

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 23-22791-CV-WILLIAMS

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

BRENT SEAMAN, *et al.*,

Defendants.

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**RECEIVER'S THIRD STATUS REPORT**

Melanie E. Damian, as the court-appointed Receiver (the "Receiver") for Accanito Capital Group, LLC ("Accanito Capital"), Accanito Holdings, LLC ("Accanito Holdings"), Accanito Equity, LLC, Accanito Equity II, LLC, Accanito Equity III, LLC, Accanito Equity IV, LLC, Surge LLC, and Relief Defendant, Surge Capital Ventures, LLC ("SCV") (collectively, the "Receivership Defendants"), submits her Third Status Report concerning the status of the Receivership for the period from April 1, 2024 to June 30, 2024 (the "Reporting Period").

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## I. INTRODUCTION

Receivership Defendants are a group of affiliated companies that were owned and controlled by Defendant Brent Seaman. The Accanito Equity Receivership Defendants were used to collect over \$33 million in investor deposits to purchase ownership interests in startup companies. Those investor deposits were then transferred to Receivership Defendants Accanito Capital, Accanito Holdings, and Surge LLC and spent on Defendant Seaman and his family's personal expenses and lavish lifestyle, exorbitant operating costs, high-risk trading losses, and ownership interests in four small companies, three of which do not produce any revenues for the Receivership Defendants and were otherwise dissipated for the benefit of Seaman and his wife and family.

Upon her appointment as Receiver on October 27, 2023, Ms. Damian took possession, custody, and control of all previously identified funds, assets, and records of the Receivership Defendants (collectively, the "Estate").

In particular, the Receiver froze and transferred to the Estate all funds held in the Receivership Defendants' bank accounts, which, as of the end of this Reporting Period totaled \$1,966,237.86. In addition, the Receiver collected \$1,300,308 in disgorgement payments from Relief Defendants Jana Seaman ("Ms. Seaman") and Valo Holdings Group, LLC ("Valo") and \$10,000 from Defendants' counsel's trust account. The Receiver also recovered jewelry purchased by Surge LLC for \$328,409.43 from Jana Seaman and received three offers for the bulk purchase of that jewelry, excluding the Rolex watch which was sold to the highest bidder for \$15,650.

Further, the Receiver imaged and reviewed all records on the Receivership Defendants' three computers and financial records produced by third parties. The Receiver worked with her forensic accountants to complete the bank account reconstruction for all of the Receivership Defendants' accounts and to calculate the total investor deposits into the Accanito scheme, the

transfers out, and the uses of investor funds, which calculation will be used for the upcoming claims process. The Receiver also sent demand letters to investors who received back amounts in excess of the amounts they had invested (*i.e.*, they received net gains at the expense of other defrauded investors) and/or insiders and third parties that participated in and/or benefitted from the scheme. During the Reporting Period, the Receiver recovered \$375,679.24 from those investors and third parties. A full accounting of the Receivership Estate's receipts and disbursements is attached hereto as **Exhibit A**.

Finally, the Receiver continued to investigate the Receivership Defendants' ownership interests in four small companies and the potential value of those interests. The Receiver has quantified the outstanding debts owed to the Receivership Defendants by certain of those small companies, and she will pursue collection of those debts. The Receiver has demanded payment of outstanding distributions and turnover of corporate ownership and financial records from Surge Trader LLC and is reviewing the records produced by Surge Trader LLC. The Receiver will continue her efforts to maximize the value of the Estate's ownership interests in those companies.

## **II. COMMENCEMENT OF ENFORCEMENT ACTION AND APPOINTMENT OF RECEIVER**

On June 27, 2023, the Securities Exchange Commission ("SEC") filed the Complaint for Injunctive and Other Relief and Demand for Jury Trial against individual Defendant Brent Seaman ("Seaman") and the Receivership Defendants commencing the enforcement action (the "Enforcement Action") for violations of securities laws. *See* ECF No.1. Then the SEC filed its Unopposed Motion for Asset Freeze [ECF No. 4] and Agreed Motion and Memorandum of Law for Appointment of Receiver [ECF No. 5]. The Court granted both Motions on October 27, 2023. *See* ECF No. 17 and 18, respectively. In the October 27, 2023 Appointment Order, the Receiver

was appointed over the Receivership Defendants and charged with carrying out the mandates of that Order. *See* ECF No. 18.

Also on October 27, 2023, the SEC filed Plaintiff's Unopposed Motion for Entry of Judgments Against Defendants Brent Seaman; Accanito Equity LLC; Accanito Equity II, LLC; Accanito Equity III, LLC; Accanito Equity IV, LLC; Accanito Capital Group, LLC; Surge, LLC; and Accanito Holdings [ECF No. 6], attaching the following consents for entry of judgment:

- (1) Consent of Defendant Bren Seaman [ECF No. 6-1]
- (2) Consent of Defendant Accanito Equity, LLC [ECF No. 6-2]
- (3) Consent of Defendant Accanito Equity II, LLC [ECF No. 6-3]
- (4) Consent of Defendant Accanito Equity III, LLC [ECF No. 6-4]
- (5) Consent of Defendant Accanito Equity IV, LLC [ECF No. 6-5]
- (6) Consent of Defendant Accanito Capital Group, LLC [ECF No. 6-6]
- (7) Consent of Defendant Surge, LLC [ECF No. 6-7]
- (8) Consent of Defendant Accanito Holdings, LLC [ECF No. 6-8]

On January 9, 2024, during the prior reporting period, this Court entered the following final judgments:

- (1) Final Judgment as to Defendant Accanito Capital Group, LLC [ECF No. 43]
- (2) Final Judgment as to Defendant Accanito Equity II, LLC [ECF No. 44]
- (3) Final Judgment as to Defendant Accanito Equity III, LLC [ECF No. 45]
- (4) Final Judgment as to Defendant Accanito Equity IV, LLC [ECF No. 46]
- (5) Final Judgment as to Defendant Accanito Equity, LLC [ECF No. 47]
- (6) Final Judgment as to Defendant Accanito Holdings, LLC [ECF No. 48]
- (7) Final Judgment as to Defendant Brent Seaman [ECF No. 49]
- (8) Final Judgment as to Defendant Surge, LLC [ECF No. 50]

In addition, during the prior reporting period, the Receiver and the SEC negotiated a consent and final judgment including a disgorgement amount of \$1,717,717 plus prejudgment interest for Relief Defendant SCV. The SEC also reached an agreement with Brent Seaman as to the final monetary judgment to be entered against him. On March 4, 2024, the SEC filed its Motion to Stay Case for 90 days while the SEC Commissioners consider the proposed judgments as to SCV and Defendant Seaman. *See* ECF Nos. 58. The Court granted the stay of the enforcement aspects of this case [ECF No. 59], pending final approval of the proposed judgments by the SEC Commissioners. That stay of the enforcement action remains in place.

### **III. SUMMARY OF THE OPERATIONS OF RECEIVER AND EFFORTS TO IMPLEMENT APPOINTMENT ORDER**

#### **A. Receiver's Initial Efforts to Marshal and Preserve Assets and Records and Employment of Professionals**

Pursuant to the Appointment Order, the Receiver was granted all powers, rights, and control over the Receivership Defendants previously held by their former management. *See* ECF No. 18, at § 2. In particular, the Receiver was authorized:

- To use reasonable efforts to determine the nature, location, and value of all property interests of the Receivership Defendants.
- To take custody, control, and possession from third parties of all Receivership Property and records relevant thereto from the Receivership Defendants.
- To manage, control, operate, and maintain the Receivership Estate and hold in her possession, custody, and control all Receivership Property, pending further Order of this Court.
- To use Receivership Property for the benefit of the Receivership Estate, making payments and disbursements, and incurring expenses as may be necessary or advisable in the ordinary course of business and discharging her duties as Receiver.
- To engage and employ persons in her discretion to assist her in carrying out her duties and responsibilities hereunder.

