

**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: April 18, 2022

**NOTICE OF MOTION OF RECEIVER, KEVIN DOOLEY KENT, FOR
APPROVAL OF SIXTH INTERIM FEE APPLICATION FOR THE
PERIOD OCTOBER 1, 2021 THROUGH DECEMBER 31, 2021**

PLEASE TAKE NOTICE that the undersigned, on behalf of the Receiver, Kevin Dooley Kent, 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 April 18, 2022 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 Sixth Interim Fee Application for the Period October 1, 2021 through December 31, 2021.

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

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

Respectfully submitted,

Dated: 3/17/2022

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**RECEIVER, KEVIN DOOLEY KENT'S SIXTH INTERIM FEE
APPLICATION, FOR THE PERIOD OCTOBER 1, 2021
THROUGH DECEMBER 31, 2021**

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Dated: 3/17/2022

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

The Receiver and his Counsel have continued to focus their efforts on locating, marshaling, and preserving Receivership Assets; selling and liquidating Receivership Assets and taking actions necessary to prepare for and/or effectuate such sales; continuing document review and investigation; and investigating and 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, his Counsel and Accountants continue to perform this work at discounted rates, and have not sought an increase in these discounted rates for 2021 and 2022.

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, and as of February 9, 2022, the balance was \$6,880,763.75. 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), which was approved on February 22, 2022. (ECF No. 168).

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. (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).

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:

<u>Receiver</u>	
Name	Rate
Kevin Dooley Kent	\$510.00
<u>The Law Firm</u>	
Name/Position	Rate
Andrew Gallinaro, Partner	\$365.00
Associate	\$240.00 - \$330.00
Paraprofessional	\$165.00

The Accountant

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

Receivership Order, ¶¶ 79-83. For the Law Firm, this represents an average discount of approximately twenty-five percent (25%) for the active billers on this matter. Additionally, the Receiver and Law Firm have not sought increases in these hourly rates for 2021 or 2022, thus, the discounts have grown more significant.

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

Receivership Order, ¶¶ 75, 81, 84.

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

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.

This is the sixth interim application for approval of fees and expenses of the Receiver and his Retained Professionals. A summary of the prior interim fee applications is as follows:

	Total Fees	Fees Requested ²	Total Expenses	Expenses Requested ³	Status
First Interim Fee Application for the Period June 29, 2020 through September 30, 2020 (ECF No. 43), Filed November 13, 2020					
Law Firm	\$171,760.80	\$137,408.64	\$12,434.25	\$9,947.40	Approved 4/5/21 (ECF No. 70)
Accountant	\$43,577.50	\$34,862.00	\$0.00	\$0.00	
Second Interim Fee Application for the Period October 1, 2020 through December 31, 2020 (ECF No. 50), Filed February 12, 2021					
Law Firm	\$101,076.50	\$80,861.20	\$441.58	\$353.26	Approved 7/6/21 (ECF No. 103)
Accountant	\$155,977.50	\$124,782.00	\$170.00	\$136.00	
Third Interim Fee Application for the Period January 1, 2021 through March 31, 2021 (ECF No. 88), Filed May 28, 2021					
Law Firm	\$210,921.00	\$168,736.80	\$510.87	\$408.70	Approved 7/6/21 (ECF No. 104)
Accountant	\$454,867.50	\$363,894.00	\$3,280.70	\$2,624.56	
Fourth Interim Fee Application for the Period April 1, 2021 through June 30, 2021 (ECF No. 112), Filed August 16, 2021					
Law Firm	\$230,164.50	\$184,131.60	\$7,431.85	\$5,945.48	Approved 9/10/21 (ECF No. 121)
Accountant	\$396,202.50	\$316,962.00	\$4,574.34	\$3,659.47	
Fifth Interim Fee Application for the Period July 1, 2021 through September 30, 2021 (ECF No. 137), Filed November 24, 2021					
Law Firm	\$170,406.50	\$136,325.20	\$551.38	\$441.10	Approved 2/22/22 (ECF No. 166)
Accountant	\$184,725.00	\$147,780.00	\$5,126.90	\$4,101.52	

² This represents eighty percent (80%) of the total fees.

