

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

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

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

Defendants.

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

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

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Date: 1/28/2022

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

I. INTRODUCTION

This action involves an investment advisory fraud in connection with which Defendants, Brenda A. Smith (“Brenda Smith” or “Smith”), Broad Reach Capital, LP, Broad Reach Partners, LLC and Bristol Advisors, LLC, are alleged to have raised in excess of \$100 million from at least forty (40) investors, based upon false representations regarding trading strategies to be implemented when, in reality, the vast majority of these investments were funneled into unrelated companies, used to pay back other investors, or utilized for personal use. (ECF No. 1). It is estimated that investors are still owed approximately \$60 million in principal. Brenda Smith pled guilty to committing securities fraud in connection with Broad Reach Capital on September 9, 2021, in *USA v. Smith*, No. 2:20-cr-00475-MCA (D.N.J.).

On June 29, 2020, this Court appointed Mr. Kent 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 (ECF No. 96), Investment Consulting LLC, and Tempo Resources LLC (hereinafter “Receivership Assets” or “Receivership Estate”). Receivership Order, Whereas ¶¶ 3; ¶¶ 1–3, 5 (ECF No. 22).

Pursuant to the Receivership Order, this Report provides a full report and accounting of the Receivership Estate, reflecting the existence, value and location of all currently known Receivership Assets, and the extent and nature of known liabilities. This Report will necessarily be supplemented by subsequently filed quarterly status reports, which will likely identify additional assets and/or liabilities of the Receivership Estate.

II. SUMMARY OF THE OPERATIONS OF THE RECEIVER

On June 29, 2020, the Receiver was appointed to assume control of, marshal, pursue and preserve Receivership Assets. 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 pursuing claims, either informally or through the

initiation of litigation, against third parties. The Receiver's Accountants have continued to focus on providing forensic analysis and support to the Receiver in connection with the identification, negotiation and pursuit of potential claims, performing tax-related services for the Receivership, and managing the document repository to allow for efficient review and organization of substantial amounts of data from various sources. The Accountants requested extensions for the filing of tax returns where necessary, and prepared an 1120-SF federal tax return for the Receivership as a Qualified Settlement Fund, which was filed on October 15, 2021. They are supporting the Receiver in his negotiations with the IRS regarding Receivership tax liabilities for the years prior to the Receiver's appointment.

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 previously held by Receivership Party Prico Market, LLC, completed the sale of Brenda Smith's vehicle, has continued to sell Smith's personal property collected from her Rittenhouse Apartment, collected the balance of funds owed on a secured promissory note, collected certain settlement payments, and received numerous distributions on one of Brenda Smith's investments. At the close of the quarter, the balance of the Receivership Account was \$6,550,296.12. It is anticipated that the balance in the

Receivership Account will soon increase as a result of the sale of additional Receivership Property and the settlement of various claims.

After the close of the quarter, the Receiver filed a proposed Motion for Order Setting Claims Bar Date, Establishing Claims Procedure and Approving Notification Process. (ECF No. 160). This is a necessary precursor to any interim distribution motion.

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

A. Litigation-Related Activities

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

i. Motion Practice

On October 6, 2021, the Receiver filed a Motion to Approve a Settlement Resolving the Receiver's Claims Against BRFP. (ECF No. 126). The Receiver filed the exhibits to the Motion under seal (ECF No. 127), and, upon the filing of the Receiver's Motion to Seal (ECF No. 128), the Court entered an Order approving the sealing of those exhibits the following day. (ECF No. 129). The Motion to Approve the Settlement remains pending as of the date of this filing.

On October 8, 2021, the Receiver filed a Motion to Approve a Settlement Resolving the Receiver's April 9, 2021 Motion to Determine Ownership of Taylor Trading, LLC Account. (ECF No. 130). An Order approving the settlement was entered on November 10, 2021. (ECF No. 134).

On October 29, 2021, the Receiver filed a Motion for Alternative Service of Subpoena Upon Richard Shawn Ellis. (ECF No 132). At the request of the Court, the Receiver filed a supplemental Letter Brief in Support of that Motion on October 11, 2021. (ECF No. 135).¹

On November 12, 2021, the Receiver filed a Motion Regarding the Confirmation and Advertisement of the Sale of Receivership Real Property in Louisiana Owned by Brenda Smith. (ECF No. 136). The Receiver submitted a Letter to the Court requesting a ruling on the Motion, in light of the upcoming closing date, on December 8, 2021. (ECF No. 143). The Court granted the Motion on December 8, 2021, ordering the publication and advertisement of the proposed sale by December 20, 2021, requiring all competing bids and objections to be submitted by December 31, 2021, ordering the Receiver to advise the Court of any competing qualifying bids by January 3, 2021, and scheduling a Confirmation Hearing for January 6, 2022. (ECF. No. 145). On December 27, 2021, the Receiver filed a Notice of Publication of Advertisement of Sale. (ECF No. 152). On January 3, 2022, the Receiver filed a Notice of Submission of Timely and Qualifying Competing Bids on the property. (ECF No. 154). The Court rescheduled the Confirmation Hearing for January 10, 2022 (ECF No. 155). Following the

¹ Following a telephone conference with the Honorable Edward S. Kiel on January 10, 2022, the Receiver withdrew the Motion, without prejudice (ECF No. 156). The Receiver has also initiated a lawsuit against Mr. Ellis and his various entities.

Confirmation Hearing, the Court entered an Order confirming the sale of the property for \$351,000.00 on January 12, 2022 (ECF No. 158).

On December 3, 2021, the Receiver filed a Motion to Approve Settlement with G.F. (ECF No. 139). The Receiver filed the exhibits to the Motion under seal (ECF No. 140) and, upon the Receiver's filing of a Motion to Seal (ECF No. 141), the Court entered an Order approving the sealing of those exhibits on December 6, 2021. (ECF No. 142). An Order approving the settlement was entered on December 9, 2021. (ECF No. 144).

