

**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.

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**RECEIVER’S THIRD INTERIM REPORT**

Bernice C. Lee, the Receiver (the “Receiver”) appointed by the Court’s Order [DE 28] (“Receivership Order”) entered on January 12, 2024, submits her Third Interim Report for the period of July 1, 2024 through September 30, 2024 (the “Reporting Period”).

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

**A. General Operations of the Receiver**

This receivership involves twenty-two entities named as defendants<sup>1</sup> (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 or reduction of claims for the receivership estate.

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<sup>1</sup> 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 focus of the Receiver's efforts has been on: (a) closing on the sale of the Stewart Grove property and addressing the appeal of the sale order for the Stewart Grove property, (b) assessing the potential disposition of the Villa Valencia Unit 1104, Miami Beach property and Commodore properties (discussed in detail below) and negotiating sale terms with purchasers, (c) drafting sale contracts, motions to approve sale and related proposed orders, and related declarations, (d) for the Miami Beach property, negotiating settlement terms with the secured lender and addressing the City of Miami Beach's claims and charges, (e) responding to Rishi Kapoor's motion to extend time of foreclosure stay period for real property in Coconut Grove owned by his related entity, and (f) addressing pending litigation and creditor and investor inquiries and investigating potential litigation claims.

A summary of the real estate properties and the Receiver and professionals' efforts during the Reporting Period is provided below:

Stewart Grove Property: 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). On June 17, 2024, the Court entered an Order approving the Receiver's proposed \$17.5 million sale, and settlement agreement with the first position lender that provided for a reduced payment and carveout from its lien for the benefit of the receivership estate (the "Stewart Grove Sale Order") [DE 185]. During the Reporting Period, the Receiver and her professionals attended to various issues to facilitate closing, including closing documents, additional access agreements, and onsite visits with the buyer and its contractors.

The sale closed on July 29, 2024. The escrow agent disbursed \$14,084,835.19 to the lender for the lender payment, and \$3,238,475.34 to the receivership estate. Of the \$3,238,475.34: (a)

\$797,412.36 is the carveout from the lender's first position lien for the benefit of the receivership estate, (b) \$2,341,062.98 is for the Stewart Lien Claim Fund to pay other valid lien claims against the Stewart Property, and (c) \$100,000 is for the lender fee reserve that was disbursed as follows: \$79,088.16 to the lender for reasonable attorney's fees and costs incurred after April 26, 2024 for the Stewart Property, and the excess funds were split 50/50 with \$10,455.92 to the lender and \$10,455.92 to the Stewart Lien Claim Fund.

On August 12, 2024, Martin I. Halpern Revocable Trust and Halpern Family Trust (the "Halpern Trusts") filed a notice of appeal of the Stewart Grove Sale Order. The Receiver and her professionals have spent a meaningful amount of time researching case law on various procedural and substantive appellate issues, preparing the certificate of interested parties, and ensuring all required transcripts are designated.

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, and (d) Unit 1201, folio 03-4117-096-0230.

During the Reporting Period, the Receiver spent a significant amount of time negotiating sale terms with a buyer for Unit 1104 and drafting a sale contract. On August 21, 2024, the Receiver filed the Receiver's Expedited Motion to Approve Sale of Valencia Unit 1104 Property Free and Clear [DE 208] seeking approval a sale contract for with a \$3,960,000 purchase price plus an additional fee of \$50,000 for a total of \$4,010,000 with net sale proceeds to be held in the Valencia Lien Claim Fund with allocation and disbursement to be addressed by the Receiver in a subsequent pleading. On August 29, 2024, the Court entered the Order Granting Receiver's

Expedited Motion to Approve Sale of Valencia Unit 1104 Property Free and Clear [DE 216]. The closing is scheduled to occur on or before November 4, 2024, provided no appeal is filed during the 60 days following the entry of the sale order.

On July 3, 2024, the Court entered an Order approving the Receiver's request to hire a broker for Unit 1301 [DE 189]. The Receiver and her counsel have spent a meaningful amount of time working with the broker to list and market Unit 1301, and meeting parties who have expressed interest in the remaining three units. The Receiver has had multiple discussions with purchasers under pre-receivership sale contracts for Units 1201 and 1202, including with respect to potential resolutions that include an "as is where is" sale of the units.

The Receiver and her counsel have also attended to multiple meetings, calls and e-mail communications with creditors, the City of Coral Gables, the condominium association and its counsel, and other parties regarding issues relating to the building and the temporary certificate of occupancy. They have also spent a meaningful amount of time investigating which parking spaces, private garages and private cabanas are unassigned and part of the receivership estate. In August 2024, the Receiver finalized an agreement with AT&T to relocate wires on poles on Hernando Street to underground, with the approval of the City of Coral Gables. The City has agreed to release funds from a bond to pay for the amount due under the agreement, and has been coordinating with the appropriate department to issue payment, so that the relocation will not require use of any receivership estate funds.