³ This represents eighty percent (80%) of the total expenses.

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 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 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. As of February 9, 2022, total cash on hand was \$6,880,763.75.

The Receiver anticipates that significant additional funds will soon be forthcoming pursuant to certain settlement agreements. 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.

After the close of the quarter, the Receivership received net proceeds from the sale of Brenda Smith's property in Tangipahoa Parish, Louisiana, totaling \$328,917.41. The Receiver remains hopeful that the sale of additional Receivership Assets, including real property owned by BD of Louisiana, will generate 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 nearly \$200,000.00 of remaining funds in a frozen account for which negotiations are ongoing, as well as \$444,213.08 held in two Industrial and Commercial Bank of China Financial Services ("ICBC") clearing accounts for CV Brokerage.⁴

Administrative expenses paid during this quarter total \$3,083.34 and include: (a) \$2,525.00 to various court-appointed appraisers for appraisals of

⁴ These funds are being held pursuant to the Stipulation to Resolve ICBCFS' Motion to Amend the Amended Order Appointing Receiver. (ECF No. 30).

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. Administrative expenses incurred after the close of the quarter will be reported in the next interim fee application.

For further detail, the Receiver has attached the SEC's Standardized Fund Accounting Report ("SFAR") for this quarter as Exhibit "A" to this Application.

B. Administration of Case to Date

The Receiver, his Counsel and Accountants have continued to focus 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.

1. Litigation-Related Activities

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

a. 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). An Order approving the settlement was entered on February 22, 2022. (ECF No. 165).

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).⁵

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

⁵ Following a telephone conference with the Honorable Edward S. Kiel on January 10, 2020, the Receiver withdrew the Motion, without prejudice (ECF No. 156). The Receiver has also initiated a lawsuit against Mr. Ellis and his various entities.

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 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). That Motion was granted on February 22, 2022. (ECF No. 167).

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). That Motion was granted on February 22, 2022. (ECF No. 168). The Receiver also filed Motions to Approve Settlements Resolving Ownership of the Rybicki Capital Partners, LLC Account (ECF No. 169) and Resolving the Receiver's Claims Against M.C. and M.S.C. (ECF No. 170)⁶ on February 24, 2022.

b. 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, was granted on February 22, 2022. (ECF No. 167).

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:

⁶ The Exhibits to this Motion were filed under seal. (ECF No. 71). The Receiver also filed a Motion to Seal the Exhibits on February 24, 2022. (ECF No. 71). The Motion to Seal was granted on February 25, 2022. (ECF No. 173).

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

The Receiver filed the Complaint on June 29, 2021. (ECF No. 1). 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 April 19, 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), which was granted that same day (ECF No. 13).

- ***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). The parties submitted a joint discovery plan on February 10, 2022, and a Rule 16 Scheduling Conference took place on February 15, 2022. The parties have exchanged initial disclosures and are in the process of proceeding with discovery.

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). The Receiver obtained and filed signed waivers of service from multiple defendants, and has formally served the others.

- ***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). The Receiver obtained and filed signed waivers of service from all defendants (ECF Nos. 9-17).

After the close of the sixth quarter, the Receiver initiated the following two (2) actions, which were authorized by the Court in connection with the First Motion to Initiate Litigation:

- ***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).

- ***Surefire Dividend Capture, LP and Kevin Dooley Kent, Esq., as Receiver v. The Nottingham Company, et al., No. 19-CV-04088-BMS (E.D. Pa.)***

The Receiver filed a Motion for Leave to File a Complaint in Intervention and to Lift Stay on February 10, 2022. (ECF No. 131).

The Receiver also filed the following action which was authorized in connection with the Third Motion to Initiate Litigation:

- ***Kevin Dooley Kent, in his capacity as Receiver v. Ronald Hightower, et al., No. 2:22-cv-01195 (D.N.J.)***

The Receiver filed the Complaint on March 4, 2022. (ECF No. 1).

