

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

SAJID MAQSOOD, TRUSTEE OF THE  
SAJID & JOAN M. MAQSOOD REVOCABLE  
TRUST, ET. AL.,

Plaintiffs,

v.

PRIDE OF AUSTIN HIGH YIELD  
FUND I, LLC, ET. AL.

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IN THE DISTRICT COURT

TRAVIS COUNTY, TEXAS

201<sup>ST</sup> JUDICIAL DISTRICT

**DECLARATION OF GREGORY S. MILLIGAN IN SUPPORT OF  
RECEIVER'S AMENDED MOTION TO APPROVE DISTRIBUTION PLAN AND  
MOTION TO APPROVE COMPROMISE WITH CERTAIN JUDGMENT HOLDERS**

My name is Gregory S. Milligan, my date of birth is [REDACTED], and my office address is 8911 N. Capital of Texas Hwy., Ste. 2120, Austin, Texas 78759. I declare under penalty of perjury that the following is true and correct:

1. This declaration (the “**Declaration**”) is filed in support of Gregory S. Milligan, Court-appointed receiver (“**Receiver**”) for Defendant Pride of Austin High Yield Fund 1, LLC’s (“**POA**” or the “**Fund**”), *Motion to Approve Compromise with Certain Judgment Holders* (the “**Motion to Compromise**”); and *Amended Motion to Approve Distribution Plan* (the “**Distribution Motion**”).

**A. General Background**

2. On April 30, 2024, the Court entered the *Agreed Order Appointing Receiver* (the “**Receiver Order**”), which appointed me as Receiver for POA<sup>1</sup>. The Receivership Order was effective that day when I deposited the required bond and filed my oath.

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<sup>1</sup> The Receivership Order was amended on May 6, 2024.

3. The Receivership Order gives me the right 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 ... settle, or dismiss any and all claims belonging to the Fund or brought or threatened against the Fund.” Receivership Order, ¶ 8(d). A copy of the Receivership Order is attached hereto as Exhibit A.

4. On June 17, 2024, the Court entered an *Order Granting Receiver’s Motion to Approve (I) Proposed Claims Verification Procedures, and (II) Claims Bar Date* (the “**Claims Order**”). A copy of the Claims Order is attached as Exhibit B. The Claims Order contemplated separate processes for the Fund’s investors (“**Investor Claimants**”) and creditor claimants (“**Creditor Claimants**” or “**Other Claimants**”).

#### **B. Investor Claimants**

5. With respect to Investor Claimants, the Claims Order required me to send Reconciliation Notices to the Fund’s current and former investors (the “**Reconciliation Notices**”), which were required to include: (i) cash invested into the Fund; (ii) cash paid out to the Investor Claimants by the Fund (whether as redemptions or purported distributions); and (iii) the amount of reinvested dividends, if any (the “**Transaction Histories**”).

6. On August 2, 2024, I directed the Claims Agent, Stretto, to send Reconciliation Notices to all known Investor Claimants. The Reconciliation Notices were sent to each Investor Claimant at their last known physical address via regular U.S. mail and at their last 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**”).

7. On August 5, 2024, I directed Stretto to send a notification to all Investor Claimants receiving email notices that the Objection Deadline was August 23, 2024. On August 6, 2024, I 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. In addition, also on August 6, 2024, the Notice Regarding Objections to Reconciliation Notices was also posted to a special investor website established by me, as the Receiver, as another way to timely communicate important case information to investors during the pendency of the receivership proceeding<sup>2</sup>.

8. Out of the 373 Reconciliation Notices that were sent to current and former investors, 32 objections were submitted. Pursuant to the Claims Order, for any Investor Claimant that did not file an objection to the Reconciliation Notice they received, the “Reconciliation Notice shall be the final, binding, determination as to the Transaction History for such Investor Claimant.” Claims Order, ¶ 4(b). I resolved all 32 objections received either by stipulation or through such Investor Claimant agreeing to withdraw their objections. As a result, the determination of all of the Investors’ transactions with the Fund are resolved and final.

9. On November 11, 2024, I filed *Receiver’s Investor Claims Report*. Attached as Exhibit C hereto is a *Summary of Reconciliation Notices*.

### **C. Creditor Claimants**

10. The Claims Order also contemplated an “***Other Claims***” process, which addressed claims that were not Investor Claims. Pursuant to the Claims Order, the Receiver was required to notify Other Claimants of the claims process and bar dates by transmitting a Claims Package, which included a *Notice of Claims Process and Claims Bar Dates* (the “***Claims Notice***”), the

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<sup>2</sup> [www.PrideofAustinReceivership.com](http://www.PrideofAustinReceivership.com) (“***Receivership Website***”)

Claims Order, and a Claim Form, to all known Other Claimants with actual or potential claims. Claims Order, ¶ 4(c). On June 24, 2024, I directed Stretto to serve the Claims Notice on all Other Claimants and posted a copy of the Claims Notice to the Receivership Website.

11. The claims bar date was October 15, 2024 (the “**Bar Date**”). On June 27, 2024, I posted a *Notice of Claims Bar Date* to the Receivership Website. Pursuant to the Claims Order, any Other Claimant’s “failure to timely file a claim shall be forever barred, estopped, and enjoined from asserting such Claim against the Receivership Estate or the Receiver and shall not be treated as a Claimant with respect to such Other Claim for the purposes of any distributions from the Receivership Estate.” *Id.* at ¶ 5(d).

12. The Claims Order contemplated that, after the Bar Date passed, I was required to evaluate all Other Claims that were filed and then file with the Court a “report outlining the Receiver’s recommendation as to the allowable amount and priority of each Other Claim” (the “**Other Claims Report**”). *Id.* at ¶ 7(a).

13. Thirty-seven (37) Other Claims were filed on or before the Bar Date in the total amount of \$10,069,184.72. Consistent with the Claims Order, I filed the Other Claims Report and detailed the allowability, amount, and priority of the Other Claims.

14. On July 24, 2025, I filed an *Amended Other Claims Report*. A copy of the list detailing the Other Claims that are treated as allowed Other Claims (the “**Allowed Creditor Claims**”) is attached as Exhibit D.

#### **D. Requirements to File Distribution Plan and Filing of Distribution Plan**

15. The Claims Order requires that “[u]pon completion of the claims reconciliation process identified herein, 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.” Claims Order, ¶ 7(c).

16. On May 20, 2025, I filed *Receiver’s Motion to Approve Distribution Plan* (the “**Original Distribution Motion**”). In crafting the Original Distribution Motion, I relied on the Forensic Report prepared by my financial advisors at Hanry Partners (the “**Forensic Report**”), which found that the Fund operated as a *Ponzi* scheme since its inception, with distributions paid from invested capital rather than profits. I understand that the findings in the Forensic Report detail how POA’s distributions, misrepresented as profits, were funded by new investor capital, and highlight badges of fraud, including self-dealing and misleading financial reporting.

17. From the Forensic Report, I understand that POA operated as a *Ponzi* scheme from its start, as distributions declared as “Net Profits” were paid from invested capital rather than realized profits, starting in June of 2010, with the first investor distribution ever made by the Fund. I further understand that unlike legitimate hard money lending fund operations where profits derive from loan interest and fees, POA’s cash flows showed that member distributions were funded by new investments and asset liquidations, which is a hallmark of a *Ponzi* scheme.

18. I understand that the Forensic Report identified numerous red flags, such as consistent distributions despite declining loan portfolio performance and a material decrease in accounting activity post-2015, incompatible with reported returns. Additional badges of fraud included misleading investor reports (*e.g.*, overstating Assets Under Management as collateral values), two sets of loan schedules hiding insider loans, and failure to file tax returns (2016-2023) while issuing inflated Schedule K-1s. *Id.* at pp. 39-41

19. The findings in the Forensic Report influenced my proposed method of distribution.

#### **E. Treatment of Judgment Holders in Original Distribution Plan**

20. As part of the onslaught of at least 36 investor lawsuits brought against the Fund, and prior to the appointment of me, as the Receiver, certain investor members in POA filed some of the referenced lawsuits and obtained judgments against POA and other parties (the “*Judgments*”) 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 totaling \$5,570,574.04 (the “*Membership Judgment Holders*”). Each of the Membership Judgment Holders filed abstracts of judgment in Travis County, Fort Bend County, and Van Zandt County, which created liens on certain real property owned by the Fund (the “*Judgment Liens*”).

21. Because these Judgments were based on the Membership Judgment Holders’ equity interests in POA, I did not believe that it was equitable for the Membership Judgment Holders to be paid in full on account of their Judgments before other Investor Claimants received a distribution. If that occurred, then it would materially impact the recovery that Investor Claimants not holding Judgments would obtain because it would have reduced the distributable proceeds by \$5,570,574.04 and would be the result of the Membership Judgment Holders winning the “race to the courthouse”. As a result, in the Original Distribution Plan, I proposed that the Membership Judgment Holders Judgments and the Judgment Liens be subordinated to Investor Claimants.

#### **F. Settlement with Judgment Holders**

22. I understood and anticipated that the Membership Judgment Holders would object to the Original Distribution Plan because of the subordination of their Judgments and Liens. While I was prepared to defend the Original Distribution Plan and believed that the Original Distribution Plan was equitable and in the best interest of the Receivership Estate, I engaged in negotiations

with the Membership Judgment Holders in an effort to reach a resolution that would mitigate risks to the Receivership Estate.

23. After extensive negotiations, including a mediation with several of the Judgment Holders and direct meetings with other Judgment Holders, I entered into settlement agreements (the “*Settlement Agreements*”) pursuant to which I agreed to settle the claims of all ten Judgment Holders (the “*Settling Judgment Holders*”). Copies of the Settlement Agreements are attached as Exhibits E-G. I submit that, in my business judgment, 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. The Settlement Agreements also eliminate the need to expend limited receivership estate funds on attorneys’ fees and other professional fees (expected to easily exceed \$150,000.00) and avoid protracted appeals that delay a fulsome distribution to investors, even if the receivership estate is ultimately successful.

24. Pursuant to the Settlement Agreements, each of the Settling Judgment Holders have agreed to release their Judgments against POA, release any Judgment Liens, 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.

<b>Judgment Holder</b>	<b>Judgment Amount</b>	<b>Net Winnings or Net Losses</b>	<b>Settlement Payment to Judgment Holder</b>	<b>Benefit to Receivership Estate</b>
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 <sup>3</sup>	Release of \$816,251.97 judgment and associated 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 <sup>4</sup>	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 <sup>5</sup>	Release of \$388,479.87

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.

				judgment and associated liens, and release of Investor Claim
Michael O'Connor	\$294,330.77	Net loss of \$100,970.43	\$105,970.43 <sup>6</sup>	Release of \$294,330.77 judgment and associated liens, and release of Investor Claim
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 (" <i>Jones</i> ")	\$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

25. I believe 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. I determined the "actual cost" to the Receivership Estate by calculating the value of the amounts the Receivership Estate is paying the Settling Judgment Holders, collectively, over and above what they would have received on account

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O'Connor's would have received under the Distribution Plan, if approved, and what he is receiving under the Settlement Agreement is \$52,300.

<sup>6</sup> 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.

of their Investor Claims (that amount is approximately \$410,000) and subtracting the amount of money the Receivership Estate 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.

26. 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 Original Distribution Plan that subordinated their Judgments, which could delay or reduce any initial distribution to Investor Claimants. The Settlement Agreements also limit the significant expenses that would be incurred by the Receivership Estate in prosecuting the issues related to subordination of the Judgments and Liens as well as any appeals that would result. As a result, I believe that approval of the Settlement Agreements is in the best interest of the Receivership Estate and will allow me to begin making meaningful distributions to Investor Claimants in the near term.

#### **F. Amended Distribution Plan**

27. On July 22, 2025, I filed *Receiver's Amended Motion to Approve Distribution Plan* (the "***Amended Distribution Plan***"). Below I will explain the Amended Distribution Plan, which I believe to be equitable and in the best interest of the Receivership Estate, including classes of claims and the method of distribution chosen.

##### **i. Classes of Claims**

28. The Amended Distribution Plan has five (5) classes of claims, each of which is described below:

- Class 1: Allowed Creditor Claims, which the Amended Distribution Plan proposes are to be paid in the amount of the Allowed Creditor Claims as stated in the Receiver's Other Claims Report.
- Class 2: Settling Judgment Holders (receiving payments)<sup>7</sup>: to be paid *parri passu* with Class 1 in the amounts contemplated in chart detailing the Settlements above
- Class 3: Investor Claims: to be paid pursuant to the rising tide methodology after Class 1 and Class 2 are paid in full.
- Class 4: Potential claims by the Internal Revenue Service: to be paid after payment in full of Class 1, Class 2, and Class 3 related to the Fund's failure to file tax returns after 2015.
- Class 5: Insider Claims: Investor claims of insiders will be subordinated to all other classes

29. The Amended Distribution Plan contemplates Class 1 Claimants being paid in full.

Class 1 Claimants includes those claimants with Allowed Creditor Claims.

30. Class 2 Claimants includes Settling Judgment Holders. Class 2 Claimants will be paid *parri passu* with Class 1 Claimants.

31. Class 3 Claimants shall include Investor Claimants. As discussed in more detail below, I proposes that allowed Class 3 Claimants be paid pursuant to the rising tide methodology, which I believe is the most equitable methodology under these circumstances. At this time, I do not believe that allowed Class 3 Claimants will be paid the full amount of their claim.

32. Class 4 will consist solely of any potential claims asserted by the Internal Revenue Service for, including but not limited to, amounts owed due to the Fund's failure to file federal income tax returns since 2015. No such claim has been asserted by the Internal Revenue Service, but I understand that such a claim may be asserted by the Internal Revenue Service at some point. I am aware that my counsel, Mr. Nix, and Stretto both provided separate notice – *by email and U.*

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<sup>7</sup> This class does not include Jones who is making a payment to the Receivership Estate of \$350,000.

*S. Mail* – of the Distribution Motion to the Internal Revenue Service, including direct notice to the Specialist handling the delinquent tax filings. Attached as Exhibit H is the communication from Mr. Nix to the IRS Specialist, and attached as Exhibit I is the certificate of service from Stretto certifying that the Distribution Plan and related documents were served on it.

33. Class 5 Claimants consists of Insider Investor Claimants. Class 5 Claimants are subordinated to Classes 1-4 and shall not receive a distribution until Classes 1-4 have been satisfied in full.

**ii. Proposed Method and Calculation of Distributions**

34. I have acted as a receiver in well over a dozen matters and have crafted distribution plans in other similar cases involving *Ponzi* schemes. In my experience, there are three distribution methods that are typically considered in equitable receiverships. These are: (i) rising tide; (ii) net investment or net loss; and (iii) last statement method. In my opinion, the rising tide method is the most commonly used and most equitable method for apportioning receivership assets, and this view was recently upheld on appeal wherein the 4<sup>th</sup> Circuit of Appeals agreed in a published opinion with my rationale for adopting the rising tide methodology in the face of investor objections.

35. The rising tide method uses the distribution process to equalize the percentage return of each Investor Claimant in Class 3 on their loss with the Fund. Under the rising tide method, an investor's pre-receivership withdrawals are considered a part of the overall distributions received by an investor. As such, the Investor Claimant's pre-receivership withdrawals for Class 3 Claimants are credited dollar-for-dollar from the principal amount they invested with the Fund. I believe that this methodology ensures each allowed Investor Claimant receives the same minimum recovery before any allowed Investor Claimant who received pre-



receivership withdrawals receives a distribution. As the rising tide recovery percentage reaches allowed Investor Claimants who received pre-receivership withdrawals, those allowed Investor Claimants begin sharing in *pro rata* distributions until the next allowed Investor Claimant in the rising tide is reached and is added to the *pro rata* distributions. This methodology results in those investors who received the largest pre-receivership withdrawals (on a percentage basis) potentially not receiving any distribution.

36. I further believe that any reinvested dividends in the Fund should be ignored for the purposes of determining distributions because any such dividends were the reinvestment of “profits” which were fictitious.

**iii. Application of Rising Tide Methodology to Class 3**

37. After Class 1 and 2 Claimants are paid in full, I recommend that a rising tide methodology be applied to Class 3 Claimants. 164 Investor Claimants incurred a loss on their investment with POA across 193 accounts. 103 Investor Claimants lost 50% or more of their principal investment, with 44 Investor Claimants losing 100% of their investment.

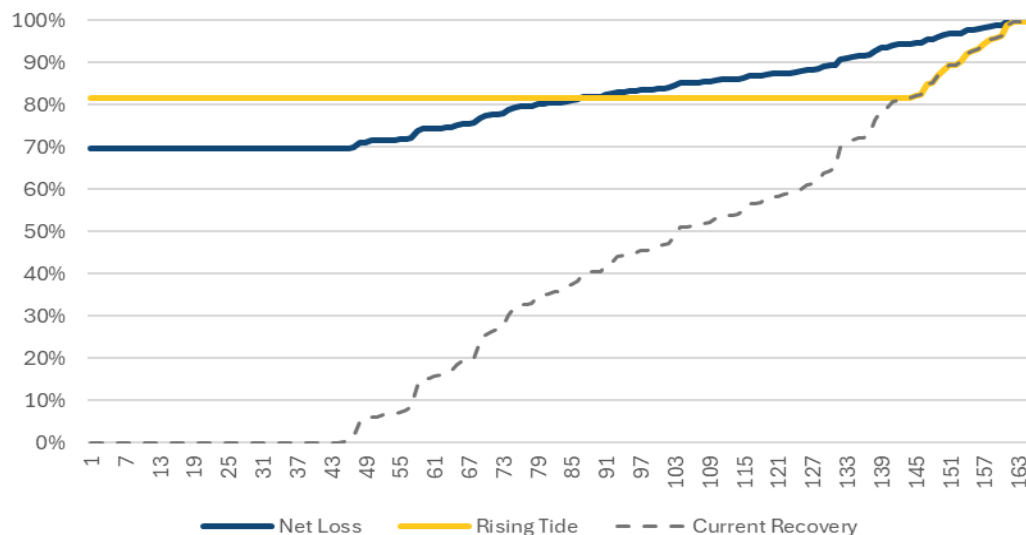
38. If the Court adopts a rising tide methodology, and assuming an aggregate \$15,000,000 distribution to Class 3, 144 Investor Claimants would receive a distribution increasing the lowest recovery from 0.0% to 81.68%. 20 Investor Claimants (that were not “net winners”) would not receive a distribution as they already recovered at least 81.68% of their principal investment. To be clear, this calculation is on a cash in versus cash out basis<sup>8</sup>.

39. If the Court were to adopt the net loss method, all allowed Investor Claimants would receive a distribution; however, it would be at the cost of the allowed Claimants who sustained a

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<sup>8</sup> For example, if an investor invested \$100,000, reinvested its “dividends”, and never received any cash back from the Fund, it would have a 100% loss and a claim for \$100,000. If another investor invested \$100,000 and received \$50,000 in “dividend” distributions over the life of its investment, it would have a 50% loss and a \$50,000 claim.

100% loss. Instead of these Claimants recovering 81.68% of their principal under rising tide methodology, the lowest recovery would drop to 69.64% under the net loss methodology. Accordingly, the allowed Investor Claimants who lost everything would suffer at the expense of the investors who received distributions pre-Receivership.



40. The rising tide is also a more equitable distribution methodology to apply here as 86 Investor Claimants would recover more under a rising tide methodology than net loss, assuming a \$15,000,000 distribution, whereas 78 Investor Claimants would receive a higher recovery under the net loss methodology. Framed differently, if the net loss methodology was utilized, and there were sufficient funds to pay a 20% dividend to all investors, an investor receiving an 80% return of invested capital prior to the receivership would be made whole; whereas, an investor receiving no return prior to the receivership would end up with a 20% recovery – which is inequitable in my view. The rising tide methodology would provide that the first investor in this example would not receive any distribution from the receivership estate until all investors achieve an 80% return as a combination of pre-receivership returns and post-receivership distributions.

41. Accordingly, I recommend the Court adopt a rising tide methodology as (1) it equalizes the lowest percentage return victims of the *Ponzi* scheme recover on their investment, and (2) it raises the lowest percentage of recovery to 81.68% with a \$15,000,000 distribution when compared against the net loss methodology.

**G. Conclusion**

42. For all of the reasons detailed herein, I believe that it is in the best interest of the Receivership Estate for the Court to (a) approve the Amended Distribution Plan; and (b) approve the Motion to Compromise.

Executed in Travis County, State of Texas, on the 24<sup>th</sup> day of July, 2025 under the penalty of perjury.



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Gregory S. Milligan, Court-Appointed Receiver for  
Pride of Austin High Yield Fund I, LLC

# **EXHIBIT A**

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

  
\_\_\_\_\_  
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

# **EXHIBIT B**



all parties in interest have received notice and the opportunity to be heard, and that no other or further notice is necessary or required; and upon finding that the relief sought in the Motion is in the best interests of the Receivership Estate and its claimants; and upon due deliberation and finding good and sufficient cause for the relief sought in the Motion, it is hereby

1. **ORDERED** that the Motion is GRANTED; and it is further

2. **ORDERED** that, except as permitted by this order, all holders of Claims against the Receiver and Receivership Estate are hereby enjoined from:

a. commencing or continuing, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the Receiver or Receivership Estate, as well as any derivative action on behalf of POA, that was or could have been commenced before the entry of this order to recover a claim against POA, the Receiver, or the Receivership Estate that arose before the entry of this order;

b. enforcing against the Receiver or the Receivership Estate a judgment obtained before the entry of this order;

c. taking any action to obtain possession of any property that is part of the Receivership Estate;

d. exercising possession over any property that is part of the Receivership Estate;

e. any act to create, perfect, or enforce against any property of the Receivership Estate any lien to the extent that such lien secures an Investor Claim or Other Claim that arose before the entry of this order; and

f. the setoff of any debt owing to the Receiver or the Receivership Estate that arose before the entry of this order; and it is further

3. **ORDERED** that, all Claimants of the POA, Receiver, or Receivership Estate holding or wishing to assert any Investor Claim, Other Claim, cause of action, or other right against the Receivership Estate must file such claims pursuant to the procedures and on or before the deadlines established by this order; and it is further

4. **ORDERED** that:

a. each and every Other Claim held by an Other Claimant shall be filed on the Claim Form, which is expressly approved by this order;

b. With respect to Investor Claims, the Receiver will send notices to Investor Claimants, which shall include (i) cash invested into POA; (ii) cash paid out to the Investor Claimant by POA; and (iii) the amount of reinvested dividends, if any (the “**Transaction History**”), per the books and records of POA (the “**Reconciliation Notice**”), which shall be sent to Investor Claimants in a commercially reasonable timeframe after the entry of this order. The form of Reconciliation Notice is expressly approved by this order. If any Investor Claimant has an objection to the accuracy of the Transaction History as determined by the Receiver (based on his review of the POA books and records) in the Reconciliation Notice, then they will have a twenty-one day period from the date such Reconciliation Notice is mailed to file an objection to the Reconciliation Notice. If an objection is timely filed by an Investor Claimant to the Reconciliation Notice, such objection must state with particularity the reasons why an objection is made. The Receiver and the Investor Claimant filing such an objection will attempt to resolve such objection, in good faith, by agreement; however, if an objection cannot be resolved by the Receiver and the Investor Claimant, it will be decided by this Court, with such determination being the final determination as to such Transaction History<sup>2</sup>. If no objection is timely filed with respect to a Reconciliation Notice, the Reconciliation Notice shall be the final, binding determination as to the Transaction History for such Investor Claimant. In the event that the Receiver obtains information that indicates that a previously sent Reconciliation Notice contains an inaccurate Transaction History, then the Receiver may amend such Reconciliation Notice to correct it (“**Amended Reconciliation Notice**”). If the Receiver sends an Investor Claimant an Amended Reconciliation Notice, then the objection process described above in this paragraph will be applicable with any deadlines to object running from the date that the Amended Reconciliation Notice is mailed.

c. the Notice of Claims Process and Claims Bar Dates (the “**Claims Notice**”) is approved in its entirety, and the Receiver is authorized and directed to (i) transmit the Claims Notice to all known Other Claimants holding actual or potential Other Claims against the Receivership Estate within seven (7) business days of the entry of this order, together with a copy of this order and the Claim Form (collectively, the “**Claims Package**”) and (ii) to post the Claims Package to the Receivership Website;

d. all persons and entities who receive the Claims Package or are otherwise imputed with notice as a result of the posting of the Claims Package to the Receivership Website, together with their respective agents and attorneys, have an affirmative duty to obtain and review this order and the Claim Notice and timely file a Claim Form in accordance with this order if they possess a valid claim and wish to assert it against the Receivership Estate;

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<sup>2</sup> If practical, based on the nature of objections, the Court can decide such objections on an omnibus basis as a matter of efficiency.

e. the notice procedures provided in this order constitute due and sufficient notice of the Claims Process, and the procedures provided by the Claims Process satisfy the requirements of all applicable laws; and it is further

5. **ORDERED** that:

a. any Other Claimant having a Claim against the Receiver or Receivership Estate based on a claim against POA arising *on or before* April 30, 2024 (the “**General Claims**”)<sup>3</sup>, shall submit a completed Claim Form and any accompanying documentation so as to be **actually received** by the Claims Agent on or before the deadline set forth in the Claims Notice (the “**General Claims Bar Date**”), which shall be not less than four (4) months from the date of this order;

b. any person or entity having a claim against the Receiver or Receivership Estate based on a claim against POA or the Receiver arising *after* April 30, 2024 (the “**Administrative Claims**”), excluding the claims of the Receiver and professionals retained by the Receiver, must submit a completed Claim Form and any accompanying documentation by the later of (i) the General Claims Bar Date or (ii) sixty (60) days after the day on which such claim became due and owing by the Receivership Estate (the “**Administrative Claims Bar Date**,” and together with the General Claims Bar Date, the “**Bar Dates**”);

c. the Receiver shall have authority, for good cause shown, to extend the applicable Bar Dates up to thirty (30) days as to a particular claimant; provided, however, any such extension must be requested from the Receiver in writing prior to the expiration of the Bar Date applicable to such claimant;

d. any Other Claimant who fails to file a Claim in the form and manner set forth in this order, or that fails to do so on or before the applicable Bar Date, shall be forever barred, estopped, and enjoined from asserting such Claim against the Receivership Estate or the Receiver and shall not be treated as a Claimant with respect to such Other Claim for the purposes of any distributions from the Receivership Estate, and the Receivership Estate shall be forever discharged from any and all indebtedness or liability with respect to such Other Claim;

e. any Investor Claimant that does not timely object to their Reconciliation Notice will be bound by the Transaction History in the Reconciliation Notice, and shall not be allowed to assert that they are owed more than the Transaction History provides, and it is further

6. **ORDERED** that each Other Claim shall be filed in accordance with the following procedures:

a. all Other Claims shall be submitted through the Claims Agent in writing:

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<sup>3</sup> Any Investor Claimants are subject to the section 4(b) of this Order.



- i. via U.S. Mail, overnight delivery or hand delivery to the following address:

**Pride of Austin Receivership Claims**  
**c/o Stretto**  
**410 Exchange, Ste. 100**  
**Irvine, California 92602**

- ii. Or electronically by sending a completed Claim Form to:

**[PrideofAustinClaims@Stretto.com](mailto:PrideofAustinClaims@Stretto.com)**

b. each Other Claimant must submit a complete and accurate Claim Form so as to be **actually received** by the Claims Agent by no later than 5:00 p.m. (prevailing Central time) on the applicable Bar Date;

c. each Claim Form must: (i) be signed and notarized; (ii) be written in the English language; (iii) be denominated in lawful currency of the United States; and (iv) be submitted with complete copies of any supporting documentation or an explanation of why any such documentation is not available; and it is further

7. **ORDERED** that:

a. With respect to Other Claimants, once the Bar Dates have passed, as determined by the Receiver, the Receiver will evaluate each Claim Form, including any supporting documentation, and determine the amount and priority of each Claim submitted. The Receiver shall file with the Court a report outlining the Receiver's recommendation as to the allowable amount and priority of each Other Claim (the "***Other Claims Report***") and serve a copy on each Other Claimant identified therein. The Other Claims Report may be amended from time to time as determined by the Receiver. To the extent that any Other Claim is objectionable, the Other Claims Report will set forth the basis for the Receiver's objection. Other Claimants shall have the opportunity to object to the portion of the Other Claims Report related to their Claim only, by filing and serving upon the Receiver's counsel a written objection or response to the Other Claims Report within fourteen (14) days after the filing of the Other Claims Report. The Receiver will attempt to resolve any objections or responses to the Other Claims Report by agreement; however, if an objection or response cannot be resolved by the Receiver and the Other Claimant, it will be decided by this Court, with such determination being the final determination as to such Claim. In the course of administration of the Receivership Estate, the Receiver may, in his sole discretion, pay Other Claims prior to the filing of the Other Claims Report so long as such information is noted on the Other Claims Report when filed. If no objections or responses are timely filed with respect to the Other Claims Report, the Other Claims Report shall be the final, binding determination on each Other Claim. To the extent any Other Claim is not timely objected to by the Receiver, who shall have exclusive standing to object, then such Claim is a final, binding determination on that Claim;

b. With respect to the Investor Claims, after the deadline to object to Reconciliation Notices has passed, the Receiver will then file with the Court a report outlining the Receiver's findings as to the Transaction History for each Investor Claimant (the "***Investor Claims Report***") and serve a copy on each Investor Claimant identified therein. The Investor Claims Report will identify which Investor Claimants have objected to the Reconciliation Notice, and which Investor Claimants have not objected to the Reconciliation Notice. As detailed *supra*, any Investor Claimants that do not timely object to their Reconciliation Notice shall be bound by the Transaction History findings of the Receiver;

c. Upon completion of the claims reconciliation process identified herein, 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. Nothing in the Motion, this Order, the Reconciliation Notice, the Other Claims Report, or the Investor Claims Report shall be a determination of the allowance of the amount or method of distribution.

d. the Receiver shall be permitted to object to any submitted Claim Form for any reason, including, among other things, for any Claimant's failure to comply with any requirement set forth in this order;

e. to the extent any Other Claim is objectionable, the Other Claims Report will set forth the basis for the Receiver's objection; and it is further

8. Notwithstanding anything to the contrary herein, nothing in this proposed Claims Process is meant to nor shall determine the order or priority of any payments as such matters of order of payment or priority of payment will be determined/contested after all claims are identified through this Claims Process.

9. Notwithstanding anything to the contrary herein, Investor Claimants have no obligations to file any further claims paperwork or take any additional steps whatsoever unless they disagree with the Transaction History and/or Reconciliation Notice as those terms are defined in the Claims Process.

10. **ORDERED** that the Receiver is authorized to take all actions, as he deems reasonable and desirable in his sole discretion, to comply with or further the purposes of this order; and it is further

11. **ORDERED** that, unless otherwise authorized, any and all disputes concerning the Receiver and/or relating to or arising from the Receivership Estate shall be filed in this Court; and it is further

12. **ORDERED** that this Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this order.

