

**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 FIRST INTERIM REPORT

Bernice C. Lee, the Receiver (the “Receiver”) appointed by the Court’s Order [DE 28] (“Receivership Order”) entered on January 12, 2024, hereby submits her First Interim Report for the period of January 12, 2024 through March 31, 2024 (the “Reporting Period”).

I. Receiver’s General Activities and Efforts in the First Quarter

A. General Operations of the Receiver

This receivership involves twenty-two entities named as defendants¹ (collectively, the “Receivership Defendants”), over twenty subsidiaries and related entities, and seven active real estate projects. The Receiver is assessing all assets of the receivership estate on a project-by-project basis to determine the best path forward for each property and its ability to produce a recovery for the receivership estate.

¹ The Receivership Defendants are: 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.

During the Reporting Period, the Receiver and her professionals have devoted a substantial amount of time to assessing the various real estate properties and related values and potential dispositions, including debt structure, loan transactions, funding provided by lenders and others, and related claims. The Receiver and her counsel have had several meetings and phone conferences with lenders, landlords, creditors, and other parties related to the various properties. A summary of the real estate properties and related items is provided below:

Minorca Parcel: Urbin CG RESI SPE LLC, a wholly owned subsidiary of Urbin Coral Gables Partners, LLC, owned a vacant lot on Minorca Avenue in Coral Gables, Florida, folio no. 03-4108-006-1200. After investigating and assessing options, on January 29, 2024, the Receiver filed a Motion for Authority to Close on Pending Sale and to Approve Sale [DE 58] to close on a pending sale contract of the vacant lot for \$800,000. On January 30, 2024, the Court entered an Order granting the motion and approving the sale. The sale closed, and the receivership estate received the net proceeds on March 1, 2024.

299 Alhambra Building and Personal Property: CG Office SPE, LLC, a wholly owned subsidiary of Urbin Coral Gables Partners, LLC, owns an office building located at 299 Alhambra Circle in Coral Gables, Florida. The Receivership Defendants occupied the ground floor and offices 319, 401, 406, 510, 512, and 519 – 521 in the building. After investigating the marketing history of the property, the debt structure, and alternatives for disposition, on February 28, 2024, the Receiver filed a Motion for Approval of Settlement and Authority to Consent to Foreclosure Judgment [DE 91] seeking approval of a settlement with the lender. Under the settlement, the Lender will provide a \$100,000 payment to the receivership estate, CG Office SPE will consent to the entry of a consent final judgment, and the Receiver will have sixty days to administer the Receivership Defendants' personal property in the building. Rishi Kapoor filed a response in

opposition to the motion on March 4, 2024 [DE 95]. The Receiver filed a reply in support of her motion on March 5, 2024 [DE 96]. The matter is fully briefed and pending before the Court. With respect to the personal property, on March 7, 2024, the Receiver filed a Motion to Approve Employment of Auctioneer and Auction Sale of Personal Property [DE 99], and on March 22, 2024, the Court entered an Order granting the motion, and providing that the Receiver is authorized to employ the auctioneer and conduct an auction of the personal property on April 19, 2024 or such other time as determined by the Receiver [DE 109].

Stewart Grove: Stewart Grove 1, LLC owns a luxury single family home constructed on real property located across two parcels: 3620 Stewart Avenue, Miami, Florida 33133 (folio no. 01-4128-051-0010), and 3610 Stewart Avenue, Miami, Florida 33133 (folio no. 01-4128-051-0020). The Receiver and her counsel have spent a significant amount of time assessing a potential sale or other avenue of administering the Stewart Grove property, including conducting a site visit and in person meeting with the first mortgage lender representative and counsel at the property, numerous conference calls with the lender, reviewing the loan transactions and funding for the property, engaging in several conference calls and email correspondence with a potential purchaser, negotiating, drafting and reviewing a potential sale contract, reviewing various documents relating to lien claimants, and attending to conference calls and email correspondence with lien claimants and other parties relating to the property.

Miami Beach: Urbin Miami Beach Owner, LLC, a wholly owned subsidiary of Urbin Miami Beach Mezzanine, LLC, owns two adjacent parcels located in Miami Beach: 1260 Washington Avenue consisting of primarily vacant land, folio no. 02-4203-009-0040; and 1234 Washington Avenue with an office building, folio no. 02-4203-009-0050. The Receiver and her counsel have expended a significant amount of time assessing these properties, including

conducting a site visit with the lender, reviewing the loan transactions and funding for the property, evaluating options for the proposed disposition of the property, preparing a non-disclosure agreement for prospective buyers, communicating with interested parties regarding potential sale of the property, investigating the status of the permits and entitlements associated with the property, drafting court papers to employ a broker/auctioneer, and reviewing issues raised by, and communicating with, the escrow agent, surety and the Florida Division of Condominiums, Timeshares, and Mobile Homes regarding purchaser deposits and escrow bond.