Miami Beach Property: 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 a gutted office building, folio no. 02-4203-009-0050.

On April 15, 2024, the Court entered an Order approving the Receiver's request to hire a broker for the Miami Beach property [DE 124]. During the Reporting Period, the Receiver and her counsel spent a substantial amount of time preparing a stalking horse and non-stalking horse sale contract, negotiating sale terms with interested parties, conducting conference calls with the lender and broker, negotiating settlement terms with the first position lender, and addressing amounts asserted to be owed for the properties and code violations with the City of Miami Beach.

On September 10, 2024, the Receiver filed the Receiver's Expedited Motion to Approve Sale of Miami Beach Property Free and Clear and Related Settlement Agreement (the "Miami Beach Sale Motion") [DE 220] seeking to sell the Miami Beach Property for \$17.5 million. A group of individuals and companies who had entered into pre-construction agreements and provided deposits for the planned units for the Miami Beach property (the "MB Unit Depositors") sought to be heard with respect to their objections to the Miami Beach Sale Motion. On September 23, 2024, the Court held a status conference and provided a briefing schedule for the MB Unit Depositors to file their objections and the Receiver to file her reply in October 2024.

Commodore Properties: Urbin Coconut Grove Partners, LLC is the 100% owner and/or manager of four entities that own real property and/or leasehold rights in five properties located on Commodore Plaza in Coconut Grove, Miami: (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 3138 Commodore Investments, LLC for real property located at 3120 Commodore Plaza, Miami, FL 33133, folio no. 01-4121-047-0120.

During the Reporting Period, the Receiver and her counsel have spent an extensive amount of time negotiating the terms of a sale of the Commodore properties with a purchaser, revising a sale contract for sale of all the properties, and compiling documents from the Receivership Companies and Commodore Companies relating to the development for the purchaser. On September 24, 2024, the Receiver filed the Receiver's Motion to Approve Sale of Commodore Properties Free and Clear of Liens, Encumbrances and Interests [DE 238] seeking to approve a \$28.2 million dollar sale with the disbursement of net sale proceeds to be addressed in later proceedings. As described in the motion, the Commodore properties are a complex assemblage of interests with many complications and challenges.

The Receiver and her counsel have also had multiple discussions with the lessors under the ground leases, the Halpern Trusts as lender to the properties, the City of Miami, and other creditors.

Montana Property: 7240 US Highway 2 SPE, LLC, a wholly owned subsidiary of LV Montana Phase I, LLC, owns real property consisting of 12.37 acres and residential structure with an address of 7240 US Highway 2 E, Columbia Falls, Montana 59912 (folio no. 07-4186-15-2-09-30-0000). On May 21, 2024, the Court approved the receiver's request to employ a broker [DE 160]. The Receiver has spent a meaningful amount of time addressing property maintenance items, and working with the broker to list and market the property.

Los Pinos Property: 7233 Los Pinos LLC ("7233 Los Pinos"), an entity Mr. Kapoor has stated that he and Jeannie Frank Kapoor own through an entity named Kapoor, LLC, owns the property located at 7233 Los Pinos Blvd in Coral Gables, Florida, which the Kapoors have used

as their residence, and is subject to a foreclosure action. The property is subject to this Court's Asset Freeze Order and the Receiver may have claims on behalf of the receivership estate against the property. On June 3, 2024 [DE 175], following a bankruptcy filing by 7233 Los Pinos which was subsequently dismissed, the Court entered an Order approving an agreement [DE 175] under which the Receiver, Mr. Kapoor, 7233 Los Pinos and the lender agreed, inter alia, that: (a) 7233 Los Pinos can employ Boschetti Realty Group as a listing agent to sell the property, (b) all terms of any proposed sale or offer would be shared with the lender, (c) all net proceeds would be escrowed with the Receiver's counsel pending a determination of entitlement, (d) there would be a 90 day foreclosure stay through September 5, 2025 and a 90-day credit of the amount between default and non-default interest rate if 7233 Los Pinos entered into a sale agreement during the 90 day period, and (e) the Receiver could elect to extend the stay period for another 90 days or not extend, in which case the lender would pay the Receiver the different between the default and non-default interest rate for a 90 day period.

