

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
CASE NO.: 21-61176-CV-SINGHAL

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

PROPERTY INCOME INVESTORS, LLC,
EQUINOX HOLDINGS, INC.
PROPERTY INCOME INVESTORS 26, LLC
PROPERTY INCOME INVESTORS 304, LLC,
PROPERTY INCOME INVESTORS 201, LLC,
PROPERTY INCOME INVESTORS 3504, LLC,
PROPERTY INCOME INVESTORS 1361, LLC,
PROPERTY INCOME INVESTORS 4020, LLC,
PROPERTY INCOME INVESTORS 9007, LLC,
PROPERTY INCOME INVESTORS 417, LLC,
PROPERTY INCOME INVESTORS 4450, LLC,
PROPERTY INCOME INVESTORS 3050, LLC,
LARRY B. BRODMAN and ANTHONY
NICOLSI (f/k/a ANTHONY PELUSO),

Defendants.

**RECEIVER'S MOTION TO (i) APPROVE DETERMINATION OF CLAIMS; (ii) POOL
RECEIVERSHIP ASSETS AND LIABILITIES; (iii) ESTABLISH OBJECTION
PROCEDURE; AND (iv) APPROVE PLAN OF DISTRIBUTION**

Miranda L. Soto, Esq., solely in her capacity as Receiver (the "Receiver") for Receivership Defendants, Property Income Investors, LLC; Equinox Holdings, Inc.; Property Income Investors 26, LLC; Property Income Investors 304, LLC; Property Income Investors 201, LLC; Property Income Investors 3504, LLC; Property Income Investors 1361, LLC; Property Income Investors 4020, LLC; Property Income Investors 9007, LLC; Property Income Investors 417, LLC; Property Income Investors 4450, LLC; and Property Income Investors 3050, LLC (collectively, the "Receivership Entities"), and pursuant to the Order Granting Plaintiff Securities and Exchange Commission's (the "Commission") Motion for Appointing Receiver, dated June

15, 2021 (Doc. 10), respectfully requests that the Court enter an Order: (1) approving her determination of claims as set forth in this Motion and the attached **Exhibits A-D**; (2) pooling all assets and liabilities of the Receivership Entities into one consolidated Receivership estate; (3) establishing a procedure for objections to the Receiver's determination of claims and plan of distribution; and (4) approving a Plan of Distribution.

INTRODUCTION

The Receiver's Work. This Motion represents the Receiver's ongoing efforts to return substantial recovered receivership assets to those claimants with allowed claims. Prior to filing this Motion, the Receiver (through counsel) worked closely with the Receiver's forensic accountants to determine the claims amount for each individual claimant. Additionally, the Receiver's counsel, together with the Receiver's forensic accountants, reviewed the available business and financial records of the Receivership Entities in order to assess how the Defendants managed the Receivership Entities' financial affairs, how they used investor funds and the extent to which the assets of the Receivership Entities reflected claimant losses.

Procedures Available to Objecting Claimants. To facilitate an appropriate avenue to address individual objections from claimants, the Receiver seeks approval of the Receiver's proposed "Objection Procedure" for any objections or disputes from allowed or disallowed claimants. Through this procedure, the Receiver seeks to (i) avoid inefficient, piecemeal adjudication of objections, and (ii) conserve the time and resources of the Court and the Receivership. Thus, any claimant's objection to the Receiver's claim determinations or Plan of Distribution directly filed with the Court in response to this Motion should be denied (without prejudice). As discussed in more detail in Section VI, *infra*, the Receiver will attempt to resolve any objection to the claims determination directly with the claimants pursuant to the proposed

“Objection Procedure.” If such efforts prove unsuccessful, only then will any dispute be submitted to the Court for its consideration.

Pooling of Estate Assets and Liabilities. This Motion also seeks approval to pool (i.e., combine) all assets and liabilities for the Receivership to be used for future distributions. The basis for this request is the evidence uncovered by the Receiver and her Counsel as to Defendants’ complete disregard of the corporate entities and legal formalities, the deliberate and routine intermingling of assets and liabilities, and the use of investor funds in certain entities to perpetrate the fraud on investors in other entities.

Plan of Distribution. Finally, given the Receiver’s successful efforts in marshaling and liquidating receivership assets, the Motion outlines the Receiver’s intended Plan of Distribution – including a near term, interim distribution – the particulars of which shall be submitted for the Court’s approval on a later date, if and when this Motion is granted.

I. BACKGROUND

On June 7, 2021, the Commission filed a complaint (Doc. 1) (the “Complaint”) in the United States District Court for the Southern District of Florida (the “Court”) against Defendants Larry Brodman, Anthony Nicolosi f/k/a Anthony Peluso, and the Receivership Entities. The Commission alleged that Defendant Brodman and the Receivership Entities raised at least \$9 million from over 150 investors who were told that their funds would be used almost entirely to purchase “turnkey, multifamily properties” in South Florida which would then be renovated, rented to tenants, and eventually sold. *Id.* at ¶¶ 2-3. Investors were also told that they would be entitled to receive a portion of the rental income and any sale proceeds generated from the Properties they were investing in. *Id.* at ¶ 3.

Although a portion of investor funds was used to purchase various properties in the South Florida area, Defendant Brodman and the PII entities misappropriated and diverted investor funds, extensively commingled investor funds, and in some instances used investor funds to make purported “profit” payments and distributions to other investors. *Id.* at ¶ 4. Despite statements in the offering materials that commissions would only be paid to licensed brokers, the PII entities and Defendant Brodman used at least \$1.2 million in investor funds to pay undisclosed sales commissions to unlicensed sales agents including Defendant Nicolosi. *Id.*

On June 15, 2021, the Court granted the Commission’s Motion for Appointment of Receiver and entered an Order appointing Miranda L. Soto as the Receiver over the Receivership Entities (“Order Appointing Receiver”). Doc. 10. Since her appointment, the Receiver has established a framework for administering the initial claims process, which is detailed further in Section II of this Motion. Through this Motion, the Receiver requests authority to approve the determination of claims, with the understanding that an objection period will be allowed. The goal of providing a framework for effectuating final claims amounts for all allowed claimants is to move forward with distributing assets to the defrauded investors. While there are several assets that may still provide funds to the Receivership, all real property assets have been sold. As of September 22, 2023, the Receiver currently holds 4,789,325.35 in funds in her accounts for the benefit of the claimants. At this time, the Receiver files this Motion to begin the process that will allow an interim distribution to take place.

II. THE COURT-APPROVED CLAIMS PROCESS

On December 31, 2021, the Receiver filed her Motion to Establish and Approve (i) Proof of Claim Form and Claim Bar Date; (ii) Procedure to Administer, Review, and Determine Claims; and (iii) Notice Procedures and Incorporated Memorandum of Law (the “Claims Process

Motion”). In the Claims Process Motion, the Receiver proposed (i) the establishment of a deadline for the submission of claims, (ii) approved forms for claim submissions, (iii) claims notification and publication procedures, and (iv) the framework by which the Receiver will calculate and administer the claims process. Doc. 48. Although the Court issued an Order on January 10, 2022, granting the Claims Process Motion, the Court subsequently vacated that Order after two responses to the Claims Process Motion were filed on January 14, 2022. The Receiver subsequently filed a Reply in support of the Claims Process Motion on January 21, 2022. Doc. 61. On April 14, 2022, the Court granted the Claims Process Motion. Doc. 77.