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.

2. 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 generated \$7,961.60 through twelve (12) auctions through the close of the sixth quarter, after payment of storage fees and commissions. The Receiver received \$3,820.80 in proceeds from two additional auctions that took place after the close of the sixth quarter. 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 rugs as well as server equipment retrieved from the Equinix data center.⁷

The Receiver 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. The Receiver is also storing the original books and records of the Receivership Parties retrieved from their offices in Conshohocken.

3. 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

⁷ 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.

filed a Motion Regarding the Confirmation and Advertisement of the Sale on 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).⁸ 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.

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 entered into an Agreement of Sale on the BD of Louisiana Property in early January 2022, but the deal fell through. At the suggestion of his real estate agent based upon feedback from other potential buyers, the Receiver has decided to lower the listing price to \$620,000.00, in the hopes of encouraging a quick sale. The Receiver has also been working with the mortgaging bank to resolve its efforts to charge the default interest rate for the Property. If the Receiver cannot get the Property sold privately soon at an acceptable price, he may need to proceed with a public sale.

⁸ One of these competing bids was withdrawn prior to the Confirmation Hearing.

4. 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. As of February 9, 2022, the balance in the Receivership Account was \$6,880,763.75. The Receiver has received document productions from numerous domestic financial institutions.⁹

5. 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

⁹ 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.

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

6. 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.¹⁰

¹⁰ 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.

In December 2017, Smith invested \$100,000.00 into OTAF, to participate in OTAF's investment in its wholly owned subsidiary OTAF (Holgate) LLC, in connection with 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 in exchange for a royalty interest. The Receiver is investigating the Calais Entities' assertions, is in active discussions with their counsel, and is awaiting additional documentation.

7. 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 nine (9) 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.

8. Settlements

The Receiver has reached six (6) pre-litigation settlements so far which have been put before the Court for approval, collectively valued at over \$730,000.00. Three of these settlements are the subject of currently pending motions for approval. (ECF Nos. 169, 170). The Receiver is in various stages of active settlement negotiations with several other potential defendants.

9. 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, 2019.¹¹ 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 submitted additional documentation in support of the claim on February 7, 2022. The Receiver is in active negotiations with AIG with respect to the claim.

10. 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.

11. 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.

¹¹ AIG did not agree to reconsider its coverage position for earlier bond periods.

12. 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. The Receiver has sent notice to all known creditors and investors pursuant to the Court's February 22, 2022 Order Setting Claims Bar Date, Establishing Claims Procedure and Approving Notification Process. (ECF No. 168).

13. 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). On February 24, 2022, the Receiver filed a Motion to Approve a Settlement Resolving Ownership of Rybicki Capital Partners LLC PNC Account (ECF No. 169). Negotiations regarding the Awooton Consulting PNC Account are 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. The Receiver has requested, but has not yet received, supporting documentation in connection with this claim.

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 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.

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 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.¹² 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 substantively responded to this letter.

16. Anticipated Closure of Case

Given the ongoing nature of the Receiver's 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.

¹² 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.

C. Summary 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). The Motion was granted on February 22, 2022. (ECF No. 168). The Receiver has provided notice to investors and creditors in accordance with the terms of that Order.

D. 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 funds do not appear to be recoverable. Other funds likely cannot be recovered without litigation.

1. 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. As of February 9, 2022, the balance in the Receivership Account had further increased to \$6,880,763.75.

2. Pending and Upcoming Settlements

The Receiver anticipates that additional funds will soon be forthcoming through the settlement of claims. The Court approved two settlements during the sixth 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). On February 22, 2022, the Court granted the Receiver's Motion to Approve a Settlement Resolving the Receiver's Claims Against BRFP. (ECF No. 165). The Receiver also reached three additional pre-litigation settlements after the close of the quarter, which are pending Court approval. (ECF No. 169, 170). In total, these settlements are valued at over \$700,000.00, and the Receiver has already collected the proceeds from certain approved settlements. 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.

