

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

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

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

Defendants.

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

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

Robin S. Weiss, Esq.
Clark Hill PLC
Two Commerce Square
2001 Market Street, Suite 2620
Philadelphia, PA 19103
Phone: (215) 864-8086
Facsimile: (215) 640-8501
E-mail: rsweiss@clarkhill.com

Date: 10/24/24

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

I. INTRODUCTION

This action involves an investment advisory fraud in connection with which Defendants, Brenda A. Smith (“Brenda Smith” or “Smith”), Broad Reach Capital, LP, Broad Reach Partners, LLC and Bristol Advisors, LLC, are alleged to have raised in excess of \$100 million from at least forty (40) investors, based upon false representations regarding trading strategies to be implemented when, in reality, the vast majority of these investments were funneled into unrelated companies, used to pay back other investors, or utilized for personal use. (ECF No. 1). It is estimated that investors are still owed approximately \$60 million in principal. Brenda Smith pled guilty to committing securities fraud in connection with Broad Reach Capital on September 9, 2021, in *USA v. Smith*, No. 2:20-cr-00475-MCA (D.N.J.). Smith was sentenced to 109 months in prison on May 4, 2022.

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 Capital”), 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 Investments”), CV Lending LLC, CV Minerals LLC, BD of Louisiana, LLC, TA1, LLC (“TA1”), FFCC Ventures LLC, Prico Market LLC, GovAdv Funding LLC, Elm Street Investments, LLC (ECF No. 96), Investment Consulting LLC (“Investment Consulting”), and Tempo Resources LLC (hereinafter “Receivership Assets” or “Receivership Estate”). Receivership Order, Whereas ¶ 3; ¶¶ 1–3, 5 (ECF No. 22).

This status report focuses on developments during the seventeenth quarter of the Receivership. The Receiver incorporates by reference his prior status reports with respect to events that took place in prior quarters. This Report provides a full report and accounting of the Receivership Estate for the seventeenth quarter, reflecting the existence, value and location of currently known Receivership Assets, and the extent and nature of known liabilities.

II. SUMMARY OF THE OPERATIONS OF THE RECEIVER

On June 29, 2020, the Receiver was appointed to assume control of, marshal, pursue and preserve Receivership Assets. The total balance in the Receivership Accounts as of the close of the seventeenth quarter was \$7,432,178.78.

The Receiver and his Counsel continue to focus their efforts on preserving, locating and maximizing Receivership Assets, pursuing claims informally and through litigation, and evaluating, negotiating and managing claims asserted against the Receivership Estate. The Receiver's Accountants continue to provide forensic support as needed in connection with the pursuit of affirmative claims, including serving as the Receiver's expert witness when appropriate, assist with quantifying and evaluating claims asserted against the Estate, manage the document repository, and perform tax-related services for the Receivership.

Now that a ruling has been entered on the Receiver's First Omnibus Motion for Order Resolving Disputed Non-Investor Claims (ECF No. 305), and the Receiver has reached settlements with the Internal Revenue Service ("IRS") (ECF No. 322) and Richard Galvin (ECF No. 325) with respect to their Non-Investor Creditor claims, the Receiver is continuing his preparations to submit a proposed distribution model and interim distribution motion for the Court's consideration.

The operations of the Receiver for the seventeenth quarter are outlined in further detail below.

A. Litigation-Related Activities

i. Motion Practice

On June 14, 2024, the Receiver filed a Joint Motion with the IRS for an Order Resolving the IRS Claim Asserted Against the Receivership Estate. (ECF No. 322).

On June 26, 2024, Industrial and Commercial Bank of China Financial Services, LLC (“ICBCFS”) filed a Limited Objection and Reservation of Rights to the IRS settlement. (ECF No. 323). The Receiver filed a Reply Brief in support of the IRS settlement the next day. (ECF No. 324). That Motion remains pending.

ii. Lawsuits Filed on Behalf of the Receivership Estate

The Receiver filed thirteen (13) lawsuits during prior quarters. Six (6) of those lawsuits have been settled:

- ***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 case was closed following the Court’s approval of the settlement on August 4, 2022. (ECF No. 28). However, the defendants did not satisfy all of their payment obligations under the Settlement Agreement, and two of the defendants filed for bankruptcy protection. The Receivership Estate received a number of small payments in connection with the bankruptcy proceedings, but the Receiver does not anticipate receiving any additional meaningful funds from Defendants.
- ***Kevin Dooley Kent, in his capacity as Receiver v. Larry Hooper, et al., No 2:22-cv-01876 (D.N.J.):*** This case was closed following the Court’s approval of the settlement on August 29, 2022. (ECF No. 15).
- ***Kevin Dooley Kent, in his capacity as Receiver v. Jeffrey Bydalek, et al., No 2:22-cv-01811 (D.N.J.):*** This case was dismissed on January 30, 2013 (ECF No. 39), following the Court’s approval of the settlement on January 20, 2023. (ECF No. 35).
- ***Kevin Dooley Kent, in his capacity as Receiver v. Richard Shawn Ellis, et al., No. 2:21-cv-20754 (D.N.J.):*** This case was dismissed on November 14, 2023 (ECF No. 81), following the Court’s approval of the settlement on November 2, 2023. (ECF No. 78).¹

¹ The Order approving the settlement was signed on October 30, 2023, but docketed on November 2, 2023.