Dated: June 17, 2024

  
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JUDGE AMY CLARK MEACHUM

# **EXHIBIT C**

INVESTOR ACCOUNT	Cash Invested into POA:	Cash Received by you from POA:	Investment Transfers	Investor Incentives	Reinvested Distributions	Objection Received?	Objection Status
<b>ACTIVE MEMBERS</b>							
30299	\$150,000.00	(\$217,580.00)	\$50,000.00	-	-		
30499	\$125,000.00	-	-	\$500.00	\$183,611.17		
30599	\$190,000.00	(\$107,745.31)	-	-	\$109,273.81		
30909	\$198,554.45	(\$128,034.29)	-	-	\$1,445.55		
30919	\$150,000.00	(\$155,448.29)	-	-	-		
30969	\$170,000.00	(\$220,366.83)	-	-	\$67,432.03		
30979	\$100,000.00	(\$104,960.84)	-	-	-		
30999	\$36,500.00	-	-	-	\$97,772.95	Filed Proof of Claim	Resolved - No specific objection noted
31039	\$67,970.43	-	-	-	\$163,657.13	Filed Proof of Claim	Resolved - No specific objection noted
31049	\$31,713.62	-	-	-	\$54,739.58		
31059	\$400,000.00	(\$574,852.84)	-	-	\$61,144.98	Filed Proof of Claim	Resolved - Withdrawn
31069	\$1,065,000.00	(\$293,511.62)	-	-	\$1,419,646.39		
31099	\$210,597.17	-	\$300,197.65	-	\$894,897.77		
31129	\$368,776.00	-	-	-	\$659,911.53		
31219	\$170,900.00	(\$118,833.50)	\$19,846.71	-	\$204,712.17	Objected	Resolved - Withdrawn
31229	\$350,000.00	(\$247,517.28)	-	\$2,000.00	-		
31249	\$40,000.00	(\$2,400.87)	-	-	\$90,301.86		
31259	\$55,000.00	(\$40,216.87)	-	-	-		
31279	\$150,000.00	(\$84,782.61)	-	-	-		
31289	\$50,000.00	(\$54,473.85)	-	-	-		
31299	\$225,000.00	(\$144,033.09)	-	-	-	Filed Proof of Claim	Resolved - No specific objection noted
31309	\$75,000.00	-	-	-	\$72,350.95		
31339	\$150,000.00	(\$118,505.86)	-	-	\$196,956.21		
31359	\$100,000.00	(\$53,734.38)	-	\$1,000.00	\$55,294.49		
31369	\$100,000.00	(\$56,949.49)	-	\$1,000.00	\$64,715.57		
31379	\$100,000.00	(\$99,684.10)	-	-	\$21,433.04		
31419	\$100,000.00	(\$116,072.11)	-	-	\$47,380.33		
31439	\$122,702.94	(\$227,086.01)	-	-	\$184,267.20		
31449	\$141,925.73	-	-	-	\$291,915.08		
31479	\$1,404,800.61	(\$868,028.58)	-	-	\$786,869.13		
31549	\$45,000.00	(\$49,985.28)	-	-	-		
31579	\$450,000.00	-	-	-	\$843,451.08		
31649	\$300,000.00	(\$255,383.52)	-	-	-	Objected	Resolved per stipulation
31699	\$160,826.19	(\$81,882.08)	-	-	\$228,986.31	Objected	Resolved - Withdrawn
31739	\$170,000.00	(\$257,582.52)	-	-	\$215,858.39	Objected	Resolved per stipulation
31749	\$41,772.16	-	-	-	\$80,738.37		
31759	\$777,000.00	(\$814,399.43)	(\$400,000.00)	-	\$376,806.40	Objected	Resolved - Amended Transaction History & per stipulation
31779	\$175,300.00	(\$162,500.00)	-	-	\$104,900.34		
31789	\$75,000.00	(\$87,000.00)	-	-	\$54,244.65		
31799	\$73,638.36	(\$81,213.39)	-	-	\$14,308.27	Objected	Resolved - Withdrawn
31809	\$140,000.00	(\$146,032.23)	-	-	\$94,886.97		
31829	\$220,000.00	(\$136,855.65)	-	-	\$84,510.70		
31849	\$100,000.00	(\$95,531.76)	-	-	-		
31859	\$350,000.00	(\$282,541.36)	-	-	-		
31869	\$265,000.00	(\$327,526.36)	-	-	\$12,331.67		
31889	\$25,000.00	(\$1,891.74)	-	-	\$45,321.18		
31929	\$20,500.00	(\$1,979.35)	(\$19,846.71)	-	-	Objected	Resolved - Withdrawn
31939	\$625,000.00	(\$515,643.79)	-	-	-		
31949	\$205,000.00	(\$171,345.65)	-	-	\$291,308.16		
31959	\$650,000.00	(\$699,490.23)	-	-	-	Filed Proof of Claim	Resolved - No specific objection noted
31989	\$50,000.00	(\$18,766.04)	-	-	\$46,014.77		
32009	\$75,000.00	(\$71,866.74)	-	-	\$23,599.07		
32029	\$105,468.94	(\$249,187.64)	\$126,530.80	-	\$18,204.89	Objected	Resolved - Withdrawn
32039	\$50,962.71	-	-	-	\$91,588.48		
32049	\$100,000.00	(\$86,973.30)	-	-	-		
32059	\$305,000.00	(\$287,992.28)	-	-	\$348,537.41		
32069	\$235,000.00	(\$169,197.38)	-	-	-		
32079	\$34,847.72	-	-	-	\$62,769.98		
32089	\$227,000.00	(\$226,200.70)	-	-	\$55,031.57	Objected	Resolved - Amended Transaction History
32099	\$100,000.00	(\$101,900.88)	-	-	-		
32149	\$56,000.00	(\$15,500.00)	-	-	\$79,364.51		
32179	\$885,000.00	(\$617,811.36)	-	\$4,700.00	\$174,294.50	Filed Proof of Claim	Resolved - No specific objection noted
32189	\$1,500,000.00	(\$604,994.21)	-	-	-		
32199	\$50,000.00	(\$44,154.48)	-	-	-		
32209	\$610,000.00	(\$683,953.52)	-	-	\$20,560.26		
32219	\$198,000.00	(\$271,546.95)	\$102,000.00	-	-		
32229	\$134,670.27	-	-	-	\$213,043.76		
32239	\$350,000.00	(\$171,676.01)	-	-	\$235,132.71		
32259	\$50,000.00	(\$51,059.39)	-	-	-		
32269	\$140,000.00	(\$285.53)	-	-	\$159,781.67		
32279	\$588,500.00	(\$672,355.71)	-	-	\$190,518.06		
32319	\$500,000.00	(\$498,429.62)	-	-	-	Filed Proof of Claim	Resolved - No specific objection noted
32369	\$100,000.00	(\$89,449.75)	-	-	\$2,949.40		
32389	\$25,000.00	(\$24,724.04)	-	-	-		
32429	\$2,095,500.00	(\$630,000.00)	-	-	\$2,314,729.74		
32469	\$575,000.00	(\$86,812.12)	-	-	\$323,726.85		

INVESTOR ACCOUNT	Cash Invested into POA:	Cash Received by you from POA:	Investment Transfers	Investor Incentives	Reinvested Distributions	Objection Received?	Objection Status
32479	\$50,000.00	-	-	\$500.00	\$51,608.71		
32529	\$456,800.00	(\$387,434.89)	-	-	-	Filed Proof of Claim	Resolved - Withdrawn
32539	\$465,721.43	(\$439,455.48)	-	-	\$37,278.57		
32559	\$330,000.00	(\$97,000.00)	-	-	\$496,064.86		
32569	\$413,206.14	(\$298,140.56)	-	-	\$46,160.69	Filed Proof of Claim	Resolved - Withdrawn
32589	\$1,479,000.00	(\$1,728,583.40)	-	-	\$50,760.82		
32619	\$900,000.00	(\$935,274.04)	-	-	-	Objected	Resolved per stipulation
32629	\$150,000.00	(\$53,646.74)	-	-	\$215,356.00		
32639	\$145,000.00	(\$200,000.00)	-	-	\$121,288.06		
32659	\$50,000.00	(\$46,643.59)	-	-	-		
32669	\$290,000.00	(\$267,017.10)	-	-	\$17,083.40		
32679	\$289,770.00	(\$318,612.93)	-	-	-		
32699	\$50,000.00	(\$3,248.14)	-	-	\$70,742.51		
32709	\$25,025.00	(\$11,791.01)	-	-	\$23,530.68		
32729	\$205,299.41	(\$7,842.18)	-	-	\$156,828.10		
32739	\$12,105.20	(\$105.20)	-	-	\$12,563.99		
32749	\$259,706.89	(\$290,053.14)	-	-	\$158,765.04	Objected	Unresolved
32769	\$654,897.11	(\$187,440.73)	(\$200,172.55)	-	\$69,388.04	Objected	Unresolved
32779	\$31,000.00	-	-	-	\$45,411.76		
32789	\$53,000.00	-	-	-	\$77,639.44		
32799	\$16,000.00	-	-	-	\$23,438.33		
32819	\$50,000.00	(\$44,742.47)	-	-	-		
32859	\$75,000.00	(\$60,842.57)	-	-	\$15,526.19	Objected	Resolved - Amended Transaction History
32869	\$50,000.00	(\$29,111.84)	-	-	\$54,103.26		
32889	\$206,071.66	(\$110,637.83)	-	-	\$43,928.34		
32899	\$75,000.00	-	-	-	\$97,571.10		
32909	\$150,000.00	(\$66,141.09)	-	-	\$114,299.03		
32919	\$275,000.00	(\$300,000.00)	-	-	\$99,033.97		
32929	\$140,000.00	(\$85,370.03)	-	-	-		
32939	\$1,750,000.00	(\$913,077.13)	-	-	-	Filed Proof of Claim	Resolved - No specific objection noted
32969	\$350,000.00	(\$154,856.52)	-	-	\$103,771.76		
32979	\$75,000.00	-	-	-	\$93,275.42		
32989	\$25,000.00	(\$14,465.71)	-	-	\$9,370.79		
32999	-	-	\$50,000.00	-	\$58,750.68	Filed Proof of Claim	Resolved - No specific objection noted
33039	\$100,000.00	(\$65,297.05)	-	-	-		
33049	\$120,000.00	-	-	-	\$61,324.06		
33059	\$53,000.00	-	-	-	\$57,345.84		
33069	\$53,000.00	-	-	-	\$57,345.84		
33079	\$105,552.55	-	-	-	\$111,956.80		
33109	\$299,111.01	-	-	-	\$295,659.63		
33139	\$125,000.00	(\$50,000.00)	-	-	\$91,671.94		
33149	\$200,000.00	(\$275,346.73)	-	-	-		
33159	\$45,500.00	(\$21,314.30)	-	-	\$17,470.79		
33169	\$65,636.20	(\$28,677.40)	-	-	\$32,502.92		
33179	\$100,000.00	-	-	-	\$99,075.20		
33189	\$74,000.00	(\$99,816.22)	\$66,671.09	-	-		
33209	\$1,990,000.00	(\$1,233,973.02)	(\$995,000.00)	-	\$101,111.66	Objected	Resolved - Amended Transaction History
33219	\$100,000.00	-	-	\$750.00	\$78,836.44		
33269	\$200,000.00	(\$127,357.89)	-	-	-		
33309	\$300,000.00	(\$175,992.73)	-	-	-		
33329	\$95,000.00	(\$51,000.00)	-	-	\$65,856.31		
33339	\$50,000.00	(\$29,653.99)	-	-	-		
33349	\$51,000.00	(\$21,816.25)	-	-	\$13,836.47		
33369	\$310,000.00	(\$221,768.74)	-	-	-	Filed Proof of Claim	Resolved - Withdrawn
33379	\$50,000.00	(\$29,489.42)	-	-	-		
33389	\$100,000.00	(\$58,265.63)	-	-	-		
33399	\$500,000.00	(\$255,654.56)	-	-	\$268,678.45	Objected	Resolved per stipulation
33409	\$50,000.00	-	-	-	\$38,240.29		
33429	\$100,000.00	(\$16,261.60)	-	-	\$53,982.32		
33469	\$182,180.00	(\$64,276.73)	-	-	\$15,755.12		
33479	\$50,000.00	(\$27,058.21)	-	-	-		
33489	\$125,000.00	(\$56,028.26)	-	-	\$11,712.77		
33499	\$74,000.00	-	-	\$740.00	\$52,124.27		
33509	\$80,000.00	-	-	\$800.00	\$56,350.53		
33519	\$175,000.00	(\$145,246.01)	-	-	-	Objected	Resolved per stipulation
33539	\$100,000.00	(\$53,069.22)	-	-	-		
33549	\$25,000.00	(\$2,160.37)	-	-	\$14,657.21	Filed Proof of Claim	Resolved - No specific objection noted
33559	\$160,000.00	-	-	-	\$56,525.11		
33569	\$100,000.00	(\$51,959.80)	-	-	-		
33599	\$200,000.00	(\$211,907.18)	-	-	-		
33609	\$50,000.00	-	-	-	\$32,916.01		
33619	\$150,000.00	(\$68,822.40)	-	-	-		
33629	\$50,000.00	(\$25,588.33)	-	-	-		
33639	\$70,000.00	-	-	\$750.00	\$37,312.33		
33659	\$100,000.00	(\$50,948.26)	-	-	-		
33669	\$100,000.00	(\$81,444.37)	-	-	\$11,905.64	Objected	Resolved per stipulation
33679	\$696,907.65	(\$110,980.31)	-	-	\$444,395.32		
33689	\$100,000.00	(\$50,458.81)	-	-	-		
33699	\$105,000.00	-	-	-	\$46,331.75		
33709	-	(\$163,325.23)	\$200,172.55	-	\$26,325.50		
33809	\$375,000.00	-	\$855,000.00	\$7,500.00	\$705,976.11		Resolved - Amended Transaction History

INVESTOR ACCOUNT	Cash Invested into POA:	Cash Received by you from POA:	Investment Transfers	Investor Incentives	Reinvested Distributions	Objection Received?	Objection Status
33819	\$305,300.00	(\$67,666.84)	-	-	\$56,004.00	Objected	Resolved - Amended Transaction History
33829	\$71,995.00	-	-	-	\$42,139.32		
33839	\$100,000.00	(\$34,797.19)	-	-	\$18,601.16		
33849	\$50,000.00	-	-	-	\$29,192.00		
33859	\$1,204,000.00	(\$1,529,181.20)	-	\$12,000.00	\$228,791.14		
33869	\$50,000.00	-	-	-	\$28,936.83		
33889	\$102,000.00	(\$39,070.35)	-	-	\$12,486.81		
33899	\$50,000.00	(\$12,776.96)	-	-	\$12,776.96		
33909	\$151,000.00	-	-	\$1,000.00	\$56,789.23		
33919	\$387,919.77	-	-	-	\$145,270.85		
33929	\$78,029.02	(\$40,000.00)	-	-	\$19,205.81		
33939	\$25,500.00	-	-	-	\$14,400.10		
33949	\$25,500.00	-	-	-	\$14,400.10		
33959	\$100,000.00	(\$110,720.83)	-	-	-		
33979	-	(\$157,524.94)	\$350,000.00	-	-		
34009	\$45,000.00	-	-	-	\$16,925.03		
34019	\$28,869.45	(\$9,979.92)	-	-	\$7,525.04		
34029	\$35,216.59	(\$9,284.53)	-	-	\$7,583.13		
34039	\$71,000.00	(\$28,639.82)	-	\$400.00	-		
34049	\$130,000.00	-	-	-	\$67,432.22		
34059	\$60,000.00	-	-	-	\$30,773.54		
34069	\$100,000.00	(\$7,164.54)	-	\$1,250.00	\$30,266.99		
34089	\$141,400.00	(\$57,193.41)	-	-	-		
34099	\$150,000.00	(\$68,268.52)	-	\$1,000.00	\$46,618.70		
34509	\$131,085.40	-	-	-	\$56,537.76	Objected	Resolved - Amended Transaction History
34519	\$111,200.00	(\$20,558.04)	-	-	\$48,692.34		
34529	\$475,000.00	(\$152,364.71)	-	-	-	Objected	Resolved - Withdrawn
34539	\$103,000.00	(\$38,049.17)	-	-	-		
34549	\$268,000.00	-	-	-	\$33,526.22		
34559	\$25,000.00	(\$15,000.00)	-	-	\$9,393.83		
34569	\$100,000.00	(\$584,202.36)	\$750,000.00	-	-	Objected	Resolved - Amended Transaction History & per stipulation
34589	\$600,000.00	(\$196,407.77)	-	\$10,000.00	-	Objected	Resolved per stipulation
34599	\$75,000.00	(\$12,567.20)	-	\$1,000.00	\$17,041.23		
34609	\$50,000.00	(\$17,928.73)	-	\$1,000.00	-		
34629	\$75,000.00	-	-	\$1,500.00	\$31,344.45		
34649	\$200,000.00	-	-	\$1,500.00	\$79,224.06		
34659	\$120,000.00	(\$40,951.81)	-	-	-		
34689	\$50,000.00	(\$27,299.98)	\$50,000.00	-	-		
34699	\$80,000.00	-	-	-	\$30,279.88	Filed Proof of Claim	Resolved - No specific objection noted
34709	\$200,000.00	(\$31,564.35)	-	-	\$22,604.31		
34719	\$87,210.94	(\$9,552.07)	-	-	\$31,314.62		
34729	\$51,794.84	-	-	-	\$19,333.80		
34739	\$25,000.00	-	-	-	\$7,706.97		
34749	\$100,000.00	(\$26,818.99)	-	-	-		
34759	\$100,000.00	-	-	-	\$30,298.10		
34769	\$183,910.58	(\$27,891.42)	-	-	\$5,999.03		
34779	\$60,000.00	-	-	-	\$9,233.93		
34789	\$50,000.00	(\$11,981.86)	-	-	-		
34799	\$151,000.00	-	-	-	\$34,234.41		
34809	\$500,000.00	(\$112,599.73)	-	-	-	Filed Proof of Claim	Resolved - No specific objection noted
34819	\$350,000.00	(\$68,185.76)	-	-	-		
34829	-	(\$249,740.61)	\$400,000.00	-	-	Objected	Resolved - Amended Transaction History & per stipulation
34839	\$500,000.00	(\$34,110.46)	-	-	\$91,011.08		
34849	\$100,000.00	(\$19,997.90)	-	-	-		
34859	\$50,000.00	(\$58,934.49)	\$250,000.00	-	-		
34869	\$33,000.00	-	-	-	\$7,562.85	Filed Proof of Claim	Resolved - No specific objection noted
34879	\$325,000.00	(\$4,000.00)	-	-	\$52,155.65		
34889	\$50,000.00	-	-	-	\$7,101.71		
34899	\$75,000.00	(\$60,842.57)	\$90,526.19	\$15,526.19	-	Objected	Resolved - Amended Transaction History
34909	\$150,000.00	(\$10,077.41)	-	-	-		
34919	\$411,300.47	(\$55,845.94)	-	-	-		
34929	-	(\$14,179.73)	\$130,000.00	-	-		
34939	\$50,000.00	(\$27,297.66)	-	-	\$4,595.32		
34949	\$60,000.00	-	-	-	\$5,125.53	Filed Proof of Claim	Resolved - No specific objection noted
34959	\$100,000.00	(\$4,871.92)	-	-	-		
34969	-	(\$14,179.73)	\$130,000.00	-	-		
34979	\$100,000.00	(\$6,013.46)	-	-	-		
34989	\$100,000.00	-	-	-	\$4,105.97		
34999	\$50,000.00	(\$1,315.18)	-	-	-		
35019	\$200,000.00	-	-	-	-		

INVESTOR ACCOUNT	Cash Invested into POA:	Cash Received by you from POA:	Investment Transfers	Investor Incentives	Reinvested Distributions	Objection Received?	Objection Status
FORMER MEMBERS							
30399	\$150,000.00	(\$284,921.29)	-	-	-		
30699	\$10,000.00	(\$17,430.33)	-	-	-		
30799	\$50,000.00	(\$37,513.89)	(\$50,000.00)	-	-		
30899	\$55,000.00	(\$82,657.06)	-	-	\$4,907.69	Filed Proof of Claim	Resolved - Withdrawn
30929	\$100,000.00	(\$130,927.96)	-	-	-		
30939	\$25,000.00	(\$30,036.77)	-	-	-		
30949	\$1,250,000.00	(\$1,587,075.15)	-	-	-		
30959	\$255,400.14	(\$259,354.64)	(\$260,000.00)	-	\$4,599.86		
30989	\$20,000.00	(\$31,780.43)	-	-	-		
31009	\$60,000.00	(\$178,283.44)	-	-	\$41,951.43	Objected	Unresolved
31019	\$30,000.00	(\$36,277.59)	-	-	\$6,277.59		
31029	\$350,000.00	(\$528,986.39)	-	-	\$15,932.48	Filed Proof of Claim	Resolved - Withdrawn
31079	\$22,550.12	(\$34,264.43)	-	-	\$11,714.31		
31089	\$250,000.00	(\$271,514.11)	-	-	-		
31109	\$196,823.00	-	(\$300,197.65)	-	\$103,374.65		
31120	\$50,000.00	(\$50,000.00)	-	-	-		
31139	\$100,000.00	(\$118,078.31)	-	-	-		
31149	\$127,000.00	(\$195,679.73)	-	-	\$68,679.73		
31159	\$775,000.00	(\$1,204,243.87)	-	-	-		
31169	\$50,000.00	(\$66,658.66)	-	-	\$8,329.33		
31179	\$200,000.00	(\$228,360.18)	-	-	-		
31189	\$25,000.00	(\$33,611.23)	-	-	\$8,611.23		
31199	\$70,000.00	(\$96,616.72)	-	-	-		
31209	\$54,000.00	(\$60,612.65)	-	-	-		
31239	\$23,000.00	(\$36,413.26)	-	-	\$13,413.26		
31269	\$100,000.00	(\$174,811.18)	-	-	-		
31319	\$700,000.00	(\$510,331.76)	(\$700,000.00)	-	-		
31329	\$1,421,000.00	(\$1,612,808.64)	(\$102,000.00)	-	-		
31349	\$200,000.00	(\$374,810.68)	-	-	\$164,146.39		
31399	\$25,000.00	(\$26,591.36)	-	-	\$1,591.36		
31409	\$200,000.00	(\$297,456.24)	-	-	-		
31429	\$100,000.00	(\$144,567.06)	-	-	-		
31459	\$380,248.00	(\$780,527.56)	-	-	\$377,310.64		
31469	\$57,000.00	(\$79,946.79)	-	-	\$22,149.11		
31489	\$275,000.00	(\$279,356.07)	(\$102,085.50)	-	\$97,476.89		
31499	\$780,000.00	(\$825,242.74)	-	-	-		
31509	\$199,742.38	(\$379,755.26)	-	-	\$156,282.62		
31519	\$250,000.00	(\$317,226.32)	-	-	-		
31529	\$250,000.00	(\$320,615.05)	-	-	\$36,473.41		
31539	\$300,000.00	(\$354,646.11)	-	-	-		
31559	\$47,456.00	(\$74,100.41)	-	-	\$20,992.53		
31569	\$50,000.00	(\$72,988.55)	-	-	\$20,897.50		
31589	\$50,000.00	(\$50,735.75)	-	-	\$735.75		
31599	\$37,387.66	(\$45,248.37)	-	-	\$7,860.71		
31609	\$2,500.00	(\$4,142.22)	-	-	\$1,642.22		
31619	\$2,500.00	(\$4,142.22)	-	-	\$1,642.22		
31629	\$2,500.00	(\$3,297.23)	-	-	\$797.23		
31639	\$2,500.00	(\$3,388.15)	-	-	\$888.15		
31659	\$39,000.00	(\$63,889.08)	-	-	\$2,785.12		
31669	\$100,000.00	(\$183,723.76)	-	-	\$8,844.32	Objected	Unresolved
31679	\$350,000.00	(\$631,383.88)	-	-	-		
31689	\$100,000.00	(\$127,024.33)	-	-	-		
31709	\$200,000.00	(\$284,873.69)	-	-	-		
31719	\$26,496.90	(\$29,664.19)	-	-	\$2,502.29		
31729	\$100,000.00	(\$126,598.03)	-	-	-		
31769	\$50,000.00	(\$63,499.65)	-	-	\$13,499.65		
31819	\$100,000.00	(\$123,942.41)	-	-	-		
31839	\$800,000.00	(\$1,528,113.44)	-	-	-		
31879	\$100,000.00	(\$113,326.52)	-	-	\$13,326.52		
31899	\$500,000.00	(\$681,240.37)	-	-	-		
31909	\$201,000.00	(\$371,458.81)	-	-	-		
31919	\$100,000.00	(\$131,143.09)	-	-	-		
31969	\$1,910,000.00	(\$1,822,378.61)	(\$800,000.00)	-	-		
31979	\$85,581.00	(\$140,896.18)	-	-	\$30,805.68		
31999	\$199,000.00	(\$434,181.75)	-	-	\$214,925.38		
32019	\$50,000.00	(\$18,224.64)	(\$50,000.00)	-	-		
32109	\$125,000.00	(\$153,996.04)	-	-	-		
32119	\$40,000.00	(\$51,323.72)	-	-	\$11,323.72	Filed Proof of Claim	Resolved - Withdrawn
32129	\$100,000.00	(\$134,273.21)	-	-	\$29,623.13		
32139	\$100,000.00	(\$134,273.21)	-	-	\$29,623.13		
32159	\$25,000.00	(\$27,185.98)	-	-	\$2,185.98		
32169	\$150,000.00	(\$186,539.89)	-	-	-		
32249	\$252,430.00	(\$430,273.22)	-	-	\$101,307.65		
32289	\$50,000.00	(\$61,894.19)	-	-	-		
32299	\$25,000.00	(\$29,952.78)	-	-	\$4,952.78		
32309	\$500,000.00	(\$816,908.17)	-	-	-	Objected	Resolved - Withdrawn
32329	\$256,850.00	(\$287,028.78)	-	-	\$30,178.78		
32339	\$275,000.00	(\$309,558.37)	-	-	\$34,558.37		
32349	\$1,800.00	(\$4,096.44)	-	-	\$2,296.44		
32359	\$40,000.00	(\$46,198.89)	-	-	\$5,003.94	Filed Proof of Claim	Resolved - Withdrawn



INVESTOR ACCOUNT	Cash Invested into POA:	Cash Received by you from POA:	Investment Transfers	Investor Incentives	Reinvested Distributions	Objection Received?	Objection Status
32379	\$55,000.00	(\$203.84)	(\$66,671.09)	-	\$11,671.09		
32399	\$25,000.00	(\$32,921.53)	-	-	-		
32409	\$75,000.00	(\$113,900.50)	-	-	\$38,900.50		
32419	\$120,000.00	(\$6,941.59)	(\$126,530.80)	-	\$6,530.80		
32439	\$15,000.00	(\$33,842.69)	-	-	\$18,842.69		
32449	\$25,000.00	(\$37,093.79)	-	-	-		
32459	\$225,000.00	(\$266,149.76)	-	-	\$41,149.76		
32489	\$250,000.00	(\$576,342.50)	-	-	\$220,371.61		
32499	\$950,000.00	(\$1,790,918.37)	-	-	\$313,716.96		
32509	\$25,000.00	(\$43,800.61)	-	-	-		
32519	\$150,000.00	(\$178,708.00)	-	-	\$25,957.08		
32549	\$80,000.00	(\$109,466.11)	-	-	\$9,616.07		
32579	\$300,000.00	(\$349,264.76)	-	-	\$15,425.56		
32599	\$50,000.00	(\$56,315.35)	-	-	\$6,315.35		
32609	\$1,500.00	(\$2,171.04)	-	-	\$671.04		
32649	\$50,000.00	(\$61,869.10)	-	-	-		
32689	\$50,000.00	(\$95,825.27)	-	-	-		
32719	\$150,000.00	(\$219,632.02)	-	-	-		
32759	\$23,020.27	(\$37,137.30)	-	-	\$11,704.08	Objected	Unresolved
32809	\$50,000.00	(\$62,971.29)	-	-	-		
32829	\$1,300,000.00	(\$1,761,660.52)	-	-	-		
32839	\$50,000.00	(\$102,614.48)	-	-	\$32,488.73		
32849	\$50,000.00	(\$60,974.77)	-	-	-		
32879	\$95,599.00	(\$124,038.77)	-	-	\$25,084.57		
32949	\$50,000.00	(\$2,432.45)	(\$50,000.00)	-	-		
32959	\$63,499.65	(\$123,160.61)	-	-	\$40,581.53		
33009	\$105,447.34	(\$125,768.00)	-	-	\$20,320.66		
33019	\$50,000.00	(\$90,383.99)	-	-	\$39,148.32		
33029	\$550,000.00	(\$1,008,845.50)	-	-	-		
33089	\$490,000.00	(\$814,016.72)	-	-	\$145,845.47		
33099	\$87,000.00	(\$106,141.15)	-	-	\$4,245.41		
33119	\$206,274.00	(\$303,064.98)	-	\$204.00	\$74,743.31		
33129	\$109,215.00	(\$189,654.74)	-	\$102.75	\$57,145.84		
33199	-	(\$129,126.94)	\$102,085.50	-	-		
33229	\$90,000.00	(\$161,276.83)	-	-	\$59,237.21		
33239	\$600,000.00	(\$818,885.47)	-	-	-		
33249	\$50,000.00	(\$61,347.01)	-	-	-		
33259	\$250,000.00	(\$65,149.99)	(\$250,000.00)	-	-		
33279	\$120,000.00	(\$122,246.97)	-	-	\$2,246.97	Objected	Resolved - Withdrawn
33289	\$755,000.00	(\$922,377.93)	-	-	-		
33299	\$105,000.00	(\$126,837.93)	-	-	\$21,837.93		
33319	\$50,000.00	(\$60,742.27)	-	-	-		
33360	\$50,000.00	(\$67,831.20)	-	-	-		
33419	\$100,000.00	(\$115,119.74)	-	-	\$15,119.74		
33449	\$75,000.00	(\$110,942.41)	-	-	\$17,750.60		
33459	\$100,000.00	(\$100,000.00)	-	-	-		
33529	\$100,000.00	(\$130,732.34)	-	-	\$30,732.34		
33579	\$25,000.00	(\$41,588.31)	-	\$375.00	\$13,556.05		
33589	\$20,000.00	(\$22,458.20)	-	-	\$2,458.20		
33649	\$100,000.00	(\$165,242.98)	-	\$1,500.00	\$53,184.89		
33879	\$100,000.00	(\$123,339.26)	-	-	-	Objected	Resolved - Amended Transaction History
33969	-	(\$402,435.18)	\$350,000.00	-	-		
33989	\$40,000.00	(\$92,820.31)	\$30,000.00	-	\$20,956.98		
33999	\$20,000.00	(\$161,702.61)	\$110,000.00	-	\$27,088.82		
34079	\$50,000.00	(\$64,018.42)	-	-	-		
34579	-	(\$62,281.58)	\$50,000.00	-	-		
34619	\$75,000.00	(\$90,320.68)	-	-	-		
34639	\$100,000.00	(\$117,706.88)	-	\$2,000.00	-		

# **EXHIBIT D**

					Receiver's Recommendations for:	
Claim ID	Date Filed	Creditor Name	Basis For Claim	Amount of Filed Claim	Allowable Amount of Claim	Priority of Claim
<b>i. Secured Tax Claim of Van Zandt County</b>						
35116323	7/9/2024	Van Zandt Appraisal District	Ad Valorem Taxes; Secured by Tax Lien Sec. 32.01 and 32.05 of the Texas Property Tax Code. Secured to extent of collateral value	\$93,959.99	\$0.00	Moot
				<b>\$93,959.99</b>	<b>\$0.00</b>	
<b>ii. General Unsecured Trade Claims</b>						
35115997	7/8/2024	Barrett Flooring & Design	Work performed (tile + flooring)	\$25,679.40	\$0.00	Moot
35887153	9/16/2024	Cabinets Deluxe / CCG Development, LLC	Custom Cabinets	\$17,692.50	\$0.00	Moot
35914889	10/14/2024	HMP Adisory Holdings, LLC dba Harney Partners	Professional fees/ expenses	\$25,938.80	\$25,938.80	GUC Class Priority
35916985	10/15/2024	Holland & Knight, LLP	Legal fees	\$23,972.50	\$23,972.50	GUC Class Priority
35914999	10/15/2024	Husch Blackwell LLP	Legal fees	\$125,236.03	\$125,236.03	GUC Class Priority
35914760	10/11/2024	Macauley LLC d/b/a Macauley Technologies	Unpaid goods/services	\$2,633.69	\$2,633.69	GUC Class Priority
35111076	6/28/2024	Potts Blacklock Senterfitt, PLLC	Legal fees	\$17,995.50	\$17,995.50	GUC Class Priority
35912022	10/3/2024	Texas Greenscape Group dba TurfPro Landscape Design	Unpaid invoices for landscaping/drainage	\$6,744.05	\$6,744.05	GUC Class Priority
35833943	9/4/2024	Zack Construction Co, LLC	Work completed	\$7,287.00	\$7,287.00	GUC Class Priority
35833928	9/5/2024	Zack Construction Co, LLC (Duplicate of 35833943)	Work completed	\$7,287.00	\$0.00	Disallowed (Duplicate)
				<b>\$260,466.47</b>	<b>\$209,807.57</b>	
<b>iii. Investor Claims filed as Other Claims</b>						
35111607	7/1/2024	Bruner, Allyson	Invested capital + reinvested dividends	\$110,279.88	\$0.00	Disallowed as not an Other Claim
35116438	7/9/2024	Bruner, Allyson (Duplicate of 35111607)	Invested capital + reinvested dividends	\$110,279.88	\$0.00	Disallowed as not an Other Claim
35120951	7/30/2024	Daugherty, Morris		\$242,000.00	\$0.00	Disallowed as not an Other Claim
35120953	7/30/2024	Digss, Barbara A.		\$63,750.00	\$0.00	Disallowed as not an Other Claim
35120955	7/30/2024	Digss, Barbara, Custodian for Chajuann Little Field		\$12,750.00	\$0.00	Disallowed as not an Other Claim
35109732	6/18/2024	Foskey, Meredith and Michael	Invested capital	\$60,000.00	\$0.00	Disallowed as not an Other Claim
35109584	6/25/2024	Grasso, Joe, III	Invested capital	\$1,750,000.00	\$0.00	Disallowed as not an Other Claim
35887150	9/14/2024	Kovich, Michael Peter	Traditional IRA	\$377,682.98	\$0.00	Disallowed as not an Other Claim
35109725	6/11/2024	Middleton, Robert	Invested capital	\$794,922.42	\$0.00	Disallowed as not an Other Claim
35109724	6/11/2024	Middleton, Susan	Invested capital	\$186,893.00	\$0.00	Disallowed as not an Other Claim
35744920	8/23/2024	R Stephens Family Partnership - 33369	Invested capital	\$200,000.00	\$0.00	Disallowed as not an Other Claim
35110469	6/12/2024	Spoon, Glenda	Invested capital + reinvested dividends	\$39,657.21	\$0.00	Disallowed as not an Other Claim
35914919	10/14/2024	Tordun Holdings, LLC	Invested capital + attorney fees	\$152,254.70	\$43,504.00	Allowed portion only shall have GUC Class Priority
Various		Tanya Robinson, on behalf of 24 Clients detailed in Exhibit 1-A	Attorneys' Fees	\$50,220.97	\$50,220.97	
30909		Jonathan Levy	Attorneys' Fees	\$6,363.79	\$6,363.79	
				<b>\$4,100,470.07</b>	<b>\$100,088.76</b>	
<b>iv. Judgment Holders</b>						
35894419	9/27/2024	Tolia 2013 Revocable Trust & Anish Tolia IRA	Membership Judgments	\$506,308.44	\$52,500	Pursuant to Settlement Agreement (Class 2)
35918295	10/17/2024	Arizpe, John and Judy	Membership Judgments	\$923,769.62	\$28,224.50	Payment Pursuant to Settlement Agreement (Class 2)
35918294	10/17/2024	Gardner, Richard and Lorena	Membership Judgments	\$378,773.85	\$35,244.99	Payment Pursuant to Settlement Agreement (Class 2)
35918299	10/17/2024	Jones, Patricia Lloyd, Individually and as Independent Executor of Estate of James L. Lloyd, deceased, and on behalf of James L. Lloyd IRA and James L. Lloyd Roth IRA	Membership Judgments	\$1,722,012.56	\$0.00	No Payment Pursuant to Settlement Agreement
35918298	10/17/2024	Walton, Jeffrey	Membership Judgments	\$816,251.97	\$322,345.44	Payment Pursuant to Settlement Agreement (Class 2)
35917000	10/14/2024	Eagle Eye Revocable Trust ( <b>Superseding (Claim # 35917020, Lesley Ehrenfeld Irrev. Trust)</b> )	Record Judgments	\$8,742.77	\$8,742.77	GUC Class Priority
35917020	10/14/2024	Lesley Ehrenfeld Irrevocable Trust ( <b>superceded by 35917000, Eagle Eye Rev. Trust</b> )	Record Judgments	\$8,742.77	\$0.00	Disallowed as Superseded
35152414	8/13/2024	Gousman 2013 Fam Trust	Record Judgments	\$8,742.77	\$8,742.77	GUC Class Priority
35887148	9/16/2024	O'Connor, David	Membership Judgments	\$388,479.87	\$122,466.91	Payment Pursuant to Settlement Agreement (Class 2)
35887224	9/16/2024	O'Connor, Michael	Membership Judgments	\$294,330.77	\$105,970.43	Payment Pursuant to Settlement Agreement (Class 2)
35918452	10/21/2024	Parate, Milind	Record Judgments	\$8,742.77	\$8,742.77	GUC Class Priority
35887142	9/15/2024	Wallpe, Bryan and Courtenay, Trustees of the Wallpe Family Trust of 2008	Record Judgments	\$8,742.77	\$8,742.77	GUC Class Priority
35887222	9/16/2024	Wootten, Graham	Membership Judgments	\$540,647.26	\$392,400.27	Payment Pursuant to Settlement Agreement (Class 2)
				<b>\$5,614,288.19</b>	<b>\$1,093,623.62</b>	