On December 22, 2021, the Receiver filed a Third Motion to Initiate Litigation on Behalf of the Receivership Estate. (ECF No. 147). The Receiver filed the exhibits to the Motion under seal (ECF No. 148) and, upon the Receiver's filing of a Motion to Seal (ECF No. 149), the Court entered an Order approving the sealing of those exhibits the following day. (ECF No. 150).

After the close of the quarter, on January 14, 2022, the Receiver filed a Motion for Order Setting Claims Bar Date, Establishing Claims Procedure and Approving Notification Process. (ECF No. 160).

As of the date of this filing, the following motions remain pending and ripe for determination:

- Motion to Approve Settlement Resolving Claims Against BRFP filed October 6, 2021 (ECF No. 126)
- Fifth Interim Fee Application filed November 24, 2021 (ECF No. 137)

- Third Motion to Initiate Litigation on Behalf of the Receivership Estate filed December 22, 2021 (ECF No. 147)

ii. Lawsuits Filed on Behalf of the Receivership Estate

The Receiver's first Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate ("First Motion to Initiate Litigation") (ECF No. 49) was granted on August 31, 2021. (ECF No. 117). The Receiver's Second Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate ("Second Motion to Initiate Litigation") (ECF No. 98), was granted on January 27, 2022. (ECF No. 161). The Receiver's Third Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate ("Third Motion to Initiate Litigation") (ECF No. 147), filed on December 22, 2021, remains pending as of the date of this filing.

During the previous two quarters, the Receiver filed four (4) lawsuits. A list of those lawsuits along with a description of their current status, is 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.)***

A settlement conference took place before the Honorable Edward S. Kiel on January 14, 2022. At the settlement conference, the parties agreed to a temporary stay, and the case was administratively terminated. A follow-up telephone conference has been scheduled with Judge Kiel for March 18, 2022.

- ***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 filed the Complaint on June 29, 2021. (ECF No. 1). On September 7, 2021, certain defendants filed a motion to dismiss (ECF

No. 8). The Receiver filed an Amended Complaint on September 20, 2021. (ECF No. 9). After getting an extension (ECF No. 11, 12), the Defendants filed an Answer to the Amended Complaint on November 4, 2021. (ECF No. 13). The parties submitted a joint discovery plan on January 14, 2022, and a Rule 16 Scheduling Conference was held on January 18, 2022. The parties have exchanged initial disclosures and are proceeding with discovery. A telephone status conference has been scheduled for April 27, 2022.

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

The Receiver filed the Complaint on June 29, 2021. (ECF No. 1). The Receiver obtained and filed signed waivers of service for all defendants in this case. (ECF No. 5 – 9). This case was stayed and administratively terminated, to be reopened by motion upon resolution of the Receiver’s Second Motion to Initiate Litigation, at which point the defendants will have thirty (30) days to respond to the Complaint. (ECF No. 11). On January 28, 2022, the Receiver filed a Motion to Re-Open the case. (ECF No. 12).

- ***Kevin Dooley Kent, in his capacity as Receiver v. Agostinho Calcada, No. 2:21-cv-18396 (D.N.J.)***

The Receiver filed the Complaint on October 11, 2021. (ECF No. 1). The Receiver obtained and filed a signed waiver of service for Mr. Calcada. (ECF No. 5). The defendant filed an Answer to the Complaint on December 8, 2021. (ECF No. 14). A Rule 16 Scheduling Conference is scheduled for February 15, 2022.

During the sixth quarter, the Receiver initiated two (2) lawsuits. A list of those lawsuits along with a description of their current status, is as follows:

- ***Kevin Dooley Kent, in his capacity as Receiver v. Renato Iregui, et al., No. 2:21-cv-20691 (D.N.J.)***

The Receiver filed a Complaint on December 23, 2021. (ECF No. 1).

- ***Kevin Dooley Kent, in his capacity as Receiver v. Richard Shawn Ellis, et al., No. 2:21-cv-20754 (D.N.J.)***

The Receiver initiated this action by submitting a Complaint for filing with the Clerk's office on December 23, 2021. (ECF No. 1).

After the close of the sixth quarter, the Receiver initiated the following action:

- ***Kevin Dooley Kent, in his capacity as Receiver v. Jordan Denise., et al., No. 2:22-cv-00388 (D.N.J.)***

The Receiver filed the Complaint on January 26, 2022. (ECF No. 1).

Depending upon when the Receiver's Third Motion to Initiate Litigation is 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 Motion, 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 seek appropriate approval from the Court to proceed with those claims.

B. Storage & Sale of Belongings, Professional Equipment and Data

Brenda Smith's marketable personal property from her Rittenhouse Apartment is continuing to be sold on a rolling basis by Stephenson's Auction, and has generated \$7,961.60 through twelve (12) auctions through the close of the sixth quarter, after payment of storage fees and commissions. Ms. Smith's vehicle was sold for \$27,000.00 on September 2, 2021. The Receiver is continuing to

investigate options for the sale of Ms. Smith’s potentially valuable rugs as well as server equipment retrieved from the Equinix data center.²

The Receiver also continues to hold and host substantial amounts of data secured from various sources with Alvarez & Marsal’s in-house e-discovery vendor and on the document repository pursuant to the Order Approving Creation of Document Repository and Protective Order. (ECF No. 118), which efforts are being managed and coordinated by Alvarez & Marsal’s Forensic Technology/Data Analysis Team.

C. Louisiana Properties

The Receiver controlled four (4) parcels of property located in Tangipahoa Parish, Louisiana, two of which were owned by Brenda Smith personally (“Smith Property”), and two of which are owned by BD of Louisiana, LLC (“BD of Louisiana Property”). After the three (3) Court-appointed appraisers completed their appraisals of the properties, they were listed for sale. (ECF. Nos. 71, 114).

The Smith Property was listed on or about October 18, 2021 for \$350,000.00. The Receiver thereafter entered into an Agreement of Sale on the Smith Property for \$305,000.00 cash, subject to no contingencies. The Receiver filed a Motion Regarding the Confirmation and Advertisement of the Sale on

² The Receiver continues to store certain personal and/or sentimental items without significant resale value on behalf of Ms. Smith, and will make arrangements for pick-up of these items once the auction process has been completed.