The Receiver and her counsel spent a considerable amount of time addressing issues relating to the Los Pinos property. They conducted multiple discussions with the broker, counsel for 7233 Los Pinos, counsel for Mrs. Kapoor and counsel for Mr. Kapoor to discuss the status of the sale process, offers and timing issues. They made an effort to discuss with the Kapoors and 7233 Los Pinos the Receiver's analysis in favor of accepting a sale contract during the foreclosure stay period, and not holding out for a better offer after the foreclosure stay period because the potential higher value would not be offset by the loss of the interest credit, loss of payment to the Receiver, and additional default interest, plus risk and uncertainty of a hypothetical "better deal."

No sale contract was presented by the September 5, 2024 deadline, and instead, Mr. Kapoor filed a motion to extend time of foreclosure stay [DE 217]. On September 19, 2024, the Receiver

filed a response in opposition to the motion [DE 227]. On October 9, 2024, the Court entered an Order denying the motion [DE 254]. The Receiver declined to elect to extend the foreclosure stay period, and in October 2024, the Receiver received \$150,000 from the lender.

Princess Yacht: Mr. and Mrs. Kapoor owned a 68' 2023 Princess yacht subject to a mortgage in excess of \$4.2 million and maritime foreclosure action by the lender. On or about April 3, 2024, the Kapoors and the lender reached a settlement agreement. In August 2024, the lender's counsel advised the Receiver that on or about July 31, 2024, the lender closed on a \$4.05 million sale of the yacht, which was less than the \$4.2 million principal owed on the mortgage.

During the Reporting Period, the Receiver and her professionals devoted a considerable amount of time identifying and reviewing bank accounts used for transactions involving the Receivership Defendants and related entities, including their bank accounts, third party escrow accounts and law firm accounts, and obtaining records for such accounts and transactions through requests and subpoenas to third parties. The Receiver and her professionals are reviewing over 40,000 transactions occurring across more than 45 bank accounts, and purchaser deposits for the Miami Beach, Commodore and Villa Valencia properties, as well as other transactions engaged in by the Receivership Companies and potential recoveries in connection with those transactions. 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 counsel have also addressed numerous case and claims administration items, including:

- a. Attending to various document requests and ESI issues, and searching and reviewing documents relating to the Receivership Defendants and related entities to address requests from various parties,
- b. Attending to corporate filings with the State of Florida,
- c. 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/>),
- d. Monitoring over twenty-five Florida state and federal court proceedings filed prior to or after the Court entered the Receivership Order and city code violation hearings, and communicating with plaintiffs and other parties involved in the cases, and
- e. Attending to calls and emails with investors, lien claimants, unit purchasers and other claimants to discuss the SEC action, Receivership Order, potential claims process, and issues relating to particular properties.

**B. Receiver's Pending Motions**

As of September 30, 2024, there are two motions filed by the Receiver that remain pending on the Court's docket: (a) Receiver's *Expedited* Motion to Approve Sale of Miami Beach Property Free and Clear and Related Settlement Agreement [DE 220] filed on September 10, 2024, and (b) Receiver's Motion to Approve Sale of Commodore Properties Free and Clear of Liens, Encumbrances and Interests [DE 238] filed on September 24, 2024. The Receiver will provide a summary of responses, objections and replies filed after the Reporting Period, and other pending matters, in the Receiver's status report that she is filing contemporaneously with this report.

### C. Cash on Hand, and Receipts and Disbursements

As of September 30, 2024, the Receivership Estate has a total of \$5,575,446.96 consisting of unencumbered cash on hand in the amount of \$3,223,928.06, plus \$2,351,518.90 in the Stewart Lien Claim Fund. 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 September 30, 2024 is \$1,376,890.64, which consists of professional fees and expenses of the Receiver's professionals, as follows:

1. Fees and Expenses from the First Fee Application for January 12, 2024 through March 31, 2024 [DE 241], which the Court entered an Order granting on September 27, 2024 [DE 241], and in October 2024, the following period, 80% of fees and 100% of expenses were paid:

a. Receiver:	Fees:	\$140,140.00
	Expenses:	\$0.00
	Hours:	400.40
b. Kozyak, Tropin & Throckmorton:	Fees:	\$159,900.00
	Expenses:	\$9,373.63
	Hours:	567.10
c. Yip Associates:	Fees:	\$203,150.00
	Expenses:	\$155.07
	Hours:	667.50
d. Day Pitney	Fees:	\$12,648.50
	Expenses:	\$0.00
	Hours:	28.60

2. Fees and Expenses from the Second Fee Application for April 1, 2024 through June 30, 2024 [DE 252], which the Court entered an Order granting on October 9, 2024 [DE 252], and in October 2024, the following period, 80% of fees and 100% of expenses were paid:

a. Receiver:	Fees:	\$120,435.00
	Expenses:	\$0.00
	Hours:	344.10
b. Kozyak, Tropin & Throckmorton:	Fees:	\$213,885.00
	Expenses:	\$13,144.14
	Hours:	714.40
c. Yip Associates:	Fees:	\$112,815.00
	Expenses:	\$0.00

