

**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: Sept. 20, 2021**

**NOTICE OF MOTION OF RECEIVER, KEVIN DOOLEY KENT,  
ESQUIRE, FOR APPROVAL OF FOURTH INTERIM FEE APPLICATION  
FOR THE PERIOD APRIL 1, 2021 THROUGH JUNE 30, 2021**

**PLEASE TAKE NOTICE** that the undersigned, on behalf of the Receiver, Kevin Dooley 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 September 20, 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 Fourth Interim Fee Application for the Period April 1, 2021 through June 30, 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: 8/16/2021

*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 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)**

**Return Date: Sept. 20, 2021**

**RECEIVER, KEVIN DOOLEY KENT'S FOURTH INTERIM FEE  
APPLICATION, FOR THE PERIOD APRIL 1, 2021  
THROUGH JUNE 30, 2021**

Robin S. Weiss, Esq.  
Conrad O'Brien PC  
1500 Market Street, Suite 3900  
Centre Square, West Tower  
Philadelphia, PA 19102  
Phone: (215) 864-9600  
Facsimile: (215) 864-9620  
E-mail: rweiss@conradobrien.com

Andrew S. Gallinaro, Esq.  
Conrad O'Brien PC  
1500 Market Street, Suite 3900  
Centre Square, West Tower  
Philadelphia, PA 19102  
Phone: (215) 864-8083  
Facsimile: (215) 864-7403  
E-mail: agallinaro@conradobrien.com

Dated: 8/16/2021

**TABLE OF CONTENTS**

I. BACKGROUND .....3

II. CASE STATUS .....8

    A. Cash on Hand, Administrative Expenses, and Unencumbered Funds .....8

    B. Administration of Case to Date .....11

        1. Litigation-Related Activities .....12

        2. Storage and Sale of Belongings, Professional Equipment and Data .....16

        3. Louisiana Properties .....17

        4. Bank Accounts and Records .....18

        5. Brokerage Account and Liquidation of Stock Holdings .....19

        6. Private Investments and Ownership Interests .....20

        7. CV International Investments Limited.....21

        8. Fidelity Bond Claim .....22

        9. Document Review and Investigation .....23

        10. Interviews and Depositions.....23

        11. Communications with Creditors, Investors, Debtors and Claimants .....24

        12. Investigation, Development, Negotiation and Pursuit of Claims .....24

        13. Analysis of Frozen Contested Accounts.....25

        14. Financial Account Reconstruction.....26

        15. Receivership Taxes .....28

        16. Anticipated Closure of Case .....29

    C. Summary of Creditor Claims Proceedings .....29

    D. Receivership Assets .....30

        1. Receivership Bank Account .....30

        2. Stock Holdings .....30

        3. Private Investments .....31

        4. Receivables and Promissory Notes .....32

        5. Louisiana Properties .....32

6. Additional Bank Accounts and Funds.....	33
7. Vehicle.....	34
8. Magnetite.....	35
9. Personal Property .....	35
10. Server Equipment.....	36
11. Insurance .....	36
E. Liquidated and Unliquidated Claims.....	36
III. CURRENT AND PREVIOUS BILLINGS .....	39
IV. REQUEST FOR COMPENSATION FOR FEES AND EXPENSES .....	45

**TABLE OF AUTHORITIES**

**Cases**

*Donovan v. Robbins*, 588 F. Supp. 1268, 1272 (N.D. Ill. 1984) .....45  
*Gaskill v. Gordon*, 27 F.3d 248 (7th Cir. 1994).....46  
*Gordon v. Dadante*, 2008 WL 1805787 (N.D. Ohio 2008).....47  
*Securities & Exch. Comm’n v. Elliot*, 953 F. Supp. 1560 (11th Cir. 1992) ..... 45, 46  
*Securities & Exch. Comm’n v. Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. 1220  
(S.D.N.Y. 1973).....46  
*Securities & Exch. Comm’n v. W.L. Moody & Co.*, 374 F. Supp. 465 (S.D. Tex.  
1974), *aff’d*, 519 F. 2d 1087 (5th Cir. 1975) ..... 46, 47  
*United States v. Code Prods.*, 362 F.2d 669 (3d Cir. 1966).....46

**Statutes**

28 U.S.C. § 2001 .....33  
28 U.S.C. § 754.....50

Pursuant to the Court’s Order Appointing Receiver dated June 29, 2020, Kevin D. Kent, Esq., Receiver, hereby submits this Fourth Interim Fee Application for the Period April 1, 2021 through June 30, 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 now pursuing claims, either informally or through the initiation of litigation, 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 Qualified Settlement Fund (“QSF”) tax returns for the time period starting with and following appointment, 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 confirmed stock held by the Receivership Parties—with the exception of the Lyft shares held by Receivership Party Prico Market, LLC, collected the balance of funds owed on a secured promissory note, and received distributions on one of Brenda Smith’s investments. As a result, the Receivership held \$7,374,976.35 in cash as of the close of this quarter.