November 12, 2021. (ECF No. 136), which was granted on December 8, 2021 (ECF No. 145). After publishing notice of the proposed sale (ECF No. 152) pursuant to the Court's Order, the Receiver received two competing cash offers of \$351,000.00 for the property, subject to no contingencies. (ECF No. 154).³ A Confirmation Hearing was held on January 10, 2022. On January 12, 2022, the Court entered an Order confirming the sale of the Smith Property for \$351,000.00 (ECF No. 158). The sale closed on January 27, 2022, and as of the time of this filing, the Receiver is waiting for the proceeds to be transferred to the Receivership Account.

The BD of Louisiana Property was listed for sale on or about August 26, 2021 for \$899,500.00. After receiving no offers, and at the recommendation of his Court-approved real estate agent, the Receiver lowered the listing price to \$700,000.00 on November 30, 2021. The Receiver is in the process of negotiating a potential sale of the BD of Louisiana Property. The Receiver has also been working with the mortgaging bank to attempt to resolve their attempts to charge the default interest rate, attorneys' fees, and late penalties with respect to the mortgage.

³ One of these competing bids was withdrawn prior to the Confirmation Hearing.

D. Bank Accounts and Records

Receivership funds currently remain in the centralized Receivership Account with Bank of America. As of December 31, 2021, the balance in the Receivership Account was \$6,550,296.12. The Receiver has received document productions from numerous domestic financial institutions.⁴

E. Brokerage Account and Liquidation of Stock Holdings

The Receiver's previous sales of Receivership shares in Palantir Technologies, Tremor International Limited, and Greenbriar Capital Corp. resulted in net proceeds of over \$4.5 million. The Receiver is in the process of attempting to resolve a dispute over ownership of Prico Market, LLC's Lyft shares, 25,000 of which were sold by prior to the entry of the Receivership Order, and 5,000 of which continue to be held by the individual who initiated that sale. The Receiver will seek intervention from the Court if these matters cannot be resolved through

⁴ To date, the only overseas account confirmed as holding receivership assets is Cidel Bank in Barbados, which has represented that it holds less than \$13,000.00 in an account in the name of CV International Investments. Cidel Bank will not produce account information or documents or turnover funds to the Receiver without domestication of the Receivership Order in Barbados, which would require the Receiver to retain local counsel. The Receiver is concerned that the costs and fees involved may exceed the funds remaining in the account, but is continuing to investigate cost-effective options. As previously reported, given the minimal confirmed assets of CV International Investments and the costs and fees that would be associated with the takeover and maintenance of this UK-based entity with no known legitimate business activities, the Receiver did not renew his objections to the Application to Strike-off the Company filed with Companies House, and the company was administratively dissolved on or about September 21, 2021.

appropriate compensation to the Receivership Estate and the return of the remaining shares.

F. Private Investments and Ownership Interests

The Receiver has identified the several private investments/ ownership interests:

Rocmen Holdings, LLC, an entity affiliated with Brenda Smith, holds 15 million shares in Bluwater Holdings Corp. (“Bluwater”), a Nevada Corporation, which was paid for with \$1.5 million of Receivership Assets. Ms. Smith also caused the transfer of an additional \$6+ million in Receivership Assets to Bluwater, and the Receiver has received conflicting information regarding the purpose of these payments. The Receiver has been communicating with the owner of Bluwater in an effort to recoup these funds.

Smith paid a total of \$250,000.00 in Receivership Assets to Pennsylvania-based CMCC Development Group, LLC (“CMCC”), in exchange for which she was given one (1) share in CMCC.⁵

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

⁵ However, CMCC has submitted a creditor claim to the Receivership Estate claiming damages for CV Investment, LLC’s purported breach of a contract, seeking \$5,000,000.00 for the breach, \$500,000.00 in direct damages and \$2,400,000.00 in direct damages.

was investing in a real estate development project in Long Beach Island. OTAF made four (4) distributions to the Receiver in connection with Smith's investment totaling \$116,484.66 prior to the beginning of this quarter. OTAF made two additional distributions during the sixth quarter: \$7,142.86 on October 29, 2021, and \$3,850.00 on December 27, 2021. It is anticipated that additional distributions will be made on this investment.

Brenda Smith, through Investment Consulting, LLC and Broad Reach Capital LP, transferred over \$1 million to Calais Management Corporation ("Calais") as an investment in a gold mine. Calais and its affiliated and/or successor entities ("Calais Entities") are asserting that the majority of these payments were made pursuant to an agreement through which Smith/the Receivership Parties now have a royalty interest of 2% in future profits, up to 120% of the amount funded. The Receiver is investigating the Calais Entities' assertions, is in active discussions with their counsel, and is awaiting additional documentation.

G. Investigation, Development 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 the last several quarters. The Receiver has issued twenty (20) demands to various individuals and/or entities, including, *inter alia*, potential

fraudulent transfer recipients, investors who have been identified as net winners and others who appear to have contractual or other obligations to the Receivership Parties. The Receiver is in the process of negotiating several of these claims and has entered into tolling agreements with many individuals and entities while information and documents are being exchanged and/or settlement negotiations are ongoing. The Receiver has initiated seven (7) lawsuits and anticipates that additional lawsuits will be filed with respect to claims that cannot be resolved.

The Receiver and his Counsel, with the assistance of the Accountants, continue 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.

H. Settlements

The Receiver has reached three (3) pre-litigation settlements so far, collectively valued at approximately \$600,000.00. One of these settlements is still pending the Court's approval. (ECF No. 126). The Receiver is in various stages of active settlement negotiations with several other potential defendants.

I. Fidelity Bond Claim

With the assistance of the Accountants and his Counsel, the Receiver submitted a sworn proof of loss with supporting documentation to American International Group, Inc. ("AIG") on October 1, 2021, seeking coverage under a

fidelity bond in effect from August 30, 2018 through August 30, 2019.⁶ The bond has a coverage limit of \$120,000.00, with a \$25,000.00 deductible. The Receiver's Counsel had a call with the adjuster on the claim on January 27, 2022, and will be submitting additional documentation in support of the claim.

