

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

Sajid Maqsood, Trustee of the Sajid Maqsood	§	IN THE DISTRICT COURT
& Joan M. Maqsood Revocable Trust; Joan M.	§	
Maqsood; Annette Amey; George E. Burchlaw;	§	
David A. Clark; David & Stephen Clark, Trustees	§	
of the Mary Goodwin Revocable Living Trust; Jay	§	
Dirkx; Rebecca Donovan; William Dodd; Mary	§	
Dunlap; Sunnygrove, Ltd.; Rhonda & Douglas	§	
Fitzgerald; Richard Glasco; Martha Hapgood; James	§	
Harp; Julieta R. Hernandez; E.P. INITIATIVE,	§	
LLC; The beh Initiative, LLC; Walter Johnstun;	§	
Salimuddin Khan, Trustee of the Khan Living Trust;	§	
Narayanan Krishnan; Jeanne P. Lucke; Avi Mozes,	§	
Trustee of the Avi & Diana Mozes Trust; Kathryn	§	
Nealis & Treesa Bruce; Greg Richards; 6 Straight	§	
Arrows LLC; Cyns Hot Fund LLC; Phils Alpha	§	
Fund LLC; Francis & Loren Semmens; William	§	
Vandersteel; and George Young,	§	
	§	
Plaintiffs,	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
Pride of Austin High Yield Fund I, LLC;	§	
CCG Capital Group, LLC; and Robert J.	§	
Buchanan,	§	
	§	
Defendants.	§	201 <sup>st</sup> JUDICIAL DISTRICT

**AMENDED AGREED ORDER APPOINTING RECEIVER**

Came on to be heard the Plaintiffs' Application for Appointment of Receiver and Application for Temporary Injunction. Upon hearing the evidence and argument of counsel, the Court makes the following findings and orders.

- a. The Court finds that it has subject matter jurisdiction over this action and personal jurisdiction over the parties to this case.
- b. The Plaintiffs are members in Pride of Austin High Yield Fund I, LLC ("POA" or "the

Fund”). Plaintiffs’ combined capital accounts represent approximately one-third of the total member investment in the Fund.

c. POA is a manager-managed limited liability company. Its designated manager is CCG Capital Group, LLC (“CCG”), which is controlled by Defendant Robert Buchanan.

d. POA’s business consists of making secured real-estate loans with capital contributed by member investors.

e. POA’s records indicate that the total investor capital is approximately sixty million dollars (\$60,000,000.00). Mr. Buchanan and CCG have made representations to Plaintiffs and others to that effect.

f. Historically the Fund has paid out quarterly distributions to its members. The members could elect to receive their distributions in cash or “reinvest” the proceeds.

g. In 2023 the Fund ceased making distributions to its members. Dozens of members including many of these Plaintiffs requested information from Mr. Buchanan and CCG about the status of the Fund and the resumption of distributions. As late as September 2023, Mr. Buchanan and CCG assured investors that the Fund was performing well and that a distribution was forthcoming. No such distribution was made. Mr. Buchanan essentially stopped responding to calls, emails and other communications, and failed to provide any information to the investors, not even tax statements, other than to eventually acknowledge by email that there would be no distributions for the second, third, or fourth quarters of 2023.

h. At least 36 lawsuits have been filed in Travis County against POA. In most cases, CCG and Mr. Buchanan are also named as defendants, and occasionally additional parties as well. Virtually all the lawsuits include a request for books and records pursuant to the Texas Business

Organizations Code and the POA company agreement, along with demands for full redemption of the investment. Mr. Buchanan and CCG routinely ignored such lawsuits for months, resulting in seven default judgments and numerous contempt findings. Finally, in late 2023, CCG and Mr. Buchanan hired a competent and reputable attorney to represent the entities, staving off additional default judgments.

i. POA hired Harney Partners (“Harney Partners”) to conduct a financial review of POA’s books and records and paid a retainer to Harney Partners (the “Retainer”). Greg Milligan and Erik White of Harney Partners delivered a preliminary report (the “Preliminary Report”) on April 15, 2024. Harney Partners applied the full amount of the \$40,000.00 Retainer to the fees and expenses Harney Partners incurred in preparing the Preliminary Report, exhausting the Retainer. The Fund still owes Harney Partners approximately \$20,000.00 related to its activities through the date of the receivership hearing.

j. The Preliminary Report revealed that POA is in far worse shape than represented by CCG and Mr. Buchanan. While Mr. Buchanan has failed to produce sufficient records to fully assess the condition of the Fund, the information was sufficient to conclude that POA’s total value is far less than \$60,000,000.00 and is likely closer to \$20,000,000.00, which is approximately one-third of the value represented by CCG and Mr. Buchanan to the Plaintiffs.

