

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

Relief Defendants.

**FIFTEENTH INTERIM OMNIBUS APPLICATION FOR ALLOWANCE
AND PAYMENT OF PROFESSIONALS' FEES AND EXPENSES FOR
JULY 1, 2023 – SEPTEMBER 30, 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 **July 1, 2023**, through **September 30, 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 Statement²

The Receiver seeks Court approval to pay the sum of **\$33,685.50** to the professionals engaged by the Receiver for fees incurred and reimbursement of **\$15,473.75**³ in expenses for a total payment of **\$49,159.25**. This Application includes time billed for the three-month period from July 1, 2023 through September 30, 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

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

³ This total includes \$13,573.75 in unique consulting fees required for localized tax advice required for Puerto Rico, directed by Receiver Professional PDR CPA & Advisors.

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. **Prepared Third Interim Distribution to Claimant Investors**

During the 2023 First Reporting Quarter, the Receiver received Court approval for his 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 represented a recovery of 10.6% of the Total Allowed Amounts of Investor Claims all of which was paid to investor claimants in the 2023 First Reporting Quarter.

In this Reporting Period, the Receiver has evaluated the needs of the Receivership in determining the amount for a Third Distribution. Specifically, the Receiver worked with his CPA Professionals to prepare the necessary exhibits for a Third Interim Distribution, which will provide approximately another \$1.4M to the claimant investors once approved by the Court.⁴ The Third Interim Distribution is unopposed and as of the date of this filing is *sub judice*. Due to continued work related to the tax considerations of the Receivership Estate, the Receiver determined that \$1.4M is the appropriate distribution for this time-period. (Doc. 313).

After the Third Distribution is executed, the Receiver will have returned a total amount of **\$18,116,050.90** to the investor claimants in this Receivership.

⁴ Due to rounding on individual claimant investor distribution amounts, the total Third Interim Distribution amount will be \$1,399,999.97.

b. Attention to Tax Matters Associated with Sales of Real Property from the Receivership Estate

Due to the Receiver's efforts and those of the professionals supporting him during prior Reporting Periods, the sale of real property in the Receivership Estate occurred as planned—bringing in substantial funds in excess of seven figures to the Receivership Estate. Substantial work was expended during the Reporting Period to assist the Receiver's professionals in finalizing a myriad of complicated Post-Closing legal, financial, and tax issues, including (but not limited to also) communicating regularly with the Purchaser on all aspects of "Villa Gabriela," representing the following real property:

- 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.

Virtually all of the Receivership assets have been monetized as of the date of this application. Accordingly, the Receiver and his professionals expended time and necessary resources to fully analyze the state of the Receivership's tax and related obligations in connection to the funds brought into the Receivership Estate from the sale of real property. This analysis included coordinating with a number of tax

professionals and consultants to ensure that any capital gains of the Receivership were recognized and reported for both Puerto Rico and U.S. IRS tax returns.

As part of his appointment, the Receiver was charged with monetizing any and all real property, including such property located outside the continental U.S. The location of this real property in San Juan, Puerto Rico yielded some tax challenges requiring attention by the Receiver. Specifically, some of the real property at issue was held by Receivership Relief Defendant Scipio, LLC. Prior to the appointment of the Receiver, Scipio, LLC, had apparently not filed taxes for 2019 but still held title to this real property that was later sold by the Receivership. The Receiver therefore was required to address tax issues related to the sale of this property and this unique entity. To necessarily address and resolve these matters, the Receiver worked with local counsel and CPAs in Puerto Rico, who were experts with the tax code and compliance requirements of Puerto Rico law, as to the realization and approach to capital gains for the sale of real property.

The Receiver worked diligently with his professionals, both in Florida and Puerto Rico, to ensure among other things that all tax matters are addressed prior to the wind-down of the Receivership, which the Receiver reasonably anticipates will occur in the first part of calendar year 2024. At present, the Receiver continues to work with his tax professionals to ensure that all tax obligations are met both in the U.S. and in Puerto Rico.

c. Assessed Tax Considerations Regarding Zephyr Aerospace Investment

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 disclosed and stated scope of the use of investors proceeds, (e.g. that there was no “dividend strategy” associated with this investment). The stated business purpose of Zephyr at the time was to “revolutionize” the way individuals select airline seats on commercial airlines. This \$500,000.00 investment was clearly and directly traceable to investor funds. Understanding that the Zephyr investment is now a loss, the Receiver has worked with his tax professionals to analyze how the investment can be treated for tax purposes. The Receiver will continue to take any measures as are required associated with lost value of the investment.

d. Continued Work to Bring in Funds to the Receivership Estate

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 reached an agreement to recover the full amount sought.

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. Attended to Litigation Matters

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

f. 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.

g. Managed Receiver's Cash Accounts Held at ServisFirst Bank

Receivership funds are currently being held at ServisFirst Bank. 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**⁵ in the Receiver's fiduciary bank accounts during the Receiver's appointment; (ii) secured significant real property assets and completed the process of marketing and liquidating those assets which resulted in additional (seven figures) proceeds deposited to the

⁵ This amount includes approximately \$197,422.06 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.

Receivership Estate; (iii) made an initial distribution of **\$13.2 million** to Investor Claimants with approved claims; and (iv) made a second distribution of **\$3.5 million** to Investor Claimants with approved claims.

The over **\$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 commercial building property located at 152 Tetuan Street, San Jan, Puerto Rico 00901;
- 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; and
- January 13, 2023: Received a net recovery—after payment of commissions and other standard closing costs—of **\$1,606,053.00** for the sale of the Villa Gabriela property and associated parking spaces. (Docs. 301 and 303).

h. The Fifteenth Interim Report

The Receiver prepared and filed the Fifteenth Interim Report October 24, 2023 (Doc. 318), 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 Fourteenth Interim Report which was filed contemporaneously on July 31, 2023 (Doc. 311) (the "Fourteenth Report"), as well as the Receiver's previously-filed Interim Reports all of which are publicly available on the Receiver's website at www.kineticreceivership.com. The Receiver incorporates the Fifteenth Interim Report into this Application and attaches a true and correct copy of the Fifteenth Interim Report as **Exhibit 2** for the Court's convenience.

III. 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).⁶

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

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

⁶ On April 27, 2020, Williams served his Answer and Affirmative Defenses largely denying the Commission’s allegations (Doc. 56).

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

A mediation was held on August 28, 2020, but resulted in an impasse. (Doc. 132). Both the Commission and Mr. Williams have filed motions for summary judgment which remain *sub judice*. 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).

IV. Professional Services

Pursuant to the Order Appointing Receiver, the Receiver obtained approval to engage various Retained Personnel to assist him in carrying out his duties and responsibilities in the Order Appointing Receiver. The Order Appointing Receiver further set forth the frequency and procedures pursuant to which the Receiver was to seek compensation and expense reimbursement for the Receiver and his Retained

Professionals. (Doc. 34 ¶¶ 53-54). In accordance with the Commission's Billing Instructions, the Receiver states as follows:

- (a) **Time period covered by the Application:** July 1, 2023 – September 30, 2023.
- (b) **Date of Receiver's appointment:** March 6, 2020.
- (c) **Date services commenced:** February 14, 2020.⁷
- (d) **Names and rates of all professionals:** See Exs. 5-6.
- (e) **Interim or Final Application:** Interim.
- (f) **Records supporting fee application:** See below.

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

- Exhibit 3:** Receiver's Certification
- Exhibit 4:** Total compensation and expenses requested; any amounts previously requested; and total compensation and expenses previously awarded
- Exhibit 5:** Fee Schedule: Names and Hourly Rates of Professionals and Paraprofessionals & Total Amount Billed for each Professional and Paraprofessional:
- Exhibit 5(a):** Buchanan Ingersoll & Rooney PC
- Exhibit 5(b):** YIP & Associates
- Exhibit 5(c):** E-Hounds
- Exhibit 5(d):** PDR CPAs + Advisors

⁷ 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(e):** IRW Law Offices
- 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

V. Case Status

(a) Cash on hand

As of the date of this Application, the Receivership bank accounts have a cumulative balance of **\$4,124,849.72**.⁸

(b) Summary of the administration of the case

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

⁸ This balance includes approximately \$189,823.05 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.

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, (iii) investigating potential avenues to recover additional assets, and (iv) continuing to implement a Court-approved claims process that included making a First, Second, and soon Third Interim Distribution to Investor Claimants. The Receiver hopes to be able to wind-down and/or fully close the Estate during 2024.

(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. 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 prepared his Motion to Approve a Third Interim Distribution. (Doc. 313). 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 Fifteenth Interim Report, attached hereto as **Exhibit 2**.

VI. 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, those discounts resulted in a total reduction of well 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 have also resulted in a total reduction of well over \$100,000 from the rates customarily charged by Buchanan Ingersoll attorneys to clients.

