

IN THE CIRCUIT COURT OF THE 11TH
JUDICIAL CIRCUIT IN AND FOR MIAMI
DADE COUNTY, FLORIDA

PERETZ MOCKIN, an individual, ISRAEL
MOGILEVSKY, an Individual, SC EVENTS
INC., a Corporation,

CASE NO.:

Plaintiffs,

vs.

PRIORITY CAPITAL SOLUTIONS, INC., a
Florida Corporation, KIT HOLDINGS INC., a
Florida Corporation, BROAD CAPITAL
SOLUTIONS, LLC, a Florida Limited
Liability Company, USD FUNDING LLC, a
Florida Limited Liability Company, ISRAEL
TZIVIN, an Individual, and KATHERINE
LAIRD WILLIAMS, an Individual,

Defendants.

VERIFIED COMPLAINT FOR DAMAGES AND JUDICIAL DISSOLUTION

Plaintiffs, Peretz Mockin (“Mockin”), Israel Mogilevsky (“Mogilevsky”), and SC Events Inc., (“SC Events”) (collectively, “Plaintiffs”), sue Priority Capital Solutions, Inc. (“Priority”), KIT Holdings, Inc. (“KIT”), Broad Capital Solutions, LLC (“Capital”), USD Funding LLC (“USD”) (together, the “Entity Defendants”), Israel Tzivin (“Tzivin”), and Katherine Laird Williams (“Williams”) (together with the Entity Defendants, the “Defendants”) and state or allege as follows:

NATURE OF ACTION

For several years, Tzivin, through the Entity Defendants, has been operating a purported investment enterprise that Tzivin claimed was using money from individual and corporate

investors and lenders to operate a lucrative merchant cash advance (“MCA”)¹ business that provided phenomenal returns. The enterprise eventually devolved into a fraudulent scheme that obtained approximately \$20 million in 2023 alone, and paid returns to existing investors with funds Tzivin and his accomplices raised from other investors.

In 2017, Tzivin established and started to operate each of the Entity Defendants (which he established at different times). Through the Entity Defendants, Tzivin has solicited tens of millions of dollars in purported investments by agreeing to pay (and, for a time, actually paying) high returns to investors. Tzivin represented that the Entity Defendants were either making direct merchant cash advances to merchants, or were entering into “syndication” deals whereby investors and lenders would participate in MCA transactions, and be repaid on a weekly basis by the merchants who availed themselves of the cash advances.

For a time, Tzivin paid what appear to be legitimate returns on some of the earlier investments and loans using funds that the merchants repaid. But as the enterprise’s sheer size and appetite for new investment funds grew, Tzivin and his fiancée Williams began to misappropriate increasingly greater amounts of money for their personal use, and to allow Tzivin to indulge in an increasingly reckless gambling habit, which in turn required an ever-growing influx of more money from new investors and lenders to satisfy obligations to existing investor and lender returns that could not be satisfied by the returns from the MCA deals that the Defendants entered into. It appears that by 2023, some the money that Tzivin raised from investors and lenders was being used solely to repay obligations to existing investors and lenders - and little of the approximately

¹ Generally, a merchant cash advance, or MCA, is an alternative type of business financing, typically thought of as the financing solution of last resort for troubled businesses or businesses that cannot qualify for a traditional loan. With an MCA, the funder gives the merchant an upfront sum of cash that the merchant must repay on a weekly basis, using a percentage of the merchant’s revenues, plus significant fees.

\$20 million received was used to fund actual MCA transactions. Having been mismanaged for years by Tzivin's lack of records of any kind to keep track of and collect the MCAs that he purportedly funded, the Defendant Entities became conduits by which Tzivin perpetrated a fraud on dozens of investors and lenders, almost all of whom were connected by a familiar relationship or friendship with Tzivin and the "brokers" he utilized to fleece an even larger network of people.

