

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

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**RECEIVER'S TWELFTH INTERIM QUARTERLY REPORT**

**(Period Covered: January 1, 2024 – March 31, 2024)**

Miranda L. Soto, Esq., solely in her capacity as Receiver (the “Receiver”) for 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), hereby files her Twelfth Interim Report to inform this Court, investors, and interested parties of the significant activities undertaken from **January 1, 2024 to March 31, 2024 (the “Reporting Period”)**, as well as proposed prospective courses of action.

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## **I. INTRODUCTION**

### **A. Overview of Significant Activities During Reporting Period**

During the time period covered by this Report (January 1, 2024 through March 31, 2024), the Receiver and her counsel have engaged in significant activities including but not limited to:

- Worked with Receiver's CPA professionals to determine pro-rata calculations for First Interim Distribution;
- Finalized and filed Receiver's Unopposed Motion to Approve First Interim Distribution ("Interim Distribution Motion") (Doc. 130);
- Communicated with claimant investors regarding granting of Interim Distribution Motion, and process and procedure for First Interim Distribution;
- Implemented First Interim Distribution, mailed interim distribution checks to claimant investors, fielded and resolved claimant investor requests and inquiries regarding issues with distribution check or questions on the process;
- Continued to analyze and review documentation for claimant investor who initially disputed calculations and reviewed supplemental information provided in support of claimed investment calculations with Receiver's CPA professionals;
- Communicated with Receiver's CPA professionals regarding guidance on annual reports for Receivership entities, Department of Revenue letters, and tax documents related to the Receivership accounts;
- Restored and Receiver's website following unexplained outage, requested court order requiring former web hosting company to pay all related fees and costs, and communicated regularly with claimant investors regarding status of review of claimant documents and Receivership;
- Continued review of potential third-party claims to recover investor assets wrongfully misappropriated and/or fraudulently transferred;
- Responded to phone calls and written communications from claimant investors, other interested parties and/or their representatives; and,
- Prepared and filed the Receiver's Eleventh Interim Report on January 31, 2024 (Doc. 125), which provided a comprehensive summary, analysis, and supporting documentation of the Receiver's observations, continuing investigation, and contemplated next steps.

The above referenced activities are discussed in more detail in the pertinent sections of this Report.

## II. BACKGROUND

### A. Procedure and Chronology

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.* ¶ 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.

Although a portion of investor funds was used to purchase various properties in the South Florida area, the Commission alleged that Defendant Brodman and the PII entities misappropriated and diverted over \$2 million in investor funds, extensively commingled investor funds, and in some instances used investor funds to make purported “profit” payments and distributions to other investors. (Doc. 10 ¶¶ 4, 70-71.) The Commission also alleged that, despite statements in the offering materials that commissions would only be paid to licensed brokers, PII and Brodman used at least \$1.2 million in investor funds to pay undisclosed sales commissions to unlicensed sales agents including Defendant Nicolosi. *Id.* ¶¶ 68-69.

On June 15, 2021, this 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). The Commission and the individual Defendants mediated this case on April 5, 2022, which resulted in an impasse. (Doc. 47.) Subsequently, on October 3, 2022, the Commission reached an agreement with each individual

Defendant. Pursuant to this settlement, this Court entered judgments against both individual Defendants as follows: (1) \$414,813.00 against Defendant Nicolosi and (2) \$1,594,265.00 against Defendant Brodman. (Doc. 104-105). Pursuant to the Judgments, the Defendants were ordered to pay the above-stated amounts to the Receiver. Since these judgments have been entered, the Receiver and her staff have communicated with the Commission that the Receiver is willing assist in any request to help enforce the judgments against the Defendants and collect for the Receivership Estate.

### **B. The Receiver's Role and Responsibilities**

As an independent agent of this Court, the Receiver's powers and responsibilities are set forth in the Order Appointing Receiver which provides, in relevant part, that the Receiver:

- “[S]hall have all powers, authorities, rights and privileges heretofore possessed by the officers, directors, managers and general and limited partners of the Receivership Entities under applicable state and federal law...” and “shall assume and control the operation of the Receivership Entities and shall pursue and preserve all of their claims.” (Doc. 10 ¶¶ 4-5);
- Shall “take custody, control, and possession of all Receivership Property and records relevant thereto from the Receivership Entities...” and “manage, control, operate and maintain the Receivership Estates and hold in Receiver’s possession, custody and control all Receivership Property, pending further Order of the Court.” *Id.* ¶ 7(b)-(c);
- Is “authorized, empowered, and directed to investigate the manner in which the financial and business affairs of the Receivership Entities were conducted and (after obtaining leave of this Court) to institute such actions and legal proceedings...as the Receiver deems necessary and appropriate...” *Id.* ¶ 37; and,
- Is directed to “develop a plan for the fair, reasonable, and efficient recovery and liquidation of all remaining, recovered, and recoverable Receivership Property...and to “file and serve a full report and accounting of each Receivership Estate” for each calendar quarter. *Id.* ¶¶ 46, 48.

### **III. RECEIVER'S PROGRESS AND PRELIMINARY FINDINGS DURING THE REPORTING PERIOD**

The Receiver's issuance of interim quarterly reports is intended to, among other things, present a detailed summary of actions taken by the Receiver during the reporting period as well as

to share the status of her various preliminary findings and ongoing investigation. Unless specifically indicated herein, any previously expressed preliminary findings are incorporated herein and remain consistent with the Receiver's ongoing investigation. The Receiver reserves the right to revise, amend, and/or supplement these conclusions as the investigation progresses. The Receiver presents the following non-exclusive conclusions that she continues to supplement based on her ongoing investigation and document review and with the assistance of her Retained Professionals.

**A. Actions Taken By the Receiver During Reporting Period**

**i. Filed Unopposed Motion to Approve First Interim Distribution, Received Court Approval for Same, and Implemented First Interim Distribution to Investors.**

The Receiver is pleased to report that she and her professionals filed her Interim Distribution Motion (Doc. 130) on February 13, 2024, and received Court approval of same (Doc. 136) on February 21, 2024, and implemented the First Interim Distribution to investor claimants in March 2024. The First Interim Distribution of **\$2,860,00.00** represents a recovery of **41.5%** of the Allowed Amounts of Investor Claims and a pro rata distribution of **60%** of the available Receivership funds in the Receiver's bank account to date. As of the date of the filing of this Report, most claimant investors have received their First Interim Distribution checks and only a small number of First Interim Distribution items remain outstanding.

As the Receiver finalizes the First Interim Distribution and any related issues arising from it, the Receiver is also making her final determination as to whether to proceed with all or some of the potential third party claims she has identified and will engage in pursuit of same, if warranted as set forth below.

**ii. Restored Receivership Website Following Unexplained Outage, Obtained New Web Consultant, Obtained Oral Ruling from Court Directing Prior Web Host to Pay All Related Fees and Costs, and Provided Court with Fee/Cost Amount for Formal Order**

On January 19, 2024, the Receiver learned that the Receivership website was no longer accessible to claimants, the general public, or the Receiver and her counsel. The Receiver's counsel immediately contacted the website hosting provider, K. Tek Systems Inc. ("K. Tek") to determine the reason for the outage and to assist in bringing the website back online.

On January 22, 2024, K. Tek's manager reported that she and her husband were going through a contentious divorce and that her husband had allegedly taken control of and sabotaged several websites that K. Tek hosted, including the PII Receivership website. K. Tek's manager offered no evidence to support her claims, and refused to communicate with the Receiver via telephone. After multiple unsuccessful attempts to get K. Tek to provide help in restoring the website, the Receiver retained a web consultant, Emilio Yopez of Lighthouse Internet Media ("LIM"), who worked tirelessly to successfully rebuild the Receivership website from scratch. The parties, including K. Tek's manager and her husband, attended a status conference regarding the matter before this Court on February 15, 2024, at which time this Court ordered K. Tek and its manager to pay all fees and costs related to the restoration of the Receivership website. The Receiver has uploaded a proposed order setting forth the specific fees and costs associated with same and is currently awaiting entry of that order by the Court.

