

Veros Partners, Inc

RISINGER_JEFFREY_20150326

3/26/2015

Condensed Transcript with Endnotes

Prepared by:

SEC

Thursday, April 02, 2015

Page 1

1 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 2
 3 In The Matter of:)
 4) File No. C-08185-A
 5 VEROS PARTNERS, INC.)
 6
 7 WITNESS: Jeffery Risinger
 8 PAGES: 1 through 175
 9 PLACE: Securities and Exchange Commission
 10 175 West Jackson Boulevard
 11 Chicago, Illinois
 12 DATE: Thursday, March 26, 2015
 13
 14 The above entitled-matter came on for hearing,
 15 pursuant to notice, at 12:16 p.m.
 16
 17
 18
 19
 20
 21
 22
 23
 24 Diversified Reporting Services, Inc.
 25 (202) 467-9200

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1 APPEARANCES:
 2
 3 On behalf of the Securities and Exchange Commission:
 4 NICHOLAS EICHENSEER, ESQ.
 5 ROBERT M. MOYE, ESQ.
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 15 On behalf of the Witness:
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 23
 24
 25

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C O N T E N T S

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 2
 3 WITNESS: EXAMINATION
 4 Jeffery Risinger 4
 5
 6
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 11 38 Kirbach Private Placement Offering 61
 12 16 3/20 e-mail from Senefeld 64
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P R O C E E D I N G S

1
 2 MR. EICHENSEER: We are on the record at
 3 12:16 p.m. on March 26, 2015.
 4 Would you please raise your right hand.
 5 Whereupon,
 6 JEFFERY RISINGER,
 7 was called as a witness and, having been first duly sworn,
 8 was examined and testified as follows:
 9 EXAMINATION
 10 BY MR. EICHENSEER:
 11 Q Could you please state your name in full and spell
 12 it for the record.
 13 A Jeffery Bruce Risinger, J-e-f-f-e-r-y, Bruce,
 14 B-r-u-c-e, Risinger, R-i-s-i-n-g-e-r.
 15 Q So I am Nick Eichenseer and this is Craig McShane,
 16 and both of us are officers of the SEC for the purposes of
 17 this investigation. And not present, but expected to join,
 18 are also my colleagues Kate Pyszka and Rob Moye. And
 19 together, all four of us are officers of the Commission for
 20 the purposes of this investigation.
 21 And this is an investigation in the matter of
 22 Veros Partners, Incorporated to determine whether there's
 23 been any violations of certain provisions of the Federal
 24 Securities Laws. However, the facts developed in this
 25 investigation might constitute violations of other federal

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1 or state, civil or criminal laws.
2 Before we went on the record today, you were
3 provided with a copy of the formal order of investigation in
4 this matter. It will be available for your examination
5 during the course of this proceeding.
6 Have you had an opportunity to review the formal
7 order?
8 A Yes.
9 Q And before we went on the record, you were
10 provided with a copy of the Commission's Supplemental
11 Information Form. I have marked a copy of that as
12 Exhibit 1.
13 Have you had an opportunity to review Exhibit 1?
14 A Yes, I have.
15 Q Do you have any questions concerning this notice?
16 A No. Thank you.
17 Q Are you represented by counsel today?
18 A Yes, I am.
19 MR. EICHENSEER: Counsel, could you please
20 identify yourself for the record.
21 MR. DANOVIATCH: David Danovitch of the law firm of
22 Robinson Brog in New York City.
23 MR. LOLLI: Andrew Lolli also of Robinson Brog.
24 MR. EICHENSEER: Mr. Danovitch, is your firm
25 representing Mr. Risinger as his counsel today?

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1 MR. DANOVIATCH: Yes.
2 MR. EICHENSEER: And is your firm representing any
3 other parties in this matter?
4 MR. DANOVIATCH: Yes, we are.
5 (SEC Exhibit No. 36 was marked
6 for identification.)
7 BY MR. EICHENSEER:
8 Q I am showing you what's been marked as Exhibit 36,
9 which is a copy of a subpoena that's been issued to you in
10 this investigation. And have you had a chance to review
11 Exhibit 36?
12 A Yes.
13 Q Is this a copy of the subpoena you are appearing
14 pursuant to here today?
15 A Yes, it is.
16 Q And you have never been deposed before, right?
17 A I have not.
18 Q And have you ever given sworn testimony before?
19 A I was a witness in one small -- my law firm had to
20 sue a computer vendor, and I was a witness about the
21 computer contract.
22 Q And how long ago was that?
23 A 1986, I think it was.
24 Q Must have been an early version of a PC, right?
25 A It was -- you are going to laugh. The processing

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1 system was still Wang.
2 MR. LOLLI: I don't know what that is.
3 BY MR. EICHENSEER:
4 Q So well then maybe a refresher is in order. For
5 the purposes of this proceeding, this SEC testimony
6 proceeding, the nature of the proceeding is we ask the
7 questions, Craig or myself, and then the court reporter
8 transcribes our questions verbatim, and then you answer the
9 questions verbatim. And, you know, at the end of the
10 proceeding, there will be a transcript of our -- of the
11 questions and answers given today and anything else that's
12 said while we are on the record as well.
13 And we here at the SEC, we are the ones who
14 control the record, so only we can ask the court reporter to
15 go off record. But, you know, that said, we plan to take
16 breaks today with some degree of regularity, and if you need
17 a break at all because you want to confer with your counsel
18 or for any other reason, let me know. We can accommodate
19 you.
20 A I appreciate that.
21 Q This goes for both of us, but to make the court
22 reporter's life easier, only one of us can speak at a time.
23 Speaking from experience, it's tough to do -- easy to say,
24 but tough to do sometimes, which is waiting until a question
25 is finished, and then giving a complete verbal response.

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1 Likewise, I will do my best to wait until your answer is
2 finished before I move on to the next question. And along
3 those lines, nonverbal answers like a shaking of the head or
4 "Uh-Huh" don't show up on the record, so we would ask that
5 you give verbal responses to our questions. The answering
6 of a yes or no question should just be answered that way.
7 Let me know if you don't understand a question, and I will
8 try my best to rephrase it in a way that you can understand
9 it.
10 I plan to ask a lot of questions today about an
11 entity called Veros Partners, Inc. And would you be okay
12 with me using the term Veros as a shorthand for Veros
13 Partners, Inc.?
14 A Yes.
15 Q If you are ever unclear about which entity or
16 individual I am referring to, would you please ask me?
17 A Yes, I will.
18 Q Can you think of any reason, medical or otherwise,
19 that would prevent you from giving truthful answers today?
20 A No reason.
21 Q Do you have a medical or physical condition that
22 will interfere with your ability to remember events that
23 happened in the past?
24 A No, I do not.
25 Q Did you prepare to provide testimony today?

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1 A Yes, I have.
2 Q And have you discussed this investigation with
3 anyone other than your counsel?
4 A I have not.
5 Q And have you discussed the testimony that you plan
6 to provide today with anybody other than your counsel?
7 A I have not.
8 Q And do you know anyone else who received a
9 subpoena to give testimony in connection with this
10 investigation?
11 A I do, yes.
12 Q Have you discussed the fact that you were giving
13 testimony here today with anyone other than counsel?
14 A No -- well, my wife.
15 Q I will show you what's been marked as Exhibit 37,
16 which I will tell you is a copy of a background
17 questionnaire that Counsel sent to us before today.
18 (SEC Exhibit No. 37 was marked
19 for identification.)
20 BY MR. EICHENSEER:
21 Q Let me know when you have had a chance to review
22 Exhibit 37.
23 Did you see any handwriting on that, by the way,
24 when you were flipping through? I just want to make sure I
25 didn't give you a copy that --

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1 A No, I did not see any handwriting, and I am
2 familiar with this document.
3 Q And who prepared the responses in Exhibit 37?
4 A I prepared those.
5 Q And are those responses accurate?
6 A Yes, they are.
7 Q Has anything been omitted from those responses?
8 A No, it has not.
9 Q And between the time that you provided those
10 responses and today, has the information in any of the
11 responses changed?
12 A It has not changed.
13 Q Are there any responses you want to clarify or --
14 A No, not at this time.
15 Q So I would like to ask you a couple of follow-up
16 questions on the background questionnaire here.
17 So you are a licensed attorney; is that right?
18 A Yes, I am.
19 Q And do you currently practice law now?
20 A I do.
21 Q And are you admitted to the State Bar at all?
22 A I am admitted to the State Bar of Indiana.
23 Q And what type of law practice do you have?
24 A It's almost exclusively business transactions type
25 practice. I don't do any litigation, no estate planning.

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1 Mergers and acquisitions, financings, assistance for
2 emerging companies; business contracts and transactions.
3 Q And do you have a sense of about how many clients
4 you have, for example, this year?
5 A This year, primarily -- in fact, this year, only
6 PinCap, LLC, FarmGrowCap, LLC and PIN Financial, LLC. All
7 the business related to the transactions by PinCap and
8 FarmGrowCap and PIN Financial.
9 Q So --
10 A That's for this year.
11 Q Right. So right now, what do you do for a living?
12 A I am employed by PinCap, LLC.
13 Q And what's your position with PinCap, LLC?
14 A General counsel. I do all the legal work. Let me
15 clarify. That's also true for 2014. My law practice was --
16 I might have had one -- maybe one or two small client
17 matters I did for someone else, but otherwise it was all
18 PinCap and FarmGrowCap and PIN Financial.
19 Q And how much of your time does the PinCap,
20 FarmGrowCap, PIN Financial work take up?
21 A In 2014 and so far in 2015, almost all my time.
22 Basically, all my time.
23 Q And what about 2013?
24 A I did a lot of work for PinCap and FarmGrowCap in
25 2013, but I did have more -- other law clients that I had

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1 had from my prior practice. It's hard to predict -- hard to
2 summarize, but maybe in the range of 30 to 50 percent of my
3 practice was not related to PinCap or FarmGrowCap.
4 Q And what about 2012?
5 A 2012, I was doing regular legal business and had
6 regular clients, and not -- PinCap and FarmGrowCap didn't
7 exist in 2012.
8 Q So if you can turn to Page 11 of the background
9 questionnaire. It's the employment question.
10 A Okay.
11 Q "State your employment activities."
12 A Yes.
13 Q Page 11 there lists PinCap, LLC as the employer's
14 name. Do you see that?
15 A Yes.
16 Q And then it says here that you are a consultant
17 for PinCap, LLC. Is that right?
18 A Consultant, yes, that's what it says.
19 Q And are you a consultant for PinCap, LLC?
20 A Consultant, lawyer.
21 Q Do you wear a lot of hats at PinCap?
22 A I wear a lot of hats. That's a good way of
23 putting it. I wear a lot of hats at PinCap.
24 Q What hats do you wear at PinCap?
25 A Well, I am the lawyer and general business

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1 consultant.
2 Q FarmGrowCap, LLC, it says that you have been a
3 consultant there in 2013, right?
4 A Correct.
5 Q And then a member manager in 2014, right?
6 A Right. That's correct.
7 Q And did your duties change from that year to year
8 or was it just a title change?
9 A The duties did not really change. My consulting
10 business capacity is legal consultant, business consultant.
11 Q You said you consulted. Do you have a retainer
12 agreement at all with FarmGrowCap, LLC?
13 A I do not.
14 Q Do you have a retainer agreement with PinCap, LLC?
15 A I do not.
16 Q And I notice that PinCap, LLC and FarmGrowCap are
17 both listed as being at 600 East Carmel Drive, Suite 112 in
18 Carmel, Indiana.
19 A Correct.
20 Q Am I saying that right, by the way?
21 A Actually, it's Carmel.
22 Q Carmel, sorry.
23 A That's okay.
24 Q You can always tell the out-of-towner when you
25 botch stuff like that.

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1 So is Suite -- are PinCap, LLC and FarmGrowCap,
2 LLC in the same office?
3 A They are in the same office, and that actually is
4 the office of my law practice as well.
5 Q Okay. I probably could have -- I see. So your
6 law practice, PinCap, LLC and FarmGrowCap, LLC are all run
7 out of your law office?
8 A Correct.
9 Q And now who else works in your law office?
10 A Just myself.
11 Q And does -- who else works for PinCap, LLC?
12 A PinCap, LLC, we have another lawyer, James
13 Hamstra.
14 Q Could you spell the last name, please?
15 A H-a-m-s-t-r-a. And Tobin Senefeld is a consultant
16 with PinCap.
17 Q And do either of Mr. Hamstra or Mr. Senefeld work
18 out of your law office in Carmel?
19 A They do not; not out of my office.
20 Q Where do they work out of?
21 A They each have separate offices in the same
22 building that my law office is in.
23 Q Are they -- you say "separate." You mean
24 Mr. Hamstra has an office separate from Mr. Senefeld?
25 A Yes, he does. Each of us have our own office.

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1 It's an executive office suite type building, and they each
2 have their own separate office.
3 Q Okay. So is the building made up of real small
4 office suites?
5 A Yes.
6 Q A lot of solo practitioners?
7 A Exactly. Yes. There's another employee at
8 PinCap, and that is Shawn Gustafson. He is a financial
9 analyst.
10 Q And where does he work out of?
11 A He works out of Chicago.
12 Q So does he work remotely?
13 A He works remotely out of his home office.
14 Q Are all of those -- the three people you listed,
15 are those all full-time employees for PinCap?
16 A Yes.
17 Q What about FarmGrowCap, LLC?
18 A I was going to say Mr. Senefeld, Tobin, also works
19 for FarmGrowCap, as do I, so between the two.
20 Q What's the difference between PinCap, LLC and
21 FarmGrowCap, LLC?
22 A PinCap, LLC owns FarmGrowCap. It's the organizing
23 structure we use.
24 Q And what kind of business is PinCap, LLC?
25 A Well, PinCap owns FarmGrowCap and also owns PIN

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1 Financial, LLC, which is the registered broker-dealer. And
2 so, for example, Shawn and myself work at PinCap, but as a
3 part of that may provide services to FarmGrowCap and PIN
4 Financial.
5 Q So who works for FarmGrowCap?
6 A I work for FarmGrowCap. Tobin works for
7 FarmGrowCap. Shawn technically is employed by PinCap, but
8 he does in that role a lot of financial, analytical work for
9 FarmGrowCap.
10 Q What about Mr. Hamstra?
11 A Mr. Hamstra works on projects for FarmGrowCap and
12 also a few of the PIN Financial projects.
13 Q So are the personnel essentially the same between
14 PinCap, LLC and FarmGrowCap, LLC?
15 A Yes. I mean, everybody gets employed at PinCap
16 and, therefore -- so we can go, okay, today you are going to
17 do work for FarmGrowCap. Tomorrow you might do work for PIN
18 Financial. So we can get the services where we need them.
19 Q And you mentioned PIN Financial, LLC. That's the
20 third employer you list on this page here?
21 A Right.
22 Q And what is PIN Financial, LLC?
23 A It is a FINRA registered broker-dealer with a
24 limited license to do private placements.
25 Q So by that do you mean they are not -- they don't

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1 have a license to buy and sell publicly-traded securities?
2 A Correct.
3 Q And what's your position with PIN Financial, LLC?
4 You listed here registered representative.
5 A In March I became a registered representative.
6 And I also do legal work for PIN Financial.
7 Q And do you have a CRD number then?
8 A I do have a CRD number.
9 Q Who else works at PIN Financial?
10 A PIN Financial would be Tobin. Tobin Senefeld is a
11 registered representative. Robert Mitchell is the chief
12 compliance officer and FinOp. Brian Coventry is also a
13 registered representative. Greg Janson is also a registered
14 representative. And Andy Reiser, R-e-i-s-e-r, I believe, is
15 a registered representative.
16 Q And it says here that PIN Financial is based on
17 Third Avenue in New York, right?
18 A Correct.
19 Q And you don't work out of that office, right?
20 A I do not.
21 Q Who works out of that office?
22 A Mr. Mitchell, Brian Coventry work out of that
23 office.
24 Q And do Mr. Mitchell or Mr. Coventry have any
25 involvement in the day-to-day operations of PinCap, LLC or

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1 FarmGrowCap, LLC?
2 A No.
3 Q What about Brian -- I'm sorry, the last two
4 individuals you mentioned, Andy Reiser and Janson?
5 A Greg Janson, yeah. They have nothing to do
6 with -- did you say FarmGrowCap or PinCap?
7 Q Right.
8 A Correct, they have nothing to do with that.
9 Q Where are they based out of?
10 A Brian is based out of New York. Andy is based out
11 of New York as well. And Greg is based out of Phoenix. I
12 believe it's Arizona -- no, no. I'm sorry. He is based out
13 of Nevada.
14 Q Turning back to Question 8, which would be Page 2
15 of the questionnaire.
16 A Uh-huh.
17 Q You list your telephone numbers here, right?
18 A Yes.
19 Q And do you text message at all?
20 A Yes, I do.
21 Q And do you use more than one of these lines for
22 text messaging?
23 A No. The only line I use for text messaging is
24 what I have listed as my cellular number, the
25 (317) 413-3229.

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1 Q And you list -- below that, you list several
2 e-mail addresses, right?
3 A Yes.
4 Q Do you use all of those or do you use one primary
5 address?
6 A I don't use the jeff@ccg ending at all. It's
7 closed. The first four, the AOL accounts and the
8 FarmGrowCap, PIN Financial account and the jbrfinlaw
9 account, I use those.
10 Q So you said the jbrfinlaw and Pin Financial --
11 A I'm sorry, let me be more precise. The
12 jeff@jbrfinlaw account, the jeff@pinfinancial.com account,
13 and the jeff@FarmGrowCap account, I use those regularly for
14 business and use them all a fair amount. The
15 jbrfinlaw@aol.com is primarily personal, but there is some
16 business on it.
17 Q Question 13 on Page 4, it's the question about
18 privately-held companies.
19 A Right.
20 Q You list PinCap, FarmGrowCap, PIN Financial.
21 What's SunPie Indiana, LLC?
22 A SunPie is a company I formed in 2012. I used it
23 to try to organize the activities that -- when I was doing
24 legal work for projects that I was participating with Tobin
25 Senefeld on.