The 2023 standard hourly rate which the Receiver charges other clients is \$835. The Receiver agreed that for purposes of his appointment as the Receiver, his hourly rate would be reduced and remain fixed year over year to \$437.50 per hour, representing approximately a thirty percent (30%) discount from his 2020 standard rate—and almost a 50% discount off his 2023 standard rate. This initial 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 32.4 hours in legal services on this Receivership but only seeks compensation for 30.4 of those hours for a total of **\$14,175.00** in legal services and **\$0** in expenses. The statement summarizing the services rendered by the Receiver is attached as **Exhibit 6(a)**.

During the period covered by this Application, other Buchanan Ingersoll professionals spent 56.9 hours assisting the Receiver in fulfilling his duties under the Order Appointing Receiver, but only seeks compensation for 47.9 of those hours. Buchanan Ingersoll seeks compensation for professional services in the amount of **\$12,933.00** and expenses in the amount of **\$400.00**. 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 many different tasks including (without limitation) investigating the alleged fraud and related activities underlying this matter; locating, taking control and monetizing of Receivership assets; investigating and pursuing additional assets for the Receivership; coordinating the framework and procedures for a Court-approved claims process as detailed in the Interim Report, and overseeing all legal and administrative issues for distributing millions to claimants. For the period from July 1, 2023, through September 30, 2023, the Receiver requests that the Court award the Receiver and Buchanan Ingersoll fees for professional services rendered in the amount of **\$27,508.00**.

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 4.5 hours in assisting the Receiver in fulfilling his duties under the Order Appointing Receiver and seeks professional fees in the sum of \$1,167.50. 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 July 1, 2023, through September 30, 2023, in the amount of **\$1,167.50**.

(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.⁹ 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).

⁹ 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).

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 **\$1,485.00**. A copy of the statement summarizing the services rendered by E-Hounds is attached hereto as **Exhibit 6(c)**. The Receiver requests that the Court award E-Hounds fees for costs incurred from July 1, 2023 through September 30, 2023, in the amount of **\$1,485.00**.

(d) Services provided by PDR CPAs + Advisors

The Receiver obtained Court approval to retain the services of PDR CPAs + Advisors (“PDR”) to handle tax-related issues for the Receivership Entities. (Doc. 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 23.25 hours in assisting the Receiver in fulfilling his duties under the Order Appointing Receiver, which included the efforts to determine the calculations for a third Interim Distribution to Claimants and seeks professional fees and expenses in the total, aggregate sum of **\$18,671.25** as set forth in the invoices attached as **Exhibit**

6(d). The Receiver requests that the Court award PDR fees for professional services rendered from July 1, 2023 through September 30, 2023, in the amount of **\$18,671.25**.

(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 this period, IRW seeks compensation for 1.25 hours expended on this matter and billed the Receiver for professional services rendered in the amount of **\$312.50** and expenses of **\$15.00** as set forth in the invoices attached as **Exhibit 6(e)**. The Receiver requests that the Court award IRW fees for professional services rendered from July 1, 2023 through September 30, 2023, in the amount of **\$327.50**.

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	\$27,508.00
YIP	\$1,167.50
E-Hounds	\$1,485.00
PDR CPAs + Advisors	\$18,671.25
IRW Law Offices	\$327.50
TOTAL:	\$49,159.25

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

A handwritten signature in blue ink that reads "Lauren Humphries". The signature is written in a cursive style and is positioned above a horizontal line.

Lauren V. Humphries, Esq. (FBN 117517)
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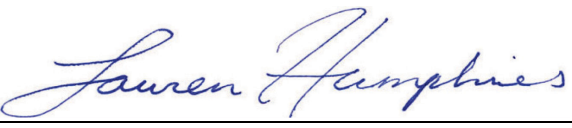
CERTIFICATE OF SERVICE

I hereby certify that on October 24, 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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By: 

Attorney

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

EXHIBIT “1”



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REPORT OF STANDARDIZED FUND ACCOUNTING REPORT

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

We have compiled the standardized fund accounting report for the period July 1, 2023 to September 30, 2023 and from inception March 6, 2020 to September 30, 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
October 12, 2023

Standardized Fund Accounting Report for
Mark A Kornfeld as Receiver for Knetic Investment Group, LLC et al - Cash Basis
Receivership, Civil Court Docket No 8 20-cv-00394-WFJ-SPF
Reporting Period 07/01/2023 - 09/30/2023

FUND ACCOUNTING (See Instructions)		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 07/01/2023)			\$ 4,563,437.47
	<i>Increases in Fund Balance</i>			
Line 2	Business Income			
Line 3	Cash and Securities**			
Line 4	Interest/Dividend Income	26,436.82		
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income			
Line 8	Miscellaneous - Other	2,390.43		
	Total Funds Available (Line 1 - 8):		28,827.25	4,592,264.72
	<i>Decreases in Fund Balance</i>			
Line 9	Disbursements to Claimants			
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	53,688.75		
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	398,609.31		
	Total Disbursements for Receivership Operations		461,127.42	461,127.42
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)			461,127.42
Line 13	Ending Balance (As of 09/30/2023)			4,131,137.30

Standardized Fund Accounting Report for
 Mark A Kornfeld as Receiver for Kinetic Investment Group, LLC et al - Cash Basis
 Receivership, Civil Court Docket No 8 20-cv-00394-WFJ-SPF
 Reporting Period 07/01/2023 - 09/30/2023

FUND ACCOUNTING (See Instructions)		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets			4,131,137.30
Line 14a	Cash & Cash Equivalents			4,131,137.30
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds	-	-	
	Total Ending Balance of Fund - Net Assets			4,131,137.30
OTHER SUPPLEMENTAL INFORMATION		Detail	Subtotal	Grand Total
Report of Items Not To Be Paid by the Fund				
Line 15	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 09/30/2023

FUND ACCOUNTING (See Instructions)		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 03/06/2020)			\$ -
	<i>Increases in Fund Balance</i>			
Line 2	Business Income			
Line 3	Cash and Securities	13,652,912 22		
Line 4	Interest/Dividend Income	260,003 13		
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	233,282 01		
	Total Funds Available (Line 1 - 8):		23,380,868 43	23,380,868 43
	<i>Decreases in Fund Balance</i>			
Line 9	Disbursements to Claimants	16,716,050 93		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	1,862,244 06		
Line 10b	Business Asset Expenses	76,449 83		
Line 10c	Personal Asset Expenses	114,781 98		
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	425,090 97		
	Total Disbursements for Receivership Operations		19,249,731 13	19,249,731 13
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)			19,249,731 13
Line 13	Ending Balance (As of 09/30/2023)			4,131,137 30

Standardized Fund Accounting Report for
 Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al - Cash Basis
 Receivership, Civil Court Docket No 8 20-cv-00394-WFJ-SPF
 Reporting Period From Inception 03/06/2020 to 09/30/2023

FUND ACCOUNTING (See Instructions)		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets			4,131,137 30
Line 14a	Cash & Cash Equivalents			4,131,137 30
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds	-		
	Total Ending Balance of Fund - Net Assets			4,131,137 30
OTHER SUPPLEMENTAL INFORMATION		Detail	Subtotal	Grand Total
Report of Items Not To Be Paid by the Fund				
Line 15	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 _____			

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 FIFTEENTH INTERIM REPORT

(Reporting Period: July 1, 2023 to September 30, 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 Fifteenth Interim Report (the "Fifteenth Report") covering information and activity occurring from July

1, 2023 to September 30, 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 Fifteenth Report (July 1, 2023 to September 30, 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. Prepared for Third Interim Distribution to Claimant Investors

During the 2023 First Reporting Quarter, the Receiver received Court approval for his 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 represented a recovery of \$10.6% of the Total Allowed Amounts of Investor Claims all of which was paid to investor claimants in the 2023 First Reporting Quarter.

In this Reporting Period, the Receiver has evaluated the needs of the Receivership in determining the amount for a Third Distribution. Specifically, the Receiver worked with his CPA Professionals to prepare the necessary exhibits for a Third Interim Distribution, which will provide approximately \$1.4M to the claimant investors once approved by the Court.¹ The Third Interim Distribution is unopposed and as of the date of this filing is *sub judice*. Due to continued work related to the tax considerations of the Receivership Estate, the Receiver determine that \$1.4M is the appropriate distribution for this time period. (Doc. 313).

¹ Due to rounding on individual claimant investor distribution amounts, the total Third Interim Distribution amount will be \$1,399,999.97.

After the Third Distribution is made, the Receiver will have returned a total amount of **\$18,116,050.90** to the investor claimants in this Receivership.