k. POA’s internal records reflected a cash balance of approximately \$2,700,000.00. With access to POA’s bank account, Harney Partners determined that the actual cash balance was approximately \$22,000.00. There is virtually no cash to redeem any investors, pay any expenses or even continue to fund committed loan obligations.

l. As disclosed in the Preliminary Report, POA has active loans to six borrowers. At least

one of the loans permits the Borrower to make additional draws up to the full committed loan amount; however, POA does not currently have cash or other liquid assets available to meet the draws.

m. Mr. Buchanan initially provided the loan files, financial and bank account information to Harney Partners, but then failed to respond to multiple requests for follow-up information. Harney Partners identified a number of related-party transactions between the Fund and CCG or one of its affiliates and requested information from Mr. Buchanan about these transactions. Mr. Buchanan and CCG provided no additional information about any such transactions.

n. Based on the evidence presented and the arguments of counsel, the Court finds that the property of POA is in danger of being lost, removed, or materially injured and that POA is insolvent or in immediate danger of insolvency.

o. The Court finds that, based on the evidence adduced at the hearing, all other available legal and equitable remedies, including the appointment of a receiver for specific property of POA, are inadequate, and that

(i) the Court should appoint a receiver to rehabilitate POA pursuant to Tex. Bus. Orgs. Code § 11.404.

p. The appointment of a receiver is necessary to conserve the property and business of POA and avoid damage to interested parties. Irreparable damage will ensue to the unsecured creditors of POA as a class, generally, unless there is an immediate preservation and/or liquidation of the property of POA.

q. Gregory S. Milligan of Harney Partners is appropriate and qualified to serve as Receiver. To the extent applicable, pursuant to Tex. Civ. Prac. & Rem. Code § 64.021(a)(2) the Court finds that Mr. Milligan and Harney Partners are not a party, attorney, or other person interested in this

action for appointment of a receiver.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Court hereby takes exclusive jurisdiction and possession of the Receivership Assets, as defined herein, of POA (the "Receivership Estate").
2. Until further Order of the Court, Gregory S. Milligan, of the firm HMP Advisory Holdings, LLC, dba Harney Partners, is hereby appointed to serve as the Court's appointed receiver (the "Receiver") for all assets of POA as defined herein (the "Receivership Assets"). The Receiver shall hold the Receivership Assets in custodia legis.
3. The Court appoints the Receiver pursuant to
  - a. Tex. Bus. Orgs. Code § 11.404.

**I. Asset Freeze**

4. Except as otherwise specified herein, the Receivership Assets are frozen and may not be conveyed, transferred or in any way hypothecated until further order of the Court. "Receivership Assets" means assets of any and every kind whatsoever, including without limitation all assets described in this Order, that are: (a) owned, controlled, or held, in whole or in part, by or for POA; (b) in the actual or constructive possession of POA; (c) held by an agent of POA; or (d) owned, controlled, or held, in whole or in part, by, or in the actual or constructive possession of POA, including assets that have been transferred to other persons or entities but as to which assets such persons or entities do not have a legitimate claim. Accordingly, all persons, institutions, and entities with direct or indirect control over any Receivership Assets, other than the Receiver or law enforcement officials acting within the course and scope of their official duties, are hereby restrained and enjoined from directly or indirectly transferring, setting off, receiving, changing,

selling, pledging, assigning, liquidating or otherwise disposing of or withdrawing such Receivership Assets. This freeze shall include, but not be limited to, Receivership Assets that are on deposit with financial institutions such as banks, brokerage firms, and mutual funds, or other institutions.

## **II. General Powers and Duties of Receiver**

5. Except as limited herein, the Receiver shall have all powers, authorities, rights, and privileges necessary to manage the Receivership Assets under the supervision of the Court. This includes all powers to manage the Receivership Assets that were heretofore granted to the manager under any agreement governing POA's affairs, and all powers and authority of a receiver at equity, and all powers conferred upon a receiver by the provisions of Texas law, and this Order. This Order does not grant the Receiver any powers not authorized under applicable law.

6. The trustees, directors, officers, managers, members, investment advisors, accountants, attorneys, and other agents of POA are hereby ordered not to take any action to manage, sell, dispose of, retain or in any way exercise control over the Receivership Assets. Such persons and entities shall have no authority with respect to the Receivership Assets, except to the extent as hereafter may be expressly granted by the Court or the Receiver.

7. No person holding or claiming any position of any sort with the Fund shall possess any authority to sell, convey, manage, retain, or in any way exercise control over the Receivership Assets.

