

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

**CASE NO.: 23-cv-24903-JB**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

RISHI KAPOOR; *et al.*,

Defendants.

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**ORDER GRANTING RECEIVER’S EXPEDITED MOTION TO APPROVE  
SALE OF VALENCIA UNIT 1104 PROPERTY FREE AND CLEAR**

**THIS CAUSE** came before the Court upon the Receiver, Bernice C. Lee’s *Expedited* Motion to Approve Sale of Valencia Unit 1104 Property Free and Clear (the “Motion”). ECF No. [208]. The Court has carefully considered the Motion, and the accompanying exhibits, as well the pertinent portions of the record and the relevant legal authorities. For the reasons explained more fully below, the Motion is **GRANTED**.

**I. BACKGROUND**

On December 27, 2023, the Securities and Exchange Commission filed a Complaint for Injunctive Relief against Rishi Kapoor (“Kapoor”) and the Receivership Companies alleging that Kapoor used the Receivership Companies to operate a real estate scheme in violation of the anti-fraud provisions of the federal securities law raising approximately \$93 million from more than 50 investors from January 2018 through March 2023. *See generally* Compl., ECF No. [14-1]. On January 12, 2024, the

Court entered an Order appointing Bernice C. Lee as receiver “for the estate of the Receivership Companies, including any of [their] divisions, subsidiaries, affiliates, successors, and assigns; and any fictitious business entities or business names created or used by the Receivership Companies, their divisions, subsidiaries, affiliates, successors, and assigns.” (“Receivership Order”). ECF No. [28] at ¶ 2.

The Receivership Order authorizes the Receiver to sell real property in the Receivership Estate, either at public or private sale, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such real property. *Id.* at ¶ 32. The Receivership Order further provides that “[u]pon further Order of the Court, pursuant to such procedures as may be required by the Court and additional authority such as 28 U.S.C. sections 2001 and 2004, the Receiver is authorized to sell, and transfer clear title to, all real property in the Receivership Estate.” *Id.* at ¶ 33.

On January 24, 2024, the Court entered an Order approving the parties’ Stipulation Waiving Requirements of 28 U.S.C. § 2001(a) and (b) in Connection with Real Property Sale Motion (the “Section 2001 Order”). ECF No. [51]. The Section 2001 Order provides that “[t]he Receiver is excused from compliance with 28 U.S.C. section 2001 in connection with the sale of real property in this case.” ECF No. [51].

**A. The Valencia Unit 1104 Property**

515 Valencia SPE, LLC (“Valencia SPE”) owns condominium unit 1104 in a building located at 515 Valencia Ave. Coral Gables, Florida 33134 (the “Valencia Building”). ECF No. [208] at ¶ 8. 515 Valencia Partners, LLC is a Receivership

Company that is the sole owner of Valencia SPE. *Id.*; ECF Nos. [208-1], [208-2]. Location Ventures, LLC is a Receivership Company and manager of Valencia SPE. *Id.* The Valencia Building is a luxury 13-story residential condominium building consisting of 39 units. *Id.* at ¶ 9. Of the 39 units, 35 were sold by Valencia SPE prior to the Receiver's appointment, and four remain with the Receivership Estate. *Id.* Unit 1104 is finished, and the other three units are unfinished. *Id.* The Valencia Building has a temporary certificate of occupancy from the City of Coral Gables. *Id.* It does not currently have a certificate of occupancy. *Id.*

In or around September 2022, One Sotheby's International Realty listed Unit 1104 for sale for \$4 million, and in June 2023, the broker was negotiating a potential \$4 million sale of unit 1104 with an individual from Mexico under which the seller would pay all sales commissions. *Id.* at ¶ 10. A sale contract was not signed, and the listing expired in June 2023. *Id.*

On April 4, 2024, the Court entered an Order Granting Receiver's Motion for Authorization to Employ Real Estate Appraiser that authorized the Receiver to employ Carlos D. Gobel and GRE Group, Inc. as an appraiser. ECF No. [116]. The appraiser provided the Receiver with an appraised "as is" market value as of April 11, 2024 for Unit 1104 with the private garage of \$4,050,000. ECF No. [208] at ¶ 11.

