

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Plaintiff,

v.

Case No. 1:15-cv-659-JMS-MJD

VEROS PARTNERS, INC,
MATTHEW D. HAAB,
JEFFERY B. RISINGER,
VEROS FARM LOAN HOLDING LLC,
TOBIN J. SENEFELD,
FARMGROWCAP LLC,
PINCAP LLC, and

Defendants,

PIN FINANCIAL LLC,

Relief Defendant.

**RECEIVER’S MOTION FOR AUTHORITY TO REFINANCE AND MAKE PAYMENT
TO FIRST FARMERS BANK & TRUST, A CREDITOR OF BLUE CROP GROUP LLC**

William E. Wendling, Jr., the Receiver herein, by counsel, respectfully requests authority from the Court to refinance and make payment to First Farmers Bank & Trust (herein “FFB&T”), a creditor in regard to the Blue Crop Group LLC loan to “Refinance the Acquisition of ‘Midwest Blueberry Farms’ and ‘Blueberry Heritage Farms’ in Holland, Michigan.” In support of this motion, the Receiver states:

1. On April 22, 2015, the Plaintiff, United States Securities and Exchange Commission, filed its Complaint [[Filing No. 1](#)] in this action and a motion for temporary

restraining order, asset freeze and other relief [Filing No. 3]. Thereafter, the Court entered a Temporary Restraining Order [[Filing No. 12](#)].

2. On May 1, 2015, the Agreed Order Appointing Receiver (“Agreed Order”) was entered [[Filing No. 34](#)], appointing William E. Wendling, Jr. to serve without bond as the Receiver for the estates of the Receivership Defendants.

3. Among other duties, the Receiver is charged with the responsibility:

To manage, control, operate and maintain the Receivership Estates ...;

To use Receivership Property for the benefit of the Receivership Estates, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business...;

To take such action as necessary and appropriate for the preservation of the Receivership Property or to prevent the dissipation or concealment of Receivership Property;

Agreed Order Appointing Receiver [[Filing No. 34, at ECF p. 5](#)]

4. After his appointment, the Receiver immediately began reviewing the matters set forth in the complaint and the property of the Receivership Defendants, including assets and debts, and the details of the Private Offerings.

5. The Blue Crop Group LLC loan to “Refinance the Acquisition of ‘Midwest Blueberry Farms’ and ‘Blueberry Heritage Farms’ in Holland, Michigan” (hereinafter referred to as “Midwest & Heritage Refinance”) is one of the Private Offerings over which a Receivership Estate has been established [[Filing No. 34, at ECF p. 2](#)].

6. The Midwest & Heritage Refinance is a Private Offering that involves a blueberry farming operation in the state of Michigan operating under several corporate entities. For the purposes of this Motion, the Receiver will refer to said entities collectively as “True Blue”. The Defendants had worked with True Blue for the last few years to provide operating funds for True

Blue through several separate loans/investments. In 2014, two independent blueberry farms in Michigan were put up for sale by their owners. True Blue wanted to expand its operations to include those farms. However, True Blue could not afford on its own to purchase the farms, so True Blue consulted with PIN Financial. PIN Financial and Veros Partners came up with a plan that would allow True Blue to use those farms:

a. First, Veros Partners created the Private Offering titled “Blue Crop Group LLC Interim Secured Loans to Facilitate the Acquisition of ‘Midwest Blueberry Farms’ in Holland, Michigan” with a proposed Principal Amount of \$5,480,000 dated June 16, 2014 (hereinafter referred to as “BCG-Midwest”).

b. Second, Veros Partners created the Private Offering titled “Blue Crop Group LLC Interim Secured Loans to Facilitate the Acquisition of ‘Heritage Blueberry Farms’ in Holland, Michigan” with a proposed Principal Amount of \$1,680,000 dated September 5, 2014 (hereinafter referred to as “BCG-Heritage”).

