

2. Plaintiff brings this suit as the court-appointed receiver on behalf of the Fund. The Fund is a Texas limited liability company doing business in Travis County, Texas. Plaintiff may be contacted through the undersigned counsel.

3. Guestwiser is a Texas limited liability company that can be served with process by and through its registered agent, Registered Agents Inc., at 5900 Balcones Drive, Suite 100, Austin, Texas 78731. Alternatively, if Guestwiser fails to maintain a registered agent, or its registered agent cannot be found at the above-referenced registered office with reasonable diligence, Guestwiser can be served with process by service on the Texas Secretary of State. *See* Tex. Bus. Orgs. Code § 5.251.

4. Secret Light is a California limited liability company. It may be served with process by and through its registered agent, Yehuda Berg, at 434 S Almont Drive, Beverly Hills, California 90211-3507.

5. Yehuda is an individual residing at 434 S Almont Drive, Beverly Hills, California 90211-3507. He may be served with process at that address or wherever else he may be found.

6. Michal is an individual residing at 434 S Almont Drive, Beverly Hills, California 90211-3507. She may be served with process at that address or wherever else she may be found.

JURISDICTION AND VENUE

7. The Court has jurisdiction over this matter because the claims asserted exceed the minimum jurisdictional limits of this Court. The Court has personal jurisdiction over Guestwiser because it is a Texas limited liability company doing business in Texas. The Court has personal jurisdiction over Guarantors through the Texas long-arm statute and consistent with due process because, while not Texas residents, Guarantors have sufficient minimum contacts with Texas to justify the assertion of personal jurisdiction. *See* Tex. Civ. Prac. & Rem. Code §§ 17.041–.045. Specifically, Guarantors signed a guaranty with the Fund, a Texas business, to induce the Fund to extend credit to Guestwiser, another Texas business, for the purpose of constructing improvements on real property located in Texas. When Guarantors signed the guaranty, they knew the guaranteed

debts were owed to the Fund and that they were embarking on a long-term contractual relationship with the Fund. Lastly, in signing the guaranty, Guarantors expressly agreed that any action arising from the guaranty may be brought—at the Fund’s option—in state or federal court in Travis County, Texas. For these reasons, it was foreseeable to Guarantors that they could be hailed into Texas court regarding claims arising from the guaranty.

8. Venue for this lawsuit is proper in Travis County, Texas. The note and guaranties are major transactions as defined under Texas Civil Practice and Remedies Code § 15.020, and, in signing the note and guaranty, Defendants agreed (i) that the note and guaranty were to be governed and construed in accordance with the laws of the State of Texas and (ii) that any action concerning the note, other loan documents, and guaranty must be brought, at the Fund’s option, in Travis County.

AMOUNT IN CONTROVERSY

9. Plaintiff seeks monetary relief over \$1,000,000.00, which is within the jurisdictional limits of this Court. *See* Tex. R. Civ. P. 47(c)(4).

FACTUAL BACKGROUND

10. On or about January 21, 2020, the Fund and Guestwiser executed a Commercial Loan Agreement for Construction of Improvements on certain real property in Dallas, Texas through which the Fund agreed to extend a maximum principal amount of \$2,905,000.00 to Guestwiser for the construction of same (the “*Loan*”). The Loan is evidenced by a Real Estate Lien Note (the “*Note*”) for that maximum principal amount in favor of the Fund and is secured by a Deed of Trust, Security Agreement, and Fixture Financing Statement (the “*Deed of Trust*”) and Assignment of Rents and Revenues, both executed on or about January 21, 2020. The Deed of Trust and Assignment of Rents and Revenues were recorded in the Official Public Records of

Dallas County, Texas on January 23, 2020, as Instrument No. 202000021222 and Instrument No. 202000021223, respectively. The maturity date of the Loan and Note was August 1, 2021.

11. As a condition of the Fund extending credit to Guestwiser, Guarantors executed a guaranty agreement on January 21, 2020, guaranteeing full payment and performance of the Note (the “**Guaranty**”). More specifically, Guarantors agreed to guarantee all principal, interest, reasonable attorneys’ fees, and any other indebtedness and liabilities of every kind of Guestwiser to the Fund arising under the Loan and Note.

12. Pursuant to the Loan and Note, the Fund extended credit to Guestwiser. However, Guestwiser defaulted under the Note by failing to pay the Note by its maturity date. This balance on the Note remains due and owing, and Guestwiser has refused to pay the remaining balance. Further, under the Guaranty, Guestwiser’s default under the Note made the remaining balance on the Note immediately due and payable by Guarantors to the Fund pursuant to the Guaranty’s terms. However, Guarantors have failed to pay the remaining balance owed on the Note.

CAUSES OF ACTION

A. Breach of the Note (as to Guestwiser)

13. Plaintiff, in his capacity as the court-appointed receiver for the Fund, currently owns and holds the Note secured by, among other things, the Deed of Trust. Guestwiser defaulted under the terms of the Note by failing to pay the remaining balance by the Note’s maturity date. A balance under the Note remains due and owing to the Fund. However, Guestwiser has refused to pay the remaining balance owed. In addition to the principal and interest as provided in the Note, Guestwiser agreed to pay reasonable attorneys’ fees and costs incurred by the Fund in connection to collecting under and enforcing the Note. Reasonable attorneys’ fees are also recoverable from Guestwiser pursuant to Texas Civil Practice and Remedies Code § 38.001(b)(8).

B. Breach of the Guaranty (as to Guarantors)

14. The Note is in default as a result of Guestwiser's failure to pay the Fund what is owed under the Note secured by, among other things, the Deed of Trust. As a consequence, the Guaranty is in default, and the indebtedness due thereunder is immediately due and payable pursuant to the Guaranty's terms. Guarantors have failed and refused to pay the amounts due and owing under the Guaranty. In addition to the principal and interest as provided in the Guaranty, Guarantors agreed to pay reasonable attorneys' fees and costs incurred by the Fund in connection to collecting under and enforcing the Guaranty. Reasonable attorneys' fees and costs are also recoverable from Guarantors pursuant to Texas Civil Practice and Remedies Code § 38.001(b)(8).

CONDITIONS PRECEDENT

15. All conditions precedent for recovering under the Note and Guaranty and for filing this lawsuit have occurred.

RESERVATION OF RIGHTS

16. Plaintiff reserve all of his rights to pursue his nonjudicial and contractual rights and remedies under the terms of any agreements between the Fund and Guestwiser and the Fund and Guarantors (whether referenced in this petition or not) and applicable law. The filing of this lawsuit is not an election of remedies or a waiver of such rights.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Plaintiff requests that the Court enter final judgment awarding it damages against Defendants for lawful amounts owed under the Note and Guaranty, including costs and attorneys' fees, pre- and post-judgment interest, and all other and further relief to which Plaintiff may be justly entitled.

Respectfully submitted,

By: /s/ Trip Nix

William R. "Trip" Nix

State Bar No. 24092902

Trip.Nix@hklaw.com

Hannah M. Maloney

State Bar No. 24125336

Hannah.Maloney@hklaw.com

100 Congress Avenue, Suite 1800

Austin, Texas 78701

Telephone: (512) 685-6450

**ATTORNEYS FOR PLAINTIFF
GREGORY S. MILLIGAN, in his
capacity as the court-appointed receiver
for PRIDE OF AUSTIN HIGH YIELD
FUND I, LLC**