

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 MOTION TO APPROVE
COMPROMISE WITH CERTAIN JUDGMENT HOLDERS**

Gregory S. Milligan, in his capacity as the Court-appointed receiver ("**Receiver**") for Defendant Pride of Austin High Yield Fund 1, LLC ("**POA**" or the "**Fund**"), files this Motion to Approve Compromise with Certain Judgment Holders (the "**Motion**") and would respectfully show the Court as follows:

A. Appointment of Receiver and Receiver's Right to Settle Claims

1. On April 30, 2024, the Court entered the Agreed Order Appointing Receiver (the "**Receiver Order**") and appointed Gregory S. Milligan as the Receiver¹. The Receivership Order was effective that day when the Receiver deposited the required bond and filed his oath.

2. Pursuant to the Receivership Order, the Receiver has the "right to settle claims or causes of action relating to the Receivership Estate ... or brought or threatened against the Fund". Receivership Order, ¶ 8(d). The Receivership Order does not require Court-approval for such compromises, but because this settlement involves compromises with POA Investors ("**Investor Claimants**"), out of an abundance of caution, and in deference to the Court, the Receiver files this

¹ The Receivership Order was amended on May 6, 2024.

Motion requesting Court-approval of settlements with certain Investor Claimants that hold judgments against POA.

B. The Judgments

3. As part of the onslaught of at least 36 investor lawsuits brought against the Fund, and prior to the appointment of the Receiver, certain investor members in POA filed some of the referenced lawsuits and obtained judgments against POA and other parties (the “**Judgment Holders**”) prior to the entry of the Receivership Order. Certain of those Judgment Holders filed Other Claims. Ten of the Judgment Holders obtained judgments for damages arising from the purchase of their membership interests in POA (the “**Judgments**”). The total dollar value of the Judgment Holders’ Other Claims exceeds \$5.5 million.

4. The Receiver has filed a Distribution Plan (the “**Distribution Plan**”) which subordinates the Judgment Holders’ Judgments, and the associated liens. Under the Distribution Plan, the Judgment Holders would retain their Investor Claims, but given the economic realities of this case, would not be paid on account of their Judgments. The Receiver has described, in detail, the equitable reasons for this structure in the Distribution Plan.

5. After extensive negotiations, including a mediation with several of the Judgment Holders and direct meetings with other Judgment Holders, the Receiver has entered into settlement agreements (the “**Settlement Agreements**”) pursuant to which he has agreed to settle the claims of all ten Judgment Holders (the “**Settling Judgment Holders**”). The Receiver believes that the Settlement Agreements are in the best interest of the Receivership Estate because they eliminate uncertainty related to the treatment of the Judgment Holders’ claims at a reasonable price as further described below.

C. The Settlement Agreements

6. Pursuant to the Settlement Agreements², each of the Settling Judgment Holders have agreed to release their Judgments against POA, release any liens associated with their Judgments, and release their claims against the Receivership Estate. In exchange, nine of the Settling Judgment Holders will receive differing levels of monetary compensation depending on their specific circumstances as provided in the chart below, and one of the Settling Judgment Holders will make a payment to the Receivership Estate of \$350,000:

Judgment Holder	Judgment Amount	Net Winnings or Net Losses	Settlement Payment to Judgment Holder	Benefit to Receivership Estate
Richard and Lorena Gardner	\$378,773.85	Net loss of \$29,753.99	\$35,244.99	Release of \$378,773.85 judgment and associated liens, and release of Investor Claim
John and Judy Arizpe	\$923,769.62	Net win of \$35,274.07	\$28,224.50	Release of \$923,769.62 judgment and associated liens, and release of Investor Claim
Jeff Walton	\$816,251.97	Net loss of \$244,345.44	\$322,345.44 ³	Release of \$816,251.97 judgment and associated

² The Settlement Agreements are still in the process of being executed. Copies of the Settlement Agreements will be uploaded for review prior to the hearing on this Motion. In the interest of time, and so this Motion can be set at the same time as the hearing on the Receiver's Distribution Plan, the Receiver is filing this Motion in time to provide sufficient notice of the hearing prior to July 28, 2025.