J. Document Review and Investigation

The Receiver's Counsel continues to review data obtained from a back-up server and a cloud-based storage device, as well as documents produced by various individuals and/or entities in response to the Receiver's requests and/or subpoenas, as needed for the investigation, negotiation and/or pursuit of claims.

K. Interviews and Depositions

The Receiver's Counsel continues 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.

L. 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

⁶ AIG did not agree to reconsider its coverage position for earlier bond periods.

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 has developed a proposed claims procedure which will provide for formal notification to investors and creditors, and filed a motion for Court approval of that procedure, after consultation with the SEC, on January 14, 2022. (ECF No. 160). The development of a claims procedure, along with a resolution of ongoing tax liability issues with the Internal Revenue Service, are necessary precursors to the Receiver's ability to make an interim distribution of Receivership Assets.

M. Analysis of Frozen Contested Accounts

The Receiver resolved his Motion to Determine Ownership of the Taylor Trading Account (ECF No. 76) through settlement. The Receiver's Motion to Resolve the Taylor Trading Motion was filed on October 8, 2021, (ECF No. 130), and approved on November 10, 2021. (ECF No. 134). Communications and negotiations regarding the Awooton Consulting and Rybicki Capital Partners PNC accounts are likewise continuing.

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. *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 other individuals have expressed a potential interest in other frozen accounts. The Receiver has requested supporting documentation in connection with these claims, but has not yet received any such documentation.

N. Financial Account Reconstruction

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

The Accountants have been working to reconstruct financial accounts to determine investor capital account activity and identify third-party recipients of investor funds. The majority of this work is complete. 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 for sixty (60) entities covering 2007 to 2019, and reconstructed fourteen (14) accounts for the period of 2015 to 2019, with gross activity totaling over \$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 support of the Receiver's continued efforts to pursue potential fraudulent transfer or other tort, contractual and/or quasi-contractual claims.

The Accountants' work has been instrumental 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. The Accountants remain available to the Receiver, at his request, to provide assistance with specific issues that may arise in connection with certain claims and/or lawsuits the Receiver is pursuing.

O. Receivership Taxes

Alvarez and Marsal is handling the tax returns and other tax-related issues for the Receivership Estate. Specifically, they have communicated with the IRS on behalf of the Receiver, searched for and reviewed historical tax filings for the Receivership Parties, and prepared tax filing extensions for various Receivership Parties. They prepared an 1120-SF federal tax return which treats the Receivership Estate as a Qualified Settlement Fund ("QSF"). The return was filed on October 15, 2021. They continue to assist the Receiver 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 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 IRS is claiming that in excess of \$1.3 million is owed in connection with these unfiled returns. 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.⁷ The Receiver and his Accountants further dispute the amounts claimed to be owed to the IRS. The Accountant prepared and sent a letter to the IRS on January 4, 2022 setting forth the Receiver's position with respect to the tax liabilities of the various Receivership Parties. The IRS has not yet responded to this letter.

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

Over the course of the Receivership, the Receiver has consolidated Receivership Assets from various bank accounts, proceeds from the sale of Receivership stock holdings and other Receivership Assets, and payments received pursuant to certain settlement agreements, promissory notes and other private

⁷ The filing of historical tax returns for pre-appointment time periods would force the Receivership to incur substantial additional professional fees, which the Receiver hopes to avoid.

investments into the centralized Receivership Account with Bank of America (“Receivership Account”). As of December 31, 2021, total cash on hand was \$6,550,296.12.

The Receiver anticipates that significant additional funds will soon be forthcoming pursuant to certain settlement agreements. One such settlement is pending Court approval (ECF No. 126). The Receiver is continuing to actively negotiate potential settlements with several other individuals and/or entities and is hopeful that additional settlement funds will likewise soon be obtained. The Receiver also anticipates that his pursuit of litigation on behalf of the Receivership Estate, as set forth in his First, Second and Third Motions to Initiate Litigation (ECF Nos. 49, 98 and 147) will result in a financial benefit for the Receivership Estate. Collectively, these claims involve attempts to recover in excess of \$30 million; however, this 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 proceeds from the sale of the Smith Property should be transferred to the Receivership Account in the very near-term. The Receiver remains hopeful that the sale of additional Receivership Assets, including real property owned by BD of Louisiana in Tangipahoa Parish, Louisiana, will generate additional proceeds for

the Receivership Estate. The Receiver has learned that a majority of Prico Market LLC's Lyft shares—over which ownership has been disputed—were sold by a third party prior to the entry of the Receivership Order, and the Receiver is working to obtain the proceeds from that sale to the extent these shares cannot be returned. The Receiver's investigation into the existence of cryptocurrency reportedly owned by Smith is ongoing.

Additional potential assets include more than \$200,000.00 of remaining contested funds in frozen accounts for which forensic review and negotiations are continuing,⁸ as well as \$444,213.08 held in two Industrial and Commercial Bank of China Financial Services ("ICBC") clearing accounts for CV Brokerage.⁹ The

Administrative expenses paid during this quarter total \$3,083.34 and include: (a) \$2,525.00 to various court-appointed appraisers for appraisals of Receivership real property in Louisiana; (b) \$78.34 to Bank of America for new checks and account analysis fees; and (c) \$480.00 in Delaware registered agent fees for certain Receivership Parties.

⁸ The frozen funds in the Taylor Trading, LLC account, were distributed in accordance with the Court's Order on the Receiver's Motion to Approve a Settlement Resolving the Receiver's April 9, 2021 Motion to Determine Ownership of Taylor Trading, LLC Account (ECF No. 130, 134), and have therefore been excluded from this calculation.

⁹ These funds are being held pursuant to the Stipulation to Resolve ICBCFS' Motion to Amend the Amended Order Appointing Receiver. (ECF No. 30).

IV. RECEIPTS AND DISBURSEMENTS

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

V. RECEIVERSHIP ASSETS

The Receiver believes that 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 do not appear to be recoverable. Other funds likely cannot be recovered without litigation.

A. Receivership Bank Account

As of the close of the quarter on December 31, 2021, the balance in the Receivership Account was \$6,550,296.12, which represents an increase of \$372,846.91 from the close of the prior quarter.