2. Attention to Tax Associated with Sales of Real Property from the Receivership Estate

Due to the Receiver's efforts in prior Reporting Periods, the sale of all real property closed as planned – bringing in over \$5 million to the Receivership Estate. Substantial work was expended during the Reporting Period to assist the Receiver's professionals in finalizing post-closing issues related to "Villa Gabriela," representing the following real property:

- 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.

Virtually all of the Receivership assets have been monetized as of the date of this Interim Report. Accordingly, the Receiver and his professionals expended time and necessary resources to assess the state of the Receivership's tax and related obligations in connection to the funds brought into the Receivership Estate from the sale of real property. The Receiver's efforts included coordinating with tax

professionals and consultants to ensure that capital gains of the Receivership were recognized and reported as a part both Puerto Rico and U.S. IRS tax returns.

The Receiver worked diligently with his professionals, both in Florida and Puerto Rico, to ensure among other things that all tax matters were addressed so as to position the Receivership for a wind-down, which the Receiver anticipates will occur during the first part of calendar year 2024.

3. Assessed Tax Considerations Regarding Zephyr Aerospace Investment

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 disclosed and stated scope of the use of investor proceeds, (e.g. that there was no “dividend strategy” associated with this investment). The stated business purpose of Zephyr at the time was to “revolutionize” the way individuals select airline seats on commercial airlines. This \$500,000.00 investment was clearly and directly traceable to investor funds. Understanding that the Zephyr investment is now a loss, the Receiver has worked with his tax professionals to analyze how the investment can be treated for tax purposes. The Receiver will continue to take any measures as are required associated with the loss value on this “investment.”

4. Continued Work to Bring in Funds to the Receivership Estate

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 reached an agreement to recover the full amount sought.

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

5. Preparation of Fourteenth Interim Report

The Receiver prepared and filed his Fourteenth Interim Report on July 31, 2023 (Doc. 311), 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.

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.

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 September 30, 2023 as **Exhibit 1**.² As of the date of this Report, the Receiver has (i) secured, frozen, marshaled, and liquidated assets for the benefit of victims that resulted in the deposit of **approximately \$20 million**³ in the Receiver's fiduciary bank accounts during the Receiver's

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

³ This amount includes approximately \$197,422.06 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.

appointment; (ii) secured significant real property assets and completed the process of marketing and liquidating those assets which resulted in excess of \$5 million in additional proceeds deposited with the Receivership Estate; (iii) made an initial distribution of **\$13.2 million** to Investor Claimants with approved claims; and (iv) made a second distribution of **\$3.5 million** to Investor Claimants with approved claims.

The over **\$20 million** recovered for the benefit of claimants is the result of the following (including without limitation):

- 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
- January 13, 2023: Received a net recovery—after payment of commissions and other standard closing costs—of **\$1,606,053.00** for the sale of the Villa Gabriela property and associated parking spaces. (Docs. 301 and 303).

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 INITIAL 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

1. Performance Discrepancies

Many investors were attracted to KFYield through promises of consistent investment returns made possible through lower risk, “principle [sic] protection,” and “maximum liquidity.” No later than early 2017, KFYield’s performance and other information were listed on Bloomberg, and those reports were provided to current and prospective investors showing that KFYield had achieved consistent positive returns. For example, the Q2 2019 Quarterly Report distributed to current

investors included a Bloomberg report indicating that the fund had profitable monthly returns for 41 out of the 50 months during the period from April 2015 to June 2019 – including a streak of 21 consecutive months of positive monthly returns from October 2017 to June 2019.⁴

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

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

Beginning in June 2014, Kinetic Funds moved its brokerage accounts for KFYield and other sub-accounts to Interactive Brokers.⁶ According to Interactive Brokers’

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

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

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

Portfolio Analyst tool, the KFYield trading account’s performance (and change in net asset value) from 2015 (the first full year at Interactive Brokers) to 2019 was:

<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.⁷

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

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

Change in NAV	Total
Starting Value	6,510,940.67
Mark-to-Market	-3,154,506.38
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.

2. Apparent Shortfall

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

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

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

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

B. Analyzing the Use of Investor Deposits

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

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

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

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

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

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

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

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

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

C. Kinetic Funds Management Fees

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

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

in transfers to El Morro Financial during the period of March 2017 to December 2019. *See* First Report pp. 47-53.¹² The Receiver continues to investigate these discrepancies.

D. Lendacy's Funding Source was Kinetic Funds

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

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

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

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. Each of those loans were in default no later than February 2019. Another Lendacy loan was made to Puerto Rico resident A.C. for what appears to be repairs to a business located in Puerto Rico. None of those Lendacy loan recipients were Kinetic Funds investors, meaning that their “loans” were necessarily funded with investor deposits.

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

E. Significant Losses from Association with VTrader Pro, LLC

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

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

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

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

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

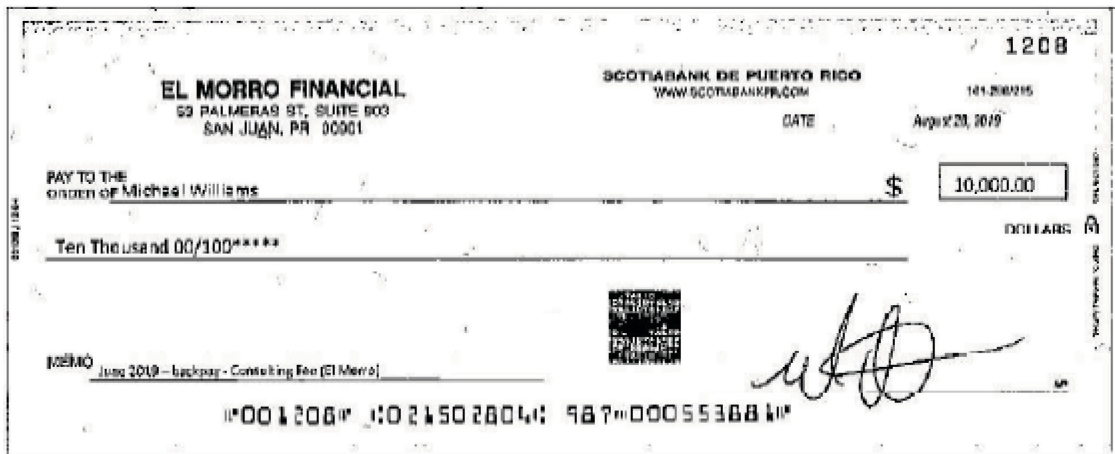
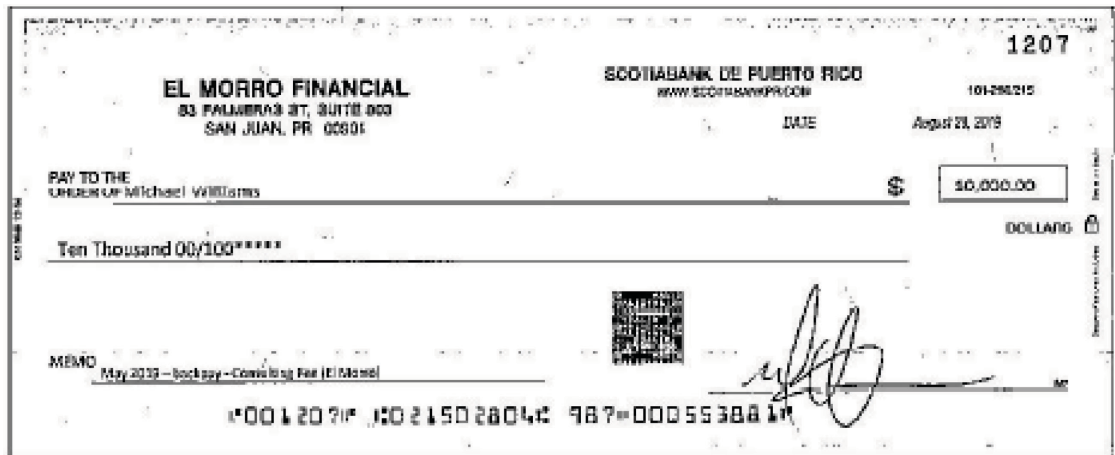
Between mid-2012 through the end of 2012, it appears KST moved its accounts out of VTrader and over to Bank of America/Merrill Lynch. The Receiver's investigation into these events has been hampered by the passage of nearly ten years from these events and the unavailability of sufficient documentation,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

F. Williams' Use of Investor Funds for His Own Benefit

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

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

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



(See First Report pp. 47-53);

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

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

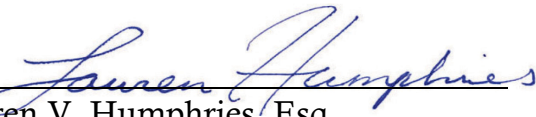
G. Continued Investor Outreach and Administration of Website

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

IV. CONCLUSION

The Receiver's foregoing efforts have positioned the Receivership for a first part of calendar year 2024 wind-down and the Receiver continues to work diligently toward that end.