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



## **I. BACKGROUND**

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

On June 29, 2020, this Court appointed Kevin Dooley Kent, Esquire, as Receiver to assume control of, marshal, pursue and preserve assets of Defendant, Brenda Smith, and Receivership Parties Broad Reach Capital, LP, Broad Reach Partners, LLC, Bristol Advisors, LLC, BA Smith & Associates LLC, Bristol Advisors LP, CV Brokerage, Inc., Clearview Distribution Services LLC, CV International Investments Limited, CV International Investments PLC, CV Investments LLC, CV Lending LLC, CV Minerals LLC, BD of Louisiana, LLC, TA1, LLC, FFCC Ventures LLC, Prico Market LLC, GovAdv Funding LLC, Elm Street Investments, LLC,<sup>1</sup> Investment Consulting LLC, and Tempo Resources LLC

---

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

(hereinafter “Receivership Assets” or “Receivership Estate”). Receivership Order, Whereas ¶ 3; ¶¶ 1 – 3, 5 (Dkt. No. 22).

The June 29, 2020 Receivership Order 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:

<b><u>Receiver</u></b>	
<b>Name</b>	<b>Rate</b>
Kevin Dooley Kent	\$510.00

<b><u>The Law Firm</u></b>	
<b>Name/Position</b>	<b>Rate</b>
Andrew Gallinaro, Partner	\$365.00
Associate	\$240.00 - \$330.00
Paraprofessional	\$165.00

### The Accountant

<b>Name/Position</b>	<b>Rate</b>
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.<sup>2</sup>

Receivership Order, ¶¶ 75, 81, 84.

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

---

<sup>2</sup> 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.

This is the fourth 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 Fee Application was approved on April 5, 2021.<sup>3</sup> (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). The Fee Application was approved on July 6, 2021. (Dkt. No. 103). The July 6, 2021 Order approving the Receiver's Second Interim Fee Application allowed for (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

---

<sup>3</sup> Although the Order was dated May 5, 2021, it was docketed on April 5, 2021.

(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 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 Receiver's Third Interim Fee Application for the period January 31, 2021 through March 31, 2021 was filed on May 28, 2021. (Dkt. No. 88). The Fee Application was approved on July 6, 2021. (Dkt. No. 104). The Order approving the Receiver's Third Interim Fee Application allowed for (a) payment to the 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 the quarter; (b) payment to the Accountant in the amount of \$363,894.00 for services provided from January 1, 2021 through March 31, 2021, representing eighty percent (80%) of the Accountant's total fee of \$454,867.50 for the quarter; (c) payment to the Law Firm in the amount of \$408.70 for expenses

incurred from January 1, 2021 through March 31, 2021, representing eighty percent (80%) of the Law Firm's total expenses of \$510.87 for the quarter; and (d) payment to the Accountant 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 the quarter.

## **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 centralized 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, as well as disbursements on Brenda Smith's investment in OTAF (Holgate) LLC. As of June 30, 2021, total cash on hand was \$7,374,976.35.<sup>4</sup>

---

<sup>4</sup> After post-quarter payments to Conrad O'Brien and Alvarez and Marsal for fees and expenses for the second and third quarters, pursuant to the Court's July 6, 2021 Orders (Dkt. Nos. 103 & 104), as well as payment of bank fees, the balance in the Receivership Account as of July 19, 2021 was \$6,633,172.81.

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

The Receiver hopes that there will be significant increases in the cash available in the coming months through the sale of Receivership property. The Receiver is in the process of attempting to liquidate numerous assets, including the Tangipahoa Parish, Louisiana Properties (“Tangipahoa Properties” or “Louisiana Properties”), Brenda Smith’s vehicle, and personal property at Smith’s Rittenhouse Apartment.<sup>5</sup> The Receiver has also demanded the return of Prico Market LLC’s 30,000 Lyft shares, which he intends to sell through his broker, Raymond James. The Receiver understands that there may be a potential dispute over the ownership of these shares, which he will bring to the Court’s attention for resolution, if necessary.

The Receiver is in the process of negotiating various claims, including claims against net winner investors and recipients of Receivership Assets. The Receiver anticipates that this will result in additional cash for the Receivership

---

<sup>5</sup> The Receiver’s Motion for Permission to Sell Brenda Smith’s Vehicle and Personal Property at Smith’s Rittenhouse Apartment (Dkt. No. 47) was granted on July 6, 2021. (Dkt. No. 102).

Estate. The Receiver is also hoping to collect on various promissory notes as well as private investments. The Receiver also anticipates that his pursuit of litigation on behalf of the Receivership Estate will result in a financial benefit for the Receivership Estate. Any favorable outcome from these lawsuits, however, will probably not be realized during this calendar year, unless an early settlement is reached. The amount at issue in the claims proposed by the Receiver in his Second Motion to Initiate Litigation (Dkt. No. 98) is estimated to be between \$10 - \$15 million, which does not include the potential for offsetting counter-claims that may be at issue with respect to some of the proposed defendants, potential collectability risks, or uncertainties inherent in any litigation concerning the ultimate disposition of the claims.

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

Prior administrative expenses from the Receivership Account were reported on the Receiver's prior interim fee applications.



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. Rather, post-quarter receipts and disbursements, including payments pursuant to the orders approving the Receiver's Second and Third Interim Fee Applications and payment of bank fees,<sup>6</sup> will be reflected in the Receiver's next interim fee application and accompanying SFAR.

