

**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 STATUS REPORT FOR
DECEMBER 4, 2024 STATUS CONFERENCE**

Bernice C. Lee, the Receiver (the “Receiver”) appointed by the Court’s Order [DE 28] (“Receivership Order”) entered on January 12, 2024, submits her Status Report pursuant to the Order [DE 257] entered on October 9, 2024, and hereby provides the Court with: (i) an update on pending and remaining properties that remain to be sold and the efforts made to effectuate a sale, and (ii) a schedule of pending motions, responses and objections, related documents and status.

I. Remaining Properties

1. Villa Valencia Units.

The Receivership Estate has four units in a condominium building located at 515 Valencia Ave., Coral Gables, Florida 33134, which are owned by 515 Valencia SPE, LLC, a wholly owned subsidiary of 515 Valencia Partners, LLC: (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.

The Receiver has sold Unit 1104 (a finished unit). 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] approving 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 for Unit 1104 and private garage, 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. The sale closed on November 1, 2024. The buyer paid: the \$3,960,000 sale price, \$50,000 additional purchase fee, and \$1,591.91 to reimburse the receivership estate for electrical bills paid by the estate while the sale contract was pending. The receivership estate paid: \$31,595.93 for pro-rated real estate taxes for January 1, 2024 through November 1, 2024, \$5.67 for other taxes, \$12,475 for owner's title insurance, \$23,896.50 for recording fees, and \$1,385 for lien letters and lien and title searches. The sale price and additional purchase fee totaled \$4,010,000, and the seller paid \$69,358.10 at closing. The Valencia Lien Claim Fund has a balance of \$3,940,641.90. The Receiver and first position lender have been engaged in potential settlement discussions regarding the disbursement of net proceeds. Any proposed distribution and/or settlement will be subject to the Court's approval.

Unit 1301 is a penthouse unit that occupies the entire thirteenth floor and is unfinished with no interior walls. The Receiver has hired Josephine Wang, CIPS, and the firm of Brown Harris Stevens (the "Valencia Broker"), as the broker to assist with the marketing and sale of this unit. On July 3, 2024, the Court entered an Order approving the Receiver's request to hire a broker for Unit 1301 [DE 189]. The Valencia Broker and Receiver finalized the listing agreement, and the Valencia Broker listed Unit 1301 for sale at \$10,185,000 in September 2024. The Valencia Broker has engaged in extensive marketing of Unit 1301, including: (a) placing the property on the Southeast Florida Multiple Listing Service, (b) using AdWerx to target potential buyers on social media and through banner advertising, (c) using LuxVT resources for a digital marketing campaign which featured the property in some of the most highly trafficked websites, including WSJ.com,

NYT.com, UniqueHomes.com, RobbReport, Juwail.com, YouTube and many others, (d) creating a single property website to feature photos, (e) including the property and photos in the Valencia Broker's bi-weekly newsletter which is emailed to over 12,000 consumers, (f) highlighting the property in the Coral Gables Magazine (November and December issues targeting residents in Coral Gables via direct mail distribution in excess of 22,000 each issue), and (g) featuring the property on BrownHarrisStevens.com and BHSMiami.com. The Receiver is having ongoing discussions with the Valencia Broker who has advised the Receiver that the list price should be lowered.

Unit 1201 and Unit 1202 are two units spread across the twelfth floor. The Receiver and her counsel have had multiple discussions with certain individuals who entered into 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 has also facilitated access to the units for the foregoing individuals, and other interested parties. The Receiver and the Valencia Broker have continued to discuss expanding her employment to the sale of Units 1201 and 1201. One individual who entered into a pre-receivership sale contract has advised the Receiver that such party intends to object to such employment.