After the Claims Process Motion was approved, the Receiver moved forward with distributing the approved Proof of Claim Forms to 158 individual claimants. Some claimants received more than one Proof of Claim Form due to having two forms of investment (typically an individual account and an IRA account). In addition to the Proof of Claim Form (which stated an initial claim amount for each claim), the Receiver provided detailed instructions on submitting the completed form to the Receiver and established a submission deadline (the Claims Bar Date) of September 28, 2022. During the period leading up to the Claims Bar Date, there were questions raised by investors, which required the Receiver and her attorneys to discuss the process and resolve issues with returning the Proof of Claim Form.

Ultimately, 116 claimants returned Proof of Claim Forms within the period prescribed. The Receiver determined that all Proof of Claim Forms were timely received. After receiving the Proof of Claim Forms, and in some instances, supporting documentation, the Receiver, her counsel, and her forensic accountants reviewed the documentation and Proof of Claim Forms to determine if any further evaluation needed to be completed on the amount of the claims. Of note, in the Claims Process Motion, the Receiver requested and received approval from the Court

to calculate the investor claim amounts using the “Net Investment Method,” which is described in further detail in this Motion in Section IV(a). Now that the claims have been determined, the Receiver seeks final Court approval to approve the “Allowed Amounts”¹ and to reject the “Disallowed Claims” as detailed in Exhibits A-D. The final determination would be subject to further review of the disputed or disallowed claims that will be addressed pursuant to the Objection Procedure outlined below.

The Claims Process, to date, involved reviewing Proof of Claim Forms and supporting documentation, speaking directly with Claimants, interviewing witnesses, taking depositions, sending third party subpoenas, speaking with the SEC on its investigation efforts, and reviewing all records gathered by the Receiver’s professionals in the investigation of the Receivership Entities.

As a result of the above efforts, the Receiver has made the Claims Determinations as follows:

- **Exhibit A: Claimants No. 1-81, “Allowed Claims” (Confirmed)**²
 - Total: \$3,635,519.07
- **Exhibit B: Claimants No. 82-106, “Allowed Claims” (Disputed)**³
 - Total: \$3,160,942.19

¹ In this Motion, the Receiver refers the claims proper for distribution as the “Allowed Claims.” Unless the Claimant objects to the individual “Allowed Claim” under the Objection Procedure (outlined in this Motion), the Receiver seeks final determination of the individual claims per investor. To minimize public disclosure of any claimant’s financial affairs, the Receiver has assigned each claim a number. To the extent the Court desires, the Receiver stands ready to file with the Court a list disclosing the identity of each Claimant associated with each claim identified by number in **Exhibits A-C**.

² “Confirmed” means the investor claim and the Receiver’s determination agree.

³ “Disputed” means the Receiver did not agree with the investor’s claimed amount disclosed in their Proof of Claim.

- **Exhibit C: Claimants No. 107-116, (Disallowed)⁴**
 - Total: \$0
- **Exhibit D: 49 Individuals did not Return Proof of Claim Form**
 - Total: \$0
- **Total for Distribution: \$6,796,461.26**

The Receiver seeks final approval of the Allowed Claims as reflected in Exhibits A and B, with the understanding that certain claims may be dealt with via the Objection Procedure. Of note, while the Receiver continues her efforts to monetize assets for the benefit of the Receivership, the Receiver does not anticipate that the Receivership will have assets sufficient to monetize the full amount of Allowed Claims, which is not uncommon in fraudulent schemes and receiverships.

In Section III (a)-(d) of this Motion, the Receiver has provided an analysis regarding the categories listed in Exhibits A-D. In Section IV(a), the Receiver provides the foundation for a *Pro Rata* distribution of the Allowed Amounts, once approved by this Court.

Within fourteen days of filing this Motion, the Receiver will provide this Motion to the claimants who returned a Proof of Claim Form at the mailing addresses provided on their Proof of Claim Forms or at the updated address, if provided. A letter accompanying the Motion will advise each Claimant of his, her, or its respective claim number.

III. THE RECEIVER'S CLAIM DETERMINATIONS

The Receiver has spent considerable time and effort in making a determination of Allowed Claims supported by the investigation and record evidence in this Receivership. Based on the current assets in the Receiver's fiduciary accounts, no Allowed Claimant will receive 100% return of investment in this Receivership. Although the Receiver is guided by the

⁴ "Disallowed" means the Receiver determined that the investor funds could not be connected to the fraudulent scheme of the Defendants.

“principle that equality is equity,”⁵ the unfortunate reality is that formulating a distribution plan in a case where the total amount of claims is expected to exceed the available assets means that a claimant who benefits from one potential distribution method does so at the expense of other claimants. As one court has observed, “[a]n equitable plan is not necessarily a plan that everyone will like.” *SEC v. Credit Bancorp*, 2000 WL 1752979, at *19 (S.D.N.Y. 2000); *see also Barki*, 2009 WL 3839389 at *2 (“the court is painfully aware that no matter the method employed, the Investors will feel the sting of inequity”).⁶

a. ALLOWED AMOUNT CLAIMANTS – CONFIRMED (EXHIBIT A)

The Receiver has determined that 81 Claimants, specifically Claimants No. 1-81, should be approved for the individual Claims amounts as stated in Exhibit A. These Claimants have indicated, either via their Proof of Claim Form or via direct contact with the Receiver’s professionals, that they do not dispute the claim amounts that were provided as part of their Proof of Claim Form.

The Receiver and her retained professionals determined the Allowed Amounts based on the Receivership documentation and the investigation of the Receivership to date. Because these Allowed Claims are undisputed and supported by the record evidence, the Receiver requests that the Court provide final approval of the Allowed Claims as stated in Exhibit A for this Receivership. In the event that a Claimant confirmed his or her Claim in error, the Receiver would permit an Allowed Claimant from Exhibit A to be addressed via the Objection Procedure outlined in Section VI below. However, if no objection is received for an Allowed Claimant via

⁵ *Cunningham, Trustee of Ponzi v. Brown*, 265 1, 20 (1924).

⁶ *See also SEC v. Parish*, Case No. 2:07-cv-00919, 2010 WL 5394736 at p. 8 (D.S.C. Feb. 10, 2010) (“It is the task of this court to choose not is the ‘fairest’ distribution plan, but to choose the plan which is the least unfair.”)

the Objection Procedure, the Receiver requests that the claims in Exhibit A be finalized for the distribution process.

b. ALLOWED AMOUNT CLAIMANTS – DISPUTED (EXHIBIT B)

The Receiver has determined that 24 Claimants, specifically Claimants No. 82-106, should be approved for the individual Claims amounts stated in Exhibit B. However, each of these Claimants has indicated, at one point in this process, that he, she or it disputes the amount calculated by the Receiver and/or the amount calculated changed from the Receiver's initial Proof of Claim Form calculation. In the event of dispute from the Claimant, the Receiver performed an additional evaluation of these claims. This process included, among other things, phone conferences with Claimants, meetings with the Receiver's forensic accountants, requesting additional documentation from the Claimant(s), and/or reviewing account statements for a second or third time. Based on the documentation received from the Claimant(s) and this further investigation, the Receiver either provided an updated claim amount or stood by the initial amount supported by the documentation available. While several of the adjusted claims may no longer be in dispute by the Claimant(s) (as some claims were increased), in an abundance of caution, the Receiver has categorized these claims as "Disputed," via Exhibit B, to provide notice to the Court and these Claimants that the claim amount either changed from the initial claim amount or that the claim amount determination remained the same and no documentation supports the Receiver finding otherwise.