As is the case with all fraudulent schemes, the enterprise eventually collapsed under its own weight. With ever increasing obligations to repay higher and more returns, Tzivin could no longer meet the demands of taking in more and more new money to continue paying "returns" to his investors and creditors, while depleting millions of dollars for his and Williams' personal use and their family members. The Defendants stopped making weekly payments of what had now become fraudulent returns to his investors and lenders. The investors and lenders demanded answers from Tzivin and payments of returns from the Defendants. Now under immense pressure from investors and lenders who began to suspect that Tzivin had defrauded them, Tzivin purportedly checked into a rehabilitation facility. At the insistence of the Plaintiffs and other investors, Tzivin and Williams signed Corporate Resolutions and Consents appointing a Chief Restructuring Officer ("CRO") for each of the Entity Defendants to, among other things, liquidate or reorganize the Entity Defendants for the benefit of creditors and other interest holders.

Once the CRO began to analyze the financial misdeeds of the Entity Defendants, Tzivin's scheme became clear. Tzivin and Williams had misappropriated millions of dollars from the Entity Defendants for their personal use and to pay the personal credit card bills for themselves and their families. The CRO has determined that the Entity Defendants are insolvent because the Entity Defendants have millions of dollars in liabilities, which far exceed the available assets, and the Entity Defendants are unable to repay the returns of principal and interest promised to investors

and lenders.

The Plaintiffs bring this action to recover damages that they have suffered through Defendants' conduct. The Plaintiffs also seek, and the Entity Defendants' CRO agrees, that equitable relief is warranted; to appoint a receiver² to take control of the Entity Defendants, attempt to administer or collect outstanding cash advances that should be paid to the Entity Defendants, prevent immediate and irreversible waste and serious loss of potential assets and to locate, marshal, and distribute assets to creditors.

THE PARTIES

1. Plaintiff Peretz Mockin is an individual residing in Miami-Dade County, Florida.
2. Plaintiff Israel Mogilevsky is an individual residing in New York.
3. Plaintiff SC Events, Inc. is a for-profit corporation registered to do business in New York.
4. Defendant Israel Tzivin is an individual residing in Palm Beach County, Florida.
5. Defendant Katherine Laird Williams is an individual residing in Palm Beach County, Florida.
6. Defendant Priority Capital Solutions, Inc. is a for-profit corporation organized under the laws of the State of Florida with a primary and mailing address of 67 NW 183rd Street, Miami Gardens, FL 33169, in Miami-Dade County, Florida.
7. Defendant KIT Holdings, Inc. is a for-profit corporation organized under the laws of the State of Florida with a primary and mailing address of 67 NW 183rd Street, Miami Gardens, FL 33169, in Miami-Dade County, Florida.

² Plaintiffs' are filing an Emergency Motion to Appoint a Receiver over the Entity Defendants and their assets simultaneously with this Verified Complaint.

8. Defendant Broad Capital Solutions LLC is a limited liability company organized under the laws of the State of Florida with a primary and mailing address of 67 NW 183rd Street, Miami Gardens, FL 33169, in Miami-Dade County, Florida.

9. Defendant USD Funding LLC is a limited liability company organized under the laws of the State of Florida with a primary and mailing address of 67 NW 183rd Street, Miami Gardens, FL 33169, in Miami-Dade County, Florida.

JURISDICTION AND VENUE

10. This is an action for damages valued more than \$50,000.00 exclusive of interest, costs, and attorney's fees, and for equitable relief.

11. Plaintiff Mockin resides in Miami-Dade County, Florida.

12. Each of the entity Defendants has a primary and mailing address in Miami-Dade County, Florida and has conducted business in this judicial district for several years.

13. Defendants Tzivin and Williams reside in Palm Beach County, Florida.

14. Venue is proper in this Court because the causes of action accrued in this judicial district and the parties either reside, have offices, and/or conduct business in Miami-Dade County, Florida.

BACKGROUND

A. Formation of the Scheme and Raising of Initial Capital

15. In 2017, Tzivin formed the first of the Entity Defendants, Priority, and developed a plan to solicit money from friends, family, acquaintances, investors, lenders, and others for use in his business dealings.