On August 8, 2024, the Receiver received a contract to purchase Unit 1104 for a purchase price of \$3,960,000 plus an additional fee of \$50,000 for a total of \$4,010,000 (the "Sale Contract") from Raimundo Lopez Lima Levi Revocable Trust (the "Buyer"). ECF Nos. [208] at ¶ 13; [208 - Ex. 3]. This was the highest all cash offer

that was received with no pending inspection period. *Id.* at ¶ 13. The Sale Contract avoids additional expenses of brokers' commissions because there is no broker on the seller's side, and the buyer is responsible for payment of its broker. *Id.* at 14. The unit is encumbered by liens in favor of 515 Valencia Acquisition, LLC (the "Lender"), which has filed a foreclosure action and sought 24.99% default interest, the Halpern Family Trust (the "Halpern Trust"), and various lien claimants. *Id.* at ¶ 2, 17-18.

### **B. The Sale Motion and Notice**

The Receiver filed the Motion seeking the Court's approval to sell the Valencia Unit 1104 Property (defined below) free and clear of any liens, claims, interests and encumbrances, and to pay the seller's fees and costs specified in the Sale Contract. ECF No. [208]. The Receiver intends to establish a Valencia Lien Claim Fund (as defined below) to hold the Net Sale Proceeds (as defined below), and proposes that all liens, claims, interests and encumbrances asserted through the closing date will attach to the Net Sale Proceeds with the same priority, extent and validity as they had prior to the Receivership. *Id.* at ¶ 21. The Receiver will file an appropriate pleading to address the allocation and disbursement of the Net Sale Proceeds at a later date, with notice to be provided to all lien claimants known to the Receiver who may assert a lien claim and/or object to the distribution or allocation of the Valencia Lien Claim Fund. *Id.* at ¶ 23. To the best of the Receiver's knowledge, all interested parties have received notice of the Motion. *Id.* at ¶ 28.

The Receiver argues that it is in the best interest of the receivership estate to consummate the sale of the Valencia Unit 1104 Property under the Sale Contract,

and the sale will provide a significant benefit to the Receivership Estate and claimants. *Id.* at 13-14. The sale will generate significant funds to pay real estate taxes, reduce additional claims of the condominium association after closing as the Buyer will be responsible for paying such amounts, and provide a significant amount of net proceeds that the Receiver will separately account for (the “Valencia Lien Claim Fund”) to be used to provide a source of payment to lien claimants as determined and approved by the Court. *Id.* at 14.

## II. ANALYSIS

“The district court has broad powers and wide discretion to determine relief in an equity receivership.” *S.E.C. v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992) (citations omitted). This Court has previously determined that this includes the power to authorize a sale of real property free and clear of liens, claims, interests and encumbrances, provided that such liens and interests attach to the proceeds of sale with the same priority, extent and validity as they had prior to the receivership, and will be distributed only upon court order following notice to all lien claimants. ECF No. [185]. The Receiver has shown that the proposed sale will maximize the value of the Valencia Unit 1104 Property, particularly since the Sale Contract is the highest all cash offer received with no pending inspection period. ECF No. [208] at 13-14. Further, assuming a 3% commission, the Sale Contract avoids additional expenses of \$118,800 in brokers’ commissions, which more than accounts for the \$40,000 difference between the \$4,010,000 total consideration under the Sale Contract and the \$4,050,000 total appraised value. *Id.* at 13.

