

CAUSE NO. D-1-GN-24-001018

SAJID MAQSOOD, TRUSTEE OF THE SAJID	§	IN THE DISTRICT COURT
& JOAN M. MAQSOOD REVOCABLE TRUST,	§	
ET AL.,	§	
	§	
Plaintiffs,	§	
	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
PRIDE OF AUSTIN HIGH YIELD FUND I, LLC,	§	
ET AL.,	§	
	§	
Defendants.	§	201ST JUDICIAL DISTRICT

RECEIVER'S INITIAL STATUS REPORT

Gregory S. Milligan, in his capacity as the Court-appointed receiver ("**Receiver**") for Defendant Pride of Austin High Yield Fund I, LLC ("**POA**"), pursuant to the *Agreed Order Appointing Receiver* dated April 30, 2024 and amended May 6, 2024 (the "**Receivership Order**"),¹ files this status report and would respectfully show the Court as follows:

SUMMARY OF REPORT

1. Receiver files this report to provide the Court, investors, creditors, and other stakeholders with information on the status and expectations for the continuation of the Receivership. The Receiver will periodically file additional reports to provide POA's stakeholders with updates on his progress.

2. Since his appointment, the Receiver has worked diligently to fulfill his duties and obligations pursuant to the Court's Receivership Order. Namely, the Receiver has (1) analyzed the status of POA assets, which include notes receivable secured by deeds of trust and REO properties that were previously foreclosed by POA, as well as potential litigation claims; (2) contacted

¹ Section XI of the Receivership Order directs the Receiver to file periodic status updates to the Court concerning the operations of the Receiver.

relevant stakeholders including borrowers, guarantors, former POA personnel and retained professionals of POA, insurance carriers, and property managers/brokers, among others; (3) diligently sought the turnover of all POA books and records (as detailed herein, while the Receiver has gained access to some of POA's books and records, this access was significantly delayed and impeded by Robert Buchanan, who continues to intentionally impede the Receiver's efforts to access the remaining books and records); (4) retained professionals to assist him in performing his obligations, including in his efforts to maximize the available return to POA's stakeholders; (5) made extensive efforts to notify all interested parties of the Receivership; and (6) continued his investigation into potential litigation claims the Receiver may have against individuals and entities to maximize the value of POA's assets.

REPORT

A. Events Leading to Appointment of Receiver

3. POA is a Texas limited liability company. Its manager is CCG Capital Group, LLC ("CCG"). POA has more than 200 members, each of whom have subscribed to purchase membership interests in POA in accordance with the terms and conditions of a Subscription Agreement, POA's Operating Agreement, and the Private Placement Memorandum dated December 1, 2008. POA raised investor capital for the purpose of making and arranging residential, commercial, and construction loans to the general public, acquiring existing loans, and selling loans, all of which are to be secured by deeds of trust and mortgages on real estate or personal property.

4. Beginning in 2023, POA was hit with an onslaught of investor lawsuits after POA ceased distributions and failed to adequately communicate with investors. At least 36 different lawsuits were filed against POA prior to the appointment of the Receiver in this action. Most of

the lawsuits also included claims against CCG as well as its principal Robert Buchanan (“***Buchanan***”).

i. Retention of Harney Partners to investigate internal affairs of POA

5. At the recommendation of POA’s counsel, POA retained HMP Advisory Holdings, LLC d/b/a/ Harney Partners on March 1, 2024 for the purposes of analyzing the books, records, and operations of POA. After approximately a month of not receiving information necessary to complete the scope of its engagement, Harney Partners finally received most, but still not all, of the information requested from Buchanan. On April 15, 2024, Harney Partners issued its Preliminary Report (the “***Report***”) to all investors of POA. The Report unearthed significant issues concerning the operations of POA, including fraud. Shortly after the dissemination of the Report to POA’s investors, POA agreed to the appointment of Gregory S. Milligan, of Harney Partners, as receiver for POA.

