

**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)

Return Date: June 21, 2021

**NOTICE OF MOTION OF RECEIVER, KEVIN D. KENT, ESQUIRE, FOR
APPROVAL OF THIRD INTERIM FEE APPLICATION FOR THE
PERIOD JANUARY 1, 2021 THROUGH MARCH 31, 2021**

PLEASE TAKE NOTICE that the undersigned, on behalf of the Receiver, Kevin D. Kent, Esq. will move before the Honorable Madeline Cox Arleo, U.S.D.J., United States District Court for the District of New Jersey, Martin Luther King Jr. Federal Building and U.S. Courthouse, 50 Walnut Street, Newark, New Jersey 07101, on June 21, 2021, or as soon thereafter as the Court permits, at a date and time to be determined by the Court, for Approval of the Receiver's Third Interim Fee Application for the Period January 1, 2021 through March 31, 2021.

PLEASE TAKE FURTHER NOTICE THAT, in support of this Motion, the undersigned will rely upon the accompanying Interim Fee Application with exhibits attached thereto, which incorporates and is in lieu of a more formal brief, and which is incorporated herein by reference.

PLEASE TAKE FURTHER NOTICE that the undersigned requests that the proposed form of Order submitted herewith be entered by the Court.

Respectfully submitted,

Dated: 5/28/2021

s/ Robin S. Weiss

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**RECEIVER, KEVIN D. KENT'S THIRD INTERIM FEE APPLICATION,
FOR THE PERIOD JANUARY 1, 2021 THROUGH MARCH 31, 2021**

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Dated: 5/28/2021

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28 U.S.C. § 2001(b)39

Pursuant to the Court’s Order Appointing Receiver dated June 29, 2020, Kevin D. Kent, Esq., Receiver, hereby submits this Third Interim Fee Application for the Period January 1, 2021 through March 31, 2021, and moves for approval of payment of fees and expenses invoiced by the Receiver, counsel for the Receiver, Conrad O’Brien PC, and the Court-appointed accountant to the Receiver, Alvarez & Marsal Disputes and Investigations, LLC (“the Application”).

The Receiver and his Counsel have continued to focus their efforts on locating, marshaling, and preserving Receivership Assets; selling and liquidating Receivership Assets and taking actions necessary to prepare for and/or effectuate such sales; continuing document review and investigation; and investigating and preparing to pursue claims against third parties. The Receiver’s Accountants have continued to focus their efforts on reviewing voluminous bank records from various financial institutions; performing extensive account reconstruction; conducting forensic analysis of frozen accounts; identifying flows of funds for investors and other individuals, for the purpose of assisting the Receiver in his efforts to identify net winner investors, fraudulent transfer recipients, and entities subject to other claims for affirmative relief warranting further investigation and/or pursuit; performing tax-related services for the Receivership; and continuing to manage the document repository to allow for efficient review and organization of substantial amounts of data from various sources.

To date, the Accountants have identified over eighty (80) bank accounts controlled by Smith for sixty (60) entities covering 2007 to 2019, and have reconstructed fourteen (14) of these accounts for the period of 2015 to 2019, with gross transactional activity totaling in excess of \$1.5 billion. This has made financial reconstruction and, correspondingly, the analysis of tax issues for purposes of preparing tax returns, extremely challenging. To minimize cost and maximize efficiency, given the significant forensic accounting work already performed, the Receiver has also asked his Accountants to prepare appropriate tax returns, begin discussions with the IRS regarding Receivership tax liabilities, request extensions for the filing of returns, and prepare a plan for ultimate dissolution of most, if not all, of the Receivership Parties.

The Receiver has now secured the transfer of funds from all known and undisputed domestic bank accounts, completed the sale of all confirmed stock held by the Receivership Parties, and collected the balance of funds owed on a secured promissory note. As a result, the balance of the Receivership Account grew by over \$6 million – or 435% -- during this quarter.

In support of the Application, the Receiver states as follows.

I. BACKGROUND

On August 27, 2019, the Securities and Exchange Commission (“SEC”) filed a Complaint against Defendants, Brenda A. Smith (“Brenda Smith” or

“Smith”), Broad Reach Capital, LP, Broad Reach Partners, LLC and Bristol Advisors, LLC, alleging that these Defendants raised approximately \$105 million from at least forty (40) investors, based upon Brenda Smith’s false representations that these funds would be invested in highly liquid securities through various sophisticated and profitable trading strategies with consistently high returns. (Dkt. No. 1). According to the Complaint, in reality, the vast majority of these investments were funneled into unrelated companies, used to pay back other investors, or utilized for personal use; meanwhile, Defendants generated and provided false performance statements and fabricated documents regarding the Fund’s assets and valuations, to lull and deceive existing and prospective investors. The SEC estimates that Defendants’ investors are still owed in excess of \$63 million in principal.

In conjunction with the filing of the Complaint, the SEC secured a Temporary Restraining Order Freezing Assets and Granting Other Relief on August 27, 2019. (Dkt. No. 3). A Preliminary Injunction extending the freeze was subsequently entered on September 10, 2019. (Dkt. No. 7). The asset freeze remains in effect, and has been modified and/or extended by this Court’s June 29, 2020 Order Appointing Receiver (“Receivership Order”). (Dkt. No. 22).

Pursuant to the June 29, 2020 Receivership Order, this 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 Investors LLC; 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, including *inter alia*, the assets and accounts set forth in Paragraphs 2 and 3 of the Receivership Order (hereinafter collectively referred to as “Receivership Assets” or “Receivership Estate”). In the same Order, the Court appointed Kevin D. Kent, Esq., of Conrad O’Brien PC as Receiver to assume control of, marshal, pursue and preserve the Receivership Assets. Receivership Order, ¶ 5.

The June 29, 2020 Receivership Order also authorizes the Receiver to retain the law firm of Conrad O’Brien PC (“Conrad O’Brien”, “Law Firm” or “Counsel”) and Alvarez & Marsal Disputes and Investigations, LLC (“Alvarez” or

“Accountant”) as his counsel and accountant, respectively (collectively “Retained Personnel”), in connection with his appointment. Receivership Order, ¶ 71. The Receivership Order further provides that, subject to the Court’s approval, the Receiver and his Retained Personnel are entitled to reasonable compensation and expense reimbursement from the Receivership Estate. Receivership Order, ¶ 72.

The Court-approved fee schedules, which provide substantial discounts from the standard rates of the Law Firm and the Accountant, and which hourly fee rates the Court has already found to be reasonable, are as follows:

Receiver

Name	Rate
Kevin D. Kent	\$510.00

The Law Firm

Name/Position	Rate
Andrew Gallinaro, Partner	\$365.00
Associate	\$240.00 - \$330.00
Paraprofessional	\$165.00

The Accountant

Name/Position	Rate
Michael Shanahan, Managing Director	\$550.00
Managing Director/Senior Director	\$550.00 - \$725.00
Directors/Managers	\$425.00 - \$525.00
Sr. Associates/Associates	\$275.00 - \$375.00

Receivership Order, ¶¶ 79-83.

Pursuant to the Receivership Order and the Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission (“Billing Instructions”), the Receiver, Counsel and the Accountant are to be paid their reasonable fees and expenses out of the Receivership Estate. Upon Order of this Court approving such Application, the Receiver may pay up to eighty percent (80%) of the compensation/professional fees and expenses of the applicants.¹

Receivership Order, ¶¶ 75, 81, 84.

The Receiver previously submitted this Application to the SEC, in accordance with the Billing Instructions and Paragraph 73 of the Receivership Order. The SEC has advised the Receiver that it does not have any objection to the Application.

This is the third interim application for approval of fees and expenses of the Receiver and his Retained Professionals.

The Receiver’s First Interim Fee Application for the period June 29, 2020 through September 30, 2020 was filed on November 13, 2020. (Dkt. No. 43). The

¹ At the close of the Receivership, the Receiver will file a final fee application for reasonable compensation and expense reimbursement, describing in detail the costs and benefits associated with all litigation and other actions pursued by the Receiver during the course of the Receivership. Although Interim Fee Applications are subject to a holdback in the amount of twenty percent (20%) of the amount of fees and expenses for each application filed, “[t]he total amounts held back during the course of the receivership will be paid out at the discretion of the Court as part of the final fee application submitted at the close of the receivership.” Receivership Order, ¶¶ 74-75.

Fee Application was approved on April 5, 2021.² (Dkt. No. 70). The Order approving the Receiver's First Interim Fee Application allowed for (a) payment to the Law Firm in the amount of \$137,408.64 for services performed through September 30, 2020, representing eighty percent (80%) of the Law Firm's total fee of \$171,760.80; (b) payment to the Accountant in the amount of \$34,862.00 for services performed through September 30, 2020, representing eighty percent (80%) of the Accountant's total fee of \$43,577.50; and (c) payment to the Law Firm in the amount of \$9,947.40 for expenses incurred through September 30, 2020, representing eighty percent (80%) of the Firm's total expenses of \$12,434.25. *Id.*

The Receiver's Second Interim Fee Application for the period October 1, 2020 through December 31, 2021 was filed on February 12, 2021. (Dkt. No. 50). That Application sought (a) payment to the Law Firm in the amount of \$80,861.20 for services performed from October 1, 2020 through December 31, 2020, representing eighty percent (80%) of the Law Firm's total fee of \$101,076.50 for the quarter; (b) payment to the Accountant in the amount of \$124,782.00 for services performed from October 1, 2020 through December 31, 2020, representing eighty percent (80%) of the Accountant's total fee of \$155,977.50 for the quarter; (c) payment to the Law Firm in the amount of \$353.26 for expenses incurred from October 1, 2020 through December 31, 2020, representing eighty

² Although the Order was dated May 5, 2021, it was docketed on April 5, 2021.

percent (80%) of the Firm's total expenses of \$441.58 for the quarter; and (d) payment to the Accountant in the amount of \$136.00 for expenses incurred from October 1, 2020 through December 31, 2020, representing eighty percent (80%) of the Accountant's total expenses of \$170.00 for the quarter. The Motion to Approve the Receiver's Second Interim Fee Application has not yet been ruled upon as of the date of this filing.

