

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
NICOLOSI (f/k/a ANTHONY PELUSO),

Defendants.

/

RECEIVER'S SIXTEENTH INTERIM QUARTERLY REPORT

(Period Covered: January 1, 2025 – March 31, 2025)

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 Sixteenth Interim Report to inform this Court, investors, and interested parties of the significant activities undertaken from **January 1, 2025 to March 31, 2025 (the “Reporting Period”)**, as well as proposed prospective courses of action.

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II. INTRODUCTION

A. Overview of Significant Activities During Reporting Period

During the time period covered by this Report (January 1, 2025 – March 31, 2025), the Receiver and her counsel have engaged in significant activities including but not limited to:

- Worked with Claimants and Receiver's CPA professionals to effectuate and continue to address claimant issues with the Second Interim Distribution of \$1,000,000.00 to approved Claimants;
- Worked with Claimants and Receiver's CPA professionals to resolve any issues relating to Second Interim Distribution including deceased investors, address changes, IRA issues, and returned checks due to mailing address changes;
- Worked with Receiver's CPA professionals regarding tax issues of Receivership entities;
- Worked with Claimants to provide information related to address updates, changes in custodian, and tax information;
- Engaged in litigation against Third Parties Kelley & Grant P.A. and Jerron L. Kelley including obtaining additional information that has led Receiver to dismiss litigation against these Third Parties;
- Continued the Receiver's work to recover funds from the Receivership's former web host; (Receiver previously obtained an order from this Court requiring the Receivership's former web host to pay the \$20,641.50 in fees and expenses of the Receiver, her counsel, and the web consultant the Receiver was forced to retain as a result of the web host's unwillingness and inability to address a website outage);
- Updated Receiver's website and communicated regularly with investors regarding status of the Second Interim Distribution and Receivership;
- Responded to phone calls and written communications from investors, other interested parties and/or their representatives;
- Continued review of potential third party claims and identification of potential counsel to recover investor assets wrongfully misappropriated and/or fraudulently transferred;
- Continued to engage in negotiations with counsel for Third Parties to recover additional funds for the benefit of Claimants;
- Worked with Midland Trust and Claimants to address custodian issues with IRA and non-IRA accounts and;

- Prepared and filed the Receiver's Fifteenth Interim Report on January 31, 2025 (Doc. 155), 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.

III. 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 to 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.

IV. 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. Addressed Issues to Prepare Receivership for Wind Down Process

The Receiver and her team of legal and staff professionals have worked diligently over the past several years to effectuate the mission of the Receivership: to take control of the Receivership assets and manage them to maximize their value for the benefit of defrauded investors. At this juncture, given that the real property assets have been monetized and judgments have been entered against Defendants Nicolosi and Brodman by the Commission, the Receiver is moving forward with all steps necessary to prepare for a final distribution, dissolution of the Receivership, and discharge of the Receiver. During the Reporting Period, the Receiver met with her tax professionals to determine next steps for final tax filings of the Receivership. The Receiver has evaluated the funds available in the Servis accounts to determine an estimated final distribution with a holdback for the outstanding administrative expenses of closing the Receivership. Finally, the Receiver is working with counsel for the Commission to determine steps needed to move

toward formal discharge, including any orders or judgments involving the Receivership Defendants. Further, as discussed below, during the Reporting Period, the Receiver evaluated the cost-benefit analysis of continuing to pursue third party claims and determined that the cost of pursuing these claims outweighed the potential recovery. Without the need to pursue litigation, the Receiver will position herself and her staff to facilitate a wind down of this Receivership and a final distribution to claimants within the 2025 calendar year.

ii. Worked on Claimant Issues with Second Interim Distribution

The Receiver and her team have continued to work diligently to facilitate and address any Claimant issues regarding the two distributions to date. First, on February 13, 2024, the Receiver and her professionals filed her Motion to Approve a First Interim Distribution to Investors (Doc. 130) and received Court approval of the Motion (Doc. 136) on February 21, 2024. The Receiver promptly implemented the First Distribution to Claimants in March 2024. The First Interim Distribution of \$2,860,00.00 represented a recovery of 41.5% of the Allowed Amounts of Investor Claims. In the First Interim Distribution, all distribution checks were cashed by Claimants.

Approximately seven months later, on September 12, 2024, the Receiver filed her Motion to Approve a Second Interim Distribution of \$1,000,000.00 to approved Claimants and to Amend Custodian of Midland Trust Claimants. (Doc. 147.) On September 24, 2024, the Court granted the Motion (Doc. 148) and the Receiver promptly mailed the Second Interim Distribution checks and communicated, via mail, the distribution breakdown for the Second Distribution. The Second Interim Distribution represented a recovery of 14.5% of the Allowed Amounts of Investor Claims, which means that the Receiver has returned a total of **56%** of the Allowed Amounts of Investor Claims to date.

