

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

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

RECEIVER'S FIFTH 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**"), files this Fifth 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 Fourth Status Report (the "**Fourth Report**") on January 20, 2025. The Receiver incorporates his Initial Status Report (filed on June 10, 2024) (the "**Initial Report**"), his Second Report (filed on August 21, 2024), his Third Report (filed on October 30, 2024) and the Fourth Report (filed on January 20, 2025) (collectively, the "**Reports**") as if fully set forth herein. This Report will focus on developments related to (a) the assets described in the Reports, including (i) the collection of notes receivable held by the Receivership Estate; (ii) 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 administration of POA’s loan portfolio

2. 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, the relevant security for the loans, or the history of collection efforts to this point, all of which can be found in the previous Reports¹. Instead, this Report will primarily focus on developments since the filing of the Third Report on October 30, 2024. The Receiver’s efforts have secured settlements, collateral, and sales proceeds; additional recoveries are anticipated as collateral is liquidated and settlements are funded. Each borrower is discussed in further detail below:

i. Milan Sai Joint Venture, LLC

3. POA holds a loan to Milan Sai, secured by real property located at 3432 Interstate Highway 30, Stanton, Texas 79782, in Martin County (the “***Milan Sai Property***”), with an outstanding principal balance of \$2.3 million, and an outstanding total balance of approximately \$3.9 million. The loan is guaranteed by Milan Sai’s principals, Sunil Patel and Vishal Makwana (the “***Guarantors***”). Milan Sai made monthly interest payments to the Receiver following the commencement of the receivership but ceased payments without explanation in September 2024.

a. *State Court Action*

4. To preserve POA’s rights and avoid statute of limitations concerns, the Receiver filed a lawsuit styled *Gregory S. Milligan, Receiver for Pride of Austin High Yield Fund I, LLC v.*

¹ The Reports can be accessed, free of charge, under the “Important Documents” tab at prideofaustinreceivership.com

Milan Sai Joint Venture, LLC, et al., Cause No. D-1-GN-24-005105, in the 345th District Court, Travis County, Texas (the “*State Court Action*”), against Milan Sai and the Guarantors.

b. *Bankruptcy Filing and Receiver’s Response*

5. On November 4, 2024, Milan Sai filed a voluntary Chapter 11 petition under Subchapter V in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case No. 24-33560 (the “*Bankruptcy Case*”), halting a scheduled foreclosure sale of the Milan Sai Property set for November 5, 2024. The Receiver promptly: (a) objected to Milan Sai’s Subchapter V election, arguing that Milan Sai’s debt exceeded the statutory cap for a “Small Business Debtor”; and (b) moved to lift the automatic stay, asserting no equity in the Milan Sai Property (valued by Milan Sai at \$1.6 million against Pride of Austin’s \$3.9 million claim) and Milan Sai’s inability to confirm a non-Subchapter V plan without the Receiver’s consent, which was withheld.

6. A hearing on the Receiver’s motions was scheduled for January 7, 2025. Following a December 20, 2024, deposition of Milan Sai’s representative, Sunil Patel, and negotiations, Milan Sai proposed a resolution on January 7, 2025, which the Receiver accepted as favorable to the Receivership Estate. Milan Sai agreed to: (a) proceed as a traditional Chapter 11 debtor, requiring the Receiver’s consent for plan confirmation; (b) pay outstanding property taxes by January 31, 2025; (c) make monthly payments of \$15,287.67 from January to April 2025; and (d) allow an automatic stay lift if no plan is confirmed by April 30, 2025, permitting the Receiver to pursue state law remedies, including foreclosure.

c. *Guarantor Litigation*

7. Given the Milan Sai Property’s value is substantially less than POA’s claim, the Receiver pursued recovery of that deficiency from the Guarantors. In January 2025, the Receiver

moved to sever the Guarantors from the State Court Action to proceed against them without violating Milan Sai's bankruptcy stay. Despite the Guarantors' objection, the Court granted severance on February 3, 2025, creating a new action styled *Gregory S. Milligan, Receiver for Pride of Austin High Yield Fund I, LLC v. Sunil Patel and Vishal Makwana*, Cause No. D-1-GN-25-000980, in the 201st District Court, Travis County (the "**Severed Action**"). On February 26, 2025, the Receiver filed a Motion for Summary Judgment in the Severed Action.