B. Pending and Upcoming Settlements

The Receiver anticipates that additional funds will soon be forthcoming through settlement of claims. On October 6, 2021, the Receiver filed a Motion to Approve a Settlement Resolving the Receiver's Claims Against BRFP. (ECF No.

126).¹⁰ That motion remains pending as of the date of this filing. The Court approved two other settlements during this quarter, which resolved the dispute over the ownership of the Taylor Trading, LLC PNC account (ECF No. 134) as well as the Receiver's claims against G.F. (ECF No. 144). In total, these three settlements are valued at approximately \$600,000.00, and the Receiver has already collected the proceeds from the settlements that have been approved.

The Receiver is in the process of attempting to resolve other claims as well, and anticipates filing additional motions to approve settlements in the near future.

C. Stock Holdings

The sale of Receivership stock holdings in Palantir Technologies, Greenbriar Capital Corp and Tremor Int'l Ltd. during prior quarters resulted in total net proceeds of over \$4.5 million for the Receivership Estate.

The Receiver and his Counsel learned that Prico Market, LLC's ("Prico") 30,000 shares in Lyft are no longer held by Prico. 25,000 of these shares were sold prior to the entry of the Receivership Order, while this individual responsible for that sale continues to hold the remaining 5,000 shares. This individual maintains that the shares belong to him. The Receiver is in active discussions with this individual's counsel regarding the shares, and is working to determine appropriate

¹⁰ The exhibits to this Motion were filed under seal (ECF Nos. 127, 128, 129).

next steps to ensure that the Receivership Estate secures a return of the remaining shares and is appropriately compensated for shares that cannot be returned.

D. Private Investments

The Receiver has been advised of four (4) private investment/ownership interests, which the Receiver is hopeful he will be able to liquidate either through distributions, a buy-out, or litigation to recover the funds used to purchase these interests if necessary, as follows:

- Rocmen Holdings, LLC, an entity associated with Brenda Smith, purchased 15 million shares, or a twenty percent (20%) ownership interest in Bluwater, which was paid for with \$1.5 million in Receivership Assets. Further, an additional \$6+ million in Receivership Assets was transferred to Bluwater without an apparent exchange of value, and the Receiver has received conflicting accounts regarding the basis for, and use of, these payments. The Receiver has been communicating with the owner of Bluwater in an effort to resolve this ownership interest and recoup these funds.
- Brenda Smith holds one (1) share in CMCC, for which she paid \$250,000.00 in Receivership Assets. The value of this interest is presently unknown. CMCC has not responded to the Receiver's inquiries regarding the potential liquidation of this interest, and has submitted its own nearly \$8 million creditor claim.
- 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 \$127,477.52 on this investment.
- Brenda Smith transferred over \$1 million in Receivership Assets to Calais Management Corporation, which its affiliated and subsidiary entities are claiming was in exchange for a 2% royalty interest, for up to 120% of the amount funded. The Receiver is still investigating

these assertions and is in the process of gathering and evaluating documentation.

E. Receivables and Promissory Notes

During prior quarters, the Receiver 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 which are being pursued through litigation:

- Medical Consultants Instructional Training Center (“MCITC”) issued three (3) promissory notes with varying interest rates to Receivership Party Investment Consulting, LLC in 2016 in the amounts of \$100,000.00, \$200,000.00 and \$150,000.00 in connection with \$450,000.00 in loans made by Investment Consulting LLC and Broad Reach Capital. These notes are the subject of lawsuit 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.).
- Sunny Ocean 699, LLC and Agostinho Calcada, individually, issued a promissory note to Receivership Party Elm Street, Investments, LLC (“Elm Street”) on October 19, 2016, in the amount of \$1,530,740.83, subject to a six percent (6%) annual interest rate, in connection with a loan of that same amount provided by Elm Street for the purchase of property in Golden Beach, Florida which was subsequently lost through foreclosure. The note is the subject of a lawsuit styled *Kevin Dooley Kent, in his capacity as Receiver v. Agostinho Calcada*, No. 2:21-cv-18396 (D.N.J.).
- Rose & Thorn Cowlitz, LLC (“Rose and Thorn”) issued a promissory note to Receivership Party CV Investments LLC for value received, up to \$8 million, on April 1, 2017 in connection with a casino restaurant operation in Washington state. The note was potentially modified, and the obligations thereunder potentially transferred to other entities through subsequent agreements. In total, \$7,447,000.00 was loaned to Rose & Thorn. The Receiver is attempting to recoup these funds in the lawsuit styled *Kevin Dooley Kent, in his capacity*

as Receiver v. Richard Shawn Ellis, et al., No. 2:21-cv-20754
(D.N.J.)

The Receiver is continuing to investigate the existence and recoverability of other outstanding promissory notes/loan obligations.

F. Louisiana Properties

As noted in previous fee applications, the Receiver located four (4) parcels of land in Tangipahoa Parish, Louisiana, which make up two properties which are, or were, part of the Receivership Estate: the BD of Louisiana Property and the Smith Property.

The Smith Property was sold for \$351,000.00 on January 27, 2022. The Receiver is in the process of negotiating a potential sale of the BD of Louisiana Property, which consists of undeveloped raw land. The listing for the BD of Louisiana Property can be found here:

<https://www.realtor.com/realestateandhomes-detail/E-Adams->

[Rd Hammond LA 70403 M91155-75798](https://www.realtor.com/realestateandhomes-detail/E-Adams-Rd-Hammond-LA-70403-M91155-75798). The Receiver has been working with the mortgaging bank to attempt to resolve their attempts to charge the default interest rate, attorneys' fees, and late penalties with respect to the mortgage on the BD of Louisiana Property.

G. Additional Bank Accounts and Funds

It is estimated that there is over \$200,000.00 remaining in frozen, contested accounts in the name of Awooton Consulting and Rybicki Capital Partners LLC.

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. (ECF 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.¹¹ The Receiver has not been able to confirm the existence of additional funds in other overseas bank accounts, due in part to a lack of cooperation from banks outside the jurisdiction of the United States Courts. The Receiver is investigating all reasonable and cost-effective options for gaining easier access to overseas funds.