At present, only two of the investor checks in the Second Interim Distribution remain outstanding and the Receiver's staff is in communication with those investors on the issue

negotiating the checks. At present, the Receiver and her team will continue to work with Claimants until all checks from the Second Interim Distribution have been negotiated and cashed. Given the posture of the Receivership, the Receiver anticipates that only one further distribution will be provided to Claimants.

iii. Continued Work to Enforce Court Order on Prior Web Host Paying All Fees and Costs Related to Re-Construction of Receivership Website

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. On June 20, 2024, the Court entered an order commanding the web hosts to, within 30 days, pay **\$20,641.50** in fees and expenses of the Receiver, her counsel, and for the retention of the web consultant the Receiver was forced to retain as a result of the web hosts unwillingness and inability to address the website outage ("Sanctions Order"). The Receiver's counsel promptly

contacted Ms. During regarding the collection of the owed sum but, to date, K. Tek and Ms. During have failed to comply with the Sanctions Order. Accordingly, the Receiver and her team are in the process of obtaining a Final Judgment from the Court via a Motion for Contempt against Ms. During and K. Tek. The Receiver and her team will move forward with obtaining and effectuating this Judgment in the next Reporting Period.

iv. Third Party Claims

During the Reporting Period, the Receiver evaluated 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. During the Reporting Period, the Receiver obtained this Court's approval to file a Third-Party Complaint against Kelly & Grant, P.A. ("Kelley & Grant") and attorney Jerron Kelley, which was filed out of necessity in order to avoid the running of the statute of limitations applicable to legal malpractice actions when the parties could not reach an agreement to extend the tolling agreement that had been previously negotiated.

Since filing the Third-Party Complaint, the Receiver continued to investigate and evaluate the claims asserted therein, which included reviewing statements under oath provided by the third parties that provided additional facts with respect to the allegations in the Third-Party Complaint. As these factual assertions are based on questions of knowledge or lack thereof, and disproving those assertions would require testimony from Defendant Larry Brodman, who has asserted his Fifth Amendment right against self-incrimination to decline providing deposition testimony, the Receiver made the determination that the likely potential costs, in both time and money, outweigh the potential benefits in pursuing the Third-Party Complaint against Kelley & Grant and Mr. Kelley.

On April 23, 2025, the Receiver received Court approval to dismiss and the formal dismissal of Receiver's Third-Party Complaint against Kelley & Grant and Mr. Kelley (Doc. 164.)

Additionally, during the Reporting Period, the Receiver continued to evaluate the cost-benefit analysis of pursuing third-party claims against Anthony Coleman and David Cohen, who served as the accountants for the Receivership Entities in addition to Mr. Brodman, personally. Previously, the Receiver had learned that neither accountant had malpractice insurance and that the accounting practice itself did not have insurance coverage for claims. As detailed in prior reports, the Receiver also learned that David Cohen has passed away. While a Tolling Agreement as to the claims for the Receivership Entities against the accountants has been negotiated up through July 23, 2025, the Receiver has determined that the costs of pursuing litigation against the accountants likely outweighs any potential recovery. The Receiver is cognizant that pursuing third party claims delays Claimants' receipt of a final payout of the funds in this Receivership. The Receiver has made the determination to not pursue these third-party claims and to move forward with taking steps to make a final distribution within this calendar year.

The decision by the Receiver on behalf of the Receivership Entities to not pursue specific third-party claims in litigation does not preclude any defrauded investor from pursuing any claims they may have individually against any of these third parties.

v. 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 **\$730,260.52.**

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.

vi. **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.

V. **THE NEXT QUARTER**

A. **Finalizing Action Needed to Wind Down Receivership**

The Receiver and her team are in the final stages of addressing the marshalling and collection of assets related to the Receivership Entities. In the next Quarter, the Receiver anticipates addressing the outstanding issues with the Second Interim Distribution and taking all steps necessary to move toward issuing a final distribution within this calendar year. The Receiver and her staff plan to work with counsel for the Commission to ensure that any information needed regarding the Receivership Defendants is provided timely. The Receiver plans to work with her forensic accountants not only to finalize the last distribution amount but also to address any tax

issues and tax returns that need to be prepared for the Receivership Entities. The Receiver strives to be in a position to formally close the Receivership within the 2025 calendar year.

Date: April 30, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on April 30, 2025, 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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