**EXHIBIT 1-A**

**Tanya Robinson Clients**

James Fowler  
Joshua Thompson Burnham  
Erin Elizabeth Burnham  
The JEB Trust dated June 5, 2017 - Joshua Thompson Burnham and Erin Elizabeth Burnham,  
Trustees  
William Burnham  
Hank Gath  
The Paul M. Harvey Living Trust dated June 10, 1999, Paul Harvey, Trustee  
Anh Duy Le  
Cuong Le  
Diana Le  
Hang Le  
Alan Leffler  
Jacob Leffler  
Karen Leffler  
Kent Peterson  
RRW Windsor Road Ventures, LLC  
Estate of Obdulia G. Saenz, Albert Saenz, Executor  
Town Lake Living 401K Plan, Albert Aaron Saenz, Trustee  
Town Lake Living Roth 401K Plan, Albert Aaron Saenz, Trustee  
Linda Sweet  
James Franklin White  
Susan Jere White  
Susan Parker White  
Robert B. Jensen  
Tammi S. Terry  
Janet K. Ply  
SMG Shoreline Holdings, LLC  
S&M Greer, Series LLC

# **EXHIBIT E**

## SETTLEMENT AGREEMENT

---

This SETTLEMENT AGREEMENT (the “**Agreement**”) is made and entered into as of July [●], 2025 (the “**Execution Date**”), by and among Gregory S. Milligan, in his capacity as Court-appointed Receiver (the “**Receiver**”) for Pride of Austin High Yield Fund I, LLC (“**POA**”) and 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 (“**Jones**”), collectively, the “**Parties**”):<sup>1</sup>

### RECITALS

**WHEREAS**, Jones is the Executor of the Estate of James Lloyd (“**Lloyd**”) who was an investor in POA;

**WHEREAS**, Lloyd invested \$877,000 into POA and received \$1,648,342.40 from POA in cash payments over the life of their investment in POA;

**WHEREAS**, Tiki & Buddah, LLC, an entity that was owned and controlled by Lloyd invested \$1,910,000 into POA and received \$1,822,378.61 in cash payments over the life of its investment in POA;

**WHEREAS**, on February 22, 2024, in cause number D-1-GN-22-004291, Jones obtained a judgment against POA, CCG, and Buchanan (the “**Jones Judgment**”);

**WHEREAS**, Jones filed abstracts of judgment on account of the Jones Judgment (the “**Abstracts**”);

**WHEREAS**, on April 30, 2024 (the “**Appointment Date**”), the Receiver was appointed as the Receiver for POA by the 201<sup>st</sup> Judicial District Court, Travis County, Texas (the “**Receivership Court**”) in Cause Number D-1-GN-24-001018 (the “**Receivership Proceeding**”) pursuant to the *Agreed Order Appointing Receiver*, which was amended on May 6, 2024 (the “**Receivership Order**”);

**WHEREAS**, on June 17, 2024, the Receivership Court entered its *Order Granting Receiver’s Motion to Approve (I) Proposed Claims Verification Procedures, and (II) Claims Bar Date* (the “**Claims Order**”);

**WHEREAS**, the Claims Order required any party alleging to possess an “Other Claim” (*i.e.*, any claim not based on a membership interest in POA) on or before the Claims Bar Date, which was October 15, 2024;

**WHEREAS**, Jones timely filed an Other Claim, based on the Jones Judgment, in the amount of \$1,722,012.56 (the “**Original Jones Claim**”);

---

<sup>1</sup> Capitalized terms used but not defined in the preamble and recitals to this Agreement have the meanings ascribed to them in Section 1.



**WHEREAS**, on May 20, 2025, the Receiver filed his *Motion to Approve Distribution Plan* (the “**Distribution Plan**”);

**WHEREAS**, the Distribution Plan contemplates five classes of claimants, consisting of (i) Allowed Creditor Claims (Class 1); (ii) Investor Claims (Class 2); (iii) Potential Claims of the IRS (Class 3); (iv) Membership Judgment Holders (Class 4); and (v) Insider Claims (Class 5);

**WHEREAS**, the Distribution Plan contemplates the Jones Claim is included in class 4;

**WHEREAS**, the Receiver estimates that there will be insufficient funds to make any distributions to class 4;

**WHEREAS**, absent an agreement, Jones would object to the Distribution Plan;

**WHEREAS**, the Parties have agreed to resolve their disputes on the terms and conditions set forth in this Agreement;

**NOW, THEREFORE**, in consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

## **AGREEMENT**

### **Section 1.     *Definitions and Interpretation.***

1.01. **Definitions.** The following terms shall have the following definitions:

“**Abstracts**” has the meaning set forth in the Recitals Section of this Agreement.

“**Agreement**” has the meaning set forth in the preamble to this Agreement.

“**Amended Distribution Plan**” shall mean the Amended Distribution Plan filed by the Receiver after the date of this Agreement.

“**Appointment Date**” has the meaning set forth in the Recitals Section of this Agreement.

“**Buchanan**” has the meaning set forth in the Recitals Section of this Agreement.

“**CCG**” has the meaning set forth in the Recitals Section of this Agreement.

“**Claim**” means and includes any and all causes of action, choses in action, demands, debts, obligations, duties, liens, injunctions, accounts, agreements, bonds, bills, covenants, contracts, controversies, liabilities, and theories of liability of whatsoever kind and nature, whether based in contract or tort, whether arising in equity or under the common law, whether by statute or regulation, whether known or unknown, accrued or unaccrued, whether contingent, prospective, or matured, whether for damages relief, injunctive relief, declaratory relief, equitable relief, or any other type of relief, and all actual damages, personal injury damages, mental anguish damages, liquidated damages, punitive damages, exemplary damages, compensatory damages, consequential damages, incidental damages, pecuniary damages, loss, costs, expenses, attorneys’

fees, penalties, or fines arising out of or related to any business dealings as between POA, the Receiver, the Receivership Estate and Jones based in whole or in part upon facts existing as of the Effective Date.

**"Claims Order"** has the meaning set forth in the Recitals Section of this Agreement.

**"Distribution Plan"** has the meaning set forth in the Recitals Section of this Agreement.

**"Effective Date"** means the first date on which all of the following conditions have occurred: (i) the Receivership Court has approved this Agreement and a distribution plan that provides for the treatment contemplated in Section 2 of this Agreement; and (ii) any Liens against POA in favor of Jones have been released.

**"Jones"** shall have the meaning ascribed to it in the Preamble to this Agreement.

**"Jones Judgment"** shall have the meaning ascribed to it in the Recitals Section of this Agreement.

**"Lien"** means any charge against or interest in property to secure payment of a debt or performance of an obligation, whether obtained voluntarily, or by judgment, levy, sequestration, or other equitable process or proceeding.

**"Original Jones Claim"** has the meaning set forth in the Recitals Section of this Agreement.

**"Parties"** has the meaning set forth in the preamble to this Agreement.

**"POA"** has the meaning set forth in the preamble to this Agreement.

**"Receiver"** has the meaning set forth in the preamble of this Agreement.

**"Receivership Court"** has the meaning set forth in the Recitals Section of this Agreement.

**"Receivership Order"** has the meaning set forth in the Recitals Section of this Agreement.

**"Receivership Proceeding"** has the meaning set forth in the Recitals Section of this Agreement.

**"Receivership Estate"** shall mean the receivership estate that was created by the Receivership Order.

**"Tiki"** shall mean Tiki and Buddah, LLC.

1.02. Interpretation. For purposes of this Agreement:

(a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender;



(b) capitalized terms defined only in the plural or singular form shall nonetheless have their defined meanings when used in the opposite form;

(c) unless otherwise specified, all references herein to "Sections" are references to Sections of this Agreement;

(d) the words "herein," "hereof," and "hereto" refer to this Agreement in its entirety rather than to any particular portion of this Agreement;

(e) captions and headings to Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Agreement;

(f) the use of "include" or "including" is without limitation, whether stated or not; and

**Section 2. *Payment to Receivership Estate.*** Within 20 days of the execution of this Agreement by all Parties, Jones will make a payment to the Receiver in the amount of \$350,000.00 (the "**Settlement Payment**"). Any alleged right to payment by POA, the Receiver, or the Receivership Estate held by Jones, Lloyd, or Tiki as of the date of this Agreement are waived and relinquished.

Jones agrees that she will not object or otherwise contest the Amended Distribution Plan. In the event the Amended Distribution Plan is not approved, Jones agrees that she will not object or otherwise contest any subsequent distribution plan so long as it is consistent with the terms of this Agreement.

**Section 3. *Release of Judgment Claims and Associated Liens.***

4.01. Upon approval of this Settlement Agreement:

(a) Jones agrees to relinquish, release, and waive any rights under the Jones Judgment against POA, and release any Liens against POA. Nothing in this Agreement shall be construed as Jones relinquishing, releasing, or waving any rights under the Jones Judgment against CCG or Buchanan.

**Section 5. *Mutual Releases***

5.01. **Receiver's Release of Jones.** On, but not before, the Effective Date, for and in exchange of the transactions described in this Agreement, and the mutual releases, covenants and other undertakings of this Agreement, the Receiver, for and on behalf of the Receivership Estate, hereby release, acquits and forever discharges Jones, her respective present and former directors, officers, heirs, beneficiaries, members, managers employees, affiliates, servants, agents, attorneys, other representatives and each and all their successors and assigns, of and from any Claims that any of them have or may ever have, or that may accrue to any of them in the future based in whole or in any part on any one or more facts existing on or before the Effective Date. The Receiver stipulates and agrees that the release and discharge expressed herein is a general release and will be interpreted and enforced as a general release and that part of the consideration for this release and discharge is given for the release and discharge of existing and unknown Claims.

5.02. **Jones Release of Receiver.** On, but not before, the Effective Date, for and in exchange of the transactions described in this Agreement, and the mutual releases, covenants and other undertakings of this Agreement, Jones hereby release, acquits and forever discharges the Receiver, the Receivership Estate, their respective present and former directors, officers, members, managers employees, affiliates, servants, agents, attorneys, other representatives and each and all their successors and assigns, of and from any Claims that any of them have or may ever have, or that may accrue to any of them in the future based in whole or in any part on any one or more facts existing on or before the Effective Date. Jones stipulates and agrees that the release and discharge expressed herein is a general release and will be interpreted and enforced as a general release and that part of the consideration for this release and discharge is given for the release and discharge of existing and unknown Claims. Nothing in this Agreement shall be construed as a release of Buchanan or CCG by Jones.

5.03. In the event this Agreement is not approved, the Receiver agrees that Jones may file an objection to the Distribution Plan, and any Amended Distribution Plan, and the releases set forth herein will not be effective.

#### **Section 6. *Indemnification.***

6.01. Further, for the same aforesaid consideration, Receiver agrees to **HOLD JONES, THE "INDEMNIFIED PARTY") HARMLESS FROM AND TO DEFEND AND INDEMNIFY THE INDEMNIFIED PARTY** against any and all future claims under the Texas Uniform Fraudulent Transfer Act ("**TUFTA**") related to the Indemnified Party's investments in, and return of capital from, POA.

#### **Section 7. *Agreement Subject to Court Approval***

(a) The Receiver will file a *Motion to Approve* this Agreement (the "**Motion to Approve**") within ten (10) days of the execution of this Agreement. The Receiver will request that the Receivership Court hear the Motion to Approve on the same date that the Amended Distribution Plan is set for hearing.

(b) If the Receivership Court denies the approval of this Agreement, then upon said denial, this Agreement will be of no force and effect, and the Parties will return to the *status quo ante*.

#### **Section 8. *Miscellaneous.***

8.01. **Further Assurances.** Subject to the other terms of this Agreement, the Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be reasonably appropriate or necessary, or as may be required by order of the Receivership Court, from time to time, to effectuate this Agreement.

8.02. **Complete Agreement.** Except as otherwise explicitly provided herein, this Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, among the Parties with respect thereto.



8.03. GOVERNING LAW; SUBMISSION TO JURISDICTION; SELECTION OF FORUM. THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF. Each Party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement, to the extent possible, in the Receivership Court, and solely in connection with claims arising under this Agreement or otherwise in the Travis County District Courts if the Receivership Proceeding is no longer pending: (a) irrevocably submits to the exclusive jurisdiction of the Receivership Court in the event the Receivership Proceeding is pending and in the Travis County District Courts if the Receivership Proceeding is no longer pending; (b) waives any objection to laying venue in any such action or proceeding in the Receivership Court; and (c) waives any objection that the Receivership Court and the Travis County District Court are inconvenient forums or do not have jurisdiction over any Party hereto.

8.04. Execution of Agreement. This Agreement may be executed and delivered in any number of counterparts and by way of electronic signature and delivery, each such counterpart, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Except as expressly provided in this Agreement, each individual executing this Agreement on behalf of a Party has been duly authorized and empowered to execute and deliver this Agreement on behalf of said Party.

8.05. Rules of Construction. This Agreement is the product of negotiations among the Parties, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement, or any portion hereof, shall not be effective in regard to the interpretation hereof. All Parties were represented by counsel during the negotiations and drafting of this Agreement and continue to be represented by counsel.

8.06. Successors and Assigns; Third Parties. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors and permitted assigns, as applicable. There are no third party beneficiaries under this Agreement, and the rights or obligations of any Party under this Agreement may not be assigned, delegated, or transferred to any other person or entity.

8.07. Independent Due Diligence and Decision Making. Each Party hereby confirms that its decision to execute this Agreement has been based upon its independent investigation.

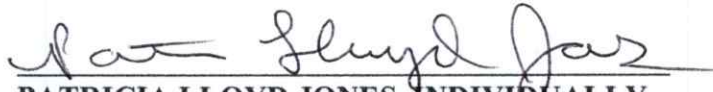
8.08. Waiver. If this Agreement is not approved by the Receivership Court, or if this Agreement is terminated for any reason, the Parties fully reserve any and all of their rights.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year first above written.

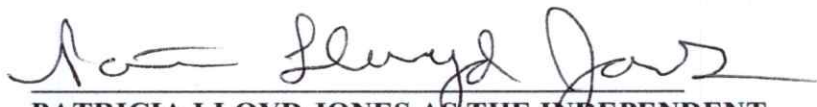
*[Signature Pages Follow]*



GREGORY S. MILLIGAN, IN HIS CAPACITY  
AS RECEIVER FOR PRIDE OF AUSTIN HIGH  
YIELD FUND I, LLC



PATRICIA LLOYD JONES, INDIVIDUALLY



PATRICIA LLOYD JONES 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

# **EXHIBIT F**

## SETTLEMENT AGREEMENT

---

This SETTLEMENT AGREEMENT (the “**Agreement**”) is made and entered into as of July \_\_, 2025 (the “**Execution Date**”), by and among the following parties (each of the following described in sub-clauses (i) through (iv) of this preamble, collectively, the “**Parties**”):<sup>1</sup>

- i. Gregory S. Milligan, in his capacity as Court-appointed Receiver (the “**Receiver**”) for Pride of Austin High Yield Fund I, LLC (“**POA**”);
- ii. Graham Wootten (“**Wootten**”);
- iii. David O’Connor (“**David**”); and
- iv. Michael O’Connor (“**Michael**”)

### **RECITALS**

**WHEREAS**, Wootten, David, and Michael each were investors in POA;

**WHEREAS**, Wootten invested \$500,000 into POA and received \$112,599.73 from POA in cash payments over the life of their investment in POA;

**WHEREAS**, David invested \$261,500 into POA and received \$144,033.09 from POA in cash payments over the life of their investment in POA;

**WHEREAS**, Michael invested \$100,970.43 into POA and received \$0 from POA in cash payments over the life of their investment in POA;

**WHEREAS**, on January 5, 2024, in cause number D-1-GN-23-007015, Michael, David, and Wootten obtained a judgment against POA, CCG Capital Group, LLC (“**CCG**”), and Robert Buchanan (“**Buchanan**”) (the “**Judgment**”);

**WHEREAS**, Michael, David, and Wootten filed abstracts of judgment on account of their judgment (the “**Abstracts**”);

**WHEREAS**, on April 30, 2024 (the “**Appointment Date**”), the Receiver was appointed as the Receiver for POA by the 201<sup>st</sup> Judicial District Court, Travis County, Texas (the “**Receivership Court**”) in Cause Number D-1-GN-24-001018 (the “**Receivership Proceeding**”) pursuant to the *Agreed Order Appointing Receiver*, which was amended on May 6, 2024 (the “**Receivership Order**”);

---

<sup>1</sup> Capitalized terms used but not defined in the preamble and recitals to this Agreement have the meanings ascribed to them in Section 1.

**WHEREAS**, on June 17, 2024, the Receivership Court entered its *Order Granting Receiver’s Motion to Approve (I) Proposed Claims Verification Procedures, and (II) Claims Bar Date* (the “**Claims Order**”);

**WHEREAS**, the Claims Order required any party alleging to possess an “Other Claim” (*i.e.*, any claim not based on a membership interest in POA) on or before the Claims Bar Date, which was October 15, 2024;

**WHEREAS**, David timely filed an Other Claim, based on the Judgment, in the amount of \$388,479.87 (the “**Original David Claim**”);

**WHEREAS**, Michael timely filed an Other Claim, based on the Judgment, in the amount of \$294,330.77 (the “**Original Michael Claim**”);

**WHEREAS**, Wootten timely filed an Other Claim, based on the Judgment, in the amount of \$540,640.27 (the “**Original Wootten Claim**”);

**WHEREAS**, on May 20, 2025, the Receiver filed his *Motion to Approve Distribution Plan* (the “**Distribution Plan**”);

**WHEREAS**, the Distribution Plan contemplates five classes of claimants, consisting of (i) Allowed Creditor Claims (Class 1); (ii) Investor Claims (Class 2); (iii) Potential Claims of the IRS (Class 3); (iv) Membership Judgment Holders (Class 4); and (v) Insider Claims (Class 5);

**WHEREAS**, the Distribution Plan contemplates the Original David Claim, the Original Michael Claim, and the Original Wootten Claim are included in class 4;

**WHEREAS**, the Receiver estimates that there will be insufficient funds to make any distributions to class 4;

**WHEREAS**, absent an agreement, David, Michael, and Wootten, would object to the Distribution Plan;

**WHEREAS**, the Parties have agreed to resolve their disputes on the terms and conditions set forth in this Agreement;

**NOW, THEREFORE**, in consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

## **AGREEMENT**

### **Section 1.     *Definitions and Interpretation.***

1.01.   **Definitions.** The following terms shall have the following definitions:

“**Abstracts**” has the meaning set forth in the Recitals Section of this Agreement.

“**Agreement**” has the meaning set forth in the preamble to this Agreement.

**“Appointment Date”** has the meaning set forth in the Recitals Section of this Agreement.

**“Buchanan”** has the meaning set forth in the Recitals Section of this Agreement.

**“CCG”** has the meaning set forth in the Recitals Section of this Agreement.

**“Claim”** means and includes any and all causes of action, choses in action, demands, debts, obligations, duties, liens, injunctions, accounts, agreements, bonds, bills, covenants, contracts, controversies, liabilities, and theories of liability of whatsoever kind and nature, whether based in contract or tort, whether arising in equity or under the common law, whether by statute or regulation, whether known or unknown, accrued or unaccrued, whether contingent, prospective, or matured, whether for damages relief, injunctive relief, declaratory relief, equitable relief, or any other type of relief, and all actual damages, personal injury damages, mental anguish damages, liquidated damages, punitive damages, exemplary damages, compensatory damages, consequential damages, incidental damages, pecuniary damages, loss, costs, expenses, attorneys’ fees, penalties, or fines arising out of or related to any business dealings as between POA, the Receiver, the Receivership Estate, David, Michael, and Wootten, based in whole or in part upon facts existing as of the Effective Date.

**“Claims Order”** has the meaning set forth in the Recitals Section of this Agreement.

**“David”** has the meaning set forth in the Preamble of this Agreement.

**“Distribution Plan”** has the meaning set forth in the Recitals Section of this Agreement.

**“Effective Date”** means the first date on which all of the following conditions have occurred: (i) the Receivership Court has approved this Agreement and a distribution plan that provides for the treatment contemplated in Section 2 of this Agreement; and (ii) any Liens against POA in favor of David, Michael, and Wootten have been released.

**“Judgment”** has the meaning set forth in the Recitals Section of this Agreement.

**“Lien”** means any charge against or interest in property to secure payment of a debt or performance of an obligation, whether obtained voluntarily, or by judgment, levy, sequestration, or other equitable process or proceeding.

**“Michael”** has the meaning set forth in the Preamble of this Agreement

**“Original David Claim”** has the meaning set forth in the Recitals Section of this Agreement.

**“Original Michael Claim”** has the meaning set forth in the Recitals Section of this Agreement.

**“Original Wootten Claim”** has the meaning set forth in the Recitals Section of this Agreement.

**“Parties”** has the meaning set forth in the preamble to this Agreement.



“**POA**” has the meaning set forth in the preamble to this Agreement.

“**Receiver**” has the meaning set forth in the preamble of this Agreement.

“**Receivership Court**” has the meaning set forth in the Recitals Section of this Agreement.

“**Receivership Order**” has the meaning set forth in the Recitals Section of this Agreement.

“**Receivership Proceeding**” has the meaning set forth in the Recitals Section of this Agreement.

“**Receivership Estate**” shall mean the receivership estate that was created by the Receivership Order.

“**Settling Judgment Holders**” shall mean, collectively, David, Michael, and Wootten.

“**Wootten**” has the meaning set forth in the Preamble of this Agreement.

1.02. **Interpretation.** For purposes of this Agreement:

(a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender;

(b) capitalized terms defined only in the plural or singular form shall nonetheless have their defined meanings when used in the opposite form;

(c) unless otherwise specified, all references herein to “Sections” are references to Sections of this Agreement;

(d) the words “herein,” “hereof,” and “hereto” refer to this Agreement in its entirety rather than to any particular portion of this Agreement;

(e) captions and headings to Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Agreement;

(f) the use of “include” or “including” is without limitation, whether stated or not; and

**Section 2. *Treatment of Claims.*** Within 10 days of the execution of this Agreement by all Parties, the Receiver will file an *Amended Motion to Approve Distribution Plan* (the “**Amended Distribution Plan**”).

(a) The Amended Distribution Plan will create a new class of claimants entitled “Settling Judgment Holders”. The Settling Judgment Holders Class will be treated *pari passu* with Class 1 claimants.

(b) The Parties agree that David will have a claim in the Settling Judgment Holders Class in the amount of \$122,466.91 (the “**Amended David Claim**”), and that the Amended David Claim shall be paid within seven (7) days of the Effective Date of this Agreement. The Amended

David Claim will supersede and replace the Original David Claim, which will be of no further force and effect. The Amended David Claim will be David's sole source of payment under the Amended Distribution Plan; any other right to payment, other than on account of the Amended David Claim, shall be specifically waived.

(c) The Parties agree that Michael will have a claim in the Settling Judgment Holders Class in the amount of \$105,970.43 (the "**Amended Michael Claim**"), and that the Amended Michael Claim shall be paid within seven (7) days of the Effective Date of this Agreement. The Amended Michael Claim will supersede and replace the Original Michael Claim, which will be of no further force and effect. The Amended Michael Claim will be Michael's sole source of payment under the Amended Distribution Plan; any other right to payment, other than on account of the Amended Michael Claim, shall be specifically waived.

(d) The Parties agree that Wootten will have a claim in the Settling Judgment Holders Class in the amount of \$392,400.27 (the "**Amended Wootten Claim**"), and that the Amended Wootten Claim shall be paid within seven (7) days of the Effective Date of this Agreement. The Amended Wootten Claim will supersede and replace the Original Wootten Claim, which will be of no further force and effect. The Amended Wootten Claim will be Wootten's sole source of payment under the Amended Distribution Plan; any other right to payment, other than on account of the Amended Wootten Claim, shall be specifically waived.

(e) The Settling Judgment Holders agree that they will not object or otherwise contest the Amended Distribution Plan. In the event the Amended Distribution Plan is not approved, the Settling Judgment Holders agree that they will not object or otherwise contest any subsequent distribution plan so long as it is consistent with the terms of this Agreement.

**Section 3. Release of Judgment Claims and Associated Liens.** Upon approval of the Amended Distribution Plan, or another distribution plan that contemplates the treatment to the Settling Judgment Holders described in Section 2 of this Agreement:

(a) David agrees to relinquish, release, and waive any rights under the Judgment against POA, and release any Liens against POA. Nothing in this Agreement shall be construed as David relinquishing, releasing, or waving any rights under the Judgment against CCG or Buchanan;

(b) Michael agrees to relinquish, release, and waive any rights under the Judgment against POA, and release any Liens against POA. Nothing in this Agreement shall be construed as Michael relinquishing, releasing, or waving any rights under the Judgment against CCG or Buchanan; and

(c) Wootten agrees to relinquish, release, and waive any rights under the Judgment against POA, and release any Liens against POA. Nothing in this Agreement shall be construed as Wootten relinquishing, releasing, or waving any rights under the Judgment against CCG or Buchanan.

#### **Section 4. Mutual Releases**

4.01. **Receiver's Release of Settling Judgment Holders.** On, but not before, the Effective Date, for and in exchange of the transactions described in this Agreement, and the mutual

releases, covenants and other undertakings of this Agreement, the Receiver, for and on behalf of the Receivership Estate, hereby release, acquits and forever discharges the Settling Judgment Holders, their respective present and former directors, officers, members, managers employees, affiliates, servants, agents, attorneys, other representatives and each and all their successors and assigns, of and from any Claims that any of them have or may ever have, or that may accrue to any of them in the future based in whole or in any part on any one or more facts existing on or before the Effective Date. The Receiver stipulates and agrees that the release and discharge expressed herein is a general release and will be interpreted and enforced as a general release and that part of the consideration for this release and discharge is given for the release and discharge of existing and unknown Claims.

4.02. **Settling Judgment Holders' Release of Receiver.** On, but not before, the Effective Date, for and in exchange of the transactions described in this Agreement, and the mutual releases, covenants and other undertakings of this Agreement, the Settling Judgment Holders, hereby release, acquit and forever discharge the Receiver, the Receivership Estate, their respective present and former directors, officers, members, managers employees, affiliates, servants, agents, attorneys, other representatives and each and all their successors and assigns, of and from any Claims that any of them have or may ever have, or that may accrue to any of them in the future based in whole or in any part on any one or more facts existing on or before the Effective Date. The Settling Judgment Holders stipulate and agree that the release and discharge expressed herein is a general release and will be interpreted and enforced as a general release and that part of the consideration for this release and discharge is given for the release and discharge of existing and unknown Claims. Nothing in this Agreement shall be construed as a release of Buchanan or CCG by the Judgment Releasors.

## **Section 5. *Agreement Subject to Court Approval***

(a) The Receiver will file a *Motion to Approve* this Agreement (the “**Motion to Approve**”) within ten (10) days of the execution of this Agreement. The Receiver will request that the Receivership Court hear the Motion to Approve on the same date that the Amended Distribution Plan is set for hearing.

(b) If the Receivership Court denies the approval of this Agreement, then upon said denial, this Agreement will be of no force and effect, and the Parties will return to the *status quo ante*.

## **Section 6. *Miscellaneous.***

6.01. **Further Assurances.** Subject to the other terms of this Agreement, the Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be reasonably appropriate or necessary, or as may be required by order of the Receivership Court, from time to time, to effectuate this Agreement.

6.02. **Complete Agreement.** Except as otherwise explicitly provided herein, this Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, among the Parties with respect thereto.

6.03. GOVERNING LAW; SUBMISSION TO JURISDICTION; SELECTION OF FORUM. THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF. Each Party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement, to the extent possible, in the Receivership Court, and solely in connection with claims arising under this Agreement: (a) irrevocably submits to the exclusive jurisdiction of the Receivership Court; (b) waives any objection to laying venue in any such action or proceeding in the Receivership Court; and (c) waives any objection that the Receivership Court is an inconvenient forum or does not have jurisdiction over any Party hereto.

6.04. Execution of Agreement. This Agreement may be executed and delivered in any number of counterparts and by way of electronic signature and delivery, each such counterpart, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Except as expressly provided in this Agreement, each individual executing this Agreement on behalf of a Party has been duly authorized and empowered to execute and deliver this Agreement on behalf of said Party.

6.05. Rules of Construction. This Agreement is the product of negotiations among the Parties, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement, or any portion hereof, shall not be effective in regard to the interpretation hereof. All Parties were represented by counsel during the negotiations and drafting of this Agreement and continue to be represented by counsel.


6.06. Successors and Assigns; Third Parties. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors and permitted assigns, as applicable. There are no third party beneficiaries under this Agreement, and the rights or obligations of any Party under this Agreement may not be assigned, delegated, or transferred to any other person or entity.

6.07. Independent Due Diligence and Decision Making. Each Party hereby confirms that its decision to execute this Agreement has been based upon its independent investigation.

6.08. Waiver. If this Agreement is not approved by the Receivership Court, or if this Agreement is terminated for any reason, the Parties fully reserve any and all of their rights.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year first above written.

*[Signature Pages Follow]*

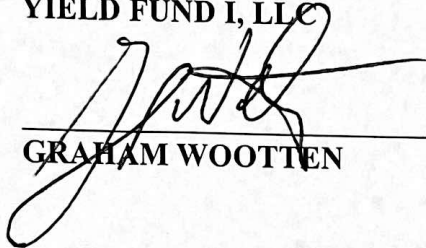
  
\_\_\_\_\_  
**GREGORY S. MILLIGAN, IN HIS CAPACITY  
AS RECEIVER FOR PRIDE OF AUSTIN HIGH  
YIELD FUND I, LLC**

\_\_\_\_\_  
**GRAHAM WOOTTEN**

\_\_\_\_\_  
**MICHAEL O'CONNOR**

\_\_\_\_\_  
**DAVID O'CONNOR**

**GREGORY S. MILLIGAN, IN HIS CAPACITY  
AS RECEIVER FOR PRIDE OF AUSTIN HIGH  
YIELD FUND I, LLC**

A handwritten signature in black ink, appearing to read 'Graham Wootten', is written over a horizontal line.

**GRAHAM WOOTTEN**

**MICHAEL O'CONNOR**

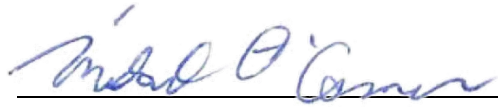
**DAVID O'CONNOR**

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**GREGORY S. MILLIGAN, IN HIS CAPACITY  
AS RECEIVER FOR PRIDE OF AUSTIN HIGH  
YIELD FUND I, LLC**

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**GRAHAM WOOTTEN**



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**MICHAEL O'CONNOR**

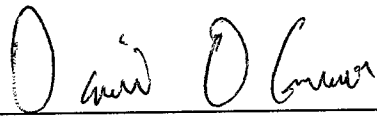
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**DAVID O'CONNOR**

**GREGORY S. MILLIGAN, IN HIS CAPACITY  
AS RECEIVER FOR PRIDE OF AUSTIN HIGH  
YIELD FUND I, LLC**

**GRAHAM WOOTTEN**

**MICHAEL O'CONNOR**

A handwritten signature in cursive script, appearing to read "David O'Connor", written over a horizontal line.