8. On March 20, 2025, the Guarantors filed an *Emergency Motion to Extend the Automatic Stay* in the Bankruptcy Case, seeking to enjoin the Severed Action based on an alleged indemnification claim against Milan Sai. The Receiver objected, arguing the claim was a pre-petition obligation extinguished by the Guarantors' failure to file a proof of claim before the bar date. On March 27, 2025, after an evidentiary hearing, the Bankruptcy Court denied the Guarantors' motion, allowing the Severed Action to proceed.

d. Settlement Agreement

9. On April 1, 2025, the Receiver, Milan Sai, and the Guarantors mediated with Hon. Harlin D. Hale (Ret.). Following continued discussions, the parties reached a settlement, the key terms of which are:

- Milan Sai and the Guarantors will collectively pay \$3 million to the Receiver by January 8, 2026, with a \$100,000 down payment by May 8, 2025.
- The Guarantors will provide an agreed \$3 million judgment in favor of the Receivership Estate, enforceable upon default.
- Milan Sai will market and sell the Milan Sai Property in the Bankruptcy Case, with the Receiver retaining the right to credit bid its full claim.

- Credits against the \$3 million obligation include: (i) \$75,000 per month for payments made before January 8, 2026; and (ii) a 2-for-1 credit for sale proceeds exceeding \$1.3 million (e.g., \$1.5 million in proceeds yields a \$1.7 million credit).

10. The parties have executed a binding term sheet and anticipate finalizing a formal settlement agreement by no later April 18, 2025.

ii. Trinity Consulting and Construction, LLC

11. POA holds a loan to Trinity, secured by six lots in Lago Vista, Texas, intended for single-family home construction (the “*Trinity Properties*”), with an outstanding balance of approximately \$2.6 million. One property, located at 3405 Congress Avenue, Lago Vista, Texas 78645 (“*3405 Congress*”), was near completion at the commencement of the receivership.

a. *Receiver’s Initial Efforts*

12. In an effort to maximize recovery, the Receiver advanced approximately \$40,000 to Trinity to complete construction of 3405 Congress, with the expectation that its sale would reduce Trinity’s debt to POA. Despite this advance, Trinity failed to complete construction or maintain consistent communication with the Receiver, breaching its obligations.

b. *Foreclosure and Acquisition*

13. Due to Trinity’s default, the Receiver posted the Trinity Properties for foreclosure in February 2025. On March 4, 2025, the Receiver conducted non-judicial foreclosure sales, acquiring ownership of all six Trinity Properties. Substitute trustee deeds reflecting the Receiver’s ownership have been recorded in the Travis County Real Property Records.

c. *Current Status and Next Steps*

14. The Receiver has engaged DWM Construction to complete 3405 Congress, which is the same contractor that is currently completing the Overcup Property. Upon completion, the

Receiver will list 3405 Congress for sale. The remaining five Trinity Properties will soon be listed for sale to maximize funds for the Receivership Estate. Each of the Trinity Properties will be listed for sale with the same broker that previously sold the Hether Property.

15. The Receiver's actions have secured control of the Trinity Properties and positioned them for sale to recover value for the Receivership Estate. The Receiver will continue to oversee the construction and sales processes and provide further updates to the Court as necessary.

iii. Guestwiser Joint Venture 1, LLC

16. POA holds a loan to Guestwiser, secured by two lots located at 1115 and 1117 Powhattan Street, Dallas, Texas 75215, and certain modular units (collectively, the "*Guestwiser Collateral*").

a. *Guestwiser's Litigation and Bankruptcy*

17. Guestwiser attempted to obstruct collection efforts by filing a lawsuit against POA and a Chapter 11 bankruptcy petition. As a result of the Receiver's efforts, both the lawsuit and bankruptcy case were dismissed, allowing the Receiver to proceed with recovery of the Guestwiser Collateral.

