granting of the relief sought.

Having considered the Motion, and being otherwise fully advised, it is ORDERED AND ADJUDGED that the Receiver's Motion is GRANTED. The Court finds that the interim distribution plan as set forth in the Motion

and in its Exhibit is fair and reasonable and is consistent with the distribution plan previously approved by this Court, Accordingly,

1. The Receiver is authorized to conduct a third interim distribution in the total amount of \$_____ as set forth in the Motion and in Exhibit A attached to the Motion; and
2. The revisions and procedures set forth in the Motion and in Exhibit A attached to the Motion are approved, and the Receiver is authorized to honor requests for reissuance of distribution checks made payable to custodians that are no longer applicable if, in the Receiver's sole discretion, he is provided sufficient notification and supporting documentation.

DONE and ORDERED at Tampa, Florida, on August ____, 2023.

**UNITED STATES DISTRICT COURT
JUDGE**

Copies Furnished to:

Counsel of Record