³ This amount includes a Class 1 claim for attorneys' fees in the amount of \$43,277.67 that is being released. Assuming an 80% recovery, Mr. Walton would have received a payment of \$155,654.56 on account of his Investor Claim and \$43,277.67 on account of his Class 1 claim for a total of \$198,932.23. Accordingly, the difference between what Mr. Walton would have received under the Distribution Plan, if approved, and what he is receiving under the Settlement Agreement is \$123,413.21.

				liens, and release of Investor Claim
Anish Tolia	\$506,308.44	Net win of \$69,000	\$52,500	Release of \$506,308.44 judgment and associated liens, and release of Investor Claim
Graham Wootten	\$540,647.26	Net loss of \$387,400.27	\$392,400.27 ⁴	Release of \$540,647.26 judgment and associated liens, and release of Investor Claim
David O'Connor	\$388,479.87	Net loss of \$117,466.91	\$122,466.91 ⁵	Release of \$388,479.87 judgment and associated liens, and release of Investor Claim
Michael O'Connor	\$294,330.77	Net loss of \$100,970.43	\$105,970.43 ⁶	Release of \$294,330.77 judgment and associated liens, and release of Investor Claim

⁴ This amount includes a Class 1 claim for attorneys' fees in the amount of \$5,000 that is being released. Assuming an 80% recovery, Mr. Wootten would have received a payment of \$287,400.27 on account of his Investor Claim and \$5,000 on account of his Class 1 claim for a total of \$292,400.27. Accordingly, the difference between what Mr. Walton would have received under the Distribution Plan, if approved, and what he is receiving under the Settlement Agreement is \$100,000.

⁵ This amount includes a Class 1 claim for attorneys' fees in the amount of \$5,000 that is being released. Assuming an 80% recovery, Mr. O'Connor would have received a payment of \$65,166.91 on account of his Investor Claim and \$5,000 on account of his Class 1 claim for a total of \$70,166.91. Accordingly, the difference between what Mr. O'Connor's would have received under the Distribution Plan, if approved, and what he is receiving under the Settlement Agreement is \$52,300.

⁶ This amount includes a Class 1 claim for attorneys' fees in the amount of \$5,000 that is being released. Assuming an 80% recovery, Mr. O'Connor would have received a payment of \$80,776.34 on account of his Investor Claim and \$5,000 on account of his Class 1 claim for a total of \$85,776.34. Accordingly, the difference between what Mr. O'Connor's would have received under the Distribution Plan, if approved, and what he is receiving under the Settlement Agreement is \$20,194.09.

Patricia Lloyd Jones, Individually and as the Independent Executor of the Estate of James L. Lloyd, deceased, and on behalf of the James L. Lloyd IRA and James L. Lloyd Roth IRA	\$1,722,012.56	Net win of \$684,342.40	Jones to pay Receiver \$350,000	Release of \$1,722,012.56 judgment and associated liens, and release of Investor Claim
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------	-------------------------	---------------------------------	----------------------------------------------------------------------------------------

7. The Receiver submits that approval of these Settlement Agreements is in the best interest of the Receivership Estate. The settlements eliminate the risk that approximately \$5.6 million in judgments will be paid ahead of Investor Claimants. The actual price to eliminate that risk is approximately \$60,000 or approximately 1% of the total amount of the Judgments if the Judgments are deemed to have priority over other Investor Claimants. The Receiver has determined the “actual cost” to the Receivership Estate by calculating the value of the amounts the Receiver is paying the Settling Judgment Holders, collectively, over and above what they would have received on account of their Investor Claims (that amount is approximately \$410,000) and subtracting the amount of money the Receiver is receiving from certain Settling Judgment Holders (that amount is \$350,000), thus making the actual cost to the Receivership Estate \$60,000 to eliminate approximately \$5.6 million in risk. These settlements avoid the material impact to Investor Claimants that would result if the Judgments are deemed to have priority over Investor Claimants. Additionally, the Receiver anticipates that at least some of the Judgment Holders would appeal rulings that adversely impacted their rights, including the approval of the Distribution Plan

that subordinated their Judgments, which could delay or reduce and initial distribution to Investor Claimants. As a result, the Receiver believes that approval of the Settlement Agreements is in the best interest of the Receivership Estate and will allow the Receiver to begin making meaningful distributions to Investor Claimants in the near term.

8. For all the reasons described herein, the Receiver submits that approval of the Settlement Agreements is in the best interest of the Receivership Estate.

D. Notice of Requested Relief

9. In order to ensure that all interest holders receive notice of the relief requested in this Motion, the Receiver will serve a copy of the Motion on: (a) all parties that have filed a notice of appearance in this case; and (b) will post copies of the Motion and notice of hearing on the Receiver's website⁷, and send out a notification to all investor email addresses that such Motion has been filed.

PRAYER

WHEREFORE, the Receiver requests that upon final consideration of this Motion, the Court enter an order consistent with the foregoing requested relief and for such other and further relief, general or special, at law or in equity, to which the Receiver may show himself justly entitled.

⁷ <https://www.prideofaustinreceivership.com>

Respectfully submitted,

KANE RUSSELL COLEMAN & LOGAN, PC

By: /s/ Trip Nix

William R. "Trip" Nix
Texas Bar No. 24092902
401 Congress Ave., Ste. 2100
Austin, Texas 78701
Telephone: 512.487.6568
tnix@krcl.com

ATTORNEYS FOR RECEIVER

CERTIFICATE OF SERVICE

I hereby certify that, on July 23, 2025, a true and correct copy of the foregoing Motion was served electronically upon all counsel of record via eFileTexas. The Motion will, as soon as practicable, be served on all known POA investors via the methods set forth above.