Commodore/Coconut Grove: Urbin Coconut Grove Partners, LLC is the 100% owner and/or manager of the following four entities that own real property and/or leasehold rights: (a) Urbin Commodore Residential SPE, LLC owns 29 condominium or retail units in a building located at 3162 Commodore Plaza, Miami, FL 33133, (b) Urbin Commodore Residential II SPE, LLC owns a parcel, folio no. 01-4121-047-0060, with an address of 3170 Commodore Plaza, Miami, FL 33133, and is the lessee under a ground lease with Dharma Studio, Inc. for real property located at 3166 Commodore Plaza, Miami, FL 33133, folio no. 01-4121-047-0070, (c) Urbin Commodore SPE, LLC is a lessee under a ground lease with TB 3138 Commodore Investments, LLC for real property located at 3138 Commodore Plaza, Miami, FL 33133, folio no. 01-4121-047-0130, and (d) Urbin Commodore Restaurant SPE, LLC is a lessee under a ground lease with TB 3120 Commodore Investments, LLC for real property located at 3120 Commodore Plaza, Miami, FL 33133, folio no. 01-4121-047-0120. The Receiver filed a motion to employ appraiser for the Commodore properties on March 19, 2024 [DE 106], and the Court entered an Order granting the motion on March 22, 2024 [DE 111]. The Receiver and her counsel have expended a significant amount of time assessing these properties, including conducting a site visit of all parcels with an appraiser, having numerous calls with the lender and landlord, reviewing the loan

transactions, ground leases and funding for the property, communicating with interested parties regarding potential sale of the properties, and reviewing issues raised by, and communicating with, the escrow agent, surety and the Florida Division of Condominiums, Timeshares, and Mobile Homes regarding purchaser deposits and escrow bond.

Villa Valencia Condos: 515 Valencia SPE, LLC, a wholly owned subsidiary of 515 Valencia Partners, LLC, owns four condominium units in a condominium building located at 515 Valencia Ave., Coral Gables, Florida 33134: (a) Unit 1301, folio no. 03-4117-096-0120, (b) Unit 1104, folio no. 03-4117-096-0390, (c) Unit 1202, folio no. 03-4117-096-0110, which is subject to a sale contract and related litigation, and (d) Unit 1201, folio 03-4117-096-0230, which is subject to a sale contract and related litigation. The Receiver filed a motion to employ appraiser for the condos on April 2, 2024 [DE 113], and the Court entered an Order granting the motion on April 4, 2024 [DE 116]. The Receiver and her counsel have spent a meaningful amount of time conducting numerous calls with the lenders, reviewing and conducting calls with the City of Coral Gables, the condominium association and other parties regarding issues relating to the temporary certificate of occupancy, attending meetings and calls with purchasers and other creditors, and evaluating potential dispositions of the units.

Montana: 7240 US Highway 2 SPE, LLC, a wholly owned subsidiary of LV Montana Phase I, LLC, owns real property consisting of 12.37 acres with an address of 7240 US Highway 2 E, Columbia Falls, Montana 59912 (folio no. 07-4186-15-2-09-30-0000). The Receiver has spent a meaningful amount of time reviewing and drafting documents relating to the potential engagement of a real estate broker for this property, and having multiple conference calls with the broker regarding the property, receivership estate and SEC action.

Los Pinos and Yacht: Additional assets related to the receivership case include a luxury residence located at 7233 Los Pinos Blvd, Coral Gables, Florida owned by 7233 Los Pinos LLC, an entity Rishi Kapoor has stated that he and Jeannie Frank Kapoor own through an entity named Kapoor, LLC, which recently filed a voluntary chapter 11 bankruptcy petition and was subject to a foreclosure action, and a 68' 2023 Princess yacht subject to a mortgage in excess of \$4.2 million and maritime foreclosure action by the lender. These assets are subject to the Asset Freeze Order entered by the Court [DE 10] and the Receiver may have claims against the assets and/or claims against Mr. Kapoor relating to these assets.