b. *Settlement Efforts and Default*

18. In November 2024, the Receiver posted the Guestwiser Collateral for a December 3, 2024, foreclosure sale. On December 2, 2024, Guestwiser proposed a settlement to avoid foreclosure, which the Receiver accepted with revised terms on December 30, 2024. The agreement required Guestwiser to: (a) execute a deed in lieu of foreclosure, recordable upon default; (b) pay \$45,000 by January 2, 2025; (c) pay \$655,000 by February 3, 2025; and (d) transfer ownership of the modular units to the Receiver for monetization. Guestwiser made the \$45,000 payment but failed to pay the \$655,000 by February 3, 2025. Consequently, the Receiver recorded

the deed in lieu of foreclosure, becoming the record owner of the lots, and conducted a foreclosure sale on the modular units, acquiring title to them.

c. *Sale of Modular Units*

19. On February 20, 2025, the Receiver executed a Letter of Intent with Modular Development Concepts, LLC (“***Modular Purchaser***”) for the sale of the modular units for \$422,500, payable via a promissory note secured by the units, bearing 8% annual interest, and maturing six months from execution (approximately August 2025). Key terms include:

- The Modular Purchaser will pay \$84,500 plus accrued interest per unit sold to third parties before maturity.
- The Modular Purchaser may extend the maturity date by 30 days up to three times, each requiring a 5% extension fee based on the outstanding principal.

20. This Court approved the sale by its *Order Granting Receiver’s Motion to Sell Certain Modular Housing Units*.

d. *Marketing of Lots*

21. The Receiver is actively marketing the lots at 1115 and 1117 Powhattan Street, having received two offers. The Receiver anticipates executing a sale contract by May 2025 and will file a motion to seek Court approval for the sale upon contract execution.

22. The Receiver’s actions have secured ownership of the Guestwiser Collateral and positioned it for monetization through the modular units sale and pending lot sales, maximizing recovery for the Receivership Estate. The Receiver will continue to oversee these processes and provide further updates to the Court, including a motion to approve the lot sale when appropriate.

iv. **Valor Club Partners, LLC**

23. POA holds a loan to Valor Club, secured by four non-contiguous tracts of real property, totaling approximately 50 acres, on the northwest side of San Antonio, Texas (the “*Valor Club Collateral*”), with an outstanding balance subject to a settlement agreement described below.

a. ***Settlement Agreement***

24. The Receiver entered into a settlement agreement with Valor Club (the “*Valor Settlement*”) to resolve collection efforts. Key terms include:

- Valor Club paid \$150,000 to the Receiver by November 1, 2024, which was timely received.
- Valor Club agreed to pay \$4,050,000 by January 31, 2025, with options to extend the deadline by 30 days up to two times, each requiring a \$50,000 payment credited against the balance.
- Valor Club executed a deed in lieu of foreclosure for the Valor Club Collateral, recordable by the Receiver upon default to assume ownership.
- In case of default, the Receiver may pursue Valor Club’s principal, Irwin Deutch, under a limited guaranty.

b. ***Extension and Current Status***

25. Valor Club exercised both extension options, paying \$50,000 on January 31, 2025, and March 2, 2025, reducing the settlement balance to \$3,950,000 and extending the payment deadline to March 31, 2025. On March 30, 2025, Valor Club notified the Receiver it required an additional 30 days to finalize refinancing. The Receiver agreed to extend the deadline to April 30, 2025, conditioned on a \$50,000 payment, of which \$25,000 was credited against the balance, reducing it to \$3,925,000.