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1 Q What types of projects were you participating with
2 Tobin Senefeld?
3 A They were situations where I was providing legal
4 services for clients who were engaged in private offerings
5 to raise capital.
6 Q And did SunPie involve an actual -- private
7 offerings that --
8 A It wasn't. I just used it, basically, to try to
9 sort out what my accounting, legal fees and expenses were
10 for those projects, and that's all I used it for.
11 Q Page 5 --
12 A Let me add on SunPie. The other thing is I am now
13 the owner of FarmGrowCap, and when I did that, SunPie was in
14 existence. So FarmGrowCap is owned by me 99 percent, and
15 1 percent by SunPie, which I own all of SunPie so that there
16 would be two members so that I would get a Schedule K1 for
17 tax purposes instead of having to put that on my individual
18 1040 Schedule C. Sorry to get confusing.
19 Q When did you become the, I guess, 99 percent owner
20 of FarmGrowCap?
21 A March of 2014.
22 Q And was that -- how did that transfer of ownership
23 happen?
24 A PinCap had been the owner of FarmGrowCap, and it
25 assigned -- PinCap assigned its 100 percent interest in

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1 FarmGrowCap to me.
2 Q In March of 2014?
3 A 2014, correct.
4 Q That was -- effective March 2014, you were the
5 sole owner of PinCap -- of FarmGrowCap?
6 A FarmGrowCap, correct, except that I made SunPie a
7 1 percent owner so that I get a Schedule K1, but I own them
8 both.
9 Q Why was the ownership of FarmGrowCap transferred
10 to you?
11 A At that point in time, I looked at everything we
12 were doing. And originally FarmGrowCap was owned by PinCap,
13 just as an organizing function for the activities myself and
14 Tobin and Matt had, Veros. And FarmGrowCap had borrowed
15 money from an offering in 2013 that was conducted by Veros
16 Farm Loan Holdings. So the 2013 offering of Veros Farm Loan
17 Holdings was conducted, and it loaned money to FarmGrowCap
18 out of those proceeds.
19 In 2014, FarmGrowCap was wanting funding for its
20 2014 operations, and we decided for it to make its own
21 independent offering in 2014 as opposed to having Veros Farm
22 Loan Holdings do the offering and loan the money to
23 FarmGrowCap. We wanted to, one, simplify that, and two, we
24 had used the structure in 2013 where Veros Farm Loan Holding
25 raised money and then loaned it to FarmGrowCap because Veros

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1 had received advice from its counsel that it's a good thing
2 for Veros to be in control of that company in that offering
3 completely, which was okay with me.
4 But when we got to '14, after our experience in
5 '13 and things like that, I thought independence is more
6 important here, I think, rather than Veros having more
7 control and being able to say to its clients it has control,
8 that there needed to be more independence in terms of the
9 decision making that FarmGrowCap would make. And I
10 suggested, and Tobin and Matt agreed, that I was probably
11 the most independent person with knowledge of the deals that
12 were around to fill that role, and that's why we transferred
13 the ownership to me.
14 Q And -- but has the -- has the decision making
15 process for FarmGrowCap changed at all after the ownership
16 transferred to you?
17 A Yes. I mean -- yes, it has. I would get input
18 from Matt and Tobin, but I had the authority to make the
19 decisions, and I exercised that authority.
20 Q So you made all decisions for FarmGrowCap after
21 ownership was transferred to you?
22 A Correct.
23 Q You said -- testified just a few minutes before
24 that PinCap was formed as an entity for you and Tobin to do
25 business; something along those lines?

Page 23

1 A Are you referring to SunPie?
2 Q No, PinCap.
3 A PinCap was owned by Tobin, me, and Veros to
4 coordinate our business activities together.
5 Q And you mentioned Matt Haab a few minutes ago.
6 Was he the person at Veros who worked with PinCap?
7 A Correct.
8 Q Is there anybody else at Veros who worked with
9 PinCap?
10 A Adam Decker worked a little bit. I mean, he has a
11 very limited role, but he had some involvement in terms of
12 things we were doing. They have other staff people at Veros
13 who do some work. Shawnda Trout does work at Veros on some
14 of the PinCap, FarmGrowCap deals; Jessica McGowan. They may
15 have others, but -- they have a large staff, and they may
16 have others who did some work, but I don't know. Those were
17 the people that I had the most contact with.
18 Q On Page 5 of the questionnaire, there is a
19 question on bank accounts. Do you see that as Question 15?
20 A Yes.
21 Q And you said "See attached list." I apologize --
22 A It's not on mine.
23 Q It may have been my bad if I failed to print it.
24 I will just ask the question. Is there a bank
25 account that is your primary bank account?

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1 A My primary bank account is a Chase bank account.
2 Q Is that a checking account?
3 A Yes, it is.
4 Q And whose name is it in?
5 A It's in Jeffery B. and Amy, A-m-y, J. Risinger.
6 It's my primary account that I do basically everything
7 through.
8 Q Are you an adjunct professor too?
9 A At one point in time, I taught business law at
10 Butler University. And that was in -- I would have to look
11 on my resume. I think it was about 1998. I did that for a
12 couple of years, but I have not done that for -- since then.
13 Q Okay. And what kind of business is PinCap?
14 By PinCap, I mean PinCap, LLC. Going forward, I
15 am going to use PinCap as shorthand for PinCap, LLC.
16 A PinCap, LLC, I view it as a service organization
17 that supports whatever help might be needed at FarmGrowCap
18 and PIN Financial.
19 Q What kind of help is needed at FarmGrowCap?
20 A FarmGrowCap uses the services of Shawn Gustafson,
21 who is the financial analyst, who is employed by PinCap.
22 And FarmGrowCap uses services from me, and I am a
23 consultant, owner member of PinCap. FarmGrowCap also uses
24 the services of Tobin.
25 Q Who started PinCap?

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1 A I was actually the attorney who did the
2 incorporation, but it was -- Veros, myself and Tobin started
3 it together.
4 Q Whose idea was it to start PinCap?
5 A All three of us. I mean, I can't pick one
6 particular person. I may have been -- as the lawyer, may
7 have been the person who said, let's structure it this way.
8 But it was a common decision that we wanted to form a
9 company to do the business in.
10 Q And is PinCap involved in private offerings at
11 all?
12 A PinCap did some -- originally, in 2013, PinCap was
13 going to be the vehicle by which we raised money that was
14 going to be loaned to FarmGrowCap. And when we first did
15 it, PinCap did an offering in early 2013 that was a
16 predecessor to the Veros Farm Loan Holdings offering. And
17 at the time, we did a -- PinCap did an offering in early '13
18 for \$220,000 of loans to help raise working capital and also
19 to pay the purchase costs and expenses of acquiring PIN
20 Financial.
21 So we did that offering, and at that time intended
22 that PinCap would have made the offering for 2013 that Veros
23 Farm Loan Holdings made, but we decided to do the Veros Farm
24 Loan holdings instead.
25 Q Were you involved with a company called Common

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1 Core Group or CCG at all?
2 A Not part of that group, but they were a company
3 that was a financial consultant that I had clients who were
4 assisted by -- not Common Core, just CCG.
5 Q Did you work for CCG?
6 A No. Well, I was -- they hired me as a lawyer
7 sometimes, yes.
8 Q One of the e-mail addresses that we looked at, the
9 questionnaire, looked like it had a CCG suffix.
10 A Correct.
11 Q Was that an e-mail address you received from
12 somebody at CCG?
13 A Yes.
14 Q Who did you receive it from?
15 A Tobin.
16 Q Why did you receive an e-mail address from CCG?
17 A I was doing a lot of legal work for them at that
18 time, and it was a way of coordinating -- sharing
19 information with myself and Tobin and Shawn Gustafson, who
20 was at that time the financial analyst for CCG.
21 Q And what kind of business was CCG?
22 A It provided financial consulting services for
23 businesses, helped them arrange debt, gave them advice on
24 capital structuring, and things like that.
25 Q Was CCG involved in any private offerings at all?

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1 A It was -- well, I don't know everything that CCG
2 did. I do know that there were transactions where I was an
3 attorney, where they provided financial consulting services,
4 and ultimately there was a private placement that resulted
5 from -- for that client.
6 Q Who was the client?
7 A Let me think, if I can get all of them. HF Land
8 GP would have been one.
9 Q Does HF Land stand for something?
10 A Technically, no, but it's -- Howe Farms was the
11 family farm that we were doing work for. But the actual
12 only name is HF Land GP. Kirbach Farms, Crossroads Family
13 Farms, B&T Farms.
14 Q Did CCG help arrange financing for those farms?
15 A They advised them on how to structure some
16 financings and -- yes, they did help them.
17 Q And were private offerings made to raise money to
18 loan to those farms?
19 A Private offerings were done by those clients, yes.
20 Q And what was your role, if any, in the private
21 offerings?
22 A I was typically the attorney -- I was the attorney
23 for the farm or the client raising the -- who was the issuer
24 in the offering.
25 Q And did -- were there offering documents in those

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1 CCG farm loan offerings?
2 A There were offering documents, yes.
3 Q Did you draft those documents?
4 A I did, yes.
5 Q Were you paid at all by CCG?
6 A CCG had an arrangement with the client that they
7 would cover the legal expenses. So on those transactions,
8 CCG would pay out of their consulting fee. They would pay
9 my legal fees.
10 Q So did CCG receive a fee from the farm and then
11 CCG, in turn, paid you a legal fee?
12 A Correct.
13 Q And I know you mentioned four farms that CCG
14 worked with. Were there more than that or --
15 A Yeah, there were a couple more. And I may not
16 remember the names precisely. There's ILFF 1, ILFF 2, and I
17 think 3 and 4, but I would have to go back and look at a
18 list to confirm that.
19 Q Okay. And you were involved in each of those
20 private offerings?
21 A I was.
22 Q And you drafted documents for each of those
23 private offerings?
24 A As the attorney for the client, yes.
25 Q And what year were those offerings done?

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1 A 2011 and 2012. I think there might have been a
2 few in 2010 as well. I would have to consult a list to make
3 sure I am not leaving one or two names out. I don't think I
4 am, but I could -- I could follow up and make sure that that
5 list is complete. I want to make sure I am remembering all
6 of them.
7 Q And who were those CCG private offerings offered
8 to?
9 A Individual investors, accredited investors. And
10 most of them were clients of Veros.
11 Q And how did you know most of them were clients of
12 Veros?
13 A Having reviewed the subscription agreements and
14 worked on the deals in terms of how the -- how the deals
15 were negotiated, and who the likely investors were going to
16 be as the deals were being put together.
17 Q But CCG -- nobody from Veros was involved with
18 CCG, right?
19 A Correct.
20 Q How did -- do you know how the CCG private
21 offerings were offered to Veros clients?
22 A Tobin Senefeld had been introduced to Matt Haab at
23 Veros. There had been a transaction that CCG was involved
24 with with Veros before I was involved, and so they already
25 knew one another. So I am not sure exactly the mechanics as

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1 to how that happened, but they were already acquainted from
2 prior work when I started getting involved.
3 Q So Tobin Senefeld was already in discussions with
4 Veros about CCG private offerings before you became involved
5 with CCG?
6 A Correct.
7 Q And when did you first meet Mr. Senefeld?
8 A I met him -- again, I have to go back and check my
9 records, but probably in the vicinity of 2003 through 2005 I
10 had a law client that was a real estate developer that CCG
11 had approached about refinancing some of his development
12 projects, and CCG did arrange bank financing for that
13 client, and that's how I met Tobin. I may have casually met
14 him in a professional manner before that, but that's when I
15 really knew him.
16 Q So you have known him since 2003 or 2000 -- in
17 that area?
18 A In that area of time, yes.
19 Q And before becoming involved with CCG, in, it
20 sounds like, around the 2011 or 2012 neighborhood, did you
21 have any business dealings with Mr. Senefeld before that?
22 A No. There's one other name on that list of
23 transactions, would be Yeager of Carmel and McKinney
24 Holding, LLC. That was a transaction where -- that Yeager
25 Properties was a client of mine, and they were going to

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1 raise money for an office building project. And I
2 represented Yeager Properties in a private offering, and CCG
3 was involved in that. That's another one on that list.
4 Sorry to backtrack.
5 Q That's okay.
6 And back to Mr. Senefeld. Are you friends with
7 Mr. Senefeld?
8 A Business friends. We are not friends outside of
9 business.
10 Q So you don't socialize outside of the business
11 setting at all?
12 A Not at all.
13 Q And how often do you communicate with
14 Mr. Senefeld?
15 A Usually daily.
16 Q And how do you communicate with him?
17 A In person a lot -- we have an office right next to
18 each other -- and telephone, e-mails and text.
19 Q And what about Matt Haab at Veros; do you
20 communicate with him regularly?
21 A Not daily; weekly. Multiple times weekly, usually
22 by phone or e-mail.
23 Q Are you aware that Mr. Senefeld has a prior
24 history with the SEC?
25 A Yes, I am.

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1 Q What do you know about that?
2 A Only what I have gone back and read after he told
3 me about it. I know that he entered into a settlement
4 relating to something when he was a manager at a brokerage
5 house. It was a Regulation T violation. I am not sure.
6 Q What did you read about Mr. Senefeld's SEC
7 proceeding?
8 A I believe he gave me a copy of the settlement
9 agreement or order, or something like that, in terms of --
10 but that's -- and after I found out about it, I also did an
11 internet search and found some Google things, and whatnot.
12 Q What did you uncover in your internet search?
13 A Just that there was some information out there
14 that he had been overly aggressive in his selling practices
15 in the branch office that he was managing at the time.
16 Q Where was that information that you read from?
17 A Just -- I mean, I did a Google search and -- I
18 don't recall. It wasn't an official SEC type thing. It was
19 just internet.
20 Q When did you read the SEC papers?
21 A I don't remember exactly when I read that.
22 Q Was it last year?
23 A Oh, no. It was -- I am going to -- it's been
24 awhile. It's 2010 or 2011.
25 Q And what did -- did you talk with Mr. Senefeld at

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1 all about the SEC proceeding against him?
2 A I did talk to him about it.
3 Q What did you say?
4 A I asked him what really happened. I asked him did
5 he do the things that he had been accused of, and he said
6 no. I asked him why he settled, and he said on advice of
7 counsel. That's about it.
8 Q And what's your understanding of -- what's your
9 complete understanding of the nature of the SEC's
10 allegations against Mr. Senefeld?
11 A That -- I don't recall the details, but from
12 memory, that he or someone under his supervision had engaged
13 in a transaction where they bought stock, but it wasn't paid
14 for until after the trade had closed, or something like
15 that. You know, some kind of a margin account. I don't
16 know the specifics about it, but something about the
17 customer didn't pay for the stock when they should have, I
18 think, is what it was about.
19 Q And is it your understanding that it was -- you
20 said he or somebody under his supervision. Which of those
21 is your recollection?
22 A I think it was both. I think that the allegation
23 was both he and somebody in his office had done it, but I am
24 not positive. My recollection is it was both.
25 Q So is there any relationship between CCG and

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1 PinCap?
2 A No.
3 Q Who is in charge of CCG?
4 A I don't think CCG exists anymore. I don't think
5 it's gone, but it's -- if it is, it's Tobin, and I don't
6 have anything to do with CCG.
7 Q Who else worked for CCG?
8 A The only other person I know was Shawn Gustafson,
9 who was the financial analyst. That's all I know.
10 Q And Tobin and -- Tobin Senefeld and Shawn
11 Gustafson both work for PinCap, right?
12 A Correct.
13 Q Both work for FarmGrowCap?
14 A Correct.
15 Q Is PinCap the successor entity to CCG?
16 A No.
17 Q Did PinCap carry on the business that Tobin and
18 Shawn were running with -- at CCG?
19 A PinCap and -- PinCap through FarmGrowCap made some
20 loans to businesses that CCG had provided consulting
21 services to, yes. It didn't literally pick up what CCG had
22 done, but the contacts were -- PinCap and FarmGrowCap used
23 the contacts from CCG and did, in fact, make loans to some
24 of the businesses that CCG had consulted with.
25 I think -- I would have to check, but I think when

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1 we formed PinCap, the general concept was that any farming
2 businesses that any of us had done, any knowledge or
3 contacts or information we had, would be utilized and
4 available to PinCap.
5 Q Does PinCap generate revenue at all?
6 A No, PinCap does not generate revenue.
7 Q Has it generated revenue?
8 A Only from the companies that, you know -- only
9 from profits or distributions from the companies that it
10 owns. PinCap is basically a service organization that
11 supports the companies that it owns. It's used as a central
12 organizing feature in that regard. It doesn't have any
13 independent business. It operates through the companies
14 that it owns.
15 Q Does PinCap ever collect any fees in connection
16 with any private offerings?
17 A No, I don't believe so.
18 Q Has it ever collected any fees in connection with
19 any private offerings?
20 A No, not directly. Now, companies that it owns,
21 yes.
22 Q Going forward, when I ask questions about PinCap,
23 can you please assume that I mean any companies that
24 PinCap --
25 A I'm sorry.

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1 Q That's all right.
2 A Oh, yes. Then definitely the answer is yes.
3 Q And -- okay. So we will go back to the first
4 question --
5 A I'm sorry.
6 Q -- which was, does PinCap generate revenue?
7 A Yes.
8 Q How does PinCap generate revenue?
9 A It generates revenue through the operations of
10 FarmGrowCap and PIN Financial.
11 Q How does it generate revenue through the
12 operations of FarmGrowCap?
13 A FarmGrowCap operates a business where it makes
14 loans to farmers.
15 Q And are those loans offered to investors?
16 A Well, the loans are made to farmers. FarmGrowCap,
17 its source of capital was, in 2014, through an offering that
18 FarmGrowCap completed. In 2013, FarmGrowCap sourced its
19 capital from a loan that it received from Veros Farm Loan
20 Holding, which did an offering in 2013.
21 Q So is PinCap in the business of sourcing capital
22 to make farm loans?
23 A Yes, I would say in the business of originating
24 farm loans and arranging capital to fill those needs.
25 Q Where does PinCap source its capital from in

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1 arranging farm loans?
2 A PinCap sources capital from private offerings that
3 are made to individual investors, accredited investors.
4 Q Are most of those investors Veros clients?
5 A Depends on what you mean by "most." A very
6 substantial number of the clients are. There are some that
7 are not Veros clients, but -- I am not sure what you mean by
8 most or substantial, but a large, large number.
9 Q And when PinCap sources capital to make farm
10 loans, does it always do so in an offering?
11 A Yes. Yes.
12 Q Who actually, you know, makes the offering? Who
13 is the entity whose name appears on the offering documents?
14 A We did one in early 2013 where it was actually --
15 the issuer was PinCap for the short-term \$220,000 operating
16 loan and funding for the purchase of PIN Financial. And
17 also in 2013, Veros Farm Loan Holding was the issuer in an
18 offering, and the proceeds of that were then loaned to
19 PinCap and FarmGrowCap. And then in 2014, FarmGrowCap
20 raised -- was the issuer and raised the money directly.
21 Q Does PinCap generate revenue when it sources
22 capital to make farm loans?
23 A It does not generate revenue when it sources the
24 capital.
25 Q How does PinCap generate revenue?