3. 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

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.

4. 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 royalty interest. The Receiver is still investigating these assertions and is in the process of gathering and evaluating documentation.

5. 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.

6. 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 on January 27, 2022 for \$351,000.00.

The BD of Louisiana Property has been listed for sale since approximately August 26, 2021. After a recent Agreement of Sale on the BD of Louisiana Property fell through, the Receiver has agreed to reduce the listing price to \$620,000.00, in the hopes of encouraging a quick sale. The Property is subject to a mortgage which continues to accrue interest. If the Receiver cannot get the Property sold privately soon at an acceptable price, he may need to proceed with a public sale.

7. Additional Bank Accounts and Funds

It is estimated that there is nearly \$200,000.00 remaining in a contested frozen account in the name of Awooton Consulting.

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.¹³ 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.

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 continues to investigate potential remedies.

9. 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 marketable personal property on a rolling basis. These sales have generated \$11,782.40 in net proceeds so far. The Receiver is exploring his options to sell rugs

¹³ 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.

from Smith's Rittenhouse Apartment, but so far has been unable to find any interested buyers. 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.

10. 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.

11. 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.

12. Cryptocurrency

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

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 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, 2022. (ECF No. 161). The Receiver filed his Third Motion to Initiate Litigation (ECF No. 147) on December 22, 2021. That Motion was granted on February 22, 2022 (ECF No. 166). 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 nine (9) 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.

Surefire Dividend Capture, LP and Kevin Dooley Kent, Esq., as Receiver v. The Nottingham Company, et al., No. 19-CV-04088-BMS (E.D. Pa.)

The Receiver filed a motion on February 10, 2022 seeking leave to file a Complaint in Intervention in this existing action filed by Surefire Dividend

Capture against multiple defendants arising out of its investments with Broad Reach and Brenda Smith. Prior to moving to intervene, the Receiver secured the agreement of Surefire to dismiss all of its claims against Receivership Entities, which were filed prior to the existence of the Receivership. The Receiver seeks to intervene in this case to pursue claims against Nottingham and its CEO, Kip Meadows. The Receiver's claims arise out of Nottingham's role as the independent third-party Fund Administrator for the Fund. In this role Nottingham confirmed for Smith's investors the total assets under management with the Fund, calculated fund performance, and provided individual investor statements purporting to show the value and growth of each investors' ownership interest in the Fund. The Receiver's complaint alleges that in performing these valuation services and other recordkeeping functions for Smith and her investors, Nottingham ignored significant warning signs of questionable information supplied by Smith. The Receiver's complaint also asserts that Nottingham's CEO, Kip Meadows was alerted to these facts by his employees but chose to ignore the warning signs because Nottingham needed revenue and he believed he could avoid liability for relying on information supplied by Smith, even though he suspected it was false. In addition to performing these functions, Nottingham also assisted Smith in attracting new investors to the Fund by vouching for the legitimacy and success of Smith and the Fund, despite the concerns Nottingham expressed internally.

Kevin Dooley Kent, in his capacity as Receiver v. Ronald Hightower, et al., No. 2:22-cv-01195 (D.N.J.)

This lawsuit involves the transfer of nearly \$5 million to/for the benefit of Defendants, \$500,000.00 of which represented a fee for a Standby Letter of Credit that was never delivered, which should have been refunded, and approximately \$2.5 million of which was used to purchase a home in Atlanta, Georgia. 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, breach of contract, and a demand for an 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 \$174,076.00 and the total fees incurred by the

Accountant for the period covered by this Application are \$239,300.00. The total expenses incurred by the Receiver and the Law Firm for the period covered by this Application are \$716.30, and the total expenses incurred by the Accountant for this time period are \$3,236.60. 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 \$139,260.80 and expense reimbursement in the amount of \$573.04, while the Accountant is seeking payment of \$191,440.00 in compensation and expense reimbursement in the amount of \$2,589.28 at this time.