Additionally, as detailed further in Section III(c), the Receiver, through her investigation and working with her forensic accountants, determined that certain funds that were invested and apparently spent solely in Equinox Holdings, LLC ("Equinox") prior to the commencement of formation of Property Income Investors, LLC were not investments that were encompassed in

the Receivership. Specifically, several claims in the Exhibit B category were adjusted downward based on certain funds being attributed to pre-March 11, 2016 Equinox investments. The Receiver and her professionals determined that these funds were not used for the benefit of the PII entities as the account records demonstrate that the funds were invested and spent for the benefit of Equinox *prior to* the creation of PII on March 11, 2016. The 10 investors who were determined to only have pre-March 11, 2016 Equinox investments are detailed as Disallowed in Exhibit C.

The investors who provided funds to Equinox *after* March 11, 2016, which are supported by documentation or other support in the investigation, were included as part of the Allowed Claim Amounts. Due to the adjustment to certain of these claims based on whether they were pre-March 11, 2016 Equinox investments or post-March 11, 2016 investments, the Receiver moved these claims to the “Disputed” category of Exhibit B so the Court and the Claimants are aware that their claims have changed from the initial Proof of Claim Form amount. The Receiver’s recommendation for the Equinox investor claims is discussed more thoroughly in Section III(c) below.

Ultimately, the Allowed Amounts in Exhibit B are supported by the evidence in this Receivership and the discretion of the Receiver to rely on her professionals in determining the transfer of funds between the Receivership entities. For this reason, if an objection is not received pursuant to the Objection Procedure, the Receiver requests that the Allowed Claims in Exhibit B be finalized for the distribution process.

c. DISALLOWED CLAIMANTS PRE-MARCH 11, 2016 EQUINOX INVESTMENTS ONLY (EXHIBIT C)

The Receiver has determined that investments dated pre-March 11, 2016, which were solely made in Equinox, are not investments that relate to the fraud perpetrated with respect to

the PII entities of this Receivership and should be disallowed from the Receivership process. Specifically, through the Receiver's investigation, the Receiver concluded that, with the exception of a nominal amount of approximately \$10,000.00, all the funds held in Equinox prior to March 11, 2016, were spent prior to the corporate formation of the PII entities. While available records indicated misappropriation of investor funds, due to the unavailability of company or banking records going back to 2012, the Receiver could not trace the ultimate destination of the transfer of previous Equinox investments or connect them to the PII entities and their assets.

The Receiver has included Equinox investments from March 11, 2016, onward due to the commingled nature of funds between and among Equinox and the various PII entities from that time forward, the operation of these entities as alter egos of each other (discussed more thoroughly in Section V(a), and the use of the Equinox bank accounts and payrolls as the engine of the PII frauds. However, allowing the investors listed in Exhibit C to benefit from the PII Receivership funds would lead to an inequitable result for the Allowed Claimants listed in Exhibits A and B.

There were 10 Equinox investors who the Receiver recommends disallowing from this process. The total amount of the investment in Equinox for these 10 investors was \$558,784.00. To provide these Claimants adequate notice of being disallowed, the Receiver has assigned each Claimant a number. However, their individual claims would be \$0 as the Receiver is recommending these individuals be disallowed. These Claimants are No. 107-116. Due to the fact that these investors returned a Proof of Claim Form to the Receiver, they are permitted to engage in the Objection Procedure. Despite initially including these investors in the Proof of Claim Process and providing an initial claim amount, the Receiver believes these Claimants

should be precluded from receiving any distribution since there is a lack of record evidence connecting these investments to this Receivership and its entities. The Receiver requests that the Court finalize the Receiver's recommendation for the Disallowed Claimants in Exhibit C and issue an order that these Claimants not be permitted to partake in the Receivership Distribution Process.

d. DISALLOWED INDIVIDUALS – NO PROOF OF CLAIM FORM RETURNED (EXHIBIT D)

In the Claims Process Motion, the Receiver established very firm requirements for claimants to become a part of this equitable, receivership process. A court is often asked to approve relief regarding submission and notice of claims, including a “bar date” limiting the time within which claims must be presented. *See SEC v. Onix Capital, LLC*, 2018 WL 1124435 (S.D. Fla. 2018) (“among these broad powers is the power to establish proof of claim procedures and set an effective claims bar date”) (citations omitted). An order limiting the time within which claims must be submitted has been deemed to be necessary to “lay the foundation for the court to order payments to creditors and distribution to those entitled to receive.” *Clark on Receivers* § 651, at 1142; *see also SEC v. Morriss*, 2014 WL 585395, at *3 (E.D. Mo. 2014) (finding claimant forfeited her right to claim or object to a distribution by failing to submit a claim).

The single most important requirement of the Claims Process Motion was that the claimant timely return a Proof of Claim Form to the Receiver *prior to* the Claims Bar Date. Out of the 158 Proof of Claim Forms mailed to Claimants, 49 potential claimants did not return any Proof of Claim Form and, therefore, should be excluded from this Process in its entirety. It is important to note that these claimants did not provide a *late* Proof of Claim Form; they did not provide a Proof of Claim Form *at all*. These investors are represented in Exhibit D, showing their proposed claims. These investors are not assigned specific claims numbers as the Receiver

recommends precluding them from engaging in the Objection Procedure. No notice of this Motion will be provided to these individuals (beyond the website) as no relief should be afforded to them in this proceeding. The Receiver has noted the existence of Disallowed Claimants for the benefit of the Court and other Claimants who are a part of this process.

IV. METHOD FOR DISTRIBUTING ALLOWED CLAIMS

a. The Receivership funds should be distributed to Allowed Claims *Pro Rata* using the Net Investment Method.

In Exhibit A and B, the Receiver calculated and proposed an Allowed Amount for each claim, which is the amount of a claim to which the Receiver has determined the Claimant is entitled. In Exhibits C and D, the Receiver determined that certain claims should be disallowed from the distribution process and will not be entitled to a distribution as part of this Receivership. For the allowed claims, the Allowed Amount will serve as the basis for calculating a Claimant's ultimate distribution of Receivership funds. The Receiver's determination of a Claimant's Allowed Amount is not indicative of the actual amount the Claimant will receive through any initial or future distributions of Receivership assets. Rather, each Claimant holding an allowed claim with an Allowed Amount will be eligible for a distribution on a *pro rata* basis depending on the amount of the distribution, and ultimately will likely only receive a percentage of its Allowed Amount.

As of September 22, 2023, the Receiver's fiduciary bank accounts held for the Receivership had a balance of 4,789,325.35. The Receiver believes that she has collected and secured sufficient funds to warrant the expense inherent in proceeding with making an initial distribution of receivership assets on a *pro rata* basis to Claimants with approved claims and requests authority to move forward with the proposed Allowed Amounts.

In the Claims Process Motion, already approved by this Court, the Receiver outlined how the Net Investment Method will be used to calculate specific claims amounts. As detailed previously, using the Net Investment Method, the Receiver calculated each investor's claim amount by adding all amounts contributed by the pertinent investor and subtracting all payments made to that investor and/or in connection with that investment, regardless of whether those payments were characterized as interest, earnings, returns or redemptions of principal, incentive fees, referral fees, or any other terminology. For example, an investor who made a total investment of \$100,000.00 and received \$50,000.00 in distributions or other transfers would have a Net Investment Amount of \$50,000.00.

Importantly, as stated above, an investor's Net Investment Amount is not the amount that the investor should expect to receive in total distributions from the Receivership; instead, it will be used to determine that investor's *pro rata* entitlement to any distributions ultimately approved by the Court.⁷ Accordingly, the Receiver believes that the facts of this case, as well as the investors' collective and best interests, warrant the use of the Net Investment Method.

b. The Receivership funds should be distributed to Allowed Claimants via a Cash-in, Cash-Out method versus investors receiving credit for individual PII real estate profits.

Most of the assets monetized in this Receivership resulted from the sale of real property that was held by various PII entities. Specifically, the names of the PII entities relate to the

⁷ For example, if an investor has a Net Investment Amount of \$1,000.00 and there are a total of 100 investors with claims resulting in a cumulative Net Investment Amount of \$100,000.00, it follows that the investor with the Net Investment Amount of \$1,000.00 would represent 1% of the total amount of approved investor claims. Accordingly, that investor would be entitled to receive 1% of any distributions which would represent that investor's *pro rata* share of any recovery. Using the example above, if the Receiver was to propose a distribution of \$50,000.00 which would represent a cumulative distribution of 50% of all approved investor claims, the investor with the \$1,000.00 claim would be entitled to receive 1% of the proposed distribution which would equate to a \$500.00 payment ($\$50,000.00 * .01$) and represent a 50% distribution.

property that was held within the specific entity (i.e., PII 26, PII 304, etc.). Under the Net Investment Method, the Receiver determined the claims amount using a Cash-in, Cash-out method by adding all investor investments and subtracting the funds received from the Receivership entities.

In calculating the claimant amounts, the Receiver did not assign specific claims from individual entities to specific claimants. In the course of this Receivership, the Receiver became aware that certain investors believed that they should receive additional income compared to other investors if their PII investment (or the real estate held within it) sold for a profit. The Receiver has determined that these investors' objection based on their belief that they are entitled to specific profits from individual PII entities should be denied. The primary reason for this determination is, as explained in the Receiver's Eighth Interim Report, the Receivership Entities were all alter egos of each other, and the Defendants commingled investments among **all** the entities, disregarding corporate formalities, corporate structures, and using comingled investor funds in perpetration of the fraud on **all** investors. The Eleventh Circuit has held that Courts should consider the following factors when considering whether corporations under common ownership are alter egos of each other, including whether:

- (1) the parent and the subsidiary have common stock ownership;
- (2) the parent and the subsidiary have common directors or officers;
- (3) the parent and the subsidiary have common business departments;
- (4) the parent and the subsidiary file consolidated financial statements and tax returns;
- (5) the parent finances the subsidiary;
- (6) the parent caused the incorporation of the subsidiary;
- (7) the subsidiary operates with grossly inadequate capital;
- (8) the parent pays the salaries and other expenses of the subsidiary;
- (9) the subsidiary receives no business except that given to it by the parent;
- (10) the parent uses the subsidiary's property as its own;
- (11) the daily operations of the two corporations are not kept separate; and
- (12) the subsidiary does not observe basic corporate formalities, such as keeping separate books and records and holding shareholder and board meetings."

Eitzen Chem. (Sing.) PTE, Ltd. v. Carib Petroleum, 749 F. App'x 765, 771 (11th Cir. 2018). The Eleventh Circuit has “implicitly, recognized that in a receivership proceeding, there need not be an artificial distinction between the property of a Ponzi scheme perpetrator and the property of his alter ego corporations used to perpetrate the scheme.” *In re Burton Wiand Receivership Cases*, No. 8:05-cv-1856-T-27MSS et al, 2008 WL 818504, at *3 (M.D. Fla. Mar. 26, 2008) (citing *S.E.C. v. Elliott*, No. 87–1212, 1989 WL 90550, at *2 (S.D. Fla. April 29, 1989)).

The Receiver’s professionals have clearly determined that the funds taken from the defrauded investors were commingled in the operations of the PII entities. Because the Receivership assets cannot return the full amount to any claimant, no claimant should be entitled to “profit” amounts due to being a part of better-situated PII entity in the context of the sale of its real estate despite any due diligence the investor conducted on a specific property he or she invested in. In this equitable proceeding, certain claimants who are otherwise similarly situated to the other claimants should not be allowed to profit at the detriment of other claimants. *Wiand v. Cloud*, 919 F.Supp.2d 1319, 1324 (M.D. Fla. 2013) (citing *Donell v. Kowell*, 533 F.3d 762, 770 (9th Cir. 2008)). As such, the Receiver recommends that the Court deny any objections raised by claimants based on the Cash-In, Cash-Out distribution method and allow the Receiver to set her Claims Determination pursuant to Exhibits A-D as this would be inequity to all of the claimants as a whole.

V. THE RECEIVER’S DETERMINATION OF CLAIMS IS FAIR AND EQUITABLE.

The Court’s broad power to approve the Receiver’s claim determinations and priority of claims is settled. *See Elliott*, 953 F. 2d at 1566 (court has “broad powers and wide discretion” to assure equitable distributions); *Homeland Commc’ns Corp.*, 2010 WL 2035326 at *2 (“[i]n equity receiverships resulting from SEC enforcement actions, district courts have very broad

powers and wide discretion to fashion remedies and determine to whom and how the assets of the Receivership Estate will be distributed.”). Further, no specific method of distribution is required; the method of distribution should simply be “fair and equitable.” *SEC v. P.B. Ventures*, 1991 WL 269982, *2 (E.D. Pa. 1991). In the end, “[a]n equitable plan is not necessarily a plan that everyone will like.” *Credit Bancorp*, 2000 WL 1752979 at *29. Indeed, “when funds are limited, hard choices must be made.” *Byers*, 637 F. Supp. 2d at 176 (quoting *Official Comm. of Unsecured Creditors of WorldCom, Inc. v. SEC*, 467 F.3d 73, 84 (2d Cir. 2006)).

Courts routinely hold that treating similarly situated parties alike in claims processes is fair and equitable. *Elliott*, 953 F.2d at 1570; *U.S. v. Petters*, 2011 WL 281031, *7 (D. Minn. 2011). This does not require that every single claimant be treated in the same manner; rather, fairness only requires treating similarly situated claimants alike. *See, e.g., Byers*, 637 F. Supp. 2d at 184 (“Receiver’s proposal to treat differently those involved in the fraudulent scheme when distributions are being made is eminently reasonable and is supported by caselaw.”); *SEC v. Credit Bancorp, Ltd.*, 290 F.3d 80, 91 (2d Cir. 2002) (affirming district court’s equitable authority to treat all fraud victims alike and order *pro rata* distribution of assets). Here, the Court has the inherent authority to grant the claims determinations made by the Receiver. The Receiver has provided ample support and authority for her recommendations and requests that the Court move forward with approving the claims as stated in Exhibits A-D.

VI. ALL ASSETS AND LIABILITIES OF THE RECEIVERSHIP SHOULD BE POOLED TO FORM A SINGLE ESTATE.

a. Factual and Legal Basis for Pooling Assets and Liabilities.

The Receiver also seeks authority to pool the Receivership Entities’ assets and corresponding liabilities, as well as any future recovered assets, into one estate which will make any distributions ordered by this Court to claimants with approved claims. Specifically, the

Receiver seeks authority to treat all of the Receivership Entities, as a single entity from which investors' claims will be determined and paid based on the Net Investment Method.

A Court sitting over a receivership may exercise its inherent equitable powers to authorize a receiver, upon good cause shown, to treat various receivership entities as one substantively pooled estate for the purpose of distribution to allowed claimants. *See, e.g., HKW Trading*, 2009 WL 2499146 at *6 (“The Court directs that all assets and liabilities of the Receivership Entities be consolidated for all purposes.”); *Nadel*, 8:09-cv-00087 (M.D. Fla. 2009 Doc. 776 at *3 (same); *SEC v. One Equity Corp.*, 2011 WL 1002702, *1 (S.D. Ohio March 16, 2011) (permitting pooling of multiple receivership entities upon good cause shown for purposes of distributing assets to approved claimants). Courts routinely permit equity receivers to pool assets. *Basic Energy*, 273 F.3d at 663 (adopting receiver’s plan to create single pool of assets for all investors); *Elliott*, 953 F.2d at 1584 (approving district court’s decision to reject tracing and treat three companies as single entity).

Courts examine a number of different factors in determining whether to pool receivership assets for distribution purposes, including whether: (1) a unified scheme to defraud existed among the receivership entities; (2) the investors across the various receivership entities are similarly situated; and (3) funds were commingled among the receivership entities. *See SEC v. Founding Partners Capital Mgmt.*, 2014 WL 2993780, at *6 (M.D. Fla. July 3, 2014); *SEC v. Amerifirst Funding, Inc.*, 2008 WL 919546, *4 (N.D. Tex. Mar. 13, 2008) (pooling receivership entities because they were all involved in a unified scheme to defraud investors, even where there was no commingling of funds); *Elliott*, 953 F. 2d at 1565, n.1 (treating various receivership entities as a single entity in light of commingling of funds among them and defendant’s failure to maintain strict separation); *see also U.S. v. Real Property Located at 13328 & 13324 State Hwy.*,

89 F.3d 551, 553 (9th Cir. 1996) (approving district court’s finding that “[i]nstead of engaging in a tracing fiction, the equities demand that all [defrauded] customers share equally in the fund of pooled assets in accordance with the SEC plan”). Other courts have recognized that it is appropriate to expand receiverships by use of the alter ego doctrine when funds have been commingled or corporate assets are used for personal purposes. *SEC v. Torchia*, No. 1:15-cv-3904-WSD, 2016 WL 6212002, at *3 (N.D. Ga. Oct. 25, 2016) (citing *SEC v. Elmas Trading Corp.*, 620 F.Supp. 231 (D. Nev. 1985)). In the Eleventh Circuit, the principle has been extended to support finding that a receiver can “exercise control over third-party property purchased using ‘scheme proceeds.’” *Torchia*, No. 1:15-cv-3904-WSD, 2016 WL 6212002, at *3 (citing *SEC v. Nadel*, No. 8:09-cv-87-T-26TBM, 2013 WL 2291871, at *2 (M.D. Fla. May 24, 2013)). Other courts have considered the following factors to determine whether the alter ego doctrine applies to the expansion of a receivership, including:

the comingling of funds and other assets; the unauthorized diversion of funds or assets to other than corporate purposes; the treatment by an individual of corporate assets as his own; the failure to maintain minutes or adequate corporate records and the confusion of the records of the separate entities; the identity of equitable ownership in the two entities; the identity of the officers and directors of the two entities, or of the supervision and management; the absence of corporate assets; the use of a corporation as a mere shell, instrumentality or conduit for a single venture or the business of an individual or another corporation; the concealment and misrepresentation of the identity of the responsible ownership, management, and financial interest or concealment of personal business activities

Id. at *3 (quoting *Elmas Trading Corp.*, 620 F.Supp. at 234).

Regardless of the ultimate use of the investor funds, the Receiver’s Retained Professionals have confirmed that investor deposits during the Relevant Period were made and commingled⁸ for no apparent legitimate or business purpose; rather, the company records show

⁸ Courts have held that “*any* comingling is enough to warrant treating all the funds as tainted.” *Byers*, 637 F. Supp. 2d at 177. Because “money is fungible” it is “impossible to differentiate

that corporate formalities were frequently disregarded and that a Receivership Entity facing a shortfall in available funds would regularly use funds from other Receivership Entities as needed. Thus, regardless of what specific PII Receivership Entity an investor ultimately determined to invest in, from March 11, 2016 forward, all investor funds were commingled in the operations of the PII fraudulent scheme.

Although a portion of investor funds were used to purchase various properties in the South Florida area, Defendant Brodman, Defendant Nicolosi, and the PII entities misappropriated and diverted over \$2 million in investor funds, extensively commingled other investor funds, and in some instances used investor funds to make purported “profit” payments and distributions to other investors. Doc. 10 ¶¶ 4, 70-71.

Based on the above authority, the Court should authorize the Receiver to pool the Receivership assets in one account for distribution to valid claimants. The Receiver’s investigation shows that Defendant Brodman, and others at his direction, made misrepresentations and omissions that induced investors to invest in specific PII entities. These Receivership Entities were all part of the same fraudulent scheme, i.e., there was a unified scheme to defraud investors. Investors were also “similarly situated with respect to their relationship to the defrauders.” *SEC v. Loewenson*, 290 F.3d 80, 888-89 (2d Cir. 2002). When defrauded investors are similarly situated, “it would not be equitable to give some of them preferential treatment in equity.” *Elliott*, 953 F.2d at 1569-70. To establish that investors are “similarly situated” or “occupy the same legal position,” courts look to the specific facts. *See*

between ‘tainted’ and ‘untainted’ dollars....” *Lauer*, 2009 WL 812719 at *4-5. “Once proceeds become tainted, they cannot become untainted.” *Ward*, 197 F.3d at 1083. In addition, “when tainted funds are used to pay costs associated with maintaining ownership of [a] property, the property itself and its proceeds are tainted by the fraud.” *Lauer*, 2009 WL 812719 at *3 (citing *United States v. One Single Family Residence Located at 15603 85th Ave. North, Lake Park, Palm Beach County, Fla.*, 933 F.2d 976, 982 (11th Cir. 1991)).

Byers, 637 F. Supp. 2d at 180 (finding real estate investors were “similarly situated” given defendants’ common role to all investments, the similarity of offering materials given to investors, the commingling of money between operations, and fact that defendants’ capital back the security offerings). Each of those factors are present here.

Consolidation and pooling of all assets held in the various Receivership Entities is not only warranted by the facts but is also consistent with the Net Investment Method approved by the Court whereby a claimant’s net investment activity is measured by the amount of deposits and withdrawals and/or disbursements not their relative activity in a specific entity investment. Further, given that a vast majority of investor deposits were invested and later commingled, the time and expense necessary to separate out any activity with respect to specific investments would be unnecessary and unwarranted.