8. Subject to the specific provisions in Sections III through XI, below, the Receiver shall have the following general powers and duties:

- a. To use reasonable efforts to determine the nature, location, and value of all Receivership Assets, including, but not limited to, monies, funds, securities, credits, investments, savings, options, shares, cash, currencies, checks, accounts, vehicles, boats, equipment, fixtures, effects, goods, chattels, lands, premises,

leases, notes, membership interests in any limited liability company, partnership interests, contracts, certificates of title, instruments, inheritances, interests in any trust, art, collectibles, furnishings, jewelry, personal effects, digital currencies, virtual currencies, cryptocurrencies, digital or electronic property, casino accounts, deposits, or chips, rights, and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Fund owns, possesses, has a beneficial interest in, or controls directly or indirectly;

- b. To take custody, control, and possession of all Receivership Assets and records relevant thereto from POA, including any materials which constitute attorney-client communications or attorney work product;
- c. To take possession, custody, and control of all Receivership Assets, and to manage, control, operate, and maintain the Receivership Assets, pending further Order of the Court;
- d. To investigate, and to the extent the Receiver deems appropriate, prosecute, enforce, and settle claims or causes of action relating to the Receivership Estate, including the right to commence, control, direct, negotiate, litigate, settle, or dismiss any and all claims belonging to the Fund or brought or threatened against the Fund. To the extent the Receiver desires to commence a new cause of action that collaterally attacks a previously signed order, he will first need to request approval by the Court;
- e. To enforce, collect, foreclose, or monetize any interest, claim, instrument, legal right, debt, lien, security interest, encumbrance, obligation, or other right belonging to the Receivership Estate;
- f. To borrow funds, incur credit, issue receiver's certificates to fund the Receivership Estate, and, subject to further order of the Court, to pledge, grant liens, and security interests on Receivership Assets to secure such obligations;
- g. To use Receivership Assets for the benefit of the Receivership Estate (i.e. POA), making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver;
- h. To take any action that, prior to the entry of this Order, could have been taken by POA with respect to managing the Receivership Assets, except as limited by this Order;
- i. To choose, engage and employ attorneys, accountants, appraisers, and any independent contractors and technical specialists, including, but not limited to, real estate agents, forensic experts, property managers, and auctioneers (collectively, "Retained Personnel") as the Receiver deems advisable or necessary in the performance of the Receiver's duties and responsibilities under the authority granted by this Order;
- j. To take such action as necessary and appropriate for the preservation of Receivership Assets or to prevent the dissipation or concealment of Receivership Assets;



- k. To the extent necessary to locate and identify assets, the Receiver is authorized to issue subpoenas for documents and testimony consistent with the Texas or Federal Rules of Civil Procedure;
  - l. To replace the current manager of the Fund and appoint one or more replacement managers, with such replacement managers having only the duties and authority provided to them by the Receiver in writing; and
  - m. To take such other action as may be approved by the Court.
9. The Receiver may delegate to his agents, professionals, and contractors, any of the powers of the Receiver granted to him by this Order.
10. The Receiver may seek further Orders of the Court regarding standing powers of the Receiver, operations of POA, and administration of Receivership Assets as may be deemed necessary to conserve the Receivership Assets, secure the best interests of creditors, investors, and other stakeholders of POA, and protect the interests of the Receiver.

### **III. Access to Information**

11. The past and/or present officers, directors, agents, managers, general and limited partners, trustees, members, attorneys, accountants, and employees of the Fund, specifically including but not limited to Robert Buchanan and CCG, as well as those acting in their place, are hereby enjoined, ordered and directed to preserve and turn over to the Receiver forthwith all paper and electronic information of, and/or relating to, the Receivership Assets. Such information shall include but not be limited to books, records, documents, accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, details of items deposited, and check registers), member and investor lists, title documents, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, computer files, databases and other data compilations, including any information stored by third parties or using cloud-based services, access codes, security codes, passwords, safe deposit keys, combinations, and all other



instruments, papers, and electronic data or records of any kind or nature, pertaining to the Receivership Assets.

