

**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.

**REPLY OF CWL-CH, LLC, ASJAIA, LLC, AND VIEDEN GROVE OZ, LLC, IN
SUPPORT OF MOTION TO INTERVENE FOR THE LIMITED PURPOSE OF
OPPOSING RECEIVER’S MOTION TO APPROVE LITIGATION PROCEDURES**

CWL-CH, LLC (“CWL-CH”), ASJAIA, LLC (“ASJAIA”), and VIEDEN GROVE OZ, LLC (“Vieden”) (jointly and severally referred to hereafter as the “CG Investors”), by and through the undersigned counsel and pursuant to Fed. R. Civ. P. 24, hereby file this Reply in Support (the “Reply”) of their Amended Motion to Intervene [D.E. 503] for the Limited Purpose of Opposing Receiver Bernice C. Lee’s (the “Receiver”) Motion to Approve Third Party Litigation Procedures and Contingency Fee Arrangement¹, and in support thereof, state as follows:

ARGUMENT:

The CG Investors do not seek to intervene in an “enforcement action by the Commission.” Indeed, the SEC’s “enforcement action” is over. In November 2024, Kapoor acquiesced in the

¹ This Reply is being issued for the purposes of addressing Plaintiff Securities and Exchange Commission’s Response in Opposition to CG Investors’ Amended Motion to Intervene [D.E. 521].



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relief that the SEC sought in filing this action, and this Court entered a Consent Judgment. *See* D.E. 302. Now, as it oversees the Receivership Estate, this Court is exercising its “ancillary jurisdiction” to manage properties that may or may not be encompassed by its prior orders. *Compare Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 379, 114 S. Ct. 1673, 1676 (1994). As such, the SEC incorrectly asserts that Section 21(g) of the Exchange Act, 15 U.S.C. § 77u(g), bars intervention in the absence of its consent. It is this Court, and not the SEC or the Receiver, that is enforcing its orders. For that reason, the SEC’s reliance upon 15 U.S.C. § 77u(g) is misplaced.

Furthermore, in filing their motion to intervene, the CG Investors only seek to intervene in the post-judgment receivership aspects of the case. They do not address any matter that relates to the SEC exercise of its authority to enforce securities laws.² Instead, the CG Investors’ motion arises because this phase of the case directly implicates their rights as members of UCGPLLC, a receivership entity.

Further, despite the SEC’s arguments to the contrary, this Court’s Receiver has continued to manage and operate the Receivership Entities. The Receiver has managed and sold properties and engaged in litigation on behalf of the Receivership Entities. These are the same activities that Kapoor’s companies undertook prior to the initiation of the present action. The chief difference is that these activities are now under this Court’s direction.

² Now that the SEC has obtained a judgment as to Kapoor and his entities, the SEC’s work in this case as to those defendants is done. As to the parties that were named in this case, there is no additional “enforcement action” to be taken. Rather, it is up to this Court to ensure that a fair and equitable distribution of receivership assets is effectuated. That work is to be conducted through the Receiver and not the SEC. *See Meisel v. SEC*, 97 F.4th 755, 764 (11th Cir. 2024).



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Despite the SEC's representations, the Receiver has not put before this Court a Liquidation Plan as contemplated in the Receivership Order. Instead, the Receiver's Litigation Procedures Motion contemplates continued management and operation of the Receivership Estate, including management and operation of Urbin LLC. Indeed, the Receiver filed her "Litigation Procedures" motion because any subsequent litigation (and the counsel hired to pursue it) on behalf of Urbin, LLC, will need to be managed. The "Litigation Procedures" motion does not contemplate that sale or liquidation of Urbin's potential claims. To the contrary, that motion is plainly motivated by a recognition that litigation counsel must be managed. As such, the Receiver's management of the Receivership Estate is governed by 28 U.S.C. § 959(b) ("receiver ... shall manage and operate the property in his possession as such trustee, receiver or manager according to the requirements of the valid laws of the State in which such property is situated, in the same manner that the owner or possessor thereof would be bound to do if in possession thereof.")

Along with that, the Receiver's Status Reports and Fee applications clearly show that she has engaged in activities that can be described as management and operation of the Receivership Estate. *See for example* D.E. 520.

In addition, the SEC argues that the CG Investors' citation of the "Major Decisions" super-majority requirement in the UCGPLLC Operating would allow them to supplant this Court's authority. However, the SEC misconstrues the CG Investors' position.

Section 959(b) requires the Receiver to manage UCGPLLC in accordance with Florida law. As such, before the Receiver can seek this Court's permission to proceed with a Major Decision, she must first comply with the requirements of UCGPLLC's Operating Agreement. Consequently, the Receiver must consult the members of that entity and obtain the consent of at least 70 percent before proceeding with a Major Decision. After obtaining that consent, the



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Receiver may then seek this Court's approval to execute tat Major Decision. Alternatively, if the UCGPLLC Operating Agreement and/or Florida law allows the Receiver to seek this Court's authorization with the members' authorization, then the Receiver may attempt to circumvent the super-majority requirement. In any event, the affected members would be entitled to participate in the specified decision-making process and to seek review by this Court.

Finally, until the Receiver filed her "Litigation Procedures" Motion, she did not seek this Court's permission to hire litigation counsel for UCGPLLC in a manner that implicated the Major Decision requirement. Therefore, the CG Investors could not have complained about such a Major Decision affecting UCGPLLC until December 24, 2025. After that date, they promptly filed their objection to the "Litigation Procedures" motion. On that basis, the CG Investors' motion to intervene was filed in a timely manner.

WHEREFORE, CWL-CH, LLC, ASJAIA, LLC, and VIEDEN GROVE OZ, LLC, respectfully request that this Court enter an order (i) granting their Motion to Intervene for the Limited Purpose of Objecting to Receiver Bernice C. Lee's Motion to Approve Third Party Litigation Procedures and Contingency Fee Arrangement; (ii) denying Receiver Bernice C. Lee's Motion to Approve Third Party Litigation Procedures and Contingency Fee Arrangement; and (iii) granting such further relief as the Court deems just and proper.

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Respectfully submitted,

BARAKAT + BOSSA, PLLC

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on February 25, 2026, I electronically filed the foregoing document with the Clerk of Court using the CM/ECF system, and that the foregoing document is being served this day on all counsel of record via transmission of Notices of Electronic Filing generated by CM/ECF.

By: */s/ Schneur Zalman Kass*

SCHNEUR ZALMAN KASS



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