II. CASE STATUS

A. 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 Industrial and Commercial Bank of China Financial Services (ICBCFS), PNC, Citizens Bank, and B1 Bank, as well as the proceeds from the sales of Receivership stock holdings in Palantir Technologies ("Palantir"), Tremor International Ltd. ("Tremor"), and Greenbriar Capital Corp. ("Greenbriar") into a central Receivership Account with Bank of America ("Receivership Account"). Additionally, the Receiver received three payments from Spouting Rock Holdings, LLC ("Spouting Rock") on a secured promissory note, the majority of which was paid during this quarter. As of the

close of the quarter, total cash on hand was \$7,484,425.87,³ an increase of 435% from the close of the prior quarter.⁴

Additional potential assets include in excess of \$700,000.00 of contested funds in frozen accounts for which forensic review is continuing. The Receiver has already filed a motion to determine ownership of one of these accounts after the close of the quarter. 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. The Receiver continues his investigation and collection efforts in this regard, which may ultimately require the retention of local counsel for the purpose of domesticating the Receivership Order in other countries. Any such action, however, would be subject to a cost-benefit analysis with regard to the estimated value of anticipated assets and the projected costs involved in securing same. The Receiver was also in the process of attempting to obtain Brenda Smith's assistance and cooperation with turning over signatory

³ Given that the Receiver's First Interim Fee Application was approved after the close of the quarter on April 5, 2021, this balance does not reflect payments made to the Receiver or his Accountant pursuant to the Order Approving the Receiver's First Interim Fee Application. (Dkt. No. 70). Payments made pursuant to that Order reduced the balance in the Receivership Account by \$182,218.04 after the close of the quarter.

⁴ This includes an additional \$1.11 in accrued interest remaining in the Raymond James brokerage account, which the Receiver transferred into the Receivership Account after the close of the quarter.

authority to the Receiver for overseas accounts over which she possesses access and control; however, to date that has not occurred.

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 real estate owned by Smith and BD of Louisiana, LLC in Tangipahoa Parish, Louisiana (“Louisiana Properties” or “Tangipahoa Properties”), Smith’s vehicle, and personal property at Smith’s Rittenhouse Apartment. The Receiver is actively attempting to locate and secure additional Receivership stock holdings for liquidation. The sale of stock holdings was previously approved by this Court by Order dated September 28, 2020, (Dkt. No. 39), and the Receiver has filed Motions seeking authority to sell, or begin the process of selling, the remaining assets.

On April 5, 2021, this Court granted the Receiver’s Motion for Appointment of Real Property Appraisers and Approval to Retain Realtor, which will allow the Receiver to begin the process of selling the Tangipahoa properties. (Dkt. No. 71). Based upon information currently available, the Receiver believes that the sale of the Tangipahoa Properties will result in a significant return to the Receivership Estate, even with the payoff of the mortgage on the property owned by BD of Louisiana. Additionally, based upon the condition of Smith’s vehicle and its low mileage, the Receiver is hopeful that its sale will generate at least \$20,000.00 for

the Receivership Estate, assuming there isn't a need for significant mechanical repairs. While Smith's belongings in her Rittenhouse Apartment are not likely to generate significant cash, they serve no benefit to the Receivership Estate currently, and will require the expenditure of storage costs if not sold.

The Receivership has incurred total administrative expenses of \$26,356.03 through the close of this quarter. Administrative expenditures from the Receivership Account during this quarter include (a) payment of \$6,858.13 to Byrne & Partners, for advice and counsel with regard to ownership and control of Receivership Party CV International Investments Limited, as discussed further below; and (b) payment of \$1,880.00 to the Citadel Agency, a private investigation company retained for factual investigation concerning Jordan Denise, who is a target defendant in one of the lawsuits the Receiver has requested permission to file and appears to operate under several aliases. Prior administrative expenses from the Receivership Account were reported on the Receiver's Second Interim Fee Application.

Additionally, a total of \$10,123.80 has been paid to Raymond James for commissions and fees in connection with the sale of Receivership stock holdings, broken down as follows: \$1,467.96 in commissions and \$19.51 in fees during the prior quarter, and \$8,061.96 in commissions and \$574.37 in fees during this quarter. These fees and commissions were withdrawn from the gross sale proceeds

of Receivership stock holdings before the funds were transferred to the Receivership Account.

For further detail, the Receiver has attached the SEC's Standardized Fund Accounting Report ("SFAR") as Exhibit "A" to this Application. The SFAR does not include receipts and disbursements since the end of this quarter, including, *inter alia*, payments made pursuant to the Order Approving the Receiver's First Interim Fee Application for the Period June 29, 2020 through September 30, 2020, as well as state tax payments made on behalf of certain Receivership Parties registered in Delaware. Rather, post-quarter receipts and disbursements will be reflected in the Receiver's next interim fee application and accompanying SFAR.

B. Administration of Case to Date

On May 19, 2020, the SEC filed a Motion to Appoint Receiver in this matter. During the time that the motion was pending, the Receiver and his team took steps to prepare for the appointment, including, *inter alia*, reviewing litigation-related materials in lawsuits brought against Receivership Parties, beginning preliminary investigations into potential Receivership Assets, and preparing for notices of receivership to be filed in all federal jurisdictions within ten (10) days of the appointment. The Receiver and the Law Firm have not applied for compensation for such pre-appointment activity.

During the first nine (9) months of the Receivership, the Receiver, his Counsel and Accountants have focused a majority of their efforts on identifying, locating, and assuming control of, Receivership Assets, and identifying potential sources of recovery of additional assets, with the objective of preserving these assets and maximizing recovery for defrauded investors. The Receiver is generally of the position that all real and personal property of value belonging to the Receivership Estate should be monetized and/or liquidated, to the extent feasible, and has sought necessary authority from the Court in connection with these liquidation efforts.⁵ The Receiver has also begun requesting authority from the Court to initiate litigation against certain individuals and/or entities, and anticipates filing similar motions with regard to other prospective defendants in the near future.

1. Litigation-Related Activities

The Receiver has engaged in a significant amount of motion practice during this quarter. These litigation-related activities include, *inter alia*, the following:

⁵ See, e.g., Receiver's Motion to Retain a Wealth Management Firm and for Discretion to Liquidate Receivership Holdings in Publicly Traded Securities (Dkt. No. 36); Receiver's Motion for Appointment of Real Property Appraisers and Approval to Retain Realtor (Dkt. No. 45); and Receiver's Motion for Permission to Sell Brenda Smith's Vehicle and Personal Property at Smith's Rittenhouse Apartment (Dkt. No. 47).

On January 4, 2021, the Receiver filed a Motion to Approve Proposed Protocol for Review of Electronic Data in order to enable him, his Counsel and Accountants to review electronic data from a cloud-based storage account maintained by various Receivership Parties, as well as data contained on server equipment, while preserving privileges maintained by Brenda Smith. (Dkt. No. 46). This Motion was approved after the close of the quarter, on April 5, 2021. (Dkt. No. 72).

On January 8, 2021, the Receiver filed a Motion for Permission to Sell Brenda Smith's Vehicle and Personal Property at Smith's Rittenhouse Apartment. (Dkt. No. 47). This Motion has not yet been ruled upon.

On January 29, 2021, the Receiver filed his Second Quarterly Status Report, which outlined the activities of the Receiver for the period October 1, 2020 through December 31, 2020. (Dkt No. 48).

On February 9, 2021, the Receiver filed a Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate seeking, *inter alia*, permission to pursue claims against Nottingham Company ("Nottingham") (and its employees and/or agents, where necessary and/or appropriate), Sanville & Company ("Sanville") (and its employees and/or agents, where necessary and/or appropriate), and Jordan Denise and her entities Entercore, Inc. and Orange Splendor, Inc. (Dkt. No. 49). On March 16, 2021, the day after the assigned

Motion Day, William McCormack (“McCormack”) and Anthony Scott Koppenheffer (“Koppenheffer”) filed a Motion to Intervene for the limited purpose of opposing the Motion, and an Opposition to the Motion. (Dkt. Nos. 59, 60). They subsequently filed corrected versions of those filings on March 18, 2021. (Dkts. No. 62, 63). The Receiver filed a Reply in Support of the Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate on March 23, 2021. (Dkt. No. 66). After the close of the quarter, on April 5, 2021 the Receiver filed a Response in Opposition to the Motion to Intervene. (Dkt. No. 74).⁶ Following a telephone status conference with the Honorable Edward S. Kiel on April 28, 2021, the Motion to Intervene was granted on April 29, 2021. (Dkt. No. 81).

On February 16, 2021, the Receiver filed an Emergency Motion to Enforce this Court’s June 29, 2020 Order Appointing Receiver and Hold Jeffrey Ciachurski in Civil Contempt for Failure to Comply Therewith, in connection with Mr. Ciachurski’s efforts to prevent the Receiver from consummating the sale of Receivership stock in Greenbriar Capital Corp. and to take back the shares in Greenbriar Capital Corp. held by CV Brokerage, Inc., which actions could have caused the Receivership to suffer imminent and significant financial harm. (Dkt. No. 52). Ultimately, Mr. Ciachurski agreed to the removal of the restrictive legend

⁶ The SEC also filed responses to the Motion to Intervene and Opposition to Motion to Initiate Litigation filed by McCormack and Koppenheffer. (Dkt. Nos. 67, 73).

on the share certificate, so that the sale was able to be completed. Accordingly, the Receiver withdrew the Emergency Motion, without prejudice, on March 2, 2021. (Dkt. No. 58).