**B. Administration of Case to Date**

During the first twelve (12) months of the Receivership, the Receiver, his Counsel and Accountants have focused a majority of their efforts on identifying, locating, assuming control of, and liquidating Receivership Assets, and identifying potential sources of recovery of additional assets, with the objective of preserving these assets and maximizing recovery for defrauded investors.<sup>7</sup> 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.

---

<sup>6</sup> As noted above, with these payments deducted, the balance in the Receivership Account was \$6,633,172.81 as of July 19, 2021.

<sup>7</sup> The Receiver and his Counsel also engaged in activities prior to, and in preparation for, the Receiver's appointment, in connection with which they have not sought any compensation.

## **1. Litigation-Related Activities**

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

### **a. Receivership Litigation**

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

On April 9, 2021, the Receiver filed a Motion to Determine Ownership of Taylor Trading, LLC account, an account over which Koppenheffer is claiming an ownership interest ("Motion to Determine Ownership"). (Dkt. No. 76). The Receiver agreed to grant Koppenheffer two extensions to respond to the Motion to Determine Ownership –until June 10, 2021. (Dkt. No. 80, 84). Koppenheffer has not yet filed a response; however, the Receiver, through Counsel, is in the process

of negotiating with counsel for Koppenheffer, and is hopeful that a resolution will soon be reached with regard to the ownership of the account, without need for intervention from this Court.

On April 27, 2021, the United States filed a motion to intervene and to stay further proceedings and discovery in this matter until the conclusion of the pending Criminal Case—*United States v. Brenda Smith*, Crim. No. 20-475 (MCA). (Dkt. No. 78). The Receiver filed a response on May 3, 2021, indicating that he does not object to the United States’ Motion, based upon his understanding that the proposed relief would in no way impact his duties and powers to assume control of, marshal, pursue and preserve Receivership Assets in any way, including, *inter alia*, his ability to file motions to fulfill his duties—including motions to liquidate Receivership Assets and initiate litigation. (Dkt. No. 83). The United States’ Motion was granted on May 12, 2021, and an Order was entered which provides, in relevant part, “that the Preliminary Injunction (ECF No. 7), including the asset freeze, and the Order Appointing Receiver (ECF No. 22), and any order related to the receivership and all powers granted to the Receiver, shall remain in full force and effect.” (Dkt. No. 85).

On May 24, 2021, counsel for Southern Minerals Group, LLC (“SMG”) submitted a Letter of Correction to the Court in limited response to the Receiver’s Third Quarterly Status Report (Dkt. No. 86), which prompted the scheduling of a

status conference before the Honorable Edward S. Kiel. The Receiver filed a response on May 28, 2021. (Dkt. No. 90). Following the filing of the Receiver's response, Counsel for the Receiver conferred with counsel for SMG regarding the issues raised in SMG's letter, which obviated the need for the status conference. A joint letter requesting cancellation of the status conference was filed on June 4, 2021 (Dkt. No. 93), and the status conference was cancelled (Dkt. No. 94).

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

On June 29, 2021, the Receiver filed a Second Motion to Initiate Litigation on Behalf of the Receivership Estate against various individuals and entities ("Second Motion to Initiate Litigation"). (Dkt. No. 98). The Second Motion to Initiate Litigation proposes that the Receiver will retain the law firm of Conrad O'Brien to represent him on a contingency fee basis in connection with this affirmative litigation—an arrangement that was requested by the Securities and Exchange Commission. The supporting exhibits to the Second Motion to Initiate Litigation, including details regarding the claims to be pursued and the specifics of the proposed contingency fee agreement, were filed under seal (Dkt. No. 99), and a

Motion to Seal the exhibits was filed promptly thereafter (Dkt. No. 100). The Motion to Seal was granted on July 1, 2021. (Dkt. No. 101).

**b. Lawsuits Filed on Behalf of the Receivership Estate**

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

- *Kevin D. Kent, in his capacity as Receiver v. Emperor Global Enterprises LLP, EGE Limited, Michael P. Michael, and Georgia Iacovou*, No. 2:21-cv-13099 (D.N.J.)
- *Kevin D. Kent, in his capacity as Receiver v. Medical Consultants Instructional Training Center, Medical Construction Industrial Training Center, LLC d/b/a Medical Consultants Instructional Training Center, MCITC School of the Trades LLC d/b/a Medical Consultants Instructional Training Center, and Carol Johnston*, No. 2:21-cv-13104 (D.N.J.)
- *Kevin D. Kent, in his capacity as Receiver v. Richard C. Galvin, Galvin Investment Company, LLC a/k/a Galvin Investments Company LLC and Galvin Investments, LLC and Galvin Investment Group, Gilman Metals Company, LLC, Galvin Metals Company, LLC and RG Coastal LLC*, No. 2:21-cv-13105 (D.N.J.)