**DAVID O'CONNOR**



# **EXHIBIT G**

## SETTLEMENT AGREEMENT

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This SETTLEMENT AGREEMENT (the “**Agreement**”) is made and entered into as of July \_\_, 2025 (the “**Execution Date**”), by and among the following parties (each of the following described in sub-clauses (i) through (v) of this preamble, collectively, the “**Parties**”):<sup>1</sup>

- i. Gregory S. Milligan, in his capacity as Court-appointed Receiver (the “**Receiver**”) for Pride of Austin High Yield Fund I, LLC (“**POA**”);
- ii. John and Judy Arizpe (the “**Arizpe Parties**”);
- iii. Richard and Lorena Gardner (the “**Gardner Parties**”);
- iv. Jeff Walton (“**Walton**”); and
- v. Anish Tolia (“**Tolia**”) and the 2013 Tolia Revocable Trust (the “**Trust**” and collectively with Tolia, the “**Tolia Parties**”)

### **RECITALS**

**WHEREAS**, the Arizpe Parties, the Gardner Parties, Walton and the Tolia Parties each were investors in POA;

**WHEREAS**, the Arizpe Parties invested \$900,000 into POA and received \$935,274.07 from POA in cash payments over the life of their investment in POA;

**WHEREAS**, the Gardner Parties invested \$175,000 into POA and received \$145,246.01 from POA in cash payments over the life of their investment in POA;

**WHEREAS**, the Walton Parties invested \$500,000 into POA and received \$255,654.56 from POA in cash payments over the life of their investment in POA;

**WHEREAS**, Tolia invested \$170,000 into POA and received \$257,582.52 from POA in cash payments over the life of their investment in POA;

**WHEREAS**, Tolia is also the Trustee of the Trust, which invested \$100,000 into POA and received \$81,444.37 from POA in cash payments over the life of its investment in POA;

**WHEREAS**, on February 22, 2024, in cause number D-1-GN-22-004291, the Arizpe Parties obtained judgment against POA, CCG Capital Group, LLC (“**CCG**”), and Robert Buchanan (“**Buchanan**”) (the “**Arizpe Judgment**”);

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<sup>1</sup> Capitalized terms used but not defined in the preamble and recitals to this Agreement have the meanings ascribed to them in Section 1.

**WHEREAS**, on February 22, 2024, in cause number D-1-GN-22-004291, the Gardner Parties obtained judgment against POA, CCG, and Buchanan (the “**Gardner Judgment**”);

**WHEREAS**, on February 22, 2024, in cause number D-1-GN-22-004285, Walton obtained a judgment against POA, CCG, and Buchanan (the “**Walton Judgment**”);

**WHEREAS**, on February 22, 2024, in cause number D-1-GN-22-004285, the Tolia Parties obtained a judgment against POA, CCG, and Buchanan (the “**Tolia Judgment**”);

**WHEREAS**, each of the Arizpe Parties, the Garnder Parties, Walton, the Tolia Parties filed abstracts of judgment on account of their judgment (the “**Abstracts**”);

**WHEREAS**, on April 30, 2024 (the “**Appointment Date**”), the Receiver was appointed as the Receiver for POA by the 201<sup>st</sup> Judicial District Court, Travis County, Texas (the “**Receivership Court**”) in Cause Number D-1-GN-24-001018 (the “**Receivership Proceeding**”) pursuant to the *Agreed Order Appointing Receiver*, which was amended on May 6, 2024 (the “**Receivership Order**”);

**WHEREAS**, on June 17, 2024, the Receivership Court entered its *Order Granting Receiver’s Motion to Approve (I) Proposed Claims Verification Procedures, and (II) Claims Bar Date* (the “**Claims Order**”);

**WHEREAS**, the Claims Order required any party alleging to possess an “Other Claim” (*i.e.*, any claim not based on a membership interest in POA) on or before the Claims Bar Date, which was October 15, 2024;

**WHEREAS**, the Arizpe Parties timely filed an Other Claim, based on the Arizpe Judgment, in the amount of \$923,769.62 (the “**Original Arizpe Claim**”);

**WHEREAS**, the Garnder Parties timely filed an Other Claim, based on the Gardner Judgment, in the amount of \$378,773.85 (the “**Original Gardner Claim**”);

**WHEREAS**, Walton timely filed an Other Claim, based on the Walton Judgment, in the amount of \$816,251.97 (the “**Original Walton Claim**”);

**WHEREAS**, the Tolia Parties timely filed an Other Claim, based on the Tolia Judgment, in the amount of \$506,308.44 (the “**Tolia Claim**”);

**WHEREAS**, on May 20, 2025, the Receiver filed his *Motion to Approve Distribution Plan* (the “**Distribution Plan**”);

**WHEREAS**, the Distribution Plan contemplates five classes of claimants, consisting of (i) Allowed Creditor Claims (Class 1); (ii) Investor Claims (Class 2); (iii) Potential Claims of the IRS (Class 3); (iv) Membership Judgment Holders (Class 4); and (v) Insider Claims (Class 5);

**WHEREAS**, the Distribution Plan contemplates the Arizpe Claim, the Gardner Claim, the Walton Claim, and the Tolia Claim are included in class 4;

**WHEREAS**, the Receiver estimates that there will be insufficient funds to make any distributions to class 4;

**WHEREAS**, absent an agreement, the Arizpe Parties, the Gardner Parties, Walton, and the Tolia Parties, would object to the Distribution Plan;

**WHEREAS**, the Parties have agreed to resolve their disputes on the terms and conditions set forth in this Agreement;

**NOW, THEREFORE**, in consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

### **AGREEMENT**

#### **Section 1. *Definitions and Interpretation.***

1.01. **Definitions.** The following terms shall have the following definitions:

**“Abstracts”** has the meaning set forth in the Recitals Section of this Agreement.

**“Agreement”** has the meaning set forth in the preamble to this Agreement.

**“Appointment Date”** has the meaning set forth in the Recitals Section of this Agreement.

**“Arizpe Judgment”** has the meaning set forth in the Recitals Section of this Agreement.

**“Arizpe Parties”** has the meaning set forth in the preamble to this Agreement.

**“Buchanan”** has the meaning set forth in the Recitals Section of this Agreement.

**“CCG”** has the meaning set forth in the Recitals Section of this Agreement.

**“Claim”** means and includes any and all causes of action, choses in action, demands, debts, obligations, duties, liens, injunctions, accounts, agreements, bonds, bills, covenants, contracts, controversies, liabilities, and theories of liability of whatsoever kind and nature, whether based in contract or tort, whether arising in equity or under the common law, whether by statute or regulation, whether known or unknown, accrued or unaccrued, whether contingent, prospective, or matured, whether for damages relief, injunctive relief, declaratory relief, equitable relief, or any other type of relief, and all actual damages, personal injury damages, mental anguish damages, liquidated damages, punitive damages, exemplary damages, compensatory damages, consequential damages, incidental damages, pecuniary damages, loss, costs, expenses, attorneys’ fees, penalties, or fines arising out of or related to any business dealings as between POA, the Receiver, the Receivership Estate, the Arizpe Parties, the Gardner Parties, Walton, and the Tolia Parties based in whole or in part upon facts existing as of the Effective Date.

**“Claims Order”** has the meaning set forth in the Recitals Section of this Agreement.

**“Distribution Plan”** has the meaning set forth in the Recitals Section of this Agreement.

**“Effective Date”** means the first date on which all of the following conditions have occurred: (i) the Receivership Court has approved this Agreement and a distribution plan that provides for the treatment contemplated in Section 2 of this Agreement; and (ii) any Liens against POA in favor of Walton, the Gardner Parties, the Arizpe Parties, and the Tolia Parties have been released.

**“Gardner Judgment”** has the meaning set forth in the Recitals Section of this Agreement.

**“Gardner Parties”** has the meaning set forth in the preamble to this Agreement.

**“Lien”** means any charge against or interest in property to secure payment of a debt or performance of an obligation, whether obtained voluntarily, or by judgment, levy, sequestration, or other equitable process or proceeding.

**“Original Arizpe Claim”** has the meaning set forth in the Recitals Section of this Agreement.

**“Original Gardner Claim”** has the meaning set forth in the Recitals Section of this Agreement.

**“Original Tolia Claim”** has the meaning set forth in the Recitals Section of this Agreement.

**“Original Walton Claim”** has the meaning set forth in the Recitals Section of this Agreement.

**“Parties”** has the meaning set forth in the preamble to this Agreement.

**“POA”** has the meaning set forth in the preamble to this Agreement.

**“Receiver”** has the meaning set forth in the preamble of this Agreement.

**“Receivership Court”** has the meaning set forth in the Recitals Section of this Agreement.

**“Receivership Order”** has the meaning set forth in the Recitals Section of this Agreement.

**“Receivership Proceeding”** has the meaning set forth in the Recitals Section of this Agreement.

**“Receivership Estate”** shall mean the receivership estate that was created by the Receivership Order.

**“Tolia”** has the meaning set forth in the preamble of this Agreement.

**“Tolia Judgment”** has the meaning set forth in the Recitals Section of this Agreement.

**“Tolia Parties”** has the meaning set forth in the preamble of this Agreement.

**“Trust”** has the meaning set forth in the preamble of this Agreement.

“**Walton**” has the meaning set forth in the preamble to this Agreement.

“**Walton Judgment**” has the meaning set forth in the Recitals Section of this Agreement.

1.02. Interpretation. For purposes of this Agreement:

- (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender;
- (b) capitalized terms defined only in the plural or singular form shall nonetheless have their defined meanings when used in the opposite form;
- (c) unless otherwise specified, all references herein to “Sections” are references to Sections of this Agreement;
- (d) the words “herein,” “hereof,” and “hereto” refer to this Agreement in its entirety rather than to any particular portion of this Agreement;
- (e) captions and headings to Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Agreement;
- (f) the use of “include” or “including” is without limitation, whether stated or not; and

**Section 2. *Treatment of Claims.*** Within 10 days of the execution of this Agreement by all Parties, the Receiver will file an *Amended Motion to Approve Distribution Plan* (the “**Amended Distribution Plan**”).

(a) The Amended Distribution Plan will create a new class of claimants entitled “Settling Judgment Holders”. The Settling Judgment Holders Class will be treated *pari passu* with Class 1 claimants.

(b) The Parties agree that Walton will have a claim in the Settling Judgment Holders Class in the amount of \$322,345.44 (the “**Amended Walton Claim**”), and that the Amended Walton Claim shall be paid within seven (7) days of the Effective Date of this Agreement. The Amended Walton Claim will supersede and replace the Original Walton Claim, which will be of no further force and effect. The Amended Walton Claim will be Walton’s sole source of payment under the Amended Distribution Plan; any other right to payment, other than on account of the Amended Walton Claim, shall be specifically waived.

(c) The Parties agree that the Gardner Parties will have a claim in the Settling Judgment Holders Class in the amount of \$35,244.99 (the “**Amended Gardner Claim**”), and that the Amended Gardner Claim shall be paid within seven (7) days of the Effective Date of this Agreement. The Amended Gardner Claim will supersede and replace the Original Gardner Claim, which will be of no further force and effect. The Amended Gardner Claim will be the Gardner Parties’ sole source of payment under the Amended Distribution Plan; any other right to payment, other than on account of the Amended Gardner Claim, shall be specifically waived.

(d) The Parties agree that the Arizpe Parties will have a claim in the Settling Judgment Holders Class in the amount of \$28,224.50 (the “**Amended Arizpe Claim**”), and that the Amended Arizpe Claim shall be paid within seven (7) days of the Effective Date of this Agreement. The Amended Arizpe Claim will supersede and replace the Original Arizpe Claim, which will be of no further force and effect. The Amended Arizpe Claim will be the Arizpe Parties’ sole source of payment under the Amended Distribution Plan; any other right to payment, other than on account of the Amended Arizpe Claim, shall be specifically waived.

(e) The Parties agree that the Tolia Parties will have a claim in the Settling Judgment Holders Class in the amount of \$52,500 (the “**Amended Tolia Claim**”), and that the Amended Tolia Claim shall be paid within seven (7) days of the Effective Date of this Agreement. The Amended Tolia Claim will supersede and replace the Original Tolia Claim, which will be of no further force and effect. The Amended Tolia Claim will be the Tolia Parties’ sole source of payment under the Amended Distribution Plan; any other right to payment, other than on account of the Amended Tolia Claim, shall be specifically waived

(f) The Arizpe Parties, the Gardner Parties, Walton, and the Tolia Parties agree that they will not object or otherwise contest the Amended Distribution Plan. In the event the Amended Distribution Plan is not approved, the Arizpe Parties, the Gardner Parties, Walton, and the Tolia Parties agree that they will not object or otherwise contest any subsequent distribution plan so long as it is consistent with the terms of this Agreement.

### **Section 3. *Release of Judgment Claims and Associated Liens.***

4.01. Upon approval of the Amended Distribution Plan, or another distribution plan that contemplates the treatment to Walton, the Arizpe Parties, the Gardner Parties, and the Tolia Parties described in Section 2 of this Agreement:

(a) Walton agrees to relinquish, release, and waive any rights under the Walton Judgment against POA, and release any Liens against POA. Nothing in this Agreement shall be construed as Walton relinquishing, releasing, or waving any rights under the Walton Judgment against CCG or Buchanan;

(b) The Arizpe Parties agree to relinquish, release, and waive any rights under the Arizpe Judgment against POA, and release any Liens against POA. Nothing in this Agreement shall be construed as the Arizpe Parties relinquishing, releasing, or waving any rights under the Arizpe Judgment against CCG or Buchanan; and

(c) The Gardner Parties agree to relinquish, release, and waive any rights under the Gardner Judgment against POA, and release any Liens against POA. Nothing in this Agreement shall be construed as the Gardner Parties relinquishing, releasing, or waving any rights under the Gardner Judgment against CCG or Buchanan.

(d) The Tolia Parties agree to relinquish, release, and waive any rights under the Tolia Judgment against POA, and release any Liens against POA. Nothing in this Agreement shall be construed as the Tolia Parties relinquishing, releasing, or waving any rights under the Tolia Judgment against CCG or Buchanan

## **Section 5.     *Mutual Releases***

5.01.   **Receiver's Release of Walton, Arizpe Parties, Gardner Parties, and Tolia Parties.** On, but not before, the Effective Date, for and in exchange of the transactions described in this Agreement, and the mutual releases, covenants and other undertakings of this Agreement, the Receiver, for and on behalf of the Receivership Estate, hereby release, acquits and forever discharges Walton, the Arizpe Parties, the Gardner Parties, the Tolia Parties, their respective present and former directors, officers, members, managers employees, affiliates, servants, agents, attorneys, other representatives and each and all their successors and assigns, of and from any Claims that any of them have or may ever have, or that may accrue to any of them in the future based in whole or in any part on any one or more facts existing on or before the Effective Date. The Receiver stipulates and agrees that the release and discharge expressed herein is a general release and will be interpreted and enforced as a general release and that part of the consideration for this release and discharge is given for the release and discharge of existing and unknown Claims.

5.02.   **Walton, Arizpe Parties, Gardner Parties, and Tolia Parties Release of Receiver.** On, but not before, the Effective Date, for and in exchange of the transactions described in this Agreement, and the mutual releases, covenants and other undertakings of this Agreement, Walton, the Arizpe Parties, the Gardner Parties, and the Tolia Parties (collectively, for the purposes of this paragraph only, the "**Judgment Releasors**"), hereby release, acquits and forever discharges the Receiver, the Receivership Estate, their respective present and former directors, officers, members, managers employees, affiliates, servants, agents, attorneys, other representatives and each and all their successors and assigns, of and from any Claims that any of them have or may ever have, or that may accrue to any of them in the future based in whole or in any part on any one or more facts existing on or before the Effective Date. The Judgment Releasors stipulate and agree that the release and discharge expressed herein is a general release and will be interpreted and enforced as a general release and that part of the consideration for this release and discharge is given for the release and discharge of existing and unknown Claims. Nothing in this Agreement shall be construed as a release of Buchanan or CCG by the Judgment Releasors.

5.03.   In the event this Agreement is not approved, the Receiver agrees that the Arizpe Parties, the Gardner Parties Walton, and the Tolia Parties may file an objection to the Distribution Plan, as well as any amendment thereto, and the releases set forth herein will not be effective.

## **Section 6.     *Indemnification.***

6.01.   Further, for the same aforesaid consideration, Receiver agrees to **HOLD WALTON, THE ARIZPE PARTIES, THE GARDNER PARTIES, AND THE TOLIA PARTIES (COLLECTIVELY, FOR THE PURPOSES OF THIS PARAGRAPH ONLY, THE "INDEMNIFIED PARTIES") HARMLESS FROM AND TO DEFEND AND INDEMNIFY THE INDEMNIFIED PARTIES** against any and all future claims under the Texas Uniform Fraudulent Transfer Act ("**TUFTA**") related to the Indemnified Parties' investments in, and return of capital from, POA.

## **Section 7.     *Agreement Subject to Court Approval***



(a) The Receiver will file a *Motion to Approve* this Agreement (the “**Motion to Approve**”) within ten (10) days of the execution of this Agreement. The Receiver will request that the Receivership Court hear the Motion to Approve on the same date that the Amended Distribution Plan is set for hearing.

(b) If the Receivership Court denies the approval of this Agreement, then upon said denial, this Agreement will be of no force and effect, and the Parties will return to the *status quo ante*.

## **Section 8. *Miscellaneous.***

8.01. Further Assurances. Subject to the other terms of this Agreement, the Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be reasonably appropriate or necessary, or as may be required by order of the Receivership Court, from time to time, to effectuate this Agreement.

8.02. Complete Agreement. Except as otherwise explicitly provided herein, this Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements, oral or written, among the Parties with respect thereto.

8.03. GOVERNING LAW; SUBMISSION TO JURISDICTION; SELECTION OF FORUM. THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF. Each Party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement, to the extent possible, in the Receivership Court, and solely in connection with claims arising under this Agreement or otherwise in the Travis County District Courts if the Receivership Proceeding is no longer pending: (a) irrevocably submits to the exclusive jurisdiction of the Receivership Court in the event the Receivership Proceeding is pending and the to the Travis County District Courts if the Receivership Proceeding is no longer pending; (b) waives any objection to laying venue in any such action or proceeding in the Receivership Court; and (c) waives any objection that the Receivership Court and the Travis County District Court are inconvenient forums or do not have jurisdiction over any Party hereto.

8.04. Execution of Agreement. This Agreement may be executed and delivered in any number of counterparts and by way of electronic signature and delivery, each such counterpart, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement. Except as expressly provided in this Agreement, each individual executing this Agreement on behalf of a Party has been duly authorized and empowered to execute and deliver this Agreement on behalf of said Party.

8.05. Rules of Construction. This Agreement is the product of negotiations among the Parties, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement, or any portion hereof, shall not be effective

in regard to the interpretation hereof. All Parties were represented by counsel during the negotiations and drafting of this Agreement and continue to be represented by counsel.


8.06. Successors and Assigns; Third Parties. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors and permitted assigns, as applicable. There are no third party beneficiaries under this Agreement, and the rights or obligations of any Party under this Agreement may not be assigned, delegated, or transferred to any other person or entity.

8.07. Independent Due Diligence and Decision Making. Each Party hereby confirms that its decision to execute this Agreement has been based upon its independent investigation.

8.08. Waiver. If this Agreement is not approved by the Receivership Court, or if this Agreement is terminated for any reason, the Parties fully reserve any and all of their rights.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year first above written.

*[Signature Pages Follow]*

  
\_\_\_\_\_  
**GREGORY S. MILLIGAN, IN HIS CAPACITY  
AS RECEIVER FOR PRIDE OF AUSTIN HIGH  
YIELD FUND I, LLC**

\_\_\_\_\_  
**JOHN ARIZPE**

\_\_\_\_\_  
**JUDY ARIZPE**

\_\_\_\_\_  
**RICHARD GARDNER**

\_\_\_\_\_  
**LORENA GARDNER**

\_\_\_\_\_  
**JEFF WALTON**

\_\_\_\_\_  
**ANISH TOLIA**

\_\_\_\_\_  
**ANISH TOLIA, TRUSTEE OF THE 2013 TOLIA REVOCABLE TRUST**

\_\_\_\_\_  
**GREGORY S. MILLIGAN, IN HIS CAPACITY  
AS RECEIVER FOR PRIDE OF AUSTIN HIGH  
YIELD FUND I, LLC**

  
\_\_\_\_\_  
**JOHN ARIZPE**

  
\_\_\_\_\_  
**JUDY ARIZPE**

\_\_\_\_\_  
**RICHARD GARDNER**

\_\_\_\_\_  
**LORENA GARDNER**

\_\_\_\_\_  
**JEFF WALTON**

\_\_\_\_\_  
**ANISH TOLIA**

\_\_\_\_\_  
**ANISH TOLIA, TRUSTEE OF THE 2013 TOLIA REVOCABLE TRUST**

**GREGORY S. MILLIGAN, IN HIS CAPACITY  
AS RECEIVER FOR PRIDE OF AUSTIN HIGH  
YIELD FUND I, LLC**

\_\_\_\_\_  
**JOHN ARIZPE**

\_\_\_\_\_  
**JUDY ARIZPE**

  
\_\_\_\_\_  
**RICHARD GARDNER**

  
\_\_\_\_\_  
**LORENA GARDNER**

\_\_\_\_\_  
**JEFF WALTON**

\_\_\_\_\_  
**ANISH TOLIA**

\_\_\_\_\_  
**ANISH TOLIA, TRUSTEE OF THE 2013 TOLIA REVOCABLE TRUST**

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**GREGORY S. MILLIGAN, IN HIS CAPACITY  
AS RECEIVER FOR PRIDE OF AUSTIN HIGH  
YIELD FUND I, LLC**

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**JOHN ARIZPE**

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**JUDY ARIZPE**

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**RICHARD GARDNER**

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**LORENA GARDNER**

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*Jeff Walton*  
**JEFF WALTON**

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**ANISH TOLIA**

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**ANISH TOLIA, TRUSTEE OF THE 2013 TOLIA REVOCABLE TRUST**

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**GREGORY S. MILLIGAN, IN HIS CAPACITY  
AS RECEIVER FOR PRIDE OF AUSTIN HIGH  
YIELD FUND I, LLC**

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**JOHN ARIZPE**

---

**JUDY ARIZPE**

---

**RICHARD GARDNER**

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**LORENA GARDNER**

---

**JEFF WALTON**



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**ANISH TOLIA**



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**ANISH TOLIA, TRUSTEE OF THE 2013 TOLIA REVOCABLE TRUST**

# **EXHIBIT H**



**Subject:** FW: Pride of Austin  
**Attachments:** 2025.05.20 receiver's motion to approve distribution plan (1).pdf; 2025.05.23 amended notice of in-person hearing on status conference (1).pdf; poa - proof of claim form.pdf; 2024.06.17 order approving claims procedures (4).pdf

---

**From:** Trip Nix <[TNix@krcl.com](mailto:TNix@krcl.com)>  
**Sent:** Wednesday, June 18, 2025 11:07 AM  
**To:** Mason Elizabeth A <[elizabeth.a.mason@irs.gov](mailto:elizabeth.a.mason@irs.gov)>  
**Cc:** Greg Milligan <[gmilligan@harneypartners.com](mailto:gmilligan@harneypartners.com)>; Erik White <[ewhite@harneypartners.com](mailto:ewhite@harneypartners.com)>; Dawn Rhea <[dawn.rhea@weaver.com](mailto:dawn.rhea@weaver.com)>; Patrick De Loache <[patrick.deloache@weaver.com](mailto:patrick.deloache@weaver.com)>  
**Subject:** Pride of Austin

Ms. Mason,

Thanks for your time today. Attached are:

- Order approving claims procedure
- Proof of claim form
- Motion to approve distribution plan
- Notice of hearing on motion to approve distribution plan.

We will also send these to you by mail.

Thanks.

TRIP NIX  
SR. DIRECTOR



Kane Russell Coleman Logan PC

401 Congress Avenue | Suite 2100 | Austin, Texas 78701

Tel 512.487.6568

[krcl.com](http://krcl.com) | [krclblogs.com](http://krclblogs.com)

This email and any attachments are confidential. If you received this email in error, please inform the sender and delete it. Thank you.

# **EXHIBIT I**

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

-----X		
SAJID MAQSOOD, TRUSTEE OF THE SAJID	:	IN THE DISTRICT COURT
& JOAN M. MAQSOOD REVOCABLE TRUST,	:	TRAVIS COUNTY, TEXAS
ET. AL.,	:	201 <sup>ST</sup> JUDICIAL DISTRICT
	:	
Plaintiffs,	:	
	:	
-v-	:	
	:	
PRIDE OF AUSTIN HIGH YIELD FUND I, LLC,	:	
ET. AL.,	:	
	:	
Defendants.	:	
-----X		

**CERTIFICATE OF SERVICE**

I, Kevin Wasserman, depose and say that I am employed by Stretto, the claims and noticing agent for the Receiver in the above-captioned case.

On June 18, 2025, at my direction and under my supervision, employees of Stretto caused the following documents to be served via first-class mail on Internal Revenue Service, Attn: Elizabeth Mason, Bankruptcy Specialist, Area West/Territory 6/Insolvency Grp 5, STOP 5026 AUS, 300 E 8th St, Austin, TX 78701.

- **AMENDED NOTICE OF IN-PERSON HEARING ON STATUS CONFERENCE**  
(attached hereto as **Exhibit A**)
- **RECEIVER'S MOTION TO APPROVE DISTRIBUTION PLAN** (attached hereto as **Exhibit B**)
- **ORDER GRANTING RECEIVER'S MOTION TO APPROVE (I) PROPOSED CLAIMS VERIFICATION PROCEDURES, AND (II) CLAIMS BAR DATE**  
(attached hereto as **Exhibit C**)
- **PROOF OF CLAIM FORM** (attached hereto as **Exhibit D**)

Dated: July 25, 2025

/s/ Kevin Wasserman  
Kevin Wasserman  
STRETTO  
7 Times Square  
16<sup>th</sup> Floor  
New York, NY 10036  
Telephone: 949.209.5289  
Email:  
TeamPrideofAustin@stretto.com

# **Exhibit A**

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

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

**AMENDED NOTICE OF IN-PERSON HEARING ON STATUS CONFERENCE**

You are notified that a hearing has been set on July 28, 2025 at 9:00 a.m. before the Honorable Amy Clark Meachum on the following matters:

- *Receiver's Motion to Approve Distribution Plan*; and
- General Status Update

Five hours have been allotted for the hearing.

These hearings will take place in person at the Travis County Civil and Family Courts Facility (CFCF), located at 1700 Guadalupe Street in Austin, Texas.

Please note that this case is specially assigned to Judge Amy Clark Meachum. Any person wanting to monitor the hearing, can tune into: [www.youtube.com/@traviscounty201stdistrictc6](https://www.youtube.com/@traviscounty201stdistrictc6).

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](mailto:tnix@krcl.com)

ATTORNEYS FOR RECEIVER

**CERTIFICATE OF SERVICE**

I hereby certify that, on May 23, 2025 a true and correct copy of the foregoing notice was served electronically upon all counsel of record via eFileTexas.

/s/ Trip Nix  
Trip Nix

### Automated Certificate of eService

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

Tammy Greenblum on behalf of William Nix

Bar No. 24092902

TGreenblum@krcl.com

Envelope ID: 101192806

Filing Code Description: Notice

Filing Description: AMENDED NOTICE OF IN-PERSON HEARING ON STATUS CONFERENCE

Status as of 5/23/2025 12:17 PM CST

#### Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Brian O'Toole		botoole@griffithdavison.com	5/23/2025 8:24:45 AM	SENT
Kell Mercer	24007668	kell.mercer@mercero-law-pc.com	5/23/2025 8:24:45 AM	SENT
James Frost	24063687	rfrost@russellfrostlaw.com	5/23/2025 8:24:45 AM	SENT
Jameson Watts	24079552	jameson.watts@huschblackwell.com	5/23/2025 8:24:45 AM	SENT
Jacob Scheick	24060563	jacob@pilothouselitigation.com	5/23/2025 8:24:45 AM	SENT
Molly Henderson		mhenderson@gdhm.com	5/23/2025 8:24:45 AM	SENT
Tanya Robinson		troberson@abdmLaw.com	5/23/2025 8:24:45 AM	SENT
William RileyNix, III		trip.nix@hklaw.com	5/23/2025 8:24:45 AM	SENT
Bryan Forman		bryan@formanlawfirm.com	5/23/2025 8:24:45 AM	SENT
Evan Johnston		evan@ssjmlaw.com	5/23/2025 8:24:45 AM	SENT
David Dunham		david@dunhamllp.com	5/23/2025 8:24:45 AM	SENT
Christopher HTrickey		ctrickey@gdhm.com	5/23/2025 8:24:45 AM	SENT
Stephanie Copeland		stephanie@formanlawfirm.com	5/23/2025 8:24:45 AM	SENT
Isabelle Antongiorgi		Isabelle@dunhamllp.com	5/23/2025 8:24:45 AM	SENT
David Buono		david@ssjmlaw.com	5/23/2025 8:24:45 AM	SENT
Ashley Johnson		ajohnson@griffithdavison.com	5/23/2025 8:24:45 AM	SENT
Beau Butler		bbutler@jw.com	5/23/2025 8:24:45 AM	SENT
James Hicks		jhicks@griffithdavison.com	5/23/2025 8:24:45 AM	SENT
Erik White		ewhite@harneypartners.com	5/23/2025 8:24:45 AM	SENT
Kell CMercer		kell.mercer@mercero-law-pc.com	5/23/2025 8:24:45 AM	SENT
Kell CMercer		kell.mercer@mercero-law-pc.com	5/23/2025 8:24:45 AM	SENT
Kell CMercer		kell.mercer@mercero-law-pc.com	5/23/2025 8:24:45 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: 101192806

Filing Code Description: Notice

Filing Description: AMENDED NOTICE OF IN-PERSON HEARING ON STATUS CONFERENCE

Status as of 5/23/2025 12:17 PM CST

#### Case Contacts

Kell CMercer		kell.mercer@mercero-law-pc.com	5/23/2025 8:24:45 AM	SENT
Ann Marie Jezisek		ajezisek@krcl.com	5/23/2025 8:24:45 AM	SENT
Alex Hackworth		ahackworth@abdmlaw.com	5/23/2025 8:24:45 AM	SENT
Jennifer Freel		jfreel@jw.com	5/23/2025 8:24:45 AM	SENT
Debra Lineberger		debra_lineberger@yahoo.com	5/23/2025 8:24:45 AM	SENT
Eydie Toll		Eydie_1963@yahoo.com	5/23/2025 8:24:45 AM	SENT
Sarah Wade		sarah@ssjmlaw.com	5/23/2025 8:24:45 AM	SENT
John Ferguson		john@fergusonlawpractice.com	5/23/2025 8:24:45 AM	SENT
Nick Miller		nick.miller@hklaw.com	5/23/2025 8:24:45 AM	SENT
Sage Billiot		sage@dunhamllp.com	5/23/2025 8:24:45 AM	SENT
Jacob Scheick		admin@pilothouselitigation.com	5/23/2025 8:24:45 AM	SENT
Hannah Maloney		hannah.maloney@hklaw.com	5/23/2025 8:24:45 AM	SENT
GREGORY SMILLIGAN		gmilligan@harneypartners.com	5/23/2025 8:24:45 AM	SENT
William RNix		tnix@krcl.com	5/23/2025 8:24:45 AM	SENT



## **Exhibit B**

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

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

**RECEIVER’S MOTION TO APPROVE DISTRIBUTION PLAN**

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 *Motion to Approve Distribution Plan* (the “**Motion**” or the “**Plan**”) and would respectfully show the Court as follows:

**I. SUMMARY OF PLAN<sup>1</sup>**

1. This Plan establishes the equitable framework for distributing proceeds from the monetization of receivership assets, consisting primarily of outstanding note payable collections, real estate sales, and net winner litigation recoveries. The Receiver’s Forensic Report, issued April 15, 2025, determined that POA operated as a *Ponzi* scheme from its inception, with distributions paid from invested capital rather than profits, underscoring the need for an equitable distribution plan. The Plan classifies claimants into five priority classes -- Allowed Creditor Claims (Class 1), Investor Claims (Class 2), Potential Claims of the Internal Revenue Service

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<sup>1</sup> Capitalized terms not otherwise defined in this section shall have the meaning ascribed to them in the body of the Motion.

(Class 3), Membership Judgment Holders (Class 4), and Insider Claims (Class 5) -- to ensure equitable allocation of limited funds. The Receiver proposes paying Class 1 in full, followed by Class 2 using a rising tide methodology, with Classes 3, 4, and 5 receiving distributions only after higher classes are satisfied.