16. Tzivin claimed that intended to use the funds that he solicited to pursue MCA transactions with various merchants. Under the guise of the Entity Defendants, Tzivin claimed to

be operating investment vehicles which would provide profits that Tzivin claimed he would use to pay returns to his investors and lenders and pay himself a fee.

17. To induce parties to invest or lend money for use in his business dealings, Tzivin held himself out to be an expert in MCA dealings.

18. Tzivin offered investors and lenders several different vehicles to provide him funds through each of the Entity Defendants including:

- a. Various written instruments including promissory notes, hetter iskaa³ business agreements, mortgages, other loan documents.
- b. Syndication or participation Agreements, which are akin to revenue sharing agreements, through which the investor and the Defendants would provide MCA funds to merchants, with the returns on these deals resulting in a revenue share between the investor and the Defendants in proportion to the percentages of funds that they invested, and
- c. Various verbal agreements.

19. Several of the written agreements through which Tzivin raised funds included a personal guaranty executed by Tzivin in his individual capacity.

20. Early on, Tzivin and the Entity Defendants may have realized some legitimate returns from the various MCA deals, which created an opportunity for Tzivin to expand his operation, form more entities through which he could solicit funds to pursue more MCAs to collect returns and profits.

21. Tzivin also began to co-opt friends and acquaintances to become “brokers” for the

³ Hetter iska are written agreements made in accordance with Jewish laws concerning the prohibition of lending money with interest between community members.

alleged MCA deals, and thereby created a sales force of people who were being paid commissions from the ill-gotten gains to solicit their own networks of friends and family members to invest their monies into Tzivin's growing scheme.

22. The rapid growth of the enterprise created opportunities for Tzivin and Williams to use increasingly more of the returns and/or investments for their personal use.

B. Tzivin and Williams' Personal Use of Corporate Assets and Investor Funds as the Fraud Unravels

23. As Tzivin and Williams used the Entity Defendants' money for personal expenses and to fund Tzivin's gambling addiction, the scheme began to unwind.

24. Tzivin's used company money to, among other things, fund a gambling and alcohol abuse habit.

25. Additionally, Williams received approximately \$1.5 million from the Defendant Entities much of which was used to pay for her credit cards.

26. But while Tzivin and Williams depleted the company assets, investors and lenders demanded to have their returns satisfied.

27. As such, in 2020, Tzivin formed KIT and Capital as new entities through which he could raise new investor funds under the guise of funding more MCA agreements while developing a new avenue through which he could use new investor/lender funds to satisfy returns guaranteed to existing investors and lenders.

28. The representations that Tzivin was using investor and lender money to fund MCAs and that their money was secure were lies. Tzivin did not file liens in connection with the MCAs that he claimed to have made, and investors and lenders' ability to receive the promised returns and repayment of principal was dependent on Defendants' ability to continue to raise new investor money and convince existing investors to extend the term of their agreements.

29. To induce potential investors and lenders to make investments in or loans to him and the Entity Defendants, Tzivin repeatedly told the investors and lenders that he was running a legitimate MCA fund and promised to pay significant returns on their investment and loans.

30. To induce potential investors and lenders to make investments in or loans to him and the Entity Defendants, Tzivin repeatedly showed the investors and lenders what purported to be documentation and statements that gave him the appearance of running a legitimate MCA fund.

31. To induce the investors and lenders to “roll over,” or continue to make investments in or loans to him and the Entity Defendants, Tzivin repeatedly paid significant returns and interest on the monies he has received from the investors and lenders, to convince the investors and lenders that he was running a legitimate MCA fund.

32. The appearance that Tzivin created, that the Entity Defendants were a legitimate MCA fund, was a sham. There were hardly enough profitable MCA deals for Tzivin to make continuing payments of purported profits to the lenders and investors. The only way that Tzivin could continue the façade of paying great returns to the investors and lenders was to pay them with monies he raised from new lenders and investors, i.e., a fraudulent scheme. But once the supply of new investors and lenders was exhausted, Tzivin was unable to pay the promised returns.