During the Reporting Period, the Receiver has identified and secured books and records, including QuickBooks and Sage accounts, Google Workspace accounts and emails, and a network attached storage device. Immediately upon her appointment, the Receiver issued notices to several financial institutions to locate bank accounts and provide notice of her appointment. The Receiver has issued subpoenas to six financial institutions to obtain financial records relating to the Receivership Defendants and transactions involving the Receivership Defendants, and obtained various records and documents from attorneys, accountants and escrow agents who provided services to the Receivership Defendants. With respect to the 299 Alhambra offices, the Receiver changed the locks for all offices used by the Receivership Defendants, and secured all records, documents, computer equipment and other items on site.

The Receiver also commenced the process of investigating the inflows and outflows of funds among the Receivership Defendants and related entities, including customer deposits for certain properties. The Receiver is investigating all potential avenues of potential recovery, including substantial payments made to certain equity investors prior to the commencement of the SEC action, intercompany transfers, payments to or for the benefit of insiders, and other

questionable transactions. The Receiver and her team have spent a significant amount of time identifying and understanding the massive volume of information, which has been time-consuming but will help pave the way for the efficient administration of this receivership estate.

The Receiver and her counsel have also addressed numerous case administration items, including:

- a. Establishing and updating the Receiver's website which contains court documents and a section where investors and other claimants can include their contact information (<https://kttlaw.com/lv/>),
- b. Conducting meetings and follow-up calls with the following individuals: Retired Judge Alan Fine, the former liquidating manager for certain Location Venture companies, and the three individuals that he worked with as the liquidating manager: Vivian Bonet, Raymond Gonzalez and Jorge Chirinos,
- c. Attending various virtual meetings and conference calls with counsel for Rishi Kapoor and/or the SEC to discuss proposed and pending motions, QuickBooks and Sage records, and ESI/discovery issues,
- d. Reviewing and analyzing an efficient and cost-effective procedure to address the parties' ESI and discovery requests,
- e. Attending to over twenty-five Florida state and federal court proceedings that were pending at the time that the Court entered the Receivership Order, providing notice of the receivership stay, communicating with plaintiffs and other parties involved in the cases, attending certain hearings and status conferences, and monitoring the status of the cases,

- f. Reviewing and analyzing issues relating to escrow deposits, release of funds and bond claims for the Miami Beach and Commodore properties, and conducting multiple calls with attorneys for unit purchasers and surety, and the Florida Division of Condominiums, Timeshares, and Mobile Homes, and
- g. Searching and reviewing documents relating to the Receivership Defendants and related entities to address requests from various parties.

B. Cash on Hand, and Receipts and Disbursements

Immediately following the Receiver's appointment, she established a receivership account, provided notice of the Receivership Order to various banks, and obtained the transfer of the following funds to the receivership estate's account: (a) \$15,428.66 from Location Ventures LLC's City National Bank account ending in 5809, (b) \$407,218.07 from Location Development LLC's City National Bank account ending in 3405, (c) \$747,593.39 from Location Ventures LLC's City National Bank account ending \$1748, and (d) \$190,004.43 from URBIN Coral Gables Partners, LLC's JPMorgan Chase Bank account ending in 6998. Additional deposits include \$762,235.37 in net proceeds from the same of the Minorca parcel, return of retainers and premiums, rent payments from one tenant and bank account interest.

As of March 31, 2024, the Receiver has cash on hand of \$2,191,843.98, which consists of unencumbered funds. During the Reporting Period, the Receiver collected \$2,202,295.48 and disbursed \$10,451.50. Additional details are provided in the Standardized Fund and Accounting Report attached as **Exhibit A**.

The total amount and nature of known accrued administrative expenses as of March 31, 2024, was \$525,367.20, which consists of professional fees and expenses of the Receiver's professionals, as follows: (a) Receiver, Bernice C. Lee, fees \$140,140.00 for 400.4 hours, (b)

Kozyak Tropin & Throckmorton, LLP (Counsel), fees \$159,900.00 for 567.1 hours and \$9,373.63 expenses, (c) Yip Associates, fees \$203,150.00 for 667.5 hours and \$155.07 expenses, and (d) Day Pitney fees \$12,648.50 for 28.6 hours. These amounts represent fees and expenses of the Receiver and her professionals which have been incurred but not yet applied for, awarded by the Court, or paid by the Receiver. The initial months of the receivership generally require the most intensive effort by the Receiver and her professionals.

C. Schedule of Receipts of Disbursements

A report of the Receiver's receipt and disbursements, on a quarterly and cumulative basis, is attached as Exhibit A.

D. Receivership Property

The receivership property consists of primarily the real estate properties discussed above which are owned directly by certain Receivership Defendants or by subsidiaries, cash on hand of \$2,191,843.98, and potential third-party claims.