In each instance, Blue Crop Group LLC is the legal entity in which the investors invested their money.

c. Thereafter, BCG-Midwest purchased the Midwest Blueberry Farm (obtained a mortgage) and certain farm equipment, and BCG Heritage purchased the Heritage Blueberry Farm (through a land contract) and certain farm equipment. Blue Crop Group LLC then leased the farms and equipment to True Blue.

True Blue was and is obligated to pay the leases on those farms and equipment to Blue Crop Group. In turn, Blue Crop Group LLC is obligated to make the mortgage loan

payments on the two properties and to distribute income proceeds to creditors and investors.

7. Part of the Financing Plan of the BCG-Midwest Offering included funding of \$750,000 (in addition to the investor funds) by a loan arranged with FFB&T, dated July 1, 2014. This \$750,000 loan, with interest at the rate of 5%, was to be repaid March 31, 2015, from funds obtained by the Midwest & Heritage Refinance and was to have been paid in a single, lump-sum payment of principal and interest.

8. The BCG-Midwest and BCG-Heritage Private Offerings were both short-term offerings so investors expected to be paid back quickly as the plan for each was to use the funds to purchase the farms, and then the third offering, which was the Midwest & Heritage Refinance, would be used to pay back the investors from the first two offerings, to provide payment to FFB&T, and to pay a loan made by FarmGrowCap to True Blue.¹ It was the intent for the Midwest & Heritage Refinance to raise a total of \$9,990,000 to accomplish all that had been planned.

9. Blue Crop Group LLC was only able to raise approximately \$5.2 million² toward the approximate \$9.99 million needed for the Midwest & Heritage Refinance. From the funds raised, the Defendants have informed the Receiver that the majority of the funds were used to pay investors in the BCG-Midwest Offering. An interest payment was made to FFB&T in the approximate amount of \$25,312.50 and \$2,037.17 was paid to a law firm in Michigan for services associated with the BCG-Heritage loan and closing.

¹ Although the FarmGrowCap note is with True Blue, there appears to be an agreement that Blue Crop Group is responsible to make this payment. However, the Receiver is investigating this claim because it is not clear how that financial obligation works. Therefore, the Receiver is not requesting authorization to pay FarmGrowCap in this motion.

² The exact amount raised is to be determined by Blue & Co.

10. Since the Offering was not fully funded, this meant there were insufficient funds with which to pay all parties involved, including the loan by FarmGrowCap and the FFB&T bank loan. The FFB&T loan repayment was to have been a single payment with interest at 5% and was to be paid on March 31, 2015. Under the circumstances, FFB&T graciously extended the maturity date of the loan to July 1, 2015. Despite the receipt of lease payments from True Blue, there are still insufficient funds with which to pay what is due.

11. The Receiver has been negotiating with FFB&T and FFB&T has agreed to permit the Receiver to make installment payments, with an interest rate of 5%, on the \$750,000. The proposal is to make five installment payments as follows:

Date:	Payment Amount	Interest Amount	Principal Reduction	Outstanding Balance
07/31/2015 (or as soon as possible)	\$250,000.00	\$15,833.33	\$234,166.67	\$515,833.33
12/31/2015	\$75,000.00	\$10,961.46	\$64,038.54	\$451,794.79
06/30/2016	\$250,000.00	\$11,420.37	\$238,579.63	\$213,215.16
12/31/2016	\$75,000.00	\$5,448.83	\$69,551.17	\$143,663.99
06/30/2017	\$147,275.54	\$3,611.55	\$143,663.99	\$0.00
TOTALS	\$797,275.54	\$47,275.54	\$750,000.00	

12. With regard to the final installment payment, FFB&T anticipates costs for appraisal(s) and bank attorney fees to be added to said final installment payment amount.

13. The Receiver received the June, 2015 lease payments for the two farms and equipment from True Blue in the total amount of \$1,062,000. As set forth in paragraph 6 above, the Receiver then paid the mortgage payments due on the loans for Midwest and Heritage farms in the total amount of \$499,267. After deduction of bank wire transfer fees of \$130, there remains a balance of approximately \$562,603.