H. Magnetite

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

I. Personal Property

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. (ECF No. 102). They are selling Smith's

¹¹ 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.

marketable personal property on a rolling basis. These sales have generated \$7,961.60 in net proceeds so far. 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 will be making arrangements to have someone retrieve personal / sentimental items without significant resale value for Ms. Smith.

J. Server Equipment

The server equipment retrieved from the Equinix data center has not yielded usable data. The manufacturer of this equipment does not permit resale, and therefore it will not service the equipment should it be sold. The Receiver has, to date, been unsuccessful in his attempts to sell the equipment to any third parties. It therefore may not have any significant value. Further, the Receiver has been advised that at least some of this equipment may belong to Smith's former IT person, and the Receiver is investigating this claimed ownership.

K. Insurance

On October 1, 2021, the Receiver submitted a sworn proof of loss with supporting documentation to AIG under a fidelity bond with coverage limits of \$120,000.00 and a \$25,000.00 deductible. The Receiver will investigate other information he receives regarding other potentially applicable insurance coverage and/or bonds.

L. Cryptocurrency

The Receiver's investigation into whether there exists any cryptocurrency of value is ongoing.

VI. LIQUIDATED AND UNLIQUIDATED CLAIMS HELD BY RECEIVERSHIP ESTATE

The Receiver believes that the Receivership holds viable claw-back claims against certain net winner investors and/or individuals and entities that received gifts, donations, or other fraudulent transfers from Smith or other Receivership Parties. There may also be claims for breach of contract, unjust enrichment, negligence and/or intentional tort claims against certain individuals and/or entities. The Receiver and his Accountants continue to investigate such claims, and to resolve some of them through pre-litigation settlements.

On February 9, 2021, the Receiver filed his First Motion to Initiate Litigation. (ECF No. 49). That Motion was granted on August 31, 2021. (ECF No. 117). The Receiver filed his Second Motion to Initiate Litigation on June 29, 2021. (ECF No. 98). That Motion was granted on January 27, 2021. (ECF No. 161). The Receiver filed his Third Motion to Initiate Litigation (ECF No. 147) on December 22, 2021. That motion remains ripe for determination. 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.

The Receiver has filed seven (7) lawsuits so far. Descriptions regarding these claims 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, and \$2,990,000.00 remains due and owing on the Note. CV Investments, LLC was to become the sole member of 2019 Stout if RG Coastal failed to meet its payment obligations, 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.

Kevin Dooley Kent, in his capacity as Receiver v. Agostinho Calcada, No. 2:21-cv-18396 (D.N.J.)

This lawsuit involves \$1,530,740.83 loaned by Elm Street Investments, LLC (“Elm Street Investments”) to Sunny Ocean 699, LLC and Agostinho Calcada in October 2016 for the purchase of property in Golden Beach, Florida. The loan was documented by a promissory note which provides for repayment of principal plus payment of interest at an annual rate of six percent (6%), and the Note was secured by a second mortgage on the Golden Beach Property, which was lost through foreclosure. No payments have been made on the Note. The Note is enforceable against Agostinho Calcada individually, pursuant to its terms. As of the date of the filing of the

Complaint, the total owed on the Note was \$1,988,201.68. The Complaint includes a claim for breach of contract.

Kevin Dooley Kent, in his capacity as Receiver v. Renato Iregui, et al., No. 2:21-cv-20691 (D.N.J.)

This lawsuit involves the transfer of over \$2.3 million in Receivership Assets to, or on behalf/for the benefit of, Renato Iregui and/or his entities, along with Mr. Iregui's expenditure of nearly \$500,000.00 on American Express cards over less than a two-year period, which bills were paid with Receivership Assets. The Complaint includes claims for action to avoid fraudulent and voidable transfers, unjust enrichment, breach of fiduciary duty, and a demand for accounting.

Kevin Dooley Kent, in his capacity as Receiver v. Richard Shawn Ellis, et al., No. 2:21-cv-20754 (D.N.J.)

This lawsuit involves the transfer of over \$9.2 million to Defendants, Richard Shawn Ellis, and his entities Mainspring LLC, Semper Genus LLC and Rose & Thorn Cowlitz LLC. The majority of these payments are the subject of promissory notes and/or funding agreements which were subsequently partially and/or wholly forgiven, modified and/or transferred through a series of questionable transactions. The Receivership Parties never recouped any of the funds paid, nor did they receive any apparent benefit in exchange for these transfers. The Complaint includes claims for action to avoid fraudulent and voidable transfers, breach of contract, unjust enrichment, breach of fiduciary duty, and a demand for an accounting.

Kevin Dooley Kent, in his capacity as Receiver v. Jordan Denise, et al., No. 2:22-cv-00388 (D.N.J.)

This lawsuit involves the transfer of \$1,040,000.00 to Defendant, Entercore, Inc., which the Receiver believes were at least partially used for a deposit on a home for the benefit of one or more of the named defendants. The Receivership Parties never recouped any of the funds paid, nor did they receive any apparent benefit in exchange for these transfers. The Complaint includes claims for action to avoid fraudulent and voidable transfers, unjust enrichment, and a demand for an accounting.

VII. CREDITORS

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

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

Also proceeding in the District Court for the Eastern District of Pennsylvania is the matter of *Surefire Dividend Capture, LP v. Smith et al.*, No. 2:19-cv-04088, against Smith and numerous other Receivership Entities, as well as non- Receivership parties (“*Surefire* litigation”). Pursuant to the June 29, 2020 Receivership Order, the claims against Smith and all Receivership Entities were stayed, with a carve-out allowing the other claims against third parties in both that and a pending arbitration matter—*Surefire Dividend Capture, LP v. Broad Reach Capital, LP, Broad Reach Capital, LLC, Bristol Advisors, LLC and Brenda Smith*, JAMS Demand for Arbitration, Index No. 1450006353—to proceed, subject to certain conditions. However, on July 21, 2020, the *Surefire* litigation was stayed in its entirety, following the submission of briefs by the parties addressing the effect of the stay in this matter on that litigation.