Respectfully submitted,
BUCHANAN INGERSOLL & ROONEY PC

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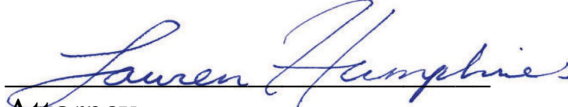
CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that on this 24th day of October, 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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Attorney

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

EXHIBIT “1”



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REPORT OF STANDARDIZED FUND ACCOUNTING REPORT

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

We have compiled the standardized fund accounting report for the period July 1, 2023 to September 30, 2023 and from inception March 6, 2020 to September 30, 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
October 12, 2023

Standardized Fund Accounting Report for
 Mark A Kornfeld as Receiver for Knetic Investment Group, LLC et al - Cash Basis
 Receivership, Civil Court Docket No 8 20-cv-00394-WFJ-SPF
 Reporting Period 07/01/2023 - 09/30/2023

FUND ACCOUNTING (See Instructions)	Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 07/01/2023)		\$ 4,563,437 47
	<i>Increases in Fund Balance</i>		
Line 2	Business Income		
Line 3	Cash and Securities**		
Line 4	Interest/Dividend Income	26,436 82	
Line 5	Business Asset Liquidation		
Line 6	Personal Asset Liquidation		
Line 7	Third-Party Litigation Income		
Line 8	Miscellaneous - Other	2,390 43	
	Total Funds Available (Line 1 - 8):	28,827 25	4,592,264 72
	<i>Decreases in Fund Balance</i>		
Line 9	Disbursements to Claimants		
Line 10	Disbursements for Receivership Operations		
Line 10a	Disbursements to Receiver or Other Professionals	53,688 75	
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	398,609 31	
	Total Disbursements for Receivership Operations	461,127 42	461,127 42
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)		461,127 42
Line 13	Ending Balance (As of 09/30/2023)		4,131,137 30

Standardized Fund Accounting Report for
 Mark A Kornfeld as Receiver for Kinetic Investment Group, LLC et al - Cash Basis
 Receivership, Civil Court Docket No 8 20-cv-00394-WFJ-SPF
 Reporting Period 07/01/2023 - 09/30/2023

FUND ACCOUNTING (See Instructions)		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets			4,131,137.30
Line 14a	Cash & Cash Equivalents			4,131,137.30
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds	-	-	
	Total Ending Balance of Fund - Net Assets			4,131,137.30
OTHER SUPPLEMENTAL INFORMATION		Detail	Subtotal	Grand Total
Line 15	Report of Items Not To Be Paid by the Fund			
Line 15a	Disbursements for Plan Administration Expenses Not Paid by the Fund			
	Plan Development Expenses Not Paid by the Fund			
	1 Fees			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2 Administrative Expenses			
	3 Miscellaneous			
	Total Plan Development Expenses Not Paid by the Fund		-	
Line 15b	Plan Implementation Expenses Not Paid by the Fund			
	1 Fees			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2 Administrative Expenses			
	3 Investor Identification			
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4 Fund Administrator Bond			
	5 Miscellaneous			
	6 Federal Account for Investor Restitution (FAIR) Reporting Expenses			
	Total Plan Implementation Expenses Not Paid by the Fund		-	
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund			
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			-
Line 16	Disbursements to Court/Other Not Paid by the Fund			
Line 16a	Investment Expenses/CRIS Fees			
Line 16b	Federal Tax Payments			
	Total Disbursements to Court/Other Not Paid by the Fund			-
Line 17	DC & State Tax Payments			
Line 18	No of Claims			
	# of Claims Received This Reporting Period _____			
	# of Claims Received Since Inception of Fund _____			
Line 19	No of Claimants/Investors			
Line 19a	# of Claimants/Investors Paid This Reporting Period _____			
	# of Claimants/Investors Paid Since Inception of Fund _____			

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

Receiver
 By _____
 Title _____
 Date _____

Standardized Fund Accounting Report for
 Mark A Kornfeld as Receiver for Kinetic Investment Group, LLC et al - Cash Basis
 Receivership, Civil Court Docket No 8 20-cv-00394-WFJ-SPF
 Reporting Period From Inception 03/06/2020 to 09/30/2023

FUND ACCOUNTING (See Instructions)		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 03/06/2020)			\$ -
	<i>Increases in Fund Balance</i>			
Line 2	Business Income			
Line 3	Cash and Securities	13,652,912 22		
Line 4	Interest/Dividend Income	260,003 13		
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	233,282 01		
	Total Funds Available (Line 1 - 8):		23,380,868 43	23,380,868 43
	<i>Decreases in Fund Balance</i>			
Line 9	Disbursements to Claimants	16,716,050 93		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	1,862,244 06		
Line 10b	Business Asset Expenses	76,449 83		
Line 10c	Personal Asset Expenses	114,781 98		
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	425,090 97		
	Total Disbursements for Receivership Operations		19,249,731 13	19,249,731 13
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)			19,249,731 13
Line 13	Ending Balance (As of 09/30/2023)			4,131,137 30

Standardized Fund Accounting Report for
 Mark A. Kornfeld as Receiver for Kinetic Investment Group, LLC et al - Cash Basis
 Receivership, Civil Court Docket No 8 20-cv-00394-WFJ-SPF
 Reporting Period From Inception 03/06/2020 to 09/30/2023

FUND ACCOUNTING (See Instructions)		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets			4,131,137 30
Line 14a	Cash & Cash Equivalents			4,131,137 30
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds	-		
	Total Ending Balance of Fund - Net Assets			4,131,137 30
OTHER SUPPLEMENTAL INFORMATION		Detail	Subtotal	Grand Total
Report of Items Not To Be Paid by the Fund				
Line 15	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	_____		

Receiver
 By _____
 Title _____
 Date _____

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

EXHIBIT “3”

CERTIFICATION

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

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

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

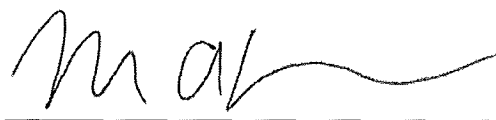
3. To the best of the Applicant's knowledge, information and belief formed after reasonable inquiry, this motion and all fees and expenses herein are true and accurate and comply with the Billing Instructions for Receivers in Civil Actions Commenced by the SEC.

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

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

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

Executed this 24th day of October, 2023.



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	80.30	\$27,108.00	\$400.00	\$27,508.00	\$691,300.37	\$13,139.52
Yip & Associates	Accountants	4.50	\$1,167.50	\$0.00	\$1,167.50	\$272,395.25	\$2,043.80
E-Hounds, Inc.	Information Technology and Forensic Technology	0.00	\$0.00	\$1,485.00	\$1,485.00	\$40,740.00	\$23,065.00
IRW Law Offices	Attorneys	1.25	\$312.50	\$15.00	\$327.50	\$25,990.00	\$973.38
PDR CPAs + Advisors	Accountants	23.25	\$5,097.50	\$13,573.75	\$18,671.25	\$43,443.75	\$1,576.28
K. Tek Systems	Website	0.00	\$0.00	\$0.00	\$0.00	\$3,990.00	\$1,500.00
Marshall Swatt		0.00	\$0.00	\$0.00	\$0.00	\$8,475.00	\$0.00
Total		109.30	\$33,685.50	\$15,473.75	\$49,159.25	\$1,645,922.22	\$65,475.22

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

EXHIBIT “5(a)”

Name	Practice Area	Title	Year Licensed	Standard Rate	Reduced Rate	Total Hours	Total Billed
Mark A Kornfeld	Litigation	Shareholder	1993	\$ 645 00	\$ 437 50	32 40	\$ 14,175 00
Jordan D Maglich	Litigation	Counsel	2010	\$ 455 00	\$ 295 00		\$ -
Lauren Humphries	Litigation	Associate	2015	\$ 390 00	\$ 270 00	34 60	\$ 9,342 00
Dane L Stuhlsatz	Litigation	Associate	2018	\$ 420 00	\$ 270 00	13 30	\$ 3,591 00
Mitchell Horowitz	Tax	Partner	1984	\$ 760 00	\$ 412 50		\$ -
Tabitha Pellegrene	Labor & Employment	Paralegal		\$ 280 00	\$ 195 00		\$ -
Total Fees							\$ 27,108.00
Less Credit							\$ 0 00
Total Expenses							\$ 400.00
Total						80.30	\$ 27,508.00

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

EXHIBIT “5(b)”

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	1.30	\$ 383.50
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	3.20	\$ 784.00
Peter J Tiano	Associate		\$195.00	\$ 195.00		\$ -
HW				\$ 340.00		\$ -
KRB				\$ 340.00		\$ -
Santiago I Carpio	Senior Associate		\$ 245.00	\$ 245.00		\$ -
Total Fees						\$ 1,167.50
Less Discount						\$ -
Total Expenses						\$ -
Total					4.50	\$ 1,167.50

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

EXHIBIT “5(c)”

E-Hounds

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

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

EXHIBIT “5(d)”

PDR CPAs

Name	Title	Year Licensed/ Experience	Standard Rate	Billing Rate	Total Hours	Total Billed
William E Price	CPA	45+		\$ 335 00	9 00	\$ 3,015 00
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	2 00	\$ 310 00
Gail Heinold	Accounting Manager	20+		\$ 125 00		\$ -
Tammy Warden	Staff Accountant			\$ 125 00	8 75	\$ 1,093 75
Sharon O'Brien	Staff Accountant	10+	\$ 150 00	\$ 125 00		\$ -
Megan Justice	Staff Accountant	4+	\$ 150 00	\$ 125 00		\$ -
Shelly Spencer	Staff Accountant			\$125 00		\$ -
Michael Yanchunis	Staff Accountant			\$125 00		\$ -
SGH				\$60 00		\$ -
LH				\$165 00	1 25	\$ 206 25
MNL				\$210 00	2 25	\$ 472 50
TNJ				\$125 00		\$ -
Tracy Hess	Tax Manager	5+	\$ 225 00	\$ 210 00		\$ -
Total Fees						\$ 5,097.50
Less Credit						0 00
Total Expenses						\$ 13,573.75
Total					23.25	\$ 18,671.25

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

EXHIBIT “5(e)”

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	1.25	\$ 312.50
DK		Paralegal		\$ 150.00	\$ 150.00		\$ -
Gabriela Díaz		Attorney		\$ 200.00	\$ 200.00		\$ -
Gabriela Díaz		Attorney			\$ 250.00		\$ -
Gabriela Díaz		Attorney			\$ 600.00		\$ -
Carla Martinez		Attorney			\$ 250.00		\$ -
RB		Associate		\$ 150.00	\$ 150.00		\$ -
DR		Paralegal		\$ 150.00	\$ 150.00		\$ -
Time					\$ 250.00		\$ -
Time					\$ 150.00		\$ -
Total Fees							\$ 312.50
Less: Credit							\$ -
Total Expenses							\$ 15.00
Total						1.25	\$ 327.50

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

EXHIBIT “6(a)”



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

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

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

October 10, 2023
Invoice No. 12263206

INVOICE SUMMARY

For Professional Services Rendered:

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

Fees.	\$27,108.00
Disbursements:	<u>\$400.00</u>

Total Current Invoice:	\$27,508.00
-------------------------------	--------------------

Buchanan

Ingersoll · Rooney

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

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

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

October 10, 2023
Invoice No. 12263206

For Professional Services Rendered:

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

SERVICES AND COSTS INCLUDING

Timekeeper	Date	Task	Narrative	Hours	Amount
Administration					
D. L. Stuhlsatz	07/28/23	B100	Conference with counsel regarding case status and research regarding case closure.	0.60	162.00
D. L. Stuhlsatz	08/07/23	B100	Conference with counsel regarding next steps in Receivership for 2024 wind-down, final distributions, final taxes.	0.70	189.00
D. L. Stuhlsatz	08/08/23	B100	Review and analysis of the Federal rules, statutes, and Middle District of Florida local rules governing receiverships for discussion of same in memo outlining the process for closure of the receivership. (NO CHARGE).	1.30	N/C
D. L. Stuhlsatz	08/08/23	B100	Review and analysis of Kinetics Receivership and the March 6, 2020 Order appointing Receiver for discussion of same in memo outlining the substantive analysis for winding down of the Receivership (NO CHARGE).	1.90	N/C
D. L. Stuhlsatz	08/08/23	B100	Research, analysis case law and issues in receivership wind-down for sample pleadings bearing on Receivership memo and documenting the process	2.90	783.00
D. L. Stuhlsatz	08/09/23	B100	Continue and finish and analysis of wind-down procedures for discussion of same in memo requested by Receiver.	2.40	648.00

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

Page 3
 October 10, 2023
 Invoice No. 12263206

Timekeeper	Date	Task	Narrative	Hours	Amount
D L. Stuhlsatz	08/09/23	B100	Draft memorandum outlining all relevant factors bearing on wind-down of a receivership and advising as to best practices for most efficient approach to same.	2.90	783.00
D L. Stuhlsatz	08/10/23	B100	Revise and finalize memo regarding procedures and motion practice to wind down receivership in Middle District of Florida.	1.00	270.00
Subtotal Administration				13.70	2,835.00
Case Administration					
L. Humphries	07/03/23	B110	Emails with YIP & Associates regarding distribution to claimants.	0.20	54.00
L. Humphries	07/03/23	B110	Phone conference with investor claimant.	0.30	81.00
L. Humphries	07/03/23	B110	Review of memorandum regarding filing of Puerto Rico return for property sales.	0.80	216.00
M. A. Kornfeld	07/05/23	B110	Meeting with L. Humphries on third distribution motion and follow up on account information.	0.50	218.75
M. A. Kornfeld	07/06/23	B110	Calls, emails with, from, to L. Humphries, regarding Q2 Interim Report, distributions, timing, taxes.	1.00	437.50
L. Humphries	07/06/23	B110	Conference with M. Lozada, R. Cuevas, and B. Price regarding tax issues, necessary supplemental filings.	1.10	297.00
L. Humphries	07/10/23	B110	Preparation of Q2 Interim Report for filing with Court.	1.20	324.00
M. A. Kornfeld	07/10/23	B110	Emails, calls with L. Humphries, B. Price regarding next steps, third distribution, Interim Report.	0.50	218.75
M. A. Kornfeld	07/11/23	B110	Emails, calls with B. Price, L. Humphries regarding 2023 Condos sale.	0.40	175.00
M. A. Kornfeld	07/11/23	B110	Review, analyze draft Q2 Interim Report	0.50	218.75
L. Humphries	07/18/23	B110	Email communication with Puerto Rico Counsel and B. Price.	0.40	108.00
L. Humphries	07/19/23	B110	Review of documentation regarding cost analysis for expenses on sale.	0.50	135.00

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

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 October 10, 2023
 Invoice No 12263206

Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	07/21/23	B110	Phone conference with investor claimant regarding questions.	0.30	81.00
M. A Kornfeld	07/26/23	B110	Emails with, comments to L. Humphries regarding Q2 Interim Report	0.40	175.00
L. Humphries	07/26/23	B110	Finalize Q2 Interim Report.	0.80	216.00
L. Humphries	07/26/23	B110	Emails with professionals at YIP regarding preparing for claimants distribution.	0.20	54.00
L. Humphries	07/26/23	B110	Emails with Puerto Rico tax professionals throughout day.	0.20	54.00
M. A. Kornfeld	07/27/23	B110	Review, analyze, provide comments to Q2 Interim Report, Third Distribution Motion.	1.00	437.50
L. Humphries	07/27/23	B110	Conference with counsel regarding Third Distribution.	0.60	162.00
M. A. Kornfeld	08/02/23	B110	Emails, confer with L. Humphries regarding Third Distribution, timing, claimant information, review of same.	0.50	218.75
L. Humphries	08/07/23	B110	Phone conference with Receiver on upcoming distribution, tax issues, and administrative review.	0.70	189.00
M. A. Kornfeld	08/07/23	B110	Conference call with L. Humphries and D. Stuhlsatz regarding distributions, Interim Report, wind down analysis, tax items.	0.70	306.25
L. Humphries	08/08/23	B110	Conference with Receiver regarding information subpoena request.	0.30	81.00
M. A. Kornfeld	08/10/23	B110	Emails, calls with L. Humphries, D. Stuhlsatz regarding filings, distribution, taxes, wind down, review, analysis, memo relating to same.	1.50	656.25
L. Humphries	08/11/23	B110	Review and analysis of advice from Puerto Rico CPA	0.40	108.00
M. A. Kornfeld	08/14/23	B110	Calls, emails, throughout day with L. Humphries, advisors, regarding filings, Power of Attorney, timing, Third Distribution to claimants, responding to information requests.	1.00	437.50
L. Humphries	08/14/23	B110	Phone conference with claimant investor.	0.30	81.00
L. Humphries	08/15/23	B110	Phone conference with prior counsel for Mr. Williams regarding trust account transfer.	0.20	54.00

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

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 October 10, 2023
 Invoice No. 12263206

Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	08/15/23	B110	Draft edits to registry correspondence.	0.30	81.00
L. Humphries	08/15/23	B110	Communications with Tax advisors (Y Feliciano).	0.30	81.00
M. A Kornfeld	08/15/23	B110	Calls, emails throughout day regarding review of filing, letters, email advice regarding distributions.	1.40	612.50
M. A. Kornfeld	08/18/23	B110	Calls, emails with L. Humphries regarding Interim Third Distribution.	0.70	306.25
M. A Kornfeld	08/21/23	B110	Confer with L. Humphries regarding Third Interim Distribution Motion, administration of checks to claimants, timing.	0.50	218.75
L. Humphries	08/22/23	B110	Communicated with PDR Advisors regarding distribution and tax payments.	0.80	216.00
L. Humphries	08/29/23	B110	Emails with Tax Advisor (Y. Feliciano).	0.30	81.00
M. A. Kornfeld	08/29/23	B110	Emails, confer with L. Humphries regarding vendors, court order, taxes and next distributions.	0.70	306.25
M. A. Kornfeld	08/30/23	B110	Emails with Team regarding filings and administration of same.	0.50	218.75
M. A. Kornfeld	09/05/23	B110	Administration of Court Order and payments to third party vendors.	0.20	87.50
M. A. Kornfeld	09/08/23	B110	Administer to vendors, taxes, payments, draft Q3 Interim Report.	0.50	218.75
M. A. Kornfeld	09/11/23	B110	Emails, attend to payment administration.	0.20	87.50
M. A. Kornfeld	09/19/23	B110	Respond to claimant queries regarding distributions.	0.50	218.75
M. A. Kornfeld	09/23/23	B110	Emails to D. Stuhlsatz regarding Q3 Interim Report.	0.20	87.50
M. A. Kornfeld	09/26/23	B110	Call with D. Stuhlsatz regarding Q3 Interim Report, Distribution Motion.	0.50	218.75
D. L. Stuhlsatz	09/26/23	B110	Conference with counsel re. preparation of upcoming Q3 Interim Report.	0.30	81.00
M. A. Kornfeld	09/29/23	B110	Review, analysis Interim Report matters, calls with Dane Stuhlsatz regarding same. (NO CHARGE)	1.00	N/C
D. L. Stuhlsatz	09/29/23	B110	Review and analysis of actions taken during the reporting period (July-Sep), in preparation of Q3 Interim Report	2.50	675.00

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

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 October 10, 2023
 Invoice No. 12263206

Timekeeper	Date	Task	Narrative	Hours	Amount
Subtotal Case Administration				27.90	9,591.25
Asset Analysis and Recovery					
R. Jacobson	07/05/23	B120	Receipt and review of correspondence from L. Humphries re sale of Puerto Rico property; time and attention to correspondence and accounting memoranda and analysis. (NO CHARGE)	1 50	N/C
L. Humphries	07/05/23	B120	Review and analysis of memorandums provided by Puerto Rico Tax professionals and assessed documents referenced in same for tax return filing.	3.20	864 00
L. Humphries	07/05/23	B120	Email updates to Receiver.	0.20	54 00
L. Humphries	07/06/23	B120	Preparation of further review of Receivership defendant documents regarding tax considerations	2 60	702 00
R. Jacobson	07/06/23	B120	Correspondence re: Puerto Rico counsel; conference re: same. (NO CHARGE)	0.50	N/C
L. Humphries	07/07/23	B120	Preparation of review of information related supplemental tax returns.	0.80	216.00
L. Humphries	07/07/23	B120	Emails with B. Price regarding 2022, 2023 taxes.	0.20	54 00
L. Humphries	07/07/23	B120	Phone conference with tax professionals regarding outstanding questions on return of Puerto Rico tax returns.	1.00	270.00
L. Humphries	07/10/23	B120	Phone conference with investor claimant DB.	0.30	81.00
L. Humphries	07/12/23	B120	Review, analysis of draft SFAR.	0.30	81.00
L. Humphries	07/14/23	B120	Preparation of draft Fee Application (including invoice review). (NO CHARGE)	2.80	N/C
L. Humphries	07/17/23	B120	Edit Motion for seven-figure Third Interim Distribution to Claimants.	1.00	270.00
L. Humphries	07/18/23	B120	Communicated with B. Price regarding memorandum on Relief Defendant Scipio issues	0.30	81.00
L. Humphries	07/19/23	B120	Meeting with Receiver on Motion for Third Distribution.	0 30	81.00
L. Humphries	07/21/23	B120	Draft Motion for Third Interim Distribution	1.00	270 00
L. Humphries	07/25/23	B120	Emails with B. Price.	0.20	54.00

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

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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	07/25/23	B120	Communicated with Receiver's professionals on closing documents	0.20	54.00
L. Humphries	07/26/23	B120	Communicated with Receiver on Relief Defendant Scipio.	0.20	54.00
L. Humphries	07/27/23	B120	Draft Motion to Approve Third Interim Distribution	1.20	324.00
L. Humphries	07/28/23	B120	Preparation of edits to draft Fourteenth (Q2 2023) Interim Report.	0.60	162.00
L. Humphries	07/29/23	B120	Emails with B. Price regarding taxes	0.20	54.00
M. A. Kornfeld	07/31/23	B120	Calls, confer with L. Humphries relating to third distribution, Interim Report.	0.40	175.00
L. Humphries	07/31/23	B120	Revise Distribution Motion.	0.40	108.00
L. Humphries	08/02/23	B120	Phone conference with CPAs and Puerto Rico counsel regarding tax questions raised by Receiver.	1.00	270.00
L. Humphries	08/02/23	B120	Review and analysis of tax documents provided by Puerto Rico counsel	0.40	108.00
L. Humphries	08/03/23	B120	Emails with Mr. Williams' counsel regarding distribution plan.	0.20	54.00
L. Humphries	08/04/23	B120	Review of B. Price tax filings, analysis and related correspondence	0.50	135.00
L. Humphries	08/04/23	B120	Communicated with counsel for Mr. Williams on Distribution arguments.	0.20	54.00
L. Humphries	08/07/23	B120	Assessed docket filings regarding payment of Tetuan Tax assessment.	0.20	54.00
L. Humphries	08/07/23	B120	Preparation of various communication related to Third Interim Distribution	0.40	108.00
L. Humphries	08/07/23	B120	Drafted lead counsel designation pursuant to Middle District Rules (NO CHARGE).	0.30	N/C
L. Humphries	08/07/23	B120	Emails with B. Price regarding administration of Third Interim Distribution.	0.20	54.00
L. Humphries	08/08/23	B120	Phone conference with SEC counsel regarding Puerto Rico claimants	0.20	54.00
L. Humphries	08/08/23	B120	Drafted memorandum regarding final administration of the estate.	0.50	135.00
L. Humphries	08/09/23	B120	Communicated with tax professionals throughout day regarding payment of Relief Defendant taxes.	0.40	108.00
L. Humphries	08/09/23	B120	Phone conference with Puerto Rico tax counsel regarding filings.	0.40	108.00

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

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Timekeeper	Date	Task	Narrative	Hours	Amount
L. Humphries	08/09/23	B120	Assessed and analysis documents in preparation of tax payment	0.60	162.00
L. Humphries	08/11/23	B120	Assessed claimant information to provide to counsel for Puerto Rico claimant distributions.	0.50	135.00
L. Humphries	08/14/23	B120	Communications with Receiver regarding distribution, cash on hand	0.20	54.00
L. Humphries	08/14/23	B120	Correspondence to Mr. Williams' counsel regarding funds held in trust.	0.20	54.00
L. Humphries	08/14/23	B120	Conference call with Puerto Rico CPAs regarding Relief Defendant Scipio, LLC	0.60	162.00
L. Humphries	08/14/23	B120	Draft correspondence to Puerto Rico registry regarding Relief Defendant Scipio, LLC amended return.	1.00	270.00
L. Humphries	08/15/23	B120	Drafted updates of correspondence to Puerto Rico Treasury on capital gains.	0.50	135.00
L. Humphries	08/18/23	B120	Communicated with D. Chase regarding banking and payment items.	0.30	81.00
L. Humphries	08/22/23	B120	Review of Order from Judge Jung. (NO CHARGE).	0.20	N/C
L. Humphries	08/23/23	B120	Communication with Receiver professionals regarding Third Interim Distribution.	0.30	81.00
L. Humphries	08/25/23	B120	Preparation of various required statements, documents for Puerto Rico counsel.	0.60	162.00
L. Humphries	08/25/23	B120	Effectuated payments related to Fee Application approval. (NO CHARGE)	0.50	N/C
L. Humphries	08/28/23	B120	Communication with B. Price regarding payment for amended, supplemental Puerto Rico tax returns.	0.40	108.00
L. Humphries	08/30/23	B120	Review and analysis of various wire information regarding transfer and tax payment.	0.40	108.00
Subtotal Asset Analysis and Recovery				30.60	6,763.00
Asset Disposition					
M. A. Kornfeld	08/01/23	B130	Review, analyze, comments to Third Motion to Distribute proceeds.	0.20	87.50

MARK KORNFELD, RECEIVER
 RE: IN RE: KINETICS
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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	08/04/23	B130	Review, analyze, finalize Third Motion for Distribution of proceeds to claimants.	1.00	437.50
Subtotal Asset Disposition				1.20	525.00
Fee/Employment Applications					
M. A. Kornfeld	07/07/23	B160	Review, analyze fee application. (NO CHARGE).	0.50	N/C
M. A. Kornfeld	07/17/23	B160	Review, analyze fee application. (NO CHARGE).	0.50	N/C
Subtotal Fee/Employment Applications				1.00	0.00
Tax Issues					
M. A. Kornfeld	07/01/23	B240	Emails with L. Humphries regarding tax advice, next steps.	0.20	87.50
M. A. Kornfeld	07/07/23	B240	Emails, confer with L. Humphries regarding closing out Puerto Rico property sale documentation, filings.	0.50	218.75
M. A. Kornfeld	07/10/23	B240	Call with B. Price regarding 2022, 2023 taxes, Puerto Rico, potential offsets, write-offs, deductions, treatment of Relief Defendant Scipio, and Settlement Fund.	1.20	525.00
M. A. Kornfeld	07/18/23	B240	Emails, confer with L. Humphries, B. Price, Z. Inglesias throughout day relating to 2023/2024 filings, required amendment, amendments, distributions, offsets, deductions	1.00	437.50
M. A. Kornfeld	07/24/23	B240	Emails, confer with L. Humphries, B. Price regarding tax filings.	0.40	175.00
M. A. Kornfeld	07/25/23	B240	Emails, follow up regarding tax, counsel on filings, further payments.	0.40	175.00
M. A. Kornfeld	07/26/23	B240	Emails, Memo to B. Price regarding US and Puerto Rico tax filings	0.60	262.50
M. A. Kornfeld	08/01/23	B240	Prepare for, analyze work product surrounding multiple Relief Defendants tax questions	1.00	437.50

MARK KORNFELD, RECEIVER
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Timekeeper	Date	Task	Narrative	Hours	Amount
M. A. Kornfeld	08/02/23	B240	Prepare for (1.0), lead meeting with counsel, strategic advisors on final tax filings, relating to multiple prior real estate asset sales, approach relating to same (1.0).	2.00	875.00
M. A. Kornfeld	08/07/23	B240	Review, analyze supplemental tax filing.	0.40	175.00
M. A. Kornfeld	08/08/23	B240	Emails, analysis to outside counsel, L. Humphries on Puerto Rico tax issues.	0.50	218.75
M. A. Kornfeld	08/09/23	B240	Emails, calls with L. Humphries and outside counsel on timing for payments.	0.70	306.25
M. A. Kornfeld	08/11/23	B240	Calls, emails throughout day with L. Humphries, counsel, tax advisors, regarding call 8-14, finalizing all returns, ongoing banking administration and Third Interim Distribution.	1.00	437.50
M. A. Kornfeld	08/16/23	B240	Emails, confer with Puerto Rico counsel, review documentation provided.	1.00	437.50
M. A. Kornfeld	08/17/23	B240	Follow up with counsel regarding Interim Third Distribution.	0.70	306.25
M. A. Kornfeld	08/21/23	B240	Emails, confer with foreign counsel, B. Price regarding administration, recent reimbursement of Customer Property by counsel for Mr. Williams	0.50	218.75
M. A. Kornfeld	08/22/23	B240	Calls, emails throughout day with L. Humphries, B. Price, regarding taxes, Third Interim Distribution, Court Order approving payments, administration of same.	1.00	437.50
M. A. Kornfeld	08/24/23	B240	Tend to administration of vendors, distributions, tax items.	0.50	218.75
M. A. Kornfeld	08/25/23	B240	Emails, confer with L. Humphries throughout day regarding payments and filings, distributions.	1.00	437.50
M. A. Kornfeld	08/28/23	B240	Finalize paperwork for Puerto Rico filings, confer with advisors and counsel regarding same.	0.40	175.00
M. A. Kornfeld	09/15/23	B240	Review, analyze, discuss items for next Interim Report with D. Stuhlsatz	1.00	437.50
M. A. Kornfeld	09/22/23	B240	Emails, with Tax Advisors, administration.	0.40	175.00

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

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 Invoice No 12263206

Timekeeper	Date	Task	Narrative	Hours	Amount
M. A Kornfeld	09/25/23	B240	Update issues for Q3 Interim Report disclosure	0 50	218 75
Subtotal Tax Issues				16.90	7,393.75
Total Hours				91.30	
Total Fees					\$27,108 00

DESCRIPTION OF COSTS

Description	Amount
08/08/23 On-Line Search Service – Westlaw – August 2023	400.00
Total Costs	\$400 00

Amount Due This Invoice:	\$27,508.00
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MARK KORNFELD, RECEIVER
 RE: IN RE: KINETICS
 0103373-000001

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 October 10, 2023
 Invoice No. 12263206

TIMEKEEPER SUMMARY

Name	Title	Hours	Rate	Amount
L. Humphries	Associate	34.60	270.00	9,342.00
L. Humphries	Associate	3.80	N/C	N/C
D. L. Stuhlsatz	Associate	13.30	270.00	3,591.00
D. L. Stuhlsatz	Associate	3.20	N/C	N/C
R. Jacobson	Partner	2.00	N/C	N/C
M. A. Kornfeld	Partner	32.40	437.50	14,175.00
M. A. Kornfeld	Partner	2.00	N/C	N/C
	Total	91.30		27,108.00



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

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

REMITTANCE STATEMENT

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

October 10, 2023
Invoice No 12263206

Our Reference:	0103373-000001
Client Name	MARK KORNFELD, RECEIVER
Invoice Date:	October 10, 2023
Invoice Number.	12263206
Total Due This Invoice:	\$27,508.00

Total Due All Invoices For this Matter:	\$27,508.00
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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: 12263206

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 “6(b)”



INVOICE SUMMARY OF PROFESSIONALS

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

Invoice Number 32107
Date: October 3, 2023
Matter ID: 291.0001

Re: Kinetic Investment Group, LLC

For Professional Services Rendered July 1, 2023 through September 30, 2023

<u>Professional</u>	<u>Initials</u>	<u>Position</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Hal A. Levenberg, CIRA, CFE	HAL	Partner	1.3	\$295	\$ 383.50
Nicole Escudero Dueñas, CPA, CFE, CIRA	NED	Manager	3.2	\$245	\$ 784.00
Blended Average Hourly Rate:				\$259	
Total Fees:			4.5		\$ 1,167.50



YIP ASSOCIATES

FORENSIC ACCOUNTING +
FINANCIAL INVESTIGATIONS

INVOICE DETAIL

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

Invoice Number: 32107
 Date: October 3, 2023
 Matter ID: 291.0001

Re: Kinetic Investment Group, LLC

For Professional Services Rendered July 1, 2023 through September 30, 2023

Date	Initials	Description	Hours	Rate	Amount
07/03/2023	HAL	Reviewed and updated third distribution analysis.	1.3	\$295	\$ 383.50
07/03/2023	NED	Updated analysis for third distribution and email communication with Receiver's Counsel re: same.	2.8	\$245	\$ 686.00
07/26/2023	NED	Email communications with Receiver's Counsel re: claims analysis.	0.3	\$245	\$ 73.50
07/27/2023	NED	Email communications with Receiver's Counsel.	0.1	\$245	\$ 24.50
Total Fees			4.5		\$ 1,167.50
Total Amount Due					\$ 1,167.50



YIP ASSOCIATES

FORENSIC ACCOUNTING +
FINANCIAL INVESTIGATIONS

Invoice Number 32107

Matter ID: 291.0001

Re: Kinetic Investment Group, LLC

For Professional Services Rendered July 1, 2023 through September 30, 2023

<u>Date</u>	<u>Initials</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
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Please remit payment by mail to:

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

Or, via ACH / wire transfer to:

FIRST HORIZON BANK
165 Madison Avenue
Memphis, TN 38103

ABA Number: **084000026**
Bank SWIFT / BIC Code: **FTBMUS44**

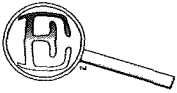
FIRST HORIZON BANK Credit Account
Information

FHB Customer Name: **YIPCPA, LLC d/b/a YIP ASSOCIATES**
FHB Account Number: **4400000149**
Amount of Wire: \$1,167.50

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 “6(c)”



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
08/01/2023	08/31/2023	47430	\$495 00	in RE Kinetic	Due on Receipt

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

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

Q	Date	Expedited	All quantities are based Hourly unless otherwise noted	Tech	Price	Ext
1	08/05/2023		E-Hounds Review Platform (incl 1 user seat) Courtesy Rate Monthly		\$495 00	\$495 00

All balances are due upon receipt Thank you!

SUBTOTAL **\$495.00**

Payments Applied

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TOTAL **\$495.00**

Balance Due \$495.00

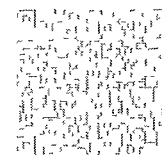
Please note: Our fees are subject to change annually Last change: 2/1/2022

Statement of Limited Liability and Financial Responsibility

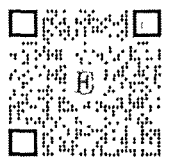
E-Hounds, Inc. shall not be liable under any circumstances for any special, consequential, or exemplary damages arising from the use or misuse of data or equipment after it has been returned to the client and/or owner(s). E-Hounds shall not be liable for the continued storage of recovered data for more 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 15% 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

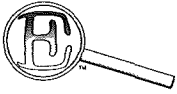
Venmo @ehounds
 Zelle support@ehounds.com



venmo



Pay



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
07/01/2023	07/31/2023	46638	\$495.00	in RE Kinetic	Due on Receipt

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

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

Q	Date	Expedited	All quantities are based Hourly unless otherwise noted	Tech	Price	Ext
1	07/05/2023		E-Hounds Review Platform (incl 1 user seat) Courtesy Rate Monthly		\$495.00	\$495.00

All balances are due upon receipt Thank you!

SUBTOTAL **\$495.00**

Payments Applied

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TOTAL **\$495.00**

Balance Due \$495.00

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 15% 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

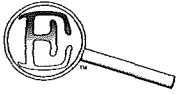
Venmo @ehounds
 Zelle support@ehounds.com



venmo



Pay



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
09/01/2023	09/30/2023	48101	\$495.00	in RE Kinetic	Due on Receipt

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

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

Q	Date	Expedited	All quantities are based Hourly unless otherwise noted	Tech	Price	Ext
1	09/05/2023		E-Hounds Review Platform (incl 1 user seat) Courtesy Rate Monthly		\$495 00	\$495 00

All balances are due upon receipt Thank you!

SUBTOTAL **\$495.00**

Payments Applied

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TOTAL **\$495.00**

Balance Due \$495.00

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-Hounds' 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 15% 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.

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

EXHIBIT “6(d)”



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
 August 1, 2023 through August 31, 2023**

Date	Activity Category	Timekeeper	Description	Hours	Rate	Amount
8/1/2023	Accounting & Auditing	TMW	Reviewed general ledger to split professional fees, called Sabrina for questions	0 50	\$125 00	\$ 62 50
8/10/2023	Accounting & Auditing	TMW	Downloaded July statements, entered transactions and reconciled accounts	1 75	\$125 00	\$ 218 75
	Total Accounting & Auditing			2.25		\$ 281.25
8/7/2023	Tax	LH	Updated data for tax preparation	0 75	\$ 165 00	\$ 123 75
8/22/2023	Tax	WEP	Reviewed analysis of expenses within 2022 tax return, amended the 2021 1120SF	2 25	\$ 335 00	\$ 753 75
8/23/2023	Tax	WEP	Reviewed tax return	1 00	\$ 335 00	\$ 335 00
	Total Tax			4.00		\$ 1,212.50
8/4/2023	Consulting	PDR	Goldman Antonetti & Cordova LLC Invoice #12730-00001			\$ 8,792 50
8/22/2023	Consulting	GAH	Ordered checks	0 50	\$ 155 00	\$ 77 50
	Total Consulting			0.50		\$ 8,870.00

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

6.75

\$ 10,363.75



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

Date	Activity Category	Timekeeper	Description	Hours	Rate	Amount
7/6/2023	Accounting & Auditing	TMW	Downloaded statements and reconciled account	1 00	\$125 00	\$ 125 00
7/7/2023	Accounting & Auditing	TMW	Prepared 2nd quarter financials for review	1 00	\$125 00	\$ 125 00
7/10/2023	Accounting & Auditing	TMW	Updated letter	0 25	\$125 00	\$ 31 25
7/10/2023	Accounting & Auditing	GAH	Reviewed financials	0 50	\$155 00	\$ 77 50
7/11/2023	Accounting & Auditing	TMW	Emailed client for backup on other income	0 25	\$125 00	\$ 31 25
7/11/2023	Accounting & Auditing	GAH	Reviewed draft of financials and saved to client folder	0 50	\$155 00	\$ 77 50
7/12/2023	Accounting & Auditing	MNL	Reviewed financial statements	1 25	\$210 00	\$ 262 50
7/14/2023	Accounting & Auditing	MNL	Reviewed accounting for asset sales	0 75	\$210 00	\$ 157 50
7/14/2023	Accounting & Auditing	MNL	Researched accounting questions and reviewed financials	0 25	\$210 00	\$ 52 50
7/17/2023	Accounting & Auditing	GAH	Reviewed final version of financials and emailed to client	0 50	\$155 00	\$ 77 50
	Total Accounting & Auditing			6.25		\$ 1,017.50
7/11/2023	Tax	WEP	Gathered data for initial tax preparation	1 25	\$ 335 00	\$ 418 75
7/18/2023	Tax	WEP	Updated data for tax preparation	0 75	\$ 335 00	\$ 251 25
7/24/2023	Tax	LH	Updated data for tax preparation	0 50	\$ 165 00	\$ 82 50
	Total Tax			2.50		\$ 752.50
7/7/2023	Consulting	WEP	Held a telephone call regarding taxes	0 50	\$ 335 00	\$ 167 50
7/10/2023	Consulting	WEP	Held discussion regarding taxes with client	0 75	\$ 335 00	\$ 251 25
7/18/2023	Consulting	WEP	Reviewed data for tax planning	1 75	\$ 335 00	\$ 586 25
7/19/2023	Consulting	WEP	Consulted with Puerto Rico CPA	0 75	\$ 335 00	\$ 251 25
	Total Consulting			3.75		\$ 1,256.25

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

12.50

\$ 3,026.25



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**Mark A. Kornfeld, Esq. Receiver for Kinetic Investment, LLC
 September 1, 2023 through September 30, 2023**

Date	Activity Category	Timekeeper	Description	Hours	Rate	Amount
9/8/2023	Accounting & Auditing	TMW	Downloaded statements and began reconciling August accounts	1 00	\$125 00	\$ 125 00
9/14/2023	Accounting & Auditing	TMW	Reconciled August accounts	1 50	\$125 00	\$ 187 50
9/29/2023	Accounting & Auditing	TMW	Downloaded statements and reconciled accounts	1 50	\$125 00	\$ 187 50
	Total Accounting & Auditing			4.00		\$ 500.00
9/22/2023	Consulting	PDR	Goldman Antonetti & Cordova LLC Invoice #12730-00001			\$ 4,781 25
	Total Consulting					\$ 4,781.25

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

4.00

\$ 5,281.25

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

EXHIBIT “6(e)”

INVOICE

PMB 721
 1353 Ave Luis Vigoreaux
 Guaynabo, PR 00966
 USA

 irwlawoffice@me.com
 O: (787) 775-0624

Number	201906910
Issue Date	10/3/2023
Due Date	10/15/2023
Matter	Legal Consultation
Email	lauren.humphries@bipc.com

Bill To:

Buchanan Ingersoll & Rooney
 O: 813-222-2098

Time Entries

Time Entries	Billed By		Hours	Sub
Time 7/14/2023 Receipt of email from Lauren regarding Matt/BDO payment. Send email to matt.	ZMI	\$250.00	0.25	\$62.50
Time 8/2/2023 Conference call with Mark, Lauren, Bill and Rebecca regarding tax returns.	ZMI	\$250.00	1.00	\$250.00
Time Entries Total			1.25	\$312.50

Expenses

Expenses	Price	Qty	Sub
Other 8/28/2023 Future invoice Bank Charges 15.00	\$15.00	1.00	\$15.00
Expenses Total:		1.00	\$15.00

Total (USD)	\$327.50
Paid	\$0.00
Balance	\$327.50

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

BY CREDIT CARD: A 3% 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!

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

EXHIBIT “7”

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

Relief Defendants.

ORDER

This cause comes before the Court for consideration of the Receiver’s Fifteenth Interim Omnibus Application for Allowance and Payment of Professionals’ Fees and Expenses for July 1, 2023 – September 30, 2023 (the “Application”) (Doc. ____). The Securities and Exchange Commission does not oppose the requested relief, and Defendant Michael S. Williams takes no position on the requested relief. (*Id.* at 2, 24).

Having considered the Application and being otherwise fully advised, it is

hereby **ORDERED** as follows:

1. The Application (Doc. ____) 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	\$ 27,508.00
YIP & Associates	\$ 1,167.50
E-Hounds	\$ 1,485.00
PDR CPAs + Advisors	\$ 18,671.25
IRW Law Offices	\$ 327.50

ORDERED in Tampa, Florida on _____, 2023.

SEAN P. FLYNN
UNITED STATES MAGISTRATE JUDGE