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1 A When FarmGrowCap originates loans, and those loans
2 are finally completed, it gets paid a loan origination
3 transaction fee for completing that financing.
4 Q And aside from the loan transaction origination
5 fees, are there any other sources of revenue that PinCap
6 has?
7 A In the FarmGrowCap business, there was a
8 potential -- in doing the farm loans, there was the
9 transaction fee for originating and packaging the deal.
10 There was also the possibility that there might be an
11 interest spread earned by FarmGrowCap because the interest
12 charged by FarmGrowCap to the farmer was higher than the
13 interest that was being charged to PinCap and FarmGrowCap
14 for its loans. In 2013, I think the potential spread was
15 \$30,000. It was higher than that in 2014. It was about
16 \$210,000 in '14, in terms of potential revenue.
17 Q You mean potential revenue or actual revenue?
18 A No, actual revenue -- actually, interest spread
19 was negative because of the farm loan losses, but there was
20 a potential there.
21 Q It was negative -- the interest rate spread was
22 negative in 2014 because of farm loan losses?
23 A And in 2013. So the actual, you know --
24 FarmGrowCap wound up paying more interest than it earned.
25 Q Am I right that PinCap -- again, by "PinCap," I

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1 mean PinCap and FarmGrowCap. And I understand that
2 FarmGrowCap was transferred to you in 2014.
3 A Yes. Thank you.
4 Q But just when I ask about PinCap, just assume,
5 until you are confused, I mean FarmGrowCap too.
6 A Right.
7 Q So PinCap didn't actually receive any of the
8 interest rate spread fees in 2013?
9 A Correct, because we didn't make enough interest
10 income.
11 Q And did PinCap actually then owe the loaning
12 entity that negative amount? In other words --
13 A Yes. Sorry.
14 Q So the interest rate spread fee -- correct me if I
15 am wrong, but does it work that if FarmGrowCap makes a loan
16 to the farmer at 12 percent, and the farmer pays back -- and
17 investors are -- get 10 percent on their participation in
18 the offering --
19 A Right.
20 Q -- the farmer actually pays 12 percent,
21 FarmGrowCap keeps the 2 percent difference and pays the 10
22 percent to the investors?
23 A Correct.
24 Q If the farmer doesn't pay -- pays less than 10
25 percent, then does FarmGrowCap then compensate the investors

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1 for that difference --
2 A Yes.
3 Q -- between -- has it always compensated investors
4 for that difference?
5 A It did that in 2013, and in the process of doing
6 that in 2014.
7 Q How much -- did it actually pay money to the
8 investor group in 2013?
9 A Yes, I believe it did, but -- let me give some
10 detail here. FarmGrowCap had a -- one of the loans was a
11 loss in 2013, about \$435,000.
12 Q Was this the Bassen loan?
13 A Bassen loan, yes. And FarmGrowCap and PinCap
14 repaid the full amount of the loan to Veros Farm Loan
15 Holding for 2013.
16 Q When did they make that payment?
17 A It was made over -- payments were made over time
18 as receipts came in from the farmers. And then with respect
19 to the covering that loss through some of the fees that
20 FarmGrowCap had earned from that standpoint, they came in
21 over time in that regard.
22 Q So did PinCap transfer funds from a bank account
23 that it had to VFLH investors somehow?
24 A It did. I mean, there was an actual transfer of
25 cash -- well, mechanically, I don't know that it came

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1 actually from a PinCap account into a Veros Farm Loan
2 Holding account. We had an administrative arrangement, we
3 did, that basically said money eventually needs to get from
4 the farmer to the investor. And it may -- PinCap and Veros
5 Farm Land Holding had the authority to move money from the
6 various accounts to get them to the investor, whatever was
7 most efficient. So I can't -- I don't know the exact trail
8 from account to account but, yes, on PinCap and
9 FarmGrowCap's behalf, a cash payment was made.
10 Q Who at PinCap was authorized to transfer money
11 from the PinCap account?
12 A I believe that myself, Tobin, and Matt have
13 signature authority on the PinCap account.
14 Q Did you ever use that signature authority to
15 authorize fund transfers from PinCap's accounts?
16 A I did not.
17 Q Who did?
18 A I believe that would be Matt.
19 Q Matt Haab?
20 A Yes.
21 Q So circling back to PinCap's income. It sounds
22 like some portion of PinCap's income is origination fees.
23 A Correct.
24 Q And some portion of the income is, in theory,
25 interest rate spread fees as well?

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1 A Correct. And then PinCap also has the income
2 stream from profits if there are distributions from PIN
3 Financial.
4 Q And in 2013, how much in distributions did they
5 receive from PIN Financial?
6 A I don't know how much profit was distributed up
7 from there. I can probably list fees that PIN Financial
8 earned, but then, of course, it would have had to have paid
9 expenses, and we had to keep capital in there for the
10 capital requirements.
11 I don't know how much cash was actually
12 distributed as a disbursement to the owner of PinCap or PIN
13 Financial in 2013. I would have to look that up.
14 Q Would it have been more than a million dollars?
15 A Let me think. No, it wouldn't have been that
16 much. No, it would not have been that much.
17 Q Would it have been less than \$500,000?
18 A Probably.
19 Q And so --
20 A I can find out for sure.
21 Q So in 2013, could you, maybe, give me a breakdown
22 of PinCap's income from origination fees, interest rate
23 spread, and distributions?
24 A Yeah. In 2013, PinCap origination fees were
25 \$730,000, I believe, give or take a few thousand. There was

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1 no interest spread in 2013 in actual performance.
2 Q And what about 2014?
3 A 2014, \$580,000 in origination fees. And again,
4 interest spread is negative because of the loan losses.
5 Q So did you say \$580,000?
6 A 580,000, yes, give or take a few thousand.
7 Q And what about to date for 2015? Any idea of the
8 fees collected to date?
9 A No fees from the FarmGrowCap type operation. And
10 I think, actually -- actual receipts this year, only
11 probably a \$20,000 due diligence fee. There are projects
12 ongoing, but have not been completed.
13 Q And distributions from PIN Financial for 2014, do
14 you have an approximate sense of how much that was?
15 A I would have to look. I'm sorry, I would have to
16 look. There was some. I would have to look. I just don't
17 know the number.
18 Q Are you paid a salary from PinCap?
19 A We have set up that we would take regular draws.
20 Q Who is "we"?
21 A Tobin and myself, and that we did a consulting
22 agreement with Veros to match that, but they are not made
23 regularly. It depends on the cash flow.
24 Q So have you been paid any salary so far this year?
25 A I have received \$83,000 in 2015 from PinCap.

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1 Q What were those salary payments -- what funding
2 were those made from?
3 A They were made from a -- we are working with a
4 blueberry farm, and making an acquisition of a blueberry
5 farm, and we have rented that farm and had rental income
6 from that farm to source that.
7 Let me back up here a second, though. That's
8 actually a separate transaction that we were doing. That's
9 the Blue Crop Group. So I misspoke in terms of -- the
10 \$83,000 that I have received this year probably came --
11 probably came from the PinCap account, but we had used that
12 as an accounting function for the rent income on the
13 separate deal that we had done. I apologize.
14 Q The \$730,000 in origination fees in 2013, what
15 private offerings were those from?
16 A That was from -- in '13, that was loans that
17 FarmGrowCap had made from the Veros Farm Loan Holding
18 private offering. And then the farm loans, do you need
19 those or --
20 Q No, that's okay for now.
21 So did the entire \$730,000 in origination fees
22 come from the Veros Farm Loan Holding arrangement?
23 A Yes.
24 Q So PinCap had no other origination fee income,
25 other than the Veros Farm Loan Holding origination fees?

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1 A Correct.
2 Q What about for 2014? The \$550,000 in origination
3 fees, where did those come from?
4 A Actually, it was 580,000.
5 Q 580, sorry.
6 A Those came from the loans that were made with
7 proceeds from the FarmGrowCap private offering.
8 Q Is that the 2014 farm loan offering?
9 A Yes.
10 Q So that entire \$580,000 origination fees was
11 derived from the 2014 FGC or FarmGrowCap offering?
12 A Correct.
13 Q PinCap has only been in business since 2013,
14 right?
15 A Correct.
16 Q So the only origination fees that PinCap has ever
17 received have been from the two farm loan funds?
18 A Correct.
19 MR. EICHENSEER: Can we go off the record?
20 (Whereupon, discussion was had off the
21 record.)
22 (Whereupon, a recess was had.)
23 MR. EICHENSEER: Let's go back on the record.
24 BY MR. EICHENSEER:
25 Q Mr. Risinger, before the break, I think I was

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1 asking you some questions about your salary that you drew
2 from PinCap. Do you remember that?
3 A Yes.
4 Q And I think you had testified that you drew about
5 \$30,000 or so in salary in 2015 so far.
6 A Actually, I said 83,000.
7 Q 83,000. Apologies.
8 And did you draw a salary for 2014 too?
9 A I did, but can I comment about 2015?
10 Q Sure.
11 A After I said that, that payment actually came from
12 a PinCap account, but that was my comment about -- that is
13 actually from a different deal we are doing, where we have a
14 blueberry farm that actually earned rental income. It
15 actually isn't a PinCap deal, but it came through the PinCap
16 account. Sorry about that.
17 MR. McSHANE: Do you know which account?
18 THE WITNESS: The company is Blue Crop Group. It
19 owns a blueberry farm. But I am not in charge of the bank
20 accounts and things like that, whatever. I just know that I
21 actually got paid by PinCap, but it was that money, because
22 I think we probably didn't have a bank account for the Blue
23 Crop company. So sorry about that.
24 BY MR. EICHENSEER:
25 Q Understood. So what was your salary at PinCap in

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1 2014?
2 A 2014, I drew \$183,000 from PinCap.
3 Q And did you receive any other compensation from
4 PinCap?
5 A I was reimbursed \$17,000 worth of out-of-pocket
6 expenses.
7 Q And what kind of out-of-pocket expenses?
8 A Things like when I do blue sky filing fees for
9 deals that we worked on. I have a legal research online
10 subscription that gets paid. We had a subscription to
11 WhoVerse, the business research vehicle that I paid for that
12 got reimbursed; things like that.
13 Q And besides the reimbursed expenses and your
14 salary, did you receive any other compensation from PinCap
15 in 2014?
16 A I did not.
17 Q What was your salary in 2013 at PinCap?
18 A You know, I'm sorry, but I got confused. I just
19 gave you my numbers off the 2013 K1. I'm sorry, the 183 was
20 2013. My apology.
21 Q No worries.
22 A 183 was 2013 and the reimbursements.
23 MR. DANOVIATCH: Rather than speculating, we will
24 produce it supplementary.
25 THE WITNESS: It's in my income schedule. Can I

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1 look at that --
2 MR. DANOVIATCH: We will produce it.
3 THE WITNESS: Sorry.
4 BY THE WITNESS:
5 A The 183 was off the K1 for 2013.
6 BY MR. EICHENSEER:
7 Q Okay. And about how much was your salary in 2014?
8 A I would really like to look at my income schedule,
9 but I think it's about \$250,000.
10 Q Aside from the salary payments you received in
11 2014, did you receive any other compensation from PinCap?
12 A No. The reimbursement, that \$17,000, might have
13 actually occurred in '14. It was actually for '13 expenses,
14 but I think that actually might have occurred in 2014. But
15 other than that, no.
16 Q Who set salaries at PinCap?
17 A Originally, Matt set them, because that was the
18 deal that Tobin and I agreed to, that when we first did the
19 Veros Farm Loan Holding offering, he wanted complete control
20 of whatever we could make from that standpoint. That was
21 part of the -- he required that. And then for '14, the
22 three of us collectively agreed that these would be our
23 target draws.
24 Q What was Tobin Senefeld's salary draw for 2014?
25 A I don't know actually how much he got. His target

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1 draw was equal to mine. But if you look at 2013 and 2014 in
2 the aggregate, he actually drew more than I did because we
3 didn't have enough cash to pay everybody. So he, in
4 aggregate, got more than I did, I believe. But his target
5 draw was the same as mine.
6 Q And do you know how much Mr. Senefeld received in
7 salary in 2013 from PinCap?
8 A Again, I don't know how much he received, but his
9 target draw was the same as mine. And even though I didn't
10 get all of mine, I believe he got all of his or pretty close
11 to it, but I am not positive. His target draw was the same.
12 Q What expenses does PinCap incur?
13 MR. LOLLI: When you ask about PinCap's expenses,
14 are you still referring to the whole --
15 THE WITNESS: The whole group?
16 BY MR. EICHENSEER:
17 Q If they are separate, you can break them down.
18 A No, I am happy to -- it's easy for me to talk
19 about it as a whole, but every time you say "PinCap," I have
20 trouble making myself.
21 As a whole, with salaries -- I mean salaries or
22 draws -- we have Shawn Gustafson, our financial analyst.
23 Q What is Mr. Gustafson's salary?
24 A I believe it's \$110,000. In that range.
25 Q Is that annual salary or is there a performance

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1 component at all to the salary?
2 A No, that's annual salary. And we pay his health
3 insurance. We pay draws to me and Tobin and consulting fees
4 to Veros when cash is available. We support and make sure
5 that PIN Financial has its office rent paid for, the FinOp
6 and compliance officer, things like that.
7 Q Does PinCap pay all of PIN Financial's operating
8 expenses?
9 A It doesn't. Only when we -- early on, before we
10 were in the process of buying PIN Financial. So PinCap
11 owned 20 percent of it, but not all of it. But we still had
12 an arrangement with the sellers that we would make sure that
13 all of their expenses were covered. They wouldn't have to
14 pay those as we were going through the process of getting
15 proof for the final acquisition. So occasionally PinCap
16 would have to put money into PIN Financial or pay some
17 expenses in that regard.
18 Q It sounds like salary draws are the biggest single
19 expense for PinCap.
20 A Yes, absolutely. Salary draws, travel expense --
21 Tobin travels a lot.
22 Q You mentioned consulting fees paid to Veros. What
23 are those?
24 A Veros had a consulting arrangement in 2013 where
25 it was paid \$200,000 as a consulting agreement for providing

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1 work for PinCap, FarmGrowCap, Veros Farm Loan Holding; all
2 the administrative services and administrative agency work
3 they did and consulting work they did for us.
4 And then in 2014, the arrangement was that target
5 draws or consulting fees, in Veros' case, were equal for me,
6 Tobin and Veros. And to the extent cash was available, they
7 would get a consulting fee that would equal the draw that
8 Tobin and I were taking. But Matt could comment better, but
9 I am pretty certain that he didn't get paid a lot of the
10 consulting fees just because the cash wasn't there.
11 Q This is 2014 you are talking about?
12 A 2014, correct.
13 Q What about 2015; has there been any consulting
14 fees paid to Veros this year?
15 A Not to my knowledge. Matt or Veros would have
16 received a share of the rent payment that -- rent payment
17 from the Blue Crop deal, but not PinCap.
18 Q Is Veros involved in that Blue Crop deal?
19 A Yes.
20 Q Is that something they have offered to you as
21 clients?
22 A Yes.
23 Q Does PinCap have any assets?
24 A FarmGrowCap and PIN Financial.
25 Q What about FarmGrowCap; does that have any assets?

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1 A Just the goodwill and going-concern ability; the
2 knowledge base to run the business -- farming loan business
3 and the contacts it has, and things like that. No hard
4 assets.
5 Q Has FarmGrowCap been valued at all?
6 A No.
7 Q What about PIN Financial; does it have any assets?
8 A It has some basic office equipment, computer
9 servers, and things like that, but --
10 Q Are those office -- is that office equipment in
11 the New York office?
12 A Yes.
13 Q How big is the New York office?
14 A Tiny. Small.
15 Q So other than any assets held by FarmGrowCap and
16 PIN Financial, does PinCap have any other assets?
17 A No.
18 Q Earlier we talked about the CCG entity, right?
19 A Yes.
20 Q And that was an entity that you worked with, but
21 not for; am I right on that?
22 A Well, I was a lawyer for CCG a couple of times,
23 but not involved in the ownership.
24 Q And you mentioned, I think, several farms that CCG
25 had sourced financing for.

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1 A That I was the attorney for the farm client, yes.
2 Q And was Cherry Farms one of the farms that CCG had
3 sourced capital for?
4 A CCG did. I was not involved in that deal.
5 Q How many -- I mean, was it more than one deal with
6 Cherry Farms that CCG sourced?
7 A One is all I know of, but I don't know. I know
8 one for sure, but -- there may have been more. I don't
9 know.
10 Q You were just involved in one?
11 A I was not involved in any with Cherry Farms.
12 Q Okay.
13 A I don't know anything about Cherry Farms, other
14 than that they did it at least once.
15 Q So was -- were the farm loans that you helped with
16 at CCG the first time you worked on farm loans?
17 A I had worked on farm loans for the first time in
18 2006, maybe 2005. I had a client, not connected to CCG or
19 Tobin or Matt, that I was their counsel. They did a private
20 offering to raise money to purchase the farm in
21 South America, and I did that work, and that was the first
22 farming transaction I did. But that had nothing to do with
23 Tobin and Matt.
24 Q And an approximation is fine, but how many private
25 offerings relating to farm deals have you been involved with

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1 in the last five years?
2 A 25 would be -- 20 to 25 would be an estimate.
3 Q And how many of those estimated 25 private
4 offerings involved Veros?
5 A All of them involved Veros, except the original
6 one I told you about; the South American deal that had
7 nothing to do with these guys.
8 Q And what was the nature of your involvement in the
9 approximately 25 private farm offerings you have been
10 involved with?
11 A For about 14 to 16 of them that occurred then in
12 2013 and 2014, Veros' involvement would -- I would describe
13 it as what's described in the offering memorandum. That's
14 when we had PinCap and FarmGrowCap and the various roles
15 that Veros played in those. Do you want --
16 Q I would like to know, you know, how the, kind of,
17 division of labor happened between -- you were involved in
18 these private loans?
19 A Yes.
20 Q And Mr. Senefeld was involved in them as well?
21 A Yes.
22 Q And Mr. Haab was involved with them as well?
23 A So basically the structure as to how we might do a
24 deal or how it might happen in this context?
25 Q Right, just a sense of who does what on the

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1 private offerings.
2 A Tobin is the finder of the deals. He is the
3 person with the contacts in the farming community and the
4 banking community, where a lot of the referrals come from.
5 And he would be the person who would first find the
6 possibility of the deal. And he would go out and meet with
7 people and get a sense for who they were and what they were
8 like. He would talk to their bank, do a little bit of
9 background work on them and get a general sense of what they
10 needed and whether they could handle what they needed if
11 somehow we were able to provide it to them.
12 He would then work with Shawn Gustafson, the
13 analyst, and they would work up -- they do due diligence on
14 the farmers' existing financials. They would get the last
15 three to five years of financials and figure out how they
16 are doing. They would like at their past production records
17 and, you know, basic due diligence and say, okay, here is
18 what they have been doing. Here is what they want to do.
19 And Tobin and Shawn would come up with an initial
20 budget for what the farmer would like to do, what the
21 projection would look like, and that would get into
22 things -- one of the critical things in these farms deals is
23 the federal crop insurance. You would have to work with the
24 crop insurance agent to get the past information about the
25 farmers' production history and things like that to be able

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1 to work with the agent to figure out, okay, for this year
2 that we are proposing to make a loan for, what's the
3 estimated crop insurance coverage going to be? And that
4 would be a critical component of -- so once we do the basic
5 projection, Tobin and Shawn would, Shawn would fold in the
6 crop insurance analysis, and then he and Tobin would look at
7 it and go, okay, is the crop insurance good coverage on this
8 or is something else needed? Do we need a farm land
9 mortgage or some equipment or something to really shore this
10 thing up?
11 After that point in time, then I would get
12 involved and start doing the legal due diligence, and I
13 would look at the budget and try to analyze it, poke holes
14 in it, make sure we thought of everything, and that sort of
15 thing, and spend my time with, okay, this is how we would
16 probably structure the loan with this farmer. And after
17 awhile, it got to the point where most of them fit within a
18 fairly standard loan set of documents.
19 Certainly in 2013 and 2014, by that time, we had a
20 fairly set template and mode of doing business with farmers
21 by that time. We would work on it. Throughout that
22 process, Tobin and Shawn and I are thinking about, well,
23 what kind of risk is involved here? What's really going on
24 here? Is this something where -- in 2010 and 2011, those
25 kinds of deals, I would get involved as the lawyer. Each

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1 individual deal we would have to price separately. And at
2 some point in time in that mix, there are conversations
3 going on with Veros about, Here is this farmer, here is this
4 risk assessment, here is what we think. What do you think?
5 Do you think that some of your clients might be interested
6 in something like this, and, you know, on what kind of
7 basis?
8 And there would be some discussion and, in effect,
9 negotiation back and forth in terms of, this is something
10 that might make some sense. Go back and do some more
11 numbers. Let me see something else, and that sort of thing,
12 in terms of how Veros would initially get involved.
13 Q Just to stop you there, who at Veros would be
14 involved?
15 A That would be Matt.
16 Q Was it anybody other than Matt?
17 A Not at that stage. He was the guy. He was the
18 one involved and, from my information, making the decisions.
19 Then at that stage, I am also starting to do loan
20 documentation, doing UCC searches, judgment searches, lien
21 search, you know, mortgage searches, things like that;
22 looking at some of the old crop insurance records, looking
23 at the current application, making sure that it's filled out
24 correctly and the agent has signed off on it, and things
25 like that, and getting ready for actual loan documentation.