E. Liquidated and Unliquidated Claims held by the Receivership Estate

The Receiver is in the process of investigating the potential liquidated and unliquidated claims held by the Receivership Estate, and is not yet able to provide a valuation of such claims or the anticipated or proposed methods of enforcing such claims. The Receiver anticipates that numerous claims will be identified as the administration of the receivership estate progresses.

F. Known Creditors

Over 22 investors and creditors have input their contact information in through the Receiver's website. In the interest of protecting the privacy of those investors and ensuring that the list of fraud victims does not become available to others who may use it for improper purposes, the Receiver does not recommend at this time that a list of the known creditors and investors, and

their addresses be publicly filed at this time.

G. Creditor Claims Proceedings

No Creditor Claims Proceedings have been commenced.

H. The Receiver's Recommendations for a Continuation or Discontinuation

The Receiver recommends the continuation of the receivership. There is a substantial amount of work to be done in administering the remaining real property, reconstructing the Receivership Defendants and related entities' financial operations and transactions, assessing the amounts due to investors and creditors, and pursuing recoveries on behalf of the victim investors.

Respectfully submitted,

KOZYAK TROPIN & THROCKMORTON, LLP

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By: /s/ David L. Rosendorf
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was filed with the clerk of the Court using CM/ECF, and the foregoing document has been served via CM/ECF upon all counsel of record this 30th day of April, 2024.

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

Exhibit A

Bernice C. Lee, as Receiver
 SEC v. Rishi Kapoor, et al.
 Case No. 23-24903-CIV-JB

STANDARDIZED FUND ACCOUNTING REPORT

Reporting Period:
 01/12/2024-03/31/2024

FUND ACCOUNTING				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (as of 01/12/2024)	\$0.00		\$0.00
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	\$3,834.00		
Line 3	Cash and Securities	\$1,360,814.55		
Line 4	Interest/Dividend Income	\$15,758.68		
Line 5	Business Asset Liquidation (Note 1)	\$762,235.37		
Line 6	Personal Asset Liquidation			
Line 7	Additional Third-Party Claims Recovery			
Line 8	Miscellaneous – Other (Note 2)	\$59,652.88		
	Total Funds Available (Lines 1-8):			\$2,202,295.48
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors			
Line 10	Disbursements for Receivership Operations			
<i>Line 10a</i>	<i>Disbursements to Receiver or Other Professionals</i>			
<i>Line 10b</i>	<i>Business Asset Expenses</i>	\$2,492.65		
<i>Line 10c</i>	<i>Personal Asset Expenses</i>			
<i>Line 10d</i>	<i>Investment Expenses</i>	\$10.00		
<i>Line 10e</i>	<i>Additional Third-Party Litigation Expenses</i>			
	1. Attorney Fees			
	2. Litigation Expenses			
	<i>Total Additional Third-Party Litigation Expenses</i>			
<i>Line 10f</i>	<i>Tax Administrator Fees and Bonds</i>			
<i>Line 10g</i>	<i>Federal and State Tax Payments (Note 3)</i>	\$7,948.85		
<i>Line 10h</i>	<i>Miscellaneous – Other (Note 4)</i>	\$586.09		
	Total Disbursements for Receivership Operations			\$10,451.50
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
<i>Line 11a</i>	<i>Distribution Plan Development Expenses:</i>			
<i>Line 11b</i>	<i>Distribution Plan Implementation Expenses:</i>			
	Total Disbursements for Distribution Expenses Paid by the Fund:			\$0.00
	Disbursements to Court/Other:			
<i>Line 12a</i>	<i>Investment Expenses/Court Registry Investment System (CRIS) Fees</i>			
<i>Line 12b</i>	<i>Federal Tax Payments</i>			
	Total Disbursements to Court/Other:			\$0.00
	Total Funds Disbursed (Lines 9-11):			\$10,451.50
Line 13	Ending Balance (as of 03/31/2024):			\$2,191,843.98
Line 14	Ending Balance of Fund – Net Assets:			
<i>Line 14a</i>	<i>Cash & Cash Equivalents</i>	\$2,191,843.98		
	<i>Investments</i>			
<i>Line 14c</i>	<i>Other Assets or Uncleared Funds</i>			
	Total Ending Balance of Fund – Net Assets			\$2,191,843.98
OTHER SUPPLEMENTAL INFORMATION				
		Detail	Subtotal	Grand Total
Line 15-19		N/A		

- Note 1: Net sale proceeds from sale of Minorca parcel (folio no. 03-4108-006-1200)
- Note 2: Return of retainers and premium
- Note 3: Flathead County, Montana Real Property Taxes
- Note 4: Scan job and document production payments