A summary chart of the amounts requested in prior interim fee applications is as follows:¹⁴

¹⁴ These numbers represent eighty (80%) of the Law Firm and Accountant's total fees and expenses for each quarter.

	Fees	Expenses	Status
First Interim Fee Application for the Period June 29, 2020 through September 30, 2020 (ECF No. 43), Filed November 13, 2020			
Law Firm	\$137,408.64	\$9,947.40	Approved 4/5/21 (ECF No. 70)
Accountant	\$34,862.00	\$0.00	
Second Interim Fee Application for the Period October 1, 2020 through December 31, 2020 (ECF No. 50), Filed February 12, 2021			
Law Firm	\$80,861.20	\$353.26	Approved 7/6/21 (ECF No. 103)
Accountant	\$124,782.00	\$136.00	
Third Interim Fee Application for the Period January 1, 2021 through March 31, 2021 (ECF No. 88), Filed May 28, 2021			
Law Firm	\$168,736.80	\$408.70	Approved 7/6/21 (ECF No. 104)
Accountant	\$363,894.00	\$2,624.56	
Fourth Interim Fee Application for the Period April 1, 2021 through June 30, 2021 (ECF No. 112), Filed August 16, 2021			
Law Firm	\$184,131.60	\$5,945.48	Approved 9/10/21 (ECF No. 121)
Accountant	\$316,962.00	\$3,659.47	
Fifth Interim Fee Application for the Period July 1, 2021 through September 30, 2021 (ECF No. 137), Filed November 24, 2021			
Law Firm	\$136,325.20	\$441.10	Approved 2/22/22 (ECF No. 166)
Accountant	\$147,780.00	\$4,101.52	

As evidence of the continued 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,¹⁵ as well as the narrative descriptions in this Application, evidence the time and labor employed in this matter.

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

Activity Category	Hours	Fee Amount
Asset Analysis and Recovery	379.00	\$128,037.00
Asset Disposition	71.20	\$28,100.50
Case Administration	45.20	\$15,347.00
Claims Administration and Objections	7.10	\$172,287.50
Totals	502.50	\$174,076.00

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

Activity Category	Hours	Fee Amount
Data Analysis	58.00	\$26,900.00
Forensic Accounting	212.50	\$92,957.50
Litigation Consulting	173.90	\$77,795.00
Status Reports	7.20	\$3,047.50
Tax Issues	74.20	\$36,127.50
Claims Administration and Objections	1.70	\$637.50
Totals	531.40	\$239,300.00

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

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

Name/Position	Hourly Rate	Hours	Fee Amount
Kevin Dooley Kent, Receiver	\$510.00	56.00	\$28,560.00
Andrew S. Gallinaro, Partner	\$365.00	97.90	\$35,733.50
Robert N. Feltoon, Partner	\$365.00	20.50	\$7,482.50
Robin S. Weiss, Associate	\$330.00	268.60	\$88,638.00
David K. Lukmire, Associate	\$330.00	23.30	\$7,689.00
Brianna L. Dinmore, Paralegal	\$165.00	27.00	\$4,455.00
Erika L. Finkernagel, Paralegal	\$165.00	9.20	\$1,518.00
TOTALS		502.50	\$174,076.00

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

Name/Position	Hourly Rate	Hours	Fee Amount
Forensic Analysis Team			
Michael Shanahan (Senior Director)	\$550.00	44.30	\$24,365.00
David Medway (Director)	\$475.00	208.60	\$99,085.00
Nichole Lunt (Senior Associate)	\$375.00	94.80	\$35,550.00
Meghan Morine (Senior Associate)	\$375.00	66.10	\$24,787.50
Matthew Ryan II (Paraprofessional)	\$150.00	3.20	\$480.00
Forensic Analysis Team Sub-Total		417.00	\$184,267.50
Data Analysis Team			
Mark Kindy (Managing Director)	\$550.00	0.50	\$275.00
Bradley Koehler (Senior Director)	\$550.00	17.50	\$9,625.00
James McKenzie IV (Manager)	\$425.00	18.60	\$7,905.00
Curtis Stecke	\$425.00	21.40	\$9,095.00