On February 18, 2021, Vivian Williams filed a Petition for Relief from Stay of June 29, 2020 Order, in connection with an action she filed in Montgomery County against Brenda Smith, George Heckler, CV Special Opportunity Fund LP and CV Fund Partners, LLC. (Dkt. No. 56). Ultimately, after numerous communications regarding the Petition, Counsel for the Receiver and counsel for the SEC advised Ms. Williams' counsel that they had no objection to the case continuing as to non-Receivership defendants, so long as the claims against Brenda Smith remain stayed. Accordingly, on February 26, 2021, counsel for Ms. Williams withdrew the Petition for Relief from Stay, thereby obviating the need for the Receiver to file a response. (Dkt. No. 57).

On March 23, 2021, the Receiver, through Counsel, filed a request for a Status Conference to, *inter alia*, provide further information to the Court regarding his activities, answer any questions the Court may have, and facilitate resolution of the pending Motions. (Dkt. No. 68). Following that filing, this Court entered Orders granting three of the pending Motions on April 5, 2021: the Motion for Approval of First Interim Fee Application for the Period June 29, 2020 through September 30, 2020 (Dkt. No. 70); the Motion for Appointment of Real Property

Appraisers and Approval to Retain Realtor (Dkt. No. 71); and the Motion for Approval of the Receiver's Proposed Protocol for Review of Electronic Data (Dkt. No. 72). The following Motions identified in the Receiver's Request for a Status Conference remain pending: the Motion for Permission to Sell Brenda Smith's Vehicle and Personal Property at Smith's Rittenhouse Apartment (Dkt. No. 47); the Receiver's Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate (Dkt. No. 49); and the Receiver's Motion for Approval of Second Interim Fee Application for the Period October 1, 2020 through December 31, 2020 (Dkt. No. 50).

Finally, on April 9, 2021, the Receiver filed a Motion to Determine Ownership of Taylor Trading, LLC account. (Dkt. No. 76). Although this was filed after the close of the quarter, nearly all of the work leading up to this filing, including the account analysis, legal research, and negotiations with counsel for Koppenheffer, occurred during the third quarter.

2. Collection and Storage of Personal Property, Professional Equipment and Data

As noted in previous interim fee applications, following numerous visits to Brenda Smith's Rittenhouse Apartment, as well as visits to the Four Falls Office Space in Conshohocken and the Equifax Data Center in New Jersey, the Receiver, with the assistance of his staff, took inventory of and collected documents, personal property, and other valuable items at these locations. Additionally, with

the assistance of a private investigator and a towing company, administrative staff also located and took possession of Smith's 2017 Infiniti, which is being stored in a secure location. Smith's belongings from her Rittenhouse Apartment likewise remain in storage while the Receiver awaits a ruling on his Motion for Permission to Sell Brenda Smith's Vehicle and Personal Property at Smith's Rittenhouse Apartment. (Dkt. No. 47).

The server equipment retrieved from the data center is currently in the possession of the SEC for processing. After an analysis of the server data is complete, the Receiver will make arrangements for the return of the server equipment, and file a motion seeking permission from the Court to sell the equipment for the benefit of the Receivership Estate, if feasible.

The Receiver was able to obtain a back-up server from a former IT director for some of the Receivership Parties, as well as substantial electronic data from a cloud-based storage account maintained by various Receivership Parties. This data, along with other documents secured and/or received by the Receiver, has been downloaded and preserved by an e-discovery vendor which provides in-house services to the Receiver's court-approved forensic accountant, Alvarez & Marsal. This vendor provided the most competitive estimate for data processing and hosting, by far. Alvarez & Marsal's Forensic Technology team has been coordinating and managing these efforts, including processing, importing,

organizing and conducting quality control analysis and review for substantial amounts of data and documents from various sources.

3. Louisiana Properties

As noted in previous fee applications, 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”). The Receiver’s counsel has conducted extensive research and document review with regard to the properties. In addition to filing *lis pendens* notices with regard to the four parcels on July 24, 2020, and communicating with counsel for B1 Bank, which holds a mortgage on the BD of Louisiana Property, the Receiver redeemed the properties after learning that they were sold at a tax sale on June 30, 2020 for failure to pay taxes in 2019, through the payment of the delinquent taxes and associated penalties. Redemption deeds for all four (4) properties were recorded on October 23, 2020, and the Tangipahoa Parish Assessor now identifies only BD of Louisiana and Smith as owners of their respective properties. The Receiver also paid property taxes for all four (4) parcels on December 8, 2020.

After the close of the quarter, 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 communicating with the real estate agent, Godwyn & Stone Brokerage ("Godwyn & Stone"), with the assistance of staff, and they are in the process of securing the properties with the assistance of the local Sheriff's office and making arrangements for appraisals to be conducted.

The Receiver has learned that an individual has been utilizing the Smith Property, and has multiple animals, including horses, goats and dogs, residing thereon. This individual has been cooperative with the Receiver's efforts thus far and has allowed the Receiver's real estate agent entry onto the property. The Receiver is in the process of ensuring that this individual vacates the property in an orderly fashion.

Unfortunately, one of the appraisers appointed by this Court, Bryan Wilder, is no longer willing or able to proceed forward with the appraisals of the Louisiana Properties. The Receiver, through staff, was able to locate a replacement appraiser, Greg Allen, of Allen & Associates, to appraise the Louisiana Properties, who has provided an estimated total cost of \$1,150.00 for this work. Mr. Allen is a certified residential appraiser, whose licensing and educational information is attached hereto as Exhibit "B". The Receiver intends to move forward with his retention, in

order to avoid causing any further delay in connection with the appraisal and sale of the Louisiana Properties.

The Receiver anticipates having significant updates regarding the Louisiana Properties during the next few months.

4. Bank Accounts and Records

Receivership funds currently remain in the centralized Receivership Account with Bank of America. At the beginning of this quarter, the balance in the Receivership Account was \$1,397,707.24. The balance of the Receivership Account as of the close of this quarter on March 31, 2021 was \$7,484,424.76, while total cash on hand was \$7,484,425.87.⁷ Deposits during this quarter include final payments from Spouting Rock on the secured promissory note in the amount of \$600,000.00 on January 22, 2021, and \$1,299,634.00 on January 29, 2021, which includes accrued interest on the note. These payments were made in response to multiple demands from the Receiver and his Counsel. Additional deposits include an additional \$20,811.60 from PNC on January 19, 2021, \$4,112,976.00 on March 1, 2021 from the sale of Palantir stock, and \$62,034.05 on March 2, 2021 from the sale of stock in Greenbriar Capital Corp.

⁷ This includes \$1.11 remaining in the Receiver's brokerage account with Raymond James, which the Receiver transferred to the Receivership Account after the close of the quarter.

The Receiver has received document productions from PNC Bank, ICBCFS, Citizens Bank, B1 Bank, Wedbush Securities Inc. and TradeStation Securities. The Receiver has submitted supplemental document requests to PNC which are necessary for the Accountants to complete their financial account reconstruction.

As noted in the Receiver's prior fee applications, 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, including, *inter alia*, making arrangements for Brenda Smith to turn over signatory authority on overseas accounts under her control, and possibly having the Receiver formally take over as director of Receivership Party CV International Investments Limited. 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.

5. Brokerage Account and Liquidation of Stock Holdings

As outlined in the Receiver's prior interim fee applications, the Receiver identified several Receivership holdings in publicly traded securities, and previously sought, and obtained, permission from this Court to retain Terry Fant, CFP and Eric Geedey, of Raymond James, for the purpose of opening a brokerage account to hold Receivership stock holdings, providing financial guidance and

advice to the Receiver with regard to the potential sale of Receivership stock holdings, and coordinating and assisting with the potential sale and/or liquidation of Receivership stock holdings. (Dkt. Nos. 36, 39).

The Receiver previously sold 36,000 of Prico Market LLC's ("Prico") shares in Palantir Technologies ("Palantir") at a price of \$9.4183 per share, which, after payment of fees and commissions and the accrual of interest, resulted in an infusion of \$337,605.43 to the Receivership Account on October 21, 2020.

Additionally, the Receiver sold CV Brokerage's 932 shares in Tremor International Limited ("Tremor") for under \$5.00 per share, which, after payment of fees and commissions and the accrual of interest, resulted in the transfer of \$4,432.88 to the Receivership Account on December 30, 2020.

Prico's remaining 144,000 shares in Palantir remained locked-up until the expiration of the lock-up period on February 18, 2021. Within a few days of the expiration of the lock-up period, the Receiver sold these remaining shares for \$28.6130 per share.⁸ After payment of commission to Raymond James at the rate of 5 cents per share and other associated fees, along with the accrual of interest, this resulted in the infusion of \$4,112,976.00 to the Receivership Account on March 1, 2021.

⁸ For purposes of comparison, as of May 12, 2021, Palantir was trading at approximately \$18.80 per share.

The Receiver also successfully sold CV Brokerage's 50,000 shares in Greenbriar Capital Corp. at an average price of \$1.2674 per share. After payment of commission to Raymond James at the rate of 2 cents per share and other associated fees, along with the accrual of interest, this resulted in the infusion \$62,034.05 into the Receivership Estate on March 2, 2021.

Significant complications arose with regard to the sale of the shares in Greenbriar Capital Corp., due to efforts by its CEO, Jeffrey Ciachurski, to block the sale, which would have had serious and imminent financial consequences for the Receivership Estate. After extensive research and communications with Mr. Ciachurski, Counsel for the SEC, Raymond James, Computershare, and upon consultation with Canadian counsel, the Receiver was eventually forced to file an Emergency Motion to Enforce this Court's June 29, 2020 Order Appointing Receiver and Hold Jeffrey Ciachurski in Civil Contempt for Failure to Comply Therewith. (Dkt. No. 52). After that filing, and after a joint call with the Receiver and his Counsel, and counsel for the SEC, Mr. Ciachurski agreed to allow for the removal of the restrictive legend on the share certificate held by CV Brokerage, so that the sale could be completed on the Toronto Venture Exchange in accordance with applicable securities laws. Accordingly, the Receiver withdrew the Emergency Motion, without prejudice, on March 2, 2021. (Dkt. No. 58).