12. Within ten (10) days of the entry of this Order, the person(s) formerly in control of POA, including but not limited to Mr. Buchanan and CCG, shall file with the Court and serve upon the Receiver a sworn statement, listing: (a) the identity, location and estimated value of all Receivership Assets, including contact information for the party in possession of all assets of POA, held jointly or singly, including without limitation all assets held outside the territory of the United States; (b) all employees (and job titles thereof), other personnel, attorneys, accountants, and any other agents or contractors of POA; and (c) the amount and nature of all liabilities of POA, including without limitation the names, addresses, and amounts of claims of all known creditors of POA. Such sworn statement shall include the names, addresses, telephone numbers, facsimile numbers, and e-mail addresses of the holders of any legal, equitable, or beneficial interests in such assets and the names, addresses, telephone numbers, facsimile numbers, and e-mail addresses of any financial institutions or other persons or entities holding such assets, along with the account numbers and balances. The sworn statements shall be accurate as of the date of this Order, shall be signed and verified as true and complete under penalty of perjury.

13. Within fourteen (14) days of the entry of this Order, the person(s) formerly in control of the Receivership Assets, including but not limited to CCG and Mr. Buchanan, shall file with the Court and serve upon the Receiver and all interested parties a sworn statement and certification, with complete documentation, covering the period from date of formation of POA to the present:

- a. Of all Receivership Assets, wherever located, held by or in the name of CCG, Mr. Buchanan, or one of CCG or Buchanan's affiliates or insiders, or in which they have or had any beneficial interest, or over which POA maintained or maintains and/or exercised or exercises control, including, but not limited to: (a) all

securities, investments, funds, real estate, automobiles, motorcycles or other motor vehicles, watercraft, jewelry, digital assets, including but not limited to any assets contained in digital assets held at cryptocurrency exchanges, and other assets, stating the location of each; and (b) any and all accounts, including all funds held in such accounts, with any bank, brokerage, or other financial institution, or any other institution, including but not limited to casinos, held by, in the name of, or for the benefit of Mr. Buchanan, CCG, or their affiliates or insiders, directly or indirectly, or over which either of them maintained or maintains and/or exercised or exercises any direct or indirect control, or in which either of them had or has a direct or indirect beneficial interest, including the account statements from each bank, brokerage, or other financial institution;

- b. Identifying every account at every bank, brokerage, or other financial institution: (a) over which CCG and its affiliates (as defined in the Texas Business Organizations Code), have signatory authority; or (b) opened by, in the name of, or for the benefit of, or used by, POA;
- c. Identifying all credit, bank, charge, debit or other deferred payment card issued to or used by CCG or POA, including but not limited to the issuing institution, the card or account number(s), all persons or entities to which a card was issued and/or with authority to use a card, the balance of each account and/or card as of the most recent billing statement, and all statements for the last twelve months;
- d. Of all assets received by POA from any person or entity, including the value, location, and disposition of any assets so received;
- e. Of all funds received by POA. The submission must clearly identify, among other things, all investors, lenders, members, or partners, the interests they purchased or loans made, the date and amount of their investments or loans, and the current location of such funds;
- f. Of all expenditures exceeding \$1,000 made by POA, including those made on POA's behalf by any person or entity in the preceding 12 month period;
- g. Of all transfers of assets made by POA; and
- h. That all books and records pertaining to POA have been turned over to the Receiver.

14. Within five (5) days of the entry of this Order, the person(s) formerly in control of POA, including but not limited to Mr. Buchanan and CCG, shall provide to the Receiver copies of POA's federal income tax returns from formation through present, with all relevant and necessary underlying documentation including but not limited to K-1s and any other information reasonably necessary for the POA investors to document for the IRS or other taxing or accounting authorities the investment losses incurred by the POA investors.

15. POA's past and/or present officers, directors, agents, members, shareholders, employees, attorneys, accountants, debtors, creditors, managers, general and limited partners, and other appropriate persons or entities shall cooperate with the Receiver in providing information and documents required by the Receiver pertaining to the Receivership Assets, or any other matter relevant to the operation or administration of the receivership or the collection of funds due to POA. The Receiver shall hold and control the Fund's attorney-client privilege, including for documents and communications predating this Order.

16. CCG and Mr. Buchanan are required to assist the Receiver in fulfilling his duties and obligations. As such, they must reasonably cooperate with all requests for information and documents from the Receiver regarding the Receivership Assets and administration thereof, including but not limited to information related to Fund investments in CCG affiliates. This cooperation and assistance shall include, but not be limited to: (a) providing any information or documents that the Receiver deems necessary or appropriate to the exercise of the Receiver's authority and the discharge of the Receiver's responsibilities under this Order; (b) providing any keys, including but not limited to physical, digital, and cryptographic keys, codes, device PINs, and passwords, including but not limited to account, encryption, email account, and computer passwords required to access any computer, electronic file, or telephonic data in any medium; (c) immediately advising all persons who owe money or currency of any kind to POA that all debts should be paid directly to the Receiver; (d) providing full access to all Receivership Assets; and (e) maintaining and not wasting, damaging, disposing of, or transferring in any manner any Receivership Assets.