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

**2. Storage and Sale of Belongings, Professional Equipment and Data**

The Receiver continues to hold Smith's vehicle, along with certain personal property collected from Smith's Rittenhouse Apartment, in storage. Now that the Receiver's Motion for Permission to Sell Brenda Smith's Vehicle and Personal Property at Smith's Rittenhouse Apartment was granted on July 6, 2021. (Dkt. No. 102), the Receiver has sold the majority of Smith's marketable personal property through public auction with Stephenson's Auction, which resulted in total net proceeds of \$1,646.80, after payment of commission and pick-up and storage fees. The Receiver is in the process of making arrangements for the sale of Smith's vehicle, along with certain potentially valuable rugs. Server equipment retrieved from the Equinix data center remains in the possession of the SEC for processing. The Receiver continues to hold and host substantial amounts of data secured from

various sources with Alvarez & Marsal's in-house e-discovery vendor, which process is managed and coordinated by Alvarez & Marsal's Forensic Technology/Data Analysis Team.

### **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"). The Receiver has secured liability insurance coverage on the Louisiana Properties.

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

Only one of the three (3) Court-appointed appraisers, Ricky Juban, completed the appraisal of the Louisiana Properties. The other two determined during the course of their review that they were unable and unwilling to appraise the Louisiana Properties, despite having previously agreeing to accept the assignment. The Receiver's administrative staff located replacement appraisers,

and the Receiver filed a Motion to Appoint Replacement Appraisers on July 19, 2021. (Dkt. No. 106).

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

#### **4. Bank Accounts and Records**

Receivership funds currently remain in the centralized Receivership Account with Bank of America. As of June 30, 2021, the balance in the Receivership Account was \$7,374,976.35.

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



additional records are needed. The Receiver also issued a subpoena to American Express for records and statements supporting in excess of \$2 million in payments from Receivership Party Investment Consulting, LLC.<sup>8</sup>

### **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 open a brokerage account and sell and/or liquidate Receivership stock holdings. (Dkt. Nos. 36, 39).

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

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

---

<sup>8</sup> The Receiver has only received minimal cooperation from overseas banks. The Receiver is investigating all cost-effective options which may be available to enable access to these accounts. Ultimately, however, the Receiver may be required to retain local counsel to domesticate the Receivership Order and compel the production of account documents and the turnover of funds, if it is determined that there are sufficient assets held in overseas accounts to justify the cost of doing so.

Asset in the Receivership Order. If the Receiver is unable to resolve issues regarding the ownership of these shares, he will seek intervention from the Court to resolve the dispute, when appropriate.

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

#### **6. Private Investments and Ownership Interests**

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

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

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

breached an agreement with CMCC, for which CMCC is claiming \$500,000.00 in direct damages and \$2,400,000.00 in consequential damages. CMCC had expressed an intention to act against Smith's share in CMCC in order to mitigate its damages, and also indicated that it intended to submit a claim against Ms. Smith or the Receivership Estate. The Receiver, through Counsel, reminded CMCC that it is not permitted to engage in any self-help or otherwise dispose of Smith's ownership interest, and that any attempt to do so would be in violation of the Receivership Order.

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

#### **7. CV International Investments Limited**

As noted in the Receiver's Third Interim Fee Application, on January 6, 2021, the current director of CV International Investments Limited ("CV

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

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

#### **8. Fidelity Bond Claim**

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

The Receiver contested the coverage denial and requested that AIG reconsider its position. The Receiver also requested that AIG grant him additional time to submit formal proof of loss, which the policy provides should be submitted

six (6) months after knowledge or discovery of the loss. AIG has identified the supporting materials it needs to receive, and has agreed to give the Receiver until October 1, 2021 to submit a sworn proof of loss with supporting documentation.

### **9. Document Review and Investigation**

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

### **10. Interviews and Depositions**

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

### **11. Communications with Creditors, Investors, Debtors and Claimants**

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

### **12. Investigation, Development, Negotiation and Pursuit of Claims**

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

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

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

### **13. Analysis of Frozen Contested Accounts**

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

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

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

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

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

#### **14. Financial Account Reconstruction**

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

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



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

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

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

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

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

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

### **15. Receivership Taxes**

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

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

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

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

#### **16. Anticipated Closure of Case**

Given the ongoing nature of the Receiver's investigation, the collectible assets still outstanding, and the current and future pursuit of litigation on behalf of the Receivership Estate, 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, which has been published on the Receiver's website, at <http://broadreachreceiver.com/index.html>. The Receiver is in the process of

notifying known and potential creditors to visit the site to complete claim forms; however, no creditors have completed the forms, as of the date of this filing.

The Receiver is preparing to file a motion for an order setting forth a claims bar date, establishing a claims procedure and approving a notification process for investors and creditors. This will allow for the orderly, efficient and equitable administration of all claims while avoiding confusion, delay and unnecessary expense in connection with any future distributions.<sup>9</sup>

#### **D. Receivership Assets**

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

##### **1. Receivership Bank Account**

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

##### **2. Stock Holdings**

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

---

<sup>9</sup> The Receiver is aware that liability has yet to be determined in this action and that this may impact the timing of any potential future distributions.