2. The rising tide methodology, proposed for Class 2 Investor Claims, equalizes the percentage recovery of each investor's principal by crediting pre-receivership withdrawals against their principal investment, ensuring those with the lowest current recovery percentages (*e.g.*, 0%) receive distributions before those who recovered more pre-receivership (*e.g.*, net winners). This method is widely favored by receivers and courts across the country as the most equitable and prioritizes limited funds to investors who lost the most. To avoid inequitable outcomes, the Receiver also seeks to subordinate Class 4 Membership Judgment Holders, being investors with judgments from pre-receivership lawsuits totaling \$5.6 million, to Class 2 Investor Claims. The Membership Judgment Holders' judgments are based on their equity investments in POA, and if allowed as secured claims against the Fund's liquidation proceeds, these judgment claims would be paid in full before any funds are distributed to Class 2 Investor Claims (or even Class 1 Allowed Creditor Claims). For example, several of the Membership Judgment Holders are "net winners", meaning that they have received more cash back, either through distributions, redemptions, or a combination thereof, than was invested into the Fund. In one case, a Membership Judgment Holder has already received back twice the amount of his invested capital and now seeks to obtain further funds as part of the \$5.6 million in stated damages, before any other Investor Claimant or Creditor Claimant receives a single dollar through this receivership process. It would be extraordinarily inequitable for such an investor to be paid the face value of their judgment (which is based on their equity interest that has already been satisfied, under a rising tide methodology, as a result of their

net winnings) before any other Investor Claimants receive any distributions. Doing so would unfairly favor the Membership Judgment Holder while simultaneously materially reducing the ultimate distributions to other Investor Claimants.

3. For the reasons detailed below, the Court should approve this Plan.

## **II. BACKGROUND**

### **A. THE FUND AND THE EVENTS LEADING TO THE APPOINTMENT OF THE RECEIVER**

4. POA is a Texas limited liability company. Its manager is CCG Capital Group, LLC (“**CCG**”). POA has more than 200 members, each of whom have subscribed to purchase membership interests in POA in accordance with the terms and conditions of a Subscription Agreement, POA’s Operating Agreement, and the Private Placement Memorandum dated December 1, 2008. POA raised investor capital for the purpose of making and arranging residential, commercial, and construction loans to the general public, acquiring existing loans, and selling loans, all of which were to be secured by deeds of trust and mortgages on real estate or personal property.

5. Beginning in 2023, POA was hit with an onslaught of investor lawsuits after POA ceased distributions and failed to adequately communicate with investors. At least 36 different lawsuits were filed against POA prior to the appointment of the Receiver in this action. Most of the lawsuits also included claims against CCG as well as its principal Robert Buchanan (“**Buchanan**”).

6. At the recommendation of POA’s counsel, POA retained HMP Advisory Holdings, LLC d/b/a/ Harney Partners on March 1, 2024, for the purposes of analyzing the books, records, and operations of POA. On April 15, 2024, Harney Partners issued its Preliminary Report to investors of POA. The Preliminary Report unearthed significant issues concerning the operations

of POA, including fraud. Shortly after the dissemination of the Report to POA's investors, POA agreed to the appointment of Gregory S. Milligan of Harney Partners as receiver for POA.

## **B. THE CLAIMS PROCESS**

7. 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**" or "**Other Claimants**").

### **i. INVESTOR CLAIMANTS**

8. With respect to Investor Claimants, the Claims Order required the Receiver to send Reconciliation Notices to the Fund's current and former investors (the "**Reconciliation Notices**"), which were required to include: (i) cash invested into the Fund; (ii) cash paid out to the Investor Claimants by the Fund (whether as redemptions or purported distributions); and (iii) the amount of reinvested dividends, if any (the "**Transaction Histories**").

9. 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 last known physical address via regular U.S. mail and at their last 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**").

10. 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. In addition, also on August 6, 2024, the Notice

Regarding Objections to Reconciliation Notices was also posted to a special investor website established by the Receiver as another way to timely communicate important case information to investors during the pendency of the receivership proceeding<sup>2</sup>.

11. Out of the 373 Reconciliation Notices that were sent to current and former investors, 32 objections were submitted to the Receiver. Pursuant to the Claims Order, for any Investor Claimant that did not file an objection to the Reconciliation Notice they received, the “Reconciliation Notice shall be the final, binding, determination as to the Transaction History for such Investor Claimant.” Claims Order, ¶ 4(b). The Receiver resolved all 32 objections received either by stipulation or through such Investor Claimant agreeing to withdrawal their objections. As a result, the determination of all of the Investors’ transactions with the Fund are resolved and final.

**ii. CREDITOR CLAIMANTS**

**a. THE PROCESS**

12. The Claims Order also contemplated an “***Other Claims***” process, which addressed claims that were not Investor Claims. Pursuant to the Claims Order, the Receiver was required to notify Other Claimants of the claims process and bar dates by transmitting a Claims Package, which included a *Notice of Claims Process and Claims Bar Dates* (the “***Claims Notice***”), the Claims Order, and a Claim Form, to all known Other Claimants with actual or potential claims. Claims Order, ¶ 4(c). On June 24, 2024, the Receiver, through the Claims Agent, served the Claims Notice on all Other Claimants and posted a copy of the Claims Notice to the Receivership Website.

13. The claims bar date was October 15, 2024 (the “***Bar Date***”). On June 27, 2024, the Receiver posted a *Notice of Claims Bar Date* to the Receivership Website. Pursuant to the Claims

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<sup>2</sup> [www.PrideofAustinReceivership.com](http://www.PrideofAustinReceivership.com) (“*Receivership Website*”)

Order, any Other Claimant’s “failure to timely file a claim shall be forever barred, estopped, and enjoined from asserting such Claim against the Receivership Estate or the Receiver and shall not be treated as a Claimant with respect to such Other Claim for the purposes of any distributions from the Receivership Estate.” *Id.* at ¶ 5(d).

**b. FILED CLAIMS AND THE REPORT**

14. After the Bar Date passed, the Receiver was required to evaluate all Other Claims that were filed and then file with the Court a “report outlining the Receiver’s recommendation as to the allowable amount and priority of each Other Claim” (the “***Other Claims Report***”). *Id.* at ¶ 7(a). On January 20, 2025, the Other Claims Report was posted to the Receivership Website.

15. Thirty-seven (37) Other Claims were filed on or before the Bar Date in the total amount of \$10,069,184.72. Consistent with the Claims Order, the Receiver filed the Other Claims Report and detailed the allowability, amount, and priority of the Other Claims.

16. The Other Claims Report is incorporated herein by reference. The Other Claims Report detailed the following categories of claims that were filed:

<b>Class of Claims</b>	<b>Aggregate Amount of Filed Claims in Class</b>	<b>Receiver’s Recommendation for Amount of Allowed Claims in Class</b>
Secured Tax Claim of Van Zandt County, Texas	\$93,959.99	\$0.00 <sup>3</sup>
General Trade Claims	\$260,466.47	\$207,173.88
Investor Claims filed as Other Claims	\$4,100,470.07	\$93,724.97
Judgment Holders	\$5,614,288.19	\$179,302.08
	<b>Total: \$10,069,184.72</b>	<b>Total: \$429,979.96</b>

<sup>3</sup> A claim was filed by the Van Zandt Appraisal District for ad valorem property taxes secured by a tax lien arising under Section 32.01 and 32.05 of the Texas Property Tax Code in the amount of \$93,959.99. This claim was secured by certain property located at 17389 I-20 S. Access Road, Canton, Texas 75103 (the “***Canton Property***”). The Receiver sold the Canton Property pursuant to the *Order Granting Receiver’s Motion to Approve the Sale of Certain Real Property and Related Improvements in Canton, Texas* (the “***Canton Sale Order***”). Consistent with the Canton Sale Order, the property taxes due and owing to the Van Zandt Appraisal District were paid at the closing of the sale of the Canton Property. Accordingly, this claim is moot, and no further distributions to Van Zandt Appraisal District will be made.

17. In short, the Receiver proposed to treat \$429,979.96<sup>4</sup> of the \$10,069,184.72 of filed Other Claims as allowed Other Claims (the “*Allowed Creditor Claims*”). Under the Claims Order, any Other Claimant that disagreed with the Receiver’s proposal was required to file an objection within 14 days of the filing of the Other Claims Report. Claims Order, ¶ 7(a). If “no objections or responses are timely filed with respect to the Other Claims Report, the Other Claims Report shall be the final, binding determination on each Other Claim.” No objections to the Other Claims Report were filed, and therefore the Receiver’s recommendations in the Other Claims Report are final and binding<sup>5</sup>.

### C. THE RECEIVER’S FORENSIC REPORT

18. On April 15, 2025, the Receiver, through his financial advisors at Harney Partners, prepared a forensic report (the “*Forensic Report*”). A copy of the Forensic Report is attached as Exhibit A<sup>6</sup>. The Forensic Report identifies that the Fund operated as a *Ponzi* scheme since its inception, with distributions paid from invested capital rather than profits. Exhibit A, p. 5 (“Ponzi scheme started from the very beginning of the [Fund] – distributions were declared and paid from purported profits that were not realized yet and so the distributed money could only have come from invested capital.”). The findings detail how POA’s distributions, misrepresented as profits,

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<sup>4</sup> The Receiver will be amending the Other Claims Report to include an additional \$50,220.97 of pre-receivership attorneys’ fees to certain investors that, in good faith, submitted their claims after the Bar Date, which will increase the Allowed Creditor Claims to \$480,200.93.

<sup>5</sup> The Receiver and the Tolia 2013 Revocable Trust, Anish Tolia IRA, John and Judy Arizpe, Richard and Lorena Gardner, 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, Jeffrey Walton, Eagle Eye Revocable Trust, David O’Connor, Michael O’Connor, and Graham Wootten, who are classified as Judgment Holders, did enter into a Rule 11 Agreement whereby their deadline to object to the Other Claims Report was extended until 21 days’ after the filing of this Plan. Accordingly, those parties may still object to the treatment of their claims in the Other Claims Report, but the allowance and priority of the remaining claims detailed on the Other Claims Report are final and binding.

<sup>6</sup> The Forensic Report was also posted to the Receivership Website on April 15, 2025.



were funded by new investor capital, and highlight badges of fraud, including self-dealing and misleading financial reporting.

19. The Forensic Report determines that POA operated as a *Ponzi* scheme from its start, as distributions declared as “Net Profits” were paid from invested capital rather than realized profits, starting in June of 2010. *Id.* Unlike legitimate hard money lending fund operations where profits derive from loan interest and fees, POA’s cash flows showed that member distributions were funded by new investments, a hallmark of a *Ponzi* scheme. *Id.* at p. 6. The Forensic Report identifies red flags, such as consistent distributions despite declining loan portfolio performance and a material decrease in accounting activity post-2015, incompatible with reported returns. *Id.* at pp. 9, 42. Additional badges of fraud included misleading investor reports (*e.g.*, overstating Assets Under Management as collateral values), two sets of loan schedules hiding insider loans, and failure to file tax returns (2016-2023) while issuing inflated Schedule K-1s. *Id.* at pp. 39-41.

20. The facts and conclusions of the Forensic Report support the Receiver’s efforts to equitably distribute funds as detailed in this Plan.

#### **D. SOURCES OF FUNDING FOR DISTRIBUTIONS**

21. The Receiver will fund distributions to POA’s stakeholders through the monetization of the Fund’s assets, net of the costs to administer the receivership estate.

#### **E. CLASSES OF CLAIMS**

22. The Receiver has classified the stakeholders into five classes of claims:

- Class 1: Allowed Creditor Claims: to be paid in the amount of the Allowed Creditor Claims as stated in the Receiver’s Other Claims Report.
- Class 2: Investor Claims: to be paid pursuant to the rising tide methodology after Class 1 is paid in full.
- Class 3: Potential claims by the Internal Revenue Service: to be paid after payment in full of Class 1 and Class 2, related to the Fund’s failure to file tax returns after 2015.

Class 4: Membership Judgment Holders: to be paid *pro rata* after Classes 1-3 are paid in full.

Class 5: Insider Claims: claims of insiders will be subordinated to Classes 1-4.

23. The Receiver proposes that Class 1 Claimants be paid in full. Class 1 Claimants includes those claimants with Allowed Creditor Claims. Class 1 consists of pre-receivership trade creditors as well as the allowed out-of-pocket attorneys' fees claims of investors that asserted their rights prior to the commencement of the Receivership, all as detailed in the Other Claims Report<sup>7</sup>.

24. Class 2 Claimants shall include Investor Claimants. As discussed in more detail below, including an analysis of the calculation of the distributions and comparisons to other methodologies, the Receiver proposes that allowed Class 2 Claimants be paid pursuant to the rising tide methodology. *At this time, the Receiver does not believe that allowed Class 2 Claimants will be paid the full amount of their claim.*

25. As detailed below, the Class 3 Claimant will receive a distribution only if Class 1 and Class 2 Claimants are paid in full (*i.e.*, all Investor Claimants have received 100% of their principal investment in the Fund back<sup>8</sup>). Class 3 will consist solely of any potential claims asserted by the Internal Revenue Service for, including but not limited to, amounts owed due to the Fund's failure to file federal income tax returns since 2015. No such claim has been asserted by the Internal Revenue Service, but the Receiver understands that such a claim may be asserted by the Internal Revenue Service after the Receiver has filed the delinquent tax returns.

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<sup>7</sup> The Receiver's Retained Personnel shall continue to be paid as administrative creditors pursuant to the terms of the Receivership Order and are therefore not classified for Plan purposes.

<sup>8</sup> As explained herein, the calculation of whether an Investor Claimant has received 100% of their principal investment in the Fund back will be determined on the basis of cash in and cash out of the Fund. For example, if an Investor Claimant invested \$100,000 in the Fund and then took distributions over the life of the investment totaling \$80,000, it would only take \$20,000 of distributions from the Receivership Estate for such (hypothetical) Investor Claimant to have received 100% of their principal investment in the Fund back for the purposes of distributions.

26. Class 4 Claimants shall consist of the Membership Judgment Holders. Class 4 Claimants will be paid only after Class 1 has been paid in full, all Class 2 Claimants have received the full return of their principal investment, and the Class 3 Claimant has been paid in full.

27. Class 5 Claimants shall consist of Insider Investor Claimants. Class 5 Claimants are subordinated to Classes 1-4 and shall not receive a distribution until Classes 1-4 have been satisfied in full.

### **III. ARGUMENT & AUTHORITIES**

#### **A. LEGAL FRAMEWORK**

28. “Upon completion of the claims reconciliation process identified herein, 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.” Claims Order, ¶ 7(c). Tex. Civ. Prac. & Rem. Code § 64.004 provides that “[u]nless inconsistent with this chapter or other general law, the rules of equity govern all matters relating to the appointment, powers, duties, and liabilities of a receiver and to the powers of a court regarding a receiver.” There is a dearth of state law interpreting the propriety of distribution plans under Texas state receivership law. However, there is an abundance of federal case law contemplating distribution plans and the Court’s discretion for fixing the priority of payments in receiverships, the reasoning of which this Court should adopt. As detailed below, the Receiver proposes a “rising tide” methodology for distributions to Class 2 Investor Claimants, which he submits is the fairest and most equitable methodology for distributing proceeds to Class 2 Investor Claimants. The “rising tide” methodology is widely accepted as the favored distribution method in *Ponzi* scheme receiverships, including in cases in which Mr. Milligan has acted as receiver, and had a “rising tide” methodology approved by a district court and affirmed by the court of appeals. *See CCWB Asset Invs. v. Milligan*, 112 F.4<sup>th</sup> 171 (4<sup>th</sup> Cir. 2024).

29. A district court has “broad powers and wide discretion to determine the appropriate relief in an equity receivership.” *SEC v. Safety Fin. Serv., Inc.*, 674 F.2d 368, 372-73 (5th Cir. 1982); *see also Milligan*, 112 F.4<sup>th</sup> at 178 (“the district court’s power to supervise receivership is ‘extremely broad’, and ‘appellate scrutiny is narrow’”). In approving a distribution plan of receivership funds, “the district court, acting as a court of equity, [is] afforded the discretion to determine the most equitable remedy.” *SEC v. Forex Asset Mgmt. LLC*, 242 F.3d 325, 332 (5th Cir. 2001). The Court’s “primary job . . . is to ensure that the proposed plan of distribution is fair and reasonable.” *SEC v. Wealth Mgmt. LLC*, 628 F.3d 323, 332 (7th Cir. 2010) (citing *Official Comm. of Unsecured Creditors of WorldCom, Inc. v. SEC*, 467 F.3d 73, 84 (2d Cir. 2006)). In crafting an equitable plan of distribution, the Court is not bound to follow any particular plan or method of distribution simply because it is “permissible under the circumstances.” *United States v. Durham*, 86 F.3d 70, 73 (5th Cir. 1996). The Court is afforded broad discretion to determine “a logical way to divide the money,” and tailor a distribution plan accordingly. *Forex*, 242 F.3d at 331 (citing *Durham*, 86 F.3d at 73); *see also Wealth Mgmt. LLC*, 628 F.3d at 333 (“[D]istrict courts supervising receiverships have the power to ‘classify claims sensibly.’” (quoting *SEC v. Enter. Tr. Co.*, 559 F.3d 649, 652 (7th Cir. 2009))).

30. The distribution plan should strive to “grant fair relief to as many investors as possible,” *SEC v. Torchia*, 922 F.3d 1307, 1311 (11th Cir. 2019), while doing so “in a logical way,” *SEC v. Pension Fund of Am. L.C.*, 377 F. App’x 957, 962 (11th Cir. 2010) (internal quotation marks omitted); *see also Milligan*, 112 F.4<sup>th</sup> at 178 (“[t]he goal of a receivership is ‘the fair distribution of the liquidated assets’”). In summary, so long as a distribution plan is fair and reasonable, it should be approved. This is especially true where “funds are limited, [and] hard

choices must be made.” *Official Comm. of Unsecured Creditors of WorldCom, Inc. v. SEC*, 467 F.3d 73, 84 (2d Cir. 2006).

**i. SUBORDINATION OF MEMBERSHIP JUDGMENT HOLDERS**

31. 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. Eight of the Judgment Holders<sup>9</sup> obtained judgments for damages arising from the purchase of their membership interests in POA. Four of the Judgment Holders<sup>10</sup> obtained judgments related to their claims against POA for access to books and records. All of the Judgment Holders’ judgments contain attorneys’ fees awards<sup>11</sup> and some of the Membership Judgment Holders’ judgments contain additional monetary components related to interest and penalties for POA’s failure to comply with court orders prior to the appointment of the Receiver. The total dollar value of the Judgment Holders’ Other Claims is \$5,614,288.19.

32. The issue of the allowance and priority of these claims is of critical importance in this receivership. The Judgment Holders are seeking to be paid in full, as creditors, before Investor Claimants receive any distributions from the Receivership Estate. If that occurs, it will materially impact the recovery that Investor Claimants not holding judgments obtain because it will reduce the distributable proceeds by more than \$5.6 million<sup>12</sup>. In order to avoid this inequitable outcome,

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<sup>9</sup> These Judgment Holders are referred to as the “**Membership Judgment Holders**”

<sup>10</sup> These Judgment Holders are referred to as the “**Record Judgment Holders**”

<sup>11</sup> As detailed in the Other Claims Report, the Receiver has allowed attorneys’ fees claims that (i) are for the amounts that were filed by the Bar Date; and (ii) are not for any attorneys’ fees incurred after the appointment of the Receiver. Such attorneys’ fees claims will be paid in full in Class 1.

<sup>12</sup> For example, if the Fund were to achieve \$17 million in net distributable proceeds available to creditors and investors (which is within the current realm of reasonableness), the allowance of \$5.6 million as a creditor claim to certain

the Receiver seeks to subordinate the Other Claims (but not the Investor Claims) of the Membership Judgment Holders.

33. District courts supervising receiverships have the power to classify claims and subordinate certain claims to ensure equitable treatment. This authority is similar to the power granted to bankruptcy courts under the Bankruptcy Code, which codifies the doctrine of equitable subordination. *S.E.C. v. Wealth Management LLC*, 628 F.3d 323, 333-34 (7<sup>th</sup> Cir. 2010). Specifically, 11 U.S.C. § 510(c)(1) allows bankruptcy courts to subordinate claims based on principles of equitable subordination, which aims to prevent unfair advantages among claimants. This principle was applied in the *Wealth Management* case to ensure that redeeming investors did not receive preferential treatment over non-redeeming investors, in an effort to promote fairness in the distribution of assets. *Wealth Management LLC*, 628 F.3d at 333-34.

34. In *S.E.C. v. Wealth Management LLC*, the Seventh Circuit upheld the district court's decision to subordinate the claims of investors who attempted to redeem their equity, treating them the same as non-redeeming equity shareholders. In that case, the court explained:

To implement an effective pro rata distribution, district courts supervising receiverships have the power to “classify claims sensibly.” This power includes the authority to subordinate the claims of certain investors to ensure equal treatment. The Bankruptcy Code codifies the doctrine of equitable subordination and grants bankruptcy courts the power to subordinate certain claims; this includes treating shareholders who redeemed their shares as equity holders rather than unsecured creditors. The goal in both securities-fraud receiverships and liquidation bankruptcy is identical— the fair distribution of the liquidated assets. *Equitable subordination promotes fairness by preventing a redeeming investor from jumping to the head of the line and re-couping 100 percent of his investment by claiming creditor status while similarly situated nonredeeming investors receive substantially less.*

*Id.* (emphasis added) (internal citations omitted).

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investors would decrease the proceeds available to other investors on a dollar-for-dollar basis and reduce the recovery to other investors by approximately 33%.

35. Here, similarly, the Membership Judgment Holders should not receive priority as the result of winning the “race to the courthouse”. Each of the Membership Judgment Holders’ judgments is based on their equity interest in POA. The fact that they were successful in converting their equity interests into judgments shortly before the commencement of the receivership should not allow them to be paid the face amount of their judgments at the expense of the other Investor Claimants.

36. To make matters worse, some of the Membership Judgment Holders are “net winners” meaning they have already received their principal investment in POA back through distributions, redemptions, or a combination thereof. To allow them to receive the face value of their judgments *on top* of being a net winner would be extraordinarily inequitable to the other Investor Claimants. Accordingly, the Receiver requests that the Other Claims of Membership Judgment Holders be subordinated to Class 2 Investor Claims and Class 3 Claims of the Internal Revenue Service. To be clear, each of the Membership Judgment Holders allowed attorneys’ fees claims (as detailed in the Other Claims Report) will be treated in Class 1 and their Investor Claims will be treated in Class 2.

37. By this Plan, the Receiver is not collaterally attacking the Membership Judgment Holders’ judgments. Instead, the Receiver is simply adjusting the priority of payment based upon principles of equity. *See Milligan*, 112 F.4<sup>th</sup> at 179 (“Of course, an ‘equitable plan is not necessarily a plan that everyone will like’ ... [r]ather, it is a plan that ‘grants fair relief to as many investors as possible’”).

## **ii. SUBORDINATION OF INSIDER CLAIMS**

38. The Receiver finally proposes that a final Class 5 be created that includes insiders of POA who are Investor Claimants. Insiders shall include family members, employees, officers, directors of POA. The Receiver proposes that any individual or entity falling within this category

who is an Investor Claimant be removed from Class 2 and be paid *pro rata* only after Class 1, 2, 3, and 4 Claimants have been paid in full. At this time, the Receiver does not anticipate having sufficient funds to make payments to Class 5.

39. The Receiver believes subordination of Class 5 claimants is fair and reasonable. In equitable receiverships, Courts have subordinated the claims of insiders or outright denied their right to a distribution on the grounds they are not similarly situated to other investors or victims. As equity is equity, it is inequitable to allow employees or others who participated in the *Ponzi* scheme or should have been aware of the fraudulent conduct at issue to recover a distribution. *See S.E.C. v. Byers*, 637 F.Supp.2d 166, 173, 184 (S.D.N.Y. 2009) (collecting cases).

#### **B. METHOD OF DISTRIBUTION**

40. “Receivership cases . . . often involve the issue of whether to use a pro rata distribution or a tracing method when determining the appropriate form of relief for defrauded investors’ claims.” *SEC v. HKW Trading LLC*, No. 8:05-CV-1076-T-24-TB, 2009 WL 2499146, at \*5 (M.D. Fla. Aug. 14, 2009) (citing *SEC v. Elliott*, 953 F.2d 1560, 1569-70 (11<sup>th</sup> Cir. 1992)); *see also Byers*, 637 F. Supp. 2d at 176 (recognizing that distribution can also be made based on “level of risk,” timing of investment,” or “some other factor”).

41. Notwithstanding a receiver’s available alternatives for distributions, “case law . . . is quite clear that pro rata distributions are the most fair and most favored in receivership cases.” *Byers*, 637 F. Supp. 2d at 176. Indeed, “[t]racing . . . has been almost universally rejected by courts as inequitable.” *Id.* at 177 (citing *Elliott*, 953 F.2d at 1569); *see also id.* (noting that tracing is “difficult, time-consuming, and expensive”). Indeed, even if it is possible for a receiver to employ tracing, a district court will not abuse its discretion “by disallowing tracing.” *Elliot*, 953 F.2d at 1569 (disallowing tracing because it would allow a defrauded investor to recoup his entire investment, which would elevate his position over that of similarly situated victims and cause an



inequitable result); *see also SEC v. Forex Asset Mgmt. LLC*, 242 F.3d 325, 331 (5th Cir. 2001) (finding that the district court did not abuse its discretion in approving a pro rata distribution plan even though the party's assets were held by a fraudster in a segregated account); *United States v. Durham*, 86 F.3d 70, 73 (5th Cir. 1996) (holding that the district court did not err in approving a pro rata distribution plan despite the fact that the majority of funds were traceable to one victim).

42. Courts have set forth two factors that must be satisfied to approve a pro rata distribution. *First*, investors' funds must have been commingled. *SEC v. Credit Bancorp, Ltd.*, 290 F.3d 80, 88- 89 (2d Cir. 2002). The evidence of commingling does not necessarily have to be "systematic." *Commodity Futures Trading Comm'n v. Eustace*, No. CIV.A. 05-2973, 2008 WL 471574, at \*7 (E.D. Pa. Feb. 19, 2008). Here, funds invested into POA were commingled and used to perpetuate the *Ponzi* scheme by using new investments to pay fictitious profits to existing POA members, and were not segregated or traceable.

43. *Second*, the investors must be similarly situated "with respect to their relationship to the defrauders." *Credit Bancorp, Ltd.*, 290 F.3d at 88-89. So, "where a victim seeking preferential treatment cannot materially distinguish his situation from that of other victims, a pro rata distribution is recognized as the most equitable solution." *SEC v. Alleca*, No. 1:12-CV-3261-WSD, 2017 WL 5494434, at \*3 (N.D. Ga. Nov. 16, 2017). As such, in pro rata distributions, "investors generally occupy the same legal position as other investors." *SEC v. EB5 Asset Manager, LLC*, No. 15-62323-CIV, 2016 WL 11486857, at \*4 (S.D. Fla. Dec. 8, 2016). Here, the Receiver's investigation and resulting Forensic Report found that the investors were similarly situated. As such, *pro rata* distribution is the most equitable approach and the approach the Receiver should use in this case.

### **C. CALCULATION OF DISTRIBUTION**

44. A receiver must also select the “method[] of calculating the pro rata distribution.” *Byers*, 637 F. Supp. 2d at 181. There are three distribution methods that are typically considered in equitable receiverships. These are: (i) rising tide; (ii) net investment or net loss; and (iii) last statement method. The rising tide method is the “most commonly used (and juridically approved) for apportioning receivership assets.” *S.E.C. v. Huber*, 702 F.3d 903, 906 (7th Cir. 2012). The Receiver has concluded, as more fully detailed below, that the rising tide method is the most equitable in this case as it equalizes the lowest percentage return the victims of the *Ponzi* scheme will recover on their investment and it provides the most equitable recovery for the largest number of Investor Claimants. The Receiver therefore requests the Court approve its use here. Below, the Receiver will explain each of the methods of distribution, thus demonstrating that the rising tide method is the most equitable under the circumstances.

#### **i. EXPLANATION OF RISING TIDE METHODOLOGY (RECEIVER’S RECOMMENDED METHOD)**

45. The rising tide method uses the distribution process to equalize the percentage return of each Investor Claimant in Class 2 on their loss with the Fund. Under the rising tide method, an investor’s pre-receivership withdrawals are considered a part of the overall distributions received by an investor. As such, the Investor Claimant’s pre-receivership withdrawals for Class 2 Claimants are credited dollar-for-dollar from the principal amount they invested with the Fund. *Huber*, 702 F.3d at 903. This methodology ensures each allowed Investor Claimant receives the same minimum recovery before any allowed Investor Claimant who received pre-receivership withdrawals receives a distribution. As the rising tide recovery percentage reaches allowed Investor Claimants who received pre-receivership withdrawals, those allowed Investor Claimants begin sharing in *pro rata* distributions until the next allowed Investor

Claimant in the rising tide is reached and is added to the *pro rata* distributions. This methodology results in those investors who received the largest pre-receivership withdrawals (on a percentage basis) potentially not receiving any distribution.

**ii. EXPLANATION OF NET INVESTMENT METHODOLOGY (NOT RECOMMENDED)**

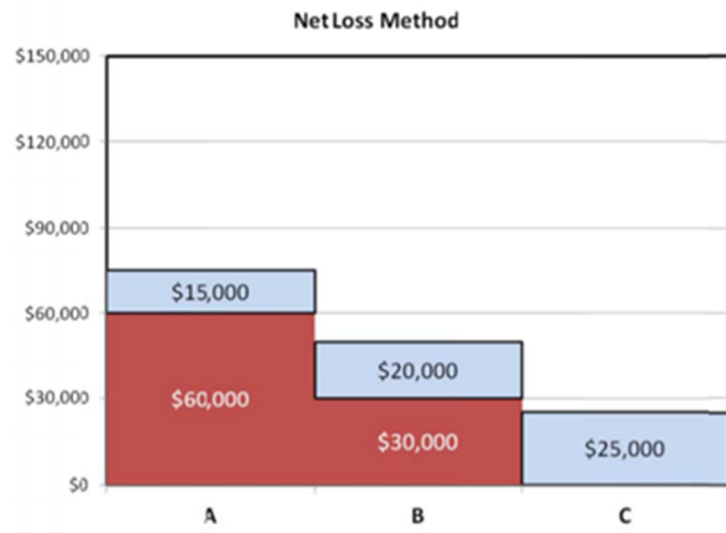
46. Under the net loss or net investment method, recoveries are considered as an offset to the claim amount, as opposed to a pre-receivership recovery, and investors receive a *pro rata* distribution based on their claim amount compared to the total amount of all allowed claims in the case. *U.S. Commodity Futures Trading Comm’n v. Lake Shore Asset Mgmt. Ltd.*, 2010 WL 960362, at \*9 (N.D. Ill. Mar. 15, 2010). In other words, a pre-receivership withdrawal would only reduce an investor’s claim amount, not their eligibility to receive a distribution as is the case under the rising tide methodology. This methodology would pay all Class 2 Claimants on a *pro rata* basis based on the dollar amount of their claim compared to the total dollar amount of all Claimants.

**iii. EXPLANATION OF LAST STATEMENT METHODOLOGY (NOT RECOMMENDED)**

47. Under the last statement method, an investor’s claim amount is determined by taking the value of their investment as of the last investor statement. *In re Bernard L. Madoff Invs. Secs. LLC*, No. 15-CV-01151, 2016 WL 183492, at \*1 (S.D.N.Y. 2016). Courts have rejected the use of the last statement method when statements are based on fictitious profits as this method has “the absurd effect of treating fictitious and arbitrarily assigned paper profits as real and would give legal effect to [the Ponzi scheme’s] machinations.” *In re Bernard L. Madoff Invs. Secs., LLC*, 779 F.3d 74, 78 (2d Cir. 2015). Here, the Last Statement Method would calculate net equity based on the fictitious account balances shown on the last statements provided to the investors of POA and is therefore not equitable or appropriate.

iv. ANALYSIS OF RISING TIDE METHODOLOGY VERSUS NET LOSS METHODOLOGY

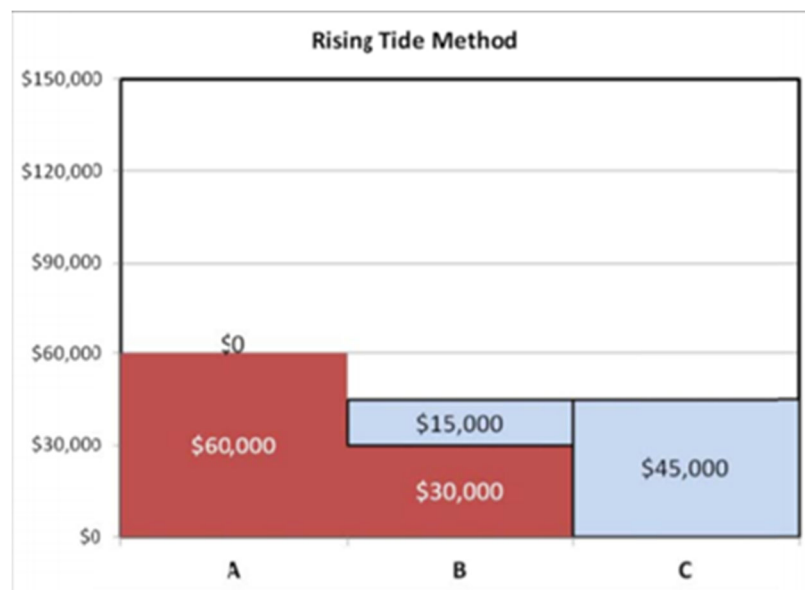
48. The Seventh Circuit in *SEC v. Huber* provided two useful charts copied below to illustrate the differences between the net loss (or net investment) and rising tide methodologies. In the Seventh Circuit's example, the Court assumed that investors A, B, and C each invested \$150,000 in the *Ponzi* scheme. Investor A withdrew \$60,000 before the scheme collapsed, Investor B withdrew \$30,000 before the scheme collapsed, and Investor C withdrew nothing. Thus, Investor A lost \$90,000, Investor B lost \$120,000, and Investor C lost \$150,000. The Seventh Circuit then assumed that the Receiver had \$60,000 to distribute. Applying the net loss method, Investors A, B, and C would each receive 1/6 of their loss as there was a total of \$60,000 in assets and \$360,000 in losses, *i.e.*  $\$60,000 / (\$90,000 + \$120,000 + \$150,000)$ . In other words, Investor A would receive \$15,000, Investor B would receive \$20,000, and Investor C would receive \$25,000. Despite each investor investing the same amount in the *Ponzi* scheme, Investor A will have only lost \$75,000, Investor B will have lost \$100,000, and Investor C would have lost \$125,000.