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

defendants. The Plaintiff in that matter filed a notice of the Receivership Order and resulting stay on July 28, 2020.

Another civil action was initiated against Brenda Smith, as well as CV Fund Partners LLC, CV Special Opportunity Fund LP, and George Heckler in the Court of Common Pleas of Montgomery County on or about July 8, 2020, in the matter of *Williams v. Smith, et al.*, No. 2020-11338. The plaintiff in that action, Vivian Williams, notified the Court of the stay and sought to proceed against George Heckler and the non-Receivership defendants only. She ultimately entered into a consent judgment with George Heckler only, which was filed on May 11, 2021.

Additionally, a complaint was filed against Brenda Smith in the Montgomery County Court of Common Pleas on December 28, 2020, in the matter of *Bank of America v. Smith*, No. 2020-21298. The Receiver has twice advised Bank of America's attorney of the litigation stay.

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

Additionally, on July 2, 2019, CV Brokerage accepted a censure from FINRA and

was fined \$100,000.00 in connection with case number 2017052325902. On March 13, 2020, FINRA expelled CV Brokerage for failure to pay fines and/or costs of \$78,966.78.

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

The Receiver has also been advised by various individuals and/or entities that they have suffered harm as a result of Smith's conduct, as detailed above. CMCC has submitted a creditor claim form for the \$7.9 million damage claim set forth above. Instinet is asserting that it has a claim against CV Brokerage in the amount of \$375,929.18 for unpaid services. Additionally, the IRS is claiming that the Receivership Parties owe \$1,331,807.00, which is comprised of penalties for late and/or unfiled tax returns of \$416,020.00, estimated unpaid corporate income taxes of \$889,050.00, and estimated unpaid payroll taxes of \$26,737.00 for time periods prior to the Receiver's appointment. Finally, the most recent credit card bill produced by American Express in response to the Receiver's subpoena, with closing date of December 27, 2019, indicates that the Business Platinum Account in the names of CV Investments LLC and Brenda Smith had an outstanding balance of \$285,960.02. The Receiver is not presently aware of these individuals or

entities filing litigation claims, or obtaining judgments against, Smith or any of the Receivership Parties.

VIII. STATUS OF CREDITOR CLAIMS PROCEEDINGS

The Receiver filed a Motion for Order Setting Claims Bar Date, Establishing Claims Procedure and Approving Notification Process on January 14, 2022. (ECF No. 160). A creditor claim form is available on the Receiver's website at <http://broadreachreceiver.com/index.html>.

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

The Receiver recommends the continuation of the Receivership at this time. The Receiver anticipates bringing in significant additional funds through the sale of additional Receivership Assets and through the settlement of claims and pursuit of litigation. Given the ongoing nature of his investigation, the collectible assets still outstanding, the current and future pursuit of litigation on behalf of the Receivership Estate, and substantial delays caused by the COVID-19 pandemic to date, the Receiver does not have a projected date by which he expects the Receivership to close.

X. CONCLUSION

The Receiver, Kevin Dooley Kent, hereby respectfully submits this Sixth Quarterly Status Report for the Court's review and consideration. The Receiver

anticipates providing additional informational updates in subsequent quarterly status reports, as additional assets and/or liabilities are identified.

Respectfully Submitted,

Date: 1/28/2022

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EXHIBIT “A”

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STANDARDIZED FUND ACCOUNTING REPORT

CIVIL – RECEIVERSHIP FUND

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

REPORTING PERIOD 10/01/2021 TO 12/31/2021

STANDARDIZED FUND ACCOUNTING REPORT for Consolidated Broad Reach Capital Receivership Entities - Cash Basis
 Receivership; Civil Court Docket No. 2:19-CV-17213-MCA-ESK
 REPORTING PERIOD 10/01/2021 TO 12/31/2021

FUND ACCOUNTING (See Instructions):		Current Reporting Period - 10/01/21 to 12/31/21		06/29/20 - 12/31/21	
		Detail	Subtotal	Case to Date	
Line 1	Beginning Balance (As of 10/01/21)			\$ 6,177,449.21	\$ -
	<i>Increases in Fund Balance:</i>				
Line 2	Business Income			-	-
Line 3	Cash and Securities			517,553.98	8,027,623.19 [1]
Line 4	Interest/Dividend Income			-	5.67
Line 5	Business Asset Liquidation			-	700.00
Line 6	Personal Asset Liquidation			12,443.36	165,742.02
Line 7	Third-Party Litigation Income			105,000.00	105,000.00
Line 8	Miscellaneous - Other			-	-
	Total Funds Available (Lines 1 - 8):			\$ 6,812,446.55	\$ 8,299,070.88
	<i>Decreases in Fund Balance:</i>				
Line 9	Disbursements to Investors/Claimants			258,776.99	258,776.99 [1]
Line 10	Disbursements for Receivership Operations			3,373.44	1,489,997.77
Line 10a	Disbursements to Receiver or Other Professionals			480.00	
Line 10b	Business Asset Expenses			500.00	
Line 10c	Personal Asset Expenses			2,315.10	
Line 10d	Investment Expenses			78.34	
Line 10e	Third-Party Litigation Expenses			-	
	1. Attorney Fees			-	
	2. Litigation Expenses			-	
	Total Third-Party Litigation Expenses			-	
Line 10f	Tax Administrator Fees and Bonds			-	
Line 10g	Federal and State Tax Payments			-	
	Total Disbursements for Receivership Operations			\$ 262,150.43	\$ 1,748,774.76
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			-	-
Line 11a	Distribution Plan Development Expenses:			-	-
	1. Fees:			-	-
	Fund Administrator			-	-
	Independent Distribution Consultant (IDC)			-	-
	Distribution Agent			-	-
	Consultants			-	-
	Legal Advisers			-	-
	Tax Advisers			-	-
	2. Administrative Expenses			-	-
	3. Miscellaneous			-	-
	Total Plan Development Expenses			-	-
Line 11b	Distribution Plan Implementation Expenses:			-	-
	1. Fees:			-	-
	Fund Administrator			-	-
	IDC			-	-
	Distribution Agent			-	-
	Consultants			-	-
	Legal Advisers			-	-
	Tax Advisers			-	-
	2. Administrative Expenses			-	-
	3. Investor Identification:			-	-
	Notice/Publishing Approved Plan			-	-
	Claimant Identification			-	-
	Claims Processing			-	-
	Web Site Maintenance/Call Center			-	-
	4. Fund Administrator Bond			-	-
	5. Miscellaneous			-	-
	6. Federal Account for Investor Restitution (FAIR)			-	-
	Reporting Expenses			-	-
	Total Plan Implementation Expenses			-	-
	Total Disbursements for Distribution Expenses Paid by the Fund			\$ -	\$ -
Line 12	Disbursements to Court/Other:			-	-
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees			-	-
Line 12b	Federal Tax Payments			-	-
	Total Disbursements to Court/Other			\$ -	\$ -
	Total Funds Disbursed (Lines 9 - 11):			\$ 262,150.43	\$ 1,748,774.76
Line 13	Ending Balance (As of 12/31/21):			\$ 6,550,296.12	\$ 6,550,296.12
Line 14	Ending Balance of Fund - Net Assets:				
Line 14a	Cash & Cash Equivalents			6,550,296.12	6,550,296.12
Line 14b	Investments			-	-
Line 14c	Other Assets or Uncleared Funds			-	-
	Total Ending Balance of Fund - Net Assets			\$ 6,550,296.12	\$ 6,550,296.12