**iii. Securing Receivership Estate Personal Property**

**a. Bank Accounts and Cash Proceeds**

As reported in detail in previous Reports, the Receiver opened fiduciary bank accounts at ServisFirst Bank (the "ServisFirst Accounts") following her appointment and coordinated the freeze and closure of the Receivership Entities' existing bank accounts with JP Morgan Chase



Bank, N.A. (“Chase Bank”). The ServisFirst Accounts allow the pool of Receivership funds to continue to gain interest while the Receiver determines the appropriate method to distribute funds. As of the date of the filing of this Report, the total balance of the ServisFirst Accounts was **\$2,088,709.84**.

b. Other Personal Property

The Receiver continues to store various company document and collectible items that were previously removed from the storage unit. The Receiver has been working to liquidate the remaining Personal Property in the most cost-effective manner to bring in funds to the Receivership Estate including appropriate donations when tax benefits can be obtained.

iv. **Securing and Maintaining Receivership Real Property**

a. Managing and Maintaining Real Property Assets

At the time of the Receiver’s appointment, the Receivership Entities owned seven multifamily residential properties in the South Florida area. Further details on each of these properties, including purchase and property information is discussed in previous Interim Status Reports. (Doc. 63, 81, 99). All of the Receivership properties have been sold and the money has been brought into the pool of funds in the Receivership.

**IV. THE NEXT QUARTER**

**A. Third Party Claims**

The Receiver continues to analyze the viability of potential claims against third parties that may have received payments or transfers to which they were not entitled to receive or persons or entities that provided services to or otherwise improperly benefitted from their affiliation with the Receivership Entities. The Receiver has aggressively worked to hold those accountable who worked with the Receivership Entities and mismanaged funds in such a manner that perpetuated the fraud. Specifically, the Receiver has negotiated and executed a Tolling Agreement of the

Statute of Limitations for accounting malpractice with the accountants (Anthony Coleman and David Cohen) who were the accountants for the Receivership Entities as well as Mr. Brodman, personally. This agreement preserved the Receiver's ability to litigation against the accountants if it is determined that malpractice existed. The information provided at the depositions in a prior Reporting Period validated the Receiver's suspicion that the accountants were involved in the accounting of the Receivership Defendants beyond the mere preparation of tax returns. While securing the tolling agreements for Accountants Coleman and Cohen, it was discovered that neither accountant had malpractice insurance. As detailed in prior report, one of the accounts, David Cohen, has passed away. The Receiver is determining whether any estate action will be warranted involving Mr. Cohen's estate. The Receiver has also negotiated a Tolling Agreement of the Statute of Limitations for legal malpractice for the attorneys involved in the real estate transactions of Receivership Defendants prior to Receiver's appointment. The Receiver continues her investigation into the actions of these professionals.

At present, the Receiver is evaluating other potential agreements with professionals who worked with the Receivership Defendants to ensure that all claims against them are properly preserved. At this time, the Receiver is in the final stages of her determination of whether to bring formal litigation claims against these parties or whether any claims will result in any recovery to the Receivership Estate, especially in light of the recently discovered information of some of the third parties not having any insurance coverage.

In proceeding with making the determination whether to proceed with litigation against third parties, the Receiver continues to consider several factors, including the cost-benefit analysis of bringing any potential claim. Thus, the Receiver is not yet able to predict the likelihood, amount, or effectiveness of any particular claim or the claims as a whole. The Receiver may plan

to first offer those who are required to return money to the Receivership Estate the opportunity to do so cooperatively to avoid costly litigation for all involved. The Receiver intends to seek Court approval before instituting any such third-party actions.

Date: April 30, 2024

Respectfully submitted,

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*/s/ Raquel A. Rodriguez*

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*Attorneys for Receiver, Miranda L. Soto*

**CERTIFICATE OF SERVICE**

I hereby certify that on April 30, 2024, 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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Miami, Florida 33131  
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*Counsel for Defendant, Anthony Nicolosi, fka Anthony Peluso*

I further certify that on April 30, 2024, a true and correct copy of the foregoing was sent via electronic mail to the following:

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