*See id.*

**B. Obtaining Information and Records from Defendants**

Paragraphs 8-12 of the Appointment Order require Defendants to turn over certain financial and other information regarding the Receivership Defendants' assets and operations to the Receiver and the SEC. *See* ECF No. 18 at pp. 4-6. During the Reporting Period, the Receiver analyzed the following documents received from third parties pursuant to subpoenas issued by the Receiver in this case:

- Third Party productions from various banks, trading platforms, and corporate entities that received or benefitted from investor funds;
- Midland Trust account statements for contributions made from investor IRAs administered by Midland Trust; and
- Inquiries, claims and supporting documents sent to the Receiver by investors concerning their respective investments in the various Accanito Equity companies.

Throughout the Reporting Period, the Receiver continued to engage in discussions and email exchanges with various investors concerning their investment in the Receivership Defendants and their knowledge of the operation of the scheme, the nature and location of assets, and representations made to them concerning Defendants' purchase of equity interests in small companies and other assets. The Receiver sent a mass email to investors requesting documentation of their investments and contact information in anticipation of developing a claims process and distribution plan.

**C. Recovery of Receivership Defendants' Records and Assets from Third Parties**

During the prior reporting period, the Receiver issued demand letters and/or subpoenas to all financial institutions listed on the Asset Freeze Order [ECF No. 17] and to professionals and other service providers with which the Receivership Defendants had dealings from June 2019 until



September 2022 according to the SEC's Complaint (the "Relevant Period"), requesting the freezing and turnover of accounts and the production of records. During the Reporting Period, the Receiver engaged in ongoing communications with those third parties to demand full compliance with the Receiver's demand letters and subpoenas. *See* ECF No. 18.

**1. Recovery of Funds Held at BMO Harris**

During the Reporting Period, the Receiver also recovered an additional \$37,195.45 from Receivership Defendants' BMO Harris accounts which Surge Trader LLC had transferred to the Receivership Defendants after the asset freeze went into effect. The Receiver has now recovered the balances in all known banking and trading accounts held in Receivership Defendants' names.

**2. Securing Personal Property of the Receivership Defendants**

In addition to recovering the bank account balances listed above, the Receiver secured the Receivership Defendants' valuable personal property, including jewelry purchased by Surge LLC, and ownership interest in four small companies.

**a. Recovery of Jewelry from Jana Seaman**

During the prior Reporting Period, Jana Seaman turned over to the Receiver the following seven items of jewelry that Surge LLC purchased for \$328,409.43 using investor funds. During the Reporting Period, the Receiver photographed and marketed the jewelry to various jewelers and private jewelry purchasers. She collected three offers for the purchase of that jewelry in bulk, excluding the gold Rolex watch. The Receiver also collected several offers for purchases of individual pieces of jewelry. She is currently negotiating with prospective purchasers to obtain the highest and best price for that jewelry and to determine whether a bulk sale is in the best interest of the Estate. The Receiver is also listing each item of jewelry on Ebay to increase the exposure to a larger number of potential purchasers and obtain the highest possible sale prices. Moreover,

among the jewelry the Receiver recovered from Jana Seaman was a gold Rolex watch. After obtaining three offers for the purchase of that watch, the Receiver sold it to the highest bidder for \$15,650, which amount is consistent with the market value of the watch. The jewelry was turned over to the Receiver without the original boxes and authentication and/or GIA certificates, thus making it more difficult for the Receiver to sell the jewelry at market prices.

**b. Securing Corporate Ownership Interests**

In addition to the bank account balances and jewelry, the Receiver has also taken control of Receivership Defendant Accanito Capital Group LLC's ownership interests in Surge Trader LLC, Blue Diamond Home Solutions Dallas LLC, and Blue Diamond Home Solutions LLC. The Receiver, together with her forensic accountants, investigated these ownership interests, whether they are an accurate representation of the Receivership Defendants' ownership in these entities, whether the entities have assets that are property of the Receivership Estate, and whether these corporate interests may be liquidated to benefit the Estate. The Receiver's investigation is ongoing as she subpoenas and reviews documents from those entities.

At the commencement of the receivership, Surge Trader LLC had significant assets and was producing income. Thus, the Receiver demanded that Surge Trader LLC make all due and owing monthly distribution payments to the Estate. Such payments have remained outstanding since December 2023. Surge Trader LLC's principals claim that Surge Trader LLC has ceased operations and does not have sufficient income to make any distributions to shareholders such as Receivership Defendant Accanito Capital. The Receiver is investigating Surge Trader LLC's activities and representations. The Receiver has also served various subpoenas with document requests on Surge Trader and is reviewing the documents produced as well as demanding additional compliance with those requests.

**3. Forensic Images of Receivership Defendants' Digital Devices**

The Receiver completed her review of the forensic images of the two laptops, one desktop computer, and a box of hard copy files obtained from the Receivership Defendants' office.

**4. Forensic Images of Financial Records and Email and Cloud Computing Accounts of Receivership Defendants and Forensic Reconstruction of Receivership Defendants' Financial Transactions**

The Receiver's forensic IT professional imaged Receivership Defendants' QuickBooks accounts for Accanito Capital, Accanito Holdings, Surge LLC, and SCV. During the Reporting Period, those QuickBooks files were analyzed by the Receiver's forensic accountant, together with the bank account and trading statements and back-up documents received from Defendant Seaman, investors, BMO Harris, and the online trading platforms, to create a reconstruction of Receivership Defendants' financial transactions. That bank account reconstruction has been used to identify, formulate, and assert claims against third parties who received voidable transfers and investors who received net gains from the Receivership Defendants to recover funds traceable to defrauded investors and to determine the Receivership Defendants' ownership interest in various companies and assets, as well as to assist in a future claims process and distribution plan.

**D. Investigation of Receivership Defendants' Business Operations and Uses of Investor Funds**

**1. The SEC's Claims and Receiver's Investigation Thereof**

In its Complaint, the SEC alleges that from at least June 2019 until September 2022 (the Relevant Period) Defendant Seaman and the Receivership Defendants raised approximately \$35 million from approximately 60 investors. To carry out the scheme, Defendant Seaman and the Receivership Defendants promised investors guaranteed returns and that investor funds would be used to invest in startup companies and to make profitable trades in commodities and currencies. These representations were false. Investor deposits were transferred to Surge, LLC and Accanito

Capital and used to trade foreign currencies resulting in significant losses, to make Ponzi-like distributions to investors, and for expenditures to benefit Defendant Seaman and his relatives. *See* ECF No. 1. As a result of the conduct alleged in the Complaint, the SEC commenced the Enforcement Action for violations of securities laws against Defendant Seaman and the Receivership Defendants.

The Receiver's investigation of the Receivership Defendants' business operations, financial records, and dealings with investors has revealed that the foregoing allegations in the SEC's Complaint accurately describe the actual operations of the Receivership Defendants.

## **2. Receivership Defendants' Use of Investor Funds and the Receiver's Investigation and Pursuit of Claims to Recover Such Funds**

During the Reporting Period, the Receiver, together with her forensic accountant, continued to trace the flow of investor funds through intracompany transfers between and among Receivership Defendants as follows:

As stated in the Receiver's Initial Status Report, Investors invested in the Receivership Defendants by sending their investment contributions to Accanito Equity LLC, Accanito Equity II, LLC, Accanito Equity III, LLC and/or Accanito Equity IV, LLC. Investors believed that their funds were purchasing private equity in a diverse group of startup and technology companies. Investors were promised guaranteed returns on their investments in the form of monthly distributions. Investors who received monthly distributions often rolled over their investments from one Accanito Equity company to the next believing that the Receivership Defendants' private equity interests were very profitable and that they had made a good investment. In reality, very little private equity was ever purchased in the name of the Receivership Defendants. And, of the four companies in which Receivership Defendants invested, only Surge Trader LLC was purportedly profitable, and according to the operating agreement forming that company

Receivership Defendants were only granted a 5% ownership interest in that company. So, while some investors received monthly distributions, those distributions did not come from Receivership Defendants' net profits, but rather from new investor deposits.

Moreover, instead of purchasing private equity, investor funds were transferred to Accanito Capital, Accanito Holdings, and Surge LLC and used to fund Defendant Seaman and his family's lavish lifestyle including private jet flights, luxury ski vacations, exotic cars, expensive jewelry, and nearly a half million dollars spent on annual rent for the Seamans' residence. In addition, investor funds were used to pay for Mr. Seaman's sizeable divorce settlement to his ex-wife and to make interest-free loans and to pay significant fees to Jana Seaman and her entities Valo and United in Assignment, LLC. Investor funds were also used to fund high-risk, online foreign currency trading which resulted in significant losses of capital and payment of high commissions for accounts held in the name of Surge LLC and Surge Capital Ventures LLC.

**a. Use of Investor Funds on Personal Expenses and Transfers to Insiders and Third Parties and Efforts to Recover Those Funds<sup>1</sup>**

As detailed in her Initial Status Report, the Receiver has traced the use of over \$8.5 million in investor funds to pay for personal expenses for Defendant Seaman and his family and to make transfers to insiders. During this Reporting Period, the Receiver continued investigating this misuse of investor funds to determine whether it gives rise to viable claims for the Estate. Further, the Receiver developed the Estate's voidable transfer claims against third-party recipients of investor funds, investors who received net gains traceable to investor funds, former counsel and accountants to Defendant Brent Seaman, and family members and insiders. The Receiver sent demand letters to those third parties and investors in possession of misappropriated investor funds.

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<sup>1</sup> The amount and categorization of the transfers of investor funds reported herein are based on the Receiver's review of the Receivership Defendants' QuickBooks files which have not yet been verified with backup documentation that is still being produced by third parties.

She has also engaged in negotiations for repayment of those investor funds to the Estate. During the Reporting Period, the Receiver recovered \$375,679.24 from those third parties pursuant to settlement and release agreements. The Receiver will file an omnibus motion seeking the Court's approval of such settlements. And, she is preparing a complaint to pursue legal action against those third parties that have refused to return the investor funds.

**b. Trading Losses and Investigation of Claims Against Trading Platforms**

The Receiver, together with her forensic accountant, has traced the transfer of at least \$20.1 million in investor funds to 11 foreign currency exchange trading accounts held by Surge LLC. Upon liquidation of those 11 trading accounts, only \$508,719.94 of that \$20.1 million remained and was recovered by the Receiver. Those trading accounts are hosted by online platforms registered in foreign countries. The trading accounts were used to conduct high-risk trading and suffered huge losses of investor funds. In addition to the trading losses, Surge LLC paid high commissions to the trading platforms. The Receiver is investigating the amounts of commissions and fees paid to both the trading platforms and the introducing broker that connected Surge LLC with those foreign platforms to determine whether the Estate holds viable claims against those third parties.

**c. Corporate Ownership Interests and Investigation of Claims Related Thereto**

The Receivership Defendants' remaining assets include interests in small, closely held companies, including 99% ownership of Blue Diamond Home Solutions of Dallas (Dallas, TX), 5% ownership of Blue Diamond Home Solutions (Naples, FL), 5% ownership of Surge Trader LLC, and 100% ownership of Surge Capital Ventures LLC, and potential claims against insiders and third parties that received funds and assets from the Receivership Defendants.

During the Reporting Period, the Receiver continued investigating the percentage of the Receivership Defendants' ownership in those closely held companies, the outstanding loans made by the Receivership Defendants to those companies, and the potential value of the Receivership Defendants' ownership interests in those companies. The Receiver with her forensic accountant determined the outstanding debt owed by those companies to the Receivership Defendants and is pursuing the Estate's right to collect those debts.

None of these closely held companies other than Surge Trader LLC ever produced revenue for the Receivership Defendants. Surge Trader LLC ceased making monthly distributions pursuant to Accanito Capital's 5% ownership interest at the end of November 2023. Thereafter, the Receiver sent Surge Trader LLC a demand letter for the unpaid and all future distributions owed to Accanito Capital and a subpoena seeking corporate and financial records needed to audit the revenues and expenditures of the company to determine the amount of monthly distributions owed to the Receivership Estate. During the Reporting Period, the Receiver sent another demand letter and Subpoena to Surge Trader LLC seeking additional information and corporate and financial records. The Receiver's investigation into Surge Trader LLC's operations and finances revealed that, during the Relevant Period, Surge Trader LLC paid large distributions to its majority members Valo and Oceanfront Staffing LLC ("Oceanfront") until Oceanfront sold its membership interest in Surge Trader LLC to Valo for an undisclosed sum. The Receiver has subpoenaed the records of that sale, but Surge Trader LLC has thus far failed to produce those records. Surge Trader LLC also paid hundreds of thousands of dollars per month to Jana Seaman's credit cards. The Receiver subpoenaed those credit card records from Surge Trader LLC, reviewed the limited statements that were produced to determine whether those expenses were incurred for the benefit of Surge Trader LLC's business, and is seeking additional statements from Surge Trader LLC and third parties to complete her investigation. After spending its sizeable revenue on the

aforementioned expenses, Surge Trader LLC now claims it has ceased operations and does not currently have sufficient revenue to make monthly distribution payments to its members, including Accanito Capital.

According to the forensic bank account reconstruction, SCV currently owes \$1,717,717 to the Receivership Defendants pursuant to a loan, funded in large part with investor funds. The Receiver continues investigating the use of investor funds that passed through SCV. In particular, SCV transferred over \$2.2 million to Deel, Inc., as a payment processor, to pay independent contractors who were working for SCV. The Receiver served a subpoena on Deel, Inc. and obtained and reviewed all invoices, contracts and supporting documents underlying the \$2.2 million in payments to Deel, Inc. The Receiver has investigated the services provided by those independent contractors and whether they actually benefitted the Receivership Defendants or third parties. The Receiver will complete her investigation, and if necessary, bring claims to recover the payments that SCV made to third parties that benefitted from investor funds without providing the Receivership Defendants with reasonably equivalent value.

#### **IV. CASH ON HAND AND ACCRUED EXPENSES OF ESTATE**

The Receiver presently holds \$3,660,099.23 in cash on hand in the Estate's fiduciary account at City National Bank in Miami, Florida. *See* Schedule of Receipts and Disbursements, attached hereto as Exhibit A.

During the Reporting Period, the Receivership Estate incurred administrative expenses in the form of fees and costs of the Receiver and her professionals for the work they performed in connection with fulfilling the Receiver's duties under the Court's Orders. Pursuant to the Appointment Order, the Receiver will file an application seeking approval and payment of those fees and costs from the funds the Receiver has marshaled and deposited into the Estate's fiduciary account since she was appointed. During that same time period, the Receiver made disbursements



from the fiduciary account for necessary expenses to preserve and administer the Estate as well as to image and preserve all of the Receivership Defendants' business records. *See* Exhibit A.

#### **V. KNOWN PROPERTY OF THE RECEIVERSHIP ESTATE**

The Receiver is in possession, custody, or control of the following assets of the Receivership Estate:

- \$3,660,099.23 in cash on hand, in the Estate's fiduciary account at City National Bank in Miami, Florida;
- Jewelry purchased by Surge LLC recovered from Jana Seaman;
- The right to collect the balance of Valo's disgorgement obligation;
- 99% ownership interest in Blue Diamond Home Solutions of Dallas (Dallas, TX);
- 5% ownership interest in Blue Diamond Home Solutions (Naples, FL);
- At least 5% ownership interest in Surge Trader LLC;
- One desktop computer and two laptop computers; and
- Claims against insiders and third parties.

#### **VI. LIQUIDATED AND UNLIQUIDATED CLAIMS OF THE RECEIVERSHIP ESTATE**

Throughout this Reporting Period, the Receiver and her professionals completed the reconstruction of Receivership Defendants' bank accounts for the Relevant Period and analyzed potential sources from which the Receivership Estate could recover additional funds or other assets belonging to or improperly transferred from the Receivership Defendants, including affiliates, investors, relatives, and third parties who are in possession of or received funds or other assets traceable to the Receivership Defendants' business or investors.

The Receiver and her professionals will continue developing and pursuing claims the Estate may have to recover funds or other assets belonging to or improperly transferred from the

Receivership Defendants, as discussed above, including without limitation turnover and fraudulent transfer claims against affiliates, investors, relatives, and third parties, as is appropriate and authorized by the Appointment Order. Further, the Receiver will investigate the Estate's potential claims against third parties that may have facilitated the alleged misconduct of the Receivership Defendants or otherwise contributed to the damages alleged to have been sustained by investors.

The Receiver is not aware of any liquidated claims of the Estate at this time.

## **VII. KNOWN CREDITORS OF THE RECEIVERSHIP ESTATE**

The creditors of the Estate are made up of the Receivership Defendants' investors and a couple of investors that also claim to be lenders to the Receivership Defendants. The Receiver, with the assistance of her forensic accountant, calculates that the investments into the Receivership Defendants total \$33,619,347.67. The Receiver has identified 63 investors who suffered a net loss from their investments into the Receivership Defendants. Those investors invested a total of \$32,913,667.90 with the Receivership Defendants and suffered a total loss of \$27,293,135.21. The Receiver will verify these net loss calculations during the claims process that the Receiver intends to propose to the Court during the next reporting period.

During the prior reporting period, the Receiver requested that investors provide proof of the investments they made in, and returns they received from, the Receivership Defendants along with backup documentation of such investments and returns. Most investors responded to the Receiver's request. During this Reporting Period, the Receiver requested additional information from investors. Also, the Receiver followed up on her subpoena to Midland Trust and obtained the account statements needed to determine the amount of investor funds that flowed through that IRA administrator and which investors invested and received returns through Midland Trust. Midland Trust has provided the requested documents, and the Receiver's forensic accountant has incorporated all information provided by investors and Midland Trust into the bank account

reconstruction.

The Receiver then used the bank account reconstruction to calculate the net loss for each individual investor based on the total amount invested in all Receivership Defendants, not including rolled-over amounts, minus the distributions and returned contributions received by that investor. Those net loss calculations will be used to send pre-filled claims process forms to each investor, provided that the Court authorizes the Receiver to proceed with a claims process.

### **VIII. RECEIVER'S RECOMMENDATION**

The Receiver and her professionals appreciate the opportunity to assist the Court in this matter. The Receiver recommends a continuation of the Receivership, as discussed herein, to fulfill the Receiver's duties under the Court's Orders, with the focus on affording the most cost-effective approach to preserving the assets, maximizing the ultimate recovery by the Receivership Estate, carrying out the directives of this Court, and implementing the Plan of Liquidation proposed in her Initial Status Report and creating a claims process and distribution plan during the next reporting period.

Respectfully submitted this 30th day of July, 2024.

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*Counsel for the Receivership Entities, for  
Relief Defendant Surge Capital Ventures  
LLC, and for Receiver, Melanie E. Damian*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via electronic transmission via this Court's CM/ECF filing system on July 30, 2024 on all counsel or parties who have appeared in the above-styled action.

/s/Kenneth Dante Murena  
Kenneth Dante Murena, Esq.  
*Counsel for the Receivership Entities, for  
Relief Defendant Surge Capital Ventures  
LLC, and for Receiver, Melanie E. Damian*