

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.	§	201 ST JUDICIAL DISTRICT

RECEIVER'S THIRD 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**" or the "**Fund**"), pursuant to the *Agreed Order Appointing Receiver* dated April 30, 2024 and amended May 6, 2024 (the "**Receivership Order**"),¹ files this Third Status Report (the "**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 of the Receivership, and updates on his progress since the filing of his Second Status Report (the "**Second Report**") on August 21, 2024. The Receiver incorporates his Initial Status Report (filed on June 10, 2024) (the "**Initial Report**") and his Second Report (collectively, the "**Reports**") as if fully set forth herein. This Report will focus on developments related to (a) the assets described in the Initial Report and the Second Report, including (i) certain equity interests owned by the Receivership Estate; (ii) the collection of notes

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

receivable held by the Receivership Estate; (iii) efforts to maintain and monetize certain REO properties owned by the Receivership Estate; and (b) the general administration of the receivership estate (the “*Receivership Estate*”), including the status of the Court-approved claims reconciliation process.

A. The Receiver’s monetization of a POA asset

2. In January 2023, the Fund invested \$1,310,000 into CCG Equity Fund II, LLC (“*Equity Fund II*”), an entity controlled by Robert Buchanan (“*Buchanan*”). Equity Fund II then made investments into two entities engaged in residential development in North Carolina (the “*NC Entities*”). Neither Equity Fund II nor Buchanan were in control of the NC Entities.

3. In September, the Receiver and Equity Fund II entered into agreements with the NC Entities. Under the agreements, the NC Entities redeemed Equity Fund II’s investments in the NC Entities. Instead of the proceeds being paid directly to Equity Fund II, who would then pay distributions to the Receiver, the Receiver negotiated an agreement with the NC Entities and Equity Fund II whereby the NC Entities paid the Fund directly. In connection with these transactions, the Receiver obtained \$1,502,659.73 (the “*Equity Proceeds*”). Receipt of the Equity Proceeds has allowed the Receiver to move forward with certain projects (described below) which are in the best interest of the Receivership Estate.

B. The Receiver’s administration of POA’s loan portfolio

4. In the Reports, the Receiver has detailed each of the outstanding notes receivable held by the Fund. This Report will not restate all the background related to the origination of the loans and the relevant security for the loans, all of which can be found in the Initial Report². Instead, this Report will focus on developments since the filing of the Second Report.

² The Initial Report can be accessed, free of charge, under the “Important Documents” tab at prideofaustinreceivership.com

i. **Trinity Consulting and Construction, LLC**

5. As detailed in the previous Reports, Trinity Consulting and Construction, LLC (“**Trinity**”) is a single-family home builder that purchased six lots for single family home construction, upon which the Fund has a lien (the “**Trinity Properties**”). The Trinity Properties are all located in Lago Vista, Texas, with all but one in the same neighborhood.

6. One of the properties, located at 3405 Congress Avenue, Lago Vista, Texas 78645 (“**3405 Congress**”), is nearly complete. Since the commencement of the Receivership, Trinity has requested a final advance from the Receiver to finish construction. Trinity has claimed that receipt of the advance will allow it to promptly finish construction, sell 3405 Congress, and paydown a material portion of Trinity’s outstanding obligations to the Fund.

7. In late August, the Receiver made an advance to Trinity of approximately \$40,000 to finish construction at 3405 Congress. Based upon current information, the Receiver expects that 3405 Congress will soon be completed and will go to market before end of year.

8. As detailed in earlier Reports, Trinity has another project located at 3605 Constitution Drive, Lago Vista, Texas 78645 (“**3605 Constitution**”) that is under construction. 3605 Constitution is significantly farther from completion than 3405 Congress, and a more substantial advance to Trinity would be required to complete construction at 3605 Constitution. The rest of the Trinity Properties are mostly raw land³. The Receiver continues to consider whether it is in the best interest of the Receivership Estate to make more advances to Trinity and will be informed by the outcome of 3405 Congress and the conduct of Trinity during that process.

³ One of the Trinity Properties has the beginning stages of a foundation.

ii. **Guestwiser Venture 1, LLC**

9. The loan to Guestwiser Venture 1, LLC (“***Guestwiser***”) is secured by two lots, 1115 and 1117 Powhattan Street, Dallas, Texas 75215 (the “***Guestwiser Property***”). In addition to the Guestwiser Property, as additional collateral, the Fund has a lien on certain modular units (the “***Modular Units***”)⁴. The Receiver understands that the Modular Units were intended to be placed on the Guestwiser Property and would serve as multi-family housing. The Receiver further understands that there are five (5) completed Modular Units, upon which the Fund has a lien, that are at the manufacturer’s warehouse in Missouri.