17. If at any time Mr. Buchanan and CCG or their affiliates ceases to cooperate with the Receiver as necessary for the Receiver to fully perform his duties under this Order, the Receiver

shall be entitled to immediately seek from the Court an order of contempt and such other remedies allowed by law.

**IV. Access to Books and Records**

18. The Receiver is authorized to take immediate possession of all bank accounts or other financial accounts, books, and records and all other documents or instruments relating to POA. All persons and entities having control, custody, or possession of any Receivership Assets, including any financial institutions, Mr. Buchanan, any employee or agent of POA, CCG, and any CCG Affiliate or Insider are hereby directed to turn such property, including but not limited to all accounts, over to the Receiver.

19. POA, as well as its agents, servants, employees, managers, attorneys, any persons acting for or on its behalf, including Mr. Buchanan, CCG, any CCG affiliate or insider, and any persons receiving notice of this Order by personal service, electronic mail, facsimile transmission, or otherwise, having possession of the property, business, books, records, accounts, or assets of POA are hereby directed to deliver the same to the Receiver, his agents, and/or employees.

20. All banks, brokerage firms, financial institutions, and other persons or entities which have possession, custody, or control of any assets or funds held by, in the name of, or for the benefit of, directly or indirectly, POA that receive actual notice of this Order by personal service, electronic mail, facsimile transmission, or otherwise shall:

- a. Not liquidate, transfer, sell, convey, or otherwise transfer any assets, securities, funds, or accounts in the name of or for the benefit of POA except upon instructions from the Receiver;
- b. Not exercise any form of set-off, alleged set-off, lien, or any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of the Court; and
- c. Cooperate expeditiously in providing information and transferring funds, assets, and accounts to the Receiver or at the direction of the Receiver.

**V. Access to Real and Personal Property**

21. The Receiver is authorized but not directed to take immediate possession of all personal property of POA, wherever located, including but not limited to electronically stored information, computers, laptops, hard drives, external storage drives, and any other such memory, media or electronic storage devices, books, papers, data processing records, evidence of indebtedness, bank records and accounts, savings records and accounts, brokerage records and accounts, certificates of deposit, stocks, bonds, debentures, and other securities and investments, contracts, mortgages, furniture, office supplies, and equipment.

22. The Receiver is authorized but not directed to take immediate possession of all real property of POA, wherever located, including but not limited to all ownership and leasehold interests and fixtures. Upon receiving actual notice of this Order by personal service, facsimile transmission, or otherwise, all persons other than law enforcement officials acting within the course and scope of their official duties, are (without the express written permission of the Receiver) prohibited from: (a) entering such premises; (b) removing anything from such premises; or, (c) destroying, concealing, or erasing anything on such premises.

23. In order to execute the express and implied terms of this Order, the Receiver is authorized to change door locks to any premises. The parties to this suit, or any other person acting or purporting to act on their behalf, are ordered not to change the locks in any manner, nor to have duplicate keys made, nor shall they have keys in their possession during the term of the receivership.

24. The Receiver is authorized to open all mail directed to POA and to inspect all mail opened prior to the entry of this Order to determine whether items or information therein fall within the mandates of this Order.

25. The Receiver is authorized to request similar assistance from any other federal, state, county, or civil law enforcement officer(s) or constable(s) of any jurisdiction.

**VI. Notice to Third Parties**

26. The Receiver shall promptly give notice of his appointment to all known officers, directors, agents, employees, shareholders, members, creditors, debtors, managers, attorneys, accountants, and general and limited partners of POA, as the Receiver deems necessary or advisable to effectuate the operation of the receivership.

27. All persons and entities owing any obligation, debt, or distribution with respect to an ownership interest in any Receivership Asset shall, until further ordered by the Court, pay all such obligations in accordance with the terms thereof to the Receiver, and its receipt for such payments shall have the same force and effect as if POA had received such payment.

28. In furtherance of his responsibilities in this matter, the Receiver is authorized to communicate with, and/or serve this Order upon, any person, entity, or government office that he deems appropriate to inform them of the status of this matter and/or the financial condition of the Receivership Estate. All government offices which maintain public files of security interests in real and personal property shall, consistent with such office's applicable procedures, record this Order upon the request of the Receiver.