In addition to the above, the Receiver is in the process of attempting to locate, pursue and secure Lyft shares belonging to the Receivership which were transferred to a third party in or around August 2019. The Receiver continues to work to identify additional stock holdings that may belong to Receivership Parties.

6. CV International Investments Limited

At the outset of the Receivership, the Receiver sent notice and a copy of the Receivership Order to Steven David Barnes, who became the Director of CV International Investments Limited (“CV International”), on or about June 1, 2020. The Receiver also sent notice to the Companies House of England and Wales (“Companies House”), where CV International is registered.

In response to the Receiver’s Notice, Mr. Barnes denied that CV International held any assets, and denied that it was engaging in any business activities currently. He proposed having ownership of CV International turned over to the Receiver, so that he would not be left directing a company over which he has no control. The Receiver had been contemplating the possibility of taking over the company, but had very little knowledge regarding the operation of the company and had been trying to gain a better understanding through record review.

On January 6, 2021, Mr. Barnes filed an Application to Strike Off with Companies House, seeking dissolution. If struck off and dissolved, any assets of CV International Investments would be passed to the Crown pursuant to the

Companies Act of 2006.⁹ The Receiver promptly retained Elizabeth Seborg, Solicitor, of Byrne and Partners LLP, in a limited engagement for advice and counsel with regard to (a) the filing of objections to the Application to Strike Off; and (b) the benefits, potential risks, and other considerations about which the Receiver must be aware before agreeing to formally take over as director of CV International. The Receiver paid \$6,858.13 USD for this engagement.¹⁰

After receiving the advice and counsel of Ms. Seborg, the Receiver attempted to negotiate with Mr. Barnes, and offered to take over as director of the company, so long as Mr. Barnes agreed to withdraw the application to strike off and provide copies of all information and documentation in his possession concerning the company and circumstances surrounding his appointment, including all correspondence with previous directors, representatives and/or attorneys. At this time, Mr. Barnes remains unwilling and/or unable to provide this information to the Receiver.

⁹ This would include assets in overseas bank accounts for which the Receiver has been able to obtain little to no information to date.

¹⁰ Ms. Seborg has advised that the legal fees necessary to have the Receivership Order recognized in the United Kingdom would likely exceed \$10,000.00. The Receiver has not engaged Ms. Seborg for this purpose, and should he determine in the future that recognition of the Receivership Order in the United Kingdom will be financially beneficial for the Receivership Estate, he will seek appropriate authority from this Court in accordance with Paragraphs 11(F) and 71 of the Receivership Order.

Accordingly, the Receiver filed detailed objections to the Application to Strike Off with Companies House on March 4, 2021. On March 9, 2021, Companies House acknowledged receipt of the objection to the strike off/dissolution of CV International, and notified the Receiver that in light of the information and evidence presented, they suspended the strike-off action until September 6, 2021. They advised that, in order to maintain the objection after that date, the Receiver needs to file additional objections. The Receiver and his Counsel are utilizing this additional time to attempt to learn more about the Company.

7. Submission of Claim Under Fidelity Bond

Through their investigation and numerous document requests to various insurers and insurance brokers, 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. After the close of the quarter, AIG submitted a denial of those claims based on various coverage exclusions and other provisions in the policies. The Receiver submitted a response to the denial, and requested reconsideration of AIG’s coverage position, on May 21, 2021.

8. Document Review and Investigation

The Receiver, through Counsel and/or his Accountants, where appropriate, has completed review of the documents, both in paper and electronic form, retrieved from Smith's apartment and Four Falls office space. The Receiver, his Counsel and Accountants have also reviewed copious amounts of data, documents, and other information produced by third parties to whom document and information requests were directed, including, *inter alia*, several banks, attorneys, and other individuals who appear to have been recipients of Receivership Assets, who have had dealings with Smith and/or the Receivership Parties, or who may otherwise possess valuable information in this regard. They are in the process of processing and reviewing 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). Document review thus far has enabled the Receiver to develop a stronger understanding of the complex web of individuals and/or entities in Brenda Smith's orbit. This understanding will only increase as additional data is reviewed.

The Receiver and his Counsel, with the assistance of the Accountants, are in the process of issuing subpoenas and clawback 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. This process began during this quarter, and has required detailed forensic analysis by the Accountants with regard to each recipient of funds, to support the Receiver's requests. This forensic investigation will be useful going forward, to support additional demands for return of funds and/or future litigation, where warranted.

9. Interviews

In addition to conversations with counsel for numerous individuals with whom interviews will soon be requested once additional documents are received and reviewed, the Receiver and his Counsel interviewed Brenda Smith's sister, Linda Smith, on March 11, 2021.

In an effort to reduce costs, the Receiver had also been seeking to interview Brenda Smith, based upon the belief that she may be able to provide useful information which could aid the Receiver's efforts to recover assets as efficiently as possible. Ms. Smith communicated with the Receiver about potential parameters and logistics, but had not consented to his request. Subsequently, on April 22, 2021, the United States filed a Motion to Stay this matter until the conclusion of criminal proceedings in *United States v. Brenda Smith*, Crim. No. 20-475 (MCA),

including trial. (Dkt. No. 78). The Motion was granted on May 12, 2021 (Dkt. No. 85). As a result, the Receiver will not depose Ms. Smith at this time.¹¹

10. Communications with Creditors, Investors, Debtors and Claimants

Counsel for the Receiver, as well as paralegal staff, where appropriate, have had numerous communications with various creditors, investors, debtors and claimants, largely through their counsel. Counsel has directed 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 identifying and getting notices out to additional investors whose information is becoming available through record review of materials on the back-up server. Of note, the vast majority of investors to whom the investor questionnaire has been sent have not completed it, making the forensic reconstruction far more time consuming than is typical.

Counsel has communicated with numerous attorneys representing plaintiffs and/or co-defendants in related actions, particularly with regard to the stay and whether or not it should be lifted in connection with certain actions. The Receiver has maintained the position that claims against Brenda Smith and/or any

¹¹ The Order explicitly provides that all other powers granted to the Receiver shall remain in full force and effect. (Dkt. No. 85).

Receivership Party must remain stayed. For additional detail regarding these cases, see the Receiver's Third Quarterly Status Report.

The Receiver and his Counsel maintained regular contact with counsel for Spouting Rock with regard to the repayment of a \$1.5 million loan, plus interest, due and owing to Defendant, Broad Reach Capital, LP, which was the subject of the Interpleader Complaint filed by Spouting Rock in the United States District Court for the District of New Jersey. *See Spouting Rock Holdings, LLC v. Broad Reach Capital, LP, et al.*, Civ. No. 20-cv-02498. Spouting Rock made final payment on the loan, plus interest, on January 29, 2021. In total, as a result of the Receiver's demands for payment of principal and interest, Spouting Rock paid back a total of \$2,149,634.00 to the Receiver.

11. Investigation and Development of Potential Claims

The Receiver and his Counsel, with the assistance of the Accountants, have spent significant time this quarter researching, investigating, analyzing and developing theories for potential claims that the Receiver may seek to institute in the near future.

The Receiver already filed his first Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate on February 9, 2021. (Dkt. No. 49). Prior to the filing of that Motion, the Receiver conducted significant factual, legal, and cost-benefit analyses with regard to those potential claims. The Receiver has

begun making preparations for filing suit while he awaits the court's approval, and has been engaging in discussions with counsel for some of the target defendants identified in that Motion.

The Receiver has begun the process of sending demands and informational requests to net-winner investors against whom potential claw-back claims exist, as well as other individuals and/or entities against whom the Receiver may have potential fraudulent transfer, breach of contract, or other claims for affirmative relief. . The Accountant's detailed and substantial work in reconstructing the complex transactional histories with these individuals and/or entities and identifying supporting documentation has been instrumental to the Receiver's efforts in issuing these demands and requests, and will be essential to support affirmative litigation going forward.

The Receiver and his Accountants have identified in excess of twenty (20) potential targets for future litigation thus far, and, based upon the Accountant's work, the Receiver has submitted follow-up demands, subpoenas and/or detailed informational requests to individuals and/or entities who against whom potential claims are currently valued in the tens of millions of dollars.

Now that the forensic reconstruction is substantially complete, the process of identifying, analyzing and in some cases pursuing affirmative sources of recovery will likely continue over the next several quarters of the Receivership, as responses

are received and reviewed, additional discovery is conducted through deposition or document demands, and potential resolutions of identified claims are negotiated. If and when the Receiver determines that claims are worthy of pursuit through formal litigation, the Receiver will consult with counsel for the SEC and file additional motions for permission to initiate litigation against those individuals and/or entities, as appropriate. If, however, the Receiver and his Counsel determine that they need to initiate litigation against any of these individuals and/or entities prior to obtaining approval from this Court in order to preserve the statute of limitations on any claims, the Receiver will file suit and promptly seek permission from this Court to proceed further with such claims as soon as practicable, in accordance with the terms of the Receivership Order.

12. Analysis of Frozen Contested Accounts

The Receiver has been in communication with individuals claiming entitlement to funds held in certain disputed frozen accounts with PNC, and the Accountants have been conducting forensic analyses for the purpose of evaluating these claims. The Receiver has communicated with counsel for Anthony Scott Koppenheffer, who claims ownership interest in the frozen Taylor Trading account, and, with the assistance of his Accountants, has determined that the funds in that account rightfully belong to the Receivership. He filed a motion to determine ownership of the Taylor Trading account on April 9, 2021. Forensic

analysis and discussions have likewise been conducted with regard to the Awooton Consulting account, which may be the subject of a similar motion in the near future. The Receiver has also engaged in numerous conversations with Sebastian Rybicki, who claims ownership of the Rybicki Capital Partners PNC account. He has provided certain documentation, which the Accountants are in the process of reviewing.