10. The Receiver posted the Guestwiser Collateral for a September 3, 2024 foreclosure sale in Dallas County, Texas. On August 30, 2024, Guestwiser filed a lawsuit in Dallas County District Court styled *Guestwiser Venture 1, LLC, Secret Light, LLC, Yehuda Berg, and Michael Berg v. Pride of Austin High Yield Fund 1, LLC Robert Buchanan, and Gregory Milligan, in his capacity as the court-appointed receiver for Pride of Austin High Yield Fund 1, LLC* (the “***Dallas Lawsuit***”). On the date the Dallas Lawsuit was filed, Guestwiser requested and obtained an emergency temporary restraining order (the “***Guestwiser TRO***”), which halted the Receiver’s September 3 foreclosure sale. A hearing on Guestwiser’s request for a temporary injunction was scheduled for September 16, 2024, in Dallas County District Court.

11. On September 3, 2024, the Receiver filed an *Emergency Motion to Enforce Injunction and Stay Proceedings of Guestwiser Venture 1, LLC* (the “***Motion to Enforce***”) in this Court. In the Motion to Enforce, the Receiver argued that the injunctions in the *Amended Agreed Order Appointing Receiver* (the “***Receivership Order***”) and the Order Granting Receiver’s Motion to Approve Proposed Claims Verification Procedures and Claims Bar Date (the “***Claims Order***”)

⁴ The Guestwiser Property and the Modular Units are collectively referred to as the “***Guestwiser Collateral***”.

prohibited the filing of the Dallas Lawsuit. The Receiver went on to argue that the filing of the Dallas Lawsuit was in contempt of the Receivership Order and the Claims Order, and that no lawsuit could be filed against the Receiver or the Fund without first obtaining leave of this Court. The Receiver requested an emergency hearing on the Motion to Enforce and the Court obliged. A hearing was set for September 9, 2024.

12. Prior to the emergency hearing on the Motion to Enforce, Guestwiser dismissed the Dallas Lawsuit. The dismissal of the lawsuit mooted the Motion to Enforce and resulted in dissolution of the Guestwiser TRO. Because the Dallas Lawsuit was dismissed prior to the foreclosure posting deadline, the Receiver was able to promptly re-notice the Guestwiser Property and the Modular Units for an October 1, 2024, foreclosure sale⁵. On October 1, 2024, minutes before the Receiver was set to begin the scheduled foreclosure sale, Guestwiser filed a voluntary petition for relief under the United States Bankruptcy Code (the “*Guestwiser Bankruptcy*”). The filing of the Guestwiser Bankruptcy resulted in the imposition of the automatic stay under 11 U.S.C. § 362, which halted the October 1 foreclosure.

13. The Guestwiser Bankruptcy was filed in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division (the “*Bankruptcy Court*”) at case number 24-43584-11-elm. On October 8, 2024, the Receiver filed a *Motion to Dismiss the Guestwiser Bankruptcy, or Alternatively for Relief from the Automatic Stay* (the “*Motion to Dismiss*”). A hearing on the Motion to Dismiss was scheduled by the Bankruptcy Court for October 31, 2024. On October 11, 2024, Guestwiser’s bankruptcy counsel filed a *Motion to Withdraw* as counsel for Guestwiser in the Guestwiser Bankruptcy, alleging that there had been “an irreconcilable conflict

⁵ Under Texas law, foreclosures of real property must occur on the first Tuesday of the month, and the party that is being foreclosed upon must receive at least 21 days’ notice of the foreclosure. *See generally*, Tex. Prop. Code, Chapter 51.

that has destroyed the lawyer-client relationship and prevented the effective representation of [Guestwiser]”. The Bankruptcy Court heard the Motion to Withdraw on October 16, 2024, and granted the motion. On October 17, 2024, the Bankruptcy Court, *sua sponte*, dismissed the Guestwiser Bankruptcy for its failure to timely file various information required by the Bankruptcy Code and Bankruptcy Rules.

14. Because the Bankruptcy Court dismissed the Guestwiser Bankruptcy on October 17, 2024, the Receiver was unable to provide the required 21 days’ notice for a November 5, 2024, foreclosure sale, which would have required a posting of the Guestwiser Property by October 15, 2024. However, because the Modular Units are personal property, they are not subject to the 21-day notice period, and are instead subject to a 10-day notice period under the terms of the Security Agreement between the Fund and Guestwiser. Accordingly, the Receiver has noticed a sale of the Modular Units for October 31, 2024. The Receiver expects that Guestwiser may file another last-minute bankruptcy to halt the October 31, 2024, foreclosure of the Modular Units, although it has indicated it does not plan to do so. If Guestwiser does file another bankruptcy proceeding, the Receiver plans to file an *Emergency Motion to Lift the Automatic Stay* under 11 U.S.C. § 362(d)(4), which, if granted would bar any further bankruptcy filings by Guestwiser for a period of time sufficient to allow the Receiver to conduct a foreclosure sale uninterrupted. The Receiver would attempt to get such an order in advance of the deadline to post for a December 3, 2024 foreclosure of the Real Property and the Modular Units.

15. Additionally, as indicated in previous Reports, the Receiver has filed a lawsuit in Travis County District Court styled *Gregory S. Milligan, in his capacity as court-appointed receiver for Pride of Austin High Yield Fund 1, LLC v. Guestwiser Venture 1, LLC, Secret Light, LLC, Yehuda Berg, and Michael Berg*; cause number D-1-GN-24-004791. The Receiver intends

to file a *Motion for Summary Judgment* in that proceeding in advance of the status hearing set on November 12, 2024, in this matter. The Receiver will provide further updates as this situation develops.

iii. Milan Sai Joint Venture, LLC

16. The loan to Milan Sai Joint Venture, LLC (“***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 “***Milan Sai Property***”). A Super 8 Motel operates at the Milan Sai Property. For a period beginning shortly after the commencement of the Receivership, Milan Sai was making monthly interest payments to the Receiver, but such payments have since ceased without explanation. Milan Sai is represented by counsel, and the Receiver has had several discussions with Milan Sai concerning its plan to repay the debt in full. Despite requests, the Receiver never received a credible plan from Milan Sai for repayment of the debt. As a result, the Receiver initiated a lawsuit in Travis County, Texas styled *Gregory S. Milligan, in his capacity as court-appointed receiver for Pride of Austin High Yield Fund I, LLC v. Milan Sai Joint Venture, LLC, Sunil Patel, and Vishal Makwana*, cause number D-1-GN-24-005105, pending in the 345th District Court. The Receiver intends to file a *Motion for Summary Judgment* in that proceeding in advance of the status hearing set on November 12, 2024, in this matter. The Receiver will provide further updates as this situation develops.

17. In addition to the lawsuit, the Receiver has posted the Milan Sai Property for a November 5, 2024, foreclosure sale. The Receiver will provide further updates as the situation progresses.

iv. Valor Club Partners, LLC

18. As detailed in earlier Reports, the Fund’s loan to Valor Club Partners, LLC (“***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 Collateral*”) on the northwest side of San Antonio. The outstanding balance of the loan exceeds \$7 million.

19. The Receiver was in active negotiations with the Valor Club from the commencement of the receivership and executed two forbearance agreements with the Valor Club. However, despite significant negotiations, Valor Club was unable to provide an offer that the Receiver believed reflected the market value of the Valor Club Collateral. Accordingly, the Receiver posted the Valor Club Collateral for an October 1, 2024, foreclosure.

20. On September 26, 2024, Valor Club filed an *Original Petition* against the Fund and the Receiver in Bexar County District Court that sought a temporary restraining order enjoining the foreclosure sale. Counsel to the Receiver was made aware of the lawsuit before a temporary restraining order was granted and informed Valor Club’s counsel that seeking a temporary restraining order without leave of this Court would be in contempt of the Receivership Order and the Claims Order, which the Receiver would pursue. As a result, Valor Club did not attempt to obtain a temporary restraining order.

21. Valor Club then hired bankruptcy counsel and informed Receiver that it was going to initiate a bankruptcy proceeding in advance of the foreclosure sale, but also made an offer to settle the obligations. After back and forth offers and counteroffers, the Receiver believed that Valor Club made an offer that was in the best interest of the Receivership Estate. Specifically, the Receiver agreed that if Valor Club executed a deed in lieu of foreclosure in favor of the Fund (to be held in escrow pending performance by Valor Club) and could pay the Receiver \$4.2 million (an amount the Receiver believed was reflective of the risk adjusted market value of the Valor Club Collateral) by December 31, 2024, then he would release the Fund’s liens on the Valor Club Collateral and any obligations owed to the Fund by Valor Club or its guarantor, Irwin Deutch.

Valor Club has the option to extend the forbearance period for a period of 30 days on two occasions in exchange for a payment of \$50,000 to the Receiver on each occasion.

22. If Valor Club was unable to pay the Receiver the \$4.2 million by December 31, 2024, the Receiver would have the right to file the deed-in-lieu of foreclosure which would be held in escrow by the Receiver. Additionally, Valor Club had to make a \$150,000 down payment to the Receiver. The Receiver agreed to this arrangement and pulled down the October 1, 2024, foreclosure after receiving \$50,000 of the total 150,000 to be received.

23. When Valor Club and the Receiver began preparing final settlement documentation, it became clear that there was a miscommunication as to what each party understood the deal to be. Specifically, Valor Club believed that the release of the guarantor was immediate, while the Receiver contends such release would only occur if Valor Club paid the agreed upon \$4.2 million by December 31, 2024. As a result, no deal was completed, and the Receiver re-posted the Valor Club Collateral for a November 5, 2024, foreclosure sale.

24. Subsequent to the Receiver posting the Valor Club Collateral for a November sale, the Receiver and Valor Club have agreed on the terms of a forbearance agreement which resolves the prior misunderstandings. All of the material terms remain the same as the Receiver originally intended except the deadline for Valor Club to pay the \$4.2 million has been extended until January 31. In consideration of the extended deadline, the guarantor of the Valor Club debt provided the Receiver with updated financial statements detailing certain information regarding his assets and liabilities. The Receiver will provide further updates as the situation progresses.

v. **HOBC**

25. HOBC is a master planned single family development in Williamson County, Texas. The Fund has a lien on three remaining lots in the development that have not yet been sold (the “***HOBC Collateral***”). The Receiver anticipates that the HOBC Collateral will be sold and will

pay down the debt, but that a substantial deficiency will remain. In order to address the deficiency balance, the Receiver is initiating a lawsuit against the guarantor of the HOBC debt, Todd McCullough, and will pursue collection through that suit.

C. The Receiver's administration of POA's REO Properties

26. The Fund has four 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***”); and (iv) 1610 Hether Street, Austin, Texas 78704 (the “***Hether Property***”).

i. The Fulshear Property

27. As detailed in the earlier Reports, the Fulshear Property has been owned by the Fund 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.

28. The Receiver retained Whitney & Associates to provide a full appraisal report such that the Receiver could, among other things, determine a potential return on investment were he to invest funds to build out the shell building.

29. After obtaining the appraisal results and conferring with the property manager and listing broker, the Receiver does not believe that spending approximately \$685,000 to complete the shell building is warranted given the minimal return, if any, that would be realized, and considering the execution risk, potential delays and cost overruns. Accordingly, the Receiver plans to proceed to market and sell both of the Fulshear Properties.

ii. The Overcup Property

30. The Overcup Property is a single-family home in South Austin that is currently partially constructed and where construction was stalled for months prior to the entry of the

Receivership Order. Initially, CCG Development, LLC (“**CCGD**”), a Buchanan controlled entity, was acting as general contractor, but the Receiver promptly terminated CCGD as general contractor upon his appointment.

31. The Receiver had been in a holding pattern with the Overcup Property because, even though he found a general contractor to finish the construction at the Overcup Property, he did not have sufficient capital to fund completion of the Overcup Property. Now, with the receipt of the Equity Proceeds from the Equity Fund II investment⁶, he does have sufficient capital to finish construction. To that end, on October 21, 2024 the Receiver executed a construction contract with DWM Construction (the “**Contractor**”). The Contractor is starting work at the Overcup Property, which includes the payment of approximately \$143,000 of vendor liens and claims which were not paid by CCGD. The Receiver expects that construction will be finalized in the first quarter of 2025. Upon completion of the Overcup Property, the Receiver will utilize the same real estate broker who is currently selling the Hether Property to begin marketing the Overcup Property for sale.

iii. The Canton Property

32. The Canton Property is a commercial building in Canton, Texas. The Fund became the owner of the Canton Property as the result of a nonjudicial foreclosure sale in January 2024. On October 1, 2024, the Court granted the Receiver’s *Motion to Approve the Sale of Certain Real Property and Related Improvements in Canton, Texas*, which authorized the sale of the Canton Property for a price of \$850,000 (the “**Sale Order**”).

33. Prior to the appointment of the Receiver, certain equity holders in the Fund obtained judgments on account of their equity interests (the “**Judgment Holders**”), and filed abstracts of

⁶ See Section A, *supra*.

judgment (the “***Abstracts***”) in Van Zandt County, Texas, where the Canton Property is located. The Abstracts appear to have created a judgment lien on the Canton Property. In order to facilitate the sale of the Canton Property, the Receiver negotiated language in the Sale Order with the Judgment Holders that, in effect, extinguished the Judgment Holders’ lien on the Canton Property, and substituted such lien for a lien on the net proceeds of the Canton Property⁷. The title company has informed receiver that it wants a clearer statement from the Judgment Holders that they acknowledge that a sale of the Canton Property will extinguish any lien they have in the Canton Property (and substituted with a lien on the net proceeds of the sale of the Canton Property, with the Receiver reserving the right to attack such lien at a later date and the Judgment Holders reserving all rights and defenses to such an attack). Counsel to the Receiver has attempted on numerous occasions to get such a clarifying statement or agreement from the Judgment Holders but the Judgment Holders have not agreed. Accordingly, the Receiver has filed a *Motion to Amend Order Granting Receiver’s Motion to Approve the Sale of Certain Real Property and Related Improvements in Canton, Texas*, in which he requests the Court amend the order to satisfy the title company and allow the Canton Property to be sold.

34. Consistent with the terms of the Sale Order, upon receipt of the proceeds from the sale of the Canton Property, the Receiver will pay the outstanding property taxes, commissions, and other closing costs, and then will earmark and segregate the remaining proceeds and will not spend or otherwise distribute the remaining proceeds without further order of the Court.

⁷ Any rights of the Receiver to attack the Judgment Holders’ liens on the net proceeds from the sale of the Canton Property were and are expressly preserved. All defenses of the Judgment Holders to any such attack by the Receiver were and are expressly preserved as well.

iv. **The Hether Property**

35. As discussed in the Initial Report, at the time the receivership was commenced, the property located at 1610 Hether Street, Austin, Texas 78704 (the “***Hether Property***”) was owned by CCGD, and served as Buchanan’s primary residence. At the time of the Receiver’s appointment, the Fund had lien on the Hether Property and the Receiver promptly posted the Hether Property for a July foreclosure sale.

36. As previously discussed, CCGD allowed outstanding property taxes to become due to Travis County for tax years 2022 and 2023 in the claimed amount of approximately \$123,048.01, with additional penalties, interests and other costs continuing to accrue until paid. Travis County has a lien on account of those taxes which is senior to the Fund’s lien on the Hether Property. Additionally, the Internal Revenue Service (the “***IRS***”) filed a Notice of Federal Tax Lien on the Hether Property on June 13, 2024, claiming back taxes of \$452,008.71 were owed to it by CCGD (the “***IRS Lien***”).

37. In advance of the scheduled July foreclosure sale, the Receiver requested that Mr. Buchanan voluntarily turn over the Hether Property by executing a deed in lieu of foreclosure to ensure that the Receiver obtained title to the Hether Property such that he can sell it through an organized marketing process and maximize the returns for the Receivership Estate. Ultimately, Mr. Buchanan cooperated with the Receiver in this endeavor, and voluntarily executed a deed in lieu of foreclosure (which did not extinguish the Fund’s lien) such that the Receivership Estate is now the owner of the Hether Property.

38. Mr. Buchanan agreed to move out of the Hether Property by September 2, 2024. Prior to the September 2 move-out deadline, Mr. Buchanan requested an extension of time to move out of the Hether Property until September 24, 2024, because he had been unable to secure housing. The Receiver decided that proceeding with an eviction suit would (a) result in the Receivership

Estate spending money going through the eviction process; and (b) result in Mr. Buchanan's eviction, but that it would be unlikely to occur much before September 24, 2024. The Receiver agreed to allow Mr. Buchanan to remain in the Hether Property until September 24, 2024, but in return for the extension, required Mr. Buchanan to sign a stipulation in which he waived his rights related to any defenses in an eviction proceeding if he did not vacate by September 24, 2024, so that the Receiver could expeditiously evict him, if necessary, with the least amount of related legal fees. Mr. Buchanan vacated by September 24, 2024, and no longer lives at the Hether Property.

39. On September 3, 2024, the Receiver foreclosed on its lien on the Hether Property which it expressly retained when the property was conveyed by CCGD to the Receiver. The purpose of the foreclosure was to extinguish junior liens on the Hether Property, including the IRS Lien. The Receiver provided the IRS with the requisite notice under Section 7425(c)(1) of the Internal Revenue Code of the foreclosure sale. The Receiver believes that the foreclosure extinguished the IRS Lien, which will result in additional \$452,008.71 being available to the Fund's stakeholders.

40. The Hether Property was placed on the market on October 18, 2024, and was offered for sale for \$1,695,000. The Receiver has accepted an offer on the Hether Property in the amount of \$1,720,000. The Receiver is waiting for buyer contingencies to clear and then will promptly file a motion to sell the Hether Property.

D. Claims Reconciliation Process

41. On June 17, 2024, the Court entered its *Order Granting Receiver's Motion to Approve (I) Proposed Claims Verification Procedure; and (II) Claims Bar Date* (the "**Claims Order**"). The Claims order contemplated separate processes for the Fund's investors ("**Investor Claimants**") and creditor claimants ("**Creditor Claimants**").

i. **Investor Claimants**

42. With respect to Investor Claimants, the Claims Order required the Receiver to send Reconciliation Notices to the Fund’s investors (the “***Reconciliation Notices***”), which were required to include: (i) cash invested into the Fund; (ii) cash paid out to Investor Claimants by the Fund; and (iii) the amount of reinvested dividends, if any (the “***Transaction Histories***”).

43. On August 2, 2024, the Receiver, through his claims agent Stretto, sent Reconciliation Notices to all known Investor Claimants. The Reconciliation Notices were sent to each Investor Claimant at their known physical address via regular U.S. mail and at their known email address⁸. Pursuant to the Claims Order, because the Reconciliation Notices were served on August 2, 2024, the deadline to object to the Reconciliation Notices was August 23, 2024 (the “***Objection Deadline***”).

44. On August 5, 2024, the Receiver sent a notification to all Investor Claimants receiving email notices that the Objection Deadline was August 23, 2024. On August 6, 2024, the Receiver filed a *Notice Regarding Objections to Reconciliation Notices* that stated the Objection Deadline was August 23, 2024, and also sent that notice to all Investor Claimants through the same means as they received the Reconciliation Notices.

45. Out of the 373 Reconciliation Notices that were sent to current and former investors, 32 objections were submitted to the Receiver. As of the date of this Report, the Receiver believes he has resolved all of the objections except for those on eight (8) accounts associated with three investors (the “***Objecting Investors***”). On October 24, 2024, the Receiver filed his *Motion for Adjudication of Unresolved Investor Claim Objections Pursuant to the Claims Order* (the “***Motion to Adjudicate***”) in which he has asked the Court to overrule the objections of the

⁸ In some instances, the Receiver did not have a known email and physical mail address for certain Investor Claimants. In such circumstances, the Receiver sent notice to the address, either physical or email, of which he had knowledge.

Objecting Investors and approve the Transaction Histories provided by the Receiver to the Objecting Investors. The Motion to Adjudicate, and by extension any remaining investor objections, is set for hearing on November 12. The Receiver plans to continue attempts to resolve the remaining objections of the Objecting Investors in advance of November 12, but to the extent he is unable to do so, he intends to prosecute the estate's positions through the Motion to Adjudicate.

ii. Creditor Claimants

46. The deadline to file Creditor Claims was October 15, 2024, pursuant to the Claims Order. On June 27, 2024, the Receiver filed a *Notice of Claims Process and Claims Bar Date* in which he put all known Creditor Claimants on notice that the deadline to file Creditor Claims was October 15, 2024.

47. As of the date of this Report, there have been 37 claims filed totaling \$10,069,184.72. This total is artificially inflated because a number of the filed claims are claims of investors, which are duplicative of the Reconciliation Notices. Several more are claims of investors that obtained judgments against the Fund on account of their equity interest.

48. Under the Claims Order, the Receiver is evaluating the claims filed, and will prepare a Claims Report, which will state whether or not the Receiver has an objection to any of the filed claims. The Receiver anticipates having a number of objections to some of the claims filed, including those of the investors and judgment creditors referenced in the previous paragraph. The Receiver will then attempt to resolve any objections. If unable to resolve the objections, the issue will be brought to the Court's attention for adjudication, likely in December or January.

E. Tax Matters

49. ***Fair Market Value.*** The Receiver is aware that many investors have IRA custodians that are requesting information related to the fair market value of investors' interest in

the Fund. The Receiver's tax professionals at Weaver & Tidwell are currently working on preparing a fair market valuation of the Fund. The Receiver expects to have that information by November 15, 2024. Additionally, on October 15, 2024, the Receiver posted a letter to the receivership website (www.prideofaustinreceivership.com) which the Receiver expects may be helpful in explaining the status of the Fund to third parties such as IRA custodians, accountants, administrative agencies and the like, which explains that the Fund's assets are tied up in a receivership.

50. ***Delinquent Tax Returns.*** The Receiver discovered during this reporting period that the Fund failed to file tax returns for the past seven years. Weaver & Tidwell is currently in the process of constructing those late tax returns to be filed. The Receiver, through Weaver and Tidwell, is investigating the potentially significant late fees and/or penalties which might be assessed as a result of the late filings. The Receiver is working with his tax professionals and counsel in an effort to mitigate or eliminate any such potential liabilities and will continue to keep the Fund's stakeholders of developments as they arise.

F. Personnel Report

51. Pursuant to paragraph 53 of the Receivership Order, the Receiver provides the Personnel Report (as defined in the Receivership Order) attached hereto as **Exhibit A**, which details the fees and expenses incurred by the Receiver and his Retained Personnel through September 30, 2024.

G. Continuing Investigation

52. The Receiver and the Receiver's retained personnel have continued investigating avenues for maximizing the value of the Fund's assets for the benefit of its stakeholders. The Receiver's investigation is ongoing, and the Receiver will continue to provide updates and communicate with the Fund's stakeholders throughout the process.

Dated: October 30, 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 30, 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

EXHIBIT A

RECEIVER'S PERSONNEL REPORT

HARNEY PARTNERS

Month: August by Timekeeper	Hours	Average Rate	Fees
Greg Milligan	36.3	\$650	\$23,595.00
Erik White	24.2	\$550	\$13,310.00
Edward Derengowski	1.8	\$350	\$630.00
August Total Fees			\$37,535.00
August Total Expenses			\$194.70
Month: September by Timekeeper	Hours	Average Rate	Fees
Greg Milligan	32.7	\$650	\$21,255.00
Erik White	16.3	\$550	\$8,965.00
Edward Derengowski	0	\$350	\$0.00
September Total Fees			\$30,220.00
September Total Expenses			\$0.00
Total Fees for Fee Period:			\$67,755.00
Total Expenses for Fee Period:			\$194.70

HOLLAND & KNIGHT, LLP

Month: August by Timekeeper	Hours	Rate	Fees
Trip Nix	55.9	\$615	\$34,378.50
Mark Bell	1.2	\$680	\$816.00
Hannah M. Maloney	18.3	\$385	\$7,045.50
Sam Murphy	1.2	\$845	\$1,014.00
Christopher E. Hamilton	0.5	\$795	\$397.50
James Hrissikopoulos	33.0	\$615	\$20,295.00
Viola R. Mercer	0.3	\$350	\$105.00
Margaret A. Fennessey	0.5	\$375	\$187.50
Kristen Warner	9.5	\$250	\$2,375.00
Ann Marie Jezisek	4.1	\$250	\$1,025.00
Daniel Healey	0.5	\$400	\$200.00
Jophy Cheng	1.6	\$240	\$384.00
Anh Huynh	0.8	\$240	\$192.00
August Total Fees:			\$68,415.00
Fee Discount⁹			\$12,314.70
August Total Expenses:			\$2,031.94
Month: September by timekeeper	Hours	Rate	Fees
Trip Nix	53.1	\$615	\$32,656.50
Bruce Merwin	0.7	\$1,100	\$777.00
Hannah M. Maloney	16.2	\$385	\$6,237.00
Heather C. Montoya	2.4	\$405	\$972.00
Sam Murphy	1.3	\$845	\$1,098.50
Christopher E. Hamilton	1.2	\$795	\$954.00
Nicholas R. Miller	0.4	\$540	\$216.00
Jared C. Lampson	0.3	\$700	\$210.00
James Hrissikopoulos	42.2	\$615	\$25,953.00
Kristen Warner	24.7	\$250	\$6,175.00
Ann Marie Jezisek	7.1	\$250	\$1,775.00
Fitsum Woldehawariat	6.	\$330	\$2,013.00
Jose Sanchez	3.3	\$330	\$1,089.00
Christopher O'Kane	0.9	\$330	\$297.00
Craig McLaughlin	0.3	\$330	\$99.00
Daniel Healey	10.8	\$400	\$4,320.00
Chandra Elia	4.4	\$225	No charge
Jormin Wu	0.9	\$240	No charge
September Total Fees			\$84,842.00
Fee Discount			\$15,271.56
September Total Expenses			\$4,447.11
Total Fees Billed for Fee Period:			\$153,257.00
Total Fees Requested After Application of Discount:			\$125,670.74
Total Expenses for Fee Period:			\$6,478.51

⁹ The Receiver's counsel, in its discretion, has provided a one-time 18% fee discount for each month in August and September.

STRETTO

July		
Item	Quantity	Amount
Hourly Fees	n/a	\$16,746.00
Printing	416 @ \$0.10 per page	\$41.60
Postage	n/a	\$25.10
Envelopes and Packaging	n/a	\$1.80
Electronic Imaging	60 @ \$0.10 per image	\$6.00
License Fee and System Maintenance	408 @ \$0.10	\$40.80
Robotic Process Automation	n/a	\$159.26
Secure Digital File Retention	n/a	\$247.06
July Total:		\$17,267.62
August		
Item	Quantity	Amount
Hourly Fees	n/a	\$16,669.00
Printing	25,266 @ \$0.10 per page	\$2,526.60
Postage	n/a	\$1,498.56
Envelopes and Packaging		\$126.60
Electronic Imaging	23 @ \$0.10 per image	\$2.30
License Fee and System Maintenance	411 @ \$0.10	\$41.10
Robotic Process Automation	n/a	\$1,434.02
Secure Digital File Retention	n/a	\$6,248.21
August Total Due:		\$28,546.39
September		
Item	Quantity	Amount
Hourly Fees	n/a	\$4,347.00
Printing	38 @ \$0.10 per page	\$3.80
Postage	n/a	\$24.26
Envelopes and Packaging	n/a	\$1.50
Electronic Imaging	112 @ \$0.10 per image	\$11.20
License Fee and System Maintenance	419 @ \$0.10	\$41.90
Robotic Process Automation	n/a	\$141.05
Secure Digital File Retention	n/a	\$6,274.19
September Total Due:		\$10,844.90
Total Due for Fee Period:		\$56,658.91

WEAVER & TIDWELL, LLP

August	
Service or Charge	Amount
Valuation Services	\$10,300.00
Administrative and Technology Charge	\$515.00
August Total Due:	\$10,815.00
September	
Service or Charge	Amount
Valuation Services	\$21,690.00
Administrative and Technology Charge	\$1,084.50
September Total Due:	\$22,774.50
Total Due for Fee Period:	\$33,589.50

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Tammy Greenblum on behalf of William Nix
Bar No. 24092902
tammy.greenblum@hklaw.com
Envelope ID: 93758256
Filing Code Description: No Fee Documents
Filing Description: RECEIVER'S THIRD STATUS REPORT
Status as of 10/31/2024 5:57 AM CST

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

Name	BarNumber	Email	TimestampSubmitted	Status
Jameson Watts		jameson.watts@huschblackwell.com	10/30/2024 4:02:04 PM	SENT

Associated Case Party: ROBERT BUCHANAN

Name	BarNumber	Email	TimestampSubmitted	Status
Jennifer Freel		jfreel@jw.com	10/30/2024 4:02:04 PM	SENT
Beau Butler		bbutler@jw.com	10/30/2024 4:02:04 PM	SENT

Associated Case Party: GREGORYSMILLIGAN

Name	BarNumber	Email	TimestampSubmitted	Status
William RileyNix, III		trip.nix@hklaw.com	10/30/2024 4:02:04 PM	SENT
Nick Miller		nick.miller@hklaw.com	10/30/2024 4:02:04 PM	SENT
Hannah Maloney		hannah.maloney@hklaw.com	10/30/2024 4:02:04 PM	SENT
GREGORY SMILLIGAN		gmilligan@harneypartners.com	10/30/2024 4:02:04 PM	SENT
Ann MarieJezisek		AnnMarie.Jezisek@hklaw.com	10/30/2024 4:02:04 PM	SENT
Erik White		ewhite@harneypartners.com	10/30/2024 4:02:04 PM	SENT

Case Contacts

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Brian O'Toole		botoole@griffithdavis.com	10/30/2024 4:02:04 PM	SENT
Jameson Watts	24079552	jameson.watts@huschblackwell.com	10/30/2024 4:02:04 PM	SENT
Tanya Robinson		trobinson@abdmlaw.com	10/30/2024 4:02:04 PM	SENT

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Envelope ID: 93758256
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Status as of 10/31/2024 5:57 AM CST

Case Contacts

Tanya Robinson		trobinson@abdmlaw.com	10/30/2024 4:02:04 PM	SENT
Alex Hackworth		ahackworth@abdmlaw.com	10/30/2024 4:02:04 PM	SENT
Bryan Forman		bryan@formanlawfirm.com	10/30/2024 4:02:04 PM	SENT
David Dunham		david@dunhamllp.com	10/30/2024 4:02:04 PM	SENT
Stephanie Copeland		stephanie@formanlawfirm.com	10/30/2024 4:02:04 PM	SENT
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Isabelle Antongiorgi		Isabelle@dunhamllp.com	10/30/2024 4:02:04 PM	SENT
Ashley Johnson		ajohnson@griffithdavison.com	10/30/2024 4:02:04 PM	SENT
James Hicks		jhicks@griffithdavison.com	10/30/2024 4:02:04 PM	SENT
Anthony Ciccone		servicecivil@bclawtx.com	10/30/2024 4:02:04 PM	SENT
Sage Billiot		sage@dunhamllp.com	10/30/2024 4:02:04 PM	SENT

Associated Case Party: MaryEllenCanty

Name	BarNumber	Email	TimestampSubmitted	Status
David Buono		david@ssjmlaw.com	10/30/2024 4:02:04 PM	SENT
Evan Johnston		evan@ssjmlaw.com	10/30/2024 4:02:04 PM	SENT

Associated Case Party: Jonathon Levy

Name	BarNumber	Email	TimestampSubmitted	Status
James Frost	24063687	rfrost@russellfrostlaw.com	10/30/2024 4:02:04 PM	SENT

Associated Case Party: JUDY ARIZPE

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Tammy Greenblum on behalf of William Nix

Bar No. 24092902

tammy.greenblum@hklaw.com

Envelope ID: 93758256

Filing Code Description: No Fee Documents

Filing Description: RECEIVER'S THIRD STATUS REPORT

Status as of 10/31/2024 5:57 AM CST

Associated Case Party: JUDY ARIZPE

Name	BarNumber	Email	TimestampSubmitted	Status
John Ferguson		john@fergusonlawpractice.com	10/30/2024 4:02:04 PM	SENT