29. The Receiver is authorized to instruct the United States Postmaster to hold and/or reroute mail which is related, directly or indirectly, to the business, operations, or activities of any of the Receivership Assets (the "Receiver's Mail"), including all mail addressed to, or for the benefit of POA. The Postmaster shall not comply with, and shall immediately report to the Receiver, any change of address or other instruction given by anyone other than the Receiver concerning the Receiver's Mail. Mr. Buchanan, CCG and others purporting to act on behalf of POA shall not open any of the Receiver's Mail and shall immediately turn over such mail, regardless of when



received, to the Receiver. The foregoing instructions shall apply to any proprietor, whether individual or entity, of any private mail box, depository, business or service, or mail courier or delivery service, hired, rented, or used by POA. No one other than Receiver shall open a new mailbox regarding POA, or take any steps or make any arrangements to receive mail in contravention of this Order, whether through the U.S. mail, a private mail depository, or courier service.

30. Subject to payment for services provided, any entity furnishing any utilities or related services to POA shall maintain such service and transfer any such accounts to the Receiver unless instructed to the contrary by the Receiver.

**VII. Injunction Against Interference with Receiver**

31. All persons receiving notice of this Order by personal service, electronic mail, facsimile, or otherwise, including Mr. Buchanan and CCG, are hereby restrained and enjoined from directly or indirectly taking any action or causing any action to be taken, without the express written agreement of the Receiver, which would:

- a. Interfere with the Receiver's efforts to take control, possession, or management of any Receivership Assets; such prohibited actions include but are not limited to, using self-help or executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution, or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any Receivership Assets;
- b. Hinder, obstruct or otherwise interfere with the Receiver in the performance of his duties; such prohibited actions include but are not limited to, concealing, destroying, or altering records or information;
- c. Dissipate or otherwise diminish the value of any Receivership Assets; such prohibited actions include but are not limited to, releasing claims or disposing, transferring, exchanging, assigning or in any way conveying any Receivership Assets, enforcing judgments, assessments or claims against any Receivership Assets or the Fund, attempting to modify, cancel, terminate, call, extinguish, revoke or accelerate (the due date), of any lease, loan, mortgage, indebtedness, security agreement or other agreement executed by the Fund or which otherwise affects any Receivership Assets;



- d. Transact any of the business of the Fund or transferring any Receivership Assets to anyone other than the Receiver, except that all persons interested in the Fund may take such actions in this lawsuit as authorized by law to represent their interests in the Receivership Estate.
  - e. Destroy, secret, deface, transfer, or otherwise alter or dispose of any documents of or pertaining to the Fund and to the extent any such documents are no longer in existence, fail to disclose the nature and contents of such documents and how, when, and by whom such documents were caused to no longer be in existence;
  - f. Fail to notify the Receiver of any Receivership Assets, including accounts constituting Receivership Assets held in any name other than the name of the Fund, or by any person other than the Fund, or fail to provide any assistance or information requested by the Receiver in connection with obtaining possession, custody, or control of such Receivership Assets;
  - g. Refuse to cooperate with the Receiver or the Receiver's duly authorized agents in the exercise of their powers, duties, or authority under any order of the Court; or
  - h. Interfere with or harass the Receiver or interfere in any manner with the exclusive jurisdiction of this Court over the Receivership Estate.
32. The Receiver shall establish one or more custodial accounts at a federally insured bank to receive and hold all cash equivalent Receivership Assets (the "Receivership Funds").
33. The Receiver's deposit account shall be entitled "Receiver's Account, Estate of Pride of Austin High Yield Fund I" together with the name of the action, or a title to that effect.
34. Without further order of the Court, the Receiver may liquidate, abandon, or otherwise dispose of Receivership Assets, including real estate, in the ordinary course of business. Without further order of the Court, the Receiver may liquidate, abandon, or otherwise dispose of Receivership Assets, including real estate, with a fair market value of \$25,000 or less, outside the ordinary course of business.
35. The Receiver is authorized to use the Receivership Assets and proceeds thereof to pay debts and expenses of POA that (i) have accrued prior to or during the receivership and (ii) in the sole discretion of the Receiver are essential or necessary to the operations of POA.

36. The Receiver's duties shall include, using reasonable efforts, identifying, marshaling, taking custody of, and preserving the value of the Receivership Assets and identifying appropriate dispositions of the same.

37. Upon further Order, pursuant to such procedures as may be required by the Court, the Receiver will be authorized outside the ordinary course of business to sell, abandon, and transfer clear title to real property in the Receivership Estate with a fair market value of more than \$25,000.

38. The Receiver is authorized to take all actions he deems necessary in his sole judgment to manage or maintain business operations of the Receivership Estate, including making payments to creditors, employees, and agents of the Receivership Estate and communicating with vendors, investors, governmental and regulatory authorities, and others, as appropriate.