13. Accounting Activities

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 in order to determine investor capital account activity and identify third-party recipients of investor funds. They are reconstructing accounts held by Receivership Parties, while performing targeted review of other accounts held or controlled by Smith. To date, they have identified over eighty (80) bank accounts controlled by Smith for sixty (60) entities covering 2007 to 2019, and have reconstructed fourteen (14) of these accounts for the period of 2015 to 2019, with gross activity totaling approximately \$1.6 billion.

The Accountants have also been working on reconstruction of investor capital accounts, in order to determine the net position of investors, identify

potential claw-back claims, and validate investor claims. They have completed their preliminary analyses with regard to net winner investors, which has provided support to the Receiver in preparing, and continuing to prepare, demands for the return of net winnings.

The Accountants have also been conducting investigations in order 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, as set forth in further detail above.

Additionally, 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 will be preparing appropriate tax returns for the Receivership Parties, 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.

14. Anticipated Closure of Case

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.

C. Summary 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. The creditor claim form has been published on the Receiver's website, and the Receiver is in the process of notifying known and potential creditors to visit the site to complete claim forms.

The Receiver has been made aware of several claims against the Receivership Estate, which he is in the process of evaluating.¹² However, it is believed that there remain additional creditors about which the Receiver is not yet aware, and the Receiver's team continues its review of substantial records and documents, and anticipates that additional fact investigation may lead to the identification of additional creditors.

As set forth above, the Receiver's primary focus, at this time, is locating and securing tangible Receivership Assets and engaging in activities that will be most likely to generate proceeds for the Receivership Estate. Because the Receiver is

¹² Information regarding the claims of known creditors is included in the Receiver's Third Quarterly Status Report.

still in the process of securing material funds for the Receivership Account, the Receiver has deferred developing a claims determination and distribution process. When appropriate, the Receiver will formulate a claims procedure for review and approval by the Court.

D. Receivership Assets

While the Receiver is continuing his investigation and efforts to uncover additional assets, confirmed Receivership Assets remain limited, in comparison to the vast liabilities the Receivership Entities face, including the more than \$63 million owed back to defrauded investors. However, the Receivership experienced substantial financial growth during this quarter.

1. Receivership Bank Account

As of the close of the quarter on March 31, 2021, the balance of the Receivership Account was \$7,484,424.76. An additional \$1.11 in accrued interest also remained in the Raymond James brokerage account, which the Receiver transferred to the Receivership Account after the close of the quarter. Thus, total cash at the close of the quarter was \$7,484,425.87, an increase of 435% from the end of the prior quarter.

2. Stock Holdings

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

- 180,000 shares in Palantir Technologies held by PriCo Market, LLC. These shares have all been sold, for total gross proceeds of \$4,459,330.80. After payment of fees and commissions, net proceeds totaled \$4,450,580.34.
- 50,000 shares in Greenbriar Capital Corp held by CV Brokerage. These shares have been sold, for total gross proceeds of \$63,370.00. After payment of fees and commissions, net proceeds totaled \$62,030.68.
- 932 shares of Tremor Int Ltd held by CV Brokerage. These shares have been sold, for total gross proceeds of \$4,466.80. After payment of fees and commissions, net proceeds totaled \$4,432.78.

An additional \$5.67 of interest was earned on the net proceeds of these sales prior to transfer to the Receivership Account.¹³ 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 is also continuing his investigation regarding other potential stock holdings, including, *inter alia*, Facebook.

3. Spouting Rock Receivable

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

¹³ \$1.11 of this accrued interest was transferred to the Receivership Account after the close of the quarter.

4. Louisiana Properties

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, as follows:

- **BD of Louisiana Property**
 - Assessment No. 3418405, Davis Road
 - Assessment No. 4104900, Adams Road

- **Smith Property**
 - Assessment No. 5615305, 17091 Highway 1064 East
 - Assessment No. 6157491

Both the BD of Louisiana Property and Smith Property consist of the two contiguous land parcels identified above. The BD of Louisiana Property appears to consist of undeveloped raw land, while there appears to be a home or similar structure on the Smith Property, as well as a registered mailing address.

The BD of Louisiana Property was purchased in or around 2008. A 2017 appraisal valued the property at in excess of \$1 million; however, the property will need to be valued by three court-appointed appraisers before it can be sold pursuant to 28 U.S.C. § 2001(b). The 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.

As set forth in detail above, now that this Court has granted the Receiver's Motion for Appointment of Real Property Appraisers and Approval to Retain Realtor (Dkt. No. 71), the Receiver is working to secure the properties, with the assistance of his real estate broker and local law enforcement, and is in the process of making arrangements for appraisals. The Receiver anticipates having significant updates regarding the Louisiana Properties during the next few months, and is hopeful that the sale of these properties will generate material proceeds for the Receivership Estate.

5. 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 Receiver has filed a Motion to Determine Ownership of the Taylor Trading account, and may file similar motions with regard to the other accounts in the near future.

As discussed in the Receiver's First Interim Fee Application, ICBCFS holds two additional accounts that are purported to be clearing accounts for CV Brokerage, containing \$444,213.08, which funds have not been turned over to the Receiver, as ICBCFS is claiming that it has a perfected lien in connection with indemnification claims that exceed this balance. Pursuant to the Stipulation to Resolve ICBCFS' Motion to Amend the Amended Order Appointing Receiver,

ICBCFS is entitled to maintain possession of the balance in these accounts until (i) the amount and priority of the ICBCFS Claim, (ii) the validity and priority of ICBCFS's lien on the balance and (iii) ICBCFS's right to set off the balance against the allowed ICBCFS Claim are determined by entry of a final order of the Court. ICBCFS is otherwise bound to comply with all other terms of the Receivership Order. (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. However, thus far, the Receiver has been advised that he must retain local counsel in order to get the Receivership recognized and get access to these funds. The Receiver believes that additional funds may be held in other overseas banking institutions, 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.

The Receiver continues to investigate the potential existence of additional accounts, with the assistance of his Accountants.

6. Additional Business Entities

Based upon extensive documentation and data that has been collected by the Receiver from various sources, it is believed that Brenda Smith and/or the Receivership Entities may have an ownership interest in other overseas and/or

domestic entities that are not currently part of the Receivership Estate. The Receiver is continuing to investigate the existence, and value of, Brenda Smith's other potential ownership interests and/or other entities which should potentially be added as additional parties to the Receivership. The Receiver will likely seek to amend the Receivership Order to add as Receivership Parties certain entities that were under the control of Ms. Smith and/or other Receivership Parties in the near future.

7. Vehicle

The Receiver has taken possession of Brenda Smith's 2017 Infiniti QX70. Based upon its condition and low mileage, the Receiver believes, based upon his initial evaluation, that the vehicle is worth in excess of \$20,000.00, assuming it does not require significant mechanical repair. The Receiver has filed a motion seeking, *inter alia*, permission to sell Smith's vehicle, which has not yet been decided. (Dkt. No. 47)

8. Magnetite

Based upon his investigation, the Receiver believes that Brenda Smith is no longer in possession of any magnetite concentrate. The Receiver believes that the magnetite owned by Smith has since been sold or disposed of by third parties. The Receiver is in the process of conducting factual investigation and evaluating

potential claims in connection with the disposition of this property, for which Smith paid substantial funds.

9. Personal Property

An auction company has evaluated and is willing to auction off a majority of the personal property found in Smith's apartment, including furniture, clothing, jewelry, rugs, and other miscellaneous items; however, with the exception of a few potentially valuable rugs, which may be separately sold, the sale of these items is unlikely to generate significant proceeds for the Receivership Estate. Nonetheless, since the property has been removed and placed into storage, and will soon accumulate storage fees, the Receiver believes it is in the best interest of the Receivership Estate to liquidate this property as quickly as possible, and has filed a Motion seeking approval to do so. (Dkt. No. 47). Before the property is sold, Smith will be 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.

10. Server Equipment

The Receiver is considering the sale of server equipment retrieved from a data center which is now in the possession of the SEC. The equipment was sent to

the SEC for data extraction and retrieval, but to date has not yielded usable data.¹⁴

If and when the Receiver determines that the sale of this equipment is feasible and appropriate, he will seek necessary permission from the Court.

11. Insurance

As set forth above, the Receiver has discovered fidelity bonds issued to CV Brokerage by AIG. These bonds provide limited coverage, with limits of liability of \$120,000.00 and a sizeable deductible. It is not yet known whether AIG will ultimately accept or continue to deny the claims.

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.

¹⁴ As previously noted, the following equipment was retrieved:

- Cisco ASA 5525-x, quantity 2
- Cisco 3750 PoE 48, quantity 1
- QNAP Storage Device, quantity 1
- Dell Server, ST 8MZTLM1
- HP DL360 Gen9 S/N MXQ629093R
- HP DL360 Gen9 S/N MXQ629092R
- Cisco Nexus 3548P, quantity 2
- QNAP Model TS-EC1280U-RP
- Cisco UCS-FI-6332, quantity 2
- Cisco UCS 5108 S/N FOX2023GE8F
- Pure Storage Flash Array, quantity 1

E. Liquidated and Unliquidated Claims

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. As discussed above, the Receiver and his Accountants are actively investigating and developing support for all such claims, and after the close of the quarter, the Receiver issued demands for repayment to various individuals and entities, based upon the detailed transaction analyses developed, and supporting documentation gathered, by the Accountant in connection with their forensic investigation. The Accountant's work has been instrumental to the Receiver's efforts to recoup Receivership Assets from individuals and/or entities which received tens of millions of dollars from Receivership Parties from 2016 through 2019, and will provide essential factual support for future litigation in connection with these efforts.

On February 9, 2021, the Receiver filed a Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate. (Dkt. No. 49). Those potential claims have already been researched and investigated by the Receiver and his Counsel. The proposed defendants and factual basis for those claims are set forth

in the Receiver's Motion. The Receiver is in the process of identifying additional parties against whom claims should be brought in the near future, and is in the process of evaluating and in some cases negotiating potential resolutions of those claims. When the Receiver determines, in consultation with the SEC, that the pursuit of any such claims will be financially beneficial for the Receivership Estate, he will seek appropriate court approval to proceed with litigation. If the Receiver and his Counsel determine that litigation must be initiated against any of these parties before approval of this Court can be obtained, in order to preserve the statute of limitations, the Receiver will file suit and promptly seek this Court's approval to proceed further with any such action, in accordance with Paragraph 9 of the Receivership Order.

III. CURRENT AND PREVIOUS BILLINGS

The total fees incurred by the Receiver and the Law Firm for the period covered by this Application are \$210,921.00, and the total fees incurred by the Accountant for the period covered by this Application are \$454,867.50. The total expenses incurred by the Receiver and the Law Firm for the period covered by this Application are \$510.87, and the total expenses incurred by the Accountant for this time period are \$3,280.70. Both the Law Firm and Accountant acknowledge that such fee compensation and expense reimbursement is subject to a twenty percent (20%) holdback, pending the completion of this case. With the holdback applied,

the Receiver and Law firm are seeking compensation in the amount of \$168,736.80 and expense reimbursement in the amount of \$408.70, while the Accountant is seeking payment of \$363,894.00 in compensation and expense reimbursement in the amount of \$2,624.56 at this time.

In the First Interim Fee Application, the Receiver requested payment to the Law Firm in the amount of \$137,408.64 for services performed, and \$9,947.40 for expenses incurred during the first quarter, both of which represent eighty percent (80%) of the Firm's total fees and expenses for the first quarter. The Receiver likewise requested payment of \$34,862.00 to the Accountant for services performed through the first quarter, which likewise represented eighty (80%) of the Accountant's total fee. (Dkt. No. 43). The First Interim Fee Application was approved on April 5, 2021. (Dkt. No. 70).

In the Second Interim Fee Application, the Receiver requested payment to the Law Firm in the amount of \$80,861.20 for services performed, and \$353.26 for expenses incurred during the second quarter, both of which represent eighty percent (80%) of the Firm's total fees and expenses for the second quarter. The Receiver likewise requested payment of \$124,782.00 to the Accountant for services performed, and \$136.00 for expenses incurred during the second quarter, both of which represent eighty percent (80%) of the Accountant's total fees and expenses for the second quarter. (Dkt. No. 50). The Receiver's Motion to Approve

Second Interim Fee Application has not yet been ruled upon as of the date of this filing.

As evidence of the substantial time and effort the Receivership has required, and in support of the fee compensation and expense reimbursement sought herein, the Receiver will submit the following exhibits under seal for the Court's review and consideration:

- Exhibit "C" – Summary of Legal Professional & Paraprofessional Time and of Expenses by the Receiver and his Counsel; and
- Exhibit "D" – Summary of Accounting Professional & Paraprofessional Time and Expenses.

These exhibits,¹⁵ as well as the narrative descriptions in this Application, evidence the time and labor employed in this matter.

The following includes a breakdown of the Receiver and the Law Firm's hours and fees during this quarter, by legal category as defined by the SEC's billing guidelines:

Activity Category	Hours	Fee Amount
Asset Analysis and Recovery	376.9	\$131,535.50
Asset Disposition	77.8	\$28,723.00
Business Operations	20.5	\$8,043.00
Case Administration	118.6	\$42,619.50
Totals	593.8	\$210,921.00

¹⁵ These exhibits are being filed under seal pursuant to Paragraph 73 of the Receivership Order.

The following includes a breakdown of the Accountant's hours and fees during this quarter, as defined by the SEC's billing guidelines:

Activity Category	Hours	Fee Amount
Data Analysis	102.7	\$46,662.50
Forensic Accounting	1,045.3	\$374,110.00
Litigation Consulting	7.2	\$3,592.50
Status Reports	9.0	\$3,885.00
Tax Issues	55.5	\$26,617.50
Totals	1,219.7	\$454,867.50

The following includes a breakdown of the Receiver and the Law Firm's, hours and fees, broken down by biller for this quarter:

Name/Position	Hourly Rate	Hours	Fee Amount
Kevin D. Kent, Receiver	\$510.00	94.7	\$48,297.00
Andrew Gallinaro, Partner	\$365.00	82.5	\$30,112.50
Robin Weiss, Associate	\$330.00	301.3	\$99,429.00
David Lukmire, Associate	\$330.00	85.2	\$28,116.00
Brianna Dinmore, Paralegal	\$165.00	30.1	\$4,966.50
TOTALS		593.8	\$210,921.00

The following includes a breakdown of the Accountant's hours and fees for this quarter, broken down by biller for this quarter:

Name/Position	Hourly Rate	Hours	Fee Amount
Forensic Analysis Team			
Michael Shanahan (Senior Director)	\$550.00	44.7	\$24,585.00
David Medway (Manager)	\$475.00	184.4	\$87,590.00
Nichole Lunt (Senior Associate)	\$375.00	308.2	\$115,575.00
Meghan Morine (Senior Associate)	\$375.00	317.5	\$119,062.50
Cody Putterman (Associate)	\$275.00	61.5	\$16,912.50
Brian Pangilinan (Paraprofessional)	\$150.00	2.6	\$390.00
Matthew Ryan II (Paraprofessional)	\$150.00	155.1	\$23,265.00
Forensic Analysis Team Sub-Total		1,074.00	\$387,380.00
Forensic Technology Team			
Mark Kindy (Managing Director)	\$550.00	1.6	\$880.00
Bradley Koehler (Senior Director)	\$550.00	45.6	\$25,080.00
James McKenzie IV (Manager)	\$425.00	2.0	\$850.00
Curtis Stecke (Manager)	\$425.00	33.9	\$14,407.50
Tony Keophilavanh (Associate)	\$275.00	6.4	\$1,760.00
Ahmed Salim (Analyst)	\$225.00	11.0	\$2,475.00
Forensic Technology Team Sub-Total		100.5	\$45,452.50
Tax Services Team			
Sean Menendez (Managing Director)	\$550.00	10.8	\$5,940.00
Jennifer Palacios (Senior Director)	\$550.00	19.4	\$10,670.00

Jadyna Seelye (Senior Associate)	\$375.00	13.0	\$4,875.00
Adalys Alvarez (Associate)	\$275.00	2.0	\$550.00
Accounting Team Sub-Total		45.2	\$22,035.00
OVERALL TOTALS		1,219.7	\$454,867.50

The fees and expenses included herein were incurred in the best interests of the Receivership Estate. With the exception of the Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

IV. REQUEST FOR COMPENSATION FOR FEES AND EXPENSES

This Court has the power to appoint a receiver and to award the receiver fees for his services and for expenses incurred by the Receiver in the performance of his duties. *See Donovan v. Robbins*, 588 F. Supp. 1268, 1272 (N.D. Ill. 1984) (“[T]he receiver diligently and successfully discharged the responsibilities placed upon him by the Court and is entitled to reasonable compensation for his efforts.”); *see also Securities & Exch. Comm’n v. Elliot*, 953 F. Supp. 1560 (11th Cir. 1992) (noting that the receiver is entitled to compensation for faithful performance of his duties). The case law on equity receiverships sets forth the standards for approving receiver compensation and the fees and expenses for the receiver’s counsel. The District Court has discretion to determine compensation to be awarded to a court-

appointed equity receiver and his counsel and “may consider all of the factors involved in a particular receivership in determining the appropriate fee.” *Gaskill v. Gordon*, 27 F.3d 248, 253 (7th Cir. 1994). Many authorities provide “convenient guidelines,” but in the final analysis, “the unique fact situation renders direct reliance on precedent impossible.” *Securities & Exch. Comm’n v. W.L. Moody & Co.*, 374 F. Supp. 465, 480 (S.D. Tex. 1974), *aff’d*, 519 F. 2d 1087 (5th Cir. 1975).

In allowing counsel fees in Securities Act receiverships, “[t]he court will consider . . . the complexity of problems faced, the benefit to the receivership estate, the quality of work performed, and the time records presented.” *Securities & Exch. Comm’n v. Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. 1220, 1222 (S.D.N.Y. 1973); *see also United States v. Code Prods.*, 362 F.2d 669, 673 (3d Cir. 1966) (noting that court should consider the time, labor and skill required—but not necessarily expended—the fair value of such time, labor and skill, the degree of activity, the dispatch with which the work is conducted and the result obtained). “[R]esults are always relevant.” *Securities & Exch. Comm’n v. Elliot*, 953 F.2d 1560, 1577 (11th Cir. 1992) (*quoting Moody*, 374 F. Supp. at 480). However, a good result may take a form other than a bare increase in monetary value. *See id.* (“Even though a receiver may not have increased, or prevented a decrease in, the value of the collateral, if a receiver reasonably and diligently discharges his duties, he is entitled to compensation.”).

Another “basic consideration is the nature and complexity of the legal problems confronted and the skill necessary to resolve them.” *Moody*, 374 F. Supp. at 485. Moreover, “[t]ime spent cannot be ignored.” *Id.* at 483. Lastly, the Court should recognize that the fees and expenses incurred during the first year of the Receivership will not necessarily be typical of future applications due to the extent of initial start-up work required to secure and liquidate the assets and to wind up the business entities—an effort which is still ongoing. *See Gordon v. Dadante*, 2008 WL 1805787 at *11 (N.D. Ohio 2008) (recognizing that, with receivership, as is “common in cases of this nature, the bulk of the effort—and expense—is frontloaded.”).

Under these standards, the Receiver has adequately demonstrated that the amount of fees requested is appropriate. The Receiver, his Counsel and Accountants have acted quickly to take control of the Receivership Entities and to prevent the further dissipation of assets. The liquid cash on hand has increased significantly since the inception of the Receivership, when the existence of substantial valuable assets was in serious question. The benefit to investors is only expected to grow as the case proceeds. Investors are being located and catalogued, and will be kept informed of the Receiver’s progress toward winding up the Receivership Estate and making an ultimate distribution. The amounts at issue in this case are substantial, where the Ponzi scheme involved in excess of \$100

million during its operation, at least \$1.6 billion of financial transactions occurring in accounts controlled by Smith over its last several years, and it is currently estimated that investors are still owed in excess of \$63 million in principal.

The issues being addressed by the Receiver, his Counsel and Accountants are complex and involve the investigation of widespread, international fraud perpetrated across a complex web of various entities managed or controlled by Smith over a multi-year period. Following numerous bizarre, and largely failed, investments in restaurants, property development projects, mineral mining, extraction and transport endeavors, and overseas companies—most of which were abandoned by Smith and/or the Receivership Parties at a loss—as well as what appear to be substantial “gifts” to friends and/or colleagues of Smith without any known benefit to the Receivership Parties, the Estate has been left with few assets still in the Receivership Parties’ possession. The Receivership has, and will continue to require, extensive investigation to attempt to locate additional assets and gather the evidence necessary to identify and pursue potential claw-back claims, but the Receiver remains optimistic that, with additional time and effort, additional significant funds can be recovered on behalf of the Receivership Estate.

Through the Receiver’s and his Retained Professional’s efforts thus far, the Receivership now has nearly \$7.5 million in the Receivership Account. The Receiver has worked swiftly to identify and locate millions of dollars in

Receivership stock holdings and four (4) parcels of land in Louisiana so that he can, with the Court's authority, sell these Receivership Assets for the benefit of the Receivership Estate. While forensic investigation is ongoing, the Receiver believes the Receivership will likely have claims to recover significant assets from third parties, including, but not limited to, recipients of fraudulent transfers and net-winner investors. The Receiver has already filed a Motion to Initiate Litigation against on Behalf of the Receivership Estate, and anticipates that additional motions will be forthcoming as his Counsel and Accountants' factual investigation and forensic analysis continue.

The Receiver's efforts have been greatly complicated by the fact that many of Smith's dealings were overseas, resulting in minimal responsiveness and cooperation from banks, individuals and entities receiving notice abroad, and that several of the individuals with whom Smith has had substantial dealings have, thus far, failed to respond to the Receiver and/or cooperate with his investigation.

This Court has already found that the rates charged by the Receiver and his Counsel and Accountant are reasonable for the experience of the individuals performing the work and in light of the complexity of the work performed, and are consistent with the rates charged for similarly complex work done by other, similarly experienced professionals in this geographic region. Receivership Order, ¶¶ 80, 83. The Receiver has attempted to maximize cost savings and administer the

Estate as efficiently as possible, by, for example, assigning professionals and paraprofessionals with the lowest billable rate appropriate for the task at issue, which the Accountant has likewise done where appropriate. Additionally, the Receiver and his Counsel have extensively utilized non-billing administrative personnel where appropriate – utilizing IT staff to assist with data collection and retrieval of server equipment, Conrad O’Brien’s business manager to assist with account opening, maintenance, and wire transfers; utilizing administrative and secretarial staff to communicate with courts in connection with issues and procedures relating to filings pursuant to 28 U.S.C. § 754; and utilizing the mailroom staff to assist with site visits, the transfer of personal property, and the retrieval of Smith’s vehicle. Additionally, the Receiver and his Law Firm have not sought compensation for any pre-appointment time.

The Receiver and his Retained Professionals’ compensation in this matter is subject to the final approval of this Court. The Receiver and his team have not received any compensation for their services or unreimbursed costs thus far. The Court should consider that the Receiver as well as his attorneys and accountants have assumed the risk of non-payment and/or substantial delay in payment in accepting the Court appointment, particularly with so little known regarding the amount and availability of Receivership Assets.

Based on the foregoing, the Receiver respectfully submits that the compensation sought by the Receiver and his team is wholly warranted.

WHEREFORE, the Receiver respectfully requests that the Court grant the Receiver's Motion for Approval of the Third Interim Fee Application for the Time Period January 1, 2021 through March 31, 2021, and thereby authorize the following:

1. Payment to Conrad O'Brien PC in the amount of \$168,736.80, as compensation for services performed from January 1, 2021 through March 31, 2021, such payment representing eighty percent (80%) of its fees for this quarter;
2. Payment to Alvarez & Marsal Disputes and Investigations, LLC in the amount of \$363,894.00, as compensation for services performed from January 1, 2021 through March 31, 2021, such payment representing eighty percent (80%) of its fees for this quarter;
3. Payment to Conrad O'Brien PC in the amount of \$408.70, for expenses incurred from January 1, 2021 through March 31, 2021, representing eighty percent (80%) of its expenses for this quarter; and
4. Payment to Alvarez and Marsal Disputes and Investigations, LLC in the amount of \$2,624.56, for expenses incurred from January 1, 2021 through

March 31, 2021, representing eighty percent (80%) of its expenses for this quarter.

Respectfully Submitted,

Date: 5/28/2021

s/ Robin S. Weiss

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EXHIBIT “A”

Kevin Dooley Kent
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(215) 864-9600

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 01/01/2021 TO 03/31/2021

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 01/01/2021 TO 03/31/2021

FUND ACCOUNTING (See Instructions):		Current Reporting Period - 01/01/21 to 03/31/21			06/29/20 - 03/31/21
		Detail	Subtotal	Period Total	Case to Date
Line 1	Beginning Balance (As of 01/01/21)			\$ 1,397,707.24	\$ -
	Increases in Fund Balance:				
Line 2	Business Income			-	-
Line 3	Cash and Securities			6,105,574.89	7,510,076.23
Line 4	Interest/Dividend Income			5.67	5.67
Line 5	Business Asset Liquidation			-	700.00
Line 6	Personal Asset Liquidation			-	-
Line 7	Third-Party Litigation Income			-	-
Line 8	Miscellaneous - Other			-	-
	Total Funds Available (Lines 1 – 8):			\$ 7,503,287.80	\$ 7,510,781.90
	Decreases in Fund Balance:				
Line 9	Disbursements to Investors/Claimants			-	-
Line 10	Disbursements for Receivership Operations			18,861.93	26,356.03
Line 10a	Disbursements to Receiver or Other Professionals			18,861.93	-
Line 10b	Business Asset Expenses			-	-
Line 10c	Personal Asset Expenses			-	-
Line 10d	Investment Expenses			-	-
Line 10e	Third-Party Litigation Expenses			-	-
	1. Attorney Fees			-	-
	2. Litigation Expenses			-	-
	Total Third-Party Litigation Expenses			-	-
Line 10f	Tax Administrator Fees and Bonds			-	-
Line 10g	Federal and State Tax Payments			-	-
	Total Disbursements for Receivership Operations			\$ 18,861.93	\$ 26,356.03
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			-	-
Line 11a	Distribution Plan Development Expenses:			-	-
	1. Fees:			-	-
	Fund Administrator			-	-
	Independent Distribution Consultant (IDC)			-	-
	Distribution Agent			-	-
	Consultants			-	-
	Legal Advisers			-	-
	Tax Advisers			-	-
	2. Administrative Expenses			-	-
	3. Miscellaneous			-	-
	Total Plan Development Expenses			-	-
Line 11b	Distribution Plan Implementation Expenses:			-	-
	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			-	-
	Total Plan Implementation Expenses			-	-
	Total Disbursements for Distribution Expenses Paid by the Fund			\$ -	\$ -
Line 12	Disbursements to Court/Other:			-	-
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees			-	-
Line 12b	Federal Tax Payments			-	-
	Total Disbursements to Court/Other			\$ -	\$ -
	Total Funds Disbursed (Lines 9 – 11):			\$ 18,861.93	\$ 26,356.03
Line 13	Ending Balance (As of 03/31/21):			\$ 7,484,425.87	\$ 7,484,425.87
Line 14	Ending Balance of Fund – Net Assets:				
Line 14a	Cash & Cash Equivalents			7,484,425.87	7,484,425.87
Line 14b	Investments			-	-
Line 14c	Other Assets or Uncleared Funds			-	-
	Total Ending Balance of Fund – Net Assets			\$ 7,484,425.87	\$ 7,484,425.87

[1],[2]
[2]

[1]

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 01/01/2021 TO 03/31/2021

OTHER SUPPLEMENTAL INFORMATION:		Current Reporting Period - 01/01/21 to 03/31/21			06/29/20 - 03/31/21
		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:			\$ -	\$ -
<i>Line 15a</i>	<i>Plan Development Expenses Not Paid by the Fund:</i>				
	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			\$ -	
<i>Line 15b</i>	<i>Plan Implementation Expenses Not Paid by the Fund:</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. FAIR Reporting Expenses			-	
	Total Plan Implementation Expenses Not Paid by the Fund			\$ -	
<i>Line 15c</i>	<i>Tax Administrator Fees & Bonds Not Paid by the Fund</i>				
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			-	-
Line 16	Disbursements to Court/Other Not Paid by the Fund:				
<i>Line 16a</i>	<i>Investment Expenses/CRIS Fees</i>			-	-
<i>Line 16b</i>	<i>Federal Tax Payments</i>			-	-
	Total Disbursements to Court/Other Not Paid by the Fund:			-	-
Line 17	DC & State Tax Payments			\$ -	\$ -
Line 18	No. of Claims:				
<i>Line 18a</i>	<i># of Claims Received This Reporting Period</i>				-
<i>Line 18b</i>	<i># of Claims Received Since Inception of Fund</i>				-
Line 19	No. of Claimants/Investors:				
<i>Line 19a</i>	<i># of Claimants/Investors Paid This Reporting Period</i>				-
<i>Line 19b</i>	<i># of Claimants/Investors Paid Since Inception of Fund</i>				-

Notes

- [1] Stock sale proceeds were reported net of commissions and fees on the Standardized Fund Accounting Report for the period 10/01/2020 – 12/31/2020. The amounts reported on Line 3 (Cash and Securities) and Line 10a (Disbursements to Receiver or Other Professionals) for the current period include an adjustment of \$1,487.47 to reflect total gross stock sale proceeds and brokerage fees paid in the Case to Date.
- [2] Stock sale proceeds were reported on the Standardized Fund Accounting Report for the period 10/01/2020 – 12/31/2020 inclusive of interest income earned prior to transferring the proceeds to the Receiver's checking account. The amounts reported on Line 3 (Cash and Securities) and Line 4 (Interest/Dividend Income) for the current period include an adjustment of \$0.18 to reflect total gross stock sale proceeds and interest income in the Case to Date.