### III. CONCLUSION

For the foregoing reasons, and finding that good cause exists, it is hereby **ORDERED AND ADJUDGED** as follows:

1. The Receiver's Motion, ECF No. [208], is **GRANTED**.
2. All interested parties listed in the service list for the Motion have had the opportunity to object to the relief granted by this Order and, to the extent that any objections have not been withdrawn or resolved by stipulation prior to the entry of this Order or are not resolved by the relief granted herein or as stated in the record, all such objections are hereby overruled.
3. The Receiver is authorized to enter into the Sale Contract attached to the Motion as Exhibit 3, and the Receiver, as the Receiver over 515 Valencia Partners, LLC, the owner of Valencia SPE, and Location Ventures, LLC the manager of Valencia SPE, is authorized to execute the receiver's deed, title affidavit and assignment of parking spaces attached to the Sale Contract, and other documents necessary for the proposed sale.
4. While the sale of the Valencia Unit 1104 Property will be free and clear of pre-existing liens as stated in Paragraphs 5 and 6 below, all liens against the Valencia Unit 1104 Property, including, but not limited to, the liens described in the Receiver's Motion and those asserted through the closing date, are not extinguished, but rather, will attach to the Net

Sale Proceeds, with the same priority, extent and validity as they had prior to the Receivership.

5. The sale of the real property located at 515 Valencia Avenue, Unit 1104, Coral Gables, FL 33134, legally described on Exhibit A of the Sale Contract, together with Seller's interests, if any, in the appurtenances, rights, easements, rights-of-way, tenements and hereditaments incident thereto and all improvements and fixtures located on the property, and the assignment of right to use the private garage and parking spaces as described in the Sale Contract (collectively, the "Valencia Unit 1104 Property"), to the Buyer, free and clear of all liens, claims, interests and encumbrances, including, but not limited to, the mortgages, liens, *lis pendens*, notices of commencements, claims, interests and encumbrances described in the Receiver's Motion and those asserted through the closing date, is approved on an as-is, where-is basis, without representations or warranties from the Receiver.
6. The mortgages, liens, *lis pendens*, notices of commencements, claims, interests and encumbrances described in the Receiver's Motion are:
  - a. The mortgage from Valencia SPE in favor of Valencia 34, LLC, recorded in Book 30930, Page 2665, as amended and restated in Book 31520, Page 2916, Second Amended and restated in Book 32204, Page 1596, Loan Extension and Modification Agreement in Book 31432, Page 1827, Subordination Agreement in Book 32236, Page 2390, as assigned to RLC Funding LLC, a Florida limited liability company, in Book 33544, Page 1124 and Notice of Future Advance recorded in Book 33544, Page 1127, as further assigned to Lender by instrument at Book 33896, Page 684;

- b. The mortgage from Valencia SPE in favor of The Halpern Family Trust, a Florida statutory trust, recorded in Book 31467, Page 168, as subordinated in Book 31520, Page 2936 and in Book 31520, Page 2959, as Amended and Restated in Book 31833, Page 4919, Second Amended and Restated in Book 32199, Page 1845, Third Amended and Restated in Book 32507, Page 3478 and Fourth Amended and Restated in Book 32553, Page 36 and Subordination of Mortgage in Book 33544, Page 1139;
- c. UCC-1 Financing Statement naming Altamar Financial Group, LLC as secured party and Valencia SPE as debtor, filed July 7, 2019, recorded in Book 31520, Page 2938;
- d. UCC-1 Financing Statement naming 2EE LLC as secured party and Valencia SPE as debtor, filed November 20, 2020, recorded in Book 32204, Page 1625 and assignment recorded in Book 33896 Page 684;
- e. Claim of Lien in favor of Winmar Construction Inc., recorded in Book 34010 Page 4732; Book 33875 Page 2451, Book 33808, Page 1780, Book 33808, Page 2790, Book 33808, Page 2791, Book 33776, Page 2575, Book 33812, Page 1901; Book 33767 Page 4206; Book 34010 Page 4732; Book 33875 Page 2451;
- f. Claim of Lien in favor of 515 Valencia Condominium Association, Inc., recorded in Book 33918 Page 1269;
- g. Notice(s) of Commencement recorded in Book 33757, Page 3173, and Book 33757, Page 4087 both in favor of Winmar Construction, Inc.;
- h. Notice of Lis Pendens recorded in Book 33817, Page 4393, and Case No. 2023-0120161-Ca-01, styled Paramount Finishes, LLC v. 515 Valencia SPE, LLC;
- i. Notice of Lis Pendens recorded in Book 33966 Page 209 and Book 33968 Page 1130, and Case No. 2023-026087-CA-01, styled J & P Tiles, Inc., a Florida for Profit Corporation v. 515 Valencia SPE, LLC, a Florida Limited Liability Company;
- j. Notice of Lis Pendens recorded in Book 33966 Page 4807, and Case No. 2023-026195-CA-01, styled 515 Valencia Acquisition,