See *SEC v. Huber*, 702 F.3d at 904-06.

49. Under the rising tide methodology, however, pre-receivership withdrawals are considered in determining whether an investor is entitled to a distribution, and if so, in what amount

and in what order. Using the example in *Huber*, the Receiver has \$60,000 in assets to distribute. Because Investor A has already received \$60,000 pre-receivership, it would not recover anything further. The \$60,000 available would be distributed between Investors B and C to bring their distributions as close as possible to the amount Investor A received pre-receivership. Because Investor C had not received anything on its investment, it would first be entitled to \$30,000 so that Investors B and C will have both received \$30,000. The remaining \$30,000 would be shared equally between Investors B and C. Thus, Investor B would receive a \$15,000 distribution and Investor C would receive an additional \$15,000 for a total distribution of \$45,000. The following chart from *SEC v. Huber* illustrates the effect of the same \$60,000 distribution under the rising tide methodology. These charts show that the rising tide methodology has the ability to neutralize the worst losses amongst the victims of the defrauded investors; whereas the net loss methodology can favor investors who made pre-Receivership withdrawals.



See *SEC v. Huber*, 702 F.3d at 904-06.

50. Another way to compare the amount investors receive under the net loss methodology vs. the rising tide methodology is to consider the percentage of each investor's loss.

Using the same *SEC v. Huber* example above, Investor A lost 60% of its investment pre-receivership, Investor B lost 80%, and Investor C lost 100%. All three investors will receive distributions under the net loss methodology, with Investor A going from a 60% loss pre-receivership to a 50% loss, Investor B going from an 80% loss to a 67% loss, and Investor C going from a 100% loss to an 83% loss. Under the rising tide methodology, Investor B will not receive a distribution until Investor C's loss percentage reaches 80%, and Investor A will not receive a distribution until Investor B's and Investor's C's loss percentage reaches 60%. Because Investor B and Investor C's loss percentage reached only 70%, Investor A in the example above will not receive a distribution under the rising tide methodology. Once again, the rising tide methodology seeks to treat all similarly situated investors the same by using the distribution process to equalize the losses suffered by the victims throughout the entire *Ponzi* scheme by not favoring those who received larger pre-receivership withdrawals earlier in the *Ponzi* scheme. The rising tide methodology favors investors who lost the highest percentage of their principal investment and ensures the most-harmed investors receive distributions before those who lost a lower percentage of their principal investment.

**v. REINVESTED DIVIDENDS SHOULD BE IGNORED**

51. Consistent with the rising tide method of distributions, any reinvested dividends in the Fund should be ignored for the purposes of determining distributions. Any such dividends were the reinvestment of "profits" which were fictitious. *Sec. Investor Prot. Corp. v. Bernard L. Madoff Inv. Sec. LLC (In re Bernard L. Madoff Inv. Sec. LLC)*, 424 B. R. 122, 138 (Bankr. S.D.N.Y. 2010) ("claims should be based upon the net cash invested in the scheme, not the fictitious interest or dividend reinvestments reflected on the claimants' account statements").

**vi. COLLAPSING OF CERTAIN INVESTMENTS IS APPROPRIATE**

52. The Receiver also requests the Court allow the Receiver to collapse investor accounts that share the same name (*e.g.*, John Smith, individually, and John Smith, IRA). For example, there are some investors that hold multiple accounts and such accounts have differing results. A person may have incurred a loss on one account but received a profit on the other account. In such instances, the Receiver proposes that such accounts be treated as one account to ensure that Class 2 Claimants are treated identically with respect to the total recovery of their principal investments. If, however, an investor invested in their own name, and then also owned an interest in an entity that had a separate investment, those accounts should remain separate.

**vii. APPLICATION OF RISING TIDE METHODOLOGY TO CLASS 2**

53. After Class 1 Claimants are paid in full, the Receiver recommends that a rising tide methodology be applied to Class 2 Claimants. 171 Investor Claimants incurred a loss on their investment with POA across 198 accounts. 107 Investor Claimants lost 50% or more of their principal investment, with 46 Investor Claimants losing 100% of their investment.

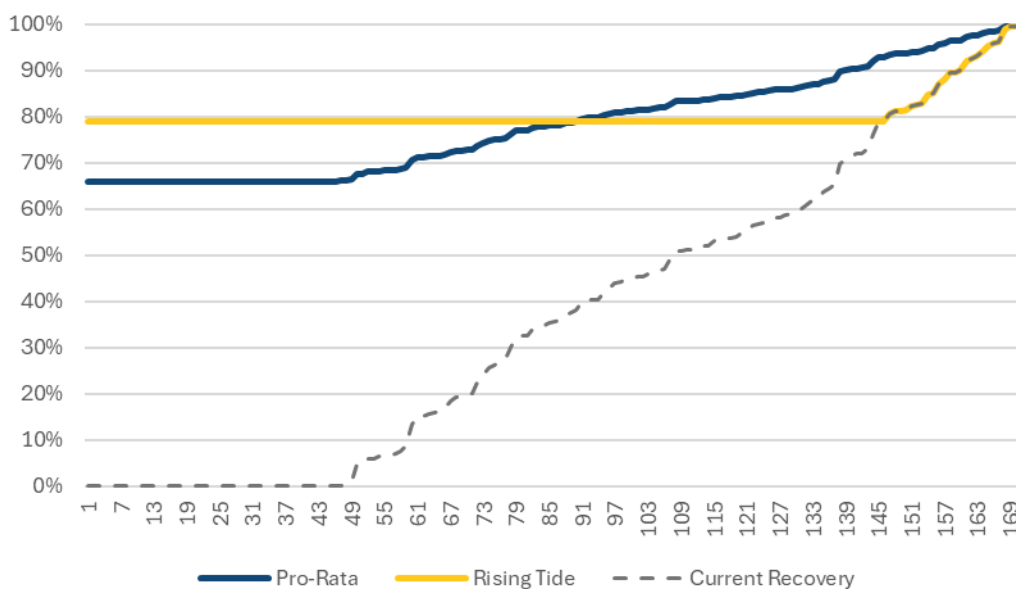
54. If the Court adopts a rising tide methodology, and assuming an aggregate \$15,000,000 distribution to Class 2, 146 Investor Claimants would receive a distribution increasing the lowest recovery from 0.0% to 79.11%. 25 Investor Claimants would not receive a distribution as they already recovered at least 79.11% of their principal investment. To be clear, this calculation is on a cash in versus cash out basis<sup>13</sup>.

55. If the Court were to adopt the net loss method, all allowed Investor Claimants would receive a distribution; however, it would be at the cost of the allowed Claimants who

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<sup>13</sup> For example, if an investor invested \$100,000, reinvested its “dividends”, and never received any cash back from the Fund, it would have a 100% loss and a claim for \$100,000. If another investor invested \$100,000 and received \$50,000 in “dividend” distributions over the life of its investment, it would have a 50% loss and a \$50,000 claim.

sustained a 100% loss. Instead of these Claimants recovering 79.11% of their principal under rising tide methodology, the lowest recovery would drop to 66.07% under the net loss methodology. Accordingly, the allowed Investor Claimants who lost everything would suffer at the expense of the investors who received distributions pre-Receivership.



56. The rising tide is also a more equitable distribution methodology to apply here as 81 Investor Claimants would recover more under a rising tide methodology than net loss, assuming a \$15,000,000 distribution, whereas 90 Investor Claimants would receive a higher recovery under the net loss methodology.

57. Accordingly, the Receiver recommends the Court adopt a rising tide methodology as (1) it equalizes the lowest percentage return victims of the *Ponzi* scheme recover on their investment, and (2) it raises the lowest percentage of recovery to 79.11% with a \$15,000,000 distribution when compared against the net loss methodology.

#### **D. OTHER RELIEF/PROCESS FOR MAKING DISTRIBUTIONS**

58. To be eligible for a distribution payment, the Receiver requests the Court enter an Order that the all Investor Claimants be required to provide the Receiver with a completed and



signed W-9 on the most recent form, which will be mailed and/or emailed to each allowed Claimant and is also available at <https://www.irs.gov/pub/irs-pdf/fw9.pdf>.

59. The Receiver is still in the process of monetizing the various assets of the Receivership Estate. The Receiver anticipates that sufficient funds will be available to make a first and final distribution to Class 1 Claimants upon the entry of an order approving this Plan. The Receiver further anticipates the ability to make a first interim distribution to Class 2 Claimants during Q3 of 2025. The Receiver requests the authority to make further periodic interim distributions to Class 2 Claimants as further assets are monetized. Specifically, the Receiver requests authority to make such interim distributions when, in the Receiver's business judgment, sufficient funds are maintained by the Receivership Estate, subject to adequate amounts reserved for the Receiver's Retained Personnel and other administrative claims, and after considering the costs to make such an interim distribution. When the Receiver determines a further interim or final distribution is advisable, the Receiver proposes that he file a notice (the "***Distribution Notice***"). Within 30 days of the filing of the Distribution Notice, the Receiver will make distributions consistent with this Plan as approved by the Court. Distributions will be sent to the same address on file with the Fund that all prior notices and other documents have been sent to the claimants in this case.

60. The Receiver will distribute payments to each allowed Claimant that has returned a W-9 to the Receiver. If an allowed Claimant does not return a W-9 or does not cash a check received on account of a distribution, the Receiver will retain such allowed Claimant's distribution in escrow. The Receiver will make his best efforts to make contact with any allowed Claimant that does not return a W-9 or cash their distribution check. If prior to the final distribution in this case, there are any allowed Claimants that have failed to return a W-9 or cash their distribution check,

the Receiver will file a notice naming such allowed Claimants, as well as detailing the efforts he has taken to notify such allowed Claimant of their entitlement to a distribution. If no W-9 is returned (or if a distribution check is not cashed) before the final distribution, then the underlying funds will remain in the Receivership Estate for distribution to other allowed Claimants in this case pursuant to the priority established by the Plan or as otherwise ordered by this Court.

**WHEREFORE**, the Receiver respectfully requests that the Court enter an order approving this Plan, including, but not limited to:

- i. Approving the classification of claims as described in Section II (E) of this Plan;
- ii. Approving the method of distribution, including approval of a rising tide distribution methodology for Class 2 Claimants;
- iii. Approving the process for making distributions detailed in Section III (D) of this Plan; and
- iv. For all other and further relief to which the Receiver shows himself justly entitled.

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](mailto:tnix@krcl.com)

ATTORNEYS FOR RECEIVER

**CERTIFICATE OF SERVICE**

I hereby certify that, on May 20, 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

# **EXHIBIT A**



HARNEY  
PARTNERS

# PRIDE OF AUSTIN HIGH YIELD FUND I, LLC



Forensic Report  
April 2025

# Disclaimer & Limitations of Analysis

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- On May 6, 2024, the Honorable Amy Clark Meachum entered the *Amended Agreed Order Appointing Receiver* ("Receivership Order") appointing Gregory S. Milligan ("Milligan") as receiver over Pride of Austin High Yield Fund I, LLC ("POA") to preserve and liquidate the property of POA. Milligan retained Harney Partners ("HP") as financial advisers to assist him in executing upon his duties as receiver to maximize value for creditors and members of POA.
- The Forensic Report contained herein has been prepared based upon the information, documentation, and data available to Milligan and HP at this time, including direct access to POA's accounting system, banking records from Frost Bank for periods after June 2017, emails produced by Robert Buchanan ("Buchanan") as required under the Receivership Order and in response to production requests by Milligan, and other relevant publicly available information deemed reliable in the sole discretion of Milligan and HP. Buchanan provided the emails and other information in connection with his duties under the Receivership Order and Buchanan has represented to Milligan and HP that such materials are a complete conveyance of the information and documentation required by the Receivership Order. While reasonable efforts have been made to verify the accuracy and completeness of all information, no independent verification or audit has been conducted. Milligan and HP are not responsible, and assume no responsibility for any inaccuracies, omissions, or misrepresentations in the information, documentation, and data provided.
- This Draft Report does not constitute an audit, review, or assurance under generally accepted auditing standards, nor does it provide legal opinions or conclusions. This Draft Report does not constitute legal or financial advice. The findings, conclusions, and opinions expressed herein are based on the available evidence and professional judgment as of the date of this Forensic Report and are subject to change.
- **THIS FORENSIC REPORT IS CURRENTLY BEING PROVIDED TO THE PARTIES FOR INFORMATIONAL PURPOSES ONLY AS PART OF THE RECEIVER'S REGULAR STATUS REPORTS TO THE COURT.** MILLIGAN AND HP RESERVE THE RIGHT TO USE THE FORENSIC REPORT AND THE FINDINGS STATED THEREIN IN CONNECTION WITH REQUESTS FOR RELIEF IN THE RECEIVERSHIP CASE OR ANY ASSOCIATED CASES. MILLIGAN AND HARNEY PARTNERS FURTHER RESERVE THE RIGHT TO AMEND, SUPPLEMENT, EDIT, CORRECT FOR ANY REASON.

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# I. Executive Summary

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# Overview of Forensic Report



Two main questions to be answered:

- **When, if ever, did this become a Ponzi scheme and / or fraud?**

Ponzi scheme started from the very beginning of the Pride of Austin High Yield Fund I, LLC (the “Fund”) – distributions were declared and paid from purported profits that were not realized yet and so the distributed money could only have come from invested capital. Numerous badges of fraud have also been identified.

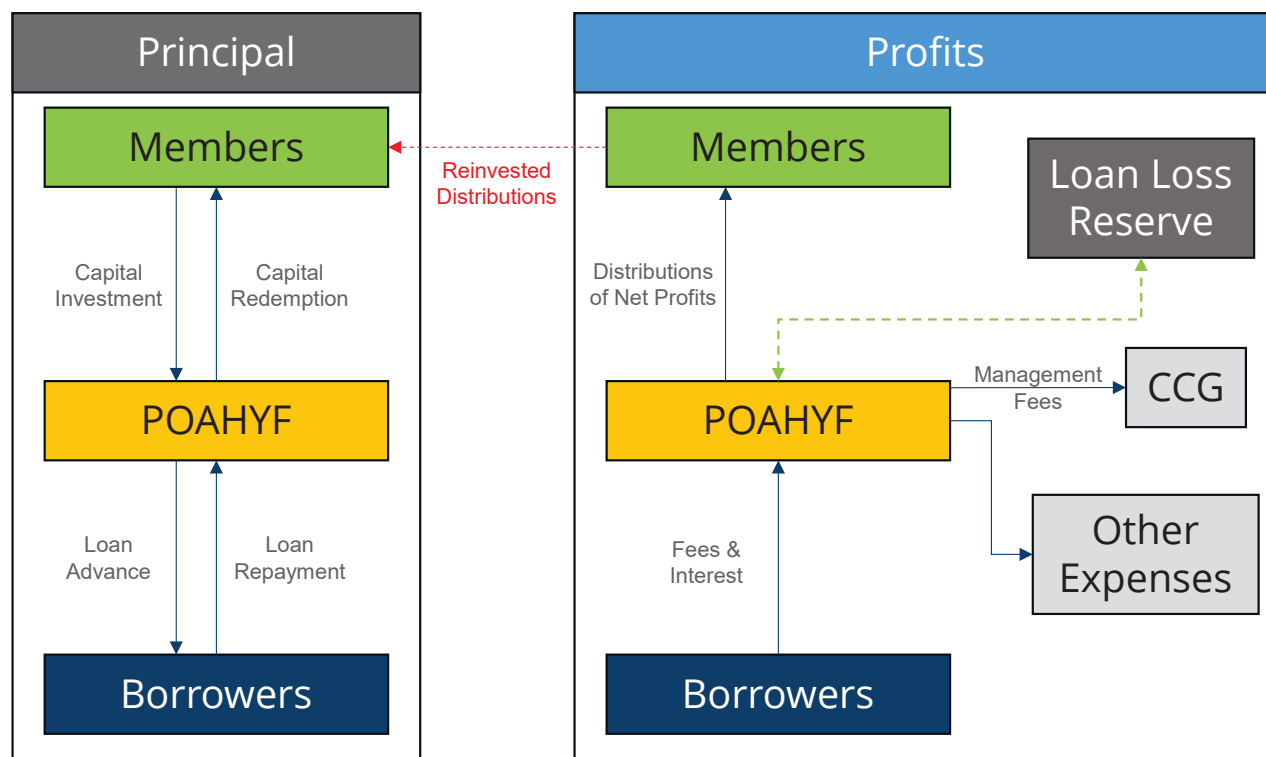
- **What happened to the Member’s invested capital?**

Majority of the funds were distributed back to Members disguised as profits. A material amount was misappropriated by Manager and transferred into his affiliate home builder entity.

# Illustrative Fund Cash Flows

## How Cash Flow Should Work:

- Fund raises capital from Members in order to make loans to Borrowers.
- Fund generates revenue from fees and interest paid by Borrowers on the principal outstanding.
- Fund distributes Net Profits to Members, which is the fees and interest collected from Borrowers net of Fund expenses, including management fees.
- As a lender, Fund's potential profit / return on investment is limited to interest and fees. Thus, the primary concern of a lender is typically avoiding loss of principal through diligent underwriting of creditworthiness of borrowers and underlying value of the collateral.



# Illustrative Fund Net Profits

PRIDE OF AUSTIN HIGH YIELD FUND I, LLC    \$100,000,000    PRIVATE PLACEMENT MEMORANDUM

## TERMS OF THE OFFERING

Each quarter, the Manager will distribute the LLC's accrued Net Profits, to the extent that there is cash available and provided that the quarterly distribution will not impact the continuing operations of the LLC as follows: 100% to the Members on a pro-rata basis.

"Net Profits" is defined as the LLC's quarterly gross income less the payments of the LLC's monthly operating expenses (such as the Manager's Fees, amounts due by the LLC on any loans or line of credit, audit costs, and LLC taxes) and an allocation of income for a loan loss reserve. All distributions will be made on a quarterly basis, in arrears.

An Investor may elect to (i) receive quarterly cash distributions from the LLC in the amount of that Member's share of Net Profits for distribution; or (ii) allow his, her, or its distributions to be reinvested and increasing his, her, or its ownership interest in the LLC; or (iii) some combination of (i) and (ii). Such election will become effective on the first (1st) day of the quarter following receipt of the election. If no election is made, then the quarterly distribution will be a cash distribution. An election to reinvest distributions is revocable with thirty (30) days notice to the LLC. Cash distributions reinvested by Investors who make such an election will be used by the LLC to make further mortgage loans or for other proper LLC purposes. Reinvestment distributions will only be allowed if this Offering is still active.

By the end of the LLC's fiscal year and after completion of its annual audit, the Manager will make every effort to have distributed to each Member the amount of Net Profits that will be allocated to that Member on the Schedule K-1 that he, she, or it receives for income tax reporting. However, the amount of income reported to each Member on his, her, or its Schedule K-1 may differ somewhat from the actual cash distributions made during the fiscal year covered by the Schedule K-1 due to, among other things, the loan loss reserve and factors unique to the tax accounting of LLCs, such as the treatment of investment expense.

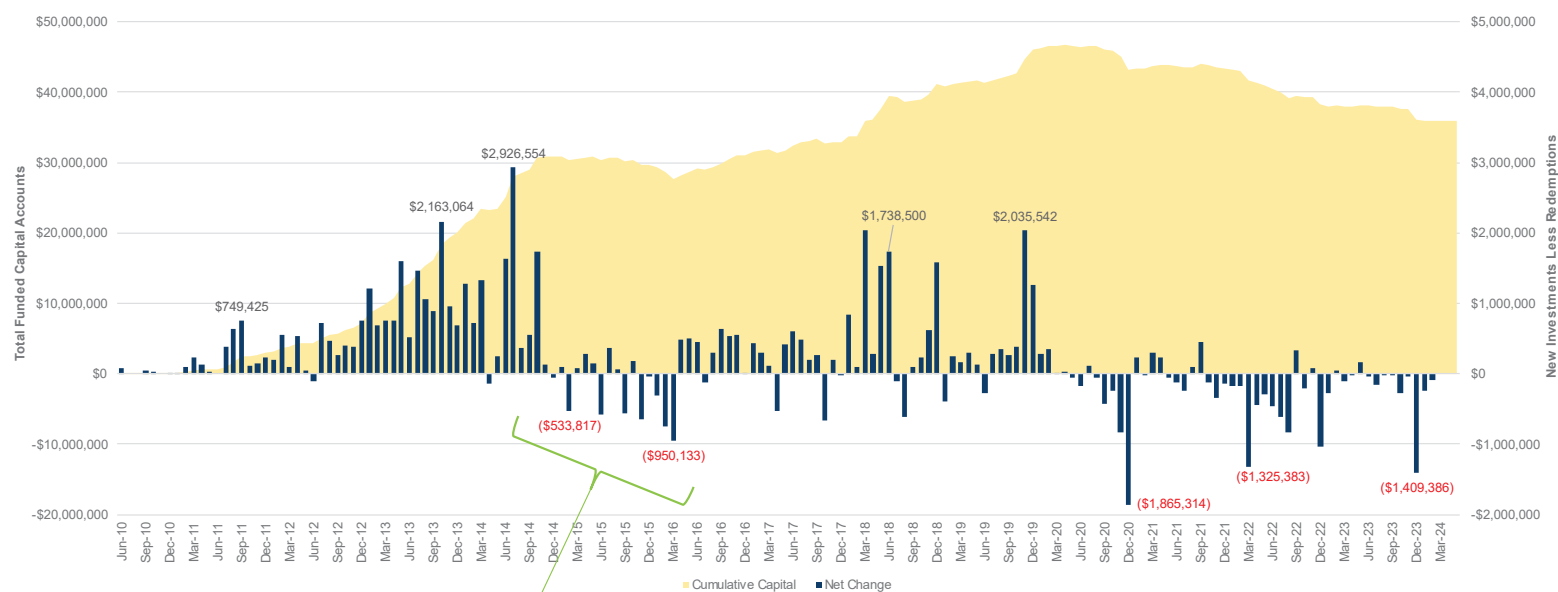
## How Net Profits Should Work:

	Fiscal Quarter
<b>REVENUE</b>	
Fees	\$ 60,000
Interest Income	60,000
Other	
<b>EXPENSES</b>	
Management Fees	(20,000)
Legal & Professional Fees	(5,000)
REO Expenses	
<b>GROSS PROFIT</b>	<b>\$ 95,000</b>
Allocation for Loan Loss Reserve	(45,000)
<b>NET PROFITS</b>	<b>\$ 50,000</b>

- Distributions are contingent on availability of cash
- Definition of Net Profits explicitly references an allocation of income for a loan loss reserve.

# Member Investments

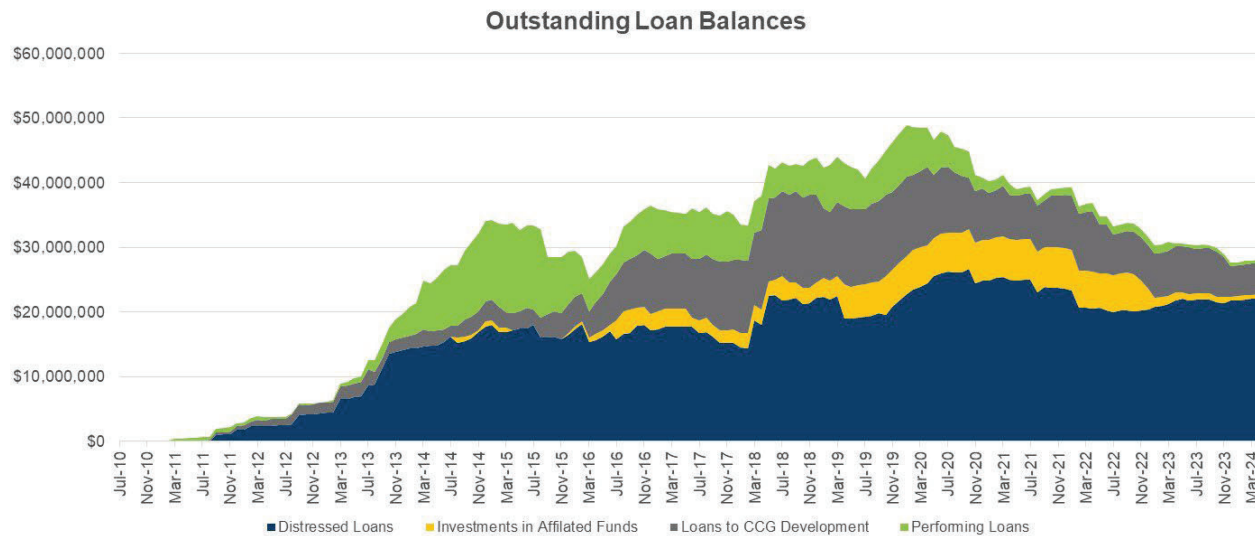
- After receiving its first investment in June 2010, the Fund grew to over \$30 million of invested capital by late 2014.
- Timing of the wave of redemptions in 2015 and early 2016 likely due to two-year lock-up period after initial investment
- Starting in early 2020, redemptions outpaced new capital investments.



# Assets

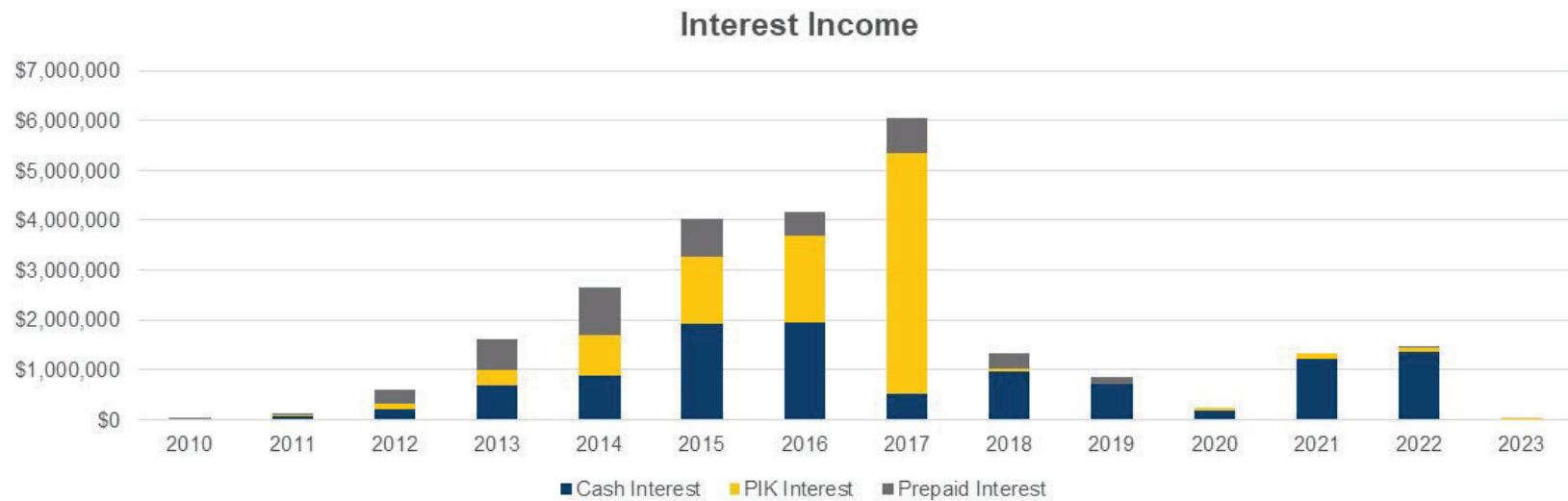
## Fund's loan portfolio had numerous foreclosures and bankruptcies

- In the adjacent loan schedule from December 31, 2012, the four largest loans outstanding (highlighted in red), accounting for ~77% of the portfolio, were ultimately foreclosed upon or the borrower filed for bankruptcy protection.
- Total loans outstanding decrease starting in 2020, driven by the use of loan payoffs to pay distributions to members.
- Receiver continues to work diligently to maximize the recovery from the remaining assets. However, the ultimate recovery will likely be significantly lower than the book value of the assets of approximately \$28 million as of April 2024.



# Revenue Recognition

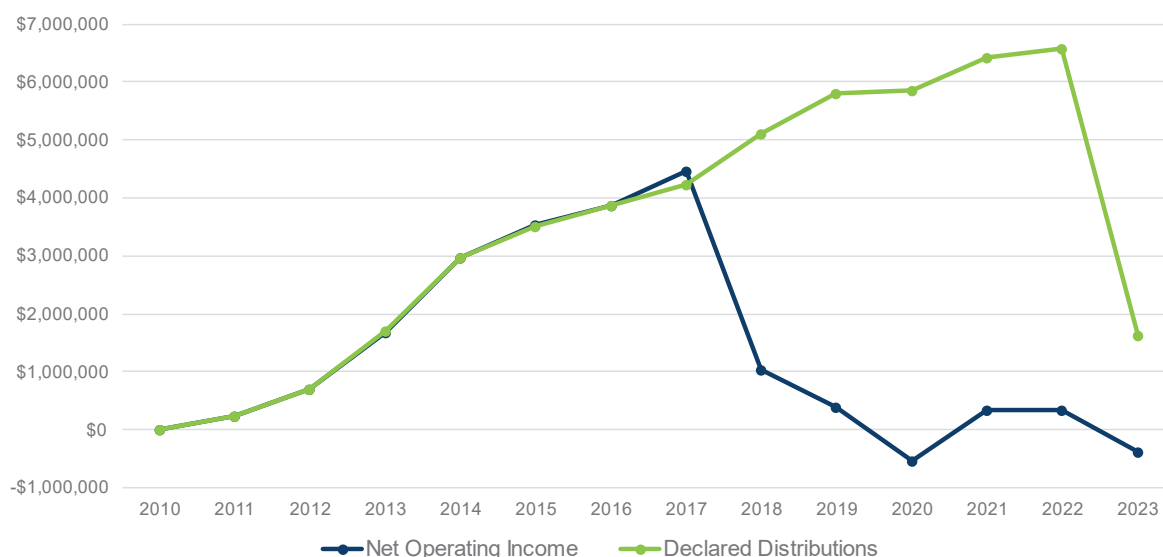
- Fund accepted PIK interest from Insider loans, which increased cash distributions paid to Members without the Fund receiving the associated cash from the Borrowers.
- Fraudulent entries in 2015, 2016, and 2017 increased revenue and cash distributions



# Distributions vs Net Profits

**Net Operating Income (i.e. Profits) is an accounting concept and not indicative of the cash flow received and available to distribute to Members.**

- Fund issued distributions to Members at levels unsupported by operating results.
- As a result, the cash used to pay distribution could only have come from Member's capital investments.
- Problem started early on as distress in the loan portfolio was not appropriately accounted for or reserved for from a cash perspective.
- When adjusted for non-cash items, declared distributions exceeded net operating income in the years before 2017.

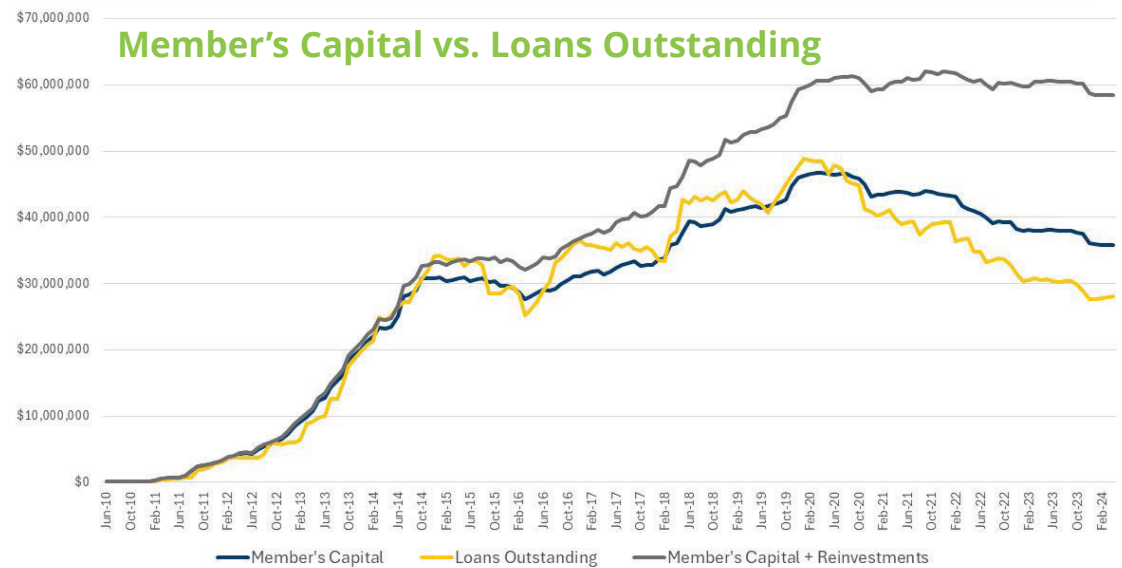


# Distribution of Income was Return of Capital

- By declaring and paying distributions far more than actual profits, the capital account of the Fund exceeded its asset base.
- Approximately 50% of the distributions to Members were reinvested, which further exacerbated the divergence between the total capital basis and the asset base but reduced the cash needed by the Fund to make the distributions. This helps the Fund stay afloat and delayed when the collapse of the scheme.

