UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

KINETIC INVESTMENT GROUP, LLC and
MICHAEL SCOTT WILLIAMS, CASE NO.: 8:20-cv-394-MSS-SPF

Defendants, and

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

Relief Defendants.
_______________________________________/

RECEIVER'S UNOPPOSED MOTION TO APPROVE
FIFTH INTERIM DISTRIBUTION

Mark A. Kornfeld, Esq., solely in his capacity as the court-appointed Receiver (the "Receiver") and pursuant to the Court's Order granting the Receiver's "Motion to (1) Approve Determination and Priority of Claims, (2) Pool Receivership Assets and Liabilities, (3) Approve Plan of Distribution, and (4) Establish Objection Procedure" (the "**Claims Determination Motion**") (Doc. 256), files this Motion seeking an Order approving a **Fifth Interim Distribution** of **$199,999.98** as set forth in this Motion and in **Exhibit "A**," bringing the total percentage returned to Claimants to **61.2%**[1] of the Total Allowed Amounts of Investor Claims[2] and the total distributed amount to **$20,016.050.88**. A proposed order is provided as **Exhibit "B**."

I. BACKGROUND

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

II. Receiver has Distributed Four Distributions to Claimants

a. First Interim Distribution

On September 3, 2021, the Receiver requested Court approval to make a First Interim Distribution of **$13,216,050.91** to investor claimants. (Doc. 263). The First Interim Distribution represented a recovery of **40%** of the Allowed Amounts of investor claims. On October 29, 2021, the Receiver received Court approval and distributed $13,216,050.91 to investor claimants. (Doc. 264).

b. Second Interim Distribution

On September 15, 2022, the Receiver requested Court approval to make a Second Interim Distribution of **$3,500,000.02** to investor claimants. (Doc. 290). The Second Interim Distribution represented a recovery of **10.6%** of the Allowed Amounts

[1] 61.2% represents the percentage of the total allowed allocation amount ($33,040,127.25), that has will be distributed to investors once the Fifth Interim Distribution is effectuated.
[2] The phrases "Allowed Amount," "Investor Claims," and "Investor Claimants" shall have the same meaning as previously defined in the Claims Determination Motion (Doc. 249.)

for claimants. On January 20, 2023, the Receiver received Court approval and distributed $3,500,000.02. (Doc. 304).

c. Third Interim Distribution

On August 4, 2023, the Receiver requested Court approval to make a Third Interim Distribution of **$1,399,999.97** to investor claimants. (Doc. 313). The Third Interim Distribution represented a recovery of **4.2%** of the Allowed Amounts of for claimants. On December 22, 2023, the Receiver received Court approval and distributed $1,399,999.97 to investor claimants. (Doc. 321).

d. Fourth Interim Distribution

On May 7, 2025, the Receiver requested Court approval to make a Fourth Interim Distribution **of $1,899,999.98** to claimants. The Fourth Interim Distribution represented a recovery of **5.8%** of the Allowed Amounts of investor claims. On May 12, 2025, the Receiver received Court approval and distributed $1,899,999.98 to investor claimants. (Doc.351.)

e. Total Distributions to Date

Through these four interim distributions to date, the Receiver has returned a total of **60.6%** of the Allowed Amounts of investor claims. The Fifth Interim Distribution will bring that percentage amount to **61.2%**. The total funds that have been distributed prior to the proposed Fifth Interim Distribution is **$20,016.050.88.**

III. Cash Available in the Receivership Accounts

At present, the Receivership Accounts have cash totaling **$500,452.57**, which is the result of the recovery efforts by the Receiver and his professionals from the beginning of this litigation including but not limited to the following efforts:

- Freezing approximately $7.6 million located at BMO Harris Bank;
- After liquidating brokerage accounts and satisfying necessary margin account obligations, transferring approximately $5.5 million to the Receiver's bank accounts;
- Liquidation of gold coins held by Kinetic Funds for total proceeds of $223,877.75;
- Receipt of nearly $3.5 million from two Kinetic Funds investors as part of a settlement that ultimately offset roughly $8 million of the approximately $12 million in margin obligations in Kinetic Funds' brokerage accounts;
- Receipt of approximately $4.0 million in net sales proceeds from the sale of the property located at 152 Tetuan Street, San Jan, Puerto Rico 00901;
- Receipt of thousands of dollars in claims against "false profit" investors who received profits from investments in Lendacy loan program; and,
- Receipt of the net sale proceeds from the sale of the Villa Gabriela Property.

