

**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 REPLY TO GROUND LESSORS’ RESPONSE TO MOTION TO
APPROVE SETTLEMENT WITH HALPERN PARTIES**

Bernice C. Lee, as Receiver (“Receiver”) over the companies¹ listed herein (collectively, the “Receivership Defendants”) in this action, submits this reply in support of the 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 (“Halpern Settlement Motion”)² (DE#310), and in reply to the response filed by tb 3138 Commodore Investments, LLC and TB 3120 Commodore Investments, LLC (“Ground Lessors”) (DE#316).

The Ground Lessors in substance raise two issues with regard to the Halpern Settlement Motion:

¹ The Receivership Defendants include: Location Ventures, LL, 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.

² Capitalized terms not otherwise defined shall have the meanings given them in the Halpern Settlement Motion.

(1) They want the order on the Halpern Settlement Motion to identify a date certain “with payment commencing by no later than January 10, 2025” for the Halpern Parties to commence ground lease payments; and

(2) They want the order on the Halpern Settlement Motion to clarify that it does not affect their ability to renew their stay relief if the ground lease payments are not made.

With regard to the first point, the settlement that is the subject of the Halpern Settlement Motion contains two provisions addressing the Halpern Parties’ obligation to make ground lease payments. Paragraph 3 provides:

Ground Lease Payments. The Halpern Parties will continue to make lease payments for the Commodore Properties as protective Rental Advances through closing on the First Sale Contract; provided that, if an appeal of the order approving the sale of the Commodore Properties under the First Sale Contract is timely filed, the Halpern Parties can cease making lease payments until such time as the Receiver prevails on the appeal.

Paragraph 5.D. provides:

The Halpern Parties will make all lease payments for the Commodore Properties during the time the Receiver is seeking approval of the Halpern Back-Up Sale Contract with the Halpern Buyer, and once approved, until the time for closing of the Halpern Back-Up Sale Contract has expired.

Accordingly, the Halpern Parties are contractually obligated to make the lease payments upon approval of the Halpern Settlement Motion. They may cease making payments if there is an appeal of approval of the First Sale Contract, but *not* if the Receiver is seeking approval of the Halpern Back-Up Sale Contract,³ or if it has been approved and has not yet closed, in which case they must

³ The Receiver intends to seek approval of the Halpern Back-Up Sale Contract soon after approval of the Halpern Settlement Motion; approval of the Halpern Settlement Motion is a necessary first step.

continue to make the payments until the time for closing the Halpern Back-Up Sale Contract has expired. There is nothing illusory about their obligation, as claimed by the Ground Lessors.

To the extent clarification is required, the Halpern Parties have agreed that they will commence making ground lease payments (including payment of accrued rent since September 2024, and January 2025 and future rents) on the later of (a) January 10, 2025; or (b) upon approval of the Halpern Settlement Motion, and the Order on the Halpern Settlement Motion may so provide. The Halpern Parties have further agreed they will commence making monthly payments starting with the January 2025 rent even if the Court has not yet entered an order, pending approval of the Halpern Settlement Motion. The language proposed by the Ground Lessors in Paragraph 12 of their Response is unnecessary, and in some instances may be inconsistent with the terms of the settlement.

As to the Ground Lessors' second issue, nothing in the Halpern Settlement Motion purports to alter or modify the Ground Lessors' ability to renew their request for stay relief if the ground lease payments are not made. The provisions regarding the Ground Lessors' right to renew their request for stay relief should be incorporated into an order on the Ground Lessors' objection to the Commodore Sale Motion and motion for stay relief (DE#245), which objection and motion remains pending until an order is entered. It is unnecessary to repeat the same language in every other order entered by the Court; an order on the Halpern Settlement Motion can simply provide that it does not alter the Ground Lessors' right to renew their request for stay relief as set forth in the order on their original stay relief motion.

For the foregoing reasons, the Receiver respectfully requests that the Court grant the Halpern Settlement Motion and provide the foregoing clarifications in the order entered thereon.

Respectfully submitted,

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Counsel for Bernice C. Lee, 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 31st day of December, 2024.

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