14. From the balance of those funds, the Receiver believes it is in the best interest of the Receivership estate to pay the loan to FFB&T in installment payments as set forth in paragraph 11 above, which corresponds with rental payments due from True Blue, and respectfully requests the Court's approval to pay FFB&T as described.

15. The Receiver requests additional time to investigate the intricacies of the loan by FarmGrowCap in the amount of \$203,234, the status of the investors and investments involved in these entities, and to verify who should be paid from the funds remaining in the June, 2015 payment.

16. The Receiver believes that his investigation will not take long. Once completed, the Receiver will need to retain some funds for administrative fees and will then be able to distribute the balance in a reasonable and equitable manner to investors and creditors. The Receiver will notify the Court if additional guidance is needed in that regard.

WHEREFORE, the Receiver, by counsel, requests that this Court enter an order authorizing the Receiver to execute documents extending the FFB&T loan with payment terms consistent with those described in this Motion, as follows:

Date:	Payment Amount	Interest Amount	Principal Reduction	Outstanding Balance
07/31/2015 (or as soon as possible)	\$250,000.00	\$15,833.33	\$234,166.67	\$515,833.33
12/31/2015	\$75,000.00	\$10,961.46	\$64,038.54	\$451,794.79
06/30/2016	\$250,000.00	\$11,420.37	\$238,579.63	\$213,215.16
12/31/2016	\$75,000.00	\$5,448.83	\$69,551.17	\$143,663.99
06/30/2017	\$147,275.54	\$3,611.55	\$143,663.99*	\$0.00
TOTALS	\$797,275.54	\$47,275.54	\$750,000.00	

*plus anticipated costs for appraisal(s) and bank attorney fees to be added to the final installment payment amount

and authorizing the Receiver to take the additional time needed by the Receiver to investigate the intricacies of the loan by FarmGrowCap in the amount of \$203,234, the status of the investors

and investments involved in these entities, to verify who should be paid from the funds remaining in the June, 2015 payment, and for all other proper relief.

Respectfully submitted,

By s/Anne Hensley Poindexter.

Anne Hensley Poindexter, #14051-29
Rodney T. Sarkovics, #19547-49
CAMPBELL KYLE PROFFITT LLP
One Penn Mark
11595 N. Meridian St., Suite 701
Carmel, IN 46032
Telephone: (317) 846-6514
Fax: (317) 843-8097
Email: apoindexter@ckplaw.com
E-mail: rsarkovics@ckplaw.com

Counsel for the Receiver

Certificate of Service

I hereby certify that on August 18, 2015, a copy of the foregoing Receiver's Motion for Authority to Refinance and Make Payment to First Farmers Bank & Trust, a Creditor of Blue Crop Group LLC was filed electronically. Notice of this filing will be sent to the following parties by operation of the Court's electronic filing system. Parties may access this filing through the Court's system.

Robert M. Moyer, MoyerR@sec.gov
Nicholas J. Eichenseer, EichenseerN@sec.gov
Doressia L. Hutton, HuttonD@sec.gov
Kathryn A. Pyzaska, PyzaskaK@sec.gov

J. Richard Kiefer, jkiefer@bgdlegal.com
James J. Bell, jbelle@bgdlegal.com
John F. McCauley, jmccauley@bgdlegal.com

Jeffrey B. Bailey, jbbailey@boselaw.com
Ronald E. Elberger, relberger@boselaw.com

Jeanine R. Kerridge, Jeanine.kerridge@btlaw.com

Fred Anthony Paganelli, tony@tonypaganelli.com

Joshua William Casselman, jcasselman@rubin-levin.net
R. Brock Jordan, brock@rubin-levin.net
James E. Rossow, Jr., jim@rubin-levin.net

s/Anne Hensley Poindexter
Anne Hensley Poindexter, #14051-29
Rodney T. Sarkovics, #19547-49
CAMPBELL KYLE PROFFITT LLP
One Penn Mark
11595 N. Meridian St., Suite 701
Carmel, IN 46032
Telephone: (317) 846-6514
Fax: (317) 843-8097
Email: apoindexter@ckplaw.com
E-mail: rsarkovics@ckplaw.com