If the proposed Fifth Interim Distribution is approved by this Court, the Receiver will have distributed **$20,216,050.86**. The Receiver believes it is now prudent to distribute a portion of the cash on hand while also maintaining a balance to continue the administration of the Receivership until its final closure, which the Receiver anticipates will occur during the 2026 calendar year.

If this Motion is approved, the Receiver will make an interim distribution as described herein and in Exhibit "A" within 20 business days of the Court's entry of an Order granting this Motion.

IV. The Proposed Fifth Interim Distribution

A. Proposed Distribution of $199,999.98

In the Claims Determination Order, the Court approved the Receiver's plan of distribution set forth in the Claims Determination Motion. This plan of distribution provided that all distribution will be made on a *pro rata* basis subject to applicable exceptions, priorities, and other parameters discussed in the Claims Determination Motion. Based on the current balance of the Receivership bank accounts, the Receiver seeks leave to make a Fifth Interim Distribution of **$199,999.98** to Investor Claimants with approved claims as specified in **Exhibit "A**." This distribution will result in a **61.2% recovery** of the Total Allowed Amount for this Receivership to date. The Receiver anticipates that the percentage amount will increase when Receiver makes his final distribution at the conclusion of this Receivership.

The distribution plan approved by the Court provides that approved claimants receive a fixed percentage of their Allowed Amount from the aggregate amount distributed to claimants in any particular distribution based upon the following formula, which achieves a *pro rata* distribution: each claim's Allowed Amount divided by the total Allowed Amount of all allowed claims (in that priority group) multiplied by the aggregate distribution amount. The amount each Investor Claim would receive based on this formula as part of a fifth interim distribution is specified in Exhibit "A."

The Receiver believes that by making an interim distribution totaling **$199,999.98**, he will be able to provide funds to the claimants now while still maintaining adequate funds to address the final stages of the Receivership.

The Receiver requests leave to make the distribution in the amounts specified on Exhibit "A" within 20 days of the date of the order authorizing the distribution. However, the Receiver has been preparing to make distributions and is hopeful to be ready to make distributions as set forth in this motion and Exhibit "A" sooner than the requested 20-day period after entry of an order granting this motion. The Receiver will mail checks by U.S. Mail. The Receiver requests that the Claimants be allowed 120 days to negotiate the distribution checks. If a check is not negotiated by the Claimant within 120 days, the money will revert to the Receivership and likely will be distributed on a *pro rata* basis in a future distribution.

A deadline for negotiating distribution checks is necessary for the orderly administration of the Receivership and to avoid future expenses for tracing unnegotiated checks and having the bank place "stop payments" on any such checks. In the other distributions to investors, all checks were negotiated by the claimants within the 120-day period.

V. The Percentage Returned in this Receivership will Exceed 60%

The Receiver and his staff continue to exceed the national average percentage returned to investors regarding the amount recovered in this Receivership. While most Receiverships fail to exceed 50% of the claimant investment amount, this Receivership will surpass 61% with the enactment of the proposed fifth distribution.

VI. The Receiver has the Authority to Request this Distribution

As detailed above, the Receiver requests that the Court to approve the fifth interim distribution as set forth in this motion and in Exhibit "A." The Fifth Interim

Distribution sought herein is consistent with the plan of distribution approved by the Court. (Doc. 256.) Further, the relief requested herein is in the best interest of the Receivership and the Claimants as a whole; is fair, reasonable, and equitable; and satisfies due process.

The primary purpose of an equity receivership is to promote the orderly and efficient administration of the estate for the benefit of the creditors. The relief requested by the Receiver best serves this purpose. The Court has wide latitude in exercising inherent and broad equitable power in approving a plan of distribution of receivership funds. *See SEC v. Elliot*, 953 F.2d 1560, 1566 (11th Cir. 1992); *SEC v. Forex Asset Mgmt.*, 242 F.3d 325, 331 (5th Cir. 2001) (affirming district court's approval of plan of distribution because court used its discretion in "a logical way to divide the money"); *CFTC v. Levy*, 541 F.3d 1102, 1110 (11th Cir. 2008) ("Appellate Courts will 'not disturb the district court's choice of an equitable remedy except for abuse of discretion.'"); *Quilling v. Trade Partners, Inc.*, 2007 WL 107669, *1 (W.D. Mich. 2007) ("In ruling on a plan of distribution, the standard is simply that the district court must use its discretion in a logical way to divide the money") (internal quotations omitted); *SEC v. Hardy*, 803 F.2d 1034, 1037 (9th Cir. 1986) (Court's power over an equity receivership and to determine appropriate procedures for administering a receivership is "extremely broad."); *SEC v. Basic Energy*, 273 F.3d 657, 668 (6th Cir. 2001).

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

VII. Conclusion

Mark A. Kornfeld, as the Receiver, respectfully requests the Court enter an order substantially in the same form as the order provided as Exhibit B, which will authorize a fifth interim distribution in the total amount of **$199,999.98** to investor claimants, and for any further relief deemed just and proper by this Court.

LOCAL RULE 3.01(g) CERTIFICATION

Pursuant to Rule 3.01(g), counsel for the Receiver conferred with counsel for the Commission and Defendant Williams prior to filing this Motion and there is no objection to the relief requested by the Commission and Williams takes no position.

BUCHANAN INGERSOLL & ROONEY PC

/s/Lauren V. Humphries
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 18th day of September, 2026, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system which will send a Notice of Electronic Filing to all counsel of record.

/s/Lauren V. Humphries
Lauren V. Humphries, Esq.

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

EXHIBIT "A"

Fifth Distribution Amount:	**$199,999.98**
Fifth Distribution Percentage Recovery of Allowed Amount	**0.6%**

Claim Number	Allowed Amount	First Interim Distribution Amount [ECF No. 263]	Second Interim Distribution Amount [ECF No. 304]	Third Interim Distribution Amount [ECF No. 321]	Fourth Interim Distribution Amount [ECF No. 351]	Fifth Interim Distribution Amount	Total Distributions
1	$ 4,000,000.00	$ 1,600,000.00	$ 423,727.18	$ 169,490.87	$ 230,023.33	$ 24,212.98	$ 2,447,454.36
2	$ 500,000.00	$ 200,000.00	$ 52,965.90	$ 21,186.36	$ 28,752.92	$ 3,026.62	$ 305,931.80
3	$ 250,000.00	$ 100,000.00	$ 26,482.95	$ 10,593.18	$ 14,376.46	$ 1,513.31	$ 152,965.90
4	$ 26,138.59	$ 10,455.44	$ 2,768.91	$ 1,107.56	$ 1,503.12	$ 158.22	$ 15,993.25
5	$ 225,084.51	$ 90,033.80	$ 23,843.61	$ 9,537.44	$ 12,943.67	$ 1,362.49	$ 137,721.01
6	$ 249,261.19	$ 99,704.48	$ 26,404.69	$ 10,561.87	$ 14,333.97	$ 1,508.84	$ 152,513.85
7	$ 332,582.13	$ 133,032.85	$ 35,231.02	$ 14,092.41	$ 19,125.41	$ 2,013.20	$ 203,494.89
8	$ 898,691.09	$ 359,476.44	$ 95,199.96	$ 38,079.98	$ 51,679.98	$ 5,440.00	$ 549,876.36
9	$ 1,818,739.42	$ 727,495.77	$ 192,662.33	$ 77,064.93	$ 104,588.12	$ 11,009.28	$ 1,112,820.43
10	$ 18,981.58	$ 7,592.63	$ 2,010.75	$ 804.30	$ 1,091.55	$ 114.90	$ 11,614.13
11A	$ 28,516.42	$ 11,406.57	$ 3,020.80	$ 1,208.32	$ 1,639.86	$ 172.62	$ 17,448.17
11B	$ 14,049.24	$ 5,619.70	$ 1,488.26	$ 595.30	$ 807.91	$ 85.04	$ 8,596.21
12	$ 49,000.00	$ 19,600.00	$ 5,190.66	$ 2,076.26	$ 2,817.79	$ 296.61	$ 29,981.32
13	$ 16,000.00	$ 6,400.00	$ 1,694.91	$ 677.96	$ 920.09	$ 96.85	$ 9,789.81
14	$ 1,000.00	$ 400.00	$ 105.93	$ 42.37	$ 57.51	$ 6.05	$ 611.86
15	$ 251,778.55	$ 100,711.42	$ 26,671.35	$ 10,668.54	$ 14,478.73	$ 1,524.08	$ 154,054.12
16	$ 842,886.56	$ 337,154.62	$ 89,288.49	$ 35,715.39	$ 48,470.89	$ 5,102.20	$ 515,731.59
17	$ 611,804.55	$ 244,721.82	$ 64,809.55	$ 25,923.82	$ 35,182.33	$ 3,703.40	$ 374,340.92
18	$ 1,151,949.48	$ 460,779.79	$ 122,028.08	$ 48,811.23	$ 66,243.81	$ 6,973.03	$ 704,835.94
19	$ 30,613.05	$ 12,245.22	$ 3,242.90	$ 1,297.16	$ 1,760.43	$ 185.31	$ 18,731.02
20	$ 1,665,000.00	$ 666,000.00	$ 176,376.44	$ 70,550.58	$ 95,747.21	$ 10,078.65	$ 1,018,752.88
21	$ 243,599.79	$ 97,439.92	$ 25,804.96	$ 10,321.99	$ 14,008.41	$ 1,474.57	$ 149,049.85
22	$ 23,977.29	$ 9,590.92	$ 2,539.96	$ 1,015.98	$ 1,378.83	$ 145.14	$ 14,670.83
23	$ 18,000,000.00	$ 7,200,000.00	$ 1,906,772.32	$ 762,708.93	$ 1,035,104.97	$ 108,958.42	$ 11,013,544.64
24A	$ 565,780.31	$ 226,312.12	$ 59,934.12	$ 23,973.65	$ 32,535.67	$ 3,424.81	$ 346,180.37
24B	$ 100,000.00	$ 40,000.00	$ 10,593.18	$ 4,237.27	$ 5,750.58	$ 605.32	$ 61,186.35
25	$ 353,883.44	$ 141,553.38	$ 37,487.51	$ 14,995.00	$ 20,350.36	$ 2,142.14	$ 216,528.39
26	$ 120,810.06	$ 48,324.02	$ 12,797.63	$ 5,119.05	$ 6,947.28	$ 731.29	$ 73,919.27
27	$ 400,000.00	$ 160,000.00	$ 42,372.72	$ 16,949.09	$ 23,002.33	$ 2,421.30	$ 244,745.44
28	$ 250,000.00	$ 100,000.00	$ 26,482.95	$ 10,593.18	$ 14,376.46	$ 1,513.31	$ 152,965.90
TOTAL	**$ 33,040,127.25**	**$ 13,216,050.91**	**$ 3,500,000.02**	**$ 1,399,999.97**	**$ 1,899,999.98**	**$ 199,999.98**	**$ 20,216,050.86**

Distribution Percentage Recovery of Allowed Amount	**40.0%**	**10.6%**	**4.2%**	**5.8%**	**0.6%**	**61.2%**

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

EXHIBIT "B"

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

KINETIC INVESTMENT GROUP, LLC
and MICHAEL SCOTT WILLIAMS,

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

Defendants, and

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Relief Defendants.
_______________________________________/

ORDER

THIS CAUSE came before the Court on the Receiver's (the "Receiver") Unopposed Motion to Approve Fifth Interim Distribution (Doc. __) (the "Motion").

Having considered the Motion, and being otherwise fully advised, it is ORDERED AND ADJUDGED that the Receiver's Motion is GRANTED. The Court finds that the interim distribution plan as set forth in the Motion and in its Exhibit is fair and reasonable and is consistent with the distribution plan previously approved by this Court. Accordingly, it is Ordered that:

The Receiver is authorized to conduct a Fifth Interim Distribution in the total amount of **$199,999.98** as set forth in the Motion and in Exhibit "A" attached to the Motion.

DONE and ORDERED at Tampa, Florida, on _____________, 2026.

____
UNITED STATES DISTRICT COURT JUDGE

Copies Furnished to:

Counsel of Record