- ***Kevin D. Kent, in his capacity as Receiver v. Richard C. Galvin, et al., No. 2:21-cv-13105 (D.N.J.):*** The parties reached a settlement involving a mutual release of all claims, and the Receiver filed a Motion to Approve the Settlement on June 28, 2024. (ECF No. 76). The Court approved the settlement on July 23, 2024. (ECF No. 80). The case was dismissed on September 6, 2024. (ECF No. 84).
- ***Kevin Dooley Kent, in his capacity as Receiver v. Agostinho Calcada, No. 2:21-cv-18396 (D.N.J.):*** The Court granted the Receiver's Motion for Summary Judgment on April 25, 2024. (ECF No. 55). On May 8, 2024, the Court entered a Judgment Order in favor of the Receiver for \$2,221,461.42, with interest continuing to accrue. (ECF No. 57). On May 22, 2024, the Receiver submitted a Bill of Costs (ECF No. 58) and Motion for Attorney's Fees and Costs (ECF No. 59). On July 10, 2024, the Clerk granted the Motion to Tax Costs in part, awarding the Receiver taxable costs totaling \$1,591.20. (ECF No. 62). On July 24, 2024, the Court awarded the Receiver \$140,112.50 in attorney's fees and \$26,096.55 in non-taxable costs. (ECF No. 63). However, due to significant limitations on Defendant's ability to pay and the impact that such a sizeable judgment has had on Defendant's overall asset and liability picture, the parties reached a settlement agreement which is reflective of the Defendant's ability to pay, the Receiver's desire to bring in meaningful additional funds to the Receivership Estate, and the Receiver's need for security protections to ensure payment. The Receiver filed a Motion to Approve the Settlement on August 27, 2024. (ECF No. 64). The Court approved the settlement on October 9, 2024. (ECF No. 73).

Another lawsuit has been closed following the entry of a default judgment:

- ***Kevin Dooley Kent, in his capacity as Receiver v. Edward C. Britton, et al., No. 2:22-cv-02845 (D.N.J.):*** The Receiver obtained a default judgment against the defendants on August 16, 2023. (ECF No. 8). The Receiver filed a request for the award of pre- and post-judgment interest on September 15, 2023. (ECF No. 10). On October 4, 2023, the Court entered an amended default judgment award against the defendants in the amount of \$1,739,863.50, inclusive of the principal sum of \$1,129,845.50, plus pre- and post-judgment interest, and closed the

case. (ECF No. 11). The Receiver is in the process of exploring options for executing and/or selling the judgment.

The status of the remaining six (6) lawsuits is as follows:

- ***Kevin D. Kent, in his capacity as Receiver v. Emperor Global Enterprises LLP, et al., No. 2:21-cv-13099 (D.N.J.):*** Fact discovery is closed. The Receiver produced the expert reports of his Accountant and a certified forensic document examiner on December 29, 2023. A settlement conference took place on July 24, 2024, and the parties have been continuing their negotiations since then.
- ***Kevin Dooley Kent, in his capacity as Receiver v. Renato Iregui, et al., No. 2:21-cv-20691 (D.N.J.):*** The Court approved the Receiver's settlement with Kelly Lynn Ulmer on April 4, 2024. (ECF Nos. 63, 72). Meanwhile, the claims against the remaining defendants are proceeding. Discovery is complete, but the Receiver has been engaging in informal financial discovery of Mr. Iregui for the purpose of exploring the possibility of settlement. If the claims against Mr. Iregui cannot be resolved, the Receiver will be requesting a summary judgment briefing schedule.
- ***Kevin Dooley Kent, in his capacity as Receiver v. Jordan Denise, et al., No. 2:22-cv-00388 (D.N.J.):*** Ms. Denise has been barred from testifying at trial and from submitting a declaration in opposition to the Receiver's anticipated motion for summary judgment. (ECF No. 75). The Receiver produced the expert report of his Accountant on March 29, 2024. Ms. Denise did not submit a rebuttal expert report. She also released her attorneys and is again proceeding *pro se*. A settlement conference is currently scheduled for December 4, 2024. If the case cannot be resolved, the Receiver will be requesting a summary judgment briefing schedule.
- ***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.):*** On May 31, 2024, the Court entered an order granting the Receiver's Motion for Partial Summary Judgment against The Nottingham Company on his breach of contract claim, and denying Defendants' Motion for Summary Judgment. (ECF No. 220). Trial was scheduled to begin on July 30, 2024. In the months leading up to trial,

the Receiver and his counsel devoted significant time to both trial preparation and settlement negotiations. Ultimately, the parties reached a tentative settlement on the eve of trial, but the parties are still working on finalizing and memorializing the precise terms of the settlement, with the Court's assistance. If the parties are unable to finalize the settlement terms, the case will need to be re-listed for trial.