/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

TGreenblum@krcl.com

Envelope ID: 103465946

Filing Code Description: Motion (No Fee)

Filing Description: RECEIVER'S MOTION TO APPROVE COMPROMISE
WITH CERTAIN JUDGMENT HOLDERS

Status as of 7/23/2025 1:55 PM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Brian O'Toole		botoole@griffithdavison.com	7/23/2025 7:32:18 AM	SENT
James Frost	24063687	rfrost@russellfrostlaw.com	7/23/2025 7:32:18 AM	SENT
Jameson Watts	24079552	jameson.watts@huschblackwell.com	7/23/2025 7:32:18 AM	SENT
Jacob Scheick	24060563	jacob@pilothouselitigation.com	7/23/2025 7:32:18 AM	SENT
Molly Henderson		mhenderson@gdhm.com	7/23/2025 7:32:18 AM	SENT
Tanya Robinson		trobinson@abdmlaw.com	7/23/2025 7:32:18 AM	SENT
William RileyNix, III		trip.nix@hklaw.com	7/23/2025 7:32:18 AM	SENT
Bryan Forman		bryan@formanlawfirm.com	7/23/2025 7:32:18 AM	SENT
Evan Johnston		evan@ssjmlaw.com	7/23/2025 7:32:18 AM	SENT
David Dunham		david@dunhamllp.com	7/23/2025 7:32:18 AM	SENT
Christopher HTrickey		ctrickey@gdhm.com	7/23/2025 7:32:18 AM	SENT
Stephanie Copeland		stephanie@formanlawfirm.com	7/23/2025 7:32:18 AM	SENT
Isabelle Antongiorgi		Isabelle@dunhamllp.com	7/23/2025 7:32:18 AM	SENT
David Buono		david@ssjmlaw.com	7/23/2025 7:32:18 AM	SENT
Ashley Johnson		ajohnson@griffithdavison.com	7/23/2025 7:32:18 AM	SENT
Beau Butler		bbutler@jw.com	7/23/2025 7:32:18 AM	SENT
James Hicks		jhicks@griffithdavison.com	7/23/2025 7:32:18 AM	SENT
Erik White		ewhite@harneypartners.com	7/23/2025 7:32:18 AM	SENT
Ann Marie Jezisek		ajezisek@krcl.com	7/23/2025 7:32:18 AM	SENT
Alex Hackworth		ahackworth@abdmlaw.com	7/23/2025 7:32:18 AM	SENT
Jennifer Freel		jfreel@jw.com	7/23/2025 7:32:18 AM	SENT
Debra Lineberger		debra_lineberger@yahoo.com	7/23/2025 7:32:18 AM	SENT

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

TGreenblum@krcl.com

Envelope ID: 103465946

Filing Code Description: Motion (No Fee)

Filing Description: RECEIVER'S MOTION TO APPROVE COMPROMISE
WITH CERTAIN JUDGMENT HOLDERS

Status as of 7/23/2025 1:55 PM CST

Case Contacts

Debra Lineberger		debra_lineberger@yahoo.com	7/23/2025 7:32:18 AM	SENT
Eydie Toll		Eydie_1963@yahoo.com	7/23/2025 7:32:18 AM	SENT
Sarah Wade		sarah@ssjmlaw.com	7/23/2025 7:32:18 AM	SENT
John Ferguson		john@fergusonlawpractice.com	7/23/2025 7:32:18 AM	SENT
Nick Miller		nick.miller@hklaw.com	7/23/2025 7:32:18 AM	SENT
Sage Billiot		sage@dunhamllp.com	7/23/2025 7:32:18 AM	SENT
Kell Mercer		kell.mercer@mercerc-law-pc.com	7/23/2025 7:32:18 AM	ERROR
Kell CMercer		kell.mercer@mercerc-law-pc.com	7/23/2025 7:32:18 AM	ERROR
Kell CMercer		kell.mercer@mercerc-law-pc.com	7/23/2025 7:32:18 AM	ERROR
Kell CMercer		kell.mercer@mercerc-law-pc.com	7/23/2025 7:32:18 AM	ERROR
Jacob Scheick		admin@pilothouselitigation.com	7/23/2025 7:32:18 AM	SENT
Hannah Maloney		hannah.maloney@hklaw.com	7/23/2025 7:32:18 AM	SENT
GREGORY SMILLIGAN		gmilligan@harneypartners.com	7/23/2025 7:32:18 AM	SENT
William RNix		tnix@krcl.com	7/23/2025 7:32:18 AM	SENT