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

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

### **3. Private Investments**

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

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

#### **4. Receivables and Promissory Notes**

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

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

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

#### **5. Louisiana Properties**

As noted in previous fee applications, the Receiver has located four (4) parcels of land in Tangipahoa Parish, Louisiana, which make up two properties

which are part of the Receivership Estate: the BD of Louisiana Property and the Smith Property. The BD of Louisiana Property consists of undeveloped raw land, while there is a home on the Smith Property which has fallen into disrepair over the years while occupied by the prior tenant.

The BD of Louisiana property is subject to a mortgage from B1 Bank, which had a maturity date of June 25, 2019 and continues to accrue interest. The principal amount of the mortgage is approximately \$345,000.00. B1 Bank is now attempting to charge a default interest rate of twenty-one percent (21%) on the mortgage. The Receiver is in the process of seeing what options may be available to reduce that interest rate, while recognizing that the best outcome for the Receivership Estate would be to sell the BD of Louisiana Property as soon as possible.. It is the Receiver's understanding that the Smith Property is not subject to a mortgage.

The Receiver is in the process of having three (3) appraisals completed for the Louisiana Properties. Two of the previously appointed appraisers backed out of the assignment; thus, the Receiver filed a Motion for Appoint of Replacement or Real Property Appraisers in accordance with 28 U.S.C. § 2001(b) on July 19, 2021. (Dkt. No. 106).

#### **6. 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. The Receiver is optimistic that the issue of ownership over the Taylor Trading account may be resolved by agreement of the parties, while forensic analysis and investigation is ongoing with regard to the others in order to ascertain whether these funds rightfully belong to the Receivership Estate.

Likewise, ICBCFS continues to hold \$444,213.08 in two clearing accounts for CV Brokerage, pursuant to the Stipulation to Resolve ICBCFS' Motion to Amend the Amended Order Appointing Receiver. (Dkt. No. 30). Cidel Bank in Barbados has confirmed that it holds under \$13,000.00 in Receivership Assets in an account held by CV International Investments.<sup>10</sup> The Receiver believes that additional funds may be held in other overseas banking institutions, including potentially with a bank in the Middle East, but is getting minimal cooperation from banks outside the jurisdiction of the United States Courts. The Receiver is investigating and contemplating all reasonable and cost-effective options for gaining easier access to overseas funds.

## **7. Vehicle**

The Receiver took possession of Brenda Smith's 2017 Infiniti QX70. Based upon its condition and low mileage, the initial evaluation is that the vehicle may be worth in excess of \$20,000.00, assuming it does not require significant mechanical

---

<sup>10</sup> As previously indicated, the Receiver has been advised that he must retain local counsel in order to get the Receivership recognized and get access to these funds.



repair. The Receiver is in the process selling this vehicle, consistent with the Court's recent Order granting his motion seeking permission to sell Smith's vehicle after the close of the quarter. (Dkt. No. 102).

#### **8. Magnetite**

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

#### **9. Personal Property**

With the Court's approval, Stephenson's Auction was retained to auction off a majority of the personal property found in Smith's apartment, including furniture, clothing, jewelry, rugs, and other miscellaneous items. (Dkt. No. 102). The majority of Smith's marketable personal property was sold through public auction on July 16, 2021, for total gross proceeds of \$3,371.00. Stephenson's charged a total of \$1,050.00 for pick-up of the property (\$400.00 flat fee) as well as on-site storage at a rate of \$130 per month, but agreed not to charge storage fees for the first six (6) weeks. After payment of expenses and a 20% commission previously approved by the Court, this resulted in net proceeds of \$1,646.80 to the Receivership Estate. The Receiver is exploring his options to separately sell certain potentially valuable rugs from Smith's Rittenhouse

Apartment. Additionally, administrative staff at Conrad O'Brien are still attempting to make arrangements to have someone retrieve personal and/or sentimental items without significant resale value on behalf of Ms. Smith.

#### **10. Server Equipment**

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

#### **11. Insurance**

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

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

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

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

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

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

This lawsuit involves the transfer of \$1,429,755.00 in Receivership Assets for the benefit of Emperor Global Enterprises LLP (“Emperor Global”), EGE Limited, and their directors, Michael P. Michael and Georgia Iacovou, from March 1, 2017 through September 8, 2017, purportedly pursuant to a Joint Venture Agreement (“JVA”) entered into between Clearview Investments LLC—which, upon information and belief, is a fictitious name for Receivership Party CV Investments LLC—and Emperor Global, and invoices issued by Emperor Global and EGE Limited. It is the Receiver’s understanding that none of the business ventures in connection with which these payments were made ever came to fruition. Further, pursuant to the JVA, certain of these funds were to be returned if the transaction contemplated in the JVA did not take place. The Complaint includes claims for avoidance of fraudulent and voidable transfer, unjust enrichment, breach of contract and a demand for accounting.

