

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO.: 23-24903-CIV-JB

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

RISHI KAPOOR; et al.,

Defendants.

**RECEIVER’S RESPONSE TO RISHI KAPOOR’S MOTION TO STAY STATE COURT
PROCEEDINGS AND PERMIT SALE OF ASSET SUBJECT TO ASSET FREEZE**

Bernice C. Lee, as Receiver (“Receiver”) over the companies listed herein (each a “Receivership Company” and collectively, the “Receivership Companies”)¹ submits this response to Defendant Rishi Kapoor’s Motion to Stay Court Proceedings and Permit Sale of Asset Subject to Asset Freeze (“Stay Motion”) (DE#94).

By the Stay Motion, Mr. Kapoor – the former principal of Location Ventures LLC and several related Receivership Companies – seeks for this Court to:

- (a) stay a foreclosure proceeding against the real property located at 7233 Los Pinos Boulevard, Coral Gables, FL (the “Property”) which is owned by 7233 Los Pinos,

¹ The “Receivership Companies” or “Receivership Defendants” include: Location Ventures, LLC, URBIN, LLC, Patriots United, LLC; Location Properties, LLC; Location Development, LLC; Location Capital, LLC; Location Ventures Resources, LLC; Location Equity Holdings, LLC; Location GP Sponsor, LLC; 515 Valencia Sponsor, LLC; LV Montana Sponsor, LLC; URBIN Founders Group, LLC; URBIN CG Sponsor, LLC; 515 Valencia Partners, LLC; LV Montana Phase I, LLC; Stewart Grove 1, LLC; Stewart Grove 2, LLC; Location Zamora Parent, LLC; URBIN Coral Gables Partners, LLC; URBIN Coconut Grove Partners, LLC; URBIN Miami Beach Partners, LLC; and URBIN Miami Beach II Phase 1, LLC.

LLC (which is not a Receivership Company)² and in which Mr. Kapoor and his wife Jennie Frank Kapoor currently reside, for a period of six months;

- (b) authorize 7233 Los Pinos, LLC to list the Property for sale with a broker, under a listing agreement for which Mrs. Kapoor would be the listing associate and would receive a share of the commission; and
- (c) find that the Property and any monetary benefit Mr. Kapoor “would personally receive from the sale of the Property” are subject to the Asset Freeze Order entered by this Court (DE#10).

The Receiver has repeatedly encouraged Mr. Kapoor to promptly sell the Property for fair market value in order to pay off the debt and escrow the proceeds pending a determination of entitlement. The Stay Motion takes some positive steps in that direction, but with several components to which the Receiver objects.

The Receiver does not believe that the Asset Freeze Order operates as a blanket stay of the foreclosure action with regard to the Los Pinos property, though it might arguably stay an actual sale of the property by the foreclosing creditor. The Asset Freeze Order clearly *does* apply to any voluntary disposition of property owned by, controlled by, or in the possession of Mr. Kapoor, and accordingly enjoins 7233 Los Pinos LLC from selling the Property. The Receiver nonetheless would not object to a sale of the Property for fair market value, provided that (1) the terms of sale are fully disclosed to the Receiver and approved in advance of sale; (2) no insider is participating in such sale in any capacity; (3) any net proceeds after satisfaction of valid non-insider liens are turned over to the receivership estate, or at a minimum, escrowed in Receiver’s counsel’s trust

² According to the Stay Motion, 7233 Los Pinos, LLC is owned by Kapoor, LLC, which is owned by Mr. Kapoor and his wife Jennie Frank Kapoor.

account pending a determination as to entitlement thereto in the Receivership action; and (4) the S.E.C. likewise consents to the sale and terms thereof. Mr. Kapoor's counsel has been advised of the Receiver's position.

The Stay Motion notes that the Receiver has not presently taken the position that the Property or the equity therein is Receivership Property, or that the foreclosure action against the Property is an "Ancillary Proceeding" under the Receivership Order. Mr. Kapoor has not acknowledged that the Los Pinos property is Receivership Property. The Receiver is investigating and reserves the right to assert claims to or against the Property, in which case the Receiver would assert that the foreclosure proceeding would be stayed under the Receivership Order as an Ancillary Proceeding.