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1 And I probably condensed it too much. There would
2 be a fair amount of back and forth on the due diligence in
3 terms of, give me this; I need to find out more about this.
4 What happened with that? So show me the contracts. If the
5 farmer is saying, I have got contracts that I have
6 forward-sold some of my crop, let me see the contracts; that
7 kind of thing.
8 Q So was Tobin the -- kind of the liaison with the
9 farmers?
10 A Absolutely.
11 Q Did you ever deal with the farmers yourself, or
12 always Tobin?
13 A I probably had a few conversations by myself, but
14 not very many. It was always with Tobin or through Tobin.
15 Q So --
16 A There were plenty of times I was on phone
17 conversations where the farmer was there, but Tobin and
18 Shawn would almost always be there. Occasionally I might
19 have been by myself, but maybe not.
20 Q And is it accurate to say that Tobin sourced -- or
21 at least identified most of the farm loan opportunities that
22 became part of the private offerings?
23 A He sourced all of them, except the client that I
24 had that I had done the South American deal for in '05 or
25 '06, we did one deal for them as part of this group, and

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1 that would have been mine. But otherwise, he did all of it.
2 Q And so once Tobin would source the deal and
3 identify an opportunity, you would do some diligence on it?
4 A Yes.
5 Q And --
6 A He, John and myself.
7 Q And then you would -- would you help structure a
8 private offering if the opportunity turned into an offering?
9 A Yes.
10 Q And would you draft the loan agreements with the
11 farmer?
12 A Yes. That was my job.
13 Q Would you draft all the offering materials as
14 well?
15 A I did that as well.
16 Q And did anybody assist you with that?
17 A I would get help from Tobin and Shawn in terms of
18 information that I would need to do it, but I wrote them. I
19 would go through several drafts, multiple drafts each time.
20 I would write it. Then I would send it out to Tobin and
21 Matt and Shawn and say, here is draft number two, here is
22 draft number three, here is draft number four, red line to
23 show you the changes, and making sure that everybody was up
24 to speed with me. But I was the writer.
25 Q Who signed the loan documents with the farmers?

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1 A Honestly, I have to go back and look at the 2010
2 and 2011 deals. I don't remember. In 2014, I signed for
3 FarmGrowCap. In 2013, when it was Veros Farm Loan Holding
4 and that FarmGrowCap, I would have to look. It was probably
5 either me or Tobin, but I would have to look.
6 Q Thank you, by the way. That was -- the original
7 question was about the division of labor between --
8 A I'm sorry.
9 Q No, I am saying thank you for the answer. It was
10 a very thorough answer.
11 So I want to focus your attention now on a
12 particular private offering --
13 A Okay.
14 Q -- that took place in 2012. It was a farm loan
15 made to Kirbach Farms.
16 A Right.
17 Q 2012.
18 A Okay.
19 Q And were you involved in a loan to Kirbach Farms
20 in 2012?
21 A I was the attorney on that project, yes.
22 Q Was there also a -- was that loan offered to Veros
23 investors as well?
24 A Yes.
25 Q And did you prepare the offering materials for the

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<p>1 Kirbach 2012 -- 2 A I did. 3 Q Did you prepare the loan agreement with Kirbach 4 Farms that underlied that investment? 5 A Yes. 6 Q How much was the loan amount for? 7 A In 2012? I would have to look at the schedule. I 8 don't remember the amount. Sorry. 9 Q That's all right. I have the agreement here, I 10 think, I can show you. 11 MR. EICHENSEER: I am showing you what's been 12 marked as Exhibit 38. 13 (SEC Exhibit No. 38 was marked 14 for identification.) 15 BY MR. EICHENSEER: 16 Q This is a copy of a document titled "Confidential 17 Private Placement of Loans Offered by Kirbach Farms, GP." 18 A Okay. 19 Q What is Exhibit 38? Do you recognize it? 20 A Yes. It is the private placement offering 21 document for the Kirbach Farms, GP. 22 Q All right. So you drafted Exhibit 38, right? 23 A Yes. 24 Q Having seen Exhibit 38, does it refresh your 25 recollection at all as to how much money was loaned to</p>	<p>1 origination fee on the \$1.43 million loan to Kirbach Farms? 2 A It received a fee for assisting them. I don't 3 know that I know what their contract arrangement was, but 4 they received a fee for their work with respect to Kirbach 5 Farms. 6 Q And when was -- when was the loan -- the 7 \$1.43 million loan to Kirbach Farms due? 8 A March 30, 2013. 9 Q And was that 1.43 million paid back by March 30, 10 2013? 11 A I would have to check to see if it was paid back 12 by that date. I don't know if it was by that date. I don't 13 recall. 14 Q Were you also involved in a 2013 private offering 15 called VFLH or Veros Farm Loan Holding? 16 A Yes. 17 Q If I call it VFLH from here on out, will you 18 understand what I mean? 19 A Yes. 20 Q Was there a Kirbach loan that was part of that 21 VFLH investment? 22 A Yes. 23 Q And was that -- was the Kirbach loan that was part 24 of the VFLH investment a 2013 operating loan? 25 A Yes.</p>
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<p>1 Kirbach Farms, GP in 2012? 2 A Yes. 3 Q How much was it? 4 A \$1,430,000. 5 Q And what was the purpose of that loan to the farm? 6 A It was for the 2012 operating expenses to inputs 7 and things like that, to put the crop out and harvest it. 8 Q And is there a budget of operating expenses 9 attached to Exhibit 38 at Page 10? 10 A Yes, there is. 11 Q Who prepared the -- looks like a schedule or some 12 type of chart on Page 10 there? 13 A That would have -- I believe that would have been 14 Shawn Gustafson prepared that, with the assistance of the -- 15 of Kirbach Farms. 16 Q And so this -- May 16, 2012 is the date of this 17 document, right? 18 A Yes. 19 Q And at this point, you were -- there was no 20 PinCap, LLC? 21 A Correct. 22 Q And so would you have been involved in Kirbach 23 Farms, GP through your affiliation with CCG? 24 A That's how I was introduced to them, correct. 25 Q And do you know if -- did CCG receive an</p>	<p>1 Q And did the 2013 operating loan to Kirbach Farms 2 include any amounts that were rolled over from the 2012 3 operating loan? 4 A I get a little confused on the years, but I 5 believe there was -- I believe there was about \$115,000, I 6 think, that was -- well, I don't know for sure. There was a 7 small amount. 8 Q I am showing you what's been previously marked as 9 Exhibit 16. This is not the official exhibit, but I will 10 represent to you that this document, Exhibit 16, was 11 previously marked. 12 Looks to be a March 20th e-mail from Tobin 13 Senefeld to Shawn Gustafson, Jeff Risinger, Matthew Haab. 14 A Oh, okay. Yes. 15 Q Have you had a chance to review it? 16 A Yes, I have. 17 Q Do you recognize Exhibit 38 -- I'm sorry, 16? 18 A Yes. 19 Q What is it? 20 A It's an e-mail from Shawn Gustafson to Matt, 21 copied to myself and Tobin, describing wire instructions for 22 loan payments and distributions regarding the Kirbach loan 23 for 2013. 24 Q I'm sorry. 25 A That's okay.</p>

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<p>1 Q That was Exhibit 15. I do have the exact copy. 2 This is my sloppiness. This is Exhibit 16, the real one 3 with the stamp. 4 A Okay. 5 Q That is a March 20th e-mail from Tobin Senefeld to 6 Shawn Gustafson and yourself, right? 7 A Correct. 8 Q So take a minute again and tell me if you 9 recognize Exhibit 16. 10 A I see that it was an e-mail that I was copied on. 11 I actually don't remember it, but I was copied on it. 12 Q If you look at the Page 28391, which are those 13 numbers in the far right-hand corner there. 14 A Yes. Okay. Uh-huh. 15 Q There is a -- looks like a document called the 16 Summary of Indicative Terms And Conditions, March 15, 2013. 17 A Yes. 18 Q Did you draft this document? 19 A I don't think I did. I believe this is Tobin and 20 Shawn. 21 Q Do you have any sense of what this document is? 22 A Yes. It's a proposal to Kirbach Farms from 2013 23 FarmGrowCap to make a loan. 24 Q Is this the -- was this the Kirbach Farms 2013 25 operating loan that became part of the VFLH?</p>	<p>1 an amount that wasn't paid from the 2012 loan that was being 2 rolled into the refinancing in 2013. 3 Q So this was -- the \$115,000 was 2012 debt that was 4 being rolled into 2013? 5 A Yes. 6 Q That amount was not used for 2013 crop inputs, 7 right? 8 A I don't know for sure. Probably not. 9 Q Why do you say "probably not"? 10 A The farmer could have applied some money, but it 11 wasn't specified as that. So, yeah, I wouldn't presume it's 12 not. 13 Q So is it your understanding that these amounts 14 listed on 392 here, the 2012 loan payoff for \$115,000, the 15 2013 input loan payoff for \$85,000 were paid to the farmer 16 as part of the \$375,000 loan? 17 A Yes. 18 Q Now, the other exhibit I will give to you is 19 previously marked as Exhibit 15. This was the one you were 20 looking at earlier. 21 A Okay. 22 Q Exhibit 15 looks to be a March 15th e-mail from 23 Shawn Gustafson to Matt Haab, with you and Tobin copied. 24 A Correct. 25 Q And you were looking at this earlier, and we were</p>
<p>1 A Yes. 2 Q That loan amount there is \$375,000. Do you see 3 that? 4 A Yes. 5 Q And under "Purpose," it states, "To provide funds 6 for the 2012 operating note balance payoff and 2013 input 7 loan payoff and provide additional funds for 2013 inputs." 8 Do you see that? 9 A Yes. 10 Q Do you know what is meant by that statement? 11 A The 2013 input loan payoff was a short-term 12 interim loan. It was sort of a -- kind of what we call a 13 lap-over, where a farmer hasn't completely -- doesn't have 14 their next year's financing completely lined up, but needs 15 some money to start spending on that. So there was -- I 16 believe it was an \$80,000 loan that was made for that 17 purpose prior to this. 18 Q You are pointing at the 392 here? 19 A Yes, 392. So the 2013, they put loan payoff to 20 \$85,071.23. That would have been what I would refer to as a 21 lap-over loan, where the farmer needed money before the next 22 year's package was completely agreed to and ready to go. So 23 that would have been paying that off. 24 And the 2012 loan payoff listed there for 25 \$115,000, I had remembered that number correctly. That was</p>	<p>1 talking about it, and then I realized I showed you the wrong 2 exhibit. 3 A Right. 4 Q But now this is the right exhibit. 5 Do you recognize what this is? 6 A Yes. 7 Q And do you remember receiving this document at 8 all? 9 A I don't remember receiving it, but I don't doubt 10 that I did. I don't actually remember, but I don't doubt 11 that I received it. 12 Q And -- 13 A I am familiar with the content. 14 Q And the second page there -- 15 A Yes. 16 Q -- 28287. 17 A Uh-huh. 18 Q What does that look like to you? 19 A Wire instructions as to how to disburse the loan 20 proceeds. 21 Q And Shawn Gustafson, he worked at PinCap, right, 22 or FarmGrowCap, either/or? 23 A Both, yeah. 24 Q And was it Shawn's practice to send wire 25 instructions to Matt Haab?</p>

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1 A He would do that, but not without having me or
2 Tobin tell him, yes, that's okay to do that.
3 Q So am I right that for this particular wire
4 instruction on March 15th, either you or Tobin would have
5 had to instruct Mr. Gustafson to make -- to wire
6 instructions?
7 A Yes.
8 Q Do you know who it was for this particular
9 instruction?
10 A I don't remember for this particular one, but it
11 would have been one of us.
12 Q Was it mostly you or mostly Tobin or 50/50?
13 A In those -- in that year, I don't remember.
14 Q So Page 287 here, it looks like it itemizes some
15 different parts of the wire, right?
16 A Yes.
17 Q And am I right that in all the wire adds up to
18 \$375,000? Right?
19 A Yes.
20 Q And that was the same amount as the 2013 Kirbach
21 loan that was part of the VFLH, right?
22 A Yes.
23 Q The Kirbach 2012 loan payoff entry there for
24 \$115,000, in the middle, it says "Account paid to investors
25 out of Veros account." What do you understand that to mean?

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1 A That that was -- that amount of funds was being
2 used to repay his 2012 loan and to repay the investors who
3 had provided that loan to him.
4 Q And who is it being repaid to?
5 A Well, I don't know if it went directly, but it --
6 either indirectly or directly, it wound up going to the
7 investors who had made the loans in the 2012 offering.
8 Q Do you know whether it went directly to the
9 investors who made the 2012 offering?
10 A I don't know. I don't know all the different bank
11 accounts. I wasn't really involved on that side.
12 Q Did you instruct Shawn Gustafson to pay \$115,000
13 to investors out of the Veros account?
14 A If I am the one who authorized this, which I don't
15 recall, but I might have been, it would have been that
16 \$115,000 would be used to repay the 2012 loan that would be
17 paid to the 2012 investors. I don't know whether it would
18 have gone directly to them or through a different account.
19 I am not sure I am answering your question.
20 Q How else would it have gotten to investors?
21 A Well, it would have been paid to them directly or
22 it might have gone to another account that Veros may have
23 been using to administer payments. I just don't know.
24 Q So is it your understanding that the \$115,000 was
25 not being paid to Kirbach Farms?

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1 A Well, it was being paid to Kirbach Farms, but
2 Kirbach Farms was directing that the money be used to pay
3 off its obligation.
4 Q How did Kirbach Farms direct that money to be paid
5 off -- to pay off its obligation?
6 A It would have done it in terms of when we would
7 have gone through the loan process with Kirbach Farms, the
8 explanation of, you know -- they make a request for a loan;
9 here are the use of proceeds for that.
10 So at this point in time of Kirbach Farms, we were
11 working with Kirbach Farms and another farmer, Central
12 Management, who Kirbach was going to merge with. And so
13 they would have understood that they were requesting -- let
14 me back up a second.
15 We told them, Your loan is due. You have to pay
16 it. Kirbach was going to merge with Central Management, and
17 Central Management was going to pay the loan off.
18 Q Who told Kirbach that, You have to pay the loan?
19 A Well, it was probably Tobin in the 2012 deal,
20 but -- probably Tobin. I don't know for sure. You have to
21 pay the loan off. Kirbach was going to merge with Central
22 Management. And we had had discussions with Central
23 Management. They were -- as part of the merger, they would
24 pay that loan balance off. Then Central Management came
25 back to FarmGrowCap and requested, Will you finance us?

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1 Will you do a loan for \$375,000 to help our financing?
2 Because they were providing other financing for the
3 operation. Will you do this piece?
4 And so we analyzed it from the standpoint of -- I
5 am getting off point here, but my point is that we went
6 through that process with them. Both Kirbach and Central
7 Management would have understood that the use of proceeds
8 were going to do this because they requested a financing so
9 that they wouldn't have to use their own money at that point
10 in time to pay the 2012 loan. So they would have known as
11 part of the use of process and getting the loan that this is
12 how it was going to be split up.
13 Q So are you saying -- tell me if I am wrong. Are
14 you saying that Kirbach Farms would have understood that the
15 \$115,000 2012 loan payoff that was listed on its -- in the
16 term sheet of its loan would not, in fact, be received by
17 the farm itself, but would be repaid to investors in the
18 2012 loan?
19 A Yes, it was agreeing to that. Yes.
20 Q Who agreed to that at Kirbach?
21 A It would have been Marty Kirbach, and also Central
22 Management would have agreed that, We know -- we are
23 borrowing this money, and it will be used that way.
24 Q How do you know they agreed?
25 A I had discussions with them. I would have been

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1 talking with them at that point in time.
2 Q So did you negotiate this 2012 loan payoff that
3 was part of the Kirbach Farms?
4 A I didn't negotiate it. That would have been Tobin
5 who would have been handling that part of it. But I would
6 have been involved in terms of -- in 2012, I was the
7 attorney who put that together for Kirbach Farms. In 2013,
8 I was the attorney for FarmGrowCap putting together that
9 loan package, so I would have been involved in that.
10 I can't recall a specific discussion where we
11 said, You are borrowing \$375,000; here is how it's going to
12 be used. But I am certain that -- they are smart guys.
13 They would have known how the loan was being used.
14 Q Kirbach Farms did not receive \$375,000 in loan
15 proceeds in 2013, right?
16 A Not actually into their account, correct. Yes,
17 that's correct. But on their behalf, by agreeing to the
18 loan and this use of proceeds, they were directing that the
19 money be paid to pay off their 2012 loan.
20 Q Did they direct you to do that?
21 A I don't remember whether I got a specific
22 direction or not.
23 Q How did they direct PinCap to use the funds?
24 A They would have directed PinCap or FarmGrowCap to
25 do that based on the discussion and negotiation of putting