B. Assets of POA

6. The assets of POA, fundamentally, consist of two categories: (i) notes receivable secured by deeds of trust on real estate; and (ii) REO properties that have been previously foreclosed upon by POA. The status of each category of assets, as well as the individual assets within those categories, is discussed in turn below.

i. Notes receivable secured by deeds of trust

7. A review of POA’s books and records indicates that it has the following outstanding notes receivable on its books: (i) six outstanding notes receivable from Trinity Consulting and Construction, LLC (“***Trinity***”); (ii) one outstanding note receivable from Hidden Oaks at Berry Creek Partners LLC (“***HOBC***”); (iii) one outstanding note receivable from CCG Development (a Buchanan-controlled entity) (“***CCGD***”); (iv) one outstanding note receivable from Guestwiser

Venture 1, LLC (“*Guestwiser*”); (v) one outstanding note receivable from The Valor Club Partners, LLC (“*Valor Club*”); and (vi) one outstanding note receivable from Milan Sai Joint Venture, LLC (“*Milan Sai*”). Trinity, HOBC, CCGD, Valor Club, Guestwiser, and Milan Sai are referred to herein as the “*POA Borrowers*”. The Receiver’s initial review of POA’s books and records indicates that, collectively and subject to further verification, the POA Borrowers owe POA approximately \$16 million, plus accrued interest.

8. The Receiver has made initial contact with all of the POA Borrowers and has had productive conversations with all of the POA Borrowers except CCGD. Most, if not all, of the POA Borrowers are in default under their existing loan documents with POA. In an effort to facilitate a smooth transition from a Buchanan controlled POA as lender, to the Receiver acting as lender, the Receiver has offered all of the POA Borrowers the opportunity to sign a short-term forbearance agreement (collectively, the “*Forbearance Agreements*”, and each a “*Forbearance Agreement*”). In the Forbearance Agreements, the Receiver agrees to forbear from exercising remedies for a 45-60 day period, during which the Receiver will investigate the status of the loans and the collateral package as it relates to each Borrower. Each Forbearance Agreement contains a release of any claims that the Borrower has or may have against POA. As of the date of this Report, only one POA Borrower has returned an executed Forbearance Agreement, although the Receiver anticipates that he will soon receive executed Forbearance Agreements from other POA Borrowers.

a. Trinity

9. The loans to Trinity are secured by six lots, including improvements thereto, in Lago Vista, Texas. Specifically, the following lots secure the loans to Trinity: (1) 3405 Congress Avenue, Lago Vista, Texas 78645; (2) 3605 Constitution Drive, Lago Vista, Texas 78645; (3)

3602, 3604, and 3606 Congress Avenue, Lago Vista, Texas 78645; (4) 3407 and 3409 Congress Avenue, Lago Vista, Texas 78645; (5) 21522 and 21524 Lakefront Drive, Lago Vista, Texas 78645; (6) 20710 Roundup Trail, Lago Vista, Texas 78645 (collectively, the “*Trinity Properties*”).

10. Each of the Trinity Properties, which has been inspected by a member of the Receiver’s staff, secure notes that were issued by Trinity to POA between March 2022 and March 2024. POA has deeds of trust recorded in the Travis County Real Property Records, securing each of the Trinity Properties².

11. The Trinity Properties are in various stages of completion with only one home substantially completed. All other lots are either in very early stages of construction or without any prior material construction activity. The aggregate current appraised value as set by the Travis County Appraisal District for all Trinity Properties is \$1,135,894.00.