The Receiver objects to approval of the listing agreement described in the Stay Motion, and in particular to Mrs. Kapoor being the listing associate or receiving any share of the broker's commission or any other compensation or remuneration in connection with a sale of the Property. As the spouse of Mr. Kapoor, and as a current occupant of the Property who is not paying the mortgage or paying rent to the owner, 7233 Los Pinos, LLC, Mrs. Kapoor is not "uniquely qualified and motivated to advocate for a sale beneficial to all potential interests" – she is an insider with interests that may directly conflict with completing a sale for fair market value in a reasonable period of time. She also has no experience whatsoever as a real estate agent – indeed, Mrs. Kapoor only obtained her real estate license a month ago. (See Exhibit "A"). Including her as the listing associate would appear to be nothing more than an end-run on the Asset Freeze Order. The Receiver has also requested information to support the proposed \$8.495 million listing price and has not received a response. If the listing price is not supported by a reasonable assessment of the market value of the Property, then the listing may be counterproductive to facilitating a sale for

fair value in a reasonable period of time.

The Receiver is concerned that Mr. Kapoor's request for a finding that "any monetary benefit Defendant Kapoor would personally receive from the sale of the Property" is subject to the Asset Freeze also represents an attempted end-run on the Asset Freeze Order. Elsewhere in the Stay Motion, Mr. Kapoor prematurely opines on whether Mr. and Mrs. Kapoor's interest in the Property³ would be subject to creditor claims. (DE#94 at ¶7). To the extent Mr. Kapoor is attempting to surreptitiously argue that only any monetary benefit that Mr. Kapoor individually would receive from the sale is subject to the Asset Freeze – as distinguished from a monetary benefit claimed by both Mr. and Mrs. Kapoor – the Receiver respectfully submits that *all* proceeds from any sale of the Property are subject to the Asset Freeze and should be escrowed pending a determination of any claims thereto.

To the extent a stay of the foreclosure proceeding were to be considered by this Court, the Receiver believes a six month period is excessive, particularly in light of the accrual of default rate interest as described in the motion. The Receiver would submit that, if anything, the foreclosure claim should be reduced to judgment in order to cut off the accrual of default rate interest, with 7233 Los Pinos, LLC given a reasonable time – 90-120 days – to consummate a sale, subject to approval by the Receiver, the S.E.C., and if appropriate, this Court.

Accordingly, the Receiver respectfully submits that the Court should: (1) deny approval of the listing agreement unless (a) Mrs. Kapoor is removed as listing associate and Boschetti Real Estate Group certifies that no insider has any interest in or will receive any compensation from the

³ Mr. and Mrs. Kapoor do not have any legal or beneficial ownership interest in the Property. They are asserted to be the owners of Kapoor, LLC, which owns the membership interests in 7233 Los Pinos, LLC. The Receiver does not intend to address here the claims that may be asserted against Mr. Kapoor, 7233 Los Pinos, LLC, or the Property, as those issues are premature and not presently before the Court.

sale; and (b) the proposed listing price is supported to the Receiver's reasonable satisfaction; (2) subject to those conditions, authorize the listing of the Property for sale, subject to the consent of the Receiver and S.E.C., or, if appropriate, Court approval of a final offer to purchase the Property; (3) requiring, as a condition of approval of any sale, that all sale proceeds after payment of bona fide third-party liens are escrowed with Receiver's counsel pending a determination of entitlement thereto; (4) staying only the scheduling and conduct of a foreclosure sale in the Foreclosure Action for a period of no more than 120 days.

Respectfully submitted,

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*Counsel to Bernice C. Lee,
Court-Appointed Receiver*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served via CM/ECF upon all counsel of record this 7th day of March, 2024.

By: /s/ David L. Rosendorf
David L. Rosendorf

Exhibit A

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LICENSEE DETAILS

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Licensee Information

Name:	FRANK KAPOOR, JENNIE (Primary Name)
Main Address:	7233 LOS PINOS BLVD CORAL GABLES Florida 33143
County:	DADE

License Information

License Type:	Real Estate Broker or Sales
Rank:	Sales Associate
License Number:	SL3600630
Status:	Current,Active
Licensure Date:	01/29/2024
Expires:	09/30/2025

Special Qualifications

Qualification Effective

Alternate Names

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