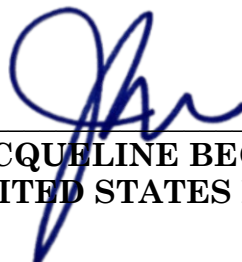
LLC, a Florida limited liability company v. 515 Valencia SPE, LLC, a Florida limited liability company, Rishi Kapoor, an Individual; Daniel J Motha, an Individual; The Halpern Family Trust, a Florida Statutory Trust; Marty Halpern, as Trustee of the Halpern Family Trust; J & P Tiles, Inc., a Florida Corporation, A 1 A SOD, Sand and Soil, Inc., a Florida Corporation; Paramount Finishes, LLC, a Florida limited Liability company, DDA Engineers, P.A., a Florida Professional association; Paragon Painting and Waterproofing Inc., a Florida corporation; Winmar Construction, Inc., a Florida corporation; Pronto Waster Service Inc., a Florida Corporation; AWM Group, LLC, a Florida limited liability company, AM Studio Design LLC, a Florida limited liability company; Metropolitan Plumbing Inc., a Florida Corporation; 515 Valencia Condominium Association, Inc., a Florida not for profit corporation; 515 Valencia Partners LLC, a Florida limited liability company; 515 Valencia Sponsor, LLC, a Florida limited liability company; Location GP Sponsor LLC, a Florida Limited Liability Company, Location Ventures, LLC, a Florida Limited Liability Company, and Unknown tenants in Possession Nos 1-5;

- k. All liens and/or assessments asserted by the 515 Valencia Condominium Association, Inc.; and
  - l. Any condominium maintenance assessments, special assessment, late fees and other amounts that 515 Valencia Condominium Association, Inc. may assert as a lien or claim relating to the Valencia Unit 1104 Property.
7. Any licensed title insurer and the Buyer are authorized to rely on this Order as authorizing the transfer of legal title to the real property described in paragraph 5 to Buyer.
  8. The Receiver is authorized to take any and all actions reasonably necessary to consummate the sale of the Valencia Unit 1104 Property including but not limited to executing the receiver's deed, title affidavit, assignment of parking spaces, and closing statements reasonably

required to consummate the sale of the Valencia Unit 1104 Property in accordance with the terms of the Sale Contract.

9. The Receiver is authorized to pay at closing unpaid real estate taxes, and the seller's fees and costs specified in the Sale Contract, including but not limited to, prorated real estate taxes, documentary stamp tax, surtax that may be owed for the sale, title insurance premium, and escrow agent costs.
10. The Receiver will separately account for the remaining net sale proceeds after closing and the payment of the amounts approved in Paragraph 9 above (the "Net Sale Proceeds"). Allocation and disbursement of the Net Sale Proceeds is subject to Court approval. The Receiver will file an appropriate pleading or motion to address the proposed allocation and disbursement of the Net Sale Proceeds at a later date, with notice to be provided to all lien claimants known to the Receiver who may assert a lien claim and/or object to the distribution or allocation of the Valencia Lien Claim Fund. The Court will thereafter set a briefing schedule and make a final determination regarding the allocation and distribution of funds from the Valencia Lien Claim Fund.

**DONE AND ORDERED** in Miami, Florida this 29th day of August, 2024.



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**JACQUELINE BECERRA**  
**UNITED STATES DISTRICT JUDGE**