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

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

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

This lawsuit arises from complex business dealings between Brenda Smith and Richard Galvin (“Galvin”) and several of Galvin’s entities, including Galvin Investment Company (“GIC”), Gilman Metals Company, LLC

(“Gilman Metals”), Galvin Metals Company, LLC (“Galvin Metals”) and RG Coastal LLC (“RG Coastal”), and the transfer of in excess of \$5,000,000.00 in Receivership Assets to, for the benefit of and/or at the request of Richard Galvin and his various entities. More specifically, Brenda Smith caused \$606,000.00 in Receivership Assets to be transferred directly to Richard Galvin and/or GIC in 2016, along with approximately \$1.5 million in additional funds for which investigation is ongoing. Smith also used \$677,737.48 in Receivership Assets to pay off a loan for Gilman Metals, which was guaranteed by Galvin and GIC, and made additional payments on behalf of Galvin and his entities for various business dealings. Further, Smith loaned approximately \$3.1 million to a company called 2019 Stout Development (“2019 Stout”), of which RG Coastal was a member and Galvin was manager, which allowed 2019 Stout to purchase property at 2019 Stout Street, Denver, Colorado (“the Property”) and pay-off prior investors. RG Coastal was obligated to pay back \$3.1 million to Receivership Party CV Investments, LLC, pursuant to a settlement agreement and promissory note. RG Coastal failed to meet its payment obligations, and \$2,990,000.00 remains due and owing on the Note. The Note provided that if RG Coastal fails to meet its payment obligations, CV Investments, LLC would be the sole member of 2019 Stout and therefore the owner of the Property. However, Galvin took out loans and issued two deeds of trust on the Property before his final payment to CV Investments, LLC was due, and failed to make the required payments. The Property was ultimately lost to foreclosure, leaving CV Investments, LLC’s ownership interest in 2019 Stout essentially worthless. The Complaint includes claims for action to avoid fraudulent and voidable transfers, unjust enrichment, breach of contract, breach of fiduciary duty, and a demand for accounting.

### **III. CURRENT AND PREVIOUS BILLINGS**

The total fees incurred by the Receiver and the Law Firm for the period covered by this Application are \$230,164.50, and the total fees incurred by the Accountant for the period covered by this Application are \$396,202.50. The total expenses incurred by the Receiver and the Law Firm for the period covered by this Application are \$7,431.85, and the total expenses incurred by the Accountant for

this time period are \$4,574.34. 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 \$184,131.60 and expense reimbursement in the amount of \$5,945.48, while the Accountant is seeking payment of \$316,962.00 in compensation and expense reimbursement in the amount of \$3,659.47 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 Second Interim Fee Application was approved on July 6, 2021. (Dkt. No. 103).

In the Third Interim Fee Application, the Receiver requested payment to the Law Firm in the amount of \$168,736.80 for services performed, and \$408.70 for expenses incurred during the third quarter, both of which represent eighty percent (80%) of the Firm's total fees and expenses for the third quarter. The Receiver likewise requested payment of \$363,894.00 to the Accountant for services performed, and \$2,624.56 for expenses incurred during the third quarter, both of which represent eighty percent (80%) of the Accountant's total fees and expenses for the third quarter. (Dkt. No. 50). The Third Interim Fee Application was approved on July 6, 2021. (Dkt. No. 104).

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

These exhibits,<sup>11</sup> 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:

<b>Activity Category</b>	<b>Hours</b>	<b>Fee Amount</b>
Asset Analysis and Recovery	555.90	\$185,584.00
Asset Disposition	45.70	\$17,317.50
Business Operations	2.70	\$1,058.00
Case Administration	71.70	\$26,205.00
<b>Totals</b>	<b>676.00</b>	<b>\$230,164.50</b>

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

<b>Activity Category</b>	<b>Hours</b>	<b>Fee Amount</b>
Data Analysis	97.60	\$43,377.50
Forensic Accounting	815.30	\$311,182.50
Litigation Consulting	1.00	\$497.50
Status Reports	17.00	\$7,397.50
Tax Issues	73.70	\$33,747.50
<b>Totals</b>		<b>\$396,202.50</b>

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

---

<sup>11</sup> These exhibits are being filed under seal pursuant to Paragraph 73 of the Receivership Order.



<b>Name/Position</b>	<b>Hourly Rate</b>	<b>Hours</b>	<b>Fee Amount</b>
Kevin Dooley Kent, Receiver	\$510.00	84.70	\$43,197.00
Andrew Gallinaro, Partner	\$365.00	131.70	\$48,070.50
Robin Weiss, Associate	\$330.00	326.00	\$107,580.00
David Lukmire, Associate	\$330.00	56.20	\$18,546.00
Khari Griffin, Law Clerk	\$165.00	17.90	\$2,953.50
Brianna Dinmore, Paralegal	\$165.00	57.40	\$9,471.00
Erika Finkernagel, Paralegal	\$165.00	2.10	\$346.50
<b>TOTALS</b>		<b>676.00</b>	<b>\$230,164.50</b>

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

<b>Name/Position</b>	<b>Hourly Rate</b>	<b>Hours</b>	<b>Fee Amount</b>
<b>Forensic Analysis Team</b>			
Michael Shanahan (Senior Director)	\$550.00	46.9	\$25,795.00
David Medway (Director)	\$475.00	208.6	\$99,085.00
Nichole Lunt (Senior Associate)	\$375.00	196.2	\$73,575.00
Meghan Morine (Senior Associate)	\$375.00	250.7	\$94,012.50
Cody Putterman (Associate)	\$275.00	93.3	\$25,657.50
Natalie Dinuzzo (Paraprofessional)	\$150.00	17.7	\$2,655.00
Matthew Ryan II (Paraprofessional)	\$150.00	34	\$5,100.00

<b>Forensic Analysis Team Sub-Total</b>		<b>847.40</b>	<b>\$325,880.00</b>
<b>Data Analysis Team</b>			
Mark Kindy (Managing Director)	\$550.00	1.8	\$990.00
Bradley Koehler (Senior Director)	\$550.00	42.5	\$23,375.00
James McKenzie IV (Manager)	\$425.00	18	\$7,650.00
Curtis Stecke (Manager)	\$425.00	14.1	\$5,992.50
Ahmed Salim (Analyst)	\$225.00	19	\$4,275.00
<b>Data Analysis Team Sub-Total</b>		<b>95.4</b>	<b>\$42,282.50</b>
<b>Tax Services Team</b>			
Sean Menendez (Managing Director)	\$550.00	12.4	\$6,820.00
Jennifer Palacios (Senior Director)	\$550.00	15.8	\$8,690.00
Kim Barr (Senior Advisor)	\$550.00	2	\$1,100.00
Jadyna Seelye (Senior Associate)	\$375.00	27.4	\$10,275.00
Liliam Barzaga (Associate)	\$275.00	4.2	\$1,155.00
<b>Accounting Team Sub-Total</b>		<b>61.8</b>	<b>\$28,040.00</b>
<b>OVERALL TOTALS</b>		<b>1,004.6</b>	<b>\$396,202.50</b>

The fees and expenses included herein were incurred in the best interests of the Receivership Estate. With the exception of the Billing Instructions and the proposed Contingency Fee Agreement for the pursuit of litigation which was submitted under seal in support of the Receiver's Second Motion for Permission to Initiate Litigation, (Dkt. No. 98, 99), 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.

Significantly, in accordance with the proposed Contingency Fee Agreement, the Receiver and his Counsel's time spent preparing the complaints filed on June 29, 2021, and all work performed in connection with those lawsuits, have not been, and will not be, billed to the Receivership on an hourly basis. Rather, the Receiver will only receive payment in connection with those lawsuits if and when a settlement or judgment is obtained, pursuant to the terms set forth in the Contingency Fee Agreement.

#### **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. 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 investment scheme involved approximately \$100 million during its operation, at least \$1.5 billion of financial transactions occurred in accounts controlled by Smith over its last several years, and it is currently estimated that investors are still owed approximately \$60 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, transactions involving 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 had nearly \$7.4 million in the Receivership Account as of the end of the reporting period. 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. 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 two motions to initiate litigation 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, having administrative staff handle administrative issues relating to the Louisiana properties, including coordinating with real estate agents and appraisers, using 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. Most significantly, the Receiver and his Law Firm’s willingness to pursue litigation under a contingency fee arrangement as set forth in his Second Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate, will result in significant cost savings for the Receivership Estate.



The Receiver and his Retained Professionals' compensation in this matter is subject to the final approval of this Court. 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. The risk is even greater with regard to the pursuit of litigation on behalf of the Receivership Estate, in connection with which the Receiver and his Law Firm risk non-payment entirely if the claims are unsuccessful and/or the prospective defendants are judgment-proof.

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 Fourth Interim Fee Application for the Time Period April 1, 2021 through June 30, 2021, and thereby authorize the following:

1. Payment to Conrad O'Brien PC in the amount of \$184,131.60, as compensation for services performed from April 1, 2021 through June 30, 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 \$316,962.00, as compensation for services performed from April 1,

2021 through June 30, 2021, such payment representing eighty percent (80%) of its fees for this quarter;

3. Payment to Conrad O'Brien PC in the amount of \$5,945.48, for expenses incurred from April 1, 2021 through June 30, 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 \$3,659.47, for expenses incurred from April 1, 2021 through June 30, 2021, representing eighty percent (80%) of its expenses for this quarter.

Respectfully Submitted,

Date: 8/16/2021

s/ Robin S. Weiss

Robin S. Weiss, Esq.  
Conrad O'Brien PC  
1500 Market Street, Suite 3900  
Centre Square, West Tower  
Philadelphia, PA 19102  
Phone: (215) 864-9600  
Facsimile: (215) 864-9620  
E-mail: rweiss@conradobrien.com

Andrew S. Gallinaro, Esq.  
Conrad O'Brien PC  
1500 Market Street, Suite 3900  
Centre Square, West Tower  
Philadelphia, PA 19102  
Phone: (215) 864-8083  
Facsimile: (215) 864-7403  
E-mail: agallinaro@conradobrien.com

# **EXHIBIT “A”**

Kevin Dooley Kent  
1500 Market Street, Suite 3900  
Philadelphia, PA 19102  
(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 04/01/2021 TO 06/30/2021