	Hours:	413.20
d. Day Pitney	Fees:	\$45,990.00
	Expenses:	\$0.00
	Hours:	140.80
3. Fees and Expenses from the Third Fee Application for the Period of July 1, 2024 through September 30, 2024, which fee application will be filed with the Court by November 14, 2024 and have not been approved:		
a. Receiver:	Fees:	\$107,905.00
	Expenses:	\$0.00
	Hours:	308.30
b. Kozyak, Tropin & Throckmorton:	Fees:	\$167,425.00
	Expenses:	\$29,128.30
	Hours:	579.20
c. Yip Associates:	Fees:	\$6,225.00
	Expenses:	\$0.00
	Hours:	23.00
d. Day Pitney	Fees:	\$34,540.00
	Expenses:	\$31.00
	Hours:	104.80

**D. 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.

**E. Receivership Property**

The receivership property consists of primarily the real properties discussed above which are owned directly by certain Receivership Defendants or by subsidiaries, potential third-party claims, and \$5,575,446.96 consisting of unencumbered cash on hand in the amount of \$3,223,928.06, plus \$2,351,518.90 in the Stewart Lien Claim Fund.

**F. 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 at this time, is not 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.

**G. Known Creditors**

Over 42 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.

**H. Creditor Claims Proceedings**

No Creditor Claims Proceedings have been commenced.

**I. The Receiver's Recommendations for a Continuation or Discontinuation**

The Receiver recommends the continuation of the receivership. There is a considerable 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  
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 October, 2024.

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

# **EXHIBIT A**

**SEC'S STANDARDIZED FUND ACCOUNTING REPORT**

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

**STANDARDIZED FUND ACCOUNTING REPORT**  
 Reporting Period:  
 07/01/2024-09/30/2024

FUND ACCOUNTING				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (as of 07/01/2024)			\$2,362,278.87
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	\$10,746.45		
Line 3	Cash and Securities			
Line 4	Interest/Dividend Income	\$57,366.71		
Line 5	Business Asset Liquidation (Note 1)	\$3,238,475.34		
Line 6	Personal Asset Liquidation			
Line 7	Additional Third-Party Claims Recovery			
Line 8	Miscellaneous – Other	\$2,183.41		
	<b>Total Funds Available (Lines 1-8):</b>			<b>\$5,671,050.78</b>
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors			
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals			
Line 10b	Business Asset Expenses (Note 2)	\$95,438.61		
Line 10c	Personal Asset Expenses			
Line 10d	Investment Expenses			
Line 10e	Additional Third-Party Litigation Expenses			
	1. Attorney Fees			
	2. Litigation Expenses			
	Total Additional Third-Party Litigation Expenses			
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments	\$165.21		
Line 10h	Miscellaneous – Other			
	<b>Total Disbursements for Receivership Operations</b>			<b>\$95,603.82</b>
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	Distribution Plan Development Expenses:			
Line 11b	Distribution Plan Implementation Expenses:			
	<b>Total Disbursements for Distribution Expenses Paid by the Fund:</b>			<b>\$0.00</b>
	<b>Disbursements to Court/Other:</b>			
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees			
Line 12b	Federal Tax Payments			
	<b>Total Disbursements to Court/Other:</b>			<b>\$0.00</b>
	<b>Total Funds Disbursed (Lines 9-11):</b>			<b>\$95,603.82</b>
Line 13	Ending Balance (as of 09/30/2024):			<b>\$5,575,446.96</b>
Line 14	Ending Balance of Fund – Net Assets:			
Line 14a	Stewart Lien Claim Fund Cash	\$2,351,518.90		
Line 14b	Cash & Cash Equivalents	\$3,223,928.06		
Line 14c	Investments			
Line 14d	Other Assets or Uncleared Funds			
	<b>Total Ending Balance of Fund – Net Assets</b>			<b>\$5,575,446.96</b>
OTHER SUPPLEMENTAL INFORMATION				
		Detail	Subtotal	Grand Total
Line 15-19		N/A		

Note 1: These funds consist of the net proceeds from the sale of the Stewart Property.

Note 2: This amount includes: (a) \$79,088.16 transferred to the first position lender for the Stewart Property from the Lender Fee Reserve, (b) \$10,455.92 transferred to the first position lender for the Stewart Property as the 50/50 split of the remaining funds in the Lender Fee Reserve, and (c) and vendor payments for property maintenance, trash removal, cleaning, and plumbing.