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1 that loan package together, what the use of proceeds were
2 going to be used for.
3 MS. PYSZKA: They would have or they did? Do you
4 recall whether this happened?
5 THE WITNESS: I don't recall specifically.
6 BY MR. EICHENSEER:
7 Q Did you discuss this 2012 loan payoff of \$115,000
8 with anybody other than people at Kirbach Farms?
9 A Again, I don't recall a specific discussion, but I
10 was involved in that transaction. I would assume that I
11 talked about it to Tobin and Shawn and Matt but, again, I
12 don't recall specific discussion. I can go back and check
13 the e-mails.
14 MR. DANOVITCH: I think he's answered.
15 BY MR. EICHENSEER:
16 Q So before the Kirbach 2012 loan payoff, had you
17 ever before been involved in a private loan offering where
18 the loan amount to the farmer included amounts that were
19 paid to investors on the farmer's behalf?
20 A With respect to the specific mechanics as to
21 whether a payoff went to -- directly to an investor or went
22 into a farmer's account and then to an investor, or
23 something like that, I honestly don't know the mechanics.
24 In 2012, I believe there was -- the Crossroads loan
25 involved -- I am not sure. I think, yes, I was but -- that

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1 I had been involved in another loan where that sort of thing
2 occurred, but the specific mechanics on how the money moved,
3 I don't know. That wasn't what I did.
4 Q So the -- but the \$375,000 loan that was part of
5 the VFLH, was that loan paid in full at the termination of
6 the VFLH investment?
7 A It was not -- well, it was, but it was refinanced
8 by the FarmGrowCap 2014 Loan Fund.
9 Q Refinanced with investor money from the 2014 Loan
10 Fund?
11 A Yes.
12 Q And has that -- and how much of the \$375,000 loan
13 amount was refinanced in 2014?
14 A I have to look, but I think it was \$325,000. But
15 I would have to look.
16 Yes, it was.
17 Q And how much of that \$325,000 of refinancing in
18 the Kirbach loan that was in the 2014 Fund has been paid
19 back to date?
20 A To date, none. It's actually -- half of it is due
21 at the end of this month.
22 Q About \$160,000 or so?
23 A Yes. 162.5, plus the accrued interest for a year
24 that's due at the end of this month.
25 Q And so am I right that that -- the outstanding

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1 balance that Kirbach Farms owes right now on the 2014 loan
2 conceivably includes principal from the 2012 loan that was
3 never paid off?
4 MR. LOLLI: Objection to form.
5 BY MR. EICHENSEER:
6 Q The 2012 loan had \$115,000 of -- strike that.
7 The 2013 loan had \$115,000 of 2012 principal
8 payoff, right?
9 A Okay. I'm sorry. One more time.
10 Q Sure. The 2013 loan to Kirbach that was in VFLH
11 included \$115,000 that was a 2012 principal payoff?
12 A Correct.
13 Q And that \$375,000, of that, 325,000 was rolled
14 into FarmGrowCap 2014, right?
15 A Well, this may be semantics, but I don't, sort of,
16 view that as a rolled into, but to some extent, maybe it's
17 just words.
18 But so what happened for the 2014 arrangement, the
19 position is the loan is due by Kirbach and Central
20 Management; Kirbach from '13. Guys, you have to pay that.
21 You gotta give us our money. We have obligations we have to
22 keep up with. And Central Management, which had taken over
23 things by then said, I am going to propose to you that you
24 make a new loan to Central Management, in effect, and we
25 analyze that loan. It kept the security we had from the

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1 original Kirbach loan, and added more from Central
2 Management. And we made the analysis that that was a good
3 loan for the 2014 Fund to make, so we made that loan to
4 them, to Kirbach/Central Management. And they would have
5 directed that to be disbursed, in part, to pay their
6 existing obligation.
7 Q The 2012 Kirbach loan amount was 1.43 million; is
8 that correct?
9 A Yes.
10 Q And the 2013 loan to Kirbach was made -- \$115,000
11 of that principal hadn't been repaid, correct?
12 A So 2012 was a million 430. And the next step?
13 Q Right. Was -- the 2013 loan involved a payoff of
14 \$115,000 for 2012?
15 A Correct.
16 Q So that was \$115,000 that hadn't been paid in 2012
17 on that loan?
18 A Well, when the 2013 loan was made, the 2012 loan
19 was paid off. You can look at the 2013 loan and see that
20 \$115,000 of the proceeds from the 2013 loan were applied to
21 make the payment to 2012. So --
22 MS. PYSZKA: It was not paid off in accordance
23 with the terms of the 2012 agreement, correct?
24 MR. LOLL: Objection to form.
25 THE WITNESS: I would have to go back and look at

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1 the exact date as to when it was paid. But it was paid off
2 as per the 2012 loan agreement required, except for the fact
3 I would have to check to see exactly what date it was paid.
4 MS. PYSZKA: Did they have the full amount to
5 repay when it was due on the 2012 loan? Did they have cash
6 in hand, able to make that payment to you?
7 THE WITNESS: I don't know if they had it.
8 MS. PYSZKA: Did they make that payment to you
9 cash in hand at that time, 2012?
10 THE WITNESS: No.
11 MS. PYSZKA: The full amount?
12 THE WITNESS: No, they did not.
13 BY MR. EICHENSEER:
14 Q Since then, since 2012, have you received \$120,000
15 in repayment from Kirbach Farms?
16 A We received \$100,000 payment last -- we received
17 \$100,000 payment from the '13 operation, yes. That's what
18 we received. There is a payment due tomorrow. Again --
19 MS. PYSZKA: Is that payment going to be made
20 tomorrow?
21 THE WITNESS: They say that it is. We have been
22 talking with them, and have told them that they have to pay
23 it.
24 MS. PYSZKA: Do you have any reason to believe
25 that they will pay it?

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1 THE WITNESS: I believe that they will pay it. We
2 have talked with them. We have a security interest in all
3 of the Kirbach equipment. We have the personal guarantee of
4 the owner/founder of Central Management, who is a man of
5 resources, and they say they will pay it.
6 MS. PYSZKA: What are you going to do if they
7 don't?
8 THE WITNESS: Probably going to make them pay it.
9 MS. PYSZKA: How?
10 THE WITNESS: I don't really want to do it, but if
11 I had to, I would sue them. I don't think it will come to
12 that. I think if there is an issue, all I have to do is
13 threaten to sue them, and they will pay it. But we have
14 been in discussions with them about actually paying the
15 entire loan off, not just the payment that's due at the end
16 of the month. But we believe, based upon the security we
17 have and the knowledge we have of the farmers involved, that
18 they have the means to pay it. And I hope they don't make
19 me go to the point of suing them, but if I need to, I will
20 because it has to be paid. We are not going to do the
21 FarmGrowCap pool fund anymore, so they have to pay.
22 BY MR. EICHENSEER:
23 Q You mentioned Crossroads 2012 a little earlier as
24 well, right?
25 A Right.

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1 Q Were you also involved in the Crossroads 2012
2 loan?
3 A I was.
4 Q How much was that loan for?
5 A I hate to make you dig a document out. I think
6 it's \$3,370,000, but I can't be positive. But I am pretty
7 sure that's right.
8 Q And I apologize, but before I get into Crossroads,
9 I have one last follow-up question on Kirbach.
10 Was CCG paid a consulting fee on the 2012 Kirbach
11 loan?
12 A Yes.
13 Q Was it based on the whole \$1.43 million amount?
14 A I believe it was, but I would have to check to
15 make sure. But I believe it was.
16 Q And was PinCap then paid an origination fee on the
17 Kirbach loan for 2013?
18 A FarmGrowCap would have been paid.
19 Q And was the origination fee paid to FarmGrowCap
20 based on the \$375,000 no-show amount of the loan?
21 A I think it actually -- I think Tobin negotiated a
22 flat fee with Central Management on that, but based on
23 originating the transaction. But how the dollar figure was
24 calculated, I am not sure. I think it might have been a
25 flat fee.

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1 Q Those origination fees have been received by
2 FarmGrowCap?
3 A Yes.
4 Q And did FarmGrowCap or PinCap receive origination
5 fees on the amount of Kirbach loans that were refinanced at
6 the 2014 Fund?
7 A Yes.
8 Q And you said the no-show amount of the loan in the
9 2014 Fund --
10 A Hold on. Let me think back on the documents. I'm
11 sorry. On the Kirbach loan, I think again at '14, there was
12 the flat fee negotiated by Tobin, but I would have to look
13 at something. But, yes, I believe there was. Sorry.
14 Q And do you believe that PinCap or FarmGrowCap has
15 received that 2014 origination fee?
16 A Yes.
17 Q Have you ever referred to the origination fee as a
18 success fee?
19 A I can't be for sure, but we -- I know certainly in
20 conversation, I have used that term before, and it may be in
21 a document.
22 Q Who have you used it in conversation with?
23 A Certainly Tobin and Shawn.
24 Q Have you ever spoken with any Veros clients who
25 have invested in any of -- in any of the farm loan deals?

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1 A Any Veros clients? Let me start with the easy
2 ones. For the 2014 FarmGrowCap offering, Veros hosted two
3 meetings where they invited some of their clients who either
4 had been investors in the earlier deals or were thinking
5 about it for the '14 deal. And they could come, ask
6 questions, and we would answer questions. And there were
7 also some people who had conference phone called in on that.
8 So I would have had some discussion there with people in
9 terms of answering questions.
10 Q And do you know, discussions at those meetings,
11 did you mention success fees to any of the investors?
12 A I don't recall.
13 Q And when you used "success fees" -- the term
14 "success fees" in conversations with Mr. Senefeld and
15 Mr. Gustafson, what did you mean by "success fees"?
16 A Well, what that meant was if the work is done to
17 do the consulting and figure out what the farmer needs,
18 and -- basically means an origination fee, but you don't get
19 paid unless something gets actually done. So you are going
20 to do all the work to originate something, figure out what
21 needs to be done, put the package together, including the
22 loan documents, and things like that, I would refer to as a
23 success fee only from the standpoint of you are not going to
24 get anything for doing all that work unless a financing
25 actually occurs.

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1 Q By "financing," do you mean -- strike that.
2 When was PinCap or FarmGrowCap entitled to collect
3 its success fees?
4 A It was entitled to collect them -- entitled to
5 collect them when the loan funded.
6 Q What do you mean by "funded"?
7 A When FarmGrowCap would actually provide loan funds
8 to the farmer, then the origination fee, whatever you want
9 to call it, would be due and payable.
10 Q So looking at exhibit -- the wire instructions
11 exhibit here, Exhibit 15.
12 A Is that this one?
13 Q Right. So would PinCap have been entitled to a
14 success fee upon payment of the \$375,000 loan amount to the
15 farmer -- I'm sorry, the disbursement of that loan amount to
16 the farmer?
17 A Yes.
18 Q And is that -- see, part of the wire instructions
19 include a \$26,000 wire to PinCap, LLC, an account in their
20 name. Do you see that?
21 A Yes, I remember that. That is the FarmGrowCap
22 origination fee.
23 Q Is that something you refer to as a success fee?
24 A I prefer to call it an origination fee, but I
25 could have called it a success fee, yes.

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1 Q And this was the origination fee. Was it based on
2 that entire \$375,000 amount?
3 A Yes.
4 Q And so that origination fee was based in part on
5 the \$115,000 Kirbach 2012 loan payoff that you are not sure
6 was ever paid directly to the farm?
7 A I believe it was paid to the farmer because the
8 farmer said, I am taking this loan, and I agree this is how
9 it's going to be used; I am directing you to do that.
10 Q Is that the same thing to you as the farmer
11 actually receiving funds in an account?
12 A To me, it is. He has control of the money.
13 MR. DANOVIATCH: You have answered.
14 THE WITNESS: I'm sorry.
15 BY MR. EICHENSEER:
16 Q Now I would like to turn to the Crossroads 2012
17 loan.
18 A Okay.
19 Q Do you know how much of the -- I think I may have
20 asked you this. You may not have remembered. But how much
21 of -- how much was the Crossroads 2012 loan to the farm?
22 A I am pretty sure it's \$3,370,000, but if you want
23 me to be really sure, I would have to look at a document.
24 But I am pretty sure that's it.
25 Q That sounds familiar.

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<p>1 And did you negotiate -- I'm sorry, strike that. 2 Was there a loan agreement with Crossroads, the 3 farmer, for the loan amount? 4 A Yes. In 2012, yes. 5 Q And did you draft that loan agreement? 6 A Yes. 7 Q Is there also an offering memorandum? 8 A Yes. 9 Q PPM? 10 A Yes, for 2012. 11 Q Did you draft the PPM for the 2012 Crossroads? 12 A Yes. 13 Q And how much of that 3.37 million -- strike that 14 again. 15 What was the purpose of that 3.37 million 2012 16 loan? 17 A It was for operating capital for Crossroads to 18 operate in 2012. It was also, in part, a farm land mortgage 19 loan because they had been a farm that in 2010, I believe, 20 had gone through a bankruptcy reorganization. So they had 21 some costs coming out of that, and from those earlier years, 22 that were not for operating capital for the current 2012 23 year, but were actually funds that they needed because of 24 losses they had in past years. And that's why we required 25 the extra farm land mortgage to support that.</p>	<p>1 Stacy Stevenson at Crossroads; a number of CC recipients, 2 including yourself. 3 A Right. 4 (SEC Exhibit No. 39 was marked 5 for identification.) 6 BY MR. EICHENSEER: 7 Q Do you see that? 8 A Yes. 9 Q Do you recognize that Exhibit 39? 10 A I don't specifically recall, but I was involved in 11 the transaction. I presume I received it. 12 Q There is an attachment here to the e-mail at 13 Page 758. Do you see that? 14 A Uh-huh. 15 Q Do you understand what's being depicted in that 16 attachment? 17 A Yes. 18 Q What is it? 19 A This is the amount of the 2013 loan that 20 FarmGrowCap was making to -- there may have been iterations 21 of this before this and after it. I don't know if this is 22 the final one, but this is discussing either a proposal or 23 it may be the final version of, this is the loan for 2013 24 that FarmGrowCap is going to make to Crossroads. So again, 25 I don't know if this is the final one or one that was among</p>
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<p>1 Q When was the 3.37 million loan to Kirbach Farms in 2 2012 due? 3 MR. LOLLI: Objection. 4 BY THE WITNESS: 5 A Crossroads, you mean? 6 BY MR. EICHENSEER: 7 Q When was the Crossroads 2012 farm loan due? 8 A I would have to look at the loan documents. I 9 think it was March 30th, but -- 2013, but I would have to 10 look at the loan documents to be sure. 11 Q How much of the loan to Crossroads was repaid by 12 the due date? 13 A Well, I would have to go back and check the actual 14 dates of when payments were made, but Crossroads did repay 15 the entire loan amount. But I have to go back and look at 16 the dates as to when it was paid. 17 Q So they paid the -- Crossroads paid the entire 18 2012 loan amount? 19 A Yes. I don't have the dates on it. I would have 20 to go back and check the actual dates the payments were 21 made. Payments would get made as crops came in, and I would 22 have to check the date on the final payment, but Crossroads 23 did repay the 2012 loan. 24 Q Showing you what's been marked as Exhibit 39. 25 Appears to be a July 24th e-mail from Tobin Senefeld to</p>	<p>1 the negotiations. 2 What we are talking about is the amount of the 3 loan from FarmGrowCap in 2013 would be \$3,414,000. The 4 6 percent fee there, which is referred to as a structure, 5 legal and service fee, origination fee, would be \$204,840, 6 which is what was being charged by FarmGrowCap for that loan 7 package. 8 The next line item is labeled as "2012 Carryover 9 loan" for a million dollars. That would have been the land 10 loan portion of the 2012 loan that was made -- the 2012 11 3,370,000 loan. So what's happening there is that they were 12 able to repay the operating portion of their 2012 loan, but 13 operations didn't support paying back the land loan portion 14 of it. So this component of the 2013 loan that was being 15 made was the part that's based upon the first position 16 mortgage that was provided to make this loan happen. 17 So Crossroads says, you -- I had a loan in 2012, 18 and I can't pay back the loan -- the land loan portion of 19 it. I can pay back the operating portion, but I can't pay 20 back the land loan portion of it. 21 Q The land loan portion was part -- 22 A Part of the \$3,370,000. And so what happened 23 through this progression was we received land -- first 24 position mortgage for \$3 million to support this. And so 25 what we said to him here was, in 2013, FarmGrowCap will make</p>

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1 a land loan to you for an amount of money that will cover
2 what you couldn't pay back on your land loan to 2013. We
3 will refinance your farm land mortgage loan for you.
4 Q Earlier when I asked you if Crossroads had repaid
5 all of its 2012 loan for 3.37 million, was that not correct?
6 A That's correct, and part of that got paid from the
7 refinancing of their mortgage loan.
8 Q But maybe it was a bad question. But I asked, how
9 much did Crossroads repay on its loan?
10 A Well, again, not to be playing semantics here, but
11 Crossroads repaid the loan. The operating capital part of
12 it, they repaid out of their operations of their farm. The
13 land loan portion of it, which was backed by a first
14 position mortgage, was repaid by them refinancing that
15 mortgage. So Crossroads takes out a refinanced loan and
16 pays off its old loan obligation.
17 Q Took out the refinanced loan from --
18 A FarmGrowCap.
19 Q -- from the VFLH 2013?
20 A Correct. Yes. Again, that was a separate
21 decision made by FarmGrowCap based upon the appraised land
22 value of the farm at \$3 million.
23 Q So a million dollars of the 2013 Crossroads loan
24 was a carryover of a land loan -- a refinance of a land loan
25 from 2012?

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1 A Yes, it was a refinancing of a land loan.
2 Q That was not the operating -- an operating loan
3 was provided to Crossroads in 2012?
4 A Well, the land loan was originally part of the
5 2012 -- there was one loan to Crossroads in 2012, the
6 3,370,000. That included operating capital and a land loan.
7 Moving forward to 2013, I believe we just did the land loan,
8 yeah.
9 MS. PYSZKA: I think, as you testified previously,
10 that 1 million was -- that land loan was something that they
11 were unable to pay in connection with the 2012, and then you
12 refinanced it, but they were -- I believe you testified they
13 were able to repay the operating loan, but they were unable
14 to repay the land loan at that time.
15 THE WITNESS: Well, I don't believe I said it that
16 way, but let's talk about that. They could pay it. They
17 could not pay it out of the farm operation. They could pay
18 it from the value of the land that was supporting that loan.
19 So --
20 MS. PYSZKA: They had no cash to repay it or other
21 assets that they could give you to repay it; is that
22 correct?
23 THE WITNESS: Well, they could have sold the land.
24 And we could have enforced -- at the end of 2012, we could
25 have said, you know what, we have analyzed your situation

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1 here, and we have looked at how you operate, and we have
2 looked at the value of your land, and this doesn't make any
3 sense to us, so we are not going to continue to do anything
4 with you. So we are going to foreclose -- you have to sell
5 the land. If you don't, we will foreclose so that we can
6 get repaid in full.
7 MS. PYSZKA: So they did not repay that 1 million
8 at the time?
9 MR. McSHANE: Did they have a mortgage on the
10 1 million?
11 THE WITNESS: Just us. We had first position
12 mortgage.
13 MR. McSHANE: But you didn't actually --
14 THE WITNESS: We had the mortgage at the time. We
15 got the mortgage in the 2012 deal. So at the end of 2012 --
16 I'm sorry.
17 MS. PYSZKA: I guess the question is pretty
18 simple. Did they repay that 1 million in 2012? I think you
19 have testified they did not.
20 THE WITNESS: Well --
21 MS. PYSZKA: You go on about a refinancing.
22 That's not my question. My question is, there is this
23 \$3 million loan. You said they paid the operating portion.
24 They did not repay the 1 million of the land loan at that
25 time; pay you cash money for it. Did they do that?