Accordingly, the Receiver requests that the Court authorize her to pool and consolidate all assets and liabilities of the Receivership Entities into one consolidated estate as a vehicle to administer necessary distributions of Receivership assets. To handle the estate in any other manner would be very expensive and unworkable. *See SEC v. Vescor Capital Corp.*, 599 F.3d 1189, 1194 (10th Cir. 2010) (“the interests of the [r]eceiver are very broad and include not only protection of the receivership *res*, but also protection of defrauded investors and considerations of judicial economy.”).

VII. THE PROPOSED OBJECTION PROCEDURE

To facilitate and streamline the final determination of claims, the Receiver requests that the Court establish a formal procedure to address instances in which a Claimant disagrees with the Receiver’s recommended determination of the Claimant’s claim or objects to the plan of distribution as approved by the Court. The procedure recommended below allows the Receiver

to (1) address any disputed matters in a fair and efficient manner, and (2) present any unresolved objections to the Court in an organized and, if appropriate, consolidated manner which will be efficient and, to the extent possible, avoid the Court's receipt of objections on a piecemeal basis. The procedure also provides each Claimant with notice and an opportunity to be heard in accordance with applicable due process obligations.

The Receiver respectfully requests the Court adopt the following objection procedure (the "Proposed Objection Procedure"):

- a) A copy of this Motion shall be posted promptly after it is filed on the Receivership website, www.propertyreceivership.com.
- b) Within fifteen (15) business days of filing the Motion, the Receiver shall mail a letter to each claimant, who returned a Proof of Claim Form, stating that the Motion has been filed, directing the Claimant to the filed Motion on the Receiver's website, and identifying each Claimant's claim number and claim amount. The letter will further provide that a Claimant may contact the Receiver's office for a copy of the Motion if a Claimant does not have access to the internet or cannot otherwise access the Motion.
- c) Within three (3) business days after the date of the Order on this Motion, the Receiver will post the Order on her website.
- d) Within fifteen (15) days after the date of an Order granting this Motion, the Receiver will mail each Claimant, who returned a Proof of Claim Form, a letter setting forth the procedure for objecting to the Receiver's determination of a claim (the "**Receiver's Claim Determination**"), or plan of distribution as approved by the Court. The letter will provide notice that the Court's Order on this Motion is available on the Receiver's website. The letter will further provide that a Claimant may contact the Receiver's office for a copy of the Motion or Order if a Claimant does not have access to the internet or cannot otherwise access the Motion or Order.
- e) Any Claimant that is dissatisfied with the Receiver's Claim Determination or plan of distribution must serve the Receiver (c/o Raquel A. Rodriguez, Esq., Buchanan Ingersoll & Rooney PC, One Biscayne Tower, 2 South Biscayne Boulevard, Suite #1500, Miami, FL 33131; fax: 305-347-4089; email: piireceiver@bipc.com) in accordance with the service requirements of Rule 5 of the Federal Rules of Civil Procedure with a written response within forty-five (45) calendar days from the date of the notice letter of the Order. During this 45-day period, each Claimant shall have the opportunity to respond and contest in writing the Receiver's Determination. Any written submission from the claimant shall clearly state the nature and basis of the objection and provide all supporting statements and documentation the Claimant wishes the Receiver and the Court to consider.

- f) Failure to properly and timely serve an objection to the Receiver's Claim Determination or plan of distribution shall permanently waive the Claimant's right to object to or contest the Receiver's Claim Determination and plan of distribution and the final claim amount shall be set as the Allowed Amount determined by the Receiver as set forth in the Exhibits attached to this Motion as approved by the Court.
- g) Although each objecting Claimant previously submitted to this Court's jurisdiction by filing a claim with the Receiver, by serving an objection, the objecting Claimant shall be deemed to have confirmed submission to the exclusive jurisdiction of this Court. A person serving an objection to the Receiver's Claim Determination or plan of distribution, shall be entitled to notice, but only as it relates to adjudication of the particular objection and the claim to which the objection is directed.
- h) The Receiver may attempt to settle and compromise any claim or objection subject to the Court's final approval.
- i) At such times as the Receiver deems appropriate, she shall file with the Court: (1) the Receiver's further determination of a claim with any supporting documents or statements she considers are appropriate, if any; (2) any unresolved objections, with supporting statements and documentation, as served on the Receiver by the Claimant; and (3) any settlements or compromises that the Receiver wishes the Court to rule upon.
- j) The Court may make a final determination based on the submissions identified in the previous paragraph or may set the matter for hearing and, following the hearing, make a final determination. The Claimant shall have the burden of proof. The Receiver will provide notice of such hearing as provided in paragraph (d) above.

Courts frequently approve the use of such objection procedures in similar circumstances. *See, e.g., Nadel, Co.* 8:09-cv-00087 (M.D. Fla. 2009 Doc. 776 at ¶ 7) (proposed objection procedure was logical, fair and reasonable). As stated above, the Receiver has reviewed the submitted proof of claim forms and has been able to adjust several of the disputed claims. The Receiver is hopeful that the proposed 45-day cure period will result in less litigation with claimants and conservation of receivership assets.

The Proposed Objection Procedure promotes judicial efficiency; reduces litigation costs for the Receivership; is logical, fair, and reasonable; and is in the Receivership Estate's best interests. The proposed process also satisfies due process, which essentially requires that the proceeding be fair and that affected parties be given notice and an opportunity to be heard. *See*

Cleveland Bd. of Educ. v. Loudermill, 470 U.S. 532, 542 (1985); *Nicholson v. Gant*, 816 F.2d 591, 598 (11th Cir. 1987) (“The fundamental requisite of due process of law is the opportunity to be heard.”); *Elliott*, 953 F.2d at 1566. The use of summary proceedings to implement claims procedures is customary in receiverships and satisfies due process requirements when claimants receive an opportunity to be heard, to object to their claim determination, and to have their claims considered by a court. *See id*; *Basic Energy*, 273 F.3d at 668-671. The Proposed Objection Procedure achieves each of these requirements.

F.D.I.C. v. Bernstein explains:

One common thread keeps emerging out of the cases involving equity receiverships – that is, a district court has extremely broad discretion in supervising an equity receivership and in determining the appropriate procedures to be used in its administration. In keeping with this broad discretion, “the use of summary proceedings in equity receiverships as opposed to plenary proceedings under the Federal Rules of [Civil Procedure] is within the jurisdictional authority of a district court.” Such procedures “avoid formalities that would slow down the resolution of disputes. This promotes judicial efficiency and reduces litigation costs to the receivership,” thereby preserving receivership assets for the benefit of creditors.

786 F. Supp. 170, 177-78 (E.D.N.Y. 1992) (citations omitted).

This Court should approve the Proposed Objection Procedure because it satisfies due process and is logical, fair, and reasonable. *See Elliott*, 953 F.2d at 1567 (summary proceedings are appropriate where party has full and fair opportunity to present claims and defenses). Specifically, the Proposed Objection Procedure provides for (1) notice to Claimants of the Receiver’s determination of their claims and plan of distribution; (2) the opportunity for Claimants to object to these matters; and (3) the review of unresolved objections by the Court.

Importantly, the Proposed Objection Procedure eliminates the need for any objections to be filed with the Court in direct response to this Motion. In turn, that will preclude inefficient piecemeal presentation and adjudication of objections by the Court. Such a piecemeal process

would result in an inefficient claims process for both the Court and the Receivership. As such, the Proposed Objection Procedure promotes judicial efficiency and reduces litigation costs.

