

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 |

**MOTION FOR ADJUDICATION OF UNRESOLVED  
INVESTOR CLAIM OBJECTIONS PURSUANT TO THE CLAIMS ORDER**

Gregory S. Milligan of HMP Advisory Holdings, LLC d/b/a Harney Partners, as the court-appointed receiver (the “**Receiver**”) for Pride of Austin High Yield Fund 1, LLC (“**POA**”), files this *Motion for Adjudication of Unresolved Investor Claim Objections Pursuant to the Claims Order* (the “**Motion**”) seeking adjudication of the unresolved objections to the Transaction Histories sent to Investor Claimants, and respectfully states as follows:

**SUMMARY**<sup>1</sup>

1. In June, the Court approved a process whereby the Receiver would confirm the Transaction Histories of current and former investors of POA. In August, the Transaction Histories were provided by the Receiver to all current and former investors of POA (the “**Investor Claimants**”) and listed all transactions between such Investor Claimant and POA, including: (i) cash invested into POA; (ii) cash received by the Investor Claimant from POA; (iii) investment transfers to/from another investor’s account within POA; (iv) investor incentive payments; and (v)

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<sup>1</sup> Capitalized terms used in this section shall have the meaning ascribed to them in the body of the Motion.

reinvested dividends. Confirmation of the Transaction Histories is a key part of the administration of the Receivership Estate because it sets forth the baseline for how any investor distributions will be calculated.

2. A small portion of the Investor Claimants submitted objections to the Transaction Histories. The Receiver has been able to resolve the majority of the objections. However, several objections, despite good faith efforts by the Receiver and the Objectors, have not been resolved. Accordingly, the Receiver seeks entry of an order overruling each Objector's objections and approving each Objector's Transaction History.

### **BACKGROUND**

#### **A. The Court-Approved Claims Process**

3. On June 17, 2024, the Court entered its *Order Granting Receiver's Motion to Approve (I) Proposed Claims Verification Procedures, and (II) Claims Bar Date* (the "***Claims Order***"). Pursuant to the Claims Order, the Court approved a specific process for reconciling the claims of Investor Claimants. Under the approved process, the Receiver was required to send notices to Investor Claimants that "shall include: (i) cash invested into POA; (ii) cash paid out to the Investor Claimant by POA; and (iii) the amount of reinvested dividends, if any (the "***Transaction History***"), per the books and records of POA (the "***Reconciliation Notice***"). Claims Order, ¶ 4(b). An example of a Transaction History is shown below:

| Transaction Information |                   |                     |              |            |
|-------------------------|-------------------|---------------------|--------------|------------|
| Date <sup>1</sup>       | Transaction Type  | Reference Number    | Contribution | Withdrawal |
| 5/15/2013               | Investment        | Deposit-1176        | \$40,000.00  |            |
| 6/30/2013               | Cash Distribution | Check-1050          |              | \$633.53   |
| 9/30/2013               | Cash Distribution | Check-1136          |              | \$1,270.36 |
| 11/19/2013              | Investment        | Deposit-6209688     | \$15,000.00  |            |
| 12/31/2013              | Reinvestment      | General Journal-412 | \$1,376.91   |            |

4. On August 2, 2024, the Receiver, through his claims agent, sent Reconciliation Notices, which included the Transaction Histories as Exhibit C, to all Investor Claimants. In total, the Receiver sent 373 Reconciliation Notices. Pursuant to the Claims Order, the deadline to object to the Reconciliation Notice was August 23, 2024. Of the 373 Reconciliation Notices sent by the Receiver, 24 objections were submitted.

5. Under the terms of the Claims Order, the Receiver and any objecting party were required to attempt to resolve any such objection in good faith. *Id.* The Receiver has resolved the substantial majority of the objections, but, despite good-faith efforts, has been unable to resolve several. The Claims Order provides that if an objection to an Investor Claimant's Transaction History cannot be resolved, "it will be decided by this Court, with such determination being the final determination as to such Transaction History." *Id.*

#### **B. The Unresolved Objections**

6. As of the date of the filing of this Motion, the following investors have objections that have not been resolved, which the Receiver requests the Court adjudicate:

- Investor Account Number 31699

- Investor Account Number 32089
- Investor Account Number 32749
- Investor Account Number 32769
- Investor Account Number 32759
- Investor Account Number 34509
- Investor Account Number 31009
- Investor Account Number 31669

collectively, the “*Objectors*”.

7. In order to avoid Investor Claimants being required to file a pleading in this cause stating their objections, the Receiver allowed Investor Claimants to submit objections via email. Each of the objections are identified below. In advance of the hearing on this Motion, which will occur on November 12 at 9:00 a.m., the Receiver will upload, for the Court’s review, the relevant correspondence between the Objector and the Receiver related to the Objector’s objection as well as the Objector’s Transaction History provided to it by the Receiver.

#### **ARGUMENT**

8. The Receiver submits that the Transaction Histories sent to the Objectors are accurate and reflective of the transactions to and from the Objectors accounts at POA. At the hearing on these objections, the Receiver intends to introduce testimony, and other evidence, detailing why the Transaction History is accurate. Accordingly, the Receiver requests that, after an evidentiary hearing on the matter, the Court overrules the objections and approve the Transaction Histories.

**STATEMENT ON RESOLUTION**

9. To the extent practicable, the Receiver will continue to resolve the Objectors' objections. If such a resolution is reached, the Receiver will inform the Court in advance of the November 12, 2024 hearing. The Receiver will communicate with each Objector in an effort to facilitate their participation in the hearing.

**PRAYER**

10. For the reasons set forth above, the Receiver respectfully requests that this Court enter an order approving the Objectors' Transaction Histories and granting such other and further relief as this Court deems just and proper.

Dated: October 24, 2024.

Respectfully submitted,

HOLLAND & KNIGHT LLP

By: /s/ Trip Nix

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ATTORNEYS FOR GREGORY S. MILLIGAN,  
RECEIVER

**CERTIFICATE OF SERVICE**

I hereby certify that, on October 24, 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

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Tammy Greenblum on behalf of William Nix

Bar No. 24092902

tammy.greenblum@hklaw.com

Envelope ID: 93518983

Filing Code Description: Motion (No Fee)

Filing Description: MOTION FOR ADJUDICATION OF UNRESOLVED INVESTOR CLAIM OBJECTIONS PURSUANT TO THE CLAIMS ORDER

Status as of 10/24/2024 10:41 AM CST

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

| Name             | BarNumber | Email                               | TimestampSubmitted     | Status |
|------------------|-----------|-------------------------------------|------------------------|--------|
| Jameson Watts    |           | jameson.watts@huschblackwell.com    | 10/24/2024 10:23:41 AM | SENT   |
| Dee Baatz        |           | dee.baatz@huschblackwell.com        | 10/24/2024 10:23:41 AM | SENT   |
| Maya Dokic       |           | Maya.Dokic@huschblackwell.com       | 10/24/2024 10:23:41 AM | SENT   |
| Christine Deacon |           | christine.deacon@huschblackwell.com | 10/24/2024 10:23:41 AM | SENT   |

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| Jennifer Freel |           | jfreel@jw.com  | 10/24/2024 10:23:41 AM | SENT   |
| Beau Butler    |           | bbutler@jw.com | 10/24/2024 10:23:41 AM | SENT   |

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| Hannah Maloney        |           | hannah.maloney@hklaw.com     | 10/24/2024 10:23:41 AM | SENT   |
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| GREGORY SMILLIGAN     |           | gmilligan@harneypartners.com | 10/24/2024 10:23:41 AM | SENT   |

Case Contacts

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#### Case Contacts

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Associated Case Party: Jonathon Levy

| Name | BarNumber | Email | TimestampSubmitted | Status |
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