(Manager)			
Data Analysis Team Sub-Total		58.00	\$26,900.00
Tax Services Team			
Sean Menendez (Managing Director)	\$550.00	10.90	\$5,995.00
Jennifer Palacios (Senior Director)	\$550.00	29.00	\$15,950.00
Jadyna Seelye (Senior Associate)	\$375.00	16.50	\$6,187.50
Accounting Team Sub-Total		56.40	28,132.50
OVERALL TOTALS		531.40	\$239,300.00

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 and Third Motions for Permission to Initiate Litigation, (ECF No. 98, 99, 147, 148), 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 during the sixth quarter, and the significant amount of work performed in connection with the lawsuits the Receiver sought permission to file in his Second and Third Motions to Initiate Litigation on Behalf of the Receivership have not been, and will not be,

billed to the Receivership on an hourly basis.¹⁶ 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 proposed Contingency Fee Agreements.

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.*

¹⁶ This does not include the lawsuit filed against Nottingham and Kip Meadows as well as against Jordan Denise and her entities, as these lawsuits were the subject of the Receiver’s First Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate and is not subject to a contingency fee agreement (ECF No. 49).

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. While the Receiver and his Accountants continue to expend significant time locating and recovering assets on behalf of the Receivership Estate in this complex case, as predicted, their fees were decreased for the fifth and sixth quarters as compared to the third and fourth quarters, consistent with the Receiver’s prediction that fees would be front-loaded in the first year. *See Gordon v. Dadante*, 2008 WL 1805787 at *11 (N.D. Ohio 2008) (recognizing that, with receiverships, 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 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 extremely 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.

The Receiver worked swiftly to identify and locate millions of dollars in Receivership stock holdings and four (4) parcels of land in Louisiana so that he could, 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 three 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. Additionally, the COVID-19 pandemic has resulted in additional substantial delays outside of the Receiver's control.

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. As noted previously, the Receiver and the Law Firm are performing this work at an average discount rate twenty-five percent (25%). The Receiver and his

Retained Personnel have not sought to increase their approved hourly rates in 2021 and 2022, thereby resulting in even more significant rate reductions.

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, and the transfer, storage, and sale of property. Most significantly, the Receiver and his Law Firm’s willingness to pursue litigation under a contingency fee arrangement as set forth in his Second and Third Motions 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 on a contingency fee basis, 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 Sixth Interim Fee Application for the Period October 1, 2021 through December 31, 2021, and thereby authorize the following:

1. Payment to Conrad O'Brien PC in the amount of \$139,260.80, as compensation for services performed from October 1, 2021 through December 31, 2021, such payment representing eighty percent (80%) of its fees for this quarter;
2. Payment to Alvarez & Marsal Disputes and Investigations, LLC in the amount of \$191,440.00, as compensation for services performed from October 1,

2021 through December 31, 2021, such payment representing eighty percent (80%) of its fees for this quarter;

3. Payment to Conrad O'Brien PC in the amount of \$573.04, for expenses incurred from October 1, 2021 through December 31, 2021, representing eighty percent (80%) of its expenses for this quarter; and

4. Payment to Alvarez and Marsal Disputes and Investigations, LLC in the amount of \$2,589.28 for expenses incurred from October 1, 2021 through December 31, 2021 representing eighty percent (80%) of its expenses for this quarter.

Respectfully Submitted,

Date: 3/17/2022

s/ Robin S. Weiss

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E-mail: agallinaro@conradobrien.com

*Attorneys for Receiver,
Kevin Dooley Kent*

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 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:			\$ -	\$ -
<i>Line 15a</i>	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			\$ -	
<i>Line 15b</i>	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			\$ -	
<i>Line 15c</i>	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:				
<i>Line 16a</i>	Investment Expenses/CRIS Fees			-	
<i>Line 16b</i>	Federal Tax Payments			-	
	Total Disbursements to Court/Other Not Paid by the Fund:			-	-
Line 17	DC & State Tax Payments			\$ -	\$ -
Line 18	No. of Claims:				
<i>Line 18a</i>	# of Claims Received This Reporting Period				-
<i>Line 18b</i>	# of Claims Received Since Inception of Fund				-
Line 19	No. of Claimants/Investors:				
<i>Line 19a</i>	# of Claimants/Investors Paid This Reporting Period				1 [1]
<i>Line 19b</i>	# 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.

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: **C. A. No. 2:19-cv-17213 (MCA)**
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CERTIFICATION OF RECEIVER, KEVIN DOOLEY KENT

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

1. I, Kevin Dooley Kent (“Receiver” or “Applicant”), in support of the Motion of Receiver, Kevin Dooley Kent, Esquire, for Approval of Sixth Interim Fee Application for the Period October 1, 2021 through December 31, 2021 (“the Application”), hereby certify as follows:

- (a) I have read the Sixth Interim Fee Application for the Period October 1, 2021 through December 31, 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 17th day of March, 2022.


Kevin Dooley Kent

**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, hereby submits this Statement in lieu of the submission of a formal brief in support of the Motion for Approval of Sixth Interim Fee Application for the Period October 1, 2021 through December 31, 2021. Inasmuch as the attached Interim Fee Application complies with the Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission and otherwise satisfies the requirements for Interim Fee Applications as set forth in this Court's June 29, 2020 Order Appointing Receiver, and contains all information and documentation required by the SEC as well as legal

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

Respectfully submitted,

Dated: 3/17/2022

s/ Robin S. Weiss
Robin S. Weiss, Esquire
Andrew S. Gallinaro, Esquire.
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Attorneys for Receiver,
Kevin Dooley Kent

**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'S
SIXTH INTERIM FEE APPLICATION FOR THE PERIOD
OCTOBER 1, 2021 THROUGH DECEMBER 31, 2021**

THIS MATTER having come before this Court upon the Motion of Receiver, Kevin Dooley Kent for Approval of Sixth Interim Fee Application for the Period October 1, 2021 through December 31, 2021;

It is on this _____ day of _____, 2022,

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

FURTHER ORDERED that Payment to Conrad O'Brien PC ("Law Firm") in the amount of \$139,260.80, for services performed from October 1, 2021 through

December 31, 2021, representing eighty percent (80%) of the Law Firm's total fee of \$174,076.00 for this quarter, is APPROVED and may be paid by the Receiver at this time; and it is

FURTHER ORDERED that payment to Alvarez & Marsal Disputes and Investigations, LLC ("Accountant") in the amount of \$191,440.00 for services performed from October 1, 2021 through December 31, 2021, representing eighty percent (80%) of the Accountant's total fee of \$239,300.00 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 \$573.04 for expenses incurred from October 1, 2021 through December 31, 2021, representing eighty percent (80%) of the Firm's total expenses of \$716.30 for this quarter, is APPROVED and may be paid by the Receiver at this time; and it is

FURTHER ORDERED that payment to Alvarez & Marsal Disputes and Investigations, LLC in the amount of \$2,589.28 for expenses incurred from October 1, 2021 through December 31, 2021, representing eighty percent (80%) of the Accountant's total expenses of \$3,236.60 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 17th day of March, 2022 that I caused to be served a true and correct copy of the Notice of Motion of Receiver, Kevin Dooley Kent for Approval of Sixth Interim Fee Application for the Period October 1, 2021 through December 31, 2021 upon Plaintiff, Securities and Exchange Commission, through counsel of record, and upon counsel of record for all other parties, by electronic filing pursuant to Fed.R.Civ.P. 5 (b), and upon Defendant, Brenda A. Smith, on behalf of all defendants, via first-class mail, postage prepaid, as follows:

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

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