Receiver:

By: Kevin Dooley Kent
 (signature)

Kevin Dooley Kent
 (printed name)

Receiver
 (title)

Date: April 26, 2021

NOTES TO THE STANDARDIZED FUND ACCOUNTING REPORT

Receivership Cash Accounts

As of March 31, 2021, the Receiver's cash balance totaled \$7,484,425.87. A checking account at Bank of America held a balance of \$7,484,424.76 and a brokerage account at Raymond James held an additional \$1.11.

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 Accounting Report, 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.

EXHIBIT ‘B’

Louisiana Real Estate Commission

Verify License Search

Contact

Name

Greg Allen

License

License #

APR.00228-CRA

Account Type

Certified Residential Appraiser License

First Issued Date

12/03/1990

Effective Date

01/01/2020

Expiration Date

12/31/2021

Status

ACTIVE

Education

[View Education History \(/Public/LRECEducationListing/61834\)](/Public/LRECEducationListing/61834)

Supervision

Name	License	Effective Date	Expiration Date	Status	Education
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Close Details

LOUISIANA REAL ESTATE COMMISSION

9071 Interline Avenue
Baton Rouge, LA 70809

Phone: (225) 925-1923
Toll Free: (In Louisiana Only) 1-800-821-4529
Fax: 225-925-4501

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Louisiana Real Estate Commission

Education Listing for Greg Allen, APR.00228-CRA

Date	Year Applied	Hours	Course Number	Course / Provider
09/14/2018	2018	7	A0017	APPRAISING UNIQUE PROPERTIES Melissa Bond - Real Estate Appraisals, LLC
04/23/2018	2018	8	0192	2018-2019 USPAP LREC / REAB
12/31/2017	2017	7	A0175	(EXP) VC - 2016-2017 7-Hour National USPAP Update Course Mckissock LP
09/07/2017	2017	4	134-0010	LIVINGSTON REAL ESTATE FORECAST CONFERENCE Greater Baton Rouge Association Of Realtors, Inc.
09/05/2017	2017	4	0191	LREAB - GROW WITH THE FLOW LREC / REAB
09/17/2015	2015	8	0185	2014-2015 USPAP LREC / REAB

Date	Year Applied	Hours	Course Number	Course / Provider
04/12/2012	2012	8	0181	2012-2013 USPAP LREC / REAB
12/31/2011	2011	2	A0109	(EXP) VC - Mold, Pollution and the Appraiser Mckissock LP
10/18/2011	2011	8	0179	2011 USPAP LREC / REAB
06/22/2011	2011	4	A0001	(EXP) CAN WE TALK? Louisiana Bankers Association
10/07/2009	2009	2	0196	METH LABS IN HOMES Greater Baton Rouge Association of REALTORS, Inc.
03/24/2009	2009	3	A0132	SPOTLIGHT: THE NEW RESIDENTIAL MARKET CONDITIONS FORM Louisiana Chapter Of The Appraisal Institute
12/12/2008	2008	4	0165	REALTOR CODE OF ETHICS - QUADRENNIAL TRAINING Greater Baton Rouge Association of REALTORS, Inc.
11/24/2008	2008	4	0195	(EXP) AGENCY RELATIONS IN REAL ESTATE TRANSACTIONS - 2008 MANDATORY TOPIC Greater Baton Rouge Association of REALTORS, Inc.
08/19/2008	2008	8	0173	2008 USPAP LREC / REAB
12/10/2007	2007	2	0006	THE LAW OF REDHIBITION (EXP) UNITED TITLE OF LOUISIANA, INC.
12/10/2007	2007	2	0008	(EXP) CREATIVE FINANCING (EXP) UNITED TITLE OF LOUISIANA, INC.
12/05/2007	2007	4	0011	(EXP) RESIDENTIAL AGREEMENT TO BUY OR SELL - 2007 MANDATORY TOPIC (EXP) UNITED TITLE OF LOUISIANA, INC.
10/23/2007	2007	8	0169	2007 USPAP LREC / REAB
10/23/2007	2007	8	0173	2008 USPAP LREC / REAB
08/16/2006	2006	4	0162	2006 REAL ESTATE CONTRACTS - 2005 MANDATORY TOPIC LREC / REAB

Date	Year Applied	Hours	Course Number	Course / Provider
08/16/2006	2006	4	0163	2006 BUSINESS ETHICS & LEGAL LIABILITIES - 2006 MANDATORY TOPIC LREC / REAB
05/02/2006	2006	4	0229	(EXP) (I) P/L(S) CATEGORY 2/(M)PURCHASING, LISTING & SALES AGREEMENTS Louisiana REALTORS
05/02/2006	2006	8	0299	(EXP) UNDERSTANDING FANNIE MAE'S UPDATED PROPERTY & APPRAISAL STANDARDS Louisiana REALTORS
10/27/2005	2005	8	0286	(EXP) FANNIE MAE & THE APPRAISAL PROCESS Louisiana REALTORS

LOUISIANA REAL ESTATE COMMISSION

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Fax: 225-925-4501

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therein are true and accurate and comply with the Billing

Instructions;

- (c) All fees contained in the Application are based on the rates listed in the Applicant's fee schedule attached hereto and such fees are reasonable, necessary and commensurate with the skill and experience for the activity performed;
- (d) I have not included in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment, or capital outlay (except to the extent that any such amortization is included within the permitted allowable amounts set forth herein for photocopies and facsimile transmission); and
- (e) In seeking reimbursement for a service which the Applicant justifiably purchased or contracted for from a third party (such as copying, imaging, bulk mail, messenger service, overnight courier, computerized research, or tile and lien searches), the Applicant requests reimbursement only for the amount billed to the Applicant by the third party vendor and paid by the Applicant to such vendor. With regard to such services performed by the Receiver or his staff, the Receiver certifies that he is not making a profit on such reimbursable service.

2. I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on this 12th day of May, 2021.


Kevin Dooley Kent, Esq.

**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)

STATEMENT IN LIEU OF BRIEF PURSUANT TO L.CIV.R. 7.1(d)(4)

Pursuant to Local Civil Rule 7.1(d)(4), the undersigned, on behalf of the Receiver, Kevin D. Kent, Esquire, hereby submits this Statement in lieu of the submission of a formal brief in support of the Motion for Approval of Third Interim Fee Application for the Period January 1, 2021 through March 31, 2021. Inasmuch as the attached Interim Fee Application complies with the Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission and otherwise satisfies the requirements for Interim Fee Applications as set forth in this Court's June 29, 2020 Order Appointing Receiver, and contains all information and documentation required by the SEC as well as legal argument in

support of the Interim Fee Application, and until any opposition to the Motion is filed, it is respectfully suggested that any additional, formal brief in support of the Motion and attached Application would be duplicative and unnecessary at this time.

Respectfully submitted,

Dated: 5/28/2021

s/ Robin S. Weiss
Robin S. Weiss, Esquire
Andrew S. Gallinaro, Esquire.
Conrad O'Brien PC
1500 Market Street, Suite 3900
Centre Square, West Tower
Philadelphia, PA 19102
Phone: 215-864-9600
Fax: 215-864-9620
rweiss@conradobrien.com
agallinaro@conradobrien.com
*Attorneys for Receiver, Kevin D. Kent,
Esq.*

**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)

**ORDER APPROVING THE RECEIVER, KEVIN D. KENT, ESQUIRE'S
THIRD INTERIM FEE APPLICATION FOR THE PERIOD
JANUARY 1, 2021 THROUGH MARCH 31, 2021**

THIS MATTER having come before this Court upon the Motion of Receiver, Kevin D. Kent, Esquire, for Approval of Third Interim Fee Application for the Period January 1, 2021 through March 31, 2021;

It is on this _____ day of _____, 2021,

ORDERED that the Receiver's Third Interim Fee Application is APPROVED;
and it is

FURTHER ORDERED that Payment to Conrad O'Brien PC ("Law Firm") in the amount of \$168,736.80, for services performed from January 1, 2021 through

March 31, 2021, representing eighty percent (80%) of the Law Firm's total fee of \$210,921.00 for this quarter, is APPROVED and may be paid by the Receiver at this time; and it is

FURTHER ORDERED that payment to Alvarez & Marsal Disputes and Investigations, LLC ("Accountant") in the amount of \$363,894.00 for services performed from January 1, 2021 through March 31, 2021, representing eighty percent (80%) of the Accountant's total fee of \$454,867.50 for this quarter, is APPROVED and may be paid by the Receiver at this time; and it is

FURTHER ORDERED that payment to Conrad O'Brien PC in the amount of \$408.70 for expenses incurred from January 1, 2021 through March 31, 2021, representing eighty percent (80%) of the Firm's total expenses of \$510.87 for this quarter, is APPROVED and may be paid by the Receiver at this time; and it is

FURTHER ORDERED that payment to Alvarez & Marsal Disputes and Investigations, LLC in the amount of \$2,624.56 for expenses incurred from January 1, 2021 through March 31, 2021, representing eighty percent (80%) of the Accountant's total expenses of \$3,280.70 for this quarter, is hereby APPROVED and may be paid by the Receiver at this time.

BY THE COURT:

HONORABLE MADELINE COX ARLEO
UNITED STATES DISTRICT JUDGE

**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 28th day of May, 2021 that I caused to be served a true and correct copy of the Notice of Motion of Receiver, Kevin D. Kent, Esquire, for Approval of Third Interim Fee Application for the Period January 1, 2021 through March 31, 2021, 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 D. Kent, Esq.