

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**BRENDA SMITH, BROAD REACH
CAPITAL, LP, BROAD REACH
PARTNERS, LLC, and BRISTOL
ADVISORS, LLC,**

Defendants.

C. A. No. 2:19-cv-17213 (MCA)

**RECEIVER KEVIN DOOLEY KENT'S FOURTH QUARTERLY
STATUS REPORT**

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The Receiver, Kent D. Kent, Esq., has been appointed by Order of this Court dated June 29, 2020 (“Receivership Order”), to assume control of, marshal, pursue and preserve the Receivership Assets. (Dkt. No. 22). The Receiver hereby submits this Fourth Quarterly Status Report (the “Report”), in accordance with Paragraphs 67 and 68 of the Receivership Order, and reports to the Court as follows:

I. INTRODUCTION

This action involves an investment advisory fraud in connection with which Defendants, Brenda A. Smith (“Brenda Smith” or “Smith”), Broad Reach Capital, LP, Broad Reach Partners, LLC and Bristol Advisors, LLC, are alleged to have raised in excess of \$100 million from at least forty (40) investors, based upon false representations regarding trading strategies to be implemented when, in reality, the vast majority of these investments were funneled into unrelated companies, used to pay back other investors, or utilized for personal use. (Dkt. No. 1). It is estimated that investors are still owed approximately \$60 million in principal.

In the June 29, 2020 Receivership Order, the Court took exclusive jurisdiction and possession of all Receivership Assets including, but not limited to, assets of Broad Reach Capital, LP, Broad Reach Partners, LLC, Bristol Advisors, LLC, BA Smith & Associates LLC, Bristol Advisors LP, CV Brokerage, Inc., Clearview Distribution Services LLC, CV International Investments Limited, CV International Investments PLC, CV Investments LLC, CV Lending LLC, CV

Minerals LLC, BD of Louisiana, LLC, TA1, LLC, FFCC Ventures LLC, Prico Market LLC, GovAdv Funding LLC, Elm Street Investments, LLC,¹ Investment Consulting LLC, and Tempo Resources LLC (collectively referred to as “Receivership Parties”). Receivership Order, ¶ 1. This includes assets that are (1) attributable to assets derived from investors or clients of Defendants; (2) are held in constructive trust for the Defendants; (3) were fraudulently transferred by the Defendants; and/or (4) may otherwise be included as assets of the estates of the Defendants or Affiliated Entities (hereinafter collectively referred to as “Receivership Assets” or “Receivership Estate”).

The Order explicitly identifies the following known assets, believed to be owned, possessed, or controlled by the Receivership Parties or Brenda Smith, as Receivership Assets:

Personal property at Smith’s former residence at 222 West Rittenhouse Square, Penthouse 3, Philadelphia, Pennsylvania; any vehicles owned by Smith, the Receivership Parties, or Affiliated Entities; personal property or office equipment at the former office spaced used by Defendants at 200 Four Falls Corp., Suite 211, 1001 Conshohocken State Road, West Conshohocken, Pennsylvania; certain real property at David Road and Adams Road, Parish of Tangipahoa, Louisiana; bank or brokerage accounts held or controlled by Smith; interests in any securities (such as stocks, bonds, and options); and securities purchased by Prico LLC, including but not limited to securities of LYFT Inc. and Palantir Technologies; interests in any cryptocurrency, digital currencies, or virtual currencies; digital or electronic property;

¹ Upon motion of the Receiver (Dkt. No. 95), the Receivership Order was amended *nunc pro tunc* on June 24, 2021, to correct the name of Receivership Party Elm Street Investors, LLC to Elm Street Investments, LLC. (Dkt. No. 96).

intellectual property; receivables; minerals or mineral rights; and interests in any companies or partnerships.

Receivership Order, ¶ 2. Receivership Assets also include frozen accounts in the names of Prophecy Alpha Fund LP; Raffle Trading LLC; Ardeleigh Investment Advisory Services, Ltd.; Taylor Trading LLC; Awooton Consulting; and Rybicki Capital Partners LLC, though certain third parties have expressed an interest or ownership of certain assets in these accounts. Receivership Order, ¶ 3.

Pursuant to the Receivership Order, this Report provides a full report and accounting of the Receivership Estate, reflecting the existence, value and location of all known Receivership Assets, and the extent and nature of known liabilities. However, the Receiver believes that other assets and liabilities may exist, which have not yet been identified. This Report will necessarily be supplemented by subsequently filed quarterly status reports, which will likely identify additional assets and/or liabilities of the Receivership Estate.

II. SUMMARY OF THE OPERATIONS OF THE RECEIVER

On June 29, 2020, the Receiver was appointed to assume control of, marshal, pursue and preserve Receivership Assets. During the first twelve (12) months of the Receivership, the Receiver, his Counsel and Accountants have focused a majority of their efforts on identifying, locating, assuming control of, and liquidating Receivership Assets, and identifying potential sources of recovery

of additional assets, with the objective of preserving these assets and maximizing recovery for defrauded investors.

To date, the main sources of recovery for the Receivership have been funds secured from several bank accounts and through the sale of Receivership holdings in publicly traded securities, as well as payments received on a secured promissory note from Spouting Rock Holdings, LLC (“Spouting Rock”). These sources have provided approximately \$7.5 million over the last twelve (12) months.

Additional high-priority sources of potential funds include the sale of properties located in Louisiana, Brenda Smith’s personal vehicle, as well as personal property located at Smith’s Rittenhouse apartment, which the Receiver has begun the process of liquidating with the Court’s authority. Further, there is in excess of \$700,000.00 in frozen, contested bank accounts, and on April 9, 2021, the Receiver filed a Motion to Determine Ownership of Taylor Trading, LLC account. (Dkt. No. 76). The Receiver, through Counsel, is in the process of engaging in negotiations regarding the ownership of the Taylor Trading account. The Receiver may file similar motions with regard to the other accounts in the near future. Additionally, there are roughly \$450,000.00 in disputed funds currently held by Industrial and Commercial Bank of China Financial Services (ICBCFS), in accordance with the Stipulation to Resolve ICBCFS’s Motion to Amend the Order Appointing Receiver filed on September 8, 2020. (Dkt. No. 30).

The Receiver's primary focus over the last quarter, with the assistance of his Counsel and Accountants, was investigating, evaluating, developing, analyzing and pursuing claims against individuals and entities that received substantial sums of money from Receivership Parties. The Receiver issued various claw-back and demand letters during this quarter – including to approximately ten (10) potential fraudulent transfer recipients and several investors who have been identified as net winners. The Receiver also issued subpoenas and demands to numerous other fund recipients, and is in the process of making arrangements to take the depositions of several individuals who were closely involved with Ms. Smith and/or are believed to possess significant information, in support of his efforts to investigate and develop additional claims. He has entered into tolling agreements with certain individuals and/or entities while he awaits their document productions.

The Receiver previously sought approval from this Court for permission to initiate litigation against several entities and/or individuals on behalf of the Receivership Estate during the last quarter. (Dkt. No. 49). The Receiver filed a Second Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate on June 29, 2021, seeking permission to pursue claims against various other individuals and entities. (Dkt. No. 89). The Receiver also initiated three lawsuits against various individuals and entities on June 29, 2021 while awaiting the Court's ruling on his motion, in order to avoid certain statute of limitations

defenses. The Receiver anticipates filing additional lawsuits, and likely additional motions to initiate litigation, in the near future.

The operations of the Receiver are outlined in further depth below.

A. Litigation-Related Activities

The Receiver's recent litigation-related activities include the following:

i. Receivership Litigation

As discussed in the Receiver's Third Quarterly Status Report, the Receiver filed his first Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate during the previous quarter on February 9, 2021 ("First Motion to Initiate Litigation"). (Dkt. No. 49). In his First Motion to Initiate Litigation, the Receiver sought, *inter alia*, permission to pursue claims against Nottingham Company ("Nottingham"), Sanville & Company ("Sanville"), and Jordan Denise and her entities Entercore, Inc. and Orange Splendor, Inc. *Id.* William McCormack ("McCormack") and Anthony Scott Koppenheffer ("Koppenheffer") filed a Motion to Intervene and an Opposition to that Motion. The Motion to Intervene was granted on April 29, 2021, following a status conference with the Honorable Edward S. Kiel on April 28, 2021. (Dkt. No. 81). That Motion has been fully briefed and remains ripe for determination.

On April 9, 2021, the Receiver filed a Motion to Determine Ownership of Taylor Trading, LLC account, an account over which Koppenheffer is claiming an

interest (“Taylor Trading Motion”). (Dkt. No. 76). The Receiver agreed to grant Koppenheffer two extensions to respond to the Taylor Trading Motion –until June 10, 2021. (Dkt. No. 80, 84). Koppenheffer has not yet filed a response; however, the Receiver, through Counsel, is in the process of negotiating with counsel for Koppenheffer, and is hopeful that a resolution will soon be reached with regard to the ownership of the account, without need for intervention from this Court.

On April 27, 2021, the United States filed a motion to intervene and to stay further proceedings and discovery in this matter until the conclusion of the pending Criminal Case. (Dkt. No. 78). The Receiver filed a response on May 3, 2021, indicating that he does not object to the United States’ Motion, based upon his understanding that the proposed relief would in no way impact his duties and powers to assume control of, marshal, pursue and preserve Receivership assets in any way, including, *inter alia*, his ability to file motions to fulfill his duties— including motions to liquidate Receivership Assets and initiate litigation. (Dkt. No. 83). The United States’ Motion was granted on May 12, 2021, and an Order was entered which provides, in relevant part, “that the Preliminary Injunction (ECF No. 7), including the asset freeze, and the Order Appointing Receiver (ECF No. 22), and any order related to the receivership and all powers granted to the Receiver, shall remain in full force and effect.” (Dkt. No. 85).

On May 24, 2021, counsel for Southern Minerals Group, LLC (“SMG”) submitted a Letter of Correction to the Court in limited response to the Receiver’s Third Quarterly Status Report (Dkt. No. 86), which prompted the scheduling of a status conference before the Honorable Edward S. Kiel. The Receiver filed a response on May 28, 2021. (Dkt. No. 90). Following the filing of the Receiver’s response, Counsel for the Receiver conferred with counsel for SMG regarding the issues raised in SMG’s letter, which obviated the need for the status conference. A joint letter requesting cancellation of the status conference was filed on June 4, 2021 (Dkt. No. 93), and the status conference was cancelled (Dkt. No. 94).

On June 23, 2021, the Receiver filed a Motion to Correct Name of Receivership Party Elm Street Investors, LLC to Elm Street Investments, LLC. (Dkt. No. 95). The Motion was granted, and an order correcting the name of this Receivership Party *nunc pro tunc* was entered on June 24, 2021. (Dkt. No. 96).

On June 29, 2021, the Receiver filed a Second Motion to Initiate Litigation on Behalf of the Receivership Estate against various individuals and entities (“Second Motion to Initiate Litigation”). (Dkt. No. 98). The Second Motion to Initiate Litigation proposes that the Receiver will retain the law firm of Conrad O’Brien to represent him on a contingency fee basis in connection with this affirmative litigation—an arrangement that was requested by the Securities and Exchange Commission. The supporting exhibits to the Second Motion to Initiate

Litigation, including details regarding the claims to be pursued and the specifics of the proposed contingency fee agreement, were filed under seal (Dkt. No. 99), and a Motion to Seal the exhibits was filed promptly thereafter (Dkt. No. 100). The Motion to Seal was granted on July 1, 2021. (Dkt. No. 101).

ii. Lawsuits Filed on Behalf of the Receivership Estate

On June 29, 2021, the Receiver filed three (3) lawsuits in the United States District Court for the District of New Jersey against several of the prospective defendants identified in Exhibit 1 to the Receiver's Second Motion to Initiate Litigation, consistent with his authority under Paragraph 9 of the Receivership Order, which permitted the Receiver to file suit prior to obtaining Court approval where necessary to avoid potential statute of limitations defenses. These claims were discussed with Counsel for the SEC prior to the filing of the lawsuits. The lawsuits and their respective captions are as follows:

- *Kevin D. Kent, in his capacity as Receiver v. Emperor Global Enterprises LLP, EGE Limited, Michael P. Michael, and Georgia Iacovou*, No. 2:21-cv-13099 (D.N.J.)
- *Kevin D. Kent, in his capacity as Receiver v. Medical Consultants Instructional Training Center, Medical Construction Industrial Training Center, LLC d/b/a Medical Consultants Instructional Training Center, MCITC School of the Trades LLC d/b/a Medical Consultants Instructional Training Center, and Carol Johnston*, No. 2:21-cv-13104 (D.N.J.)
- *Kevin D. Kent, in his capacity as Receiver v. Richard C. Galvin, Galvin Investment Company, LLC a/k/a Galvin Investments Company LLC and Galvin Investments, LLC and Galvin Investment Group*,

Gilman Metals Company, LLC, Galvin Metals Company, LLC and RG Coastal LLC, No. 2:21-cv-13105 (D.N.J.)

Depending upon when the Receiver's First and Second Motions to Initiate Litigation are adjudicated, the Receiver anticipates that he may need to file additional lawsuits against other prospective defendants prior to obtaining a ruling from this Court on the Motions, where necessary to preclude certain arguable or purported statute of limitations defenses. Additionally, if and when the Receiver identifies additional claims that need to be pursued, the Receiver will likewise seek appropriate approval from the Court to proceed with those claims, in accordance with the Receivership Order.

B. Storage of Belongings, Professional Equipment and Data

The Receiver continues to hold Smith's vehicle, along with personal property collected from Smith's Rittenhouse Apartment, in storage, and is in the process of attempting to sell this property now that the Receiver's Motion for Permission to Sell Brenda Smith's Vehicle and Personal Property at Smith's Rittenhouse Apartment was granted on July 6, 2021. (Dkt. No. 102). Server equipment retrieved from the Equinix data center remains in the possession of the SEC for processing. The Receiver continues to hold and host substantial amounts of data secured from various sources with Alvarez & Marsal's in-house e-discovery vendor, which process is managed and coordinated by Alvarez & Marsal's Forensic Technology/Data Analysis Team.

C. Louisiana Properties

As noted in previous status reports, the Receiver, with the assistance of Counsel and his paralegal, located four (4) parcels of property located in Tangipahoa Parish, Louisiana, two of which are owned by Brenda Smith personally (“Smith Property”), and two of which are owned by BD of Louisiana, LLC (“BD of Louisiana Property”) (collectively, “Tangipahoa Properties” or “Louisiana Properties”).

On April 5, 2021, this Court granted the Receiver’s Motion for Appointment of Real Property Appraisers and Approval to Retain Realtor. (Dkt. No. 71). The Receiver has since been working with the real estate agent, Godwyn & Stone Brokerage (“Godwyn & Stone”), to arrange for the appraisals to be completed, but has encountered difficulties in this process.