12. The liens described above secure the repayment of those amounts, and to the extent that Trinity is unable to repay the outstanding obligations owed to POA on an acceptable timeframe, the Receiver will look to the collateral for repayment of the obligations. As further security, the principals of Trinity, Michael Edward Scofield and Sunny Alyssa Scofield, have executed personal guarantees.

b. HOBC

13. The loan to HOBC is secured by several lots, located at Phase 1 at Hidden Oaks at Berry Creek, Georgetown, Texas 78628, including the improvements thereto, in Williamson County, Texas. The loan is evidenced by a Real Estate Lien note, dated May 30, 2018, in the

² See Official Records of Travis County, Texas, Document Nos. 2022109333, 2022187277, 2023041857, 2023140390, 2023005447, 2022060246.

original principal amount of \$11,000,000.00. The note is secured by a Deed of Trust, Security Agreement, and Fixture Financing Statement, dated May 30, 2018³.

14. The HOBC project is a master planned single family development. HOBC has developed and sold almost all of the lots to purchasers. As the lots have been sold, the Receiver understands that HOBC has remitted proceeds of the sales to POA, which have been applied to the outstanding debt. As a result, the outstanding principal balance is considerably less than the original \$11 million face value of HOBC's note. The Receiver understands that there are only three (3) lots remaining for HOBC to sell, the proceeds of which will be used to pay down the outstanding balance. Although it is uncertain, it is unlikely that the proceeds from the sale of the remaining lots will be sufficient to retire the debt, and there is likely to be a significant deficiency balance owed to POA. The principal of HOBC, Steven Todd McCullough, has signed a personal guaranty of the outstanding debt, which the Receiver is investigating, and will likely pursue, as necessary.

c. CCGD

15. CCGD is a Buchanan controlled entity. Over the life of POA, POA has made several loans to CCGD. One characteristic of the CCGD loans made by POA, is that they were often made on and/or administered with better economic terms than loans made by POA to other third-party, non-insider, borrowers, including discounted interest rates and Buchanan causing POA to not collect interest on certain of the CCGD loans. The loans to CCGD often did not include documentation, formal review of draw requests, or the customary 10% holdback that POA required for funding third-party borrowers. The Receiver is currently investigating all loan transactions between POA and CCGD and will provide further updates as the investigation progresses.

³ See Official Records of Williamson County, Texas, Document No. 2018047205

16. Currently, there is one outstanding loan from POA to CCGD. The loan is secured by a Deed of Trust on property located at 1610 Hether Street, Austin, Texas 78704, including the improvements thereto, in Travis County, Texas, which the Receiver understands to be Buchanan's primary residence (the "***Buchanan Residence***"). This loan matured several years ago, and POA's books and records reflect that no payments have been made on account of this loan in several years. Additionally, CCGD has outstanding property taxes for tax years 2022 and 2023 in the amount of approximately \$123,048.01. The current appraised value as set by the Travis County Appraisal District is \$2,556,904.

17. The Receiver has initiated foreclosure proceedings on the Buchanan Residence, with a foreclosure sale set to occur on July 2, 2024. If the foreclosure is successfully completed, the Receiver will begin marketing the Buchanan Residence for sale, with the net proceeds of any such sale flowing to the POA Receivership Estate.

d. Guestwiser

18. The loan to Guestwiser is secured by two lots, 1115 and 1117 Powhattan Street, Dallas, Texas 75215, which has been inspected by the Receiver. The loan to Guestwiser was made in January 2020. The principal amount of the note was \$2,905,000, and the note is secured by a Deed of Trust, Security Agreement, and Fixture Financing Statement, dated January 21, 2020⁴. The property securing the loan to Guestwiser is located in the vicinity of downtown Dallas, and the borrower's stated intention is to develop the property by constructing modular units for housing. The Receiver has been in discussions with a Guestwiser representative concerning its plan for repayment of the debt, and such discussions are ongoing. The Receiver is also in the process of determining the value of the collateral securing the Guestwiser loan, including both the

⁴ See Official Records of Dallas County, Texas Document No. 202000021222

residential lots and modular units. The current appraised value of the two lots as set by the Dallas County Appraisal District is \$528,280. Secret Light LLC, Yehuda Berg, and Michal Berg have signed personal guarantees, which the Receiver is investigating, and will likely pursue in the event that Guestwiser is unable to fully repay the debt.

e. **Valor Club**

19. The loan to Valor Club is currently secured by multiple lots, potentially consisting of approximately 50 acres of real property across four (4) non-contiguous tracts (“***Valor Club Current Collateral***”) on the northwest side of San Antonio adjacent to the former Pecan Valley Golf Club (“***Golf Course***”). The loan is secured by a Deed of Trust, Security Agreement, and Fixture Financing Statement, dated March 2, 2018⁵. Originally, POA held a first lien on the Valor Club Current Collateral, and a second lien on the Golf Course, subordinate to the lien of an entity named PVG 2008, LLC (the “***Golf Course Lender***”). The original collateral package for POA’s loan included a second lien on the Golf Course and a first lien on the Valor Club Current Collateral. Valor Club’s indebtedness to the Golf Course Lender, which was in excess of \$7 million, matured in August 2022, and Valor Club did not pay the debt due to the Golf Course Lender at maturity. Shortly thereafter, the Golf Course Lender proceeded with posting the Golf Course for foreclosure, which was ultimately effectuated on December 6, 2022. As a result of the Golf Course Lender’s December 2022 foreclosure of the Golf Course, POA’s second lien on the Golf Course was extinguished. Accordingly, the only collateral that remains to secure the debt owed by Valor Club to POA is the Valor Club Current Collateral.

20. The Receiver is working with the borrower to better define and value the Valor Club Current Collateral. The Bexar County Appraisal District shows Valor Club as the owner of

⁵ See Official Records of Bexar County, Texas Document No. 20180042083

eleven parcels of land in Bexar County constituting approximately 58 acres of land, with a combined appraised value of \$2,764,620. The Receiver is in the process of confirming POA's lien status with respect to each parcel. On May 2, 2024, the Receiver executed a Forbearance Agreement with the Valor Club in which the Valor Club acknowledged the existence of the debt, and released any claims it may have had against POA. The Forbearance Agreement is set to expire on July 2, 2024. The Receiver has been in ongoing discussions with the Valor Club concerning its development plans and proposed path to repayment of the debt. The Receiver and his counsel have visited and inspected the collateral properties. If the Receiver is unable to come to a resolution with the Valor Club in the near term, he will likely post the collateral properties for foreclosure and seek to foreclose on the real property. Irwin J. Deutch has signed a guaranty, which the Receiver is investigating, and will likely pursue in the event that Valor Club is unable, or the collateral is insufficient, to fully repay the debt.

f. Milan Sai

21. The loan to Milan Sai is secured by real property, located at 3432 Interstate Highway 30, Stanton, Texas 79782, including the improvements thereto, in Martin County, Texas. The loan is evidenced by a Real Estate Lien note, dated September 29, 2017, in the principal amount of \$2.4 million. The note is secured by a Deed of Trust, Security Agreement, and Fixture Financing Statement, dated September 29, 2017⁶. Milan Sai operates the collateral property as a Super 8 Motel. Milan Sai is represented by counsel, Thomas Irons, and the Receiver and his counsel have had initial discussions with Milan Sai's representative and its counsel concerning Milan Sai's plan to repay the debt, and such discussions are ongoing. The principals of Milan Sai, Sunil Patel and Vishal Makwana, have signed personal guarantees, which the Receiver is

⁶ See Official Records, Martin County, Texas, Document No. 4578, Vol. 580, Page 136.

investigating, and will likely pursue in the event that Milan Sai is unable to repay the amounts outstanding on the loan in a timeframe that is acceptable to the Receiver.

ii. REO Properties

22. POA has three REO properties. The properties are located at (i) 8043-8045 FM 359, Fulshear, Texas 77441 (the “***Fulshear Property***”); (ii) 3204 Overcup Oak Drive, Austin, Texas 78704 (the “***Overcup Property***”); (iii) 17389 IH 20, Canton, Texas 75103 (the “***Canton Property***”).

i. The Fulshear Property

23. The Fulshear Property has been owned by POA for approximately ten years and consists of two commercial buildings, which are managed by a leasing company. One of the buildings is currently 100% occupied, and the other property is a “shell” where finish out construction was never completed. The Fulshear Property is currently cash flow neutral; however, upon information and belief, POA has covered years of significant cash losses at the property from investor funds. The Receiver has been in contact with the leasing company and is currently evaluating options for the best way to maximize the value of the Fulshear Property for the benefit of POA’s stakeholders, which might include finish out of the second building if such efforts will achieve a return on investment for the benefit of investors. The current appraised value as set by the Fort Bend County Appraisal District is \$5,502,460.

ii. The Overcup Property

24. The Overcup Property is a single-family home in South Austin that was taken over by POA as a result of a defaulted loan with Neos Cabinetry, LLC. Upon obtaining ownership of the Overcup Property, and although no contract has ever been produced to the Receiver, POA appears to have hired CCGD to provide general contractor services to finish the project.

25. Shortly after his appointment, on May 6, 2024, the Receiver, through counsel, sent a notice to CCGD ordering that it stop work on the Overcup Property until further notice. The Receiver has subsequently terminated CCGD. The Receiver has been in contact with a reputable and competent general contractor that he anticipates formally retaining in the near term to finish the construction at the Overcup Property. Although the Receiver will need to generate funds to finish the construction of the Overcup Property, he anticipates being able to do so, and believes that the expenditure will result in maximizing the value and price for which the Overcup Property can be sold, thus maximizing the recovery for POA's stakeholders.

iii. The Canton Property

26. The Canton Property is a commercial building in Canton, Texas. POA became the owner of the Canton Property as the result of a nonjudicial foreclosure sale in January 2024. Construction at portions of the Canton Property is not completed. The restaurant area was completed and operational at some point in the past but shuttered in 2023 when the restaurant business failed. Plans for batting cages and a mini storage facility are partially constructed at the structural steel stage. Recently, the Canton Property suffered a casualty event as a result of an F-1 tornado or straight line winds of a similar strength, which damaged the roof. The Receiver promptly reported the issue to the Canton Property's insurer. The Receiver also promptly paid all outstanding amounts owed to the carrier and, to the best of his knowledge, has provided the carrier with all required information to preserve the Receivership Estate's claim to applicable insurance proceeds. The Receiver has facilitated an inspection by the carrier's adjustor and has been advised by the adjuster that the carrier has elected to engage an engineer to further examine the impacts of the recent storm and relation to existing interior water damage.

27. Shortly after learning of the casualty event, the Receiver also learned that POA has been sued by Canton Independent School District in *Canton Independent School District, et. al. v. Wing Dingers Texas, LLC*; Cause No. T24-00021, pending in the 294th Judicial District, Van Zandt County, Texas for outstanding property taxes (the “***Tax Suit***”). The Tax Suit covers the years 2020, 2021, 2022, and 2023 in an amount exceeding \$76,000.00. The Receiver has filed (i) a Notice of Receivership and Injunction; and (ii) a Notice of the Motion to Establish Claims Procedure in the Tax Suit.

28. A broker was retained prior to the receivership to market the Canton Property, and the Receiver is currently working with such broker to evaluate all viable options concerning how to maximize the value of the Canton Property for the benefit of POA’s stakeholders.

C. Turnover of Assets and Records

29. The Receivership Order grants the Receiver the authority to take control of all the books and records of POA. *See, e.g., Receivership Order ¶¶ 5, 8, 18.* Pursuant to that grant of authority, the Receivership Order commands all officers, agents, and employees of POA—specifically naming Buchanan, CCG, and those acting in their place—to preserve and turnover POA’s books and records to the Receiver and provides specific deadlines for doing so. *Id.* ¶¶ 11–16, 19. The Receiver has expended and continues to expend significant efforts in attempting to gain access to all of POA’s books and records, which, as contemplated by the Receivership Order, is vital to the Receiver’s performance of his duties and obligations to POA.

30. The Receiver has ultimately been successful in obtaining access to *some* of POA’s records. However, the Receiver’s efforts have been, and continue to be, impeded by Buchanan. Buchanan’s purposeful violation of the Receivership Order in this regard is the subject of the Receiver’s pending motion for contempt, as elaborated below.

31. POA's books and records consist of physical and electronically stored documents and other information. For example, POA utilizes QuickBooks as its accounting system of record for cash, loan portfolio tracking, and investor accounts. Documents related to the loan portfolio, including underwriting, servicing, and payoffs, are stored on DropBox. To the best of the Receiver's knowledge, POA has two bank accounts with Frost Bank: a checking and a money market account⁷. POA also utilizes Frost Bank's Treasury Management services for cash management and payment processing.

32. Immediately following his appointment, the Receiver requested access to POA's books and records from Buchanan and CCG. The Receiver was able to gain access to the Dropbox and the two Frost Bank accounts. However, the Receiver has only recently gained access to QuickBooks after weeks of intentional delays from Buchanan. More specifically, after receiving the login information for POA's QuickBooks account, the Receiver found he could not login to access it. Buchanan was still logged on as a user, preventing another user, here the Receiver, from simultaneously accessing the platform. Despite the Receiver's multiple requests, Buchanan refused to logout of QuickBooks. As such, the Receiver was required to contact POA's QuickBooks IT Provider, Parried, to cause Buchanan to logout. Although the Receiver provided Parried with the Receivership Order, citing the explicit books and records provisions stated above, Parried ultimately declined to remove Buchanan from the system without explicit authorization from CCG. This authorization was, of course, not granted because CCG is under Buchanan's sole control. After multiple correspondence between the Receiver, Parried, and Buchanan, Buchanan finally logged off, and the Receiver was granted access to QuickBooks.⁸

⁷ The Receiver has recently become aware that an account may exist at Comerica Bank, which has never been previously disclosed by Buchanan.

⁸ The Receiver continues to correspond with Parried, including by directing Parried to preserve any and all CCG records in its possession.

33. Although the Receiver was ultimately granted access to QuickBooks, Buchanan, his agents, CCG, and employees of CCG, remain in violation of the Receivership Order by failing to provide the Receiver with *all* POA's books and records as required. This includes information that the Receivership Order expressly orders be turned over to the Receiver. See **Receivership Order** ¶¶ 12–14. Additionally, despite multiple requests from the Receiver, Buchanan has refused to meet in person to facilitate the transition of control of POA to the Receiver. On May 15, 2024, counsel for Receiver sent Buchanan a letter reminding him of his obligations under the Receivership Order and demanding compliance. The letter also advised Buchanan that the Receiver would file a motion for contempt should Buchanan not comply by the deadline stated in the letter. Buchanan eventually replied via email with, at best, a half-hearted attempt to provide some of the requested information. But Buchanan's response was wholly unhelpful because it contained nonsensical, inaccurate, and incomplete information. When Receiver's counsel asked follow-up questions, in an attempt to resolve the matter without the need for Court intervention, Buchanan ignored them.

34. Due to Buchanan's persistent and ongoing failures to comply with an order of this Court, which have significantly impeded the Receiver's duties and obligations, the Receiver, through counsel, has filed a *Motion for Show Cause Order and for Contempt* against Buchanan and CCG. The motion for contempt highlights Buchanan's past and present violations of the Receivership Order, specifically identifying Buchanan's failure to comply with paragraphs 12 through 16, which the motion further identifies as Buchanan's "Sworn Statement Obligations," "Tax Obligations," and "Cooperation Obligations." See **Motion for Contempt** at 4. The motion requests that the Court impose a civil contempt penalty of imprisonment on Buchanan for 180 days or until he complies with the Receivership Order.

35. While the motion for contempt is pending, the Receiver will continue working diligently to gain access to POA's books and records⁹.

D. Retention of Professionals

36. Under the Receivership Order, the Receiver is entitled to retain professionals as the Receiver deems advisable or necessary in the performance of the Receiver's duties and responsibilities. *See Receivership Order ¶¶ 8.i, 52.*

37. Legal counsel. The Receiver has retained Holland & Knight LLP to provide him with general legal advice. Holland & Knight has agreed to provide its services at a reduced rate, which represents an approximate 15% discount from its lead counsel's standard rate. Holland & Knight has expertise in areas necessary to maximize recoveries on POA's loan portfolio, including collection litigation, secured credit, and bankruptcy, as well as in fraudulent transfer and fiduciary litigation, which may be another source of recovery for POA's stakeholders.

38. Financial advisors. The Receiver has retained Harney Partners to provide him with financial advice and forensic analysis to maximize recoveries for POA stakeholders. Harney Partners has significant expertise in advising distressed companies, receivers, and other court appointed fiduciaries for the purpose of maximizing recoveries for stakeholders.

39. Tax advisors. The Receiver has retained Weaver and Tidwell, L.L.P. to provide him with tax advice. The Receiver has recently learned that POA has not filed tax returns for an extended period of time, possibly dating back to 2017. The Receiver is further advised that, despite POA not filing federal tax returns for five or six years, during this period, Buchanan himself issued

⁹ Since the filing of the Motion for Contempt, the Receiver has had an extended conversation with Buchanan in his continued efforts to successfully transition control of POA from Buchanan to the Receiver. Since that conversation, and at the Receiver's direction, Mr. Buchanan has provided additional information, including (i) a contract to which POA is a party; (ii) K-1's sent by POA to investors; (iii) some invoices and related information for the Overcup Property; and (iv) pre-receivership communications with certain borrowers. Although these efforts evidence progress towards compliance by Mr. Buchanan, he is still not in compliance with the mandates of this Court's Receivership Order.

K-1s to investors. Weaver and Tidwell will, among other things, advise the Receiver regarding POA's delinquent tax return status with the Internal Revenue Service.

40. Claims agent. The Receiver has retained Stretto as claims agent. In addition to providing legal notices and other information to stakeholders, but both email and U.S. mail, Stretto has assisted the Receiver by publishing a website, <https://www.prideofaustinreceivership.com> (the "***Receivership Website***"). The purpose of the Receivership Website is to provide a convenient and efficient forum for investors of POA and other parties in interest to submit questions to the Receiver and receive matter updates, including court filings and orders. The Receiver also intends for Stretto to be instrumental in investor communications during the claims reconciliation process in the event that the Court approves the Receiver's requested claims procedure.

41. In accordance with the Receivership Order, the Receiver will provide full disclosure of the Receiver's and retained professionals' compensation and expense reimbursement from the Receivership Estate to the parties and to the Court as part of the Receiver's Quarterly Status Report. It is important to note that Buchanan's lack of cooperation and frustration of the Receivership Order, which has prevented an orderly transition to the Receiver, has caused both the Receiver and retained professionals to expend significant, further, and unnecessary effort which directly increases the total expenses of the Receivership Estate.

E. Filings and Pending Matters

38. Since his appointment, the Receiver has made several filings, and some remain pending. On April 30, 2024, the Receiver deposited his required bond and made the requisite oath, thereby effectuating his appointment as Receiver.

39. Within the week following the Receivership Order, the Receiver filed *Notices of Receivership and Injunction* in all other pending matters involving POA.

40. On May 23, 2024, the Receiver filed the *Motion to Approve (I) Proposed Claims Verification Procedures and (II) Claims Bar Date*. This motion remains pending, and a hearing on the motion is set for June 10, 2024. The motion seeks entry of an order: (a) enjoining third parties from continuing or commencing actions adverse to the Receiver or the Receivership Estate outside of this proceeding and the claims process proposed therein; and (b) approving the Receiver's proposed process for filing claims against the Receivership Estate and adjudicating those claims. The motion sets forth the proposed process for sending notice of claims, including by publishing the notices to the Receivership Website, and verifying claims to all potential holders of claims identified by the Receiver in due diligence. The Receiver has attempted to make the process for holders of equity interests in POA as user friendly as possible. The process described in more detail in the *Motion to Approve (I) Proposed Claims Verification Procedures and (II) Claims Bar Date* provides that the Receiver will send "Reconciliation Notices" to POA's investors which will detail the cash invested in POA, money paid to applicable investor by POA, and the amount of reinvested dividends, along with support for the Receiver's findings. If the applicable POA investor agrees with the Receiver's findings, then they are not required to do anything further. If, however, they disagree, then they are required to file an objection to the Reconciliation Notice. The Receiver has also filed *Notices Regarding Receiver's Claims Motion* in all pending matters involving POA.

41. On June 3, 2024, the Receiver filed the *Motion for Show Cause Order and for Contempt against Robert J. Buchanan and CCG Capital Group, LLC*, which is described above. The motion remains pending, and a hearing on the motion is set for June 10, 2024.

F. Continuing Investigation

42. The Receiver, and the Receiver's retained personnel, have begun investigating avenues for maximizing the value of POA's assets for the benefit of POA's stakeholders. In

addition to their investigation of how to maximize recoveries on POA's loan portfolio and REO properties, the Receiver is investigating potential litigation claims against POAs insiders and affiliates, including Buchanan, CCG Equity Fund I and II, and CCG Development. These potential claims include, but are not limited to, fraudulent transfer claims. The Receiver's investigation is ongoing and will, of course, be informed by the Receiver's ultimate access to all POA books and records when such access is ultimately obtained.

Dated: June 9, 2024

Respectfully submitted,

HOLLAND & KNIGHT LLP

By: /s/ Trip Nix

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CERTIFICATE OF SERVICE

I hereby certify that, on June 9, 2024, a true and correct copy of the foregoing motion was served electronically upon all counsel of record via eFileTexas.

/s/ Trip Nix

Trip Nix

Automated Certificate of eService

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Status as of 6/10/2024 5:29 AM CST

Associated Case Party: PRIDE OF AUSTIN HIGH YIELD FUND I, LLC

Name	BarNumber	Email	TimestampSubmitted	Status
Jameson Watts		jameson.watts@huschblackwell.com	6/9/2024 7:46:09 PM	SENT
Dee Baatz		dee.baatz@huschblackwell.com	6/9/2024 7:46:09 PM	SENT
Maya Dokic		Maya.Dokic@huschblackwell.com	6/9/2024 7:46:09 PM	SENT
Christine Deacon		christine.deacon@huschblackwell.com	6/9/2024 7:46:09 PM	SENT

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Hannah Maloney		hannah.maloney@hklaw.com	6/9/2024 7:46:09 PM	SENT
GREGORY SMILLIGAN		gmilligan@harneypartners.com	6/9/2024 7:46:09 PM	SENT
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Alex Hackworth		ahackworth@abdmLaw.com	6/9/2024 7:46:09 PM	SENT
Ashley Johnson		ajohnson@griffithdavison.com	6/9/2024 7:46:09 PM	SENT

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Tammy Greenblum on behalf of William Nix
Bar No. 24092902
tammy.greenblum@hklaw.com
Envelope ID: 88596829
Filing Code Description: No Fee Documents
Filing Description: RECEIVER'S INITIAL STATUS REPORT
Status as of 6/10/2024 5:29 AM CST

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Isabelle Antongiorgi		Isabelle@dunhamllp.com	6/9/2024 7:46:09 PM	SENT
James Hicks		jhicks@griffithdavisson.com	6/9/2024 7:46:09 PM	SENT
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