VIII. THE RECEIVER'S PROPOSED PLAN OF DISTRIBUTION, INCLUDING AN INITIAL INTERIM DISTRIBUTION

a. Receiver's Plan of Distribution

As of September 23, 2023, the total balance in all Receivership accounts is 4,789,325.35. The Receiver seeks leave to make distributions on a *pro rata* basis, and she expects to seek Court approval to make a first interim distribution constituting a significant proportion of available funds to Allowed Claimants in the near future. If approved by the Court, all distributions will be made in accordance with applicable parameters set forth in this Motion.

The Receiver's proposed objection procedure allows Claimants to object to the claims determinations made by the Court based on this Motion. In relevant part, each Claimant will have forty-five (45) days from the date the Receiver mails notice to each Claimant of the Court's order on this Motion to serve the Receiver with an objection to his, her, or its claim determination. After this 45-day objection period expires and the Receiver completes an initial review of any objections, the Receiver intends to file a motion for approval of her first interim distribution less any reserves necessitated by any timely served objections and any outstanding costs to the Receivership Estate related to the pursuit of potential Third-Party claims. The Receiver will make these reserves where necessary so that objections do not delay a first interim distribution. In other words, the anticipated distribution will be reduced by the amount reserved, if any. Any reserves will be in the amount of the *pro rata* share of the interim distribution allocated to the objected claim based on the full claim amount. The reserves will be held until the claims objections are resolved. If the objections are resolved for less than the full claim amount, the unpaid reserves will be distributed on a *pro rata* basis in a subsequent distribution.

The Receiver believes that the amount of Receivership assets on hand justifies making an interim distribution, less any possible reserves for objected claims, which will provide a sufficient amount of money to Claimants to warrant the expense of the distribution. In determining the amount of the proposed interim distribution amount, the Receiver will ensure sufficient funds remain in the Receivership to cover the expenses of (1) addressing any objections and disputes, (2) administering the Receivership, and (3) paying the Receiver's professionals for services already and yet to be provided. To the extent possible and feasible, the Receiver will make additional interim distributions before making a final distribution at the close of the Receivership. Before making any distribution, the Receiver will seek leave from the Court, and at that time will provide further specifics about the distribution.

In this Motion, the Receiver seeks approval of a distribution plan which provides that, subject to applicable exceptions discussed in this Motion, Claimants receive a fixed percentage of their Allowed Amount from the aggregate amount distributed to Claimants in any particular distribution based upon the following formula: each claim's Allowed Amount divided by the total Allowed Amount of all Allowed Claims multiplied by the aggregate distribution amount.

b. Receiver's Plan is Consistent With Applicable Legal and Equitable Principles.

The Court has wide latitude in exercising inherent equitable power in approving a plan of distribution of receivership funds. *SEC v. Forex Asset Mgmt.*, 242 F.3d 325, 331 (5th Cir. 2001) (affirming district court's approval of plan of distribution because court used its discretion in "a logical way to divide the money"); *CFTC v. Levy*, 541 F.3d 1102, 1110 (11th Cir. 2008) ("Appellate Courts will 'not disturb the district court's choice of an equitable remedy except for abuse of discretion.'"); *Quilling v. Trade Partners, Inc.*, 2007 WL 107669, *1 (W.D. Mich. 2007) ("In ruling on a plan of distribution, the standard is simply that the district court must use

its discretion in a logical way to divide the money” (internal quotations omitted)). In approving a plan of distribution in a receivership, “the district court, acting as a court of equity, is afforded the discretion to determine the most equitable remedy.” *Forex*, 242 F.3d at 332. The Court may adopt any plan of distribution that is logical, fair, and reasonable. *Wang*, 944 F.2d at 83-84; *Basic Energy*, 273 F.3d at 671; *Trade Partners*, 2007 WL 107669 at *1. “Therefore, ‘[a]ny action by a trial court in supervising an equity receivership is committed to his sound discretion and will not be disturbed unless there is a clear showing of abuse.’” *SEC v. Safety Fin. Serv., Inc.*, 674 F.2d 368, 373 (5th Cir. 1982) (quoting *SEC v. Ark. Loan & Thrift Corp.*, 427 F.2d 1171, 1172 (8th Cir. 1970)).

Consistent with the features of the scheme, “courts have favored pro rata distribution of assets where, as here, the funds of defrauded victims were commingled and where victims were similarly situated with respect to their relationship to the defrauders.” *Credit Bancorp*, 290 F.3d at 88. A logical, fair, and reasonable distribution plan may provide for reimbursement to certain claimants while excluding others. *See Wang*, 944 F.2d at 84; *Basic Energy*, 273 F.3d at 660-61.

The Receiver’s Proposed Plan of Distribution is (i) in the best interest of the Receivership and the Claimants as a whole; (ii) is fair, reasonable, and equitable; and (iii) satisfies due process. As previously noted, the evidence in the Receiver’s possession demonstrates that all investor funds were commingled and transferred among various accounts for the Receivership Entities; the Receivership Entities did not maintain separate investor accounts; and investors were defrauded in the same manner. Accordingly, all Investor Claimants with allowed claims should share equally (on a *pro rata* basis) in the pooled assets recovered by the Receiver, subject to this Motion and ultimately established by the Court. The Receiver recommends the Court

approve the distribution of funds on a *pro rata* basis according to the formula set forth in the Section III.

IX. CONCLUSION

For the foregoing reasons, the Receiver respectfully requests that the Court enter the proposed Order attached as **Exhibit E**:

1. Approving the Receiver's determination of claims as set forth above and in the attached **Exhibits A-D**;

2. Authorizing the Receiver to consolidate all Receivership Entities' assets and liabilities for all purposes, including for payment of administrative costs, for receipt of third-party recoveries, and for making distributions to claimants with allowed claims;

3. Approving the plan of distribution as set forth in this Motion;

4. Approving the Proposed Objection Procedure for objections to the plan of distribution and the Receiver's claim determinations as set forth in this Motion and attached **Exhibits A-D**; and,

5. Precluding further claims against Receivership Entities, Receivership property, the Receivership Estate, or the Receiver by any Claimant, taxing authority, or any other public or private person or entity and precluding any proceedings or other efforts to enforce or otherwise collect on any lien, debt, or other asserted interest in or against Receivership Entities, Receivership property, or the Receivership estate.

LOCAL RULE 7.1(a)(3) CERTIFICATION

Pursuant to Local Rule 7.1(a)(3), the undersigned certifies that counsel for the Receiver reached out to counsel for the Commission prior to filing this Motion, and the Commission does not oppose said motion. The undersigned provided this Motion and exhibits to counsel for Mr. Brodman and Mr. Nicolosi on September 22, 2023 and they did not respond with their position.

Respectfully submitted,

**BUCHANAN INGERSOLL & ROONEY PC,
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CERTIFICATE OF SERVICE

I hereby certify that on September 26, 2023, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system which will send a Notice of Electronic Filing to the following counsel of record:

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Securities and Exchange Commission
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Counsel for Defendant Larry Brodman

/s/ Raquel A. Rodriguez
Attorney

EXHIBIT A	
<u>ALL CONFIRMED CLAIMS</u>	
Investor Number	Claim Amount Allowed
1	\$ 4,515.00
2	\$ 10,746.00
3	\$ 5,253.00
4	\$ 9,436.40
5	\$ 42,728.00
6	\$ 17,323.00
7	\$ 78,303.00
8	\$ 18,417.00
9	\$ 11,273.75
10	\$ 12,387.00
11	\$ 8,968.00
12	\$ 90,943.20
13	\$ 17,675.00
14	\$ 102,272.02
15	\$ 1,864.95
16	\$ 132,109.60
17	\$ 27,176.00
18	\$ 14,783.00
19	\$ 50,000.00

EXHIBIT A	
<u>ALL CONFIRMED CLAIMS</u>	
Investor Number	Claim Amount Allowed
20	\$ 4,223.00
21	\$ 50,620.40
22	\$ 5,061.49
23	\$ 16,516.00
24	\$ 88,700.00
25	\$ 1,706.00
26	\$ 15,970.00
27	\$ 1,733.00
28	\$ 17,354.40
29	\$ 132,840.00
30	\$ 13,053.81
31	\$ 372,724.00
32	\$ 38,816.00
33	\$ 10,000.00
34	\$ 55,728.00
35	\$ 91,717.35
36	\$ 3,515.00
37	\$ 121,278.00
38	\$ 30,067.00

EXHIBIT A	
<u>ALL CONFIRMED CLAIMS</u>	
Investor Number	Claim Amount Allowed
39	\$ 43,064.40
40	\$ 2,301.00
41	\$ 142,213.07
42	\$ 4,129.00
43	\$ 70,900.00
44	\$ 18,573.00
45	\$ 17,724.00
46	\$ 412,715.07
47	\$ 22,420.00
48	\$ 4,466.00
49	\$ 17,585.20
50	\$ 2,500.00
51	\$ 23,312.02
52	\$ 84,800.00
53	\$ 88,585.66
54	\$ 1,670.00
55	\$ 73,432.48
56	\$ 11,609.00
57	\$ 2,134.00

EXHIBIT A	
<u>ALL CONFIRMED CLAIMS</u>	
Investor Number	Claim Amount Allowed
58	\$ 50,000.00
59	\$ 22,930.40
60	\$ 4,100.00
61	\$ 22,987.30
62	\$ 107,097.05
63	\$ 5,000.00
64	\$ 38,000.00
65	\$ 26,500.00
66	\$ 3,111.06
67	\$ 12,387.00
68	\$ 35,350.00
69	\$ 127,575.02
70	\$ 10,000.00
71	\$ 13,053.81
72	\$ 41,177.00
73	\$ 7,468.00
74	\$ 26,560.00
75	\$ 1,879.00
76	\$ 28,067.00

EXHIBIT A	
<u>ALL CONFIRMED CLAIMS</u>	
Investor Number	Claim Amount Allowed
77	\$ 3,754.00
78	\$ 2,331.16
79	\$ 2,480.00
80	\$ 32,624.00
81	\$ 239,156.00
TOTAL	\$ 3,635,519.07

EXHIBIT B	
<u>ALL DISPUTED CLAIMS</u>	
Investor Number	Claim Amount Allowed
82	\$ 294,194.00
83	\$ 56,068.62
84	\$ 116,812.02
85	\$ 193,252.00
86	\$ 4,662.40
87	\$ 24,116.40
88	\$ 8,603.00
89	\$ 21,624.81
90	\$ 8,644.00
91	\$ 13,446.40
92	\$ 4,341.00
93	\$ 239,766.00
94	\$ 90,524.61
95	\$ 1,217,000.00
96	\$ 413,000.00
97	\$ 6,500.00
98	\$ 25,318.00
99	\$ 13,722.00
100	\$ 47,402.74

<u>ALL DISPUTED CLAIMS</u>	
Investor Number	Claim Amount Allowed
101	\$ 91,359.00
102	\$ 9,085.00
103	\$ 4,175.00
104	\$ 213,338.00
105	\$ 13,987.21
106	\$ 30,000.00
TOTAL	\$ 3,160,942.21

EXHIBIT C		
<u>DISALLOWED CLAIMS - PRE-DATED CLAIM ALLOWANCE PERIOD</u>		
Investor Number	Claim Amount Allowed	Claim Amount Disallowed
107	\$0.00	\$127,916.00
108	\$0.00	\$10,000.00
109	\$0.00	\$7,676.00
110	\$0.00	\$50,000.00
111	\$0.00	\$15,000.00
112	\$0.00	\$224,000.00
113	\$0.00	\$78,192.00
114	\$0.00	\$6,000.00
115	\$0.00	\$10,000.00
116	\$0.00	\$30,000.00
TOTAL		\$558,784.00
Notes:	1) Investments made prior to August 1, 2016 are not considered to be part of the Receivership as the PII entities were created on or about that date.	
	2) While individual investments are noted above to understand the amount excluded from this process, all individuals in Exhibit C will be entitled to a \$0 claim.	

EXHIBIT D		
<u>NO CLAIM RETURNED - NO DISTRIBUTION</u>		
<u>(No Investor Number Assigned)</u>		
Investor Number	Claim Amount Allowed	Claim Amount Disallowed
	\$0.00	\$1,311.00
	\$0.00	\$1,649.00
	\$0.00	\$19,169.51
	\$0.00	\$932.49
	\$0.00	\$3,800.00
	\$0.00	\$1,864.95
	\$0.00	\$9,000.00
	\$0.00	\$69,593.00
	\$0.00	\$5,993.95
	\$0.00	\$17,226.00
	\$0.00	\$24,615.30
	\$0.00	\$5,000.00
	\$0.00	\$94,052.17
	\$0.00	\$8,968.00
	\$0.00	\$206,350.04
	\$0.00	\$5,000.00
	\$0.00	\$56,050.40
	\$0.00	\$4,662.40

EXHIBIT D		
<u>NO CLAIM RETURNED - NO DISTRIBUTION</u>		
<u>(No Investor Number Assigned)</u>		
Investor Number	Claim Amount Allowed	Claim Amount Disallowed
	\$0.00	\$4,000.00
	\$0.00	\$8,200.00
	\$0.00	\$69,936.05
	\$0.00	\$5,000.00
	\$0.00	\$884.00
	\$0.00	\$2,134.00
	\$0.00	\$2,134.00
	\$0.00	\$1,864.95
	\$0.00	\$3,800.00
	\$0.00	\$2,830.92
	\$0.00	\$4,662.40
	\$0.00	\$67,777.00
	\$0.00	\$1,649.00
	\$0.00	\$8,349.00
	\$0.00	\$2,359.10
	\$0.00	\$4,260.00
	\$0.00	\$35,000.00
	\$0.00	\$6,941.40

EXHIBIT D		
<u>NO CLAIM RETURNED - NO DISTRIBUTION</u>		
<u>(No Investor Number Assigned)</u>		
Investor Number	Claim Amount Allowed	Claim Amount Disallowed
	\$0.00	\$6,500.00
	\$0.00	\$5,000.00
	\$0.00	\$160,000.00
	\$0.00	\$17,317.00
	\$0.00	\$13,009.00
	\$0.00	\$138,800.00
	\$0.00	\$1,324.00
	\$0.00	\$1,887.28
	\$0.00	\$20,000.00
	\$0.00	\$1,864.96
	\$0.00	\$1,896.10
	\$0.00	\$1,864.95
	\$0.00	\$30,000.00
TOTAL	\$0.00	\$1,166,483.32