- ***Kevin Dooley Kent, in his capacity as Receiver v. Ronald Hightower, et al., No. 2:22-cv-01195 (D.N.J.)***: The Court recently granted defense counsels' motion to withdraw as counsel for Defendants, and imposed a temporary stay to afford Defendants the opportunity to retain replacement counsel. (ECF No. 89). However, Defendants did not retain replacement counsel, and the individual defendants are now proceeding with discovery *pro se*. A Clerk's Entry of Default was entered against the corporate defendants, at the Receiver's request (ECF No. 94), on August 12, 2024.
- ***Kevin Dooley Kent, in his capacity as Receiver v. Hector Valdes, et al., No. 2:23-cv-20475 (D.N.J.)***: The Receiver filed the Complaint on September 19, 2023. (ECF No. 1). Defendants filed an Answer to the Complaint on January 3, 2024. (ECF No. 14). The parties participated in an initial scheduling conference on February 23, 2024, and are now proceeding with fact discovery. A settlement conference is currently scheduled for January 23, 2025.

iii. Consent Judgments

On April 30, 2024, the Securities and Exchange Commission filed Consents of Brenda Smith and the Receivership Defendants (through the Receiver) for final judgments to be entered against them. (ECF Nos. 311, 312). The Court entered a Final Judgment as to Defendant Brenda Smith on July 24, 2024. (ECF No. 328).

B. Storage & Sale of Belongings and Data

In total, the Receiver has recovered \$14,188.20 in net proceeds from the sale of personal property through eighteen (18) auctions over the course of the

Receivership, after payment of commissions and related expenses.² The Receiver does not currently possess any other marketable personal property.

The Receiver continues to hold professional equipment and the original books and records of the Receivership Parties. Brenda Smith arranged for the pick-up of personal, sentimental items without significant resale value on April 6, 2023.

C. Louisiana Property

As previously reported, despite aggressive marketing efforts and numerous price reductions, the Receiver was unable to secure a private buyer for the Louisiana property owned by BD of Louisiana, LLC (“the Property”) at a price which would satisfy the requirements of 28 U.S.C. § 2001(b) and cover the balance of the mortgage held by b1BANK. Accordingly, on June 30, 2023, the Receiver entered into a Creditor Agreement with b1BANK, authorizing it to initiate mortgage foreclosure proceedings against BD of Louisiana, LLC in Louisiana. The Court granted the Receiver’s Motion to Permit b1BANK to Initiate Mortgage Foreclosure Proceedings and Proceed with the Public Sale of Real Property Owned by BD of Louisiana, LLC on July 19, 2023. (ECF No. 260). B1Bank initiated executory proceedings on or about August 11, 2023.

² Gross sale proceeds total \$19,516.50, which are offset by commissions and other related expenses totaling \$5,328.30.

The first Sheriff's sale took place on December 6, 2023, but there were no bidders. A second Sheriff's sale took place on February 21, 2024. B1BANK was the successful bidder at the second Sheriff's sale, having submitted a credit bid for approximately \$85,000.00. B1BANK thereafter submitted payment of costs for the Sheriff, Tangipahoa Parish tax collector, Clerk of Court, advertising costs, and appraisals, totaling approximately \$5,198.70. Payment of these costs was required for the issuance of a deed transferring title to the Property. The conveyance via Sheriff's sale was recorded with Tangipahoa Parish Clerk of Court on approximately March 6, 2024.

Pursuant to the Creditor Agreement, the parties agreed that b1BANK would use its commercially reasonable best efforts to sell the Property on the private market for not less than \$415,000.00, and that if a private purchase agreement was executed within six (6) months after b1BANK receives title, b1Bank would allocate the net sale proceeds (after reimbursement of the Sheriff's commission and costs, insurance and property taxes paid in the interim) such that any sums received over \$395,000.00 will be remitted to the Receiver. In reality, between the realtor's commission (6%), closing costs (estimated at \$2,500), and sheriff's sale costs (\$5,730), the Property would need to sell for nearly \$430,000.00 for b1BANK to clear the \$395,000.00 minimum before the Receivership Estate could receive any sale proceeds.