#### **VIII. Bankruptcy Filing**

39. The Receiver is granted the sole and exclusive right to file or direct the filing of voluntary petitions for relief under Title II of the United States Code (the "Bankruptcy Code") for POA. If POA is placed in bankruptcy proceedings, the Receiver may serve as and may appoint such managers, professionals, and officers as necessary to operate POA as a debtor in possession.

#### **IX. Implementation of Order**

40. This Order Appointing Receiver shall become effective after all three of the following events have occurred:

- a. This Order Granting Receiver is signed;
- b. The Receiver has posted a bond or deposit in the amount of \$100.00 (one hundred dollars and 00/100) with the Travis County District Clerk conditioned on faithful discharge of his duties and obedience to the Orders of the Court. Such amount may be posted as a third party bond, paid by check, or other method; and
- c. The Receiver has filed an oath in this matter with the clerk of this Court.

41. The Receiver and his Retained Personnel, acting within scope of such agency, are entitled to rely on all outstanding rules of law and Orders of the Court and shall not be liable to anyone for their own good-faith compliance with any order, rule, law, judgment, or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for their good-faith compliance with their duties and responsibilities as Receiver or Retained Personnel, including compliance with applicable law governing the collection of debt, nor shall the Receiver or Retained Personnel be liable to anyone for any actions taken or omitted by them except upon a finding by the Court that they acted or failed to act as a result of malfeasance, bad faith, gross negligence, or in reckless disregard of their duties. The Receiver and the Retained Personnel shall be and hereby are indemnified by the Receivership Estate to the fullest extent permitted under the law from any cause of action or claim related to any act or omission in connection with, relating to, or arising out of this Order and their duties exercised hereunder, except for claims related to any act or omission that is determined in a final order by this Court to have constituted a malfeasance, bad faith, gross negligence, or in reckless disregard of their duties. The Receiver and Retained Personnel shall be entitled to advances from the Receivership Estate to cover actual and reasonably anticipated expenses of defending any action threatened against or brought against them as a result of any act or omission, actual or alleged, in their capacity as such. Any indemnified party shall provide an undertaking to repay promptly any amounts so paid, advanced, or reimbursed upon the entry of a final order finding that such party was not entitled to indemnity under this Order.

42. The Court shall retain exclusive jurisdiction over any action filed against the Receiver or Retained Personnel based upon acts or omissions alleged to have been committed in their representative capacities relative to the carrying out of duties and responsibilities of the Receiver.

43. In the event the Receiver decides to resign, the Receiver shall first give written notice to the Court and counsel for the parties herein of its intention, and the resignation shall not be effective until a successor is appointed.

44. The Receiver shall not be personally liable for any liabilities that have accrued, or will accrue to POA.

#### **X. Insurance**

45. Mr. Buchanan and CCG are ordered to immediately provide the Receiver with all available insurance information for both existing and prior insurance policies. This includes all applications, policies, riders, correspondence, endorsements, claims and other information. Persons associated with the Fund, specifically CCG and Mr. Buchanan are ordered: (1) to advise the insurance agent(s) of this Order in writing, (2) designate all authority over the policies to the Receiver, and (3) take no action with regard to terminating or modifying existing insurance policies.

46. The Receiver is hereby authorized to engage insurance brokers and consultants as necessary to properly insure the Receivership Assets. Mr. Buchanan, CCG and any other persons acting on behalf of POA shall cooperate with the Receiver with regard to identifying and maintaining existing insurance policies on the Receivership Assets.

#### **XI. Recommendations and Reports**

47. The Receiver is authorized, empowered, and directed to develop a plan for the fair, reasonable, and efficient preservation and/or disposition of assets as quickly as possible using his best judgment regarding the sale of the principal real estate assets (the "Preservation / Liquidation Plan").

48. Within sixty (60) days of the entry date of this Order, and based upon the best information available to the Receiver, the Receiver shall file the Preservation/Liquidation Plan in the above-captioned action, with service copies to counsel of record, to allow the Court to evaluate the best course of action for the preservation and liquidation of the Receivership Assets. Such plan shall contain a list of all members and former members of POA, the percentage ownership held by each member, the total funds invested by each member, with separate amounts for direct capital investment and reinvested (i.e. unreceived) distributions. For all former members, in addition to the information above, the date the investor's interest was redeemed, the stated value of the member's capital account at the time of redemption, the total cash distributions received by the member as of the time of redemption, and the total paid by the fund in redemption of the member's interest.

49. Within thirty (30) days after the end of each calendar quarter, beginning with the calendar quarter ending September 30, 2024, the Receiver shall file and serve a full report and accounting of each Receivership Estate (the "Quarterly Status Report"), reflecting (to the best of the Receiver's knowledge as of the period covered by the report) the existence, value, and location of all Receivership Assets, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of the Receivership Estate.