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1 THE WITNESS: They paid us cash money for it. It
2 wasn't at the same time, but they paid us cash money because
3 they took this valuable asset and refinanced it and said --
4 MS. PYSZKA: No, you -- you refinanced it, right?
5 You allowed them to refinance it?
6 THE WITNESS: Yes, we did, based upon an
7 investment analysis that it was smart to make -- here is the
8 thing: At that point in time, we are sitting there going,
9 okay -- honestly, we didn't perceive a problem because we
10 analyzed it and we go, They are operating fine. They are
11 not relying upon us for their operating capital anymore.
12 They would like to not have to sell that ground right now.
13 So our choice is, in terms of getting the 2012
14 investors paid back who made the loan, we can choose to go,
15 you know, I don't care what you want to do, we are going to
16 end this now. We are going to start foreclosure
17 proceedings.
18 And so the choice was, do that, which we could
19 have done, but would have taken a long time and spent lawyer
20 money, and things like that, or we could look at it and go,
21 This is a really valuable asset here. There is a \$3 million
22 piece of farm land here that's readily liquid if we want it
23 to be.
24 There is a quicker, cleaner way to get the 2012
25 investors paid, and that is by helping Crossroads refinance

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1 this mortgage loan. And we believe, based upon the
2 analysis, that they are a good operating company. They had
3 partnered with somebody we had suggested they partner with,
4 so we weren't concerned about their operations. And we had
5 \$3 million worth of farm land that we could say, this is
6 something that we could take to any reasonable investor, and
7 they would think that's a smart -- I can make a loan that's
8 about 50, 55 percent loan to value, and get paid 12 percent
9 interest for doing it. That's a smart thing. That was a
10 quicker, cheaper and cleaner way to make sure that the 2012
11 investors got paid back.
12 So, I mean, I don't mean to be, whatever, but --
13 so Crossroads paid the 2012 loan back because they had that
14 valuable asset that they were able to use to do that.
15 BY MR. EICHENSEER:
16 Q Where did the funds for the refinancing come from?
17 A So this is 2013. So it would have come from the
18 Veros Farm Loan Holding offering.
19 Q You testified that there was an operating loan
20 portion and a land loan portion of the 2012 Crossroads; is
21 that right?
22 A Yes.
23 Q You testified that a million dollars of the 2012
24 loan was a land loan portion, right?
25 A Correct.

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1 Q And you testified that a million-dollar carryover
2 listed here on the exhibit was the land loan portion that
3 was refinanced, right?
4 A Yes. When I say that, that's how we analyzed it.
5 Q Did you draft the disclosures for the VFLH
6 investment?
7 A Yes, I did.
8 Q Did those disclosures say that investor money
9 would be used to fund land loans to farmers?
10 A Well, yes. The PPM says that loans will be made
11 for farm purposes, and some of them will be backed by
12 mortgages.
13 Q Does the VFLH PPM say that funds will be used to
14 make short-term operating loans to farmers?
15 A Yes, that's one of the purposes.
16 Q And is that in the executive summary of the PPM?
17 A I believe it is, but I would have to look to make
18 sure of it. Yes, I believe it is.
19 Q Does the executive summary of the PPM say anything
20 about using investor money to fund land loans to farmers?
21 A I would have to look to see if it says that
22 specifically, but I believe it says in the PPM that we will
23 make loans to farmers, some of which, in part, will be based
24 upon farm land mortgages.
25 I also think -- I tried to be careful about

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1 disclosures, in terms of letting investors know who we were
2 making loans to. So if we had pre-identified a loan, rather
3 than just saying -- although we did say, you are relying
4 upon our management expertise to make good decisions, and
5 things like that, with your money, but to the extent we know
6 about things, I tried hard to describe to investors, here
7 are the farmers we are doing loans with, and pointed out if
8 we had done business with that farmer before, and explained
9 what we thought of that farmer and what kind of shape that
10 farmer was in with respect to their prior loan.
11 And I believe I said about Crossroads -- I have to
12 look at it to make sure -- but I believe I mentioned that,
13 in fact, we may make a land loan to Crossroads.
14 Q When you drafted the PPMs for VFLH, did you
15 understand that these PPMs would be distributed to Veros
16 clients?
17 A Yes.
18 Q And did you understand that Veros has a fiduciary
19 obligation to its clients?
20 A Yes.
21 Q And how do you know that?
22 A I am by no means an expert under the Investment
23 Adviser Act, but just, I guess, common knowledge for a
24 business transaction attorney that they have got a fiduciary
25 duty.

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1 Q As a business transaction attorney, what does the
2 term "fiduciary obligation" mean to you?
3 A I will put your interests in front of mine, which
4 is, again, part -- I tried to be really descriptive about --
5 anytime we were doing a loan with anybody that we had done
6 business with before, to make sure that people knew that we
7 were making loans to the same people, and making sure they
8 understood what kind of shape that person was in.
9 And again, I guess I am being repetitive, but
10 Crossroads is an example. I mean, I really tried to explain
11 to people Crossroads was in bankruptcy; they are doing
12 better. They have gotten to the point where they don't need
13 us for their operating capital, and we are just doing, if
14 anything, a land loan for them.
15 And I honestly may be mixing the '13 document with
16 the '14 document, but that theme carries through both of
17 them in terms of trying at least to let people know that
18 this is who they are. We have done business with them
19 before, and if we do something, it will be like this, and
20 this is why we think it makes sense.
21 Q Now, you testified that you were very careful
22 about disclosures.
23 A I tried to be.
24 Q You try to be careful about disclosures.
25 Did you disclose the success fees that PinCap

<p style="text-align: right;">Page 97</p> <p>1 received in connection with the VFLH investment in the VFLH 2 PPM? 3 A In the 2013 VLFH document, I did not disclose 4 specific fees that would be earned, but I did disclose to 5 people that both Veros and Tobin and myself, through our 6 ownership with PinCap and FarmGrowCap, intended to benefit 7 economically from these transactions that we were getting 8 the loan proceeds from. 9 Q Did you mention the term "success fee" at all? 10 A I don't recall. 11 Q Did you mention the term "origination fee" at all? 12 A I don't recall. What I do recall was that I 13 mentioned in there that Tobin and I would be making 14 salaries, but that would be under the control of Veros. The 15 purpose for that was to let Veros' clients know that we 16 couldn't make any more money than what Matt would allow us 17 to make; that he had control of that. 18 Q Your salaries at PinCap were derived from the 19 origination fee that PinCap received, right? 20 A Yes. 21 Q So you disclosed in the PPM that you would receive 22 a salary in connection -- or from Veros, or to be determined 23 by Veros? 24 A To be determined by Veros. 25 Q Did you also explain that those -- that salary</p>	<p style="text-align: right;">Page 99</p> <p>1 A Correct. 2 Q Going back to the Crossroads 2013 loan. You have 3 testified that 2013 investors financed -- refinanced 4 carryover amount from the 2012 loan; is that right? 5 A Crossroads? 6 Q Yes. 7 A The 2013 FarmGrowCap did a refinance mortgage 8 loan -- yes. 9 Q Now, in connection with that refinance, would 10 investor money from the 2013 Fund investors be paid directly 11 to the farmer to refinance the loan or would it be paid 12 directly to investors in the 2012 loan? 13 A Again, I don't know the administrative mechanics 14 because that wasn't part of my job, but I do know that there 15 was a loan agreement for the full amount in 2013, and that 16 the farmer as the borrower under that would be the person 17 who would say, this is how this money gets disbursed. And 18 if there was money to be paid off on an old loan, the farmer 19 would agree that those funds would be allocated for that 20 purpose. 21 Q So there was a loan agreement for the 2013 22 Crossroads loan? 23 A Yes. 24 Q Did you draft that? 25 A I did.</p>
<p style="text-align: right;">Page 98</p> <p>1 would be derived from the origination fees? 2 A Well, I didn't expressly because what I had 3 mentioned was -- is that the three of us intended to benefit 4 economically from operating the PinCap, FarmGrowCap 5 business, but I didn't state expressly how we would benefit 6 economically, so I couldn't say exactly what the source of 7 those salaries were. But the intent was that people would 8 know that whatever money was being made, we would get a 9 share of it, but only to the extent that Matt would allow 10 it. 11 Q And did you disclose in the VFLH PPM the interest 12 rate and spread fees that you were entitled to receive? 13 A I did not. 14 Q And did you disclose the success fee, the 15 origination fee in the FarmGrowCap PPM? 16 A I did explain in that one -- I was more 17 specific -- that FarmGrowCap would get paid -- I forget what 18 I called it -- but origination fees. I believe I said 19 between 2 and 7 percent. 20 Q And did you also disclose in the -- the 21 FarmGrowCap PPM the interest rate spread fees as well? 22 A I did point out that we could make an interest 23 spread in the '14 document. 24 Q And in 2014, you collected less origination fees 25 from -- than you did in 2013, right?</p>	<p style="text-align: right;">Page 100</p> <p>1 (SEC Exhibit No. 40 was marked 2 for identification.) 3 BY MR. EICHENSEER: 4 Q Showing you what's been marked as Exhibit 40; a 5 document entitled "Crossroads Family Farms, LLC loan 6 agreement promissory note." 7 A Right. 8 Q Let me know when you have had a chance to look at 9 it. 10 A I am ready. 11 Q Do you recognize Exhibit 40? 12 A Yes. 13 Q What is it? 14 A It's the loan agreement for the FarmGrowCap 2013 15 loan for Crossroads. 16 Q Did you draft this agreement? 17 A I did. 18 Q Did you sign this agreement? 19 A Yes, I did. 20 Q Did you negotiate the Crossroads 2013 loan with 21 Crossroads Farms? 22 A Not by myself but, yes, I was involved in the 23 negotiations. 24 Q Who else was involved with it? 25 A Tobin.</p>

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1 Q If you look on the first page, halfway down, there
2 is a heading that reads "Nature of the loan, disbursements
3 of the loan amount." Do you see that?
4 A Right. Yes.
5 Q And the first sentence says, "On this date, Lender
6 hereby agrees to loan the borrower. Lender and Borrower
7 agree that Lender has advanced to Borrower the sum of
8 \$3,100,100." Do you see that?
9 A Yes.
10 Q And then there is a schedule of advances. Do you
11 see that as well?
12 A Yes.
13 Q The next sentence says, "The proceeds of the loan
14 shall be used by Borrower to finance farming operations
15 related to his 2013 profit, as more particularly reflected
16 in the budget of Borrower's operations attached as Exhibit A
17 and to pay certain payables attributable to 2011 and 2012
18 operations of Borrower and to pay certain professional costs
19 associated with this loan."
20 My first question is, what are the 2012 payables
21 attributable to 2011 that are -- the proceeds of the loan to
22 be used for?
23 A I get mixed up on years, and I probably should say
24 I don't remember.
25 MR. DANOVITCH: Don't speculate.

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1 BY THE WITNESS:
2 A I am not going to speculate then. Sorry.
3 BY MR. EICHENSEER:
4 Q What did you mean by -- what is meant by the
5 certain attributables to the 2012 operations of the
6 borrower? Do you have any idea what that means?
7 A I would have to look at my files to really come up
8 with exactly what I meant by that. There was a part of the
9 2012 loan that was being refinanced as part of this, so I
10 believe it was, in general, referring to that.
11 Q Would that be the million-dollar 2012 land loan
12 payoff we discussed a few minutes ago?
13 A It would be, but let's talk about how I view the
14 land loan and the operating loan. That was how we analyzed
15 it internally. We analyzed it from the standpoint of there
16 is this much land collateral to cover any excess that might
17 be over what they can repay from operations. And so, yes,
18 in that sense, that would be it.
19 So David will probably want to hit me, but let me
20 digress. Crossroads is a situation where in the 2012
21 document, the 2012 offering document, after I described
22 basically what they are, I made the statement, just so
23 everybody would understand, that Crossroads is a good
24 operating entity. This loan is being made in 2012 because
25 they are a good operating entity. They believe they are

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1 going to have a good enough year that they can repay all of
2 this loan based on their operations. They might be able to
3 do that. We are not sure. But if they don't, we have taken
4 a whole bunch of extra farm land collateral that we can
5 always protect you with. And I pointblank said that.
6 And that theme carries forward into '13 and '14
7 when I describe Crossroads, when we are making the loan. So
8 in my own mind, I separate out land loan and operating loan.
9 But in the documents, it's all one, but it's that central
10 idea that if it isn't paid back from operations, we have
11 this large amount of land collateral, first position
12 mortgage, to always protect the investor and get them
13 repaid. And, again, sorry.
14 As we went from '12 to '13, the amount of -- we
15 told them, if we are going to continue with you under this
16 theme, there has to be a whole lot more mortgage -- first
17 mortgage collateral. And so moving from '12 to '13, they
18 basically doubled the collateral. But again, my point is,
19 from a loan documentation standpoint, the operating loan and
20 the land loan were always combined because they always
21 believed they would be able to pay that off from operations,
22 or always hoped to. We always knew if they couldn't do
23 that, we had the extra mortgage to cover it. I don't know
24 if that makes sense or not.
25 Q Why don't we stay on this topic of loan

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1 documentation here. There is the advance -- amount of
2 advance schedule on Page 1 here. Do you see that?
3 A Yes.
4 Q Did you prepare that schedule?
5 A I did.
6 Q Did you rely on anybody when you prepared that
7 schedule?
8 A Shawn.
9 Q Shawn Gustafson?
10 A Yes.
11 Q Did you do anything to verify the figures or dates
12 in the schedule?
13 A All I knew is that the CFO from Crossroads agreed
14 with the schedule. So Shawn had come up with it, and the
15 CFO from Crossroads had agreed with it.
16 Q The first sentence of the nature of loan
17 disbursements, again, it talks about Borrower and Lender
18 agreeing the Lender has advanced to Borrower.
19 So did you understand the Lender in this case,
20 FarmGrowCap, had advanced the amounts on the schedule there
21 to Borrower, Crossroads Family Farms?
22 A Yes.
23 Q And so your understanding was that each of those
24 advances were disbursements of funds to Crossroads Farms?
25 A Yes, but, again, in terms of the mechanics of

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1 accounts and things like that, that wasn't part of what I
2 did. What I did know, though, was that Crossroads', in
3 particular, CFO understood that this money was being used,
4 and part of it was part of the refinance where they would
5 direct that the money go to the lender on the refinance.
6 Q Did you have an understanding that any of these
7 advances were paid directly to investors in 2012 Crossroads
8 as opposed to the farm itself?
9 A I did not. But again, I didn't check. It
10 wasn't -- kind of not my job.
11 Q And would you have cared if you knew that?
12 A I wouldn't have cared about the mechanics. I
13 would have cared about the fact that -- making sure that
14 Crossroads understood that the use of proceeds are such that
15 they are directing that a portion of that is the land loan
16 being refinanced and paid off. In terms of the mechanics, I
17 wouldn't have cared.
18 Q You wouldn't have cared if money from the FLH
19 investors that was used to refinance the 2012 Crossroads
20 loan was paid directly to 2012 Crossroads investors?
21 A Well, I would care that Crossroads completely
22 understood and authorized that a portion of this loan was a
23 refinance that was going to be used to repay one of its old
24 loans. I would care about that.
25 Q What about the disclosures you drafted for the

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1 FLH; did they mention that investor money would be used to
2 directly repay investors in 2012 Crossroads?
3 MR. LOLLI: Objection; form.
4 BY THE WITNESS:
5 A What was described in the 2013 offering memorandum
6 was the circumstances of Crossroads. So I described that
7 there had been a loan to Crossroads based upon work that CCG
8 had done, and I described that, in fact, we didn't know
9 whether we were going to do a loan with Crossroads for sure
10 in the 2013 Fund. They may be getting their own financing
11 with the bank; but if they wanted us to do that, that we
12 would be prepared to do it, possibly operating and land
13 loan, but also just possibly a land loan refinance.
14 So I did point out that -- to people that there
15 would be a refinance, but I did not explicitly say money
16 would go to old investors.
17 MR. EICHENSEER: Do you want to take a break?
18 MR. DANOVITCH: Sure.
19 (Whereupon, a recess was had.)
20 MR. EICHENSEER: Let's go back on the record.
21 BY MR. EICHENSEER:
22 Q Mr. Risinger, before we broke, we had discussed a
23 loan to Kirbach Farms that was part of the 2013 VFLH deal,
24 right?
25 A Yes.