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 10/01/2021 TO 12/31/2021

OTHER SUPPLEMENTAL INFORMATION:		Current Reporting Period - 10/01/21 to 12/31/21			06/29/20 - 12/31/21
		Detail	Subtotal	Period Total	Case to Date
Line 15	Report of Items NOT To Be Paid by the Fund:				
	Disbursements for Plan Administration Expenses Not Paid by the Fund:			\$ -	\$ -
Line 15a	Plan Development Expenses Not Paid by the Fund:				
	1. Fees:				
	Fund Administrator			-	-
	IDC			-	-
	Distribution Agent			-	-
	Consultants			-	-
	Legal Advisers			-	-
	Tax Advisers			-	-
	2. Administrative Expenses			-	-
	3. Miscellaneous			-	-
	Total Plan Development Expenses Not Paid by the Fund			\$ -	\$ -
Line 15b	Plan Implementation Expenses Not Paid by the Fund:				
	1. Fees:				
	Fund Administrator			-	-
	IDC			-	-
	Distribution Agent			-	-
	Consultants			-	-
	Legal Advisers			-	-
	Tax Advisers			-	-
	2. Administrative Expenses			-	-
	3. Investor Identification:				
	Notice/Publishing Approved Plan			-	-
	Claimant Identification			-	-
	Claims Processing			-	-
	Web Site Maintenance/Call Center			-	-
	4. Fund Administrator Bond			-	-
	5. Miscellaneous			-	-
	6. FAIR Reporting Expenses			-	-
	Total Plan Implementation Expenses Not Paid by the Fund			\$ -	\$ -
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund			-	-
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			-	-
Line 16	Disbursements to Court/Other Not Paid by the Fund:				
Line 16a	Investment Expenses/CRIS Fees			-	-
Line 16b	Federal Tax Payments			-	-
	Total Disbursements to Court/Other Not Paid by the Fund:			-	-
Line 17	DC & State Tax Payments			\$ -	\$ -
Line 18	No. of Claims:				
Line 18a	# of Claims Received This Reporting Period				-
Line 18b	# of Claims Received Since Inception of Fund				-
Line 19	No. of Claimants/Investors:				
Line 19a	# of Claimants/Investors Paid This Reporting Period				1 [1]
Line 19b	# of Claimants/Investors Paid Since Inception of Fund				1

Notes

[1] In accordance with the Notice of Motion of Receiver, Kevin D. Kent, Esquire, to Approve a Settlement Resolving the Receiver's April 9, 2021 Motion to Determine Ownership of Taylor Trading, LLC Account (Dkt. No 130) and the Order Confirming Ownership of Taylor Trading, LLC Account Proceeds (Dkt. No. 134), the Receiver arranged for the transfer of 50% of the balance of the Taylor Trading, LLC bank account maintained with PNC Bank to investor Surefire Dividend Capture, LP ("Surefire") on November 19, 2021. Surefire is the largest investor victim of Smith's fraudulent scheme, with its losses accounting for approximately 50% of all investor losses. The Receiver and Surefire have further agreed that this amount will be deducted from any future distributions made by the Receiver to Surefire.

Receiver:

By: Kevin D. Kent, Receiver
 (signature)

Kevin D. Kent, Receiver
 (printed name)

Receiver
 (title)

Date: 1/27/22

NOTES TO THE STANDARDIZED FUND ACCOUNTING REPORT

Receivership Cash Accounts

As of December 31, 2021, the Receiver's cash balance of \$6,550,296.12 was maintained in a checking account at Bank of America.

Investments, Real and Personal Property

As described more fully in the Receiver's Sixth Quarterly Status Report, the Receiver is in the process of identifying and liquidating all the investments, real and personal property of the Receivership Parties.

In addition to the transactions reflected within the Standardized Fund Accounting 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, 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"). An agreement to sell the Smith Property for \$351,000 was approved by the court during January 2022 and closed on January 27, 2022. The BD of Louisiana Property is currently listed for sale for \$700,000 and is subject to a mortgage with an outstanding principal balance of approximately \$345,000.

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

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

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

Defendants.

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

**CERTIFICATE OF
SERVICE**

I hereby certify, this 28th day of January, 2022, that I caused to be served a true and correct copy of the Receiver Kevin Dooley Kent's Sixth Quarterly Status Report, upon Plaintiff, Securities and Exchange Commission, through counsel of record, and upon counsel of record for all other parties, by electronic filing pursuant to Fed.R.Civ.P. 5(b), and upon Defendant, Brenda A. Smith, on behalf of all defendants, via first-class mail, postage prepaid, as follows:

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

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