50. The Quarterly Status Report shall contain the following:

- a. A summary of the operations of the Receiver;
- b. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the Receivership Estate;
- c. A schedule of all the Receiver's receipts and disbursements (attached as Exhibit A to the Quarterly Status Report), with one column for the quarterly period covered and a second column for the entire duration of the Receivership;
- d. A description of all known Receivership Assets, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;

- e. A list of all known creditors with their addresses and the amounts of their claims;
- f. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.
- g. Expenses incurred by the Receiver, including his own fees and fees of Retained Personnel, during that quarter.

## **XII. Fees, Expenses and Accountings**

51. The Receiver need not obtain approval prior to the disbursement of Receivership Funds for expenses in the ordinary course of the administration and operation of the Receivership Estate. Further, prior approval is not required for payments of applicable federal, state, or local taxes owed by POA.

52. The Receiver is authorized to solicit and engage Retained Personnel to assist him in carrying out the duties and responsibilities described in this Order, without further order of the Court.

53. The Receiver and Retained Personnel are entitled to reasonable compensation and expense reimbursement from the Receivership Estate without prior approval, but with full quarterly disclosure to the parties and to the Court as part of the Quarterly Status Report. The Receiver is authorized, without further order of the Court, to pay the Receiver's and the Retained Personnels' fee and expense invoices as the Receiver approves them and funds are available. The Quarterly Status Reports shall reflect all such payments and include a list of the professionals and personnel that provided services, the number of professional and personnel hours incurred, the rates charged, and the expenses paid (the "Personnel Report"). Any objections to a Personnel Report must be filed on or before the tenth (10th) calendar day following the date when the Quarterly Status Report containing the Professional Report was filed. If there are no objections to the Professional Report, the compensation and expense reimbursement in the Professional Report is allowed on a final basis and not subject to further order, review, or objection. The Court

shall decide any objections to any Professional Report that are not consensually resolved by the parties.

54. The Receiver shall be entitled to fees at a rate of \$650.00 per hour, paid from the Receivership Estate and subject to the Personnel Report disclosure and objection procedure detailed above. The Receiver anticipates that Erik White, a Managing Director in Harney Partners, will assist on the engagement at a rate of \$550.00 per hour, and any other members of Harney Partners working on the engagement shall be charged at a rate not to exceed \$400.00 per hour, depending on experience and qualifications. The Receiver is further authorized to reimburse Harney Partners from the Receivership Estate for its reasonable legal fees and expenses incurred in reviewing and negotiating this Order and any other matter involving Harney Partners in this case, as distinguished from the Receiver and the Fund which will have separate counsel. Any persons advancing funds to the Receiver or otherwise expending funds at the Receiver's request for the direct benefit of the Receivership Estate following entry of this order shall be entitled to an administrative priority claim in the Receivership Estate for repayment of such amounts, before distributions to any equity holders.

55. At the close of the Receivership, the Receiver shall submit a Final Accounting, which shall include a report of all sums paid to the Receiver and Retained Personnel pursuant to the Order.

56. All such fees and expenses of the Receiver, including all amounts due to the Receiver or Retained Personnel, shall be accorded priority to the maximum extent provided by applicable law.

57. Further, this Order shall constitute a lien upon the Receivership Assets including, but not limited to, any real property owned by POA to secure the compensation of Receiver and Retained



Personnel. Such lien shall be properly perfected upon the filing of this Order in the Public Records of Travis County, Texas.

Date signed May 6, 2024

  
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HONORABLE AMY CLARK MEACHUM

**AGREED AS TO FORM:**

/s/ Jameson Watts  
Counsel for Pride of Austin High Yield Fund  
1, LLC and CCG Capital Group, LLC

/s/ Brian O'Toole  
Counsel for Applicant

/s/ Trip Nix  
Counsel for Gregory S. Milligan, Receiver

/s/ David Dunham  
Counsel for interested parties, Audrey Cheong,  
Lorena and Richard Gardner, Anish Tolia,  
David and Thomas Voorhies, and Jeffrey Walton

/s/ Tanya Robinson  
Counsel for interested parties, SMG Shoreline  
Holdings, LLC, S&M Greer Series, LLC, James  
Fowler, Jennifer and Paul Foreman, and Joshua  
and Erin Burnham

/s/ John Ferguson  
Counsel for interested parties, Sean Fallo, David  
O'Connor, Michael and Graham Wooten, Frederick  
Rosen, Tailfin Investments, LLC, and Kim and Larry  
Wilkin