Based upon b1BANK's investigation and recommendations from its realtor, b1BANK wanted to list the property at a starting price of \$415,000.00, which under the Creditor Agreement would have resulted in a net recovery of \$381,870 to b1BANK and zero recovery for the Receivership Estate. However, recognizing that any funds recovered would be used to offset losses suffered by Brenda Smith's victims, b1BANK was willing to adjust the amount it would receive in net sale proceeds to ensure the Receivership Estate would receive at least \$10,000.00 in proceeds, and would give b1BANK more flexibility in making price adjustments and accepting a lower purchase price without concern that they were violating the terms of the Creditor Agreement. The Receiver accepted this proposal, subject to the understanding that in the (unlikely) event the Property sold for an amount that would net the Receivership Estate more than \$10,000.00 under the terms of the Creditor Agreement, the Receivership Estate would receive that higher amount.

After this agreement was reached, b1BANK advised that it signed a purchase agreement for \$415,000.00, with a contingency based upon appraised value. Closing was to occur by around mid-August 2024. Unfortunately, the buyer backed out of the agreement. The Receiver is awaiting further updates from b1Bank.

D. Private Investments and Ownership Interests

The Receiver has reached a tentative settlement in principle with regard to Smith's potential interest in a gold mine as a result of payments made to Calais

Management Corporation. The parties are working on finalizing the terms, and the Receiver will submit a motion for approval at the appropriate time.

Total distributions from Smith's \$100,000.00 investment in OTAF (Holgate) LLC remain at \$167,806.58 through the close of the seventeenth quarter. The Holgate Project is in the process of winding down, but there may be one or two additional distributions in connection with and/or following the wind-down process.

E. Investigation, Development, Pursuit and Settlement of Claims

The Receiver has filed a total of thirteen (13) lawsuits on behalf of the Receivership Estate so far, and has issued demands and/or continues to negotiate with several others. The Receiver anticipates filing additional lawsuits in the near future if those additional claims cannot be resolved.

In total, ten (10) pre-litigation settlements and seven (7) litigation settlements have been formally reached as of September 30, 2024, valued at nearly \$5.2 million. The Receivership Estate received \$100,000.00 in settlement funds during the seventeenth quarter. Based on existing settlements with extended payout schedules, the Receiver anticipates bringing in an additional \$2,180,000.00 in settlement funds through August 2028.³ Additionally, the Receiver has reached tentative settlements in two (2) other matters, and is in the process of attempting to formalize settlement

³ These amounts are subject to certain prepayment discounts if the funds are delivered earlier than anticipated.

terms. The Receiver will provide an update to the Court on those matters once those settlements are finalized.

F. Financial Account Reconstruction and Accounting Support

The Receiver's Accountants at Alvarez and Marsal continue to support the Receiver's efforts. The Accountants' financial account reconstruction allowed them to make determinations regarding investor capital account activity, and they prepared supporting documentation distributed to investors in connection with the claims process. They have been assisting the Receiver in preparing models for the Receiver's upcoming anticipated first interim distribution motion.

The Accountants have continued to support the Receivers' demands issued to, and negotiations with, third-party recipients of investor funds, and their work has allowed the Receiver to initiate and pursue litigation against various individuals and entities on behalf of the Receivership Estate. The Accountants are available to the Receiver to provide assistance with specific issues that may arise in connection with certain claims and/or lawsuits the Receiver is pursuing, and to provide necessary litigation and/or expert support. The Accountants have already issued five (5) expert reports in connection with the Receiver's ancillary litigation so far, and Michael Shanahan will likely be testifying as an expert in the event any of those cases proceed to trial.

G. Unclaimed Property

The Receiver submitted claims with the Unclaimed Property Division of the Pennsylvania Treasury Department for CV Brokerage, Inc. and BA Smith & Associates LLC on December 22, 2023. Likewise, the Receiver submitted a claim with the Michigan Department of Treasury for unclaimed property of CV Brokerage, Inc. on December 28, 2023. Finally, the Receiver submitted a claim with the New Jersey Unclaimed Property Administration for unclaimed property of CV Brokerage, Inc. on February 2, 2024. Through this process, the Receiver has confirmed the existence and amount of certain unclaimed assets, and is in the process of attempting to collect them.

H. Receivership Taxes

The Receiver has reached an agreement with the IRS regarding the claim he has asserted against the Receivership Estate, subject to court approval. (ECF No. 322). Meanwhile, Alvarez and Marsal continues to provide tax-related services to the Receivership Estate, and prepared and submitted an Income Tax Return (Form 1120-SF) for the Receivership Estate for calendar year 2022 in October 2023 and obtained an extension for 2023. They will also be preparing a plan for the ultimate dissolution of most, if not all, of the Receivership Parties.

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

As of September 30, 2024, total cash on hand was \$7,432,178.78. The Receivership Estate received \$100,000.00 in settlement proceeds during the seventeenth quarter.⁴ Additionally, the Receivership Estate received \$52,174.36 in interest earnings on the WSFS savings account during the seventeenth quarter.