Only one of the three (3) Court-appointed appraisers, Ricky Juban, completed the appraisal of the Louisiana Properties. The other two determined during the course of their review that they were unable and unwilling to appraise the Louisiana Properties, despite having previously agreeing to accept the assignment. The Receiver’s administrative staff located replacement appraisers, and the Receiver filed a Motion to Appoint Replacement Appraisers on July 19, 2021. (Dkt. No. 106).

The Receiver also learned that there was a tenant with livestock on Brenda Smith's property, whose lease expired in 2017 and who had been utilizing the property rent-free. The tenant, through his attorney, attempted to exercise an option to purchase the property in accordance with the terms of the lease, at a below-market price negotiated several years ago. After conducting research regarding applicable Louisiana law, the Receiver rejected the attempted option to purchase, and issued the tenant a Notice to Vacate the property. After numerous communications with the tenant's attorney, the Receiver has confirmed, through his real estate agent, that the tenant had vacated the property as of July 2, 2021.

D. Bank Accounts and Records

Receivership funds currently remain in the centralized Receivership Account with Bank of America ("Receivership Account"). At the close of this quarter, the balance in the Receivership Account \$7,374,976.35.

The Receiver has received document productions from PNC Bank, Industrial and Commercial Bank of China Financial Services (ICBCFS), Citizens Bank, B1 Bank, Wedbush Securities Inc., TradeStation Securities and Vision Financial Markets. Additional records were requested and received from PNC during this quarter, and the Accountants are in the process of determining whether any additional records are needed. The Receiver also issued a subpoena to American

Express for records and statements supporting in excess of \$2 million in payments from Receivership Party Investment Consulting, LLC.²

E. Brokerage Account and Liquidation of Stock Holdings

As outlined in the Receiver's prior status reports, the Receiver identified several Receivership holdings in publicly traded securities, and previously sought, and obtained, permission from this Court to open a brokerage account and sell and/or liquidate Receivership stock holdings. (Dkt. Nos. 36, 39).

During previous quarters, the Receiver sold Prico Market LLC's 180,000 shares in Palantir Technologies, CV Brokerage's 932 shares in Tremor International Limited, and CV Brokerage's 50,000 shares in Greenbriar Capital Corp. The sale of these holdings resulted in a total infusion of in excess of \$4.5 million into the Receivership Account.

The Receiver is in the process of attempting to secure, and has demanded the return of, Prico Market, LLC's 30,000 Lyft shares, which were transferred to a third party in or before August 2019, but which are identified as a Receivership Asset in the Receivership Order. The Receiver understands that there may be a

² The Receiver has only received minimal cooperation from overseas banks. The Receiver is investigating all cost-effective options which may be available to enable access to these accounts. Ultimately, however, the Receiver may be required to retain local counsel to domesticate the Receivership Order and compel the production of account documents and the turnover of funds, if it is determined that there are sufficient assets held in overseas accounts to justify the cost of doing so.

potential dispute over the ownership of these shares, which he will bring to the Court's attention for resolution, if necessary.

To date, the Receiver has not located any other Receivership holdings in publicly traded securities, but has learned of several private investments and ownership interests through his investigation, as set forth in further detail below.

F. Private Investments and Ownership Interests

The Receiver has identified the following three private investments/ownership interests:

Brenda Smith, through her entity Rocmen Holdings, LLC, holds 15 million, shares in Bluwater Holdings Corp. ("Bluwater"), a Nevada Corporation run by Hector Valdes, for which she paid \$1.5 million of Receivership Assets. This ownership interest represents twenty percent (20%) of the authorized stock in Bluwater. Mr. Valdes claims that Bluwater suffered significant financial losses as a result of Smith's conduct, from which he is still attempting to recover. The Receiver's Counsel has been communicating with Mr. Valdes to attempt to resolve and wind-up Smith's ownership interest in Bluwater.

Smith paid a total of \$250,000.00 in Receivership Assts to Pennsylvania-based CMCC Development Group, LLC ("CMCC"), in exchange for which she was given one (1) share in CMCC. CMCC is claiming that CV Investments, LLC breached an agreement with CMCC, for which CMCC is claiming \$500,000.00 in

direct damages and \$2,400,000.00 in consequential damages. CMCC had expressed an intention to act against Smith's share in CMCC in order to mitigate its damages, and also indicated that it intended to submit a claim against Ms. Smith or the Receivership Estate. The Receiver, through Counsel, reminded CMCC that it is not permitted to engage in any self-help or otherwise dispose of Smith's ownership interest, and that any attempt to do so would be in violation of the Receivership Order.

In December 2017, Smith invested \$100,000.00 into OTAF, to participate in an OTAF's investment in its wholly owned subsidiary OTAF (Holgate) LLC, which was investing \$5 million into a real estate development project in Long Beach Island. That project is estimated to be completed in late 2022. OTAF made its first three (3) investor distributions to Brenda Smith this year in the amounts of \$48,128.52, \$19,000.00 and \$17,000.00, respectively. Following communications with counsel for OTAF, the first two distributions were sent to the Receiver on June 7, 2021, and the third distribution was sent to the Receiver on June 23, 2021. It is anticipated that additional distributions will be made on this investment.

G. CV International Investments Limited

As noted in the Receiver's Third Quarterly Status Report, on January 6, 2021, the current director of CV International Investments Limited ("CV International") filed an Application to Strike Off the company with the Companies

House of England and Wales (“Companies House”). After retaining Elizabeth Seborg, Solicitor, of Byrne and Partners LLP, in a limited engagement for advice and counsel regarding CV International, the Receiver filed objections to the Application to Strike Off with Companies House on March 4, 2021. As a result, the strike-off action has been suspended until September 6, 2021.

The Receiver is using this additional time to conduct further investigation relating to CV International and its assets, activities, and potential liabilities, so he can determine whether he should (a) formally seek to take over the Company, (2) raise additional objections to the strike-off at the conclusion of the suspension period, or (3) allow the strike-off to proceed.

H. Fidelity Bond Claim

As noted in previous status reports, the Receiver and his Counsel identified potentially applicable fidelity bonds issued to CV Brokerage, Inc. by American International Group, Inc. (“AIG”) during the relevant time periods. The Receiver submitted claims under the fidelity bonds. AIG issued a denial of the claims on May 14, 2021.

The Receiver contested the coverage denial and requested that AIG reconsider its position. The Receiver also requested that AIG grant him additional time to submit formal proof of loss, which the policy provides should be submitted six (6) months after knowledge or discovery of the loss. AIG has identified the

supporting materials it needs to receive, and has agreed to give the Receiver until October 1, 2021 to submit a sworn proof of loss with supporting documentation.

I. Document Review and Investigation

The Receiver, through his Counsel, continues the process of conducting document review with respect to data obtained from a back-up server and a cloud-based storage device, now that the Receiver's Motion for Approval of the Receiver's Proposed Protocol for Review of Electronic Data has been approved. (Dkt. No. 72). The Receiver issued subpoenas and informational and document demands to various individuals and/or entities who appear to possess additional relevant information and/or who were recipients of substantial amounts of Receivership Assets for purposes which are either not yet clear, or appear to have been improper.