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

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

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

OTHER SUPPLEMENTAL INFORMATION:		Current Reporting Period - 04/01/21 to 06/30/21			06/29/20 - 06/30/21
		Detail	Subtotal	Period Total	Case to Date
Line 15	<b>Report of Items NOT To Be Paid by the Fund:</b>				
	Disbursements for Plan Administration Expenses Not Paid by the Fund:			\$ -	\$ -
Line 15a	<b>Plan Development Expenses Not Paid by the Fund:</b>				
	1. Fees:			-	-
	Fund Administrator			-	-
	IDC			-	-
	Distribution Agent			-	-
	Consultants			-	-
	Legal Advisers			-	-
	Tax Advisers			-	-
	2. Administrative Expenses			-	-
	3. Miscellaneous			-	-
	<b>Total Plan Development Expenses Not Paid by the Fund</b>			\$ -	-
Line 15b	<b>Plan Implementation Expenses Not Paid by the Fund:</b>				
	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			-	-
	<b>Total Plan Implementation Expenses Not Paid by the Fund</b>			\$ -	-
Line 15c	<b>Tax Administrator Fees &amp; Bonds Not Paid by the Fund</b>			-	-
	<b>Total Disbursements for Plan Administration Expenses Not Paid by the Fund</b>			-	-
Line 16	<b>Disbursements to Court/Other Not Paid by the Fund:</b>				
Line 16a	Investment Expenses/CRIS Fees			-	-
Line 16b	Federal Tax Payments			-	-
	<b>Total Disbursements to Court/Other Not Paid by the Fund:</b>			-	-
Line 17	<b>DC &amp; State Tax Payments</b>			\$ -	\$ -
Line 18	<b>No. of Claims:</b>				
Line 18a	# of Claims Received This Reporting Period				-
Line 18b	# of Claims Received Since Inception of Fund				-
Line 19	<b>No. of Claimants/Investors:</b>				
Line 19a	# of Claimants/Investors Paid This Reporting Period				-
Line 19b	# of Claimants/Investors Paid Since Inception of Fund				-

Receiver:

By: Kevin Dooley Kent  
 (signature)

Kevin Dooley Kent  
 (printed name)

Receiver  
 (title)

Date: 7/20/21

**NOTES TO THE STANDARDIZED FUND ACCOUNTING REPORT**

**Receivership Cash Accounts**

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

**Investments, Real and Personal Property**

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

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

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

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

<hr/>	
<b>SECURITIES AND EXCHANGE</b>	:
<b>COMMISSION,</b>	:
	:
	: <b>C. A. No. 2:19-cv-17213 (MCA)</b>
<b>Plaintiff,</b>	:
<b>v.</b>	:
	:
	:
<b>BRENDA SMITH, BROAD REACH</b>	:
<b>CAPITAL, LP, BROAD REACH</b>	:
<b>PARTNERS, LLC, and BRISTOL</b>	:
<b>ADVISORS, LLC,</b>	:
	:
<b>Defendants.</b>	:
<hr/>	

**CERTIFICATION OF RECEIVER, KEVIN DOOLEY KENT, ESQUIRE**

Pursuant to 28 U.S.C. § 1746, I hereby certify as follows:

1. I, Kevin Dooley Kent, Esquire (“Receiver” or “Applicant”), in support of the Motion of Receiver, Kevin Dooley Kent, Esquire, for Approval of Fourth Interim Fee Application for the Period April 1, 2021 through June 30, 2021 (“the Application”), hereby certify as follows:

- (a) I have read the Fourth Interim Fee Application for the Period April 1, 2021 through June 30, 2021;
- (b) To the best of my knowledge, information and belief formed after reasonable inquiry, the Application and all fees and expenses



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 title 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 11<sup>th</sup> day of August, 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 Dooley Kent, Esquire, hereby submits this Statement in lieu of the submission of a formal brief in support of the Motion for Approval of Fourth Interim Fee Application for the Period April 1, 2021 through June 30, 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: 8/16/2021

*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 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)**

**ORDER APPROVING THE RECEIVER, KEVIN DOOLEY KENT,  
ESQUIRE'S FOURTH INTERIM FEE APPLICATION FOR THE PERIOD  
APRIL 1, 2021 THROUGH JUNE 30, 2021**

**THIS MATTER** having come before this Court upon the Motion of Receiver, Kevin Dooley Kent, Esquire, for Approval of Fourth Interim Fee Application for the Period April 1, 2021 through June 30, 2021;

It is on this \_\_\_\_\_ day of \_\_\_\_\_, 2021,

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

**FURTHER ORDERED** that Payment to Conrad O'Brien PC ("Law Firm") in the amount of \$184,131.60, for services performed from April 1, 2021 through June

30, 2021, representing eighty percent (80%) of the Law Firm's total fee of \$230,164.50 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 \$316,962.00 for services performed from April 1, 2021 through June 30, 2021, representing eighty percent (80%) of the Accountant's total fee of \$396,202.50 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 \$5,945.48 for expenses incurred from April 1, 2021 through June 30, 2021, representing eighty percent (80%) of the Firm's total expenses of \$7,431.85 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 \$3,659.47 for expenses incurred from April 1, 2021 through June 30, 2021, representing eighty percent (80%) of the Accountant's total expenses of \$4,574.34 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 16th day of August, 2021 that I caused to be served a true and correct copy of the Notice of Motion of Receiver, Kevin Dooley Kent, Esquire, for Approval of Fourth Interim Fee Application for the Period April 1, 2021 through June 30, 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 Dooley Kent,*  
*Esq.*