2. Miami Beach Property.

The Receivership Estate includes two adjacent parcels located in Miami Beach at 1260 and 1234 Washington Avenue, which are owned by Urbin Miami Beach Owner, LLC, a wholly owned subsidiary of Urbin Miami Beach Mezzanine, LLC. The Receiver negotiated a \$17.5 million sale contract with no diligence period and minimal contingencies. 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 [DE 220]. Certain parties who entered into purchase

agreements and provided deposits prior to the receivership raised objections to the sale [*see* DE 223, 230, 237, 242 and 246], and the Receiver filed her reply [DE 264]. Following an extensive conference call with the Receiver and counsel, certain movants withdrew their objections [DE 281]. The joining parties decided to not proceed with any objections.

On November 7, 2024, the Court entered the Order Granting Receiver's Expedited Motion to Approve Sale of the Miami Beach Property Free and Clear [DE 293]. Under the sale contract, the closing will occur on or before January 7, 2025 provided no appeal has been filed within 60 days of the entry of the order. As of the filing of this Status Report, no appeal has yet been filed.

3. 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 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 the 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.

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 (the "Commodore

Sale Motion”) [DE 238] seeking to approve a \$28.2 million dollar sale with the disbursement of net sale proceeds to be addressed in a later pleading. CWL-CH, LLC, ASJAIA, LLC and Vieden Grove Oz, LLC (“CG Investors”), who are equity investors in Urbin Coconut Grove Partners, LLC, filed an objection [DE 265], and motion for stay relief to pursue a state court action [DE 244]. Grouper Financial, Inc. filed a limited response [DE 270]. TB 3138 Commodore Investments, LLC and TB 3120 Commodore Investments, LLC (“Ground Lessors”) filed a motion for stay relief to terminate two ground leases that is also titled as a response in opposition to the Commodore Sale Motion [DE 245].

On October 22, 2024, the Receiver filed an omnibus reply [DE 279], and advised that Grouper Financial, Inc.’s limited response and the City of Miami’s informal objection have been resolved with the inclusion of certain proposed language. On October 30, 2024, the Receiver filed a Status Report [DE 288], and included as Exhibit A, an updated proposed order with redlines showing the changes from the proposed order attached as Exhibit 4 to the Commodore Sale Motion. On October 25, 2024, the Receiver filed her responses in opposition to the Ground Lessors’ stay relief motion [DE 280], and CG Investors’ stay relief motion [DE 282].

The Court set the foregoing matters for oral argument on November 7, 2024. On November 7, 2024 shortly before the hearing, the Receiver and the Halpern Parties reached a settlement in principle with respect to the Commodore Properties, under which *inter alia* the Halpern Parties would make the lease payments under the Ground Leases. The Receiver’s counsel announced the settlement at the November 7, 2024 hearing and advised that the Receiver anticipated filing a motion to approve the settlement prior to the status conference set for December 4, 2024. The Court reset oral argument on the pending matters for December 4, 2024 [DE 305].

The Receiver has prepared and forwarded to the Halpern Parties a draft Settlement Agreement which will be circulated to the Ground Lessors' and CG Investors' counsel upon the Halpern Parties' confirmation of the Agreement, and continues to anticipate that a motion to approve the settlement will be filed in advance of the December 4 status conference. On November 26, 2024, the Receiver filed a Motion to Seal Appraisals for the Commodore Properties [DE 306], and will file with the Court under seal the appraisals performed by Walter Duke + Partners upon entry of an order on the Receiver's Motion. On November 25, 2024, the Receiver executed a Confidentiality and Non-Disclosure Agreement with the CG Investors and provided them with copies of the appraisals pursuant to that agreement. On November 22, 2024, the Receiver provided the CG Investors an access agreement for the Commodore Properties, and no comments or other response has been received.

4. 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). The property was purchased in February 3, 2022 for \$799,000. There is no mortgage on the property. On May 21, 2024, the Court approved the receiver's request to employ a broker [DE 160]. On May 23, 2024, the Receiver signed a listing agreement to list the property for \$899,000. In consultation with the broker, the Receiver lowered the list price to \$825,000 on August 9, 2024, and lowered the list price to \$775,000 on October 24, 2024. The broker has shown the property to multiple parties, and is continuing her marketing efforts. She has advised the Montana real estate market will stay active until late November, be inactive during winter, and become active again in March 2025.

5. Stewart Property and Pending Appeal.

Stewart Grove 1, LLC owned a luxury single family home constructed on real property located across two parcels: 3620 and 3610 Stewart Avenue, Miami, Florida 33133. 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 [DE 185]. 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 was the carveout from the lender's first position lien for the benefit of the receivership estate, (b) \$2,341,062.98 was for the Stewart Lien Claim Fund to pay other valid lien claims against the Stewart Property, and (c) \$100,000 was for the lender fee reserve that was disbursed as follows in accordance with the settlement: \$79,088.16 to the lender, \$10,455.92 to the lender and \$10,455.92 to the Stewart Lien Claim Fund. The Stewart Lien Claim Fund balance is \$2,351,518.90.

On August 12, 2024, the Halpern Trusts filed a notice of appeal of the sale order, and on November 11, 2024 they filed their Brief of Appellant. The Receiver's current deadline to file her brief is January 6, 2025. The Receiver and the Halpern Trusts have been engaged in settlement discussions. Any resolution reached will be presented to the Court and subject to the Court's approval.

6. 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. On January 20, 2024, the Court entered an Order granting the Receiver's Motion for Authority to Close on Pending Sale and to Approve Sale [DE 64, 58], which sought to approve a

\$800,000 sale contract of a vacant lot. The sale closed, and the receivership estate received the net proceeds on March 1, 2024.

7. 299 Alhambra Building.

CG Office SPE, LLC, a wholly owned subsidiary of Urbin Coral Gables Partners, LLC, owned an office building located at 299 Alhambra Circle in Coral Gables, Florida. The Court entered an Order Granting Motion for Approval of Settlement and Authority to Consent to Foreclosure Judgment [DE 186]. On June 18, 2024, the receivership estate received the \$100,000 settlement payment. On July 8, 2024, the state court entered a final consent summary judgment of foreclosure and enforcement of assignment of rents in favor of plaintiff with a total balance of \$14,690,827.89. A public sale occurred on August 6, 2024. On August 9, 2024, the clerk of court entered a certificate of sale indicating that the plaintiff submitted the highest and best bid in the amount of \$600,100 via a credit bid.

II. Pending Matters

1. *[To Be Filed] Receiver's Motion to Approve Settlement Agreement with the Halpern Parties Relating to the Commodore Properties and Distribution of Sale Proceeds and Back-Up Sale Contract.*
2. *[DE 306] Motion to Seal Appraisals for the Commodore Properties filed on November 26, 2024.*

Objections/Responses Received:

- i. None.

Related Documents:

- i. None.

Status: The Receiver has submitted a proposed order to the Court for consideration.

3. *[DE 238] Receiver's Motion to Approve Sale of Commodore Properties Free and Clear of Liens, Encumbrances and Interests filed on September 24, 2024.*

Objections/Responses Received:

- i. [DE 245] TB 3138 Commodore Investments, LLC and TB 3120 Commodore Investments, LLC's Objection and Response in Opposition to Receiver's Motion to Approve Sale of Commodore Properties Free and Clear of Liens, Encumbrances and Interests and Motion for Stay Relief or, in the Alternative, for Modification of Stay Order filed on October 7, 2024.
- ii. [DE 265] Objection by Members of Urbin Coconut Grove Partners, LLC, to Receiver's Motion to Approve Sale of Commodore Properties Free and Clear of Liens, Encumbrances and Interests filed by CWL-CH, LLC, ASJAIA, LLC and Vieden Grove Oz, LLC (the "CG Members") filed on October 15, 2024.
- iii. [DE 270] Non-Party Grouper Financial, Inc.'s Limited Response to Receiver's Motion to Approve Sale of Commodore Properties Free and Clear of Liens, Encumbrances and Interests filed on October 17, 2024.