J. Interviews and Depositions

The Receiver has continued to participate in calls and informal interviews with various individuals who received Receivership Assets or who appear to possess meaningful information regarding the potential whereabouts of additional Receivership Assets. The Receiver is also in the process of scheduling depositions of several individuals closely affiliated with Brenda Smith.

K. Communications with Creditors, Investors, Debtors and Claimants

Counsel for the Receiver, particularly its paralegal staff, has continued to have communications with various creditors, investors, debtors and claimants, either directly or through their counsel. Counsel has continued to direct any known investors to complete the investor questionnaire on the Receivership website, and has also advised known and potential creditors of the creditor claim form on the website, which is located at <http://broadreachreceiver.com/index.html>. The Receiver is in the process of developing a proposed claims procedure which will provide for formal notification to investors and creditors, and will submit that for the Court's review once finalized.

L. Investigation, Development, Negotiation and Pursuit of Claims

The Receiver's Accountants have largely completed their forensic account reconstruction, which has enabled the Receiver to issue various claw-back and demand letters during this quarter—including to approximately ten (10) potential fraudulent transfer recipients and several investors who have been identified as net winners. The Receiver is in the process of attempting to resolve claims with certain of these individuals and/or entities and has entered into tolling agreements with others while information and documentation is exchanged. The Receiver has sought approval from this Court to pursue litigation against certain of these

individuals and/or entities to whom demands were issued, and already initiated three (3) of these lawsuits at the close of the quarter.

The Receiver and his Counsel, with the assistance of the Accountants, have continued to research, investigate, analyze and develop other potential claims. It is anticipated that these efforts will continue over the course of the next few quarters, and will likely result in the filing of additional motions to initiate litigation in the near future.

M. Analysis of Frozen Contested Accounts

The Receiver has been in communication with individuals claiming entitlement to funds held in certain disputed frozen accounts identified in the Receivership Order, and the Accountants have been conducting forensic analyses for the purpose of evaluating these claims.

The Receiver has been in communication with counsel for Anthony Scott Koppenheffer, who claims ownership in the frozen Taylor Trading Account. After the Receiver's Accountants determined that the funds in the account rightfully belong to the Receivership Estate, the Receiver filed a motion to determine ownership of the Taylor Trading account on April 9, 2021. (Dkt. No. 76). The Receiver granted Koppenheffer extensions to respond to the motion; in the meantime, Counsel is in the process of negotiating with Koppenheffer's attorney,

and is hopeful that the issue of the ownership of the account may be amicably resolved without the need for further intervention from the Court.

Communications and forensic review regarding the Awooton Consulting and Rybicki Capital Partners PNC accounts are likewise continuing, and ownership over these accounts may be the subject of motion practice in the near future.

In addition to the frozen accounts identified as contested in the Receivership Order, certain other individuals and/or entities have expressed an ownership interest in other frozen accounts identified as Receivership Assets in the Receivership Order. *See* Receivership Order, ¶ 3. Specifically, Prophecy Alpha Fund LP is asserting an ownership interest in funds previously held in the Prophecy Alpha Fund LP PNC Account, and certain other individuals have expressed a potential interest in other frozen accounts. The Receiver has requested supporting information and documentation in connection with these claims.

N. Financial Account Reconstruction

The Receiver's Accountants at Alvarez and Marsal have performed significant work in support of the Receiver's efforts. In addition to what has been identified above, this accounting work includes, but is not limited to, the following:

The Accountants have been working to reconstruct financial accounts to determine investor capital account activity and identify third-party recipients of investor funds. The majority of this work is complete, with the exception of some

additional records from PNC bank recently received and/or which may be the subject of subsequent, targeted requests.

This work involved the reconstruction of accounts held by Receivership Parties, while performing targeted review of other accounts held or controlled by Smith. The Accountants identified over eighty (80) bank accounts controlled by Smith for sixty (60) entities covering 2007 to 2019, and reconstructed fourteen (14) of these accounts for the period of 2015 to 2019, with gross activity totaling in excess of \$1.5 billion.

The Accountants' work on reconstruction of investor capital accounts, involved determining the net position of investors, identifying potential claw-back claims, and analyzing investor claims. The Accountants' preliminary analyses with regard to net winner investors provided the support necessary for the Receiver to issue demands for the return of net winnings.

The Accountants also conducted investigations to determine the nature and amounts of transactions with third-party recipients of investor funds, in order to support the Receiver's continued efforts to pursue potential fraudulent transfer or other tort, contractual and/or quasi-contractual claims.

Although the Accountants' work has decreased over the last few months, they will continue to be useful to the Receiver in negotiating and prosecuting

claims against net winner investors and recipients of funds, resolving disputes regarding contested accounts, and evaluating investor claims.

O. Receivership Taxes

Alvarez and Marsal is handling the tax returns and other tax-related issues for the Receivership Estate. Specifically, they have communicated with the IRS on behalf of the Receiver, searched for and reviewed historical tax filings for the Receivership Parties, and prepared tax filing extensions for various Receivership Parties. They also arranged for the creation of a Qualified Settlement Fund for the Receivership, which was confirmed by the Internal Revenue Service on July 2, 2021. They will be preparing appropriate tax returns for the Receivership/Qualified Settlement Fund, will continue to engage in discussions with the IRS about negating or minimizing tax liabilities, and will be preparing a plan for the ultimate dissolution of most, if not all, of the Receivership Parties, which will require tax clearance certificates from the relevant state authorities.

The Accountant has determined that the Receivership Parties did not file federal or state tax returns for at least the two years preceding the Receiver's appointment. The Receiver has initiated discussions with the IRS in an attempt to resolve the scope of tax returns that may be filed. It is the Receiver's preliminary position that historical tax returns need not and should not be filed by the Receiver for each individual entity in Receivership. However, if there is no agreement on

this point or there is an adjudication differing from the Receiver's position, the Receivership may be forced to incur substantial additional professional fees to prepare and file historical tax returns for pre-appointment time periods, as well as to respond to any notices issued by taxing authorities related to those returns.

The Receiver has engaged Fleming Petenko Law, which has experience advising federal equity receivers, for the purpose of providing advice in connection with certain unique and discrete legal matters pertaining to taxes. Fleming Petenko Law has agreed that fees for the engagement will not exceed \$10,000.00 per calendar year, without prior notice and the Receiver seeking the Court's approval.

III. CASH ON HAND, ADMINISTRATIVE EXPENSES, AND UNENCUMBERED FUNDS

Over the course of the Receivership, the Receiver has consolidated Receivership Assets from bank accounts held with ICBCFS, PNC, Citizens Bank, and B1 Bank, as well as the proceeds from the sales of Receivership stock holdings in Palantir, Tremor International Ltd., and Greenbriar Capital Corp into the Receivership Account. Additionally, the Receiver received three payments from Spouting Rock on a secured promissory note, as well as disbursements on Brenda Smith's investment in OTAF (Holgate) LLC. As of the close of the quarter, total cash on hand was \$7,374,976.35.³

³ After post-quarter payments to Conrad O'Brien and Alvarez and Marsal for fees and expenses for the second and third quarters, pursuant to the Court's July 6, 2021

Additional potential assets include in excess of \$700,000.00 of contested funds in frozen accounts for which forensic review and negotiations are continuing. The Receiver also believes that additional funds may be held with other banks, most of which are overseas, and the Receiver will take steps to repatriate those funds where practical and warranted.

The Receiver hopes that there will be significant increases in the cash available in the coming months through the sale of Receivership property. The Receiver is in the process of attempting to liquidate numerous assets, including the Tangipahoa Properties, Smith's vehicle, and personal property at Smith's Rittenhouse Apartment.⁴ The Receiver has also demanded the return of Prico Market LLC's 30,000 Lyft shares, which he intends to sell through his broker, Raymond James. If the individual holding these shares does not agree to return them, the Receiver will take appropriate and necessary action to secure their return.

The Receiver is in the process of negotiating various claims, including claims against net winner investors and recipients of Receivership Assets. The Receiver anticipates that this will result in additional cash for the Receivership Estate. The Receiver is also hoping to collect on various promissory notes as well

Orders (Dkt. Nos. 103 & 104), as well as payment of bank fees, the balance in the Receivership Account as of July 20, 2021 was \$6,633,172.81.

⁴ The Receiver's Motion for Permission to Sell Brenda Smith's Vehicle and Personal Property at Smith's Rittenhouse Apartment (Dkt. No. 47) was granted on July 6, 2021. (Dkt. No. 102).

as private investments. The Receiver also anticipates that his pursuit of litigation on behalf of the Receivership Estate will result in a financial benefit for the Receivership Estate. Any favorable outcome from these lawsuits, however, will probably not be realized during this calendar year, unless an early settlement is reached. The amount at issue in the claims proposed by the Receiver in his Second Motion to Initiate Litigation is estimated to be between \$10 - \$15 million, which does not include the potential for offsetting counter-claims that may be at issue with respect to some of the proposed defendants, potential collectability risks, or uncertainties inherent in any litigation concerning the ultimate disposition of the claims.

The Receivership has paid administrative expenses of \$193,578.04 during this quarter. This includes \$137,408.64 in fees to Conrad O'Brien, \$34,862.00 in fees to Alvarez and Marsal, and \$9,947.00 in expenses to Conrad O'Brien, paid in accordance with the Order Approving the Receiver's First Interim Fee Application. (Dkt. No. 70). Additional expenses include \$8,860.00 paid to the state of Delaware for corporation taxes related to certain of the Delaware-incorporated Receivership Parties, as well as \$2,500.00 for one of the appraisals of the Tangipahoa Properties.

Prior administrative expenses from the Receivership Account were reported on the Receiver's prior quarterly status reports.

IV. RECEIPTS AND DISBURSEMENTS

Pursuant to Paragraph 68 of the Receivership Order, the schedule of the Receiver's receipts and disbursements, in the form of the Standardized Fund Accounting Report ("SFAR") as prescribed by the SEC, is attached hereto as Exhibit "A".

This schedule of receipts and disbursements does not include receipts and disbursements since the end of this quarter, including payments made pursuant to the orders approving the Receiver's Second and Third Fee Applications, and payment of bank fees.⁵ Rather, post-quarter receipts and disbursements from the Receivership Account will be reflected in the Receiver's next quarterly status report and accompanying SFAR.

V. RECEIVERSHIP ASSETS

The Receiver believes that, at this point, he has likely identified the majority of Receivership Assets, and his Accountants have traced the funds from the bulk of the investments that were made with Broad Reach. However, some of those funds are non-recoverable. Other funds likely cannot be recovered without litigation.

⁵ As noted above, with these payments deducted, the balance in the Receivership Account was \$6,633,172.81 as of July 20, 2021.

A. Receivership Bank Account

As of the close of the quarter on June 30, 2021, the balance in the Receivership Account was \$7,374,976.35.

B. Stock Holdings

The Receiver confirmed the existence of, and sold, the following Receivership stock holdings:

- 180,000 shares in Palantir Technologies held by PriCo Market, LLC, for net proceeds of \$4,450,580.34.
- 50,000 shares in Greenbriar Capital Corp held by CV Brokerage, for net proceeds of \$62,030.68.
- 932 shares of Tremor Int Ltd held by CV Brokerage, for net proceeds of \$4,432.78.

Additionally, the Receiver and his Counsel have confirmed that most, if not all, of PriCo Market LLC's 30,000 shares in Lyft were transferred at the expiration of the shares' lock-up period on August 19, 2019. The Receiver is in the process of seeking the return of these shares. The Receiver has been unable to confirm the existence of any other Receivership holdings in publicly traded securities.

C. Private Investments

The Receiver has identified three (3) private investment/ownership interests which constitute part of the Receivership Estate, which the Receiver is hopeful he will be able to liquidate either through distributions and/or a buy-out, as follows:

- Brenda Smith, through her entity Rocmen Holdings, LLC, holds 15 million shares, or a twenty percent (20%) ownership interest in Bluwater, for which she paid \$1.5 million in Receivership Assets.
- Brenda Smith holds one (1) share in CMCC, for which she paid \$250,000.00 in Receivership Assets.
- Brenda Smith invested \$100,000.00 in OTAF (Holgate) LLC for a real estate development project which is estimated to be completed in late 2022. So far, the Receiver has received distributions totaling \$84,128.52 on this investment.

D. Receivables and Promissory Notes

The Receiver has recovered the principal and interest owed on a secured promissory note from Spouting Rock, totaling \$2,149,634.00.

The Receiver has also identified several outstanding promissory notes. For example, Medical Consultants Instructional Training Center (“MCITC”) issued three (3) promissory notes to Receivership Party Investment Consulting LLC on April 11, 2016, May 23, 2016 and July 20, 2016, in the amounts of \$100,000.00, \$200,000.00 and \$150,000.00, respectively, in connection with \$450,000.00 in loans made to MCITC by Investment Consulting LLC and Broad Reach Capital LP. The MCITC Notes are subject to varying interest rate. Claims under the MCITC Notes have been asserted in connection with the lawsuit filed by the Receiver styled *Kevin D. Kent, in his capacity as Receiver v. Medical Consultants Instructional Training Center et al.*, No. 2:21-cv-13104 (D.N.J.)

The Receiver is investigating the recoverability of several additional outstanding promissory notes/loan obligations, which may be the subject of future litigation, and which will be discussed in further detail in future filings, when appropriate.

E. Louisiana Properties

As noted in previous quarterly status reports, the Receiver has located four (4) parcels of land in Tangipahoa Parish, Louisiana, which make up two properties which are part of the Receivership Estate: the BD of Louisiana Property and the Smith Property. The BD of Louisiana Property consists of undeveloped raw land, while there is a home on the Smith Property which has fallen into disrepair over the years while occupied by the prior tenant.

The BD of Louisiana property is subject to a mortgage from B1 Bank, which had a maturity date of June 25, 2019 and continues to accrue interest. The principal amount of the mortgage is approximately \$345,000.00, and accrued interest through December 2, 2020 was approximately \$35,000.00. It is the Receiver's understanding that the Smith Property is not subject to a mortgage.

The Receiver is in the process of having three (3) appraisals completed for the Louisiana Properties. Two of the previously appointed appraisers backed out of the assignment; thus, the Receiver filed a Motion for Appoint of Replacement or

Real Property Appraisers in accordance with 28 U.S.C. § 2001(b) on July 19, 2021. (Dkt. No. 106).

F. Additional Bank Accounts and Funds

It is estimated that there is in excess of \$700,000.00 in frozen, contested accounts in the name of Awooton Consulting, Rybicki Capital Partners LLC and Taylor Trading LLC. As discussed above, the issue of ownership of the Taylor Trading account may soon be amicably resolved, while forensic analysis and investigation is ongoing with regard to the others in order to ascertain whether these funds rightfully belong to the Receivership Estate. Likewise, ICBCFS continues to hold \$444,213.08 in two clearing accounts for CV Brokerage, pursuant to the Stipulation to Resolve ICBCFS' Motion to Amend the Amended Order Appointing Receiver. (Dkt. No. 30). Cidel Bank in Barbados has confirmed that it holds under \$13,000.00 in Receivership Assets in an account held by CV International Investments.⁶ The Receiver believes that additional funds may be held in other overseas banking institutions, including potentially with a Bank in the Middle East, but is getting minimal cooperation from banks outside the jurisdiction of the United States Courts. The Receiver is investigating and contemplating all reasonable and cost-effective options for gaining easier access to overseas funds.

⁶ As previously indicated, the Receiver has been advised that he must retain local counsel in order to get the Receivership recognized and get access to these funds.

G. Vehicle

The Receiver took possession of Brenda Smith's 2017 Infiniti QX70. Based upon its condition and low mileage, the initial evaluation is that the vehicle may be worth in excess of \$20,000.00, assuming it does not require significant mechanical repair. The Receiver is in the process selling this vehicle, consistent with the Court's recent Order granting his motion seeking permission to sell Smith's vehicle after the close of the quarter. (Dkt. No. 102).

H. Magnetite

Brenda Smith is no longer in possession of any magnetite concentrate. The Receiver has confirmed that the magnetite purchased by Smith and stored on a ranch in New Mexico was sold by the owner of the ranch after Smith stopped making payments. The Receiver is investigating potential remedies.

I. Personal Property

With the Court's approval, Stephenson's Auction has been retained to auction off a majority of the personal property found in Smith's apartment, including furniture, clothing, jewelry, rugs, and other miscellaneous items. (Dkt. No. 102). Smith is being given the opportunity to have someone retrieve personal and/or sentimental items without significant resale value. Administrative staff at Conrad O'Brien is coordinating and managing these efforts, without charge to the Receivership Estate.

J. Server Equipment

As set forth in previous quarterly status reports, server equipment retrieved from a data center was sent to the SEC for data extraction and retrieval, but to date has not yielded usable data. If and when feasible and appropriate, the Receiver will seek permission from this Court to sell this equipment.

K. Insurance

As set forth above, the Receiver has discovered fidelity bonds issued by AIG to CV Brokerage. These bonds provide limited coverage, with limits of liability of \$120,000.00 and a sizeable deductible. After initially denying the Receiver's claims for various reasons, AIG has agreed to give the Receiver additional time to submit proof of loss with regard to one of the bonds.

The Receiver will continue to investigate and pursue any other leads he receives with regard to other potentially applicable insurance coverage and/or fidelity bonds.

VI. LIQUIDATED AND UNLIQUIDATED CLAIMS HELD BY RECEIVERSHIP ESTATE

The Receiver believes that the Receivership holds viable claw-back claims against certain net winner investors and/or individuals and entities that received gifts, donations, or other fraudulent transfers from Smith or other Receivership Parties. There may also be claims for breach of contract, unjust enrichment, negligence and/or intentional tort claims against certain individuals and/or entities.

The Receiver and his Accountants are continuing to investigate, develop support for and pursue all such claims.

On February 9, 2021, the Receiver filed a Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate. (Dkt. No. 49). On June 29, 2021, the Receiver filed his Second Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate. (Dkt. No. 98). Those potential claims have already been researched and investigated by the Receiver and his Counsel, and discussed with counsel for the SEC. The Receiver anticipates filing additional similar motions in the near future, as his investigation continues, when he determines that the pursuit of any such claims will be financially beneficial for the Receivership Estate.

On June 29, 2021, the Receiver filed three (3) lawsuits in the United States District Court for the District of New Jersey against several of the prospective defendants identified in Exhibit 1 to the Receiver's Second Motion to Initiate Litigation. Descriptions regarding these lawsuits are as follows:

Kevin D. Kent, in his capacity as Receiver v. Emperor Global Enterprises LLP, et al., No. 2:21-cv-13099 (D.N.J.)

This lawsuit involves the transfer of \$1,429,755.00 in Receivership Assets for the benefit of Emperor Global Enterprises LLP (“Emperor Global”), EGE Limited, and their directors, Michael P. Michael and Georgia Iacovou, from March 1, 2017 through September 8, 2017, purportedly pursuant to a Joint Venture Agreement (“JVA”) entered into between Clearview Investments LLC—which, upon information and belief, is a fictitious name for Receivership Party CV Investments LLC—and Emperor Global, and

invoices issued by Emperor Global and EGE Limited. It is the Receiver's understanding that none of the business ventures in connection with which these payments were made ever came to fruition. Further, pursuant to the JVA, certain of these funds were to be returned if the transaction contemplated in the JVA did not take place. The Complaint includes claims for avoidance of fraudulent and voidable transfer, unjust enrichment, breach of contract and a demand for accounting.

Kevin D. Kent, in his capacity as Receiver v. Medical Consultants Instructional Training Center, et al., No. 2:21-cv-13104 (D.N.J.)

This lawsuit involves the transfer of \$450,000.00 in Receivership Assets for the benefit of the MCITC Defendants and/or their owner, Carol Johnston between April 8, 2016 through July 21, 2016. This money was used to pay for various expenses of the MCITC Defendants and Johnston, including but not limited to rent, operating expenses, payroll and personal tax liabilities. These loans were memorialized by three promissory notes issued by Medical Consultants Instructional Training Center to Receivership Party Investment Consulting, LLC, which provided for the accrual of interest on the notes. As of the date of the filing of the Complaint, the total owed on the notes was \$800,542.60. The Complaint includes claims for confession of judgment, breach of contract, unjust enrichment, action to avoid fraudulent and voidable transfer, and a demand for accounting.

Kevin D. Kent, in his capacity as Receiver v. Richard C. Galvin, et al., No. 2:21-cv-13105 (D.N.J.)

This lawsuit arises from complex business dealings between Brenda Smith and Richard Galvin ("Galvin") and several of Galvin's entities, including Galvin Investment Company ("GIC"), Gilman Metals Company, LLC ("Gilman Metals"), Galvin Metals Company, LLC ("Galvin Metals") and RG Coastal LLC ("RG Coastal"), and the transfer of in excess of \$5,000,000.00 in Receivership Assets to, for the benefit of and/or at the request of Richard Galvin and his various entities. More specifically, Brenda Smith caused \$606,000.00 in Receivership Assets to be transferred directly to Richard Galvin and/or GIC in 2016, along with approximately \$1.5 million in additional funds for which investigation is ongoing. Smith also used \$677,737.48 in Receivership Assets to pay off a loan for Gilman Metals, which was guaranteed by Galvin and GIC, and made additional payments on behalf of Galvin and his entities for various business dealings.

Further, Smith loaned approximately \$3.1 million to a company called 2019 Stout Development (“2019 Stout”), of which RG Coastal was a member and Galvin was manager, which allowed 2019 Stout to purchase property at 2019 Stout Street, Denver, Colorado (“the Property”) and pay-off prior investors. RG Coastal was obligated to pay back \$3.1 million to Receivership Party CV Investments, LLC, pursuant to a settlement agreement and promissory note. RG Coastal failed to meet its payment obligations, and \$2,990,000.00 remains due and owing on the Note. The Note provided that if RG Coastal fails to meet its payment obligations, Investments, LLC would be the sole member of 2019 Stout and therefore the owner of the Property. However, Galvin took out loans and issued two deeds of trust on the Property before his final payment to CV Investments, LLC was due, and failed to make the required payments. Thus, the Property was ultimately lost to foreclosure, leaving CV Investments, LLC ownership interest in 2019 Stout essentially worthless. The Complaint includes claims for action to avoid fraudulent and voidable transfers, unjust enrichment, breach of contract, breach of fiduciary duty, and a demand for accounting.

VII. CREDITORS

As previously reported, ICBCFS claims that it has indemnification claims worth in excess of the \$444,213.08 in withheld funds held in the CV Brokerage clearing deposit account(s), primarily in connection with its defense of two FINRA arbitration actions in which it was named alongside Smith and/or CV Brokerage. Those arbitrations have not yet concluded, and the viability and extent of ICBCFS’ claims have not yet been determined.

As discussed in the Receiver’s Initial Preservation Plan, Southern Minerals Group, LLC (“SMG”) pursued an arbitration action against CV Investments LLC (CVI) in connection with its purported breach of a Magnetite Concentrates Purchase and Sale Agreement (“PSA”), under which CVI was to purchase up to

400,000 tons of magnetite concentrate for the price of \$80.00 per ton, with a minimum monthly purchase of 4,000 tons. The arbitration action was filed after CVI failed to purchase the full amount of magnetite required by the PSA. On May 29, 2020, the Arbitrator in that matter entered an award against CVI and in favor of SMG on all claims, and awarded damages—including liquidated damages, lost profits and punitive damages—and costs, totaling nearly \$22 million, plus prejudgment and post-judgment interest of 15%. On June 5, 2020, Counsel for SMG filed a Petition for Order Confirming Arbitration Award in the District Court for the Eastern District of Pennsylvania in *Southern Minerals Group, LLC v. CV Investments LLC*, No. 2:20-cv-02643. On August 4, 2020, the Receiver, through Counsel, filed a Notice of Stay in that action.

Also proceeding in the District Court for the Eastern District of Pennsylvania is the matter of *Surefire Dividend Capture, LP v. Smith et al.*, No. 2:19-cv-04088, against Smith and numerous other Receivership Entities, as well as non-Receivership parties (“*Surefire* litigation”). Pursuant to the June 29, 2020 Receivership Order, the claims against Smith and all Receivership Entities were stayed, with a carve-out allowing the other claims against third parties in both that and a pending arbitration matter—*Surefire Dividend Capture, LP v. Broad Reach Capital, LP, Broad Reach Capital, LLC, Bristol Advisors, LLC and Brenda Smith*, JAMS Demand for Arbitration, Index No. 1450006353—to proceed, subject to

certain conditions. However, on July 21, 2020, the *Surefire* litigation was temporarily stayed in its entirety, following the submission of briefs by the parties addressing the effect of the stay in this matter on that litigation. The Receiver may seek to have the stay lifted if and when his first Motion to Initiate Litigation on Behalf of the Receivership Estate is granted, so he can pursue claims against Nottingham and Sanville in that action given significant factual overlap and the reduced litigation costs and attorneys' fees expected to result from this strategy.

There is another matter proceeding in the Superior Court of the State of California against numerous Receivership and non-Receivership entities, in *Innovative Fund I, L.P. v. Heckler et al.*, No. 30-2019-01053812-CU-FR-CJC (Ca. Super. Orange Cty.). TA1, LLC was one of the original named defendants in that matter when it was originally filed on July 30, 2019. On or about September 25, 2019, after Smith's arrest, the Complaint was amended to name Smith and Broad Reach Capital, LP, as well as CV Fund Administration, LLC as additional defendants. The Plaintiff in that matter filed a notice of the Receivership Order and resulting stay on July 28, 2020.

Another civil action was initiated against Brenda Smith, as well as CV Fund Partners LLC, CV Special Opportunity Fund LP, and George Heckler in the Court of Common Pleas of Montgomery County on or about July 8, 2020, in the matter of *Williams v. Smith, et al.*, No. 2020-11338. The plaintiff in that action, Vivian

Williams, notified the Court of the stay and sought to proceed against George Heckler and the non-Receivership defendants only. She ultimately entered into a consent judgment with George Heckler only, which was filed on May 11, 2021.

Additionally, a complaint was filed against Brenda Smith in the Montgomery County Court of Common Pleas on December 28, 2020, in the matter of *Bank of America v. Smith*, No. 2020-21298. The Receiver understands that this matter relates to the collection of credit card debt. The Receiver and his Counsel notified the attorney for Bank of America of the Receivership Order and stay of litigation, and there has been no further activity on the docket since that time.

In addition to the above proceedings, the Receiver is aware of at least two pending FINRA arbitrations, including *Alpha Capital Trading Group, LLC v. CV Brokerage, Inc. et al.*, (FINRA Arbitration No. 19-03157) and *Jeffrey Bydalek v. Brenda Smith and CV Brokerage et al.* (FINRA Arbitration No. 18-03955). These matters have both been stayed. The Receiver is aware of the nature and amount of the various alleged claims and counterclaims involved in these arbitrations.

The Receiver believes that there may be other pending actions and/or judgments against Smith and/or other Receivership Parties. The Receiver will seek to stay any such pending actions of which he becomes aware, in accordance with the June 29, 2020 Receivership Order.

The Receiver has also been advised by various individuals and/or entities that they have suffered harm as a result of Smith's conduct, as detailed above. However, the Receiver is not aware of these individuals or entities filing formal claims, or obtaining judgments against, Smith or any of the Receivership Parties. For example, as set forth above, CMCC is claiming that CV Investments, LLC breached an agreement which caused it to suffer nearly \$3 million in damages. The Receiver provided CMCC's counsel with a link to the creditor claim form on the Receivership website; however, no formal claim submission has been received as of the time of this filing.

VIII. STATUS OF CREDITOR CLAIMS PROCEEDINGS

In anticipation of numerous creditor claims against the Receivership Estate, the Receiver has created a creditor claim form to document all such claims being made against the Estate, which has been published on the Receiver's website, at <http://broadreachreceiver.com/index.html>. The Receiver is in the process of notifying known and potential creditors to visit the site to complete claim forms; however, no creditors have completed the forms, as of the date of this filing.

The Receiver is preparing to file a motion for an order setting forth a claims bar date, establishing a claims procedure and approving a notification process for investors and creditors. This will allow for the orderly, efficient and equitable

administration of all claims while avoiding confusion, delay and unnecessary expense in connection with any future distributions.⁷

IX. RECEIVER’S RECOMMENDATIONS FOR CONTINUATION OR DISCONTINUATION OF THE RECEIVERSHIP

The Receiver recommends the continuation of the Receivership at this time. The Receiver anticipates bringing in significant additional funds in the near-term, through the sale of additional Receivership Assets. The Receiver is also begun to initiate litigation on behalf of the Receivership Estate, and anticipates pursuing additional claims in the near future. At this time, given the ongoing nature of the Receiver’s investigation, the Receiver does not have a projected date by which he expects the Receivership to close.

X. CONCLUSION

The Receiver, Kevin Dooley Kent, Esq., hereby respectfully submits this Fourth Quarterly Status Report for the Court’s review and consideration. The Receiver anticipates providing additional informational updates in subsequent quarterly status reports, as additional assets and/or liabilities are identified.

Respectfully Submitted,

Date: 7/30/2021

s/ Robin S. Weiss

Robin S. Weiss, Esq.
Conrad O’Brien PC

⁷ The Receiver is aware that liability has yet to be determined in this action and that this may impact the timing of any potential future distributions.

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EXHIBIT “A”

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STANDARDIZED FUND ACCOUNTING REPORT

CIVIL – RECEIVERSHIP FUND

Brenda Smith, Broad Reach Capital, LP, Broad Reach Partners,
LLC, and Bristol Advisors, LLC
Civil Action No.: 2:19-cv-17213-MCA-ESK

REPORTING PERIOD 04/01/2021 TO 06/30/2021

STANDARDIZED FUND ACCOUNTING REPORT for Consolidated Broad Reach Capital Receivership Entities - Cash Basis
 Receivership; Civil Court Docket No. 2:19-CV-17213-MCA-ESK
 REPORTING PERIOD 04/01/2021 TO 06/30/2021

FUND ACCOUNTING (See Instructions):		Current Reporting Period - 04/01/21 to 06/30/21			06/29/20 - 06/30/21
		Detail	Subtotal	Period Total	Case to Date
Line 1	Beginning Balance (As of 04/01/21)			\$ 7,484,426.87	\$ -
	<i>Increases in Fund Balance:</i>				
Line 2	Business Income			-	-
Line 3	Cash and Securities			-	7,510,076.23
Line 4	Interest/Dividend Income			-	5.67
Line 5	Business Asset Liquidation			-	700.00
Line 6	Personal Asset Liquidation			84,128.52	84,128.52
Line 7	Third-Party Litigation Income			-	-
Line 8	Miscellaneous - Other			-	-
	Total Funds Available (Lines 1 – 8):			\$ 7,568,554.39	\$ 7,594,910.42
	<i>Decreases in Fund Balance:</i>				
Line 9	Disbursements to Investors/Claimants			-	-
Line 10	Disbursements for Receivership Operations			193,578.04	219,934.07
Line 10a	<i>Disbursements to Receiver or Other Professionals</i>			184,718.04	
Line 10b	<i>Business Asset Expenses</i>			-	
Line 10c	<i>Personal Asset Expenses</i>			-	
Line 10d	<i>Investment Expenses</i>			-	
Line 10e	<i>Third-Party Litigation Expenses</i>			-	
	1. Attorney Fees			-	
	2. Litigation Expenses			-	
	<i>Total Third-Party Litigation Expenses</i>			-	
Line 10f	<i>Tax Administrator Fees and Bonds</i>			-	
Line 10g	<i>Federal and State Tax Payments</i>			8,860.00	
	Total Disbursements for Receivership Operations			\$ 193,578.04	\$ 219,934.07
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			-	-
Line 11a	<i>Distribution Plan Development Expenses:</i>				
	1. Fees:				
	Fund Administrator			-	
	Independent Distribution Consultant (IDC)			-	
	Distribution Agent			-	
	Consultants			-	
	Legal Advisers			-	
	Tax Advisers			-	
	2. Administrative Expenses			-	
	3. Miscellaneous			-	
	<i>Total Plan Development Expenses</i>			-	
Line 11b	<i>Distribution Plan Implementation Expenses:</i>				
	1. Fees:				
	Fund Administrator			-	
	IDC			-	
	Distribution Agent			-	
	Consultants			-	
	Legal Advisers			-	
	Tax Advisers			-	
	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			-	
	<i>Total Plan Implementation Expenses</i>			-	
	Total Disbursements for Distribution Expenses Paid by the Fund			\$ -	\$ -
Line 12	Disbursements to Court/Other:			-	-
Line 12a	<i>Investment Expenses/Court Registry Investment System (CRIS) Fees</i>			-	
Line 12b	<i>Federal Tax Payments</i>			-	
	Total Disbursements to Court/Other			\$ -	\$ -
	Total Funds Disbursed (Lines 9 – 11):			\$ 193,578.04	\$ 219,934.07
Line 13	Ending Balance (As of 06/30/21):			\$ 7,374,976.35	\$ 7,374,976.35
Line 14	Ending Balance of Fund – Net Assets:				
Line 14a	<i>Cash & Cash Equivalents</i>			7,374,976.35	7,374,976.35
Line 14b	<i>Investments</i>			-	-
Line 14c	<i>Other Assets or Uncleared Funds</i>			-	-
	Total Ending Balance of Fund – Net Assets			\$ 7,374,976.35	\$ 7,374,976.35

STANDARDIZED FUND ACCOUNTING REPORT for Consolidated Broad Reach Capital Receivership Entities - Cash Basis
 Receivership; Civil Court Docket No. 2:19-CV-17213-MCA-ESK
 REPORTING PERIOD 04/01/2021 TO 06/30/2021

OTHER SUPPLEMENTAL INFORMATION:		Current Reporting Period - 04/01/21 to 06/30/21			06/29/20 - 06/30/21
		Detail	Subtotal	Period Total	Case to Date
Line 15	Report of Items NOT To Be Paid by the Fund:				
	Disbursements for Plan Administration Expenses Not Paid by the Fund:			\$ -	\$ -
Line 15a	Plan Development Expenses Not Paid by the Fund:				
	1. Fees:			-	-
	Fund Administrator			-	-
	IDC			-	-
	Distribution Agent			-	-
	Consultants			-	-
	Legal Advisers			-	-
	Tax Advisers			-	-
	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 Advisers			-	-
	Tax Advisers			-	-
	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. 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:				
Line 18a	# of Claims Received This Reporting Period				-
Line 18b	# of Claims Received Since Inception of Fund				-
Line 19	No. of Claimants/Investors:				
Line 19a	# of Claimants/Investors Paid This Reporting Period				-
Line 19b	# of Claimants/Investors Paid Since Inception of Fund				-

Receiver:

By: Kevin Dooley Kent
 (signature)

Kevin Dooley Kent
 (printed name)

Receiver
 (title)

Date: 7/20/21

NOTES TO THE STANDARDIZED FUND ACCOUNTING REPORT

Receivership Cash Accounts

As of June 30, 2021, the Receiver's cash balance of \$7,374,976.35 was maintained in a checking account at Bank of America.

Investments, Real and Personal Property

The Receiver is in the process of identifying and liquidating all of the investments, real and personal property of the Receivership Parties.

In addition to the transactions reflected within the Standardized Fund Account Report, the Receiver anticipates recovering future distributions related to Brenda Smith's personal investment in OTAF LLC.

Lastly, the Receivership has an interest in four parcels in Tangipahoa Parish, Louisiana. The Receiver is in the process of determining the value of these properties.

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**BRENDA SMITH, BROAD REACH
CAPITAL, LP, BROAD REACH
PARTNERS, LLC, and BRISTOL
ADVISORS, LLC,**

Defendants.

C. A. No. 2:19-cv-17213 (MCA)

**CERTIFICATE OF
SERVICE**

I hereby certify, this 30th day of July, 2021, that I caused to be served a true and correct copy of the Receiver Kevin Dooley Kent's Fourth Quarterly Status Report, upon Plaintiff, Securities and Exchange Commission, through counsel of record, and upon counsel of record for all other parties, by electronic filing pursuant to Fed.R.Civ.P. 5(b), and upon Defendant, Brenda A. Smith, on behalf of all defendants, via first-class mail, postage prepaid, as follows:

Brenda A. Smith
Permanent ID 2019-339640
CCIS# 07-571432
U.S. Marshalls Number 72832-050
Essex County Correctional Facility
354 Doremus Avenue
Newark, NJ 07105

s/ Robin S. Weiss
Robin S. Weiss, Esq.
Attorney for Receiver, Kevin Dooley Kent,
Esq.