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1 Q And we had discussed the loan to Crossroads Farms
2 that was part of the VFLH 2013 deal, right?
3 A Correct.
4 Q And I believe you have already testified that
5 \$325,000 of the Kirbach 2013 loan was refinanced into the
6 2014 FarmGrowCap.
7 A Correct.
8 Q Was there an amount of the Crossroads 2013 loan
9 that was refinanced into the 2014 FarmGrowCap deal?
10 A Yes. It was approximately 1 million 400 some odd
11 thousand. A little over 1.4 million.
12 Q And what other farm loans were a part of the VFLH
13 2013 deal?
14 A We did a loan to Joseph Boyer Farms in 2013. We
15 did a loan to Rosentreter Farms in 2013. We did a loan to
16 D&S Farms Partnership in 2013. We did a loan to RJW
17 Williams Farms in 2013. We did a loan to True Blueberry
18 Management in 2013. There's one more.
19 MR. McSHANE: Did you say Kirbach?
20 THE WITNESS: There were eight loans. So Kirbach,
21 Crossroads, Rosentreter, Boyer, D&S Farms, Williams, True
22 Blueberry Management, and I am drawing a blank. I am just
23 drawing a blank.
24 BY MR. EICHENSEER:
25 Q Would Bassen --

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1 A Bassen. That's it. You are right. Thank you.
2 Q How much was the Rosentreter 2013 loan?
3 A Rosentreter was \$635,000.
4 Q And did that include any amounts refinanced from
5 earlier years?
6 A No.
7 Q And when was that loan due?
8 A I would have to look to be sure, but I am pretty
9 sure it was March 30, 2014.
10 Q And how much of the loan was repaid to VFLH by the
11 farm by the maturity date?
12 A The entire loan was repaid by the farm before the
13 maturity date.
14 Q And there was no amount refinanced to the 2014
15 FarmGrowCap?
16 A Correct.
17 Q What about Boyer Farms; how much was the 2013 loan
18 to Boyer farms?
19 A The 2013 loan to Boyer was a million dollars.
20 Q How much of that -- I'm sorry.
21 When was that million dollar loan to Boyer Farms
22 due?
23 A I would have to look at the document to be
24 certain, but I think March 30, 2014.
25 Q How much of that loan was repaid by Boyer Farms by

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1 March 30, 2014?
2 A I don't know the precise number, but I know this,
3 which I think will answer the question. He had crops --
4 when he got to the end of his 2013 crop season, and you
5 evaluated where he was, you could look at his operation and
6 go, okay, Boyer, when you are completely done, you are going
7 to be \$130,000 short of repaying your 2013 loan. And so we
8 agreed to refinance that \$130,000 loss into the 2014
9 FarmGrowCap loan.
10 But the other thing that was going on there with
11 Boyer is, just in terms of answering how much he paid by the
12 maturity date, he had crops that had been harvested and were
13 in storage, and had contracts to sell committed for, but it
14 was going to be another four or five months before those
15 were actually called out for delivery under the contract and
16 paid for. And so as part of his loan in '14, that became,
17 in effect -- the purchase of those crops became part of his
18 2014 loan, if that makes sense.
19 Q Yes. So was there -- do you consider there to be
20 an amount of that one-million 2013 loan that was refinanced
21 to 2014?
22 A I can't recall that amount. I mean, I can get it,
23 but I don't recall exactly how much. But conceptually, the
24 \$130,000 loss that we knew he would have and had discussed
25 in the '14 memorandum was it, and then there was some

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1 portion of crops, and I just don't know the dollar figure.
2 I can get that. I can follow up, but I just don't know the
3 dollar figure.
4 Q True Blue, how much was the 2013 loan to True
5 Blue?
6 A True Blue was \$1,250,000.
7 Q When was that loan due?
8 A I think it was due at the end of February 2014.
9 It was a short-term one. We made it in December of 2013.
10 It was due February '14, and I think it got extended a
11 month, and I believe they paid about a month after that.
12 Q The True Blue loan has been repaid in full?
13 A It was repaid in full, yes.
14 Q How much was the Williams 2013 loan?
15 A The Williams 2013 loan was originally \$2,700,000,
16 and then it got amended probably a couple months after the
17 original loan to add \$620,000 to it. So a total of
18 \$3,320,000 for 2013.
19 Q And how much of that loan amount to Williams has
20 been paid back to date? Strike that question.
21 First question, when was the 2013 Williams loan
22 due?
23 A His loan, I am pretty sure, was actually due
24 December 31, 2013. And the reason I remember that is that
25 he himself had specifically said, I want to repay it by

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1 December 31, 2013. So I have to double check, but I am
2 pretty sure December 31, 2013.
3 Q And did he repay the amount by December 31, 2013?
4 A He did not repay by that date that he asked to
5 have as his due date. He did not.
6 Q What happened with the loan balance?
7 A He paid all of it except for approximately 1. -- I
8 think it was 1,458,000.
9 Q When did he pay the amount that wasn't the
10 1.48 million?
11 A That would have been over a period of time. I can
12 get you a loan schedule. But as his crops were selling, he
13 would have paid that. That amount was probably paid all
14 over the course of October, November, December, January,
15 maybe a little bit in February, as crops were selling.
16 Q I'm sorry I interrupted you. You were talking
17 about the amount he didn't repay.
18 A The amount he didn't repay, I am pretty sure, was
19 1,458,000. And I remember it so well because this was a
20 farmer that got referred to us by his primary bank, and we
21 know his primary bank really well. He is a long-term
22 customer of the banks, good farmer, everything, smart
23 farmer, would get good crop insurance, and all that good
24 stuff, and farmed well.
25 And based upon crop yields, reports, and

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1 everything, he had crops sufficient to repay his loan
2 entirely, and was going to, and kept assuring us and the
3 bank that he had the crops, and he was delivering them on
4 this date, and he would have the money.
5 And unexpectedly, out of the blue, he had his
6 lawyer call the bank on July 15th and say, well, he doesn't
7 have the money to pay. And, of course, the bank told us.
8 First they said it's because he had sold grain to a Chinese
9 buyer through a broker, and they didn't pay. But later he
10 admitted through his counsel, his lawyer, that he took the
11 grain that we had a lien on and delivered it to Archer
12 Daniels Midland, and told them to apply it against another
13 obligation that he had with -- not associated with us, and
14 not pay him for that. So, therefore, we did not get our
15 loan payment on that.
16 Q And did you learn that -- from his bank that -- or
17 his counsel that he wouldn't be repaying the 1.458 million
18 in July of 2014?
19 A July 15th of 2014.
20 Q Pardon me.
21 A Yeah.
22 Q But the loan itself was due six months before
23 that, right?
24 A Yes.
25 Q And had you had any discussions with Williams Farm

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1 in the interim period about that outstanding balance?
2 A Absolutely. We were in contact with him a lot,
3 and his bank, and had double checked crops and crop yield,
4 double checked his crop insurance, things like that, because
5 he was getting a large crop insurance check as well because
6 he had bought a unique supplement to the crop insurance, and
7 thought that everything was fine, so much so that in between
8 time, we had made him a loan for 2014.
9 So when -- we were in a lot of contact with him
10 through that period in terms of assurances of payment;
11 reconfirmed the loan schedule with him, had him sign that --
12 make sure he understood it, when it was due. He said it
13 would be paid by then.
14 Q The Williams loan was past due as of the first of
15 the year 2014, right?
16 A Yes.
17 Q And you knew on the first of the year that he
18 hadn't paid the full amount, right?
19 A Yes, but we also knew that his crop yield was good
20 enough that he had that covered, and had contracts that he
21 was delivering it against, but yes.
22 Q And when did you draft the PPM for the 2014 FGC?
23 A March -- February, March of 2014.
24 Q Did you mention anywhere in that PPM that Williams
25 2013 loan was past due?

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1 A No. We felt the Williams loan was fine at that
2 point in time. Yes.
3 Q But you knew it was past due?
4 A Well, yes. But part of what goes on with the farm
5 loans -- '14 is a good example. In '13, we had told -- we
6 were going to have Williams be due March 31, 2014, like
7 everybody else. He insisted, No, I want to make it December
8 because I am going to get you paid by then, because you are
9 expensive, and I want to get you out of there. Okay.
10 That's fine.
11 Just for example, so for the 2014 deal, I made
12 everybody's loan due January 31, 2015, not because we were
13 necessarily expecting to get paid by then, but I wanted that
14 control mechanism so that by that date they have to come to
15 us and say exactly what's going on with them, so we would
16 know, is there an issue. If there is an issue, we are going
17 to start something right now to collect. But that's sort of
18 how we used the -- that maturity date.
19 And his maturity date of December 31st was
20 something that he had picked; wasn't necessarily what we
21 originally wanted the maturity date to be, because it really
22 didn't give him the flexibility he needed to sell his crops
23 over a reasonable period of time. So again, at the time we
24 did the 2014 PPM, at the time we made him the 2014 loan,
25 both we and his bank believed that he was in very good

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1 shape.
2 Q And you knew that the loan was past due in January
3 of 2014, right?
4 A Yes.
5 Q You knew it was past due in February of 2014,
6 right?
7 A Yes.
8 Q You knew it was past due in March of 2014, right?
9 A Yes.
10 Q Same true for April, May and June of 2014?
11 A Yes.
12 Q And did you ever suggest that the disclosures be
13 amended to point out the fact that the Williams loan was six
14 months past due?
15 A I did not because what I thought was important was
16 what position or status did we believe his farm and his loan
17 was in. And at that point in time, we believed, despite the
18 fact that it had that maturity date, that he had crops
19 harvested and stored that he would be delivering.
20 Q What's the status of that 1.458 that Williams owes
21 you on the 2013 loan?
22 A It has not been paid, and we are in litigation
23 with him.
24 Q Where is the case pending?
25 A Piatt County in Illinois.

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1 Q Where?
2 A Piatt.
3 Q I am ashamed to say I don't know where that is.
4 A It's sort of -- kind of eastern, not too far
5 central. What's it around? I wish I could tell you a big
6 city around there. I can't think of a big city.
7 Q Chicago?
8 A No, no.
9 MR. McSHANE: By Champaign?
10 THE WITNESS: It's north of Champaign. North of
11 Champaign. It's out in the middle of nowhere.
12 BY MR. EICHENSEER:
13 Q Is it a foreclosure proceeding?
14 A It's an everything-we-can-throw-at-the-guy
15 proceeding.
16 Q Are you representing the lender?
17 A No, I have hired outside counsel.
18 Q Who is the outside counsel?
19 A Kroger, Gardis & Regas, based in Indianapolis.
20 Q What's the status of -- the most recent status of
21 that proceeding?
22 A Well, we filed to collect on the note because it
23 was past due. We filed to get a receivership of his 2014
24 crop, and we filed for a fraud claim for selling our grain
25 out of trust.

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1 Q And how much?
2 A I'm sorry, we are waiting -- they originally set a
3 hearing. It got postponed, and we are waiting to get a new
4 hearing set.
5 Q What hearing is going to be set; a status hearing
6 or --
7 A No. This is a hearing on our motion to get a
8 receivership to have a third-party fiduciary take over his
9 crop that's there right now.
10 Q To your knowledge, do you have a judgment in your
11 favor at all in this case?
12 A We don't have a judgment yet, no.
13 Q Have you paid legal fees to the outside counsel
14 you have retained?
15 A We have.
16 Q How much have you paid to them so far?
17 A Just over \$15,000.
18 Q And how much do you anticipate paying them, if
19 any, additional funds?
20 A Hard to predict. The lawyer made the comment to
21 me, Sorry it's so much, but I think we got a lot of the work
22 done at this stage in the game. It just depends upon how
23 many hearings we have to have. So I don't know how much
24 more.
25 Q And does the arrangement with the outside counsel

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1 entitle them to any share of any judgment you might collect?
2 A No, it's an hourly rate basis.
3 Q And who is paying the legal fees?
4 A FarmGrowCap is paying the fees.
5 MS. PYSZKA: When was this filed?
6 THE WITNESS: Early February, I think, this year.
7 We had hoped to have the hearing by now, but apparently I am
8 told there is some issue with court reporting in Illinois,
9 and the hearing got postponed because of that, or something.
10 But anyway, we are pushing that one as hard as we can.
11 BY MR. EICHENSEER:
12 Q Has outside counsel given you any sense of when a
13 final resolution of the case might happen?
14 A He has not.
15 Q And I think you testified that in addition to the
16 2013 loan amount to Williams, that includes this 1.458
17 that's the subject of the litigation.
18 A Right.
19 Q In addition to that loan, you also made a 2014 --
20 FarmGrowCap also made a 2014 loan to Williams?
21 A Correct.
22 Q That's completely separate from the 2013 loan?
23 A Correct.
24 Q And you made that loan after -- before you learned
25 that Williams would not be paying?

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1 A Correct. Yes. We made that loan before we knew
2 he had a problem.
3 Q Right.
4 A Yes.
5 Q D&S Farms, how much was the 2013 loan to them?
6 A Pretty sure it was \$1.8 million. That was a
7 short-term gap loan.
8 Q How short was it?
9 A Two months, maybe three at the most. Just a
10 situation where -- I won't bore you.
11 Q So when was it -- was it repaid in full?
12 A It was repaid in full.
13 Q When was it repaid in full?
14 A I don't remember the precise date, but it was paid
15 on time.
16 Q Was it in -- early on in FGC cycle? I know --
17 A Yes. He is an early one. Yeah.
18 Q So would it have been around April of 2014?
19 A Yes, that would be a good guess.
20 Q And was FGC still raising investor funds in April
21 of 2014?
22 A Yes.
23 Q And how were the 1.8 million in repayments from
24 D&S Farms used when they were received by FarmGrowCap?
25 A We used them to help fund -- make other loans in

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1 2014.
2 Q And the 1.8 million loan to D&S Farms, that didn't
3 include any amount refinanced from earlier periods, right?
4 A That's correct.
5 Q And since -- am I right that since they have
6 repaid in full, there's been no refinancing of any amount to
7 the 2014 FGC?
8 A Correct.
9 Q And then Bassen Farms is the last one. How much
10 was the loan amount to Bassen?
11 A \$1 million.
12 Q When was that due?
13 A I believe his was due December 31, 2013, but I
14 would have to double check that. But I am pretty certain it
15 was.
16 Q How much of that was repaid by the due date?
17 A About \$665,000, I think. We had a \$430,000 some
18 odd loss on that loan.
19 Q And what do you mean by "loss"? It sounds like
20 there's been shortfalls that have been refinanced, but this
21 is a definite loss?
22 A It's a definite loss. He did not repay -- again,
23 it's one of those where he sold what I refer to as grain out
24 of trust. So he took grain. We had our security interest
25 in it. But the way you have to do farm loans is you have to

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1 send a notice to the likely buyers of the grain to say, I
2 have a lien on that. And you get from the farmer who they
3 are going to sell to, and you send those notices. And he
4 sold that grain to other elevators who had no idea that we
5 had our lien in place, and kept that money, and then he
6 filed bankruptcy.
7 Q And was it when he filed bankruptcy that you
8 determined that the outstanding balance was a loss?
9 A Yes.
10 Q And I think earlier you testified that that loss
11 was going to be somehow made up to the 2013 investors
12 through FarmGrowCap's 2014 fees.
13 A Yes. Correct.
14 Q And can you explain the mechanics of how that
15 works?
16 A That -- when we did the 2014, there was money in
17 the pool fund of 2014 that was going to -- that would then
18 repay 2013 investors, and that we would forego some of our
19 distributions to cover that.
20 Q And did you forego distributions to cover that?
21 A Yes, we did. It's through a process of -- as we
22 did '14, we didn't raise all the money we needed to fund
23 deals that we were doing in '14, so part of that went to --
24 part of our fees went to fund some of the loans made in
25 2014.

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1 Q Did VFLH fund ever make a loan to Tobin Senefeld?
2 A Did Veros Farm Loan Holdings make a loan to Tobin?
3 I don't believe so.
4 Q Was there -- did some entity make a loan --
5 A PIN Financial, LLC made -- well, hold on. PinCap,
6 I'm sorry. I believe it was -- I honestly don't remember.
7 It was either PinCap or PIN Financial, LLC who made a loan
8 to Tobin.
9 Q You are sure it wasn't the VFLH Fund?
10 A I don't believe so. I would have to double check
11 and look at the note. But I am pretty certain it was either
12 PinCap or PIN Financial. But I would have to double check.
13 Q And are you fairly certain it wasn't FarmGrowCap
14 either?
15 A Yes, same thing. I am pretty certain, but I would
16 have to double check.
17 Q Showing you what's been marked as Exhibit 41,
18 which is a -- looks to be a January 16, 2014 e-mail from
19 Jeff Risinger to Shawnda Trout and Shawn Gustafson.
20 (SEC Exhibit No. 41 was marked
21 for identification.)
22 BY MR. EICHENSEER:
23 Q Let me know when you have had a chance to look at
24 it.
25 A Okay.

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1 Q So there's several -- it's a fairly lengthy e-mail
2 chain here, but it looks like one of the topics being
3 discussed are Crossroads -- strike that -- are FarmGrowCap's
4 fees in connection with a Crossroads loan. Is that what's
5 depicted here in Exhibit 41?
6 A Correct.
7 Q So what are you explaining about the Crossroads
8 origination fees?
9 A Well, what it starts with, that first part, it
10 says -- I am getting a confirmation agreement together. So
11 at this point in time -- there were a couple of times with
12 Crossroads where we had a loan agreement, but I would also
13 go back and say, all right, now, everybody sign up again
14 because I want to make sure you understand exactly what the
15 loan balance is and what -- you know, everything going on
16 here.
17 And so I believe that's what I was doing there.
18 And as part of that, I must have seen something that said
19 the Crossroads fee hadn't been paid yet, yet, the money had
20 been borrowed by Crossroads. So I believe I was just
21 clarifying that you need to pay that fee out of the
22 Crossroads account to FarmGrowCap because I am going to add
23 it to this confirmation agreement to confirm with them
24 that's part of -- that's added to the loan balance.
25 Q Was \$264,840 the amount of origination fees that

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1 FarmGrowCap was owed?
2 A Yes.
3 Q And that was in connection with the 2013
4 Crossroads loan, right?
5 A Yes.
6 Q And I think -- did you just state that the money
7 in the Crossroads investor account was supposed to be used
8 to pay the fees -- pay those origination fees?
9 A Yes, because I believe the loan proceeds were in
10 that account, and that was money that they owed to
11 FarmGrowCap. So it should be used to pay the fee that was
12 provided for in the loan agreement with them. There's a
13 loan agreement that provides that we pay that fee.
14 Q What do you mean when you wrote, "I think we
15 should move the entire \$264,840 to the FarmGrowCap account
16 and then just wire the \$40,000 from the FarmGrowCap for the
17 additional loan"?
18 A I don't remember what the 40,000 is, to be honest
19 with you. The 264, though, is our fee. If it was in their
20 account, they had already signed the loan agreement that
21 they would pay that fee, so we should get that fee. Part of
22 what we would do was -- based upon cash flow, we didn't
23 always take our fee when it was earned because we wanted to
24 make sure that there was enough cash to provide to farmers
25 when they needed to make a draw. So at some point in time

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1 when I am going back with them and confirming what the loan
2 balance is, I am saying, we haven't taken our fee yet, so
3 let's take our fee now. We are done funding them, I
4 believe, at that point in time. We can take our fee. The
5 40,000, I am not sure -- I think what that means is that
6 FarmGrowCap was extending them \$40,000 of additional credit
7 at that point in time.
8 Q And then the last sentence that you wrote states,
9 "That way we will have a paper trail that matches our
10 documents, including the confirmation document I am
11 drafting."
12 What did you mean by that?
13 A That's just -- to the extent that we could, wanted
14 to show that was part of the loan, but that was our fee, so
15 that we should move it out of the Crossroads account because
16 they owed that money to FarmGrowCap. And I am getting ready
17 to write a document that says they have borrowed this much
18 money, which includes that 264,000. So for whatever reason,
19 I knew 264,000 was in the Crossroads account, and I wanted
20 to match up -- they borrowed that money, so I am getting
21 ready to have them sign a document that has a loan balance
22 that includes that \$264,000. So apply it for the purpose
23 for which it is, which is to pay our fee.
24 Q And did anyone else besides you or Crossroads see
25 the confirmation document that you discussed there?

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1 A Did anybody else see the confirmation?
2 Q Was it shown to anybody else?
3 A The confirmation agreement itself? The borrower
4 signed it. Crossroads signed it. I don't know if anybody
5 else in our group saw it or not. I don't recall.
6 Q So when -- you were involved with the 2014
7 FarmGrowCap Fund, right?
8 A Correct.
9 Q When did the planning for that fund start?
10 A Oh, the planning would have started in August or
11 September of 2013. We start talking to farmers about what
12 their needs are and, you know, what they have been able to
13 line up on crop insurance and forward sales, and things like
14 that. So it would have started August, September of 2013;
15 that sort of time range.
16 Q And in the planning stages for the 2014
17 FarmGrowCap Fund, what was your understanding of the purpose
18 for which investor funds would be raised?
19 A They would be raised for farm-related loans,
20 operating loans, mortgage loans, gap or lap-over loans, like
21 we did with D&S Farms Partnership, that sort of thing, and a
22 loan to True Blueberry Management, or something like that.
23 That loan for them was to prepay some rent on a farm lease.
24 Those sorts of things.
25 Q Was it your understanding that the money raised in

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1 the 2014 deal would be used to pay investors of the 2013
2 Fund?
3 A Well, it was my understanding that 2014 was
4 looking at some loans that would be some refinances of
5 the -- of some existing loans, yes. I didn't think of it in
6 terms of money going to the 2013 investors. I thought of it
7 in terms of analyzing a refinance, you know, on a -- but the
8 practical impact would have been that 2013 investors would
9 get some repayment. I understood that.
10 Q But you didn't analyze it -- you analyzed it in
11 terms of refinancing?
12 A Well, it's how I analyzed it, but it's kind of
13 hard to separate the two. I would have --
14 Q Showing you what's been marked as Exhibit 43.
15 Looks to be an e-mail dated February 19, 2014.
16 MR. LOLLI: Are we on 42 now?
17 While we are on that, did we ever resolve whether
18 or not Exhibit 30 was misplaced or --
19 MR. EICHENSEER: I haven't looked at it. Why
20 don't we do it after this. Thanks for flagging that.
21 (SEC Exhibit No. 42 was marked
22 for identification.)
23 BY MR. EICHENSEER:
24 Q Showing you what's been remarked as Exhibit 42.
25 Appears to be a February 19, 2014 e-mail from Matt Haab to

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1 Jeff Risinger.
2 A Yes. Okay. I am ready.
3 Q My first question is about the e-mail that you
4 wrote, looks like, to Shawn Gustafson, Tobin Senefeld, and
5 Matt Haab there at 8:19 a.m. on February 19.
6 A Yes, correct.
7 Q There is a lot of dates and terms in here. What's
8 the gist of what you are stating in this e-mail?
9 A What's going on here is that to the extent that we
10 had made decisions or were working on decisions to refinance
11 loans from the 2014 Funds, the mechanics of that happening
12 was that the 2014 Fund would purchase the loan that was
13 being refinanced from the 2013 Fund.
14 And so what we are talking about here is, what's
15 the cutoff date for that? When are we going to start
16 saying, when is that purchase officially going to take
17 place? So we had a purchase agreement that said 2014 is
18 purchasing these loans, and what's being discussed here is,
19 well, what's the cutoff date for the interest to start
20 accruing on 2014 so we know exactly how much interest is
21 going to be paid to the 2013 investors.
22 Q You mentioned a purchase agreement for the 2014 to
23 purchase the 2013 loans.
24 A Yes.
25 Q Who -- describe that agreement.

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1 A It's an agreement that 2014 entered into with 2013
2 to buy the loan. So it had a list of the loans.
3 Q Is this the 2014 Fund?
4 A The 2014 FarmGrowCap Fund is buying -- the loans
5 it's going to refinance -- again, the way to do that was
6 refinance it by buying it. And the price that's going to be
7 paid for that is whatever the balance of that loan is,
8 principal and interest.
9 Q And who signed this agreement?
10 A I drafted it, and I signed it, and I believe Matt
11 signed it, but I would have to double check on that
12 because --
13 Q Were investors in the 2013 Fund told about this
14 agreement between the 2013 Fund and the 2014 Fund?
15 A The investors in the 2013 Fund, no. As far as I
16 know, no, they weren't. I don't know what Matt said to
17 them, but I did not say anything.
18 Q To your knowledge, the investors in the 2013 Fund
19 were not told of the agreement between the 2014 Fund and the
20 2013 Fund?
21 A Correct.
22 Q Did investors in the 2014 Fund, to your knowledge,
23 know about the agreement between the 2013 Fund and the 2014
24 Fund?
25 A Not specifically about the agreement. Again, I

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1 described it in the 2014 offering memorandum loans that we
2 were going to refinance or contemplating refinancing, but I
3 did not mention an actual purchase of the loans or how that
4 was going to happen. I just mentioned that for some of the
5 farmers we had done business with before, we were going to
6 refinance.
7 Q When was this agreement in place?
8 A I would have to go back and look as to exactly
9 when we figured it out.
10 Q Was it in place here on February 19 when you wrote
11 to Shawn Gustafson that, "That would mean we would have a
12 closing on March 31st, at which time the sum of the eight
13 rollover investors from the 2013 Fund, plus, B, the new
14 investors who come in, would equal enough to pay off the
15 P&I of the 2013 Fund"?
16 A I don't know if it was in place then or not. I
17 would have to check as to exactly when it got put in place.
18 Q Would it have to have been in place for the 2014
19 investor money to be used to pay off the P&I and the 2013
20 Fund?
21 MR. DANOVITCH: Don't speculate.
22 BY THE WITNESS:
23 A An agreement, whether it's written or oral, yes,
24 there would have to be an agreement, and either written or
25 oral, that what was happening was the 14 Fund had made the

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1 investor decision to refinance, and that that was going to
2 happen. So whether it's written or oral, yes, there would
3 be an agreement.
4 Q You testified the agreement was signed, right?
5 A I signed the agreement.
6 Q So it was a written agreement?
7 A At some point in time it became a written
8 agreement. Based on our conversations, there -- I am not
9 going to speculate, but there could have been an oral
10 agreement earlier.
11 Q Was there a written agreement in place on
12 February 19th, to the best of your knowledge?
13 A I just don't recall when it happened. I can get
14 that, but I just don't recall.
15 Q But the plan for the 2014 Fund was to refinance
16 some of the 2013 investor money?
17 A Yes. We knew that, yes. We knew that we would be
18 doing some refinances.
19 Q And the PPM for the 2014 Fund was drafted in late
20 March of 2014, right?
21 A March sometime in '14, yes.
22 Q Was the agreement between the 2014 Fund and the
23 2013 Fund, the written agreement, in place then when the PPM
24 was distributed to investors?
25 A I have to follow up. I don't remember the exact

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1 date.
2 MS. PYSZKA: But the plan was to use the investor
3 money from 2014 to pay off 2013 investors?
4 THE WITNESS: The plan was to refinance some
5 loans, as described in the memorandum and, yes, those
6 proceeds would be used by the farmer to repay their old
7 loan.
8 (SEC Exhibit No. 43 was marked
9 for identification.)
10 BY MR. EICHENSEER:
11 Q Showing you what's been marked as Exhibit 43,
12 which I will point out to you and your counsel now is
13 actually two separate documents. The first two pages are a
14 separately produced e-mail to us, and then the balance of
15 the exhibit is a separate e-mail that was produced to us.
16 A Okay. Ready.
17 Q So I want to -- do you recognize the two
18 individual e-mails that are part of Exhibit 43?
19 A Yes.
20 Q I want to ask questions about the first e-mail,
21 which is the first two pages of the exhibit.
22 A Okay.
23 Q Is this e-mail that you sent -- is the first
24 e-mail in the chain an e-mail you sent to Matt Haab on
25 September 24, 2014?

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1 A That's an e-mail I sent, yes.
2 Q And you state that, "I am prepping for tomorrow's
3 call, but not necessarily for that call. Attached -- too
4 big, I will send you a Leap file -- are four signing the
5 following." And the second item you mention is the
6 assignment of the 2013 notes by VFLH to FGC.
7 A Yes.
8 Q Is that the written agreement transferring the
9 loans we just discussed?
10 A Yes.
11 Q And the date of this e-mail is September 24, 2014?
12 A Yes.
13 Q So -- and you are asking -- in this e-mail, you
14 are asking Matt Haab to sign that agreement, right?
15 A Right.
16 Q This agreement was not signed by Matt Haab, at
17 least before September 24, 2014?
18 A Correct.
19 Q So the agreement between VFLH and FGC was not in
20 place at the time you issued the PPM in April of 2014?
21 A Not a written agreement, correct.
22 Q Was there an oral agreement?
23 A I believe, yes. I haven't analyzed that, but, I
24 mean, we had agreed, once we made our refinancing analysis,
25 we had agreed that that would happen.

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1 Q Who is the oral agreement between?
2 A That would be FarmGrowCap '14 and Veros Farm Loan
3 Holdings. There would have been discussions between Matt
4 and I.
5 Q Which one of you would have been FarmGrowCap 2014
6 and which one of you would have been VFLH 2013?
7 A I would have been FarmGrowCap '14. Matt would
8 have been Veros Farm Loan Holding.
9 Q Did you come to such an oral agreement, you and
10 Matt Haab?
11 A I believe that we did. I haven't analyzed that.
12 I believe based upon our discussions and agreements we had
13 from moving forward that we had that agreement.
14 Q So if you turn to the second e-mail in Exhibit 43,
15 which begins with Bates Number 13074. Do you see that one?
16 A Yes.
17 Q It's an e-mail from somebody at -- looks like
18 Ashley to you.
19 A Right.
20 Q She states in the cover e-mail, "Hi, Jeff. Please
21 find attached the assignment of loans from the FLH to FGC
22 documents signed by Matt. He asked me to send this over to
23 you."
24 A Right.
25 Q Is the attachment to the e-mail the assignment of

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1 loans you sent over to Matt Haab?
2 A Actually -- oh, yes. Okay. Yes, it is.
3 Q And to your knowledge, did Matt Haab do anything
4 other than sign the assignment of loans -- loan documents
5 here at 13075?
6 A Do I believe he signed that?
7 Q Did he do anything to this document other than
8 sign it?
9 A Not anything else I am aware of.
10 Q The date under his signature is July 15, 2014. Do
11 you see that?
12 A Yes.
13 Q He didn't sign it on July 15, 2014, did he?
14 A No, that would have been as of -- in terms of
15 calculations.
16 Q Why in September of 2013 did you send Matt Haab an
17 agreement for him to sign that was dated July 15, 2014?
18 A Just thought we needed to memorialize our oral
19 understanding as to what we were doing.
20 Q Have you ever asked anyone else to sign agreements
21 that were dated on days other than the date they were
22 signed?
23 A I have not. Didn't intend to do that here. That
24 was really the cutoff date in terms of calculation --
25 Q Is it the first time in your life you have asked

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1 somebody to sign a document with a date different than they
2 signed it?
3 A I can't say never. It's not my practice.
4 Q Now, Exhibit -- there is Exhibit A to that
5 agreement as well, right?
6 A Yes.
7 Q And what's -- did you create Exhibit A?
8 A Yes.
9 Q What's shown on Exhibit A?
10 A Exhibit A is showing the loans that were being
11 purchased by the 2014 FarmGrowCap Fund.
12 Q And are these the 2013 loans?
13 A These are, and if there is any balance left over
14 that's being purchased.
15 Q The balance being purchased by the 2014 Fund?
16 A Yes.
17 Q And I know you have -- I will just reask the
18 question. Just to be clear, the FGC PPM didn't mention an
19 agreement between VFLH and FGC regarding assignment of
20 loans, right?
21 A It did not mention an agreement. It just
22 mentioned FGC was going to refinance some of the loans, but
23 didn't mention the agreement.
24 Q Did it mention it was going to refinance the VFLH
25 loan?

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1 A It described separate loans that were -- I
2 described loans that Veros Farm Loan Holding had made loans
3 to in 2013, and which of those loans were going to be
4 refinanced. So it said we did prior business with that
5 farmer, had made a loan to them before, and the new Fund was
6 going to refinance that.
7 Q And so if you look under the amount of loan
8 facility column there, do you see it looks like for each --
9 for almost each farm entry, there is -- looks like an
10 original loan amount, and after this back slash, the amount
11 owed?
12 A Correct.
13 Q And I think this shows some of the amounts we have
14 been discussing already.
15 A Uh-huh.
16 Q It shows that the RJ Williams still owed
17 1.257 million on their 2013 loan as of July 15, 2014, right?
18 A Correct.
19 Q It shows Kirbach Farms owed 325,000 on the 2013
20 loan as of May 30, 2014?
21 A Correct.
22 Q And it showed that Bassen Farms owed \$430,000,
23 approximately, collection loans, right?
24 A Correct.
25 Q It also disclosed that Crossroads Family Farms

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1 still owed 1.43 million on its 2013 loan?
2 A Correct.
3 Q And it also showed that Joseph Boyer Farms owed
4 \$298,000 on its loans, right?
5 A Correct.
6 Q Do those owed amounts include the interest that
7 the farmers also owe?
8 A I believe so, but I would have to double check. I
9 believe that was the principal and interest balance.
10 Q So these were the eight farms that were part of
11 the VFLH 2013 farm loan, right?
12 A Correct.
13 Q And when you drafted the FarmGrowCap PPM, did you
14 mention there were eight farms in the 2013 Fund?
15 A In the '14 PPM, did I mention there were eight
16 Veros Farm Loan Holding loans?
17 Q Did you discuss the 2013 farm loan performance --
18 the 2014 --
19 A Yes, I did. Yes, I did.
20 Q Did you state in the PPM that seven of the eight
21 farms were either fully repaid or on track to do so?
22 A Yes, I did.
23 Q And this is a schedule that you sent to Matt Haab
24 in September of 2014, right?
25 A Yes.

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1 Q And that was several months after the PPM was
2 issued, right?
3 A Correct.
4 Q And this shows two of the -- I'm sorry, three of
5 the eight farm loans as being fully repaid, right?
6 A A slight correction. So the description in the
7 '14 PPM said that seven of the eight had either repaid or
8 were on track to do so, with the exception of one Boyer,
9 which had a loss.
10 Q Right. So the loss was -- seven of eight were on
11 track to repay except --
12 A Except for his loss. Bassen was the one that was
13 the eighth. And at that point in time -- I mean, Williams
14 at that point in time we thought was perfectly fine; not a
15 problem. We truly believed he would be paying back. And
16 Kirbach Farms and Crossroads Farms, again, in terms of -- I
17 had a chart that explained in the PPM why we believe those
18 loans were okay, and we did fully believe they would pay
19 back.
20 Q Investors in the 2014 Fund, did they -- they
21 didn't all invest at one time, correct?
22 A Correct.
23 Q They invested in several closings, right?
24 A Correct.
25 Q And when was the last closing for the FarmGrowCap

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1 2014 Fund?
2 A I would have to look. I don't -- it was into July
3 or August, but I have to get a precise date.
4 Q So there is a possibility that there was some
5 investors in the 2014 Fund that invested in August, right;
6 August of 2014?
7 A There were some. I think there was about \$700,000
8 or so who invested.
9 Q What about after August; was there any more 2014
10 investors that invested?
11 A I would have to check. I don't know.
12 Q When those investors invested, did they typically
13 receive a PPM?
14 A Yes.
15 Q And you knew in September of 2014 that a couple
16 million dollars of loan payments in 2013 hadn't been repaid,
17 right?
18 A Yes. I missed that one, the Williams thing. I
19 missed that one.
20 Q And did you suggest to anyone that disclosures be
21 amended or that investors be notified about the repayment
22 progress for 2013?
23 A I did not, and I was so focused on fixing that
24 problem, I just -- no.
25 Q So how much -- the 2014 Fund, how much in loans

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1 does the 2014 Fund have?
2 A I believe it did just over \$11 million in loans.
3 Q How much of that was amounts that were refinanced
4 from the 2013 farm loan?
5 A Probably in the vicinity of about three and a half
6 million dollars. I am just looking at this table right
7 here, but about three and a half million dollars.
8 (SEC Exhibit No. 44 was marked
9 for identification.)
10 BY MR. EICHENSEER:
11 Q Showing you what's been marked as Exhibit 44.
12 Looks to be a September 2, 2014 e-mail from Jeff Risinger to
13 Shawn Gustafson and Matt Haab.
14 Let me know when you are ready.
15 A Ready.
16 Q My questions will only be about the cover e-mail
17 here. So if there is context in the e-mail chain you want
18 to point out, please do so. But I want to ask -- this is an
19 e-mail -- this cover e-mail is something you wrote to Shawn
20 Gustafson and Matt Haab in September of 2014, right?
21 A Right.
22 Q And the first paragraph, you state, "The loan
23 balances will be transferred to FGC 2014 from FGC 2013.
24 Investors have been/will be paid until the date they are
25 fully repaid."

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1 Your reference to the loan balances will be
2 transferred to FGC -- to FGC 2014 from FGC 2013, was that a
3 reference to the assignment of loans in collateral that we
4 just saw in another exhibit?
5 A Or an earlier oral understanding of the same
6 thing, yes.
7 Q And you said the loan balances will be
8 transferred. Did you mean to suggest that the transfer
9 hadn't taken place yet?
10 A I did not mean to suggest that. It's just what we
11 were trying to work out here was what are we going to use as
12 the cutoff date for the calculations. And I wasn't really
13 focusing on the actual mechanics of those loans
14 transferring.
15 Q I am going to jump ahead to the last paragraph,
16 the second line down, where you write that, "We have had to
17 keep the 2013 investors happy and borrow bridge funds
18 because the 2013 farmers did not pay on time."
19 A Right.
20 Q What did you mean by "keep the 2013 investors
21 happy"?
22 A Well, particularly focuses on the Williams loan.
23 So July 15th, when his lawyer called the bank and said he is
24 not going to pay, we were shocked, quite frankly, in terms
25 of that, and had to figure out, okay, at this point in time,

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1 we have got -- we thought everything was fine with Williams.
2 We made a 2014 loan to him. So now we have got this issue
3 of, we have 2013 investors and 2014 investors who might not
4 have interests that are lined with respect to Williams.
5 There is an issue here, because from the 2013
6 investors' standpoint, Go sue the crap out of him. Get me
7 my money. And from the 2014 investors' standpoint, we are
8 sitting there. We have got a 2014 loan now. Crops are
9 looking good at that point in time. He's got good crop
10 insurance. 2014 is looking fine. So from the 2014
11 investors' standpoint, it's, don't rock the boat.
12 And so I went through the process of thinking how
13 to resolve that issue in terms of what are we going to do
14 for whom. I finally came to the conclusion that the problem
15 was we had two different investment pools, but it was within
16 the same company, FarmGrowCap. And there wasn't any real
17 principal way that I could say one should have -- let me
18 back up here a second.
19 The 2013 loan has a security interest in crops.
20 That would be 2013 and 2014. The 2014 investors don't want
21 Williams to be in a lawsuit. At that point in time, we
22 thought we could still work it out with him, and the 2014
23 crop looked good. If they were two separate companies,
24 there are rules out there that would say whose security
25 interest is priority to the others. You would know, this is

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1 how I am going to handle this. But we were one company with
2 one UCC lien, and there wasn't any way to really distinguish
3 that.
4 And I came to the conclusion that it's in the best
5 interest of the 2014 investors to not have a big lawsuit and
6 things going on with Williams from the '13 loan. We need to
7 put that into '14. And so the language about making the
8 investors happy is, we have to do something for them because
9 if there was -- if there wasn't a 2014 loan, we would go sue
10 Williams. So we need to do something for those investors in
11 this situation.
12 Q Did you have any reason to believe that 2013
13 investors were unhappy?
14 A Well, they weren't going to get paid, I mean, so I
15 assume that would not make them very happy.
16 MS. PYSZKA: Had you told them they weren't
17 getting paid?
18 THE WITNESS: I am not -- I had not. I am not
19 sure what Matt had told them.
20 BY MR. EICHENSEER:
21 Q Do you have knowledge of any specific investