

**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 MOTION TO APPROVE SETTLEMENT AGREEMENT
WITH THE HALPERN PARTIES AND DISTRIBUTION OF THE
STEWART PROPERTY LIEN CLAIM FUND**

Bernice C. Lee, as Receiver (“Receiver”) over the Receivership Companies,¹ seeks the entry of an Order: (a) approving a settlement agreement with the Martin I. Halpern Revocable Trust, the Halpern Family Trust (together the “Halpern Trusts”), Martin I. Halpern, individually and as Trustee of the Halpern Trusts, and their successors and assigns (collectively, the “Halpern Parties”) relating to the Stewart Property and Stewart Lien Claim Fund (defined below) (the “Settlement Agreement”), a copy of which is attached hereto as **Exhibit 1**, and (b) approving the proposed disbursement of the Stewart Lien Claim Fund, which is part of the Settlement Agreement with the Halpern Parties.

¹ The “Receivership Companies” include: 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.

FACTUAL BACKGROUND

I. The Receivership Order

1. On December 27, 2023, the Securities and Exchange Commission (“SEC”) filed a Complaint for Injunctive Relief against Rishi Kapoor and the Receivership Companies [DE 14-1] 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.

2. On January 5, 2024, the SEC filed an Expedited Motion for Appointment of Receiver, Asset Freeze, and Other Related Relief Against the Company Defendants and Memorandum of Law (the “Receiver Motion”) [DE 16] seeking the appointment of a receiver to *inter alia* administer the Receivership Companies’ assets.

3. On January 12, 2024, the Court entered an Order granting the Receiver Motion (the “Receivership Order”) [DE 28] and 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 ¶ 2.

4. The Receivership Order defines “Receivership Property” and “Receivership Estate” as including “all property interests . . . of whatever kind, which the Receivership Defendants own, possess, have a beneficial interest in, or control directly or indirectly.” *See id.* ¶ 7.A.

5. The Receivership Order authorizes the Receiver to transfer or otherwise dispose of Receivership Property, other than real estate, in the ordinary course of business, 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 Receivership Property. *See id.* ¶ 31.

6. The Receiver is further authorized 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, and is authorized to sell, and transfer clear title to, all real property in the Receivership Estate pursuant to such procedures as may be required by the Court and additional authority such as 28 U.S.C. sections 2001 and 2004. *See id.* ¶ 32–33.

7. The Receivership Order further grants the Receiver all powers, authorities, rights and privileges possessed by the officers, directors, managers, and general and limited parties of the Receivership Companies under applicable state and federal law, and by any governing charters, by-laws, articles, and/or agreements, in addition to all powers and authority of a receiver at equity and under other applicable law. *See id.* ¶ 4.

8. Under the Receivership Order, the Receiver is “authorized, empowered, and directed to develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property[.]” *See id.* ¶ 46.

9. On January 23, 2024, the SEC, Receiver and Kapoor entered into the Stipulation Waiving Requirements of 28 U.S.C. § 2001(a) and (b) in Connection with Real Property Sale Motions [DE 48]. On January 24, 2024, the Court entered an Order approving the parties’ stipulation and explicitly stated 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.” [DE 51].

II. The Receiver’s Sale of the Stewart Property, the Stewart Lien Claim Fund, and the Halpern Trusts’ Appeal

10. On May 2, 2024, the Receiver filed an Expedited Motion to Approve Sale Free and

Clear and Related Settlement Agreement and Lien Claims Process (the “Sale Motion”) [DE 128] seeking approval of: (a) a \$17.5 million free and clear sale of a luxury single family home located on Stewart Avenue in Coconut Grove, Florida (the “Stewart Property”) owned by Stewart Grove 1, LLC (“Stewart Grove”); (b) a related settlement with the first position lender that provided for a reduced payment to the lender and carveout from its lien for the benefit of the receivership estate; (c) the Receiver separately accounting for the remaining net sale proceeds after payment of the first position lender, carveout and closing costs, and funding a lender fee reserve (the “Stewart Lien Claim Fund”); and (d) a lien claims process.

11. The Halpern Trusts objected [DE 153], the Receiver filed her reply [DE 157], and the parties filed supplemental briefs in accordance with the Court’s order [DE 163, 164]. The Court held hearings on the Sale Motion on May 20, 2024, and June 3, 2024.

12. On June 17, 2024, the Court entered an Order Granting In Part Receiver’s Motion to Approve Sale Free and Clear and Related Settlement Agreement and Claims Process (“Sale Order”) [DE 185] approving: (a) the proposed sale and sale contract in the Sale Motion; (b) the proposed settlement agreement with the first position lender; (c) the Receiver establishing the Stewart Lien Claim Fund with the net sale proceeds; and (d) a lien claim submission process under which holders of liens may (but were not required) to complete and submit a proof of lien claim.

13. Paragraph 13 of the Sale Order states:

Following the Lien Claim Submission Date, the Receiver will file an appropriate motion with the Court to approve the proposed distribution of the funds in the Lien Claim Fund, with notice to all known lien claimants. A lien claimant with a claim against the Lien Claim Fund may file an objection to the motion if it disagrees with the proposed distribution. The Court will thereafter set a briefing schedule and make a final determination regarding the distribution of funds from the Lien Claim Fund.

14. On July 29, 2024, the sale closed, and the escrow agent disbursed \$14,084,835.19 to the first position lender for the lender payment, and \$3,238,475.34 to the receivership estate, which was disbursed as follows: (a) \$797,412.36 as the carveout for the benefit of the receivership estate; (b) \$2,341,062.98 for the Stewart Lien Claim Fund; and (c) \$100,000 for the lender fee reserve that was disbursed as follows in accordance with the settlement: \$79,088.16 and \$10,455.92 to the lender, and \$10,455.92 to the Stewart Lien Claim Fund. The Stewart Lien Claim Fund has a balance of \$2,351,518.90.

15. On August 12, 2024, the Halpern Trusts filed a Notice of Appeal of the Sale Order [DE 198] which initiated Case No. 24-12635-D before the United States Court of Appeals for the Eleventh Circuit (the “Appeal Case”). On November 5, 2024, the Halpern Trusts filed their Brief of Appellant arguing in part that the Court’s approval of the sale “free and clear” of Halpern’s lien is inconsistent with the Eleventh Circuit’s decision in *SEC v. Wells Fargo Bank, N.A.*, 848 F.3d 1339, 1344 (11th Cir. 2017).

16. On December 13, 2024, the Receiver filed a Motion to Dismiss the Appeal, and on January 27, 2025, the Receiver filed her Response Brief. On January 30, 2025, the Eleventh Circuit granted the parties’ Joint Motion to Hold All Deadlines in Abeyance and extended the parties’ briefing deadlines for 90 days.

III. The Halpern Family Trust’s Lien and Other Remaining Lien Claims

17. The Stewart Property was constructed across two parcels: (a) 3620 Stewart Avenue, Miami, Florida 33133 (folio no. 01-4128-051-0010); and (b) 3610 Stewart Avenue, Miami, Florida 33133 (folio no. 01-4128-051-0020). On August 3, 2022, the City of Miami recorded a Unity of Title for the two parcels stating in part that the property “shall be considered as one plot and parcel of land and that no portion of said plot and parcel of land shall be encumbered, mortgaged, sold,

transferred, divided, conveyed, devised or assigned separately, except in its entirety as one plot or parcel of land.” A copy of the Unity of Title is attached as Exhibit A to the Sale Motion.

18. Under the Sale Order, the Stewart Property was sold free and clear of all liens against the Stewart Property described in the Sale Motion and Sale Order.

19. On August 15, 2024, the Halpern Family Trust submitted a proof of lien claim form and certain documents to the Receiver asserting a total claim of \$5,357,033, which includes certain interest and attorney’s fees.

20. The Halpern Family Trust provided a copy of the Commercial Promissory Note dated January 27, 2023, for \$4,000,000 with a non-default interest rate of 13.78% and default rate of 24.99% (the “Note”). A copy of the Note is attached hereto as **Exhibit 2**.

21. On January 31, 2023, the Halpern Family Trust recorded a Mortgage and Security Agreement dated January 27, 2023, executed by Stewart Grove to secure the Note (the “Mortgage”), at Book 33562, Page 4538 of the Public Records of Miami-Dade County, Florida (folio no. 01-4128-051-0010), a copy of which is attached as Exhibit A to the Settlement Agreement.

22. The bank records obtained by the Receiver indicate that on January 27, 2023: (a) the Halpern Family Trust wired \$3,000,000 to Goodkind & Florio, P.A.’s trust account, a law firm that represented the Receivership Companies and served as the closing agent for financing and real estate transactions; and (b) the Martin I Halpern Revocable Trust wired \$1,000,000 to Goodkind & Florio, P.A.’s trust account.

23. The following parties recorded liens against the Stewart Property and a few submitted proofs of lien claim, as noted below:

- a. On December 28, 2018, Safway Services, LLC recorded a Claim of Lien for \$14,163.69 at Book 31271, Page 4599 (folio no. 01-4128-051-0010), which

expired in December 2019 when the claimant did not commence an action to enforce lien within 1 year after recording the claim of lien;

- b. On August 20, 2020, A & P Air Conditioning Corp. recorded a Claim of Lien for \$56,350 at Book 32059, Page 3205 (folio no. 01-4128-051-0010), for which a Partial Release of Lien was recorded on May 18, 2021 at Book 32513, Page 2044 and a Satisfaction of Lien was recorded on June 10, 2021 at Book 32557, Page 4630, and the claimant's action to enforce the lien (Case No. 2021-017664-CC-23) was voluntarily dismissed in June 2021;
- c. On December 7, 2020, Amaya Finishing Inc. recorded a Claim of Lien for \$32,330 at Book 32226, Page 4413 (folio no. 01-4128-051-0010), which expired in December 2021 when the claimant did not commence an action to enforce lien within 1 year after recording the claim of lien;
- d. On January 31, 2023, the Halpern Family Trust recorded the Mortgage;
- e. On June 27, 2023, A1A Sod, Sand & Soil Inc. recorded a Claim of Lien for \$97,023.93 at Book 33767, Page 4200 (folio no. 01-4128-051-0010), and the claimant submitted certain proof of lien claim documents to the Receiver on June 17, 2024;
- f. On June 30, 2023, Regency Pool and Spa of Florida, Inc. recorded a lien for \$4,968.23 at Book 33775, Page 749;
- g. On July 11, 2023, Winmar Construction, Inc. recorded a Claim of Lien for \$177,088.48 at Book 33787, Page 2003, and on August 22, 2023, recorded an amended claim of lien for \$218,038.36 at Book 33845, Page 4906 (folio no. 01-4128-051-0010), and the Receiver understands that Winmar Construction, Inc. was the general contractor for the Stewart Property, and the amounts it claims are likely duplicative of amounts claimed by the subcontractors;
- h. On August 18, 2023, The Piso Project, LLC recorded a Claim of Lien for \$126,368 at Book 33844, Page 532 (folio no. 01-4128-051-0010), and the claimant submitted certain proof of lien claim documents to the Receiver on June 24, 2024;
- i. On August 30, 2023, Easy Grass Distributing, LLC recorded a Claim of Lien for \$12,117.45 at Book 33859, Page 4931 (folio no. 01-4128-051-0010);
- j. On September 22, 2023, Z Roofing & Waterproofing, Inc. recorded a Claim of Lien for \$9,988.50 at Book 33895, Page 1859 (folio no. 01-4128-051-0010), and the claimant submitted certain proof of lien claim documents to the Receiver on August 14, 2024;
- k. On October 6, 2023, Ampstrong Electric, Inc. recorded a Claim of Lien for \$66,839.02 at Book 33914, Page 3927 (folio no. 01-4128-051-0010), and the

claimant submitted certain proof of lien claim documents to the Receiver on June 19, 2024; and

1. On July 23, 2024, Interius Inc. submitted certain proof of lien claim documents to the Receiver, but did not record a lien on the Stewart Property, and notes in the proof of claim form that the lien claim is not secured and is not perfected.

IV. The Proposed Settlement Agreement with the Halpern Parties

24. The Receiver and the Halpern Parties have reached a settlement agreement to address: (a) the disposition of proceeds from the net sale proceeds from the sale of the Stewart Property, including a Stewart Lien Claim Fund Carveout (as defined below) for the benefit of the receivership estate; (b) an unsecured deficiency claim the Halpern Parties may assert if there is a claims process and release; and (c) dismissal of the Appeal Case. A copy of the Settlement Agreement is attached hereto as Exhibit 1. While a summary of certain terms is provided below, parties should review the Settlement Agreement in its entirety:

- a. The Halpern Claim and Stewart Lien Claim Fund. The Halpern Parties agree to accept the following amounts in satisfaction of all amounts owed under all loan documents and indebtedness due the Halpern Parties relating to the Stewart Property: (i) the Halpern Family Trust will have a first priority claim to the Stewart Lien Claim Fund and receive the remaining funds in the Stewart Lien Claim Fund after payment of the Stewart Lien Claim Fund Carveout (defined below) (the “Lender Payment”), and (ii) in the event the Court approves a general claim process for Stewart Grove and the Stewart Property, the Halpern Parties may assert an unsecured deficiency claim of up to \$2,500,000, which claim will be subject to the Receiver’s review and objection, and further Court order. The Lender Payment and right to submit the unsecured deficiency claim will be in full satisfaction of all amounts owed to the Halpern Parties under all loan documents and any other documents or agreements relating to the Stewart Property, and the Halpern Parties will not file any other claim in, or seek any other distribution from the receivership estate, with respect to any amounts owed relating to the Stewart Property and related loans, and agree to waive any such claim. The balance of the Stewart Lien Claim Fund is \$2,351,518.90. The Lender Payment is in the amount of \$2,271,518.90, which is \$2,351,518.90 less the \$80,000 carveout payment discussed below. The Receiver is permitted to disburse \$2,271,518.90 from the Stewart Lien Claim Fund to provide the Lender Payment to the Halpern Family Trust upon entry of a final and non-appealable Order approving the Agreement and disbursement of funds from the Stewart Lien Claim Fund, or if such Order is appealed, the issuance of a mandate on appeal affirming the Court’s Order or an

Order dismissing the appeal of the Court's Order (the "Final Approval Order").

- b. Stewart Lien Claim Fund Carveout. The Halpern Parties will carve out from their liens and security interests on the Stewart Lien Claim Fund \$80,000 for the benefit of the receivership estate (the "Stewart Lien Claim Fund Carveout"), which will be released from the Stewart Lien Claim Fund to the receivership estate upon entry of the Final Approval Order.
- c. Halpern Parties' Warranties & Representations. The Halpern Parties warrant and represent that: (i) they understood that the purpose of the loans and the purpose of the funds they provided for Stewart Grove and the Stewart Property was for the construction of the Stewart Property; (ii) they have received no repayments, funds or other consideration or item of value from the Receivership Companies or any related parties, directly or indirectly, in connection with the Stewart Property and related loans; and (iii) on January 27, 2023, the Halpern Family Trust provided \$3,000,000 to the borrower by wiring such funds to Goodkind & Florio, P.A.'s trust account, and the Martin I Halpern Revocable Trust provided \$1,000,000 to the borrower by wiring such amounts to Goodkind & Florio, P.A.'s trust account, and these wires totaling \$4,000,000 were provided to Goodkind & Florio, P.A.
- d. Dismissal of Appeal Case. Upon entry of the Final Approval Order, the Halpern Trusts will dismiss the Appeal Case with prejudice. The Halpern Trusts and Receiver agree to seek a stay of all appeal deadlines in the Appeal Case pending approval of the Agreement and disbursement of the funds in the Stewart Lien Claim Fund, and have filed the Joint Motion.
- e. Court Approval. The Parties' obligations under the Agreement are subject to the entry of the Final Approval Order.

25. The Receiver submits that to the best of her knowledge all lien claimants will receive notice of the Motion. As reflected in the service list below, the Receiver is providing notice of the Motion on: (a) all claimants who recorded a lien against the Stewart Property; (b) all claimants who submitted proof of lien claim documents to the Receiver; and (c) all other parties the Receiver included in the service list for the Sale Motion (except for the unknown tenants in possession as the Stewart Property has been sold and U.S. Mail service of the Sale Motion to the unknown tenants was returned as undeliverable). To the best of the Receiver's knowledge all interested parties have received notice of the Motion.

26. Through this Motion, the Receiver seeks approval of the Settlement Agreement with the Halpern Parties, and approval of the proposed disbursement of the Stewart Lien Claim Fund.

MEMORANDUM OF LAW

“The district court has broad powers and wide discretion to determine relief in an equity receivership.” *SEC. v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992) (citations omitted). “This discretion derives from the inherent powers of an equity court to fashion relief.” *Id.* The Court’s broad powers and wide discretion to determine relief in an equity receivership encompass granting relief with respect to proposed settlement agreements and disbursement of funds from the sale of real property. “Consequently, any ‘action by a trial court in supervising an equity receivership is committed to [her] sound discretion and will not be disturbed unless there is a clear showing of abuse.’” *SEC v. TCA Fund Mgmt. Grp. Corp.*, 2022 WL 3334488, at *14 (S.D. Fla. Aug. 4, 2022) (Altonaga, C.J.) (quoting *Bendall v. Lancer Mgmt. Grp., LLC*, 523 F. App’x 554, 557 (11th Cir. 2013)), *appeal dismissed*, No. 22-13412, 2024 WL 448385 (11th Cir. Feb. 6, 2024).

“A district court reviews settlements proposed by receivers for fairness, reasonableness, and adequacy.” *SEC & Exch. Comm’n v. I Glob. Cap. LLC*, 2018 WL 8050527, at *2 (S.D. Fla. Dec. 27, 2018) (Bloom, J.); *see Sterling v. Stewart*, 158 F.3d 1199, 1201 (11th Cir. 1998) (approving settlement because receiver acted in good faith and conducted adequate investigation and settlement was fair); *SEC. & Exch. Comm’n v. Quiros*, 2016 WL 9254719, at *2 (S.D. Fla. Oct. 18, 2016) (Gayles, J.) (approving settlement as fair, adequate and reasonable, and well within the range of reasonableness). “Determining fairness is left to the sound discretion of the district court.” *I Glob. Cap. LLC*, 2018 WL 8050527, at *2 (citing *Sterling*, 1158 F. 3d at 1202).

The proposed settlement is fair, adequate and reasonable, and well within the range of reasonableness. Under the proposed settlement with the Halpern Parties, all claims and indebtedness asserted by the Halpern Parties relating to the Stewart Property and related liens will be satisfied by: (a) the Halpern Family Trust having a first priority claim against the Stewart Lien Claim Fund and receiving the Lender Payment in the amount of \$2,271,518.90; and (b) the right to assert an unsecured deficiency claim of up to \$2,500,000, which claim will be subject to the Receiver's review and objection, and further Court order.

The Halpern Family Trust recorded its mortgage on January 31, 2023, before the claims of lien recorded by the following lien claimants: (a) A1A Sod, Sand & Soil Inc.; (b) Regency Pool and Spa of Florida, Inc.; (c) Winmar Construction, Inc.; (d) The Piso Project, LLC; (e) Easy Grass Distributing, LLC; (f) Z Roofing & Waterproofing, Inc.; and (g) Ampstrong Electric, Inc. All other remaining claims of lien recorded against the Stewart Property have been released or expired because an action to enforce lien was not commenced within 1 year. *See Fla. Stat. Ann. § 713.22* (stating that a "lien provided by this part does not continue for a longer period than 1 year after the claim of lien has been recorded or 1 year after the recording of an amended claim of lien that shows a later date of final furnishing of labor, services, or materials, unless within that time an action to enforce the lien is commenced in a court of competent jurisdiction."). A & P Air Conditioning Corp. recorded a claim of lien on August 20, 2020, and after, recorded a satisfaction of lien. Safway Services, LLC recorded a claim of lien on December 28, 2018, and Amaya Finishing Inc. recorded a claim of lien on December 7, 2020, but neither commenced an action to enforce lien (within a year or otherwise). Interius Inc. submitted certain proof of lien claim documents to the Receiver but did not record a lien and is not a lien claimant.

The Halpern Trusts funded \$4,000,000 for the Note on January 27, 2023. By this time, a significant portion of the construction for the Stewart Property had occurred. The Receiver and her professionals have continued to investigate the use of the loan proceeds, and the Receiver is not releasing any claims against any third party who received loan proceeds. In the Settlement Agreement, the Halpern Parties warrant and represent that *inter alia* they understood that the purpose of the loans and the purpose of the funds they provided for Stewart Grove and the Stewart Property was for the construction of the Stewart Property, and they have received no repayments, funds or other consideration or item of value from the Receivership Companies or any related parties, directly or indirectly, in connection with the Stewart Property and related loans.

Under the Settlement Agreement, the Halpern Parties will receive the \$2,271,518.90 Lender Payment, which is only 57% of the \$4,000,000 funded under the Note and only 42% of the \$5,357,033 they asserted in the proof of lien claim form. The Halpern Parties have also agreed to cap any unsecured deficiency claim at \$2,500,000, which is \$585,514.10 less than the amount asserted in the proof of lien claim form (after deducting the \$2,271,518.90 Lender Payment).

In addition, the Halpern Parties have agreed to the Stewart Lien Claim Fund Carveout of \$80,000 for the benefit of the receivership estate. The Receiver and her professionals spent a significant amount of time prosecuting the Sale Motion, prevailing over the Halpern Trusts' objections, and defending the Sale Order on appeal. Bankruptcy courts routinely approve transactions and settlements that provide for a carveout from a lender's collateral to pay for professional fees and to provide a distribution to lower priority claims. *See, e.g., In re Camtech Precision Mfg., Inc.*, 2015 WL 14025728, at *8 (Bankr. S.D. Fla. Jan. 23, 2015) (approving a transaction that provided a carveout of lender's collateral to pay for professional fees and lower priority claims); *see also In re The Carlisle Apartments, L.P.*, 2010 WL 11834073, at *5 (Bankr.

S.D.N.Y. Dec. 17, 2010) (approving settlement with lender that included carveout from collateral to pay for court approved professional fees).

The Settlement Agreement also provides for the dismissal with prejudice of the Halpern Trusts' appeal of the Sale Order in which they *inter alia* question the Receiver's authority to sell real property free and clear. The dismissal of the appeal benefits both parties, particularly because the Halpern Parties and Receiver have entered into a settlement agreement relating to the Commodore Parties, which has been approved by the Court [DE 333] and provides the Halpern Parties with certain net sale proceeds upon the closing of the free and clear sale of the Commodore Properties, and that an entity affiliated with the Halpern Parties will be the back-up buyer for a free and clear sale of the Commodore Properties [DE 310].

In accordance with the proposed Settlement Agreement with the Halpern Parties, the Receiver proposes the following distribution of the net sale proceeds in the Stewart Lien Claim Fund: (a) \$2,271,518.90 for the Lender Payment; and (b) \$80,000 for the Stewart Lien Claim Fund Carveout for the benefit of the receivership estate. There will be no amounts distributable on account of junior liens against the Stewart Lien Claim Fund (just as would be the case if the Stewart Property were sold at a foreclosure sale for less than the amount of the senior debt). Here, given the amount of the first position lender's debt (which was settled through the Sale Motion) and the Halpern Trusts' debt, the Receiver is not able to provide a distribution to the junior lien claimants from the Stewart Lien Claim Fund.

In negotiating and seeking approval of this settlement, the Receiver has considered the potential range of outcomes for the receivership estate absent settlement. Absent a settlement agreement, the Halpern Trusts and the Receiver could litigate whether the Halpern Trusts has a first position lien claim against the Stewart Lien Claim Fund, which would increase the

administrative expense to the estate, and if the Halpern Trusts were successful, there would be no recovery or carveout at all for the receivership estate, and there would be potential exposure to the receivership estate on a deficiency claim. Further, the parties would continue to litigate the Appeal Case in which the Halpern Trusts have argued that the Receiver cannot sell real property in a federal receivership, which, if successful, could undo the Receiver's work to administer other real property in the estate, such as the Commodore Properties.

In consideration of all of the foregoing, the Receiver believes the proposed settlement constitutes a fair resolution with respect to the Halpern Trusts' claims relating to the Stewart Property, including the appeal and Stewart Lien Claim Fund, and the administration of Stewart Lien Claim Fund, is adequate, and is well within the range of reasonableness.

WHEREFORE, the Receiver respectfully requests the entry of an order substantially in the same form as the proposed order attached hereto as **Exhibit 3**: (a) approving the Settlement Agreement with the Halpern Parties; (b) approving the Receiver's proposed disbursement of net sale proceeds from the Stewart Lien Claim Fund; and (c) granting such other and further relief as the Court deems just and proper.

CERTIFICATION OF CONFERENCE WITH COUNSEL

Counsel for the SEC and counsel for Rishi Kapoor have informed the Receiver that they have no objection to the relief requested herein.

Respectfully submitted,

Bernice C. Lee
Florida Bar No. 0073535
blee@kttlaw.com
Receiver for the Receivership Entities

KOZYAK TROPIN & THROCKMORTON, LLP
2525 Ponce de Leon Boulevard, 9th Floor
Coral Gables, Florida 33134
Tel: (305) 372-1800
Fax: (305) 372-3508
Email: dlr@kttlaw.com

By: /s/ David L. Rosendorf
David L. Rosendorf
Florida Bar No. 996823

Counsel for Bernice C. Lee, Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served: (a) this 24th day of February, 2025 via CM/ECF upon all counsel of record and via email on the following lien claimants and interested parties listed in the Service List, and (b) on the 25th day of February, 2025 via U.S. Mail on the following lien claimants and interested parties listed in the Service List.

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

Service List

Via U.S. mail* and email address (if applicable)

* Copies of the motion and exhibits were served on the interested parties listed below by US Mail.

2EE LLC
c/o Jonathan Hoffman, as registered agent
125 Ocean Drive, Suite 501
Miami Beach, FL 33139

Regency Pool and Spa of Florida, Inc.
c/o Daniel Vega, as registered agent
201 Alhambra Circle, Suite 801
Coral Gables, FL 33134

2EE LLC
c/o Florida Mortgage Group, Inc.
2511 Anderson Road
Coral Gables, FL 33134

Regency Pool and Spa of Florida, Inc.
Kelvin Carrasquero
21000 Sheridan St.
Pembroke Pines, FL 33332

The Piso Project LLC
c/o Alexander Rodriguez, as registered agent
1825 Ponce de Leon Blvd., Suite #65
Coral Gables, FL 33134
alex@pisoproject.com

Ampstrong Electric, Inc.
c/o Osvaldo Cardoza, as registered agent
2050 NW 93rd Avenue
Doral, Florida 33172
oc@ampstrong.com

The Piso Project LLC
c/o Felipe Law, P.A.
848 Brickell Avenue, PH5
Miami, FL 33131
jfelipe@felipelaw.com

Ampstrong Electric, Inc.
c/o Steven Knight
3330 Earhart Dr. Suite 210
Carrollton, TX 75006
sknight@pamusa.biz

2EE LLC
3121 Commodore Plaza, Suite 303
Coconut Grove, FL 33133

Interius Inc.
Attn: Juan Carlos Quijano
7261 NE 4th Avenue, #103
Miami, FL 33138
jc@interiusinc.com

A1A Sod, Sand & Soil, Inc.
c/o Andy Diaz, as registered agent
1717 N. Bayshore Drive, Apt. 1634
Miami, FL 33132
andy@alasdod.com
marimidtowngardencenter@gmail.com

Interius Inc.
c/o Valencia Accounting Firm Corp, its
registered agent
11635 SW 123 Ave
Miami, FL 33186

A1A Sod, Sand & Soil, Inc.
Attn: Ismael Oria
28400 S. Dixie Hwy
Homestead, FL 33033
ioria@alasdod.com

Z Roofing & Waterproofing, Inc.
c/o Zachary Exposito, as registered agent
7709 W 20th Avenue
Hialeah, Florida 33014
zach@zroofing.com

Easy Grass Distributing, LLC
c/o Corporation Service Company
1201 Hays Street
Tallahassee, FL 32301

Easy Grass Distributing, LLC
205 Boring Drive
Dalton, Georgia 30721

Easy Grass Distributing, LLC
14181 SW 143rd Ct.
Miami, FL 33186

Winmar Construction, Inc.
c/o Francisco Touron, III, as registered agent
2665 S. Bayshore Drive, Suite 300
Miami, FL 33133

Winmar Construction, Inc.
5959 Blue Lagoon Drive, Suite 100
Miami, Florida 33126

Safeway Services, LLC
c/o CT Corporation System, its registered agent
1200 South Pine Island Rd.
Plantation, FL 33324

A & P Air Conditioning Corp.
c/o Adrian F. Gonzalez, as registered agent
2322 West 78 Street
Hialeah, Fl 33016

Amaya Finishing Inc.
c/o Jose Amaya, as registered agent
13480 SW 276th St.
Homestead, FL 33032-3210

City of Miami
Finance Department
444 SW 2nd Ave.
Miami, Florida 33130

Miami-Dade County Tax Collector
200 N.W. 2nd Avenue
Miami, FL 33128

Miami-Dade County Property Appraiser
Stephen P. Clark Center
111 N.W. 1st Street, Suite 710
Miami, FL 33128-1984

Internal Revenue Service
Centralized Insolvency Operations
PO Box 7346
Philadelphia, PA 19101-7346

Florida Department of Revenue
PO Box 6668
Tallahassee, FL 32314-6668

Jorge Uribe
jorge@jorgeuribe.com

One Sotheby's International Realty
3250 Mary Street, Suite 520
Miami, FL 33133

Sotheby's International Realty, Inc.
c/o Corporation Service Company
1201 Hays Street
Tallahassee, FL 32301-2525

EXHIBIT 1

SETTLEMENT AGREEMENT

This Settlement Agreement dated as of February 18, 2025 (the “Agreement”), is by and between Bernice Lee, solely as the court-appointed Receiver over Location Ventures, LLC and related entities (“Receiver”), and the Martin I. Halpern Revocable Trust, the Halpern Family Trust (together, the “Halpern Trusts”), Martin I. Halpern, individually and as Trustee of the Halpern Trusts, and their successors and assigns (collectively, the “Halpern Parties”) (Receiver and Halpern Parties are each a “Party” and collectively the “Parties”).

RECITALS

WHEREAS, the Receiver was appointed as receiver over Location Ventures, LLC and related entities including Urbin Coconut Grove Partners, LLC pursuant to an Order entered in the action styled *S.E.C. v. Kapoor, et al.*, Case No. 23-cv-24903-CMA (the “SEC Action”) in the United States District Court for the Southern District of Florida (“Court”) on January 12, 2024 (“Receivership Order”);

WHEREAS, Stewart Grove 1, LLC (“Stewart Grove”) owned a luxury single family home constructed on real property located across two parcels: 3620 and 3610 Stewart Avenue, Miami, Florida 33133 (the “Stewart Property”)

WHEREAS, on May 2, 2024, the Receiver filed the Receiver’s Expedited Motion to Approve Sale Free and Clear and Related Settlement Agreement and Lien Claims Process in the SEC Action (“Stewart Sale Motion”) [DE 128] seeking Court approval of: (a) a \$17.5 million dollar sale, free and clear of all liens, claims and encumbrances, of the Stewart Property, (b) a related settlement with the first position lender that provided for a reduced payment and carveout from its lien for the benefit of the receivership estate, (c) the Receiver separately accounting for the remaining net sale proceeds after payment of the first position lender, carveout and closing costs, and funding a lender fee reserve (the “Stewart Lien Claim Fund”), and (d) a lien claims process;

WHEREAS, the Stewart Sale Motion states *inter alia* that Stewart Grove executed in favor of the Halpern Family Trust a Mortgage and Security Agreement dated January 27, 2023, recorded on January 31, 2023 in Book 33562, Page 4538, Public Records of Miami-Dade County, Florida to secure a commercial promissory note for the principal balance of \$4,000,000. A copy of the mortgage is attached hereto as **Exhibit A**.

WHEREAS, on May 17, 2024, the Halpern Trusts filed a Response to Receiver’s Motion for Expedited Approval of Stewart Grove Property Sale [DE 128] and Objection to the Sale, and on May 17, 2024, the Receiver filed a Reply to Halpern Properties’ Objection to Stewart Sale Motion [DE 157];

WHEREAS, following oral argument, the Court required supplemental briefing regarding the Eleventh Circuit’s decision in *Sec. & Exch. Comm’n v. Wells Fargo Bank, N.A.*, 848 F. 3d 1339 (11th Cir. 2017), and the Receiver and Halpern Trusts each filed a supplemental memorandum of law [DE 164, 163] and the Receiver filed a revised proposed order in which she withdrew or amended certain of the relief requested in the Motion [DE 164];

WHEREAS, on June 17, 2024, the Court entered an Order Granting in Part Receiver's Motion to Approve Sale Free and Clear and Related Settlement Agreement and Claims Process (the "Stewart Sale Order") [DE 185], which *inter alia* approved the proposed sale and settlement agreement with the first position lender, and provided that lien claimants may complete and submit a proof of lien claim and related documents to the Receiver;

WHEREAS, on July 29, 2024, the sale closed, and the escrow agent disbursed \$14,084,835.19 to the first position lender for the lender payment, and \$3,238,475.34 to the receivership estate, which was disbursed as follows: (a) \$797,412.36 as the carveout for the benefit of the receivership estate, (b) \$2,341,062.98 for the Stewart Lien Claim Fund, and (c) \$100,000 for the lender fee reserve that was in turn 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;

WHEREAS, on August 12, 2024, the Halpern Trusts filed a Notice of Appeal of the Stewart Sale Order [DE 198] which initiated Case No. 24-12635-D before the United States Court of Appeals for the Eleventh Circuit (the "Appeal Case");

WHEREAS, on November 5, 2024, the Halpern Trusts filed their Brief of Appellant, and on December 13, 2024, the Receiver filed a Motion to Dismiss the Appeal;

WHEREAS, on January 14, 2025, the Halpern Parties and Receiver reached an agreement as set forth herein, which is subject to Court approval, to address the disposition of funds from the Stewart Lien Claim Fund, a carveout for the benefit of the receivership estate, and dismissal of the Appeal Case; and

WHEREAS, on January 16, 2025, the Halpern Trusts and Receiver filed a Joint Motion to Hold Appeal in Abeyance Pending Execution of Settlement Agreement in the Appeal Case (the "Joint Motion"); however, as such motion remained pending as of January 27, 2025, the Receiver filed her Response Brief by the January 27, 2025 deadline.

In consideration of the terms described herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and without admitting any wrongdoing or liability, the Receiver and the Halpern Parties agree as follows:

1. **The Halpern Claim and Stewart Lien Claim Fund.** The Halpern Parties agree to accept the following amounts in satisfaction of all amounts owed under all loan documents and indebtedness due the Halpern Parties relating to the Stewart Property: (i) the Halpern Family Trust will have a first priority claim to the Stewart Lien Claim Fund and receive the remaining funds in the Stewart Lien Claim Fund after payment of the Stewart Lien Claim Fund Carveout (defined below) (the "Lender Payment"), and (ii) in the event the Court approves a general claim process for Stewart Grove and the Stewart Property, the Halpern Parties may assert an unsecured deficiency claim of up to \$2,500,000, which claim will be subject to the Receiver's review and objection, and further Court order. The Lender Payment and right to submit the unsecured deficiency claim will be in full satisfaction of all amounts owed to the Halpern Parties under all loan documents and any other documents or agreements relating to the Stewart Property, and the Halpern Parties will not file any other claim in, or seek any other distribution from the receivership

estate, with respect to any amounts owed relating to the Stewart Property and related loans, and agree to waive any such claim. The balance of the Stewart Lien Claim Fund is \$2,351,518.90. The Lender Payment is in the amount of \$2,271,518.90, which is \$2,351,518.90 less the \$80,000 carveout payment discussed below. The Receiver is permitted to disburse \$2,271,518.90 from the Stewart Lien Claim Fund to provide the Lender Payment to the Halpern Family Trust upon entry of a final and non-appealable Order approving the Agreement and disbursement of funds from the Stewart Lien Claim Fund, or if such Order is appealed, the issuance of a mandate on appeal affirming the Court's Order or an Order dismissing the appeal of the Court's Order (the "Final Approval Order").

2. **Stewart Lien Claim Fund Carveout.** The Halpern Parties will carve out from their liens and security interests on the Stewart Lien Claim Fund \$80,000 for the benefit of the receivership estate (the "Stewart Lien Claim Fund Carveout"), which will be released from the Stewart Lien Claim Fund to the receivership estate upon entry of the Final Approval Order.

3. **Halpern Parties' Warranties & Representations.** The Halpern Parties warrant and represent that: (i) they understood that the purpose of the loans and the purpose of the funds they provided for Stewart Grove and the Stewart Property was for the construction of the Stewart Property, (ii) they have received no repayments, funds or other consideration or item of value from the Receivership Companies or any related parties, directly or indirectly, in connection with the Stewart Property and related loans, and (iii) on January 27, 2023, the Halpern Family Trust provided \$3,000,000 to the borrower by wiring such funds to Goodkind & Florio, P.A.'s trust account, and the Martin I Halpern Revocable Trust provided \$1,000,000 to the borrower by wiring such amounts to Goodkind & Florio, P.A.'s trust account, and these wires totaling \$4,000,000 were provided to Goodkind & Florio, P.A.

4. **Dismissal of Appeal Case.** Upon entry of the Final Approval Order, the Halpern Trusts will dismiss the Appeal Case with prejudice. The Halpern Trusts and Receiver agree to seek a stay of all appeal deadlines in the Appeal Case pending approval of the Agreement and disbursement of the funds in the Stewart Lien Claim Fund, and have filed the Joint Motion.

5. **Court Approval.** The Parties' obligations under the Agreement are subject to the entry of the Final Approval Order.

6. **Applicable Law.** The Agreement shall be governed by and construed in accordance with the law and rules applicable in the United States District Court for the Southern District of Florida. Where state law controls, this Agreement and all related documents, including all exhibits attached hereto, and all matters arising out of or relating to this Agreement, whether sounding in contract, tort, or statute are governed by, and construed in accordance with, the laws of the State of Florida, United States of America including its statutes of limitations and § 685.101, Fla. Stat., without giving effect to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of Florida.

7. **Venue Selection Clause and Waiver of Jury Trial.** Each Party irrevocably and unconditionally agrees that it will not commence any action, litigation, or proceeding of any kind whatsoever against the other Party in any way arising from or relating to this Agreement, including

all exhibits, schedules, attachments, and appendices attached to this Agreement, and all contemplated transactions, including, but not limited to, contract, equity, tort, fraud, and statutory claims, in any forum other than the U.S. District Court for the Southern District of Florida or, if the U.S. District Court for the Southern District of Florida does not have subject matter jurisdiction, the Circuit Court for the 11th Judicial Circuit, and any appellate court from any thereof. Each Party irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and agrees to bring any such action, litigation, or proceeding only within said jurisdictions. Each Party agrees that a final judgment in any such action, litigation, or proceeding is conclusive and may be enforced in jurisdictions by suit on the judgment or in any other manner provided by law. The Parties FURTHER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY SO TRIABLE AS A MATTER OF RIGHT.

8. Notices. All notices must be in writing and addressed to the relevant Party at its address set forth below (or to such other address as such Party specifies in accordance with this Section 8) and shall be (i) hand delivered, (ii) sent by certified or registered mail, postage prepaid, return receipt requested, (iii) sent by Federal Express or similar overnight courier service, or (iv) sent by email (with confirmation of receipt). All such notices shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; when receipt is acknowledged, if by certified mail or electronic transmission; and on date of delivery if using overnight courier service.

If to Receiver:

Bernice C. Lee, Esq.
Kozyak Tropin & Throckmorton, LLP
2525 Ponce de Leon Blvd., 9th Floor
Coral Gables, FL 33134
blee@kttlaw.com

With a copy to:

David L. Rosendorf, Esq.
Kozyak Tropin & Throckmorton, LLP
2525 Ponce de Leon Blvd., 9th Floor
Coral Gables, FL 33134
dlr@kttlaw.com

If to the Halpern Trusts or Halpern Parties:

Mark F. Raymond
Nelson Mullins Riley & Scarborough LLP
2 South Biscayne Blvd., 21st Floor
Miami, Fl. 33131
Mark.Raymond@nelsonmullins.com

With a copy to:

Rob N. Hyman, Esq.
ROB HYMAN, P.A.
110 SE 6th Street, Suite 1700
Fort Lauderdale, FL 33301
RHyman@RHymanlaw.com

9. **Relationships.** Nothing contained in this Agreement shall be deemed to constitute either party a partner of the other party for any purpose.

10. **Interpretation.** If a court finds any provision of this Agreement invalid or unenforceable, the remainder of this Agreement shall be interpreted so as best to effect the intent of the parties. The headings within this Agreement are purely for convenience and are not to be used as an aid in interpretation. This Agreement shall not be construed against either Party as the author or drafter of the Agreement.

11. **Waiver.** The failure to exercise any right provided in this Agreement shall not be a waiver of prior or subsequent rights. This Agreement and each party's obligations shall be binding on the representatives, assigns and successors of such party. Each party has signed this Agreement through its authorized representative.

12. **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties with respect to its subject matter, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, whether written or oral, with respect to such subject matter. This Agreement may only be amended, modified, waived, or supplemented by an agreement in writing signed by both Parties.

13. **Authority.** The Halpern Parties represent and warrant that they have the full authority and power to enter into the Agreement and compromise the disputes described herein, and sign on behalf of the party for whom they are signing and that their signature on the Agreement shall be binding on such party. The Receiver's authority to enter into and be bound by this Agreement is subject to Court approval.

14. **Counterparts.** This Agreement may be entered into in any number of counterparts and by the parties to it on separate counterparts, each of which when executed and delivered, which may be by electronic (i.e., pdf) transmission, shall be an original, but all the counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date hereof.

[signatures on following page]

RECEIVER:

Bernice C. Lee, solely in her capacity as the court-appointed Receiver pursuant to the Receivership Order

HALPERN PARTIES:

Martin Halpern
Martin Halpern (Feb 18, 2025 19:20 EST)

Martin I. Halpern, as Trustee of the Martin I. Halpern Revocable Trust

Martin Halpern
Martin Halpern (Feb 18, 2025 19:20 EST)

Martin I. Halpern, as Trustee of the Halpern Family Trust

Martin Halpern
Martin Halpern (Feb 18, 2025 19:20 EST)

Martin I. Halpern

15A603102-Stewart Settlement Agreement

Final Audit Report

2025-02-19

Created:	2025-02-18
By:	Farola Saint-Remy (fsr@kttl.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAzG5VbzpgJmzkgfooDpaymb7S5smuOPov

"15A603102-Stewart Settlement Agreement" History

-  Document created by Farola Saint-Remy (fsr@kttl.com)
2025-02-18 - 10:40:56 PM GMT
-  Document emailed to Martin Halpern (mhalpern@unitedtranzactions.com) for signature
2025-02-18 - 10:41:00 PM GMT
-  Email viewed by Martin Halpern (mhalpern@unitedtranzactions.com)
2025-02-19 - 0:19:13 AM GMT
-  Document e-signed by Martin Halpern (mhalpern@unitedtranzactions.com)
Signature Date: 2025-02-19 - 0:20:18 AM GMT - Time Source: server
-  Agreement completed.
2025-02-19 - 0:20:18 AM GMT

Exhibit A

Prepared by and return to:

Rob Hyman, Esq.
110 SE 6th Street, Suite 1700
Fort Lauderdale, Florida
33301
954-780-8250

Documentary stamps of \$14,000 and intangible taxes of \$8,000 are being paid with the recording of this Mortgage

THIS IS A BALLOON MORTGAGE AND THE FINAL PRINCIPAL PAYMENT OR THE PRINCIPAL BALANCE DUE UPON MATURITY IS \$4,000,000, TOGETHER WITH ACCRUED INTEREST, IF ANY, AND ALL ADVANCEMENTS MADE BY THE MORTGAGEE UNDER THE TERMS OF THIS MORTGAGE

MORTGAGE AND SECURITY AGREEMENT

This Mortgage and Security Agreement is made as of January 27, 2023 (together with any amendments or modifications hereto in effect from time to time, the “**Mortgage**”), is made by **Stewart Grove I, LLC**, a Florida limited liability company (the “**Mortgagor**”), having an address of 299 Alhambra Circle, Suite 510, Coral Gables, FL 33134, in favor of the **Halpern Family Trust**, a Florida trust, having an office c/o Rob Hyman, P.A. 110 SE 6th Street, Suite 1700, Fort Lauderdale, Florida 33301 (hereinafter, “**Mortgagee**”):

The terms “Mortgagor” and “Mortgagee” shall include heirs, personal representative, successors, legal representatives and assigns, and shall denote the singular and/or the plural, and the masculine and/or the feminine and natural and/or artificial persons, whenever and wherever the context so admits or requires.

Mortgagor, for and in consideration of the aggregate sum named in the Commercial Promissory Note, a copy of which is attached hereto and made a part of hereof, the receipt of which is hereby acknowledged, does grant, bargain, and sell to the said Mortgagee, its successors and assigns, in fee simple, the following described land, situate, lying and being in Miami-Dade County, Florida to-wit:

See Exhibit “A”

hereinafter the “Mortgaged Property.”

UPON THE SALE, TRANSFER, LEASE OPTION TO PURCHASE, AGREEMENT FOR DEED OR TRANSFER IN ANY OTHER MANNER THE NOTE SECURED HEREBY BECOMES DUE AND PAYABLE IN FULL.

And said Mortgagor does hereby fully warrant the title to said land and will defend the same against the lawful claims of all persons whomsoever.

Provided always, that said Mortgagor, as consideration for Mortgagee issuing the Loan, its successors or assigns, shall pay unto the said Mortgagee, its successors or assigns, that certain Commercial Promissory Note of even date executed by Mortgagor and secured by Mortgagor, in the principal amount of \$4,000,000, and Mortgagor shall perform, comply with and abide by each and every stipulation, agreement, condition and covenant of said Mortgage, and shall duly pay all taxes, all insurance premiums reasonably required, all costs and expenses including reasonable attorney's fees that Mortgagee may incur in connection with money secured by this Mortgage, and also in enforcing this Mortgage by suit or otherwise, then this Mortgage and the estate hereby created shall cease and be null and void.

Mortgagor hereby covenants and agrees:

1. **Payment Obligations:** To secure pay of the principal and interest and other sums of money payable by virtue of said Commercial Promissory Note of even date and maturing on July 27, 2023 and this Mortgage, or either, promptly on the days respectively the same severally come due.

2. **Insurance:** Mortgagor will maintain all insurance policies that in Mortgagor's best judgment will insure the security of the Mortgaged Property. In the event any sum of money becomes payable under such policy, Mortgagee, its legal representative or assigns, shall have the option to receive and apply the same on account of the indebtedness hereby secured or to permit Mortgagor to receive and use it or any part thereof for repair or replacement, without hereby waiving or impairing any equity, lien or right under or by virtue of this mortgage. In the event of loss Mortgagor shall give immediate notice to Mortgagee.

3. **Preservation of Mortgaged Property:** Mortgagor shall not permit, commit or suffer any waste, impairment or deterioration of the Mortgaged Property, or any part thereof. In the event Mortgagee deems in its sole discretion that the Mortgaged Property is subject to waste, impairment, or deterioration, Mortgagee may take actions consistent with preserving the Mortgaged Property. Any such action shall not be deemed a waiver or Mortgagee's rights to enforce this Mortgage and/or to declare a Default of the Mortgage and/or loan documents.

4. **Discharge of Liens:** Mortgagor shall not permit another lien or mortgage to be placed ahead of this mortgage, excluding that certain Notice of Future Advance, Future Advance receipt and Fifth Mortgage and Loan Document Modification Agreement entered into by and between Mortgagor and 2EE, LLC (the "Superior Mortgage"), and shall immediately advise Mortgagee of such lien. Mortgagor shall take all necessary actions to remove any such lien from the Mortgage Property. Mortgagee, at its sole option, may take all necessary actions to remove such liens from the Mortgaged Property. Any funds expended by Mortgagee in removing said liens will be considered an advance of funds to Mortgagor. Mortgagor will be required to repay any such advance within ten (10) days written notice by Mortgagee. Failure to repay such an advance after notice will constitute an Event of Default. The lien of this Mortgage is subordinate to Superior Mortgage and any renewals, modifications or extensions thereof, as well as any future advances that may be made under the terms and provisions of said Superior Mortgage.

5. **Real Estate Taxes:** Mortgagor shall provide proof of payment of annual real estate taxes by March 15, for the preceding year's taxes. Failure of Mortgagor to pay the taxes by such date shall constitute an event of default. Mortgagee may, at its sole option, pay the taxes and the full amount of such payment by Mortgagee shall be added to the principal balance owed on the mortgage and shall accrue interest at the maximum rate allowable by law.

6. **Appointment of Receiver:** The Mortgagee may, at any time pending a suit upon this mortgage, apply to the court having jurisdiction thereof for the appointment of a receiver, and such court shall forthwith appoint a receiver, and such receiver shall have all the broad and effective functions and powers in anywise entrusted by a court to a receiver, and such appointment shall be made by such court as an admitted equity and a matter of absolute right to said Mortgagee. The rents, profits, income, issues, and revenues shall be applied by such receiver according to the lien of this mortgage.

7. **Event of Default:** Each of the following shall constitute a default (each, an Event of Default") hereunder:

7.1 If any of the sums of money due and owing to Mortgagee under the terms of the Commercial Promissory Note and this Mortgage, including but not limited to any advance made by Mortgagee for the payment of insurance or taxes, or an advance to preserve the Mortgaged Property and/or to remove a lien or other encumbrance, are not paid within 5 days after same become due and payable, or 10 days for repayment of any advance made by Mortgagee after notice;

7.2 If each of the stipulations, and agreements, conditions and covenants of the Commercial Promissory Note and this Mortgage, or either, are not fully performed or complied with, including by not limited to the timely payment of real estate taxes and/or the securing and maintaining insurance;

7.3 The filing by Borrower, Mortgagor, and Guarantor of a petition seeking relief, or the granting of relief, under the Federal Bankruptcy Code or any similar federal or state statute; any assignment for the benefit of creditors made by Borrower, Mortgagor, or Guarantor, unless with respect to any involuntary proceeding, it is dismissed within sixty (60) days after its filing; the appointment of a custodian, receiver, liquidator or trustee for Borrower, Mortgagor, or Guarantor in connection with bankruptcy or an assignment for the benefits of creditors; if Mortgagor or Guarantor become insolvent and/or Mortgagor and/or Guarantor fail to pay their debts as they become due;

7.4 The dissolution, liquidation, merger, consolidation, or reorganization of Borrower and/or Mortgagor or the institution of any proceeding to effect any of the foregoing;

7.5 The filing, entry or issuance of any judgment, execution, garnishment, attachment, distraint or lien in excess of \$50,000 against either Mortgagor and/or Guarantor or their property, unless such judgement, execution, garnishment, attachment, distraint or lien is discharged by Mortgagor and/or Guarantor within sixty (30) days after their respect of actual knowledge of its filling, entry, or issuance.

8. **Remedies of Mortgagee:** Upon an Event of Default by Mortgagor and/or Guarantor, Mortgagee shall be entitled to pursue all remedies in law and in equity, including but not limited to accelerating the outstanding indebtedness, filing suit in a court of law seeking damages for breach of the Commercial Promissory Note or any of the Loan Documents as described in the Commercial Promissory Note and this Mortgage, and at the election of Mortgagee, filing a foreclosure action against all real and personal property secured by this Mortgage. Mortgagee may recover all reasonable attorney's fees and costs in any suit, action, or proceeding through and including any appeals or bankruptcy proceedings from Borrower, Mortgagor, and/or Guarantor. Mortgagor acknowledges that this Mortgage is a material inducement for Mortgagee to issue the Loan to Mortgagor and accepts this material inducement as sufficient consideration to give Mortgagee this Mortgage. Mortgagor waives any claim that Mortgagor did not receive sufficient consideration from Mortgagee in exchange for this Mortgage.

9. **Assignment of Rents and Leases:** Mortgagor hereby assigns all right, title and interest of Mortgage in and to all rents, royalties, issues, profits, revenues, income and other benefits of and from all or any part of the Mortgaged Property or any business conducted thereon by Mortgagor, without limitation, and all rights of Mortgagor to collect and receive the same to Mortgagee, provide, however, that permission is hereby given by Mortgagee to Mortgagor, so long as no Event of Default shall have occurred and be continuing, to collect and use such rents, royalties, issues, profits, revenues, income and other benefits as they become due and payable, but not in advance thereof, which permission shall terminate immediately without notice to Mortgagor upon the occurrence of, and during the continuance of, any Event of Default. Mortgagor further covenants that all rents and other income actually received by Mortgagor in respect of the Mortgaged Property, including, without limitation, expense reimbursements from tenants, business or rental interruption insurance, but excluding casualty insurance proceeds and condemnation proceeds, shall be used first to pay debt service and other amounts as coming due under the Loan Documents, then for operating expenses associated with the Mortgaged Property, and then, provided no Event of Default shall exist, for general operating purposes of Mortgagor.

10. **Security Agreement:** Mortgagor hereby grants to Mortgagee a secured interest in all equipment, improvements, fixtures and any other personal property and fixtures located on the Mortgaged Property. This Mortgage shall act as a security agreement and fixture filing for the purpose of creating and perfecting a security interest in all such personal property and fixtures. In addition to all rights and remedies specified in this Mortgage, Mortgagee shall have all the rights and remedies of a secured party under the Florida Uniform Commercial Code, as amended (the "UCC") and other applicable law.

11. **Mortgagee's Right to Preserve its Lien Rights:** Mortgagee is hereby irrevocably authorized, at Mortgagee's option, to institute and maintain any and all suits and proceedings as Mortgagee may deem advisable to prevent any impairment of the Mortgaged Property or the security of this Mortgage by any unlawful acts or omissions; to prevent the occurrence or continuance of any violation of this Mortgage or any of the Loan Documents; to foreclose this Mortgage after the occurrence of an event of default; to preserve and protect its interest in the Mortgaged Property; to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or invalid, if the enforcement

of or compliance with such legislation, enactment, rule or order might impair the Mortgaged Property or the security of this Mortgage or be prejudicial to Mortgagee's interest.

12. **Choice of Law:** This Mortgage and the Note hereby secured shall be construed and enforced according to the laws of the State of Florida.

13. **Transfer of Title:** The principal sum secured hereby, along with any interest to be paid in accordance with the terms of the Commercial Promissory Note secured hereby, shall immediately become due and payable without notice, if a transfer of title to the premises by sale or otherwise is made without Mortgagee's written consent, while this mortgage remains a lien thereon, at the option of Mortgagee, his successors, legal representatives, or assigns.

14. **Waiver of Jury Trial:** MORTGAGOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS MORTGAGE, THE NOTE, THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, EQUITY, TORT OR ANY OTHER THEORY.

15. **Submission to Jurisdiction.** Mortgagor hereby irrevocably and unconditionally: (i) agrees that any legal action, suit or proceeding arising out of or relating to this Mortgage may be brought in the state court of Miami-Dade County, Florida; and (ii) submits to the exclusive jurisdiction of any such court in any such action, suit or proceeding. Final judgment against Borrower in any action, suit or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment.

16. **Waiver of Conditions and Acknowledgments:** All conditions to any agreement or obligation of Mortgagee under this Mortgage or any of the other Loan Documents are solely for the benefit of Mortgagee. Any or all such conditions may be waived or modified at any time or times by Mortgagee. No such waiver or modification in any particular instance shall affect Mortgagee's discretion in dealing with any such condition in any other instance. Mortgagor affirms that this Mortgage and Security Agreement and its terms shall not be construed against the drafter, as each party hereto has assisted in its drafting.

17. **Future Advances:** This Mortgage is given to secure not only existing indebtedness, but also future advances, whether such advances are obligatory or are to be made at the option of Mortgagee, or otherwise, as are made within twenty (20) years from the date hereof, to the same extent as if such future advances are made on the date of the execution of this Mortgage. The total amount of indebtedness that may be so secured may decrease to a zero amount from time to time, or may increase from time to time, but the total unpaid balance so secured at one time shall not exceed \$25,000,000, plus interest thereon, and any disbursements made for the payment of taxes, levies, insurance, or other advances made to protect the priority of the lien granted hereby or the condition of the Mortgaged Property.

18. **Escrow of Real Estate Taxes:** Upon executing Mortgagor's new loan with its senior lender, Mortgagor, upon request of Mortgagee, shall provide proof to Mortgagee that an escrow is being maintained to ensure payment of real estate taxes.

19. **Notices.** Any notice or communication required or permitted under this Mortgage shall be given in writing, sent by (a) personal delivery, or (b) expedited delivery service with proof of delivery, or (c) United States Mail, postage prepaid, registered or certified mail, addressed as follows:

If to Mortgagor: Stewart Grove 1, LLC
299 Alhambra Circle, Suite 510
Coral Gables, FL 33134
Attn: Rishi Kapoor

With a copy to: Goodkind & Florio, P.A.
4121 La Playa Blvd.
Miami, Florida 33133
Attn: Kenneth Florio

If to Mortgagee: The Halpern Family Trust
c/o Rob Hyman, P.A.
110 SE 6th Street, Suite 1700
Fort Lauderdale, Florida 33301

With a copy to: Rob Hyman, Esq.
Rob Hyman, P.A.
110 SE 6th Street, Suite 1700
Fort Lauderdale, Florida 33301

Notice shall be deemed to have been given and received: (a) if by hand delivery, upon delivery; (b) if by mail, two (2) calendar days after the date first deposited in the United States mail; and (c) if by overnight courier, on the date scheduled for delivery. A party may change its address by giving written notice to the other party as specified herein.;

20. **Remedies Cumulative.** The rights and remedies of Mortgagee as provided in this Mortgage or in any other Loan Document shall be cumulative and concurrent, may be pursued separately, successively or together, may be exercised as often as occasion therefor shall arise, and shall be in addition to any other rights or remedies conferred upon Mortgagee at law or in equity. The failure, at any one or more times, of Mortgagee to assert the right to declare any liabilities due, grant any extension of time for payment of any liabilities, take other or additional security for the payment thereof, release any security, change any of the terms of the Loan Documents, or waive or fail to exercise any right or remedy under any Loan Document shall not in any way affect this Mortgage or the rights of Mortgagee.

21. **No Implied Waiver.** Mortgagee shall not be deemed to have modified or waived any of its rights or remedies hereunder unless such modification or waiver is in writing and signed by Mortgagee, and then only to the extent specifically set forth therein. A waiver in one event shall not be construed as continuing or as a waiver of or bar to such right or remedy on a subsequent event.

22. **Partial Invalidity.** The invalidity or unenforceability of any one or more provisions of this Mortgage shall not render any other provision invalid or unenforceable. In lieu of any invalid or unenforceable provision, there shall be added automatically a valid and enforceable provision as similar in terms to such invalid or unenforceable provision as may be possible.

23. **Binding Effect.** The covenants, conditions, waivers, releases and agreements contained in this Mortgage shall bind, and the benefits thereof shall inure to, the parties hereto and their respective heirs, executors, administrators, successors and assigns and are intended and shall be held to be real covenants running with the land; provided, however, that this Mortgage cannot be assigned by Mortgagor without the prior written consent of Mortgagee, and any such assignment or attempted assignment by Mortgagor shall be void and of no effect with respect to Mortgagee.

24. **Modifications.** This Mortgage may not be supplemented, extended, modified or terminated except by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

25. **Commercial Loan.** Mortgagor represents and warrants that the loans or other financial accommodations included as Liabilities secured by this Mortgage were obtained solely for the purpose of carrying on or acquiring a business or commercial investment and not for residential, consumer or household purposes.

26. **Joint and Several Liability.** If Mortgagor consists of more than one person or entity, the word "Mortgagor" shall mean each of them and their liability shall be joint and several.

27. **Non-Merger.** In the event Mortgagee shall acquire title to the Property by conveyance from Mortgagor or as a result of foreclosure, this Mortgage shall not merge in the fee estate of the Property but shall remain and continue as an existing and enforceable lien for the Liabilities secured hereby until the same shall be released of record by Mortgagee in writing.

28. **American With Disabilities Act:** Mortgagor covenants and agrees that, during the term of the Loan, the Property is and will be in full compliance with the Americans With Disabilities Act ("ADA") of July 26, 1990, 42 U.S.C. Section 12191, et. seq. as amended from time to time, and the regulations promulgated pursuant thereto. Mortgagor shall be solely responsible for all ADA compliance costs, including, without limitation, attorneys' fees and litigation costs, which responsibility shall survive the repayment of the Loan and foreclosure of the Property.

29. **U.S.A. Patriot Act.**

(a) Mortgagor hereby represents and warrants to, and covenants with, Mortgagee that as of the date hereof and until such time as the obligations shall be paid in full:

(i) None of the entities comprising Mortgagor or any guarantor, any of its direct or indirect constituents or affiliates, or any of their respective officers or directors (including officers or directors of any such constituents or affiliates), and, to Mortgagor's knowledge, any of their respective brokers, investors or other agents acting or benefiting in any capacity in connection with the Loan, is a Prohibited Person (as defined below);

(ii) None of the entities comprising Mortgagor, any guarantor, or any of its direct or indirect constituents or affiliates, any of their respective officers or directors (including officers or directors of any such constituents or affiliates) (A) to Mortgagor's knowledge, has conducted or will conduct any business or has engaged or will engage in any transaction or dealing with any Prohibited Person, including making or receiving any contribution of funds, goods or services to or for the benefit of any Prohibited Person, (B) to Mortgagor's knowledge, has dealt or will deal in, or otherwise has engaged or will engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order (as defined below); or (C) has engaged or will engage in or has conspired or will conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the requirements or prohibitions set forth in the Executive Order or the Patriot Act (as defined below);

(iii) To Mortgagor's knowledge, none of the brokers, investors or other agents for any entity comprising Mortgagor, any guarantor, or any indemnitor or principal under the Loan Documents acting in any capacity in connection with the Loan (A) has conducted or will conduct any business or has engaged or will engage in any transaction or dealing with any Prohibited Person, including making or receiving any contribution of funds, goods or services to or for the benefit of any Prohibited Person; (B) has dealt or will deal in, or otherwise has engaged or will engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order; or (C) has engaged or will engage in or has conspired or will conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the requirements or prohibitions set forth in the Executive Order or the Patriot Act;

(iv) Mortgagor covenants and agrees to deliver to Mortgagee any certification or other evidence requested from time to time by Mortgagee, confirming Mortgagor's compliance with this Section;

(v) Mortgagor represents and warrants that to its knowledge Mortgagor, all guarantors, and all of their respective affiliates (including any officers and directors of any of the foregoing) are in full compliance with all applicable orders, rules and regulations issued by, and recommendations of, the U.S. Department of the Treasury and OFAC (as defined below) pursuant to IEEPA (as defined below), the Patriot Act, other legal requirements relating to money laundering or terrorism and any executive orders related thereto;

(vi) At all times throughout the term of the Loan, Mortgagor, and all of its respective affiliates (including any officers and directors of any of the foregoing) shall be in full compliance with all applicable orders, rules and regulations issued by, and recommendations of, the U.S. Department of the Treasury and OFAC pursuant to IEEPA, the Patriot Act, other legal requirements relating to money laundering or terrorism and any executive orders related thereto;

(vii) Mortgagor does not believe, and has no reason to believe, that any of its investors is a "Prohibited Foreign Shell Bank" (as defined in the Patriot Act), or is named on any available lists of known or suspected terrorists, terrorist organizations or of other sanctioned persons issued by the United States government and/or the government(s) of any jurisdiction(s) in which Mortgagor is doing business.

(viii) Mortgagor covenants that it will adopt appropriate policies, procedures and internal controls to be fully compliant with any additional laws, rules or regulations relating to money laundering and/or terrorism, including the Patriot Act, to which it may become subject;

(ix) Mortgagor does not believe, and has no reason to believe, that the person or entity from whom Mortgagor acquired the Property is a Prohibited Foreign Shell Bank, or is named on any available lists of known or suspected terrorists, terrorist organizations or of other sanctioned persons issued by the United States government and/or the government(s) of any jurisdiction(s) in which Mortgagor is doing business;

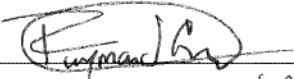
(x) Mortgagor will advise Mortgagee immediately of any material change that would affect the representations, covenants and warranties provided in this Section.

(b) For purposes hereof, "IEEPA" means the International Emergency Economic Power Act, 50 U.S.C. Section 1701 et. seq. "OFAC" means the U.S. Department of Treasury's Office of Foreign Asset Control. "Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56) (The USA Patriot Act). "Prohibited Person" means any Person: (i) listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the "Executive Order"); (ii) that is owned or controlled by, or acting for or on behalf of, any person or entity that is listed in the Annex to, or is otherwise subject to the provisions of the Executive Order; (iii) with whom Mortgagee is prohibited from dealing or otherwise engaging in any transaction by any terrorism or money laundering legal requirements, including the Patriot Act and the Executive Order; (iv) that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; (v) that is named as a "specifically designated national (SDN)" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/offices/enforcement/ofac/t11sdn.pdf> or at any replacement website or other replacement official publication of such list or is named on any other U.S. or foreign government or regulatory list issued post-09/11/01; (vi) that is covered by IEEPA, OFAC or any other law, regulation or executive order relating to the imposition of economic sanctions against any country, region or individual pursuant to United States law or United Nations resolution; or (vii) that is an affiliate (including any principal, officer, immediate family member or close associate) of a person or entity described in one or more of clauses (i) – (vi) of this definition of Prohibited Person.

IN WITNESS WHEREOF, Mortgagor, intending to be legally bound, has duly executed and delivered this Mortgage and Security Agreement as of the day and year first above written.

WITNESS:

MORTGAGOR:



Print Name: Raymond Gonzalez


Stewart Grove 1, LLC, a Florida limited liability company

By: Location Equity Holdings, LLC, its Sole Member



Print Name: Vivian Bonet

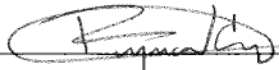
By: Location Ventures, LLC, its Sole Member

By: 

Rishi Kapoor, Manager

STATE OF FLORIDA)
SS:
COUNTY OF MIAMI-DADE)

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 26 day of January 2023 by Rishi Kapoor, the Manager of Location Ventures, LLC, the Sole Member of Location Equity Holdings, LLC, the Sole Member of of Stewart Grove 1, LLC, a Florida limited liability company, on behalf of the company. He is personally known to me (YES) (NO) or has produced _____ as identification.



Notary Public

[Notarial Seal]

Raymond Gonzalez

Printed Name of Notary



EXHIBIT "A"

Lots 1 and 2, Block 1, Stewart, according to the map or plat thereof,
as recorded in Plat Book 171, Page(s) 50, of the Public Records of
Miami-Dade County, Florida.

EXHIBIT 2

COMMERCIAL PROMISSORY NOTE

\$4,000,000

1/27/2023

FOR VALUE RECEIVED, **Stewart Grove 1, LLC**, a Florida limited liability company (the "**Borrower**"), having an address at c/o Location Ventures, 299 Alhambra Circle, Suite 510, Coral Gables, Florida 33134, hereby unconditionally promises to pay to the order of the Halpern Family Trust a Florida statutory trust having an office care of Rob Hyman, P.A. 110 SE 6th Street, Suite 1700, Fort Lauderdale, Florida 33301 or its assigns ("**Payee**"), the principal amount of Four Million dollars and Zero cents (\$4,000,000) (the "**Loan Amount**") at Payee's designated office, or at such other place as Payee may from time to time designate in writing, in lawful money of the United States, together with all accrued interest thereon as provided in this Promissory Note (this "**Note**"), and all other amounts and Secured Indebtedness (as defined below) due and payable under this Note, and the other Loan Documents (as defined below), as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with their terms.

1. **Definitions.** Capitalized terms used herein shall have the meanings set forth in this Section 1.

"Applicable Rate" The outstanding principal balance of this Note existing from time to time shall bear interest at 13.78%.

"Borrower" has the meaning set forth in the introductory paragraph.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in Florida are authorized or required by law to close.

"Default" means any of the events specified in Section 6 that constitutes an Event of Default or which, upon the giving of notice, the lapse of time, or both, pursuant to Section 6 would, unless cured or waived, become an Event of Default.

"Default Rate" means 24.99% per annum or the highest interest rate permitted under Florida law.

"Event of Default" has the meaning set forth in Section 6.

"Late Charge" means an amount equal to 5% of the amount that is overdue.

"Loan" means the loan in the amount of \$4,000,000 made by Payee to Borrower evidenced by this Note plus interest as provided in paragraph 3.

“Loan Amount” or “Loan Proceeds” means the \$4,000,000 face value of this Note.

“Loan Documents” means, collectively, this Note, the Mortgage, and all other instruments and documents at any time executed by Borrower relating to, evidencing or setting out any of the terms of or security for the Loan, and the term **“Loan Document”** means any of the Loan Documents, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with its or their terms.

“Maturity Date” means July 27, 2023.

“Mortgage” means that certain Mortgage and Security Agreement executed contemporaneously with this Note securing the Real Property with the legal description provided for in Exhibit “A”.

“Note” has the meaning set forth in the introductory paragraph.

“Parties” means Borrower and Payee, and their permitted successor and assigns.

“Payee” has the meaning set forth in the introductory paragraph.

“Person” means any individual, corporation, limited liability company, trust, joint venture, association, company, limited or general partnership, unincorporated organization, governmental authority or other entity.

“Real Estate Units” means the individual residential units to be developed and sold upon the Real Property.

“Real Property” means those parcels of real estate better described in Exhibit “A” of this Note.

“Secured Indebtedness” means the Loan Amount, all accrued and unpaid interest thereon and all other amounts and indebtedness payable under this Note, and the other Loan Documents.

“Security Documents” means the Loan Documents which secure the Note and the Secured Indebtedness, including the Mortgage.

2. Disbursement Schedule. Borrower shall be entitled to payment of the Loan Amount pursuant to the following schedule:

2.1 Funding: Upon execution of this Note and each of the Loan Documents, Payee shall disburse to Borrower the sum of Four Million Dollars (\$4,000,000).

3. Payment of Interest, Principal, and Closing Costs. Interest and principal under this Note shall be payable as follows:

3.1 Interest. Except as otherwise provided in this Note, the disbursed and outstanding Loan Amount shall accrue interest at an annual rate equal to the Applicable Rate from the date of this Note until the entire Secured Indebtedness is paid in full, whether at maturity, upon acceleration, by prepayment or otherwise.

3.2 Monthly Payments. There will be no monthly payments for this Loan. All outstanding principal and interest will be due in full upon reaching the Maturity Date subject to Section 6 of this Note.

3.3 Final Payment Date. On the Maturity Date, a final payment in the aggregate amount of the then outstanding and unpaid Loan Amount, together with all accrued and unpaid interest thereon and all other unpaid Secured Indebtedness, shall become immediately due and payable in full. Borrower acknowledges that the entire amount of the Loan Amount shall be outstanding and due on the Maturity Date, unless (i) Borrower prepays all or a portion of the Secured Indebtedness or (ii) Payee did not disburse any portion of the Loan Amount. There will be no prepayment penalty.

3.4 Default Interest. If any amount payable under this Note is not paid when due, whether at the stated maturity, by acceleration or otherwise, the outstanding Loan Amount of this Note shall bear interest at the Default Rate from the date payment was due until such delinquent payment is paid in full. This provision shall not imply that Borrower may cure any default or Event of Default or reinstate the Loan after an Event of Default other than as expressly permitted under the terms of this Note and the Loan Documents, nor shall this provision imply that Borrower has a right to delay or extend the dates upon which payments are due under this Note or any Loan Document. The above increase in the interest rate shall be applicable whether or not Payee has exercised its option to accelerate the maturity of the Loan and declared the entire Loan Amount to be due and payable.

3.5 Computation of Interest. All computations of interest shall be made on the basis of the actual number of days elapsed on the basis of a 360-day year. Interest shall commence to accrue on the Loan Amount on the date of this Note and shall not accrue on the Loan Amount on the day on which it is paid if payment is made to Payee prior to 12:00 p.m. Eastern time. Any payment of principal on this Note after 12:00 p.m. Eastern time on any Business Day shall be credited against this Note on the next Business Day and interest will continue to accrue until so credited.

3.6 Interest Rate Limitation. The agreements made by Borrower with respect to this Note and the other Loan Documents are expressly limited so that in no event shall the amount of interest received, charged or contracted for by Payee exceed the highest lawful amount of interest permissible under the laws applicable to the Loan. If at any time performance of any provision of this Note or the other Loan Documents results in the highest lawful rate of interest permissible under applicable laws being exceeded, then the amount of interest received, charged or contracted for by Payee shall automatically

and without further action by any party be deemed to have been reduced to the highest lawful amount of interest then permissible under applicable laws. If Payee shall ever receive, charge, or contract for, as interest, an amount which is unlawful, at Payee's election, the amount of unlawful interest shall be refunded to Borrower (if actually paid) or applied to reduce the then unpaid Loan Amount. To the fullest extent permitted by applicable laws, any amounts contracted for, charged, or received under the Loan Documents included for the purpose of determining whether the Applicable Rate would exceed the highest lawful rate shall be calculated by allocating and spreading such interest to and over the full stated term of this Note.

4. Security for the Loan. This Note and the Secured Indebtedness are secured by that certain Mortgage evidencing a lien on the Real Property and the security of that certain personal property provided in the Mortgage. Payee is entitled to the benefits of the Security Documents. The covenants of the Security Documents are incorporated by reference into this Note.

5. Payment Mechanics.

5.1 Manner of Payment. All payments of interest, principal and all other sums due hereunder shall be made in lawful money of the United States of America no later than 12:00 p.m. on the date on which such payment is due by cashier's check, certified check or by wire transfer of immediately available funds to Payee's account at a bank specified by Payee in writing to Borrower from time to time. There shall be no prepayment penalties should Borrower choose to pay all or any part of the outstanding balance prior to the Maturity Date.

5.2 Application of Payments. All payments made hereunder shall be applied first, to the payment of any fees or charges outstanding hereunder and/or under the Loan Documents as determined by Payee in its sole discretion; second, to accrued interest at the Applicable Rate or the Default Rate, as applicable; and third, to the payment of the principal amount outstanding under the Note. Notwithstanding the foregoing, after an Event of Default, all payments made hereunder may be applied by Payee in such order, priority and in such proportion as Payee shall elect in its sole discretion.

5.3 Business Day Convention. Whenever any payment to be made hereunder shall be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension will be taken into account in calculating the amount of interest payable under this Note.

5.4 Rescission of Payments. If at any time any payment made against this Note (whether payment is made by Borrower, any Guarantor or any other Person) is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of Borrower or such other Person who made the payment, or otherwise, or if any check or other written order to pay any amount to Payee is dishonored or returned as unpaid by the bank against whom it is drawn, Borrower's obligation to make such payment shall be reinstated as though such payment had not been made.

6. Events of Default. The occurrence of any of the following events shall constitute an event of default

(“**Event of Default**”) under this Note:

6.1 Borrower fails to pay: (a) any principal amount of the Loan when due; or (b) interest or any other amount when due, and for five days after such due date the full payment isn’t made.

6.2 An “Event of Default” shall occur, if Borrower fails to perform any other obligation set forth in this Note, or any other Loan Document beyond the expiration of all applicable notice and grace periods.

6.3 Intentionally deleted.

6.4 Bankruptcy. The filing by or against Borrower, Mortgagor, or Guarantor of a petition seeking relief, or the granting of relief, under the Federal Bankruptcy Code or any similar federal or state statute; any assignment for the benefit of creditors made by Mortgagor or any guarantor, unless with respect to any involuntary proceeding, it is dismissed within sixty (60) days after the filing thereof; the appointment of a custodian, receiver, liquidator or trustee for Borrower, Mortgagor, or Guarantor or for any portion of the Real Property, or any action by Borrower, Mortgagor, or Guarantor to effect any of the foregoing; or if Borrower, Mortgagor, Guarantor becomes insolvent (however defined) or is not paying its debts generally as they become due or in the event of any similar act or occurrence.

6.5 The dissolution, liquidation, merger, consolidation or reorganization of Borrower, Mortgagor or the institution of any proceeding to effect any of the foregoing.

7. Remedies. Upon the occurrence of an Event of Default and at any time thereafter and during the continuance of such Event of Default, Payee may at its option by written notice to Borrower: (a) declare the entire principal amount of this Note, together with all accrued interest thereon and all other Secured Indebtedness, immediately due and payable; and (b) exercise any or all of its rights, powers or remedies under the Loan Documents or applicable law or available in equity.

8. Late Charge. If any payment of interest or principal (other than any portion of the principal balance of the Loan Amount that becomes due by acceleration of the Loan by Payee) due under this Note is not paid on the date on which same is due, Payee shall have the option to charge Borrower the Late Charge, as liquidated damages and not as a penalty, but not in excess of the maximum amount of interest allowed by applicable law. No Late Charge shall be applicable to the outstanding principal balance of the Loan Amount at the Maturity Date. The Late Charge is for the purpose of defraying the expenses incurred in connection with handling and processing delinquent payments and is payable in addition to any other remedy Payee may have. Borrower agrees that, considering the circumstances existing on the date this Note is executed, the late charge represents a reasonable estimate of the costs and losses Payee will incur by reason of late payment. Borrower and Payee further agree that proof of actual losses would be costly, inconvenient, impractical, and extremely difficult to fix. Acceptance of the late charge shall not constitute a waiver of default arising from the overdue installment and shall not prevent Payee from exercising any other rights or remedies available to Payee.

9. Use of Proceeds. Borrower represents and warrants that the Loan constitutes a commercial transaction and that the money provided in this transaction will not be used for personal, family or household purposes. This representation is a material inducement to Payee extending the Loan.

10. Miscellaneous.

10.1 Notices. Unless specifically stated otherwise in this Note, all notices, requests and communications required or permitted to be delivered under this Note shall be in writing and delivered to all Persons at the addresses below, by one of the following methods:

- (a) Hand delivery, whereby delivery is deemed to have occurred at the time of delivery;
- (b) A nationally recognized overnight courier company, whereby delivery is deemed to have occurred the Business Day following deposit with the courier;
- (c) Intentionally deleted; or
- (d) Electronic transmission (facsimile or e-mail) provided that the transmission is completed no later than 12:00 p.m. on a Business Day and the original also is sent via overnight courier or U.S. Mail, whereby delivery is deemed to have occurred at the end of the Business Day on which electronic transmission is completed.

To Borrower:

Name: Attn: Stewart Grove I, LLC

Address: 299 Alhambra Circle, #510, Coral Gables, FL
33134

Telephone:

E-mail: rkapoor@location.ventures

with a copy to:

Name: Kenneth Florio

Address: 12861 SW 68th Avenue, Pinecrest, FL 33156

Telephone: 786-925-2144

E-mail: kenneth@goodkindflorio.com

EXHIBIT 3

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

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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

RISHI KAPOOR; *et al.*,

Defendants.

**ORDER GRANTING RECEIVER’S MOTION TO APPROVE SETTLEMENT
AGREEMENT WITH THE HALPERN PARTIES AND DISTRIBUTION
OF STEWART PROPERTY LIEN CLAIM FUND**

THIS CAUSE came before the Court upon the Receiver, Bernice C. Lee’s Motion to Approve Settlement Agreement with the Halpern Parties and Distribution of the Stewart Property Lien Claim Fund (the “Motion”). ECF No. [____]. The Court has carefully considered the Motion, the proposed settlement agreement, as well as 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 (“SEC”) 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* Complaint, 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. ECF No. [51]. The 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].

On May 2, 2024, the Receiver filed an Expedited Motion to Approve Sale Free and Clear and Related Settlement Agreement and Lien Claims Process (the “Sale Motion”) seeking approval of: (a) a \$17.5 million free and clear sale of a luxury single family home located on Stewart Avenue in Coconut Grove, Florida (the “Stewart Property”) owned by Stewart Grove 1, LLC; (b) a related settlement with the first position lender that provided for a reduced payment to the lender and carveout from its lien for the benefit of the receivership estate; (c) the Receiver separately accounting for the remaining net sale proceeds after payment of the first position lender, carveout and closing costs, and funding a lender fee reserve (the “Lien Claim Fund”); and (d) a lien claims process. The Martin I. Halpern Revocable Trust and the Halpern Family Trust (together the

“Halpern Trusts”) objected, the Receiver filed her reply, and the parties filed supplemental briefs in accordance with the Court’s order. ECF No. [153, 157, 163, 164]. The Court held hearings on the Sale Motion on May 20, 2024, and June 3, 2024.

On June 17, 2024, the Court entered an Order Granting In Part Receiver’s Motion to Approve Sale Free and Clear and Related Settlement Agreement and Claims Process (“Sale Order”) approving: (a) the proposed sale and sale contract in the Sale Motion; (b) the proposed settlement agreement with the first position lender; (c) the Receiver establishing the Lien Claim Fund with the net sale proceeds; and (d) a lien claim submission process under which holders of liens may (but were not required) to complete and submit a proof of lien claim. ECF No. [185]. The Sale Order provided that the Receiver will file an appropriate motion with the Court to approve the proposed distribution of the funds in the Lien Claim Fund. *Id.* at ¶ 13.

The Receiver has advised the Court that on July 29, 2024, the sale closed, and the escrow agent disbursed \$14,084,835.19 to the first position lender for the lender payment, and \$3,238,475.34 to the receivership estate, which was disbursed as follows: (a) \$797,412.36 as the carveout for the benefit of the receivership estate; (b) \$2,341,062.98 for the Lien Claim Fund; and (c) \$100,000 for the lender fee reserve that was disbursed as follows in accordance with the settlement: \$79,088.16 and \$10,455.92 to the lender, and \$10,455.92 to the Lien Claim Fund. ECF No. [] at ¶ 14. The Lien Claim Fund has a balance of \$2,351,518.90. *Id.*

After the sale closed, on August 12, 2024, the Halpern Trusts filed a Notice of Appeal of the Sale Order. ECF No. [198].

The Halpern Family Trust recorded a mortgage on January 31, 2023, against the Stewart Property to secure repayment of a \$4,000,000 promissory note and funded in the same month. ECF No. [] at ¶ 20-22. It also submitted a proof of lien claim to the Receiver asserting a \$5,357,033

lien claim against the Lien Claim Fund. *Id.* at ¶ 19. A number of additional claimants recorded liens against the Stewart Property, and a few submitted a proof of lien claim to the Receiver. *Id.* at ¶ 23.

On February 24, 2025, the Receiver filed the Motion seeking approval of (a) a settlement agreement with the Halpern Trusts, Martin I. Halpern, individually and as Trustee of the Halpern Trusts, and their successors and assigns (collectively, the “Halpern Parties”) relating to the Stewart Property and Lien Claim Fund (the “Settlement Agreement”); and (b) the proposed disbursement of the Lien Claim Fund, which is part of the Settlement Agreement. *Id.* All interested parties known to the Receiver have received notice of the Motion. *Id.* at ¶ 22.

The Receiver argues that the proposed settlement with the Halpern Parties constitutes a fair resolution with respect to the disputes raised relating to the Stewart Property sale and Lien Claim Fund, is adequate and reasonable, and is well within the range of reasonableness. *Id.* at 10–13. The settlement provides that all claims and indebtedness asserted by the Halpern Parties relating to the Stewart Property and related liens will be satisfied by the Halpern Family Trust having a first priority claim against the Stewart Lien Claim Fund and receiving the lender payment in the amount of \$2,271,518.90, and the right to assert an unsecured deficiency claim of up to \$2,500,000, which claim will be subject to the Receiver’s review and objection, and further Court order. *Id.* at 10–11. The proposed settlement also provides \$80,000 for the benefit of the receivership estate through a carveout agreed to by the Halpern Parties. *Id.* at 12.

The Halpern Family Trust recorded its mortgage on January 31, 2023, before the claims of lien recorded by a majority of the lien claimants. *Id.* at 11. All other remaining claims of lien recorded against the Stewart Property have been released or expired. *Id.*

The principal amount of the Halpern Parties’ loan asserted against the Lien Claim Fund is

\$4,000,000, and the total amount asserted in their proof of lien claim is \$5,357,033, which includes certain interest and attorney's fees. *Id.* at ¶ 19. The Halpern Parties agree to receive \$2,271,518.90, which is only 57% of the principal funded and 42% of the amount asserted in the proof of lien claim form, and the right to file an unsecured deficiency claim of \$2,500,000 that will be subject to the Receiver's review and objection, and further Court order. *Id.* at 10–12. The Halpern Parties have also agreed to a \$80,000 carveout for the benefit of the receivership estate, and dismissal with prejudice of their appeal of the Sale Order.

II. ANALYSIS

“The district court has broad powers and wide discretion to determine relief in an equity receivership.” *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992) (citations omitted). “This discretion derives from the inherent powers of an equity court to fashion relief.” *Id.* “A district court reviews settlements proposed by receivers for fairness, reasonableness, and adequacy.” *SEC & Exch. Comm'n v. 1 Glob. Cap. LLC*, 2018 WL 8050527, at *2 (S.D. Fla. Dec. 27, 2018); *see Sterling v. Stewart*, 158 F.3d 1199, 1201 (11th Cir. 1998) (approving settlement because receiver acted in good faith and conducted adequate investigation and settlement was fair); *SEC & Exch. Comm'n v. Quiros*, 2016 WL 9254719, at *2 (S.D. Fla. Oct. 18, 2016) (approving settlement as fair, adequate and reasonable, and well within the range of reasonableness). “Determining fairness is left to the sound discretion of the district court.” *1 Glob. Cap. LLC*, 2018 WL 8050527, at *2 (citing *Sterling*, 1158 F. 3d at 1202).

The Receiver has shown that the proposed settlement agreement with the Halpern Parties, which includes the distribution of Lien Claim Fund, constitutes a fair resolution with respect to the disputes relating to the Stewart Property and Lien Claim Fund, is adequate and reasonable, and is well within the range of reasonableness. The \$2,271,518.90 lender payment provides a 57%

recovery based on the \$4,000,000 funded, and 42% recovery based on the \$5,357,033 asserted in the proof of lien claim form. The Halpern Parties have also agreed to cap any unsecured deficiency claim at \$2,500,000, which is \$585,514.10 less than the amount asserted in the proof of lien claim form (after deducting the \$2,271,518.90 lender payment), and any deficiency claim will be subject to the Receiver's review and objection, and further Court order. All claims of liens against the Stewart Property were recorded after the Halpern Family Trust recorded its mortgage on January 31, 2023, released or expired. The Halpern Parties are also agreeing to an \$80,000 carveout from the Lien Claim Fund for the benefit of the receivership estate, and dismissal with prejudice of their appeal of the Sale Order.

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. [_____] is **GRANTED**.
2. All interested parties listed in the service list for the Motion, and any other interested parties that have otherwise received notice of 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 herein or in the record, all such objections are hereby overruled.
3. The settlement agreement between the Receiver and the Halpern Parties attached as Exhibit A to the Motion is **APPROVED**.
4. The Receiver's proposed distribution of the net sale proceeds from the Lien Claim Fund is **APPROVED**.

5. The Receiver is authorized to, pursuant to the terms of the settlement agreement, disburse the \$2,271,518.90 lender payment to the Halpern Parties, and the \$80,000 carveout to the receivership estate for the benefit of the receivership estate. The carveout funds will be free and clear of any liens, claims, interests and encumbrances, and will constitute an unencumbered asset of the receivership estate, with any disbursement subject to the terms of the Receivership Order and future Court orders.

DONE AND ORDERED in Miami, Florida this ____ day of _____, 2025.

JACQUELINE BECERRA
UNITED STATES DISTRICT JUDGE