## Distributions of Income

To the extent cash distributions exceed the current and accumulated earnings and profits of the LLC, they will constitute a return of capital, and each Member will be required to reduce the tax basis of his, her, or its Membership Interests by the amount of such distributions and to use such adjusted basis in computing gain or loss, if any, realized upon the sale of Membership Interests. Such distributions will not be taxable to Members as ordinary income or capital gain until there is no remaining tax basis, and, thereafter, will be taxable as gain from the sale or exchange of the Membership Interests.







## II. Ponzi Scheme Red Flags

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# What is a Ponzi Scheme?

- According to the Securities and Exchange Commission, a Ponzi scheme is an investment fraud that involves the **payment of purported returns to existing investors from funds contributed by new investors**.
- Ponzi scheme organizers often solicit new investors by promising to invest funds in opportunities claimed to generate high returns with little or no risk.
- **With little or no legitimate earnings**, Ponzi schemes require a constant flow of money from new investors to continue.
- **Ponzi schemes inevitably collapse**, most often when it becomes difficult to recruit new investors or when a large number of investors ask for their funds to be returned.

## Common Red Flags

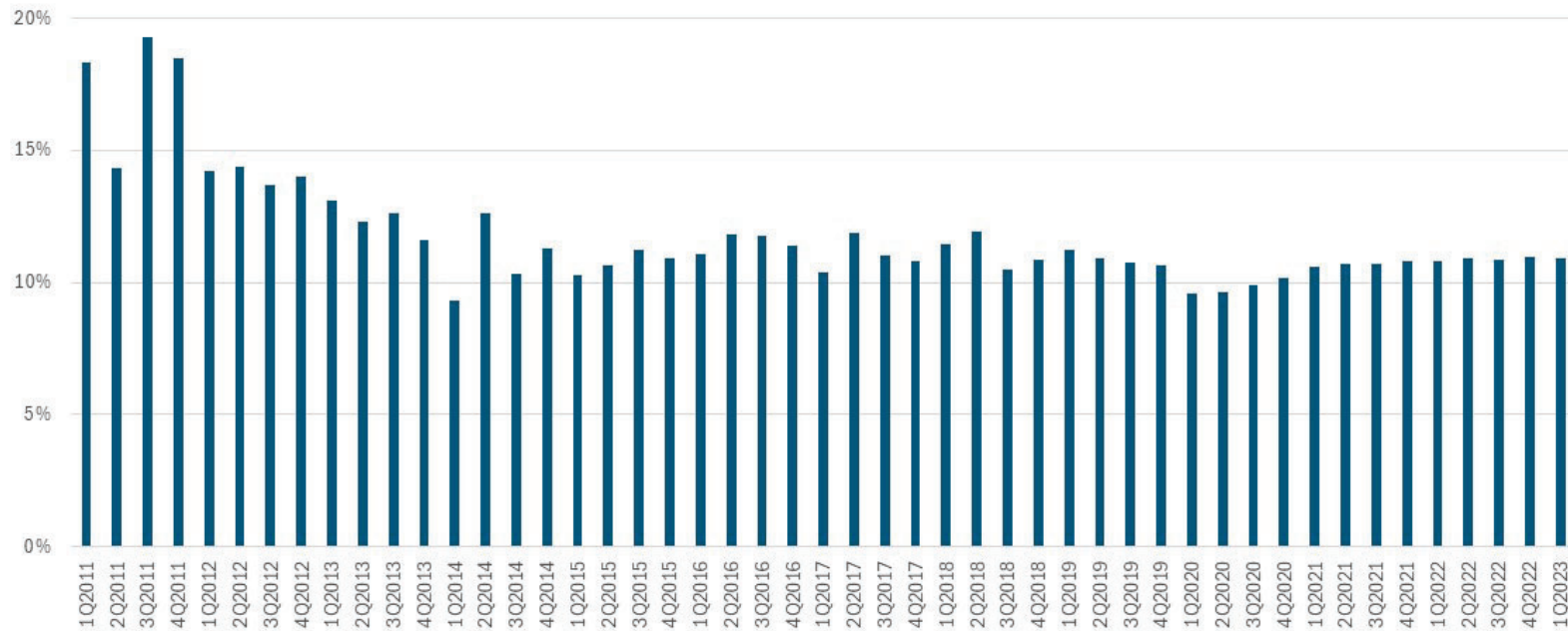
- ✓ High returns with little or no risk
- ✓ Overly consistent returns
- ✓ Unregistered investments
- ✓ Unlicensed sellers
- ✓ Secretive, complex strategies
- ✓ Issues with paperwork
- ✓ Difficulty Receiving Payments
- ✓ Pressure to Recruit

# RED FLAGS: High Returns with Little or No Risk

- *Every investment carries some degree of risk, and investments yielding higher returns typically involve more risk. Be highly suspicious of any “guaranteed” investment opportunity.*
- Fund was a hard money lender – offering short term loans, collateralized by real property with high interest rates and fees.
- Borrowers who utilize hard money lenders often have exhausted more traditional, lower cost sources of capital, like regulated banks and credit unions.
- As a result, the Fund’s borrowers are higher risk – meaning more defaults, foreclosures, non-performing loans are likely to occur.
- Despite its claims about its discipline regarding its rigorous loan parameters, Fund was not immune from the pitfalls of high-risk borrowers and experienced foreclosures and chapter 11 bankruptcies related to early loans made by the Fund.
- However, these foreclosures and bankruptcies hardly impacted the distributions paid to investors.

# RED FLAGS: Overly Consistent Returns

- Investments tend to go up and down over time. Be skeptical about an investment that regularly generates positive returns regardless of overall market conditions.



# RED FLAGS: Unregistered & Unlicensed

- *Ponzi schemes typically involve investments that are not registered with the SEC or state regulators. Registration is important because it provides investors with access to information about the company's management, products, services, and finances.*
- *Federal and state securities laws require investment professionals and firms to be licensed or registered. Most Ponzi schemes involve unlicensed individuals or unregistered firms.*

## POA High Yield Fund 1 - Legal

**Regulation D Security**  
**Filed in all 50 States**  
**Organized as an LLC in Texas**  
**Investors are Members**  
**100% Owned by Investors**



- Starting in January 2010, the Fund filed Form D pursuant to Rule 506 of Regulation D of The Securities Act of 1933, which is a claimed exemption to the registration of the securities.
- Fund filed amendments to Form D and state blue sky filings each year until 2016.
- In June 2016, Fund received legal advice that it had serious regulatory compliance deficiencies and was likely not exempt from registering as an Investment Company or being a license Investment Adviser.
- Recommendation was to wind down the Fund and start a new one with a more rigorous compliance approach.

# RED FLAGS: Secretive, complex strategies

- *Avoid investments if you don't understand them or can't get complete information about them.*
- Fund strategy is relatively straightforward
- Reporting was extremely limited:
  - Summary Financials, if provided at all
  - Dodged investor request for audit of Fund

PRIDE OF AUSTIN HIGH YIELD FUND I, LLC \$100,000,000 PRIVATE PLACEMENT MEMORANDUM

By the end of the LLC's fiscal year and after completion of its annual audit, the Manager will make every effort to have distributed to each Member the amount of Net Profits that will be allocated to that Member on the Schedule K-1 that he, she, **or it receives for income tax reporting**. However, the amount of income reported to each Member on his, her, or its Schedule K-1 may differ somewhat from the actual cash distributions made during the fiscal year covered by the Schedule K-1 due to, among other things, the loan loss reserve and factors unique to the tax accounting of LLCs, such as the treatment of investment expense.

## Financials Provided to Investor in June 2016

### Pride of Austin High Yield Fund I, LLC Balance Sheet As of December 31, 2015

	Dec 31, 15
<b>ASSETS</b>	
Current Assets	34,083,915.08
<b>TOTAL ASSETS</b>	<b>34,083,915.08</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	397,463.99
Equity	33,686,451.09
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>34,083,915.08</b>

### Pride of Austin High Yield Fund I, LLC Profit & Loss January through December 2015

	Jan - Dec 15
<b>Ordinary Income/Expense</b>	
Income	4,420,538.02
Expense	894,757.22
<b>Net Ordinary Income</b>	<b>3,525,780.80</b>
<b>Other Income/Expense</b>	
Other Expense	
80000 · Quarterly Reinvestments	0.00
<b>Total Other Expense</b>	<b>0.00</b>
<b>Net Other Income</b>	<b>0.00</b>
<b>Net Income</b>	<b>3,525,780.80</b>

# RED FLAGS: Secretive, complex strategies (Cont.)

- Threat of returning investment if not satisfied with reporting and information disclosure by the Fund:

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**From:** Robert J Buchanan [<mailto:rjb@prideofaustin.com>]  
**Sent:** Wednesday, January 16, 2013 12:17 PM  
**To:** [REDACTED]  
**Cc:** David Owen  
**Subject:** RE: Pride of Austin investment

I have attached our loan schedule (as of December 31, 2012). I hope this will put your mind at ease. We don't spend time making flashy reports and such. What we do spend our time on is marketing and branding our company for two reasons. To attract borrowers and investors. This is why you see happy hours, webinars and seminars.

If this doesn't help put your mind at ease then the next step is for us to issue you a check for \$25,000 and terminate your subscription agreement. Please don't take this the wrong way but we have much bigger investors in our fund that are just fine with the amount of reporting that we do. If this is not enough for you then I suggest we end our relationship now as we don't have the manpower to hold your hand at all times.

Please advise us as what you would like to do.



# RED FLAGS: Issues with paperwork



- *Account statement errors may be a sign that funds are not being invested as promised.*

## **Books & Records Lawsuits**

- At least 36 lawsuits were filed in Travis County against the Fund. In most cases, CCG and Buchanan were also named as defendants, and occasionally additional parties as well.
- Virtually all the lawsuits included 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.



# RED FLAGS: Difficulty Receiving Payments

- *Be suspicious if you don't receive a payment or have difficulty cashing out. Ponzi scheme promoters sometimes try to prevent participants from cashing out by offering even higher returns for staying put.*

Any ETA on my withdrawal request?

I am working on the return of your capital as you requested. I can do half of the amount today and the other half in the next two weeks once a partial loan payoff is received. I know this is a little different than we initially discussed but I hope you can live with this arrangement.

April 18, 2022

Robert,

This is the fourth time I am writing to you requesting to closeout my two Pride of Austin accounts. You have not replied to my three earlier emails. It is imperative that I receive the funds that I have invested and grown over the past 9 years. Attached to this letter is a proposal requesting distribution of all funds over a 5-year timeframe.

RE: "We just received the loan paydown as mentioned below. Tomorrow you will receive an email with the following capital reductions for both your accounts:"

Yes, we did talk finally. It was good to hear from you that there are no problems with the fund.

We expect two partial loan payoffs by mid-March. These two payoffs will allow the Fund to return a 100% of your investment amount. I will keep you up to date if there are any expected delays or perhaps a quicker return of your investment.

# RED FLAGS: Recruiting & Soliciting New Investors

- *If there is significant emphasis on attracting new investors and incentives are offered for doing so, it could be a sign of a Ponzi scheme. This is a means to continue the inflow of new capital to keep the scheme going.*

## Incentive Programs & Bonuses

The F1 Contest ends at the end of September. So far the top three place leaders are:

25 points – [REDACTED]

22 points – [REDACTED]

21 points – [REDACTED]

1<sup>st</sup> place are 2 tickets to F1 Finals race day on Sunday Nov 17 as guests of Robert and his lovely wife Drew

2<sup>nd</sup> place are 2 tickets to F1 Preliminaries on Saturday Nov 16 as my guests

You earn 1 point for each new investor you introduce to POA who makes an investment; 1 point for each multiple of \$25,000 that a new investor invests; and 1 point for each multiple of \$25,000 that an existing investor increases his, her or its investment.

## Solicitations for Referrals / Introductions

*Excerpt from Investor Letters:*

As a reminder we are actively pursuing funds for both POAHY and POAOF. Let me know if you would like to increase your investment account or know someone who is interested in the possibility of becoming an investor.

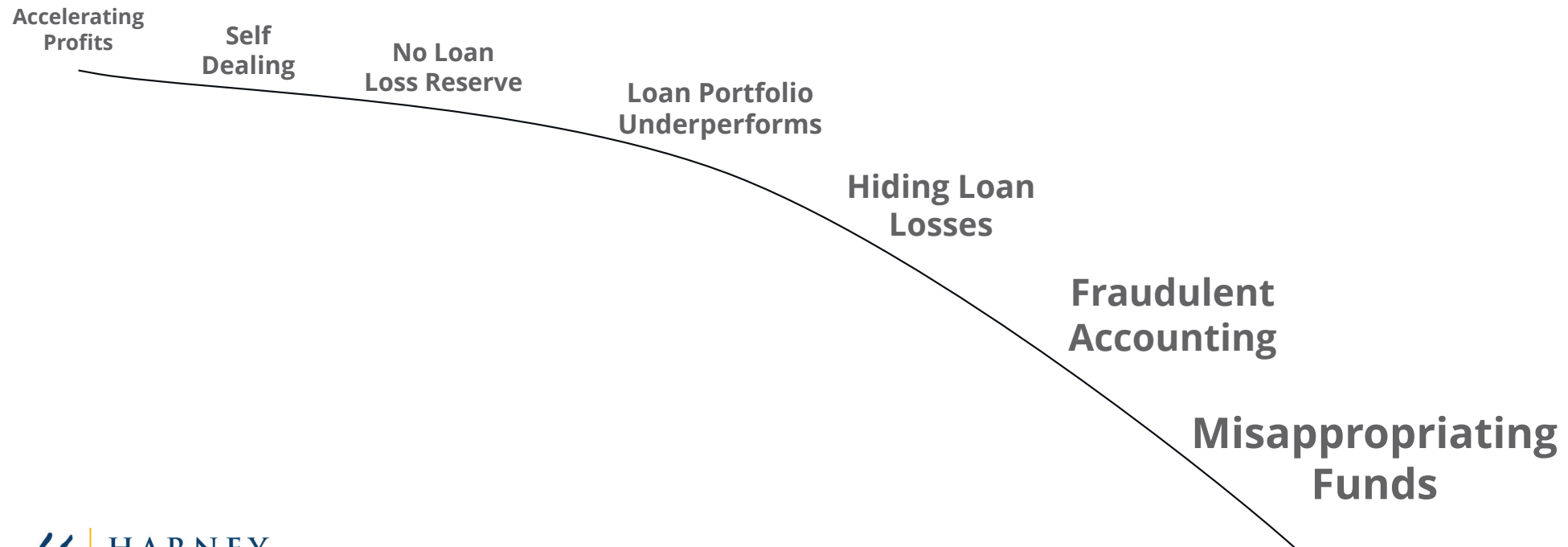
Pride of Austin High Yield Fund is open to more investments through the end of the year. We have a healthy deal flow of loans coming into underwrite and to fund.



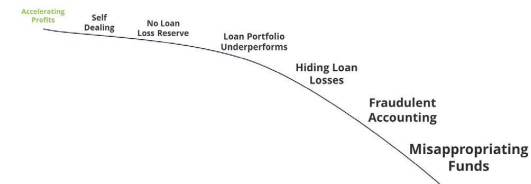
## III. Ponzi Scheme Elements

# Ponzi Scheme Slippery Slope

Ponzi schemes rarely begin as a master plan to defraud investors – small, unethical decisions or errors snowball into a massive, unsustainable fraud.



# Accelerating Profits



## Payment of purported returns to existing investors from funds contributed by new investors

- The below snapshot shows the first few transactions of the Fund and illustrates how the fund, from the very beginning, paid investors purported profits from invested capital, not from actual earnings.
- Before the Fund could close on its first loan to a borrower, the Fund issued 8% interest payments to its first two investors. The Fund was earning bank interest on the \$75,000 of cash, totaling \$131.11 from June to August 2010.



# Accelerating Profits



## Illustrative cash flows of \$100,000 loan at 12% annual interest:

- Accounting profit reflects **paper profits** while cash flow reflects **realized returns**—actual money in hand.

### Borrower pays cash interest each month:

	Closing	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
<b>Principal Balance</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$0</b>	
Cash Flows	(100,000)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	101,000	12,000
Revenue		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Distributions to Members				(3,000)			(3,000)			(3,000)			(3,000)	(12,000)
Cumulative Net Cash Flow	(100,000)	(99,000)	(98,000)	(100,000)	(99,000)	(98,000)	(100,000)	(99,000)	(98,000)	(100,000)	(99,000)	(98,000)	-	-

### Borrower is allowed to pay interest in kind each month, increasing the outstanding loan balance:

	Closing	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
<b>Principal Balance</b>	<b>\$100,000</b>	<b>\$101,000</b>	<b>\$102,000</b>	<b>\$103,000</b>	<b>\$104,000</b>	<b>\$105,000</b>	<b>\$106,000</b>	<b>\$107,000</b>	<b>\$108,000</b>	<b>\$109,000</b>	<b>\$110,000</b>	<b>\$111,000</b>	<b>\$0</b>	
Cash Flows	(100,000)												112,000	12,000
Revenue	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Distributions to Members				(3,000)			(3,000)			(3,000)			(3,000)	(12,000)
Cumulative Net Cash Flow	(100,000)	(100,000)	(100,000)	(103,000)	(103,000)	(103,000)	(106,000)	(106,000)	(106,000)	(109,000)	(109,000)	(109,000)	-	-

Where does the cash come from to pay these distributions?

# Accelerating Profits

Actual examples from the Fund's loan activity:

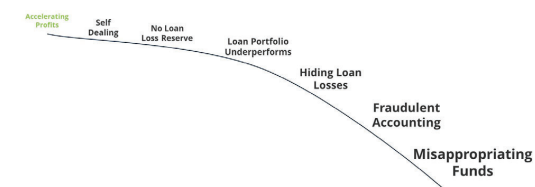
## EXAMPLE: William & Allyson Bruner - Dogwood Terrace



	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	TOTAL
Loan Balance	\$23,355	\$33,752	\$34,140	\$34,546	\$34,944	\$35,359	\$35,780	\$36,192	\$36,622	\$37,043	\$37,484	\$37,484	\$39,103	\$0	
Cash Flow	(\$22,048)	(\$10,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,523	\$7,475
PIK Interest & Fees	\$1,307	\$397	\$388	\$406	\$398	\$416	\$420	\$412	\$430	\$421	\$440	\$0	\$1,620	\$420	\$7,475
"Net Profits" Distributed		(\$1,704)			(\$1,192)			(\$1,248)			(\$1,292)			(\$2,040)	(\$7,475)

- Loan funded in February 2012, repaid in full in March 2013 – netting profit of \$7,475
- While the loan was outstanding, the interest and fees were added to the loan balance rather than being paid in cash by the borrower.
- As a result, the Fund recognized \$5,435 of revenue in 2012 while not receiving any cash from the borrower. This revenue was incorporated into the Net Profits calculation and distributed out to Members in each quarter of 2013 without contributing any cash.
- Cash flow ultimately caught up with accounting profits when loan was repaid in March 2013 – but not before purported profits were paid from funds from Members' invested capital.





# Accelerating Profits

Actual examples from the Fund's loan activity:

## EXAMPLE: Fulshear Property One, LLC & Fulshear Property Two, LLC

	2011	2012	2013	2014	TOTAL
Loan Balance	\$780,249	\$1,450,641	\$3,022,910	\$3,303,985	\$3,303,985
Cash Receipts	\$130,592	\$150,000	\$172,165	\$0	\$452,758
Cash Disbursements	(\$592,726)	(\$670,542)	(\$1,560,669)	(\$240,968)	(\$3,064,905)
Interest & Fees	(\$131,150)	(\$181,088)	(\$429,974)	(\$52,464)	(\$794,676)
"Net Profits" Distributed	(\$131,150)	(\$181,088)	(\$429,974)	(\$52,464)	(\$794,676)

- Two related loans initially funded in September 2011 and December 2011, respectively.
- Loans were foreclosed upon in February 2014. Property is still owned.
- Borrower paid the Fund the Lender Points at each initial closing in 2011 but prepaid interest was net funded at closing.
- Borrower replenished prepaid interest in 2012 and paid modification / extension fees in 2013.
- Prior to the foreclosure, Fund distributed ~\$795K of accounting profits while only receiving ~\$453K of cash from the Borrower.
- Because the Fund still owns these properties, there was never a catch-up of the cash flow with the accounting profits.



# Self Dealing



Self-dealing started almost immediately with loans to benefit Buchanan and Owen:

## Owen

- Owen was facing financial ruin and contemplating bankruptcy when the Fund provided two loans:
  - ❑ 611 Bissonet: Fund paid \$14,000 in April 2011 to a bankruptcy attorney; Owen paid \$500 monthly but other advances and balance transfers increased the loan balance to over \$350K in 2015.
  - ❑ 525 Live Oak: Loaned \$15K in Oct 2010 and \$17K in Feb 2011 before purchasing existing mortgage in 2012. When sale proceeds were less than the loan balance, residual balance was transferred to other insider loans.

So my request is that I borrow \$15K at 14% and save the car. Do not give me that there is no real estate involved in that POAH has borrowed money unsecured from the fund. As long as interest payments are made and the principle is reduced as can be then there is no reason not to do that. Interest on \$15K is \$175 a month as opposed to the \$925 a month Acura payments. If I cannot pay back \$15K over a year then we are in a whole lot of trouble in all of the businesses. If you say no then I'll go back to the bankruptcy attorney. I am not loosing the Acura.

## Buchanan

- Fund financed ~\$82K for the acquisition of the 105 Pine Barrens lot in Feb 2012
- Buchanan built his personal residence with a \$400K construction loan from Independent Bank and over \$380K from the Fund
- Construction loan from Independent Bank was converted to mortgage with deed of trust in favor of Independent Bank filed in January 2014.
- No repayments were ever made to the Fund; balance of over \$463K was transferred via accounting entries to two other loans of the Fund

# No Loan Loss Reserve



- As noted in the PPM, the Fund was engaged in lending to high risk borrowers who would not qualify for loans from institutional lenders. This type of lending balances this higher risk with a higher return.
- Higher risk typically translates into higher defaults and higher losses.
- No loan loss reserve was ever set up to buffer the Fund from potential losses from bad loans. This is an elemental aspect of lending and required by regulators throughout the banking industry.

PRIDE OF AUSTIN HIGH YIELD FUND I, LLC

\$100,000,000

PRIVATE PLACEMENT MEMORANDUM

## BUSINESS RISKS

### ***Loan Defaults and Foreclosures***

Since the LLC will be relying on its real property security to protect its investment to a greater extent than the creditworthiness of its borrowers, the LLC is likely to experience a borrower default rate higher than would be experienced if its loan portfolio was more heavily focused on borrower creditworthiness. Because of the LLC's underwriting criteria, the LLC may make loans to borrowers who would not qualify for secured loans from institutional lenders (i.e., banks and savings and loan associations).

# Loan Portfolio Underperforms



- The red highlights below show the biggest borrowers defaulted early

## Loan Schedule as of December 31, 2012

Address	Loan Type	Amount	Close Date	Maturity
South Austin White House	Land Development	\$ 2,540,000.00	9/26/12	9/1/13
Midtown--7400 Cameron Rd / Austin, TX	Retail Center Rehab	\$ 1,236,956.52	9/12/11	4/1/13
Cattell Inc--960 Greenbriar / Vidor, TX	SFR Rehab	\$ 76,500.00	8/1/12	4/1/13
POAH--525 Live Oak / Austin Tx	SFR New Construction	\$ 650,000.00	12/31/12	12/31/13
FP1--8045 FM 359 / Fulshear, TX	Medical Office New Construction	\$ 1,725,000.00	9/27/11	4/1/13
FP2--8043 FM 359 / Fulshear, TX	Medical Office New Construction	\$ 1,725,000.00	12/20/11	7/1/13
Bruner -- 73 Dogwood Terrace / Ellerslie, GA	SFR Rehab	\$ 35,000.00	2/1/12	1/31/13
POAH--5503 Clay Ave / Austin Tx	Lot Subdivision	\$ 775,000.00	12/31/12	12/31/13
MDG--1008 Jewell / Austin Tx	SFR New Construction	\$ 625,000.00	8/14/12	9/1/13
<b>Total</b>		<b>\$ 9,388,456.52</b>		

# Hiding Losses Through Balance Transfers

- Rather than recognize losses from loans to Insiders, which would negatively impact profits, residual balances were transferred to other Insider loans or to loans in foreclosure.

## Excerpt of Email to Tax CPA

Attached is the following on Live Oak:

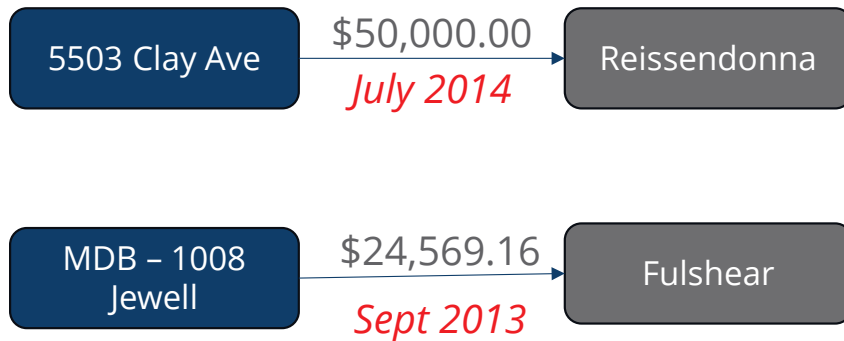
- Settlement Statement – The \$20k from seller is from David for a personal matter.
- Live Oak Loan History from POAHYF – Shows loan paid in full with the following:
  - Proceeds from Sale - \$656,869.96
  - David - \$34,572.00
  - David personal matter - \$25,149.80
  - Rob - \$34,572.00



# Hiding Losses Through Balance Transfers

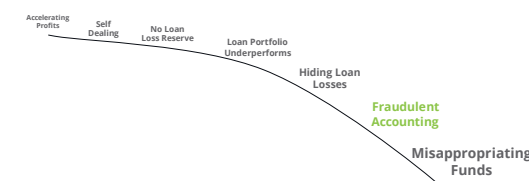
- Rather than recognize losses from loans to himself, Owen, or CCG Development, Buchanan would transfer remaining balances to other to CCG Development or to loans in foreclosure

## Transfers to Loans in Foreclosure



## Transfers to Other Insider Loans





# Fraudulent Accounting

The below three accounting entries recognized over \$6.0 million of revenue (and thus profits) associated with the below two loans. No evidence was found to support such revenue

## The Falls - Roseville

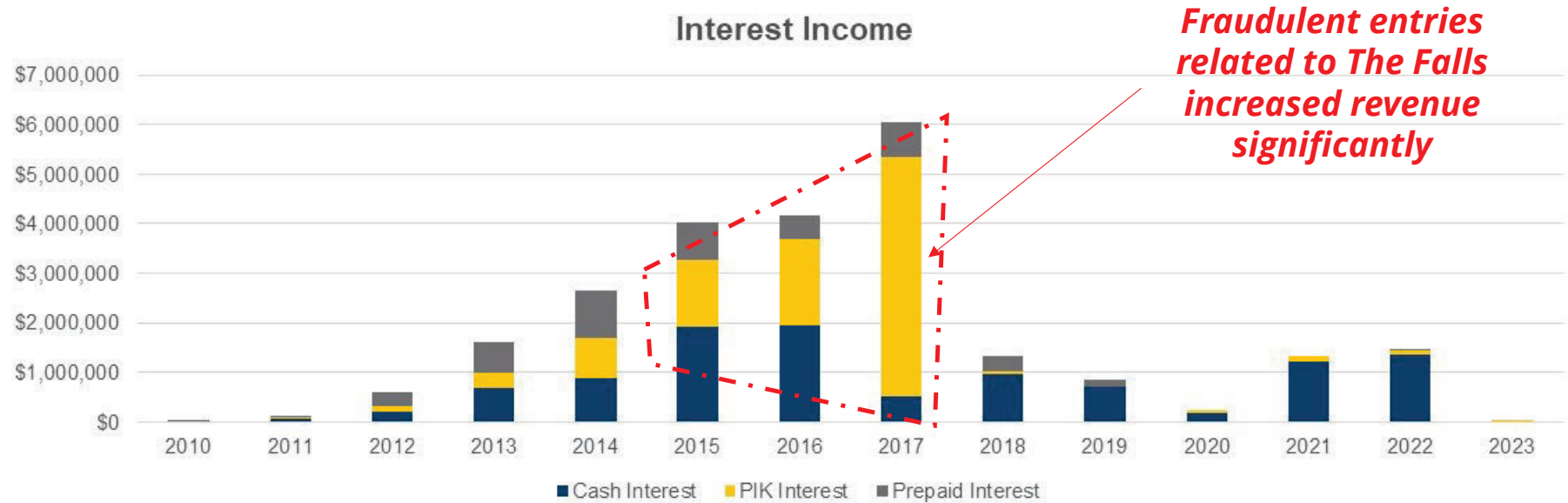
- The Falls – Roseville & Cedar Park
- Notice of Default sent on July 8, 2016
- Filed for Chapter 11 on July 11, 2018
- Loan, with balance over \$4.7 million including unpaid accrued interest, sold in April 2019 for \$3.7 million

## The Falls – Cedar Park

- Funded in March 2016, repaid in July 2016

Pride of Austin High Yield Fund I, LLC								
Transactions by Account								
As of December 31, 2018								
Trans #	Type	Date	Num	Name	Memo	Split	Debit	
Accrued Income								
5670	General Journal	12/31/2015	716	The Falls - Roseville	The Falls (Roseville and Cedar Park)	-SPLIT-	523,766.82	
7754	General Journal	12/31/2016	716	The Falls - Roseville	The Falls (Roseville and Cedar Park)	-SPLIT-	1,049,578.51	
7807	General Journal	12/31/2017	716	The Falls - Roseville	The Falls (Roseville and Cedar Park)	40000 - Loan Interest	4,497,056.48	
Total Accrued Income							6,070,401.81	

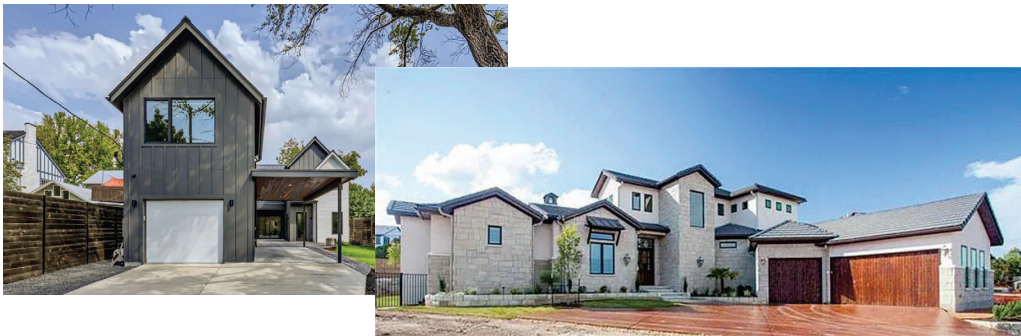
# Fraudulent Accounting



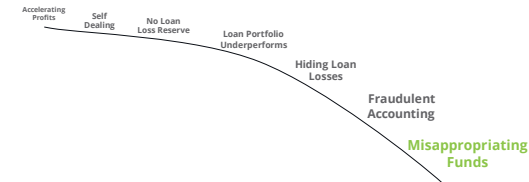


# Misappropriating Funds

## 1610 Hether & 105 Pine Barrens



- CCGD borrowed over \$1.7 million from the Fund to build personal residences for Buchanan from 2012-2014 and 2018-2020.
- **105 Pine Barrens:** Transferred \$463K balance (which included some accrued PIK interest) to two foreclosed loans in July 2015 to remove this loan from the Fund's balance sheet
- **1610 Hether:** Borrowed over \$1.2 million between April 2018 and May 2020 to complete construction. Receiver evicted Buchanan from the residence in 2024 and sold the property, paying years of unpaid property taxes at closing.



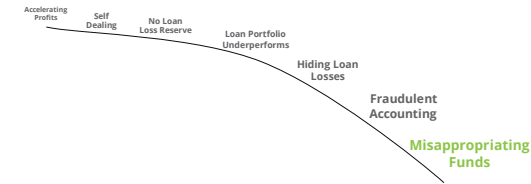
## 1307 Justin: Paying off Junior Liens

<b>N. Due from Seller at Closing</b>	<b>\$842,281.72</b>
01 Excess Deposit	
02 Closing Costs Paid at Closing (J)	\$85,772.79
03 Existing Loan(s) Assumed or Taken Subject to	
04 Payoff of First Mortgage Loan to Pride of Austin H..	\$127,902.44
05 Payoff of Second Mortgage Loan to US Treasury	\$22,601.06
06 Payoff to US Treasury	\$52,813.70
07 Payoff to US Treasury	\$42,415.06
Ad See Addendum for Additional Mortgage Payoffs	\$507,211.67
08 Seller Credit	

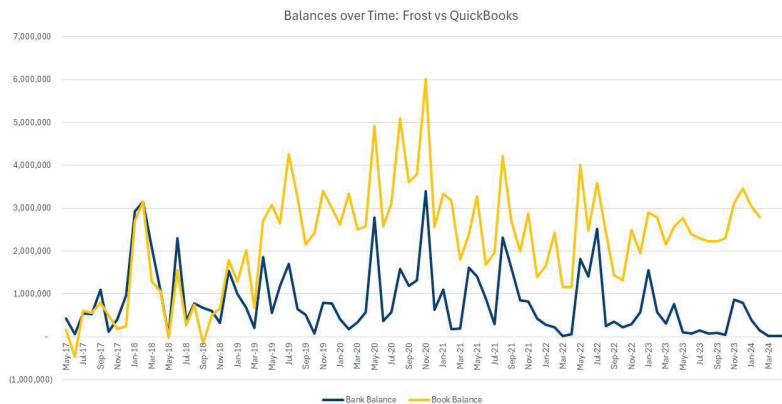
- Loan to CCGD originally funded in March 2021, increasing to \$1,250,000 by September 2023
- Closing statement for sale of Unit A reflects a payoff amount to the Fund of ~\$128K and more than \$600K paid to the US Treasury for tax liens filed against the CCGD.
- As a result, Fund never collected approx. \$370K from CCGD for this loan.
- Tax liens were junior to the Fund's first lien mortgage and should not have been paid until the Fund was repaid in full.
- 525 E. Live Oak also had this issue.



# Misappropriating Funds



## \$3.0M of Unbooked Transfers to CCG



- From November 2018 to September 2022, there were 55 transfers to CCGD, totaling over \$3.1 million, that were not booked in the accounting system.

## 2209 Iva Lane

CALCULATION	
Total Due to Seller at Closing (M)	\$585,000.00
Total Due from Seller at Closing (N)	-\$44,798.37
Cash to Close <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	\$540,201.63

2. No loans or liens (including Federal or State Liens and Judgment Liens) taxes, or assessments of any kind on such property except the following: (Creditor)

*None*

- Between August 2015 and December 2016, CCGD borrowed approximately \$962K for acquisition and development of 2209 Iva Lane.
- \$105K of PIK Interest was recognized (but not collected) and \$175K was transferred from the balance of another loan to CCGD.
- Closing statements for the sales of the redeveloped lot reflect no loans or liens.
- Over \$1.2 million were never paid to the Fund on behalf of the loan, instead diverted to CCGD or Buchanan.

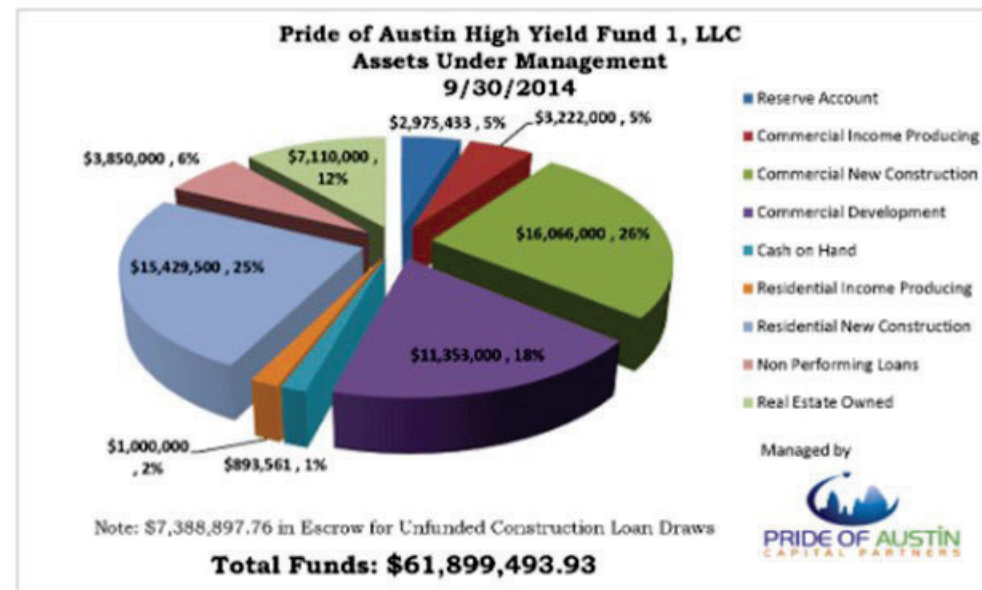


## III. Other Badges of Fraud

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# Misleading Information

- Of the limited information reported to current and prospective Members, the adjacent pie chart misrepresents the commonly used industry metric: **Assets Under Management**
- The industry definition of Assets Under Management is the market value of the assets an investment fund manages on behalf of its investors.
- The metric reported by the Fund was the aggregate appraised value of the collateral underlying its outstanding loans.
- Higher Assets Under Management metrics broadcast investor confidence and trust, scale of operations, and success in its investment strategy.
- Furthermore, no evidence was found to validate the amounts or existence of (a) the Reserve Account and (b) the Escrow for Unfunded Construction Loan Draws



# Two Sets of Books

- Two loan schedules were maintained: one that was circulated to investors, one for only circulated internally.
- The loan schedule shared with investors omitted the (unsecured) loans to insiders previously discussed.

## Message

**From:** Robert J Buchanan [rjb@prideofaustin.com]  
**Sent:** 3/1/2012 9:48:26 AM  
**To:** Owen, David (dfo@prideofaustin.com) [dfo@prideofaustin.com]  
**Subject:** Loan Schedule Update  
**Attachments:** POAHYF Loan Schedule.xls

Borrower	Amount	Unfunded	Close Date	Maturity
Adame	\$ 28,544.00	\$ -	8/31/10	8/31/12
GilberSharpe--1700 Clifford	\$ 230,000.00	\$ 9,941.70	5/16/11	6/1/12
Midtown--7400 Cameron Rd	\$ 1,236,956.52	\$ 173,814.70	9/12/11	10/1/12
Quesnay--Lots 1-6 Colorado St	\$ 129,000.00	\$ -	3/31/11	4/1/12
Quesnay--1505-1507 Colorado St	\$ 325,000.00	\$ 39,894.71	3/31/11	4/1/12
Zoeller--6709 Tulsa Cove	\$ 55,593.64	\$ -	12/14/10	1/1/12
Cattell Inc--215 Yupon	\$ 80,000.00	\$ 6,025.00	9/1/11	9/1/12
POAH--1308 Walnut	\$ 300,000.00	\$ 24,541.99	9/15/11	9/15/12
POAH--1306 Walnut	\$ 275,000.00	\$ 177,425.12	12/29/12	1/1/13
FP1--8045 FM 359	\$ 1,725,000.00	\$ 1,105,872.00	9/27/11	4/1/13
FP2--8043 FM 359	\$ 1,725,000.00	\$ 1,106,251.41	12/20/11	7/1/13
POAH--525 Live Oak	\$ 32,000.00	\$ -		
611 Bissonet	\$ 5,500.00	\$ -		
105 Pine Barrens	\$ 77,252.00	\$ -		
Bruner--73 Dogwood Terrace	\$ 35,000.00	\$ 11,901.52		

**Total** \$ 6,259,846.16

Funded	\$ 3,604,178.01
Unfunded	\$ 2,655,668.15

## Message

**From:** Robert J Buchanan [rjb@prideofaustin.com]  
**Sent:** 2/2/2012 3:51:06 PM  
**To:** David F. Owen [/o=OEXCH080/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=5f6a82309cc45599634cc6e8f22b1e5-dfo@PrideofAust]  
**Subject:** RE:  
**Attachments:** POAHYF Loan Schedule - Investors.xls

Address	Loan Type	Amount	Close Date	Maturity
Adame / Del Valle, TX	SFR - Foreclosure Rescue	\$ 28,544.00	8/31/10	8/31/12
GilberSharpe--1700 Clifford / Austin, TX	SFR - New Construction	\$ 230,000.00	5/16/11	6/1/12
Midtown--7400 Cameron Rd / Austin, TX	Retail Center Rehab	\$ 1,236,956.52	9/12/11	10/1/12
Quesnay--Lots 1-6 Colorado St / Houston, TX	Lot Loan for Future Devel	\$ 129,000.00	3/31/11	4/1/12
Quesnay--1505-1507 Colorado St / Houston, TX	Town Home New Construction	\$ 325,000.00	3/31/11	4/1/12
Zoeller--6709 Tulsa Cove / Austin, TX	SFR Rehab	\$ 55,593.64	4/1/11	3/31/12
Cattell Inc--215 Yupon / Vidor, TX	SFR Rehab	\$ 80,000.00	9/1/11	9/1/12
POAH--1308 Walnut / Austin, TX	SFR New Construction	\$ 250,000.00	9/15/11	9/15/12
POAH--1306 Walnut / Austin, TX	SFR New Construction	\$ 275,000.00	12/29/12	1/1/13
FP1--8045 FM 359 / Fulshear, TX	Medical Office New Construction	\$ 1,725,000.00	9/27/11	4/1/13
FP2--8043 FM 359 / Fulshear, TX	Medical Office New Construction	\$ 1,725,000.00	12/20/11	7/1/13
Bruner -- 73 Dogwood Terrace / Ellerslie, GA	SFR Rehab	\$ 35,000.00	2/1/12	1/31/13

**Total** \$ 6,095,094.16

## NOTES:

All Notes at 14%  
 All Loans Current and Performing  
 Total Portfolio LTV Less than 55%

# Failure to File Tax Returns

- POA did not file a tax return (form 1065) for tax years 2016-2023
- Despite not filing a return with the IRS, the Fund issued Schedule K-1 to Members that included grossly overstated income.

**Schedule K-1**  
(Form 1065)  
Department of the Treasury  
Internal Revenue Service

For calendar year 2015, or tax year beginning JAN 01, 2015 ending DEC 31, 2015

**2015**

**Partner's Share of Income, Deductions, Credits, etc.** ▶ See back of form and separate instructions.

Part I Information About the Partnership	
A	Partnership's employer identification number 26-3920495
B	Partnership's name, address, city, state, and ZIP code PRIDE OF AUSTIN HIGH YIELD FUND 1  3600 N CAPITAL OF TX BLDG B STE 120 AUSTIN TX 78746-
C	IRS Center where partnership filed return Ogden
D	<input type="checkbox"/> Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner	
---------------------------------------	--

**Schedule K-1**  
(Form 1065)  
Department of the Treasury  
Internal Revenue Service

For calendar year 2017, or tax year beginning 01 / 01 / 2017 ending 12 / 31 / 2017

**2017**

**Partner's Share of Income, Deductions, Credits, etc.** ▶ See back of form and separate instructions.

Part I Information About the Partnership	
A	Partnership's employer identification number 26-3920495
B	Partnership's name, address, city, state, and ZIP code Pride of Austin High Yield Fund I LLC  3600 N Capital of TX HWY BLDG B 120 Austin TX 78746
C	IRS Center where partnership filed return e-file
D	<input type="checkbox"/> Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner	
---------------------------------------	--

**Schedule K-1**  
(Form 1065)  
Department of the Treasury  
Internal Revenue Service

For calendar year 2021, or tax year beginning 01 / 01 / 2021 ending 12 / 31 / 2021

**2021**

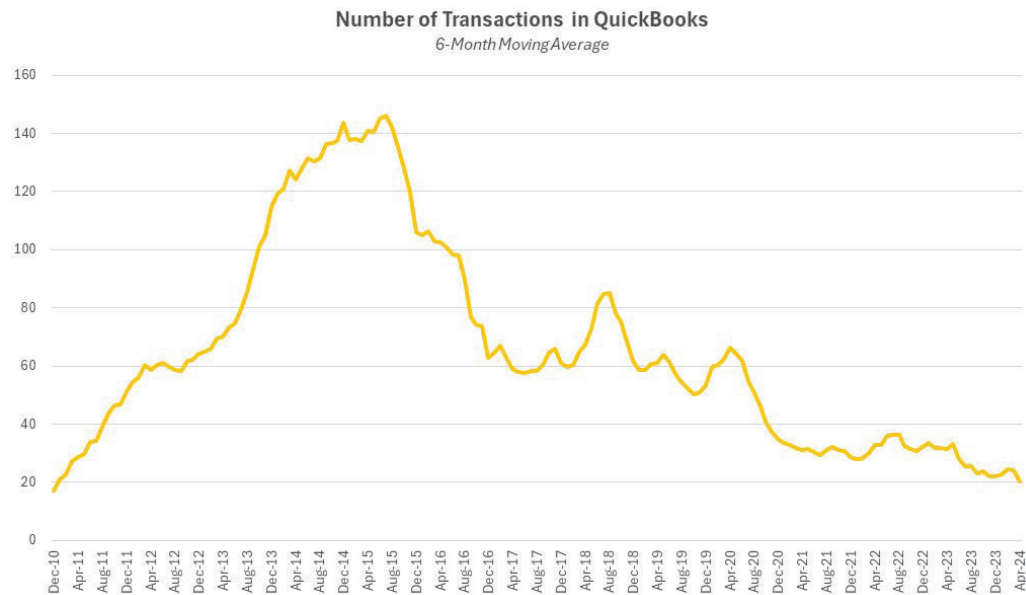
**Partner's Share of Income, Deductions, Credits, etc.** ▶ See back of form and separate instructions

Part I Information About the Partnership	
A	Partnership's employer identification number 26-3920495
B	Partnership's name, address, city, state, and ZIP code Pride of Austin High Yield Fund I, LLC 3600 N. Capital of TX HWY BLDG B 120 Austin TX 78746
C	IRS center where partnership filed return ▶
D	<input type="checkbox"/> Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner	
---------------------------------------	--

# Decline in Accounting Activity

- Starting in 2015, there was a material decline in accounting activity of the Fund despite stable distributions being paid to Members. This is further evidence of a decline in the operations of the business, which is incompatible with the consistent returns and distributions paid.





# Self Dealing

- The business conduct of the Fund, its Manager, and other affiliates was rife with self-dealing and conflicts of interest. While transactions were permitted between related parties, these transactions with related parties were certainly on more favorable terms than third party transactions, as required by the Fund's Operating Agreement

## Excerpt from LLCOA:

(d) Self-Dealing. In addition to the transactions expressly permitted by this Agreement, the Manager may enter into business transactions with the LLC if the terms of the transaction are no less favorable to the LLC than those of a similar transaction with an independent third party, including selling loans to, and buying loans from, the LLC.

**Diverted Funds to  
Affiliates or Self**

**Debt Service via  
PIK Interest**

**Limited to No  
Documentation**

**Lower Interest  
Rates & Fees**

# Self Dealing: Interest & Fees

## Millions of dollars of interest were not collected from CCG Development

- One example is below from the payoff of 1207 Cullen where CCGD paid \$9K of interest based on the below payoff letter when \$249K had been incurred over the two years that the loan was outstanding.

BORROWER: CCG Development, LLC		PRIDE OF AUSTIN HIGH YIELD FUND I, LLC	
ADDRESS: 1207 Cullen Ave			
Austin, Texas 78757			
<b>Loan Amount</b>		<b>\$</b>	<b>1,440,000.00</b>
Loan Interest		\$	9,113.42
Wire Fee		\$	-
Legal Fee		\$	-
Loan Balance		\$	1,440,000.00
Total	Payoff as of December 21, 2023	\$	1,449,113.42
Per Diem	\$	433.97	
<i>Robert Buchanan</i>			
Robert Buchanan			
CCG Capital Group, LLC			

Project	1207 Cullen Ave		
Paid Off	12/19/2023		
	Amount	Date	Interest
Initial Funding	600,000.00	10/1/2021	146,284.93
Draw 1	50,000.00	10/1/2021	12,190.41
Draw 2	25,000.00	11/24/2021	5,688.36
Draw 3	25,000.00	1/4/2022	5,379.45
Draw 4	25,000.00	2/14/2022	5,070.55
Draw 5	50,000.00	5/2/2022	8,980.82
Draw 6	100,000.00	7/10/2022	15,882.19
Draw 7	50,000.00	9/16/2022	6,916.44
Draw 8	50,000.00	9/28/2022	6,735.62
Draw 9	50,000.00	11/14/2022	6,027.40
Draw 10	25,000.00	12/6/2022	2,847.95
Draw 11	50,000.00	1/4/2023	5,258.90
Draw 12	50,000.00	1/6/2023	5,228.77
Draw 13	50,000.00	1/20/2023	5,017.81
Draw 14	50,000.00	1/27/2023	4,912.33
Draw 15	25,000.00	3/30/2023	1,989.04
Draw 16	25,000.00	4/17/2023	1,853.42
Draw 17	25,000.00	5/4/2023	1,725.34
Draw 18	25,000.00	10/18/2023	467.12
Draw 19	25,000.00	10/30/2023	376.71
Draw 20	15,000.00	11/3/2023	207.95
Draw 21	25,000.00	12/15/2023	30.14
Draw 22	25,000.00	12/18/2023	7.53
<b>TOTAL</b>	<b>1,440,000.00</b>		<b>249,079.18</b>



# Conflict of Interest

- Investment by the Fund in affiliated Pride of Austin Opportunity Fund increased the risk for the Fund, introduced material conflict of interest issues, and increased the potential for the Manager to double dip on management fees.
- No evidence that the Manager acted in the best interest of the Fund when managing outstanding loans to and defaults by CCGD

## POA Opportunity Fund

- Second Liens permitted provided first lien is held by High Yield Fund
- Up to 5 year term with extensions possible on first liens held by POA Opportunity Fund



Lunch & Learn | March 2017  
CCGCAPITALGROUP.COM

# Self Dealing

Affiliates run by Buchanan would be on all sides of the transactions, making it virtually impossible for Buchanan to serve the best interest of the Fund and its Members.

## Alternative Investing – Why?

- Passive Income - Investor is not responsible for due diligence
- Mailbox Money → Direct Deposit Money
- Be the bank!
- Tangible asset – backed by REAL property



Lunch & Learn | March 2017  
CCSGCAPITALGROUP.COM

**From:** Robert J Buchanan [<mailto:rjb@prideofaustin.com>]  
**Sent:** Tuesday, February 25, 2014 1:48 PM  
**To:** Bruce Hardesty  
**Cc:** David Owen  
**Subject:** FW: 509 Sacramento Dr., Austn, TX 78704

Bruce,

We have another loan set to close next Tuesday. The contract is attached. The borrower is:

Melody Drew Buchanan  
105 Pine Barrens Ct  
Austin Tx 78738

Pride of Austin Homes, LLC will be the builder.

The plan is to build a duplex on the lot after demolishing the original structure. The size of the duplex will be roughly 2,927SF or 1,464SF per side. The total loan amount will be \$700,000 with 3 Lender points, 11%, and 12 months.

---

### Message

**From:** Robert J Buchanan [rjb@prideofaustin.com]  
**Sent:** 2/25/2014 3:07:28 PM  
**To:** David F. Owen [/o=OEXCH080/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=e5f6a82309cc45599634cc6e8f22b1e5-dfo@PrideofAust]  
**Subject:** RE: 509 Sacramento Dr., Austn, TX 78704

I don't think I sidestepped you. You were not available to discuss this deal the day a decision needed to be made. I was looking out for the best interest of the Fund and POAH. I needed to find a borrower that could make a quick decision. I found one and closed the deal. I am sure the Fund (investors) will enjoy making 14% on \$700k and lord knows POAH needs another project to keep it going.

[harneypartners.com](http://harneypartners.com) 46



# Questions

Submit questions on website



HARNEY  
PARTNERS

### 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.

Ann Marie Jezisek on behalf of William Nix

Bar No. 24092902

ajejisek@krcl.com

Envelope ID: 101073171

Filing Code Description: Motion (No Fee)

Filing Description: RECEIVER'S MOTION TO APPROVE DISTRIBUTION PLAN

Status as of 5/21/2025 7:21 AM CST

#### Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Brian O'Toole		botoole@griffithdavisson.com	5/20/2025 4:16:49 PM	SENT
Kell Mercer	24007668	kell.mercer@mercero-law-pc.com	5/20/2025 4:16:49 PM	SENT
James Frost	24063687	rfrost@russellfrostlaw.com	5/20/2025 4:16:49 PM	SENT
Jameson Watts	24079552	jameson.watts@huschblackwell.com	5/20/2025 4:16:49 PM	SENT
Jacob Scheick	24060563	jacob@pilothouselitigation.com	5/20/2025 4:16:49 PM	SENT
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### 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.

Ann Marie Jezisek on behalf of William Nix

Bar No. 24092902

ajezisek@krcl.com

Envelope ID: 101073171

Filing Code Description: Motion (No Fee)

Filing Description: RECEIVER'S MOTION TO APPROVE DISTRIBUTION PLAN

Status as of 5/21/2025 7:21 AM CST

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# **Exhibit C**



all parties in interest have received notice and the opportunity to be heard, and that no other or further notice is necessary or required; and upon finding that the relief sought in the Motion is in the best interests of the Receivership Estate and its claimants; and upon due deliberation and finding good and sufficient cause for the relief sought in the Motion, it is hereby

1. **ORDERED** that the Motion is GRANTED; and it is further

2. **ORDERED** that, except as permitted by this order, all holders of Claims against the Receiver and Receivership Estate are hereby enjoined from:

a. commencing or continuing, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the Receiver or Receivership Estate, as well as any derivative action on behalf of POA, that was or could have been commenced before the entry of this order to recover a claim against POA, the Receiver, or the Receivership Estate that arose before the entry of this order;

b. enforcing against the Receiver or the Receivership Estate a judgment obtained before the entry of this order;

c. taking any action to obtain possession of any property that is part of the Receivership Estate;

d. exercising possession over any property that is part of the Receivership Estate;

e. any act to create, perfect, or enforce against any property of the Receivership Estate any lien to the extent that such lien secures an Investor Claim or Other Claim that arose before the entry of this order; and

f. the setoff of any debt owing to the Receiver or the Receivership Estate that arose before the entry of this order; and it is further

3. **ORDERED** that, all Claimants of the POA, Receiver, or Receivership Estate holding or wishing to assert any Investor Claim, Other Claim, cause of action, or other right against the Receivership Estate must file such claims pursuant to the procedures and on or before the deadlines established by this order; and it is further

4. **ORDERED** that:



a. each and every Other Claim held by an Other Claimant shall be filed on the Claim Form, which is expressly approved by this order;

b. With respect to Investor Claims, the Receiver will send notices to Investor Claimants, which shall include (i) cash invested into POA; (ii) cash paid out to the Investor Claimant by POA; and (iii) the amount of reinvested dividends, if any (the “**Transaction History**”), per the books and records of POA (the “**Reconciliation Notice**”), which shall be sent to Investor Claimants in a commercially reasonable timeframe after the entry of this order. The form of Reconciliation Notice is expressly approved by this order. If any Investor Claimant has an objection to the accuracy of the Transaction History as determined by the Receiver (based on his review of the POA books and records) in the Reconciliation Notice, then they will have a twenty-one day period from the date such Reconciliation Notice is mailed to file an objection to the Reconciliation Notice. If an objection is timely filed by an Investor Claimant to the Reconciliation Notice, such objection must state with particularity the reasons why an objection is made. The Receiver and the Investor Claimant filing such an objection will attempt to resolve such objection, in good faith, by agreement; however, if an objection cannot be resolved by the Receiver and the Investor Claimant, it will be decided by this Court, with such determination being the final determination as to such Transaction History<sup>2</sup>. If no objection is timely filed with respect to a Reconciliation Notice, the Reconciliation Notice shall be the final, binding determination as to the Transaction History for such Investor Claimant. In the event that the Receiver obtains information that indicates that a previously sent Reconciliation Notice contains an inaccurate Transaction History, then the Receiver may amend such Reconciliation Notice to correct it (“**Amended Reconciliation Notice**”). If the Receiver sends an Investor Claimant an Amended Reconciliation Notice, then the objection process described above in this paragraph will be applicable with any deadlines to object running from the date that the Amended Reconciliation Notice is mailed.

c. the Notice of Claims Process and Claims Bar Dates (the “**Claims Notice**”) is approved in its entirety, and the Receiver is authorized and directed to (i) transmit the Claims Notice to all known Other Claimants holding actual or potential Other Claims against the Receivership Estate within seven (7) business days of the entry of this order, together with a copy of this order and the Claim Form (collectively, the “**Claims Package**”) and (ii) to post the Claims Package to the Receivership Website;

d. all persons and entities who receive the Claims Package or are otherwise imputed with notice as a result of the posting of the Claims Package to the Receivership Website, together with their respective agents and attorneys, have an affirmative duty to obtain and review this order and the Claim Notice and timely file a Claim Form in accordance with this order if they possess a valid claim and wish to assert it against the Receivership Estate;

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<sup>2</sup> If practical, based on the nature of objections, the Court can decide such objections on an omnibus basis as a matter of efficiency.

e. the notice procedures provided in this order constitute due and sufficient notice of the Claims Process, and the procedures provided by the Claims Process satisfy the requirements of all applicable laws; and it is further

5. **ORDERED** that:

a. any Other Claimant having a Claim against the Receiver or Receivership Estate based on a claim against POA arising *on or before* April 30, 2024 (the “**General Claims**”)<sup>3</sup>, shall submit a completed Claim Form and any accompanying documentation so as to be **actually received** by the Claims Agent on or before the deadline set forth in the Claims Notice (the “**General Claims Bar Date**”), which shall be not less than four (4) months from the date of this order;

b. any person or entity having a claim against the Receiver or Receivership Estate based on a claim against POA or the Receiver arising *after* April 30, 2024 (the “**Administrative Claims**”), excluding the claims of the Receiver and professionals retained by the Receiver, must submit a completed Claim Form and any accompanying documentation by the later of (i) the General Claims Bar Date or (ii) sixty (60) days after the day on which such claim became due and owing by the Receivership Estate (the “**Administrative Claims Bar Date**,” and together with the General Claims Bar Date, the “**Bar Dates**”);

c. the Receiver shall have authority, for good cause shown, to extend the applicable Bar Dates up to thirty (30) days as to a particular claimant; provided, however, any such extension must be requested from the Receiver in writing prior to the expiration of the Bar Date applicable to such claimant;

d. any Other Claimant who fails to file a Claim in the form and manner set forth in this order, or that fails to do so on or before the applicable Bar Date, shall be forever barred, estopped, and enjoined from asserting such Claim against the Receivership Estate or the Receiver and shall not be treated as a Claimant with respect to such Other Claim for the purposes of any distributions from the Receivership Estate, and the Receivership Estate shall be forever discharged from any and all indebtedness or liability with respect to such Other Claim;

e. any Investor Claimant that does not timely object to their Reconciliation Notice will be bound by the Transaction History in the Reconciliation Notice, and shall not be allowed to assert that they are owed more than the Transaction History provides, and it is further

6. **ORDERED** that each Other Claim shall be filed in accordance with the following procedures:

a. all Other Claims shall be submitted through the Claims Agent in writing:

---

<sup>3</sup> Any Investor Claimants are subject to the section 4(b) of this Order.

- i. via U.S. Mail, overnight delivery or hand delivery to the following address:

**Pride of Austin Receivership Claims**  
**c/o Stretto**  
**410 Exchange, Ste. 100**  
**Irvine, California 92602**

- ii. Or electronically by sending a completed Claim Form to:

**[PrideofAustinClaims@Stretto.com](mailto:PrideofAustinClaims@Stretto.com)**

b. each Other Claimant must submit a complete and accurate Claim Form so as to be **actually received** by the Claims Agent by no later than 5:00 p.m. (prevailing Central time) on the applicable Bar Date;

c. each Claim Form must: (i) be signed and notarized; (ii) be written in the English language; (iii) be denominated in lawful currency of the United States; and (iv) be submitted with complete copies of any supporting documentation or an explanation of why any such documentation is not available; and it is further

7. **ORDERED** that:

a. With respect to Other Claimants, once the Bar Dates have passed, as determined by the Receiver, the Receiver will evaluate each Claim Form, including any supporting documentation, and determine the amount and priority of each Claim submitted. The Receiver shall file with the Court a report outlining the Receiver's recommendation as to the allowable amount and priority of each Other Claim (the "***Other Claims Report***") and serve a copy on each Other Claimant identified therein. The Other Claims Report may be amended from time to time as determined by the Receiver. To the extent that any Other Claim is objectionable, the Other Claims Report will set forth the basis for the Receiver's objection. Other Claimants shall have the opportunity to object to the portion of the Other Claims Report related to their Claim only, by filing and serving upon the Receiver's counsel a written objection or response to the Other Claims Report within fourteen (14) days after the filing of the Other Claims Report. The Receiver will attempt to resolve any objections or responses to the Other Claims Report by agreement; however, if an objection or response cannot be resolved by the Receiver and the Other Claimant, it will be decided by this Court, with such determination being the final determination as to such Claim. In the course of administration of the Receivership Estate, the Receiver may, in his sole discretion, pay Other Claims prior to the filing of the Other Claims Report so long as such information is noted on the Other Claims Report when filed. If no objections or responses are timely filed with respect to the Other Claims Report, the Other Claims Report shall be the final, binding determination on each Other Claim. To the extent any Other Claim is not timely objected to by the Receiver, who shall have exclusive standing to object, then such Claim is a final, binding determination on that Claim;

b. With respect to the Investor Claims, after the deadline to object to Reconciliation Notices has passed, the Receiver will then file with the Court a report outlining the Receiver's findings as to the Transaction History for each Investor Claimant (the "***Investor Claims Report***") and serve a copy on each Investor Claimant identified therein. The Investor Claims Report will identify which Investor Claimants have objected to the Reconciliation Notice, and which Investor Claimants have not objected to the Reconciliation Notice. As detailed *supra*, any Investor Claimants that do not timely object to their Reconciliation Notice shall be bound by the Transaction History findings of the Receiver;

c. Upon completion of the claims reconciliation process identified herein, 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. Nothing in the Motion, this Order, the Reconciliation Notice, the Other Claims Report, or the Investor Claims Report shall be a determination of the allowance of the amount or method of distribution.

d. the Receiver shall be permitted to object to any submitted Claim Form for any reason, including, among other things, for any Claimant's failure to comply with any requirement set forth in this order;

e. to the extent any Other Claim is objectionable, the Other Claims Report will set forth the basis for the Receiver's objection; and it is further

8. Notwithstanding anything to the contrary herein, nothing in this proposed Claims Process is meant to nor shall determine the order or priority of any payments as such matters of order of payment or priority of payment will be determined/contested after all claims are identified through this Claims Process.

9. Notwithstanding anything to the contrary herein, Investor Claimants have no obligations to file any further claims paperwork or take any additional steps whatsoever unless they disagree with the Transaction History and/or Reconciliation Notice as those terms are defined in the Claims Process.

10. **ORDERED** that the Receiver is authorized to take all actions, as he deems reasonable and desirable in his sole discretion, to comply with or further the purposes of this order; and it is further

11. **ORDERED** that, unless otherwise authorized, any and all disputes concerning the Receiver and/or relating to or arising from the Receivership Estate shall be filed in this Court; and it is further

12. **ORDERED** that this Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this order.

Dated: June 17, 2024

  
\_\_\_\_\_  
JUDGE AMY CLARK MEACHUM

## **Exhibit D**

201 <sup>st</sup> JUDICIAL DISTRICT COURT OF TRAVIS COUNTY, TEXAS	PROOF OF CLAIM
<i>Sajid Maqsood, Trustee of the Sajid Maqsood &amp; Joan M. Maqsood Revocable Trust, et al. v. Pride of Austin High Yield Fund, LLC, et al.</i>	Cause No. D-1-GN-24-001018
Name of Claimant (the person or other entity to whom is owed money or property):  Name of the Entity who owes you money or property:	Received (FOR CLAIMS AGENT USE ONLY)
Name and address where notices should be sent:  Telephone Number: Email:	<input type="checkbox"/> Check this box if this claim amends a previously filed claim.  Claim # _____
Name and address where payment should be sent (if different from above):  Telephone Number: Email:	<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim and attach a copy of such claim.
<b>1. Amount of Claim:</b> _____  If all or part of the claim is secured, complete item 3.  If all or part of the claim is based upon taxes, complete item 4.	
<b>2. Basis for Claim:</b> _____	
<b>3. Secured Claim.</b>  Basis for perfection: _____  Amount of Secured Claim: _____ Annual Interest Rate: _____	
<b>4. Tax Claims.</b>  Taxing Entity: _____  Basis for Tax: _____  Taxes Owed: _____ Penalties Owed: _____  Annual Interest Rate: _____	

5. **Documents.** Attached are **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, security agreements, etc. If the claim is secured, box 3 has been completed, and **redacted** copies of documents providing evidence of perfection of a security interest are attached.

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED.

If the documents are not available, please explain: \_\_\_\_\_

**6. Signature.**

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information and reasonable belief.

\_\_\_\_\_  
(Signature) (Date)

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone Number: \_\_\_\_\_

Email: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

SUBSCRIBED and SWORN TO BEFORE ME, the undersigned authority on \_\_\_\_\_, 202\_\_, to certify which witness my hand and seal of office.

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_