C. Appointment of Interim CRO and the Entity Defendants’ Insolvency

33. As happens with all fraudulent schemes, Tzivin’s fraud came tumbling down.

34. Because of Tzivin and Williams’ misappropriation of company funds and personal and non-business use of investor and lender monies, the Defendants eventually lost the ability to satisfy their existing obligations for returns to investors and lenders, and the well of new investors

and lenders went dry.

35. The investors and lenders who had invested money with Tzivin and the Entity Defendants began to demand repayment of their monies. But the Defendants could not meet these demands, because they had defrauded dozens of people out of tens of millions of dollars, and no longer had enough “new” money to keep paying returns to the investors and lenders.

36. Understanding the dire situation before them, in July of 2023, Tzivin and Williams signed corporate resolutions appointing a Chief Restructuring Officer (“CRO”) over the Entity Defendants, as demonstrated by the Declaration of Tzemach Simon that is being filed simultaneously with this complaint as well as the accompanying motion for the appointment of a receiver both of which are explicitly incorporated by reference in their entirety in this Complaint.

37. Tzivin and Williams, as the members, manager and/or officers of the Entity Defendants, gave the CRO the power to, among other things, commence liquidation or reorganization of the Entity Defendants for the benefit of creditors and other interest holders.

38. Since his appointment, the CRO has investigated the affairs, assets and liabilities of the Entity Defendants and determined that the Entity Defendants are severely underfunded and unable to meet their obligations to investors and lenders as they come due and are therefore insolvent.

39. Moreover, the CRO was able to determine that Tzivin and Williams received company funds and paid for numerous non-business related items with the funds of the Entity Defendants at a time that Entity Defendants did not have sufficient resources to meet the demand for returns from any class of investor or lender and further sustain the Entity Defendants’ operations.

COUNT I - FRAUD
(As to Tzivin and Williams)

40. Plaintiffs re-allege and incorporate each allegation contained in Paragraphs 1 through 39 above as if fully set forth herein.

41. At all times relevant to this Complaint, Tzivin utilized his entities for his and Williams' benefit and interest, using investor and lender funds acquired through these entities for their own personal use and to pay personal expenses including to support Tzivin's gambling, alcohol abuse habits, and other non-business-related expenses in complete disregard for corporate form and responsibility of good-faith and fair dealings to investors and lenders.

42. Throughout the duration of Tzivin's business dealings, Tzivin and Williams engaged in a scheme to mislead and defraud investors and lenders regarding the use of funds and the source of returns that were paid to existing investors and lenders and induced new investors and lenders to contribute funds to prop up Tzivin's scheme.

43. Tzivin and Williams repeatedly and knowingly made false statements and showed fabricated documentation to the Plaintiffs and other investors and lenders related to earnings and the financial health of the Entity Defendants, including but limited to the fact that the Entity Defendants were profitable through the MCA deals (which was an intentionally false statement, because there were insufficient legitimate and profitable MCA deals to pay returns of the magnitude required for such a large investment pool), knowing that these statements were untrue and fraudulent because Tzivin and Williams were using company monies to fund personal and non-business related expenses and, further, that new investor and lender money was being used to satisfy returns to existing investors and lenders.

44. Tzivin and Williams' intentional false statements and fraudulent documents were designed and intended to induce the Plaintiffs and other investors and lenders to invest and

lend more money to Tzivin and the Entity Defendants, and to raise monies from their families and friends, so that Tzivin could prop up and perpetuate his scheme and further induce and defraud new investors and lenders on which he was reliant to satisfy existing demand for returns.

45. Plaintiffs did in fact rely on Tzivin's intentionally false and misleading statements to their detriment and invested and loaned funds to Tzivin and the Entity Defendants.

46. Plaintiffs have suffered damages because of Tzivin and Williams' intentionally fraudulent statements and conduct.

WHEREFORE, Plaintiffs demand judgment against Defendants Tzivin and Williams jointly and severally for damages more than \$50,000 together with interest and costs and for all such further relief to which Plaintiffs may be entitled at law or in equity.

COUNT II – CONVERSION
(As to all Defendants)

47. Plaintiffs re-allege and incorporate each allegation contained in Paragraphs 1 through 39 above as if fully set forth herein.

48. Defendants have wrongfully asserted dominion and control over Plaintiffs' personal property – namely, their principal given as monetary investments, loaned funds, and contractually guaranteed returns.

49. As set forth above, Tzivin intentionally made false statements about the financial condition of the Entity Defendants and the intended use for investor and lender funds in order to induce Plaintiffs to invest and lend money to the Defendants for non-existent MCA deals, and to “roll over” their investments and loans into more and more purported MCA deals, which also did not exist.

50. Tzivin and Williams in fact were using the investment and loaned money provided by the Plaintiffs to make personal and non-business related purchases and further using new

investor and lender money to pay returns to existing investors and lenders. Tzivin and Williams were operating a fraudulent scheme through the Entity Defendants.

WHEREFORE, Plaintiffs demand judgment against Defendants jointly and severally for damages in excess of \$50,000 together with interest and costs and for all such further relief to which Plaintiffs may be entitled at law or in equity.

COUNT III - UNJUST ENRICHMENT
(As to all Defendants)

51. Plaintiffs re-allege and incorporate every allegation contained in Paragraphs 1 through 39 above as if fully set forth herein.

52. Plaintiffs conferred a benefit to the Defendants by providing funds to allow the business to continue to operate and attempt to realize some legitimate returns on the few MCAs that they had.

53. As outlined above, Defendants solicited this benefit from the Plaintiffs and knowingly retained this benefit by using their funds to pay fraudulent returns to other investors and lenders and failing to return funds to the Plaintiffs.

54. By wrongfully possessing the Plaintiffs funds and using Plaintiffs money to prop up the fraudulent scheme while further using Plaintiffs' funds for personal benefit, the Defendants have been unjustly enriched to the detriment of Plaintiffs such that Plaintiffs have been damaged.

WHEREFORE, Plaintiffs demand judgment against Defendants jointly and severally for damages in excess of \$50,000 together with interest and costs and for all such further relief to which Plaintiffs may be entitled at law or in equity.

COUNT IV – JUDICIAL DISSOLUTION PURSUANT TO FLA. STAT. § 605.0702
(As to Capital and USD)

55. Plaintiffs re-allege and incorporate every allegation contained in Paragraphs 1 through 39 above as if fully set forth herein.

56. The CRO of the Entity Defendants has provided sworn testimony in his Declaration attesting: (a) that Defendant Entities lack proper books and records; (b) that Tzivin raised funds for MCA transactions from lenders and investors; (c) that the Defendant Entities did not have information and documents to keep track of the investments made by the lenders and investors; (d) that the Defendant Entities are insolvent; (e) that the Defendant Entities had insufficient capital to pay investors and lenders; (f) that approximately \$1.5 million was paid to or for the benefit of Defendant Katherine Williams over the last two years; and (g) that the Defendant Entities require a Court supervised liquidation proceeding to maximize funds for repayment to the numerous investors and lenders of the Defendant Entities.

57. Through Tzivin and Williams' leadership and control of the Entity Defendants, including Defendants Capital and USD, Defendants have acted in a manner that is fraudulent and inconsistent with the Plaintiffs' rights.

58. Defendants Tzivin and Williams' conduct has caused irreparable injury to the Entity Defendants including Defendants Capital and USD and the Defendants have further caused irreparable injury to Plaintiffs and their interests and the interests of all investors and lenders.

59. Tzivin and Williams' management and actions have caused the assets of the Plaintiffs and the Entity Defendants, including Defendants Capital and USD, to be misappropriated, subject to serious risk of loss, and wasted to the detriment of the Plaintiffs and all investors and lenders.

60. Due to Defendants Tzivin and Williams' actions, the Entity Defendants including

Defendants Capital and USD's assets continue to be subject to serious risk of loss and waste to the detriment of the Plaintiffs and all investors and lenders.

61. A receiver is necessary to wind down the affairs of the Entity Defendants in an organized and efficient way, with judicial oversight, to prevent a veritable race to the courthouse by and between their various creditors, to have the ability to issue subpoenas for information that is needed to locate and collect assets, and to file suits against third parties in aid of collection efforts.

WHEREFORE, Plaintiffs pray that this Court provide Court supervision over the dissolution of Defendants Capital and USD pursuant to Fla. Stat. § 605.0702, and take all other actions to properly dissolve Defendants Capital and USD including but not limited to appointing a receiver in accordance with Fla. Stat. § 605.0704 and with Plaintiffs' separately filed Emergency Motion to Appoint Receiver and for all such further relief to which Plaintiffs may be entitled at law or in equity.

COUNT V – JUDICIAL DISSOLUTION PURSUANT TO FLA. STAT. § 607.1430 OR
ALTERNATIVE RELIEF PURSUANT TO FLA. STAT. § 607.1434
(As to Priority and KIT)

62. Plaintiffs re-allege and incorporate herein each and every allegation contained in Paragraphs 1 through 39 above as if fully set forth herein.

63. The CRO of the Entity Defendants has provided sworn testimony in his Declaration attesting : (a) that Defendant Entities lack proper books and records; (b) that Tzivin raised funds for MCA transactions from lenders and investors; (c) that the Defendant Entities did not have information and documents to keep track of the investments made by the lenders and investors; (d) that the Defendant Entities are insolvent; (e) that the Defendant Entities had insufficient capital to pay investors and lenders; (f) that approximately \$1.5 million was paid to or for the benefit of

Defendant Katherine Williams over the last two years; and (g) that the Defendant Entities require a Court supervised liquidation proceeding to maximize available funds for the numerous investors and lenders of the Defendant Entities.

64. Through Tzivin and Williams' leadership and control of the Entity Defendants, including Defendants Priority and KIT, Defendants have acted in a manner that is fraudulent and inconsistent with the Plaintiffs' rights.

65. Defendants Tzivin and Williams' conduct has caused irreparable injury to the Entity Defendants including Defendants Priority and KIT and the Defendants have further caused irreparable injury to Plaintiffs and their interests and the interests of all investors and lenders.

66. Tzivin and Williams' management and actions have caused the assets of the Plaintiffs and the Entity Defendants, including Defendants Priority and KIT, to be misappropriated, subject to serious risk of loss, and wasted to the detriment of the Plaintiffs and all investors and lenders.

67. Due to Defendants Tzivin and Williams' actions, the Entity Defendants including Defendants Priority and KIT's assets continue to be subject to serious risk of loss and waste to the detriment of the Plaintiffs and all investors and lenders.

68. A receiver is necessary to wind down the affairs of the Entity Defendants in an organized and efficient way, with judicial oversight, to prevent a veritable race to the courthouse by and between their various creditors, to have the ability to issue subpoenas for information that is needed to locate and collect assets, and to file suits against third parties in aid of collection efforts.

WHEREFORE, Plaintiffs pray that this Court dissolve Defendants Priority and KIT pursuant to Fla. Stat. § 607.1430, and take all other actions to properly dissolve Defendants Priority and KIT including but not limited to appointing a receiver in accordance with Fla. Stat. § 605.1434 and with Plaintiffs' separately filed Emergency Motion to Appoint Receiver and for all such further relief to which Plaintiffs may be entitled at law or in equity.

DATED: September 14, 2023.

Respectfully submitted,

DGIM Law PLLC
2875 NE 191 Street, Suite 705
Aventura, Florida 33180

By: /s/ Jonathan E. Groth
Daniel Y. Gielchinsky, Esq.
Florida Bar No. 97646
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Jonathan E. Groth, Esq.
Florida Bar No. 102648
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Fla. Stat. § 92.525 Declaration

Under penalties of perjury, I declare that I have read the foregoing Verified Complaint and that the facts stated in it are true to the best of my knowledge and belief.

Dated: September 14, 2023

DocuSigned by:
Peretz Mockin
By: _____
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Peretz Mockin