Related Documents:

- ii. Court docket entry on October 9, 2024 setting October 15, 2024 as the response deadline for the Commodore Sale Motion.
- iii. [DE 279] Receiver's Omnibus Reply to Objections to Motion to Approve Sale of Commodore Properties Free and Clear of Liens, Encumbrances and Interests filed on October 22, 2024.
- iv. [DE 288] Receiver's Status Report which includes as Exhibit A an updated proposed order with redlines showing the changes from the proposed order attached as Exhibit 4 to the sale motion.
- v. [DE 305] Order setting matter for oral argument on December 4, 2024.

Status: The Commodore Sale Motion is fully briefed. The Court has set the matter for oral argument on December 4, 2024.

4. *[DE 245] TB 3138 Commodore Investments, LLC and TB 3120 Commodore Investments, LLC's Objection and Response in Opposition to Receiver's Motion to Approve Sale of Commodore Properties Free and Clear of Liens, Encumbrances and Interests and Motion for Stay Relief or, in the Alternative, for Modification of Stay Order filed on October 7, 2024.*

Objections/Responses Received:

- i. [DE 280] Receiver's Response in Opposition to TB 3138 Commodore Investments, LLC's and TB 3120 Commodore Investments, LLC's Motion for Stay Relief or, in the Alternative, for Modification of Stay Order filed October 22, 2024.

Related Documents:

- i. [DE 285] TB 3138 Commodore Investments, LLC and TB 3120 Commodore Investments, LLC's Reply to Receiver's Response in Opposition to TB 3138 Commodore Investments, LLC's and TB 3120 Commodore Investments, LLC's Motion for Stay Relief or, in the Alternative, for Modification of Stay Order filed on October 29, 2024.
- ii. [DE 305] Order setting matter for oral argument on December 4, 2024.

Status: The Stay Relief Motion is fully briefed. The Court has set the matter for oral argument on December 4, 2024.

5. *[DE 244] Expedited Motion by Members of Urbin Coconut Grove Partners, LLC, for Relief from Stay of Ancillary Litigation and/or for Partial Vacation, Modification, or Clarification of Order Appointing Receiver and if Necessary to Intervene filed on October 4, 2024.*

Objections/Responses Received:

- i. [DE 282] Receiver's Response in Opposition to Expedited Motion by Members of Urbin Coconut Grove Partners, LLC, for Relief from Stay of Ancillary Litigation and/or for Partial Vacation, Modification, or Clarification of Order Appointing Receiver and if Necessary to Intervene filed on October 25, 2024.

Related Documents:

- i. [DE 283] Securities and Exchange Commission's Notice of Adoption of the Response filed by the Receiver filed on October 25, 2024.
- ii. [DE 282] Reply in Response to Receiver's Response in Opposition to Expedited Motion by Members of Urbin Coconut Grove Partners, LLC, for Relief from Stay of Ancillary Litigation and/or for Partial Vacation, Modification, or Clarification of Order Appointing Receiver and if Necessary to Intervene filed on October 29, 2024.
- iii. [DE 305] Order setting matter for oral argument on December 4, 2024.

Status: The Stay Relief Motion is fully briefed. The Court has set the matter for oral argument on December 4, 2024.

6. *[DE 139] John Abell Corporation's Motion to Intervene for the Limited Purpose of Seeking Relief from the Court's Receivership Order.*

Objections/Responses Received:

- i. [DE 165] Receiver's Response in Opposition to John Abell Corporation's Motion to Intervene.
- ii. [DE 181] Securities and Exchange Commission's Response in Opposition to Motion to Intervene for Limited Purpose of Seeking Relief from the Court's Receivership Order filed by John Abell Corporation.

Related Documents:

- i. [DE 301] Order setting matter for oral argument on December 4, 2024.

Status: The Motion to Intervene is fully briefed. The Court has set the matter for oral argument on December 4, 2024.

Respectfully submitted,

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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 27th day of November, 2024.

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