The Receiver anticipates that his ongoing pursuit of claims and litigation will result in financial benefit for the Receivership Estate through settlements or judgments. Additionally, funds remain held in two ICBCFS clearing accounts for CV Brokerage. The aggregate balance in those accounts was \$444,213.08 as of September 8, 2020; however, those funds have since increased to approximately \$469,177.92.⁵

Administrative expenses paid during this quarter total \$633,168.92 and include (a) \$358.50 in WSFS bank maintenance fees; (b) \$16.00 in WSFS wire-in fees; (c) \$1,099.78 in Bank of America account analysis fees; (d) \$291,490.90 in

⁴ These settlement funds are subject to a contingency fee arrangement. Fees and expenses from this settlement payment will be paid to the Receiver and his Counsel during the eighteenth quarter, in accordance with this Court's January 27, 2022 Order Approving the Receiver's Second Motion for Permission to Initiate Litigation on Behalf of the Receivership Estate (ECF No. 61).

⁵ These funds are being held pursuant to the Stipulation to Resolve ICBCFS' Motion to Amend the Amended Order Appointing Receiver (ECF No. 30) and are the subject of a disputed creditor claim asserted by ICBCFS, which is addressed in the First Omnibus Claims Motion described herein.

professional fees and expense reimbursement to the Receiver, his Counsel and Accountant pursuant to this Court's July 24, 2024 Order Approving the Receiver's Fourteenth Interim Fee Application (ECF No. 329); (e) \$238,200.22 in professional fees and expense reimbursement to the Receiver, his Counsel and Accountant pursuant to this Court's September 3, 2024 Order Approving the Receiver's Fifteenth Interim Fee Application (ECF No. 336); (f) \$102,003.52 in professional fees and expense reimbursement to the Receiver, his Counsel and Accountant pursuant to this Court's September 23, 2024 Order Approving the Receiver's Sixteenth Interim Fee Application (ECF No. 337).

IV. RECEIPTS AND DISBURSEMENTS

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

V. RECEIVERSHIP ASSETS

A. Receivership Bank Accounts

As of the close of seventeenth quarter on September 30, 2024, the balance in the Receivership Accounts was \$6,979,992.05, broken down as follows: \$7,477,833.69 in the WSFS Trust/Savings Account, \$210,812.43 in the WSFS Checking Account, and \$241,374.30 in the Bank of America Account.

B. Settlements

The Receiver received a \$100,000.00 settlement payment from Agostinho Calcada during the seventeenth quarter (representing the first of five settlement payments), in connection with the Kent v. Calcada Matter. That settlement was approved on October 9, 2024. (ECF No. 73).

Based on four existing settlements with extended payout schedules in connection with the Kent v. Bydalek, Kent v. Ellis, Kent v. Galvin, and Kent v. Calcada Matters, the Receiver anticipates bringing in an additional \$2,180,000.00 in settlement funds through August 2028.⁶

The Receiver is actively negotiating potential settlements with several other individuals and entities. Many of these potential claims are either already in suit or are subject to tolling agreements.

C. Judgments

The Receiver obtained a default judgment against Edward C. Britton and Natural Impact Health and Fitness LP in the amount of \$1,739,863.50, inclusive of pre-judgment interest and partial post-judgment interest. Meanwhile, post-judgment interest continues to accrue pursuant to 28 U.S.C. § 1961. The Receiver is actively exploring options for the collection and/or sale of this judgment.

⁶ Certain of these amounts are subject to prepayment discounts if the funds are delivered earlier than anticipated.

D. Cryptocurrency

The Receiver has learned that at least some cryptocurrency was distributed to an investor, purportedly as a partial in-kind redemption on their investment. The amount and value of the cryptocurrency transferred is being investigated.

E. Private Investments

The Receiver has reached a tentative agreement in principle relating to Smith's purported interest in the Calais Gold Mine; however, the precise terms of that resolution still need to be formalized and approval obtained from the Court. The Receiver anticipates providing further updates regarding this resolution in his next quarterly status report.

The Receivership did not receive any distributions on Smith's \$100,000.00 investment in OTAF (Holgate) LLC during the seventeenth quarter. However, the Receiver has been advised that the last portfolio holding of the project has been sold, and that OTAF (Holgate) LLC is in the process of closing down the fund. The Receiver has been advised that there may be two additional investor distributions for New Jersey non-resident withholding taxes for 2023, and from the residual cash balance of the Fund.

The potential value of Smith's one (1) share in CMCC Development Corp. ("CMCC") is still being investigated.

F. Louisiana Properties

The Receiver reached an agreement with the mortgaging bank for the BD of Louisiana Property for the sale of the property through an executory process, which was approved by the Court on July 19, 2023. (ECF Nos. 259, 260). B1Bank purchased the Property via credit bid at the second Sheriff's sale, which took place on February 21, 2024. Pursuant to further agreements between the parties and a purchase agreement b1BANK entered into with a prospective buyer, the Receiver was expecting to receive additional funds (\$10,000.00) from b1BANK's sale of the Property around mid-August 2024. However, the buyer backed out, and the Receiver is awaiting further updates regarding the Property.

G. Additional Bank Accounts and Funds

ICBCFS continues to hold approximately \$470,000 in two clearing accounts for CV Brokerage, pursuant to a Stipulation. (ECF No. 30). The Receiver addressed ICBCFS' claimed security and priority interest in these funds in his First Omnibus Claims Motion (ECF Nos. 254, 256, 258), and anticipates that this will be the subject of future motion practice.

H. Personal Property

In total, the Receiver has recovered \$14,188.20 in net proceeds from the sale of personal property through eighteen (18) auctions over the course of the Receivership, after deduction of commissions and related expenses. Additionally,

Smith arranged for the pick-up of her personal/sentimental belongings on April 6, 2023. Further, as previously reported, the Receiver has not been able to locate viable options for the sale of computer equipment retrieved from the Equinix data center. The Receiver believes he has exhausted all efforts to market and sell Smith's personal property.

VI. LIQUIDATED AND UNLIQUIDATED CLAIMS HELD BY RECEIVERSHIP ESTATE

The Receiver has filed thirteen (13) lawsuits over the course of the Receivership. One of those lawsuits has been closed following the entry of a default judgment – *Kent v. Britton, et al.*, 2:22-cv-02845 (D.N.J.). Six of those lawsuits are settled– *Kent v. MCITC, et al.*, 2:21-cv-13104 (D.N.J.), *Kent v. Hooper, et al.*, No. 2:22-cv-01876 (D.N.J.), *Kent v. Bydalek, et al.*, 2:22-cv-01811 (D.N.J.), and *Kent v. Ellis, et al.*, 2:21-cv-20754 (D.N.J.), *Kent v. Galvin, et al.*, 2:21-cv-13105 (D.N.J.), and *Kent v. Calcada*, 2:21-cv-18396 (D.N.J.). However, two of the defendants in the MCITC case with whom the Receiver settled his claims filed for bankruptcy, and the Receiver has recovered a total of \$2,757.12 (on a \$100,000.00+ claim for breach of the settlement agreement) in connection with those bankruptcy proceedings through the close of the seventeenth quarter. The Receiver does not anticipate receiving any additional meaningful funds in connection with the bankruptcy.

VII. CREDITORS

The Receiver summarized the Non-Investor Creditor claims that have been submitted through the Receivership claims process and identified additional potential creditors who filed lawsuits but did not submit creditor claims in his ninth quarterly status report (ECF No. 213), which is incorporated herein by reference. The disputed creditor claims are further summarized in the Receiver's First Omnibus Claims Motion (ECF No. 254) and Omnibus Reply (ECF No. 258). Certain of those claims have since been withdrawn and/or resolved (ECF No. 305), though certain of those resolutions are still pending approval from the Court.

The total amount of confirmed Investor Creditor claims is now at \$54,988,769.53. This differs from previous figures due to (i) the Receiver's decision to treat Alpha Capital Trading Group, LLP ("Alpha Capital") as an Investor Creditor because its funds were entirely commingled with Broad Reach investor funds and Alpha Capital failed to provide evidence that its funds were held in a segregated account at ICBC by the deadline imposed by the Court,⁷ and (ii) a third party recovery made by an Investor Creditor which reduced the amount of its claim by that same amount. The total amount of disputed Investor Creditor claims remains at \$14,300,000.00, with another \$300,000.00 claim only conditionally approved.

⁷ If Alpha Capital wishes to dispute this determination and its categorization as an Investor Creditor, it can do so in response to the Receiver's upcoming anticipated first interim distribution motion.

The total amount of confirmed Non-Investor Creditor claims is now at \$1,289,533.68. This acknowledges the Receiver's acceptance of the IRS' reduced claim in the amount of \$515,984.00, pursuant to a settlement with the Receiver which is still subject to the Court's approval. However, the total amount of disputed Non-Investor Creditor claims has now been significantly reduced to \$6,075,511.96. As previously reported, the claims of the Estate of William McCormack (\$1,336,307.95), Scott Koppenheffer (\$141,052.56), and CMCC Development Group, LLC (\$7,900,000.00) have been withdrawn. (ECF No. 305). Additionally, pursuant to a settlement with the Receiver, Richard Galvin/Galvin Investment Company, LLC, have withdrawn their \$50+ million Non-Investor Creditor claim. Thus, the disputed Non-Investor Creditor claims that remain are the following:

- Liquidated and unliquidated indemnification claims asserted by ICBCFS totaling \$4,084,752.28 as of March 12, 2014, which is increased from the \$1,429,174.00 submitted in ICBCFS' original claim submission. The Receiver's First Omnibus Motion as to this claim was denied without prejudice as premature, and the parties may raise arguments regarding the validity, amount, reasonableness, creditor status, and priority of the ICBCFS claims in the future. (ECF No. 305).
- \$1,990,759.68 in claims asserted by two related entities which are also associated with the remaining disputed investor claim. These claims may be the subject of a second, future motion if they cannot be resolved.

VIII. STATUS OF CREDITOR CLAIMS PROCEEDINGS

The Receiver is preparing to file his first interim distribution motion for the Court's consideration, with his accountants preparing the supporting distribution model(s). The Receiver anticipates filing his first interim distribution in the near future.

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

Given the Receiver's continued investigation and pursuit of litigation, the ongoing nature of the Creditor Claims process with respect to certain disputed claims, the need for the filing of a proposed distribution motion, and the extended payout schedules associated with certain settlement agreements, the Receiver does not have a projected date by which he expects the Receivership to close.

X. CONCLUSION

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

Respectfully Submitted,

Date: 10/24/2024

s/ Robin S. Weiss
Robin S. Weiss, Esq.
Clark Hill PLC
Two Commerce Square
2001 Market Street, Suite 2620
Philadelphia, PA 19102
Phone: 215-864-8086
Fax: 215-640-8501
rsweiss@clarkhill.com

*Attorneys for Receiver, Kevin Dooley
Kent*

EXHIBIT “A”

Kevin Dooley Kent
Two Commerce Square
2001 Market Street, Suite 2620
Philadelphia, PA 19103
(215) 640-8500

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 07/01/2024 TO 09/30/2024

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 7/01/2024 TO 9/30/2024

FUND ACCOUNTING (See Instructions):		Current Reporting Period - 7/01/24 to 9/30/24		06/29/2020 - 9/30/2024	
		Detail	Subtotal	Period Total	Case to Date
Line 1	Beginning Balance (As of 7/01/24):			\$ 7,913,173.34	\$ -
	Increases in Fund Balance:				
Line 2	Business Income			-	-
Line 3	Cash and Securities			-	8,333,454.80
Line 4	Interest/Dividend Income			52,174.36	336,339.86
Line 5	Business Asset Liquidation			-	700.00
Line 6	Personal Asset Liquidation			-	565,323.08
Line 7	Third-Party Litigation Income			100,000.00	2,567,747.29
Line 8	Miscellaneous - Other			-	-
	Total Funds Available (Lines 1 – 8):			\$ 8,065,347.70	\$ 11,803,565.03
	Decreases in Fund Balance:				
Line 9	Disbursements to Investors/Claimants			-	258,776.99
Line 10	Disbursements for Receivership Operations			633,168.92	4,093,789.48
Line 10a	Disbursements to Receiver or Other Professionals			631,694.64	
Line 10b	Business Asset Expenses			-	
Line 10c	Personal Asset Expenses			-	
Line 10d	Investment Expenses			1,474.28	
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			\$ 633,168.92	\$ 4,352,566.47
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			-	18,819.78
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			\$ -	\$ 18,819.78
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):			\$ 633,168.92	\$ 4,371,386.25
Line 13	Ending Balance (As of 9/30/24):			\$ 7,432,178.78	\$ 7,432,178.78
Line 14	Ending Balance of Fund – Net Assets:				
Line 14a	Cash & Cash Equivalents			7,432,178.78	7,432,178.78
Line 14b	Investments			-	-
Line 14c	Other Assets or Uncleared Funds			-	-
	Total Ending Balance of Fund – Net Assets			\$ 7,432,178.78	\$ 7,432,178.78

[1]

STANDARDIZED FUND ACCOUNTING REPORT for Consolidated Broad Reach Capital Receivership Entities - Cash Basis
 Receivership; Civil Court Docket No. 2:19-CV-17213-MCA-ESK
 REPORTING PERIOD 7/01/2024 TO 9/30/2024

OTHER SUPPLEMENTAL INFORMATION:		Current Reporting Period - 7/01/24 to 9/30/24			06/29/2020 - 9/30/2024
		Detail	Subtotal	Period Total	Case to Date
Line 15	Report of Items NOT To Be Paid by the Fund:				
	Disbursements for Plan Administration Expenses Not Paid by the Fund:			\$ -	\$ -
<i>Line 15a</i>	<i>Plan Development Expenses Not Paid by the Fund:</i>				
	1. Fees:			-	-
	Fund Administrator			-	-
	IDC			-	-
	Distribution Agent			-	-
	Consultants			-	-
	Legal Advisers			-	-
	Tax Advisers			-	-
	2. Administrative Expenses			-	-
	3. Miscellaneous			-	-
	Total Plan Development Expenses Not Paid by the Fund			\$ -	\$ -
<i>Line 15b</i>	<i>Plan Implementation Expenses Not Paid by the Fund:</i>				
	1. Fees:			-	-
	Fund Administrator			-	-
	IDC			-	-
	Distribution Agent			-	-
	Consultants			-	-
	Legal Advisers			-	-
	Tax Advisers			-	-
	2. Administrative Expenses			-	-
	3. Investor Identification:			-	-
	Notice/Publishing Approved Plan			-	-
	Claimant Identification			-	-
	Claims Processing			-	-
	Web Site Maintenance/Call Center			-	-
	4. Fund Administrator Bond			-	-
	5. Miscellaneous			-	-
	6. FAIR Reporting Expenses			-	-
	Total Plan Implementation Expenses Not Paid by the Fund			\$ -	\$ -
<i>Line 15c</i>	<i>Tax Administrator Fees & Bonds Not Paid by the Fund</i>			-	-
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			-	-
Line 16	Disbursements to Court/Other Not Paid by the Fund:			-	-
<i>Line 16a</i>	<i>Investment Expenses/CRIS Fees</i>			-	-
<i>Line 16b</i>	<i>Federal Tax Payments</i>			-	-
	Total Disbursements to Court/Other Not Paid by the Fund:			-	-
Line 17	DC & State Tax Payments			\$ -	\$ -
Line 18	No. of Claims:				
<i>Line 18a</i>	<i># of Claims Received This Reporting Period</i>				-
<i>Line 18b</i>	<i># of Claims Received Since Inception of Fund</i>				52
Line 19	No. of Claimants/Investors:				
<i>Line 19a</i>	<i># of Claimants/Investors Paid This Reporting Period</i>				-
<i>Line 19b</i>	<i># of Claimants/Investors Paid Since Inception of Fund</i>				1 [1]

Notes

[1] In accordance with the 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 (ECF No. 130) ("Taylor Trading Motion") and the Order Confirming Ownership of Taylor Trading, LLC Account Proceedings (ECF No. 134), the Receiver arranged for the transfer of 50% of the balance of the Taylor Trading, LLC bank account maintained with PNC Bank ("Taylor Trading Account") to investor Surefire Dividend Capture, LP ("Surefire") on November 19, 2021. Surefire had filed claims against, *inter alia*, Scott Koppenheffer in a lawsuit it filed in the Eastern District of Pennsylvania captioned *Surefire Dividend Capture, LP v. Smith et al.*, No. 2:19-cv-04088 (E.D. Pa.) (the "Surefire Action"). Surefire agreed to resolve its claims against Mr. Koppenheffer in exchange for, *inter alia*, an assignment of Mr. Koppenheffer's rights (if any) to the Taylor Trading Account. The Receiver and Surefire then agreed to resolve the Taylor Trading Motion by splitting the balance in the Taylor Trading Account, which amount will be deducted from any future distribution made by the Receiver to Surefire. This settlement resulted in a meaningful recovery for the Receivership Estate while eliminating the risk and cost of litigating the issue of account ownership with Mr. Koppenheffer and/or Surefire.

Receiver:

By: Kevin Dooley Kent
 (signature)
Kevin Dooley Kent
 (printed name)
Receiver
 (title)

Date: 12 October 2024

NOTES TO THE STANDARDIZED FUND ACCOUNTING REPORT

Receivership Cash Accounts

As of September 30, 2024, the Receiver’s cash balance of \$7,432,178.78 was maintained in checking and savings accounts at Bank of America and WSFS Bank with the following balances:

Receivership Cash Account Balances - September 30, 2024

Financial Institution	Account Type	Balance
Bank of America	Checking	\$ 241,374.30
WSFS Bank	Checking	210,812.43
WSFS Bank	Savings	6,979,992.05
Total Cash		\$ 7,432,178.78

Investments, Real and Personal Property

As described more fully in the Receiver’s Seventeenth 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.

The Receivership previously had an interest in two parcels in Tangipahoa Parish, Louisiana, owned by BD of Louisiana, LLC (“BD of Louisiana Property”). Due to an inability to secure a private buyer for the BD of Louisiana Property, on June 30, 2023, the Receiver entered into a Creditor Agreement with b1BANK, authorizing it to initiate mortgage foreclosure proceedings and pursuant to which the Receiver is entitled to the proceeds above a certain threshold.

b1BANK purchased the BD of Louisiana Property via credit bid for approximately \$85,000 at the Sheriff’s sale that occurred on February 21, 2024. In the prior reporting period, b1BANK advised that it signed a purchase agreement, with a contingency based upon appraised value. Closing was set to occur around mid-August 2024; however, the purchase agreement was cancelled when the buyer withdrew from the transaction. To date, b1BANK has been unable to renegotiate the transaction or find another buyer for the property.

**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 day of 24th day of October, 2024, that I caused to be served a true and correct copy of the Receiver Kevin Dooley Kent's Seventeenth Quarterly Status Report, upon Plaintiff, Securities and Exchange Commission, through counsel of record, and upon counsel of record for all other parties, by electronic filing pursuant to Fed.R.Civ.P. 5(b), and upon Defendant, Brenda A. Smith, on behalf of all defendants, via first-class mail, postage prepaid, as follows:

Brenda A. Smith
Register No. 72832-050
FCI Danbury
Federal Correctional Institution
Route 37
Danbury CT 06811

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