

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA

CASE NO.: 8:20-cv-00394-MSS-SPF

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
)
v.)
)
KINETIC INVESTMENT GROUP, LLC and)
MICHAEL SCOTT WILLIAMS,)
)
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.)
_____)

**PLAINTIFF’S STATUS REPORT AND UNOPPOSED MOTION FOR
EXTENSION OF TIME TO MOVE FOR RELIEF AGAINST
DEFENDANTS AND RELIEF DEFENDANTS**

Plaintiff Securities and Exchange Commission (the “Commission”) provides this status report and moves to extend the stay of this matter for an additional 60 days, through September 19, 2025, so that the Commission staff can obtain authorization from the Commission to (1) seek specific remedies against Defendant Michael Scott Williams (“Williams”) and (2) consider the settlement

offer of the entities under the Court-appointed Receiver, corporate Defendant Kinetic Investment Group, LLC (“Kinetic Group”, together with Williams, “Defendants”) and Relief Defendants 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 (collectively, “Relief Defendants”, together with Kinetic Group, the “Receivership Entities”).

The current stay was issued so that the Commission and Williams could have an opportunity to confer regarding the relief to be imposed against Williams following his determination of liability on summary judgment. A resolution was not reached, so the stay was extended so that the Commission staff could obtain authority from the Commission to seek specific remedies against Williams. Since then, the Receivership Entities have consented to a proposed settlement regarding the outstanding issue of monetary relief to be entered against them. The proposed settlement likewise requires approval from the Commission. The Commission staff is in the process of seeking approval from the Commission for specific remedies to seek against Williams as well as authorization to accept the settlement offer of the Receivership Entities.

The Commission, therefore, requests a 60-day extension of the stay, through September 19, 2025, for it to file the appropriate motions for relief against Williams and for entry of a consented to final judgment as to the Receivership

Entities. The Court's determination of the proposed remedies would conclude this litigation. In support of this motion, the Commission states:

1. On February 20, 2020, the Commission filed its Complaint alleging violations of the anti-fraud provisions of the federal securities laws [DE 1]. On the Commission's motion and following a hearing, the Court entered on March 6, 2020 Orders freezing Defendants' and Relief Defendants' assets [DE 33], and appointing a Receiver over the Receivership Entities [DE 34].

2. On November 5, 2020, the Court entered a judgment of permanent injunction against the Receivership Entities [DE 156] pursuant to their consent [DE 86], and with monetary relief to be addressed upon motion by the Commission.

3. Following discovery, on March 12, 2021, the Commission moved for summary judgment on all 14 counts against Williams [DE 200], and Williams moved for summary judgment [DE 202] and for judgment on the pleadings [DE 201].

4. On November 22, 2024, the Court entered an Order granting the Commission's motion for summary judgment, denying Williams' motion for summary judgment and motion for judgment on the pleadings, reserving ruling on whether the Commission is entitled to a permanent injunction against Williams and the amount of disgorgement and prejudgment interest to impose against

Williams, and allowing the Commission sixty days to file an appropriate motion for civil penalties [DE 338].

5. On December 19, 2024, the Commission and Williams filed a joint motion for a 90-day stay and advised the Court that counsel for Williams was attempting to communicate with Williams, who resides in Portugal and purportedly was facing extradition to the United States in connection with a criminal case filed in the United States District Court of Puerto Rico [DE 339].

6. On December 20, 2024, the Court granted the joint motion for a 90-day stay to allow the Commission and Williams an opportunity to confer on the issues of injunctive and monetary relief sought by the Commission against Williams [DE 339 and 340]. The Court stayed the case until April 21, 2025, and ordered that on or before that date, “the Commission shall file an appropriate motion for relief or the Parties shall file a joint status report” [DE 340].

7. On April 16, 2025, the Commission filed a status report advising that the Commission and Williams, despite multiple conferral efforts, did not reach a resolution as to the injunctive and monetary relief to be imposed against Williams and, therefore, would file a motion and brief the issues for the Court [DE 346]. The Commission also moved without opposition for a 90-day extension of the stay to file its motion for relief against Williams. *Id.* The Commission staff explained that it requires authorization from the Commission in Washington D.C. prior to

requesting that the Court order specific monetary relief and that the proposed extension should allow it to obtain the necessary approvals. *Id.* On the same day, the Court granted the motion and extended the stay until July 21, 2025 [DE 347].

8. Since then, the Commission staff and the Court-appointed Receiver have discussed resolution of the remaining monetary claims against the Receivership Entities. On July 9, 2025, the Receiver, solely in his capacity as Court-appointed Receiver for the Receivership Entities, provided to the Commission staff his executed consent to a final judgment, which embodies the proposed settlement terms. The Commission staff must obtain authority from the Commission to accept the proposed settlement.

9. The Commission staff is in the process of obtaining approval from the Commission to request that the Court order specific remedies against Williams and to accept the settlement offer of the Receivership Entities.

10. The Commission, therefore, seeks a 60-day extension of the stay for it to file the appropriate motions for relief against Williams and for entry of a consented to final judgment as to the Receivership Entities. The Court's disposition of the proposed remedies would conclude this litigation.

11. This motion is made in good faith and is not intended to unduly delay these proceedings.

WHEREFORE, the Commission respectfully requests that the Court grant a 60-day extension of the stay already in place in this case, or until September 19, 2025, for the Commission to file its motions for relief against Williams and for entry of a consented to final judgment as to the Receivership Entities.

LOCAL RULE 3.01(g) CERTIFICATION

Pursuant to Local Rule 3.01(g), undersigned counsel represents that the Commission conferred with counsel for Williams and counsel for the Receiver, who do not oppose this motion.

July 9, 2025

Respectfully submitted,

By: /s/ Christine Nestor & Stephanie N. Moot

Christine Nestor

Senior Trial Counsel

Fla. Bar No. 597211

Direct Dial: (305) 982-6367

E-mail: nestorc@sec.gov

Stephanie N. Moot

Senior Trial Counsel

Fla. Bar No. 30377

Direct Dial: (305) 982-6313

E-mail: moots@sec.gov

Attorneys for Plaintiff

Securities and Exchange Commission

801 Brickell Avenue, Suite 1950

Miami, FL 33131

Facsimile: (305) 536-4154

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on July 9, 2025, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record via transmission of Notices of Electronic Filing generated by CM/ECF.

/s/ Stephanie N. Moot
Stephanie N. Moot

SERVICE LIST

Timothy W. Schulz, Esq.
TIMOTHY W. SCHULZ, P.A.
224 Datura Street, Suite 815
West Palm Beach, Florida 33401
Telephone: (561) 659-1167
Facsimile: (561) 659-1168
Email: schulzt@twslegal.com
Email: e-service@twslegal.com
Co-Trial Counsel for Williams

Jon A. Jacobson, Esq.
JACOBSON LAW P.A.
224 Datura St., Suite 812
West Palm Beach, FL 33401
Telephone: (561) 880-8900
Facsimile: (561) 880-8910
Email: jjacobson@jlpa.com
Email: e-service@jlpa.com
Co-Trial Counsel for Williams

Lauren V. Humphries, Esq.
Buchanan Ingersoll & Rooney PC
401 E. Jackson St., Suite 2400
Tampa, FL 33602
813-222-2098
lauren.humphries@bipc.com
Counsel for Receiver, Mark A. Kornfeld