26. The Receiver's settlement and oversight of Valor Club's payments have secured \$250,000 to date and preserved options to acquire the Valor Club Collateral or pursue the guarantor if the April 30, 2025, deadline is not met. The Receiver will monitor compliance and provide a further update to the Court following the extended deadline.

v. HOBC

27. POA holds a loan to HOBC, secured by three unsold lots in a residential development in Williamson County, Texas (the "***HOBC Collateral***"). A significant deficiency is expected to remain after any sale of the HOBC Collateral.

a. *Marketing Efforts and Current Status*

28. The Receiver permitted HOBC to market the HOBC Collateral to facilitate sales and reduce the debt. To date, HOBC has achieved no sales. The Receiver is evaluating strategies to maximize the value of the HOBC Collateral, including foreclosure.

b. *Guarantor Pursuit*

29. HOBC's principal executed a Limited Recourse Guaranty, which imposes liability only upon the occurrence of specific conditions. The Receiver has determined that such conditions may have been met and intends to pursue claims against the principal for the deficiency balance. Due to a potential conflict of interest, the Receiver has retained special counsel to initiate litigation, expected to commence by June 2025.

30. The Receiver continues to oversee the HOBC Collateral and pursue recovery options, including potential guarantor litigation, to maximize value for the Receivership Estate. The Receiver will provide a further update to the Court following any developments.

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

31. The REO properties of the Receivership Estate are or were 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***”). Below is a table showing the status of each of the REO Properties. To date, the Receiver's efforts have yielded \$2,121,879 in net proceeds from sales of the Canton Property and Hether Property, with the Fulshear and Overcup Properties positioned for further recovery. Each REO property is discussed in further detail below:

Property	Status
The Fulshear Property	The Receiver has negotiated the terms of a Letter of Intent to sell the Fulshear Property for \$2,575,000, with a 25-day diligence period. Upon expiration of the diligence period, the Receiver will seek approval of the sale by this Court.
The Overcup Property	The Overcup Property is under construction, with completion expected by April 30, 2025. The Receiver will commence marketing for sale immediately thereafter to maximize value for the Receivership Estate.
The Canton Property	The Receiver sold the Canton Property in November 2024 for \$850,000. After closing costs and taxes, net proceeds of \$708,753 were received for the Receivership Estate.
The Hether Property	The Receiver sold the Hether Property in November 2024 for \$1,720,000. After closing costs and taxes, net proceeds of \$1,413,126 were received for the Receivership Estate.

i. The Fulshear Property

32. The Fulshear Property comprises two commercial buildings in Fulshear, Texas, managed by a leasing agent. One building is fully leased, while the other remains unfinished with an incomplete interior.

a. *Access Agreement*

33. The Receiver secured an agreement with an adjacent landowner to provide road access to the Fulshear Property via an additional route, enhancing its marketability. The Receivership Estate received \$22,500 for the sale of this access.

b. *Sale Progress*

34. The Receiver engaged CMI Real Estate as broker to market the Fulshear Property, listed at \$3.2 million. The Receiver has executed a Letter of Intent to sell the property for \$2,575,000, with \$75,000 in earnest money. The purchaser has a 25-day due diligence period, and upon completion, the Receiver will file a motion seeking Court approval to finalize the sale.

35. The Receiver's efforts have positioned the Fulshear Property for a significant sale, augmented by the access agreement, to benefit the receivership estate. The Receiver will provide further updates following the due diligence period and sale approval process.

ii. The Overcup Property

36. The Overcup Property, located in South Austin, Texas, consists of a single-family home and an accessory dwelling unit under construction. Upon appointment, the Receiver replaced CCG Development, LLC (a Buchanan controlled entity) as general contractor and engaged DWM Construction. The Receiver paid \$143,000 to resolve vendor liens and claims left by the prior contractor. DWM Construction began work in October 2024, with completion expected by April 30, 2025.

37. Upon construction completion, the Receiver will engage the real estate broker who sold the Hether Property to market the Overcup Property for sale, aiming to maximize value for the Receivership Estate. The Receiver's actions have stabilized construction of the Overcup Property, positioning it for sale by mid-2025. The Receiver will provide further updates on construction completion and marketing efforts.

iii. The Canton Property

38. As detailed in previous Reports, the Receiver sold the Canton Property for a sale price of \$850,000. Pursuant to this Court's November 7, 2024 *Order Granting Receiver's Motion to Approve the Sale of Certain Real Property and Related Improvements in Canton, Texas*, the Receiver deposited the net proceeds (*i.e.*, proceeds remaining after the payment of any property taxes, commissions, and other closing costs) from the sale of the Canton Property into a separate account used to solely hold such proceeds. That account contains \$708,753.15.

iv. The Hether Property

39. As detailed in previous Reports, the Receiver sold the Hether Property for a sale price of \$1,720,000. Pursuant to this Court's November 25, 2024 *Order Granting Receiver's Motion to Sell Hether Property*, the Receiver deposited the net proceeds (*i.e.*, proceeds remaining after the payment of any property taxes, commissions, and other closing costs) from the sale of the Hether Property into a separate account used to solely hold such proceeds. That account contains \$1,413,126.01.

C. Claims Reconciliation Process

40. 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

41. 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*”).

42. 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 address. 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*”).

43. 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.

44. 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 Objecting Investors and approve the Transaction Histories provided by the Receiver to the Objecting Investors. The Motion to Adjudicate was set for hearing on November 12, and by November 12, all of the remaining objections by the Objecting Investors had been resolved. As a result, the determination of all of the Investor’s transactions with the Fund are resolved and final, which will help determine the amount and method of distribution to Investors the Receiver will ultimately propose.

ii. Creditor Claimants

45. 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.

46. As of the date of this Report, there have been 37 claims filed totaling \$10,069,184.72. On January 20, 2025, the Receiver filed his Other Claims Report, in which, pursuant to the Court’s directive in the Claims Order, has made a recommendation as to (i) the allowability and amount of the Other Claims (as defined in the Claims Order); and (ii) the priority of each Other Claim.

47. The Receiver incorporates the Other Claims Report as if fully restated herein.

48. There was a \$93,959.99 tax claim filed by Van Zandt County, which was paid pursuant to the Canton Sale Order and is therefore moot. There were \$260,466.47 of general unsecured trade claims (*i.e.*, claims for goods or services rendered to the Fund prior to the appointment of the Receiver) filed, which the Receiver has made a recommendation as to the allowability and priority of each.

49. The remaining claims relate, mostly, to claims filed by Investors either (a) on account of their membership interests (which the Receiver has proposed be disallowed²); or (b) on account of judgments obtained on account of their equity interests. The Receiver has attempted to come up with the most equitable recommendation as to the allowability and amount of such claims under the circumstances. Accordingly, and as provided in more detail in the Other Claims Report, the Receiver has recommended that any claims for pre-receivership attorneys' fees expended by Investors that were filed by the Bar Date be allowed. Thus, no Investor that expended resources on a lawyer in order to assert their rights is in a worse position than Investors that did not hire lawyers to assert their rights. Conversely, the Receiver has recommended a priority scheme that does not reward Investors that had superior information about the conduct of the Fund and/or the resources to hire lawyers, and won the "race to the courthouse" to obtain judgments against the Fund prior to the appointment of a Receiver.

50. Specifically, the Receiver has proposed that the Membership Judgment Holders' (as defined in the Other Claims Report) Other Claims should be subordinated to the Investor Claimants and not paid until Investor Claimants have been paid the full amount of their adjudicated claim. To be clear, each of the Membership Judgment Holders also have Investor Claims, which will remain undisturbed. The Receiver believes this is the most equitable priority scheme under the circumstances of this case.

51. The deadline to object to the *Other Claims Report* was February 3, 2025. Certain of the Membership Judgment Holders informed the Receiver that they intended to make objections to the *Other Claims Report*. The Receiver and the objecting Membership Judgment Holders

² To be clear, the Receiver is not taking the position that the investors that filed Other Claims have no claim and will get no distributions. Rather, they are being objected to as Other Claims because they are not Other Claims, and will instead be treated as Investor Claims.

entered into a Rule 11 Agreement that extended their deadline to object to 21 days after the Receiver files his Distribution Plan. Other than the objecting Membership Judgment Holders (whose deadline has been extended), no other party in interest filed an objection to the Other Claims Report by the objection deadline.

iii. Distribution Plan

52. Pursuant to the Claims Order, “the Receiver shall, within a reasonable period of time, file a motion approving the amount and method of distributions to be made to Other Claimants and to Investor Claimants” (the “***Distribution Plan***”). The Receiver is actively working on the Distribution Plan and anticipates filing a proposed Distribution Plan within the next 30 days.

D. Clawback Actions Against “Net Winners”

53. In the coming weeks, the Receiver anticipates initiating lawsuits against certain investors who received payments exceeding their principal investment in the Fund (the “***Net Winners***”). The Receiver submits that POA meets the legal definition of a Ponzi-scheme, which necessitates the actions against the Net Winners to ensure equitable recovery for all investors.

54. The Receiver seeks to recover excess payments made to Net Winners—investors who received more than their original principal—because POA’s Ponzi-scheme structure inherently favored early investors at the expense of later ones. In a Ponzi-scheme, funds from new investors are used to pay fictitious profits or returns to earlier investors, creating an illusion of success while depleting the estate. This leaves later investors, who are net losers, with significant unrecovered losses. Allowing Net Winners to retain excess payments is inequitable, as it perpetuates the scheme’s harm by denying net losers a fair share of the estate’s limited assets.

55. The case law supports this approach. In *Janvey v. Brown*, 767 F.3d 430 (5th Cir. 2014), the Fifth Circuit upheld a receiver’s recovery of Ponzi scheme profits, noting that permitting

Net Winners to keep fictitious profits would unfairly burden other investors. The Receiver has a duty to pursue Net Winners to balance recoveries across all investors, ensuring net losers are not disproportionately burdened by the scheme's collapse.

E. Tax Matters

56. ***Fair Market Value.*** As detailed in the Receiver's March 2, 2025, letter, which was posted to the Receivership Website, after extensive efforts, the Receiver has determined it is impossible to provide a Fair Market Valuation for each investor's membership interest in the Fund. A fair market valuation requires an understanding of the liquidation value of each member's interest in the Fund. In the current liquidation scenario, each investor's fair market value is equal to the amount of such investor's ultimate dividend through the receivership proceeding, and each investor's ultimate dividend is dependent upon (1) the unique historical transactions and recovery received to date, (2) the court approving the soon to be filed Distribution Plan, and (3) the amount of money the Receiver is able to recover through his monetization efforts, net of the costs of administration. Because all of those factors are currently unknown, the Receiver is unable to provide a fair market valuation with any level of certainty.

57. ***Delinquent Tax Returns.*** As detailed in previous Reports, the Receiver discovered that the Fund failed to file tax returns for the past seven years. Weaver & Tidwell are currently in the process of constructing those late tax returns to be filed. The Receiver has been in contact with the Internal Revenue Service (the "***IRS***") about submission of the late filed returns and has informed the IRS that the late returns will be filed by May 15, 2025, which the IRS has agreed is acceptable. The Receiver, through Weaver and Tidwell, is investigating the potentially significant late fees and penalties which might be assessed. 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. Cash on Hand and Administrative Expenses to Date and Receipts and Disbursements

58. Attached as Exhibit A to this Report is a summary of the Receivership Estate cash flows since its inception.

G. Personnel Report

59. Attached as Exhibit B to this Report is the Receiver's Personnel Report which details the fees and expenses incurred by the Receiver and his Retained Personnel through March 31, 2025.

H. Continuing Investigation

60. 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.

Respectfully submitted,

KANE RUSSELL COLEMAN & LOGAN, PC

By: /s/ Trip Nix

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ATTORNEYS FOR RECEIVER

CERTIFICATE OF SERVICE

I hereby certify that, on April 14, 2025, a true and correct copy of the foregoing was served electronically upon all counsel of record via eFileTexas.

/s/ Trip Nix

Trip Nix

EXHIBIT A

Pride of Austin High Yield Fund
Receivership Cash Flows

	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Case to Date TOTAL
BEGINNING BALANCE	-	47,839	85,621	42,764	55,663	1,184,835	930,728	1,511,689	2,944,655	2,551,201	2,420,711	-
RECEIPTS												
Asset Monetization	-	-	-	-	1,502,660	-	708,753	1,435,841	45,000	-	-	3,692,254
Transfer from Frost Accounts	55,000	-	-	7,631	-	-	-	-	-	-	-	62,631
Interest Income	-	44,877	15,288	15,288	-	-	-	15,300	15,288	15,288	15,288	136,615
Fee Income	-	-	-	-	25,000	25,000	100,000	-	50,000	-	50,000	250,000
Other Receipts	-	-	-	33,668	-	-	-	-	-	-	-	33,668
TOTAL RECEIPTS	55,000	44,877	15,288	56,586	1,527,660	25,000	808,753	1,451,141	110,288	15,288	65,288	4,175,167
OPERATING DISBURSEMENTS												
Loan Advance	-	-	-	(38,450)	-	-	-	-	-	-	-	(38,450)
REO - Repairs & Maintenance	-	(5,493)	(38,479)	(797)	-	(9,245)	-	(12,790)	(115,605)	(31,975)	-	(214,384)
REO - Development	-	-	(2,875)	-	(2,875)	(187,000)	-	-	-	-	(70,228)	(262,978)
Insurance	(7,161)	(1,140)	(5,306)	(4,279)	(1,768)	(6,563)	(25,801)	(1,060)	(1,060)	(3,991)	(3,753)	(61,883)
Utilities	-	(461)	-	(161)	-	(50)	(47)	-	-	-	-	(721)
Taxes	-	-	-	-	-	-	-	-	(74,327)	-	-	(74,327)
Other	-	-	(848)	-	(800)	(7,451)	(1,845)	(4,325)	-	-	(5,000)	(20,268)
TOTAL OP DISBURSEMENTS	(7,161)	(7,095)	(47,507)	(43,687)	(5,443)	(210,310)	(27,693)	(18,175)	(190,992)	(35,966)	(78,981)	(673,010)
CASE ADMINISTRATION												
Holland & Knight	-	-	-	-	(180,243)	-	(132,149)	-	(109,494)	(50,062)	(15,943)	(487,891)
Stretto	-	-	(10,637)	-	(22,114)	(46,022)	-	-	-	(25,411)	-	(104,185)
Harney Partners	-	-	-	-	(179,873)	-	(67,950)	-	(203,256)	(34,339)	(24,564)	(509,982)
Weaver	-	-	-	-	(10,815)	(22,775)	-	-	-	-	-	(33,590)
TOTAL CASE ADMINISTRATION	-	-	(10,637)	-	(393,045)	(68,797)	(200,099)	-	(312,750)	(109,812)	(40,507)	(1,135,646)
NET CASH FLOW	47,839	37,782	(42,856)	12,899	1,129,172	(254,107)	580,961	1,432,966	(393,455)	(130,490)	(54,200)	2,366,511
BEGINNING BALANCE	47,839	85,621	42,764	55,663	1,184,835	930,728	1,511,689	2,944,655	2,551,201	2,420,711	2,366,511	2,366,511
Funds in Segregated Accounts								(2,121,879)	(2,121,879)	(2,121,879)	(2,121,879)	(2,121,879)
Unrestricted Cash								822,776	429,321	298,832	244,632	244,632
Cumulative Prof Fees												
Holland & Knight	-	-	-	-	(180,243)	(180,243)	(312,392)	(312,392)	(421,886)	(471,948)	(487,891)	(487,891)
Stretto	-	-	(10,637)	(10,637)	(32,751)	(78,773)	(78,773)	(78,773)	(78,773)	(104,185)	(104,185)	(104,185)
Harney Partners	-	-	-	-	(179,873)	(179,873)	(247,823)	(247,823)	(451,079)	(485,418)	(509,982)	(509,982)
Weaver	-	-	-	-	(10,815)	(33,590)	(33,590)	(33,590)	(33,590)	(33,590)	(33,590)	(33,590)
TOTAL	-	-	(10,637)	(10,637)	(403,682)	(472,479)	(672,577)	(672,577)	(985,328)	(1,095,140)	(1,135,646)	(1,135,646)

EXHIBIT B

RECEIVER'S PERSONNEL REPORT

HARNEY PARTNERS

Month: January by Timekeeper	Hours	Rate	Fees
Greg Milligan	34.1	\$650	\$22,165
Greg Milligan	6.0	\$325	\$1,950
Erik White	15.3	\$550	\$8,415
Erik White	4.5	\$275	\$1,237.50
		January Total Fees:	\$33,767.50
		January Total Expenses:	\$571.37

Month: February by Timekeeper	Hours	Rate	Fees
Greg Milligan	18.1	\$650	\$11,765
Erik White	22.5	\$550	\$12,375
		February Total Fees:	\$24,140
		February Total Expenses:	\$423.81

Month: March by Timekeeper	Hours	Rate	Fees
Greg Milligan	20.5	\$650	\$13,325
Erik White	21.4	\$550	\$11,770
		March Total Fees:	\$25,095
		March Total Expenses:	\$62.54

HOLLAND & KNIGHT, LLP

Month: January by Timekeeper	Hours	Rate	Fees
Trip Nix	36.1	\$640	\$23,104
Nicholas R. Miller	24	\$540	\$12,960
Hannah Maloney	4.9	\$400	\$1,960
Heather Montoya	3.8	\$420	\$1,596
Ann Marie Jezisek	10.3	\$260	\$2,574
Kristen D. Warner	9.9	\$260	\$2,574
Fitsum Woldehawariat	1.2	\$370	\$444
Daniel Healey	1.3	\$440	\$572
Jophy Cheng	0.6	\$270	\$162
Marshall Voizard	1.9	\$400	\$760
		January Total Fees:	\$46,810
		January Total Expenses:	\$3,251.69

Month: February by Timekeeper	Hours	Rate	Fees
Nicholas R. Miller	0.5	\$540	\$270
Hannah Maloney	0.4	\$400	\$160
James Hrissikopoulos	17.8	\$690	\$12,282
Ann Marie Jezisek	0.7	\$260	\$182
Kristen D. Warner	1	\$260	\$260
Darcy Glasgow	0.3	\$345	\$103.5
		February Total Fees:	\$13,257.50
		February Total Expenses:	\$2,685.26

KANE RUSSELL COLEMAN & LOGAN, P.C.

Month: March by Timekeeper	Hours	Rate	Fees
Trip Nix	43.2	\$650	\$28,080
Ann Marie Jezisek	3.8	\$300	\$1,140
		March Total Fees:	\$29,220
		February Total Expenses:	\$0

STRETTO**JANUARY**

Item	Quantity	Amount
Hourly Fees	-	\$1,756
Printing	765 @ \$0.10	\$76.50
Postage	-	\$45.45
Envelopes and Packaging	-	\$6.75
Robotic Process Automation	-	\$445.05
Secure Digital File Retention	-	\$6,343.31
		January Total: \$8,673.06

FEBRUARY

Item	Quantity	Amount
Hourly Fees	-	\$448
Robotic Process Automation	-	\$2.50
		February Total: \$450.50

WEAVER & TIDWELL

Item	Amount
Progress bill for walk forward of capital accounts 2016-2019 and preparation of delinquent tax returns 2020-2023	\$19,288.75
Consulting regarding various tax matters, IRS transcripts, penalties, etc.	\$6,332.50
Administrative and Technology Charge	\$1,281.06
	Total: \$29,902.31

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Tammy Greenblum on behalf of William Nix

Bar No. 24092902

TGreenblum@krcl.com

Envelope ID: 99647040

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Filing Description: RECEIVER'S FIFTH STATUS REPORT

Status as of 4/15/2025 4:49 AM CST

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Bar No. 24092902
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Envelope ID: 99647040
Filing Code Description: No Fee Documents
Filing Description: RECEIVER'S FIFTH STATUS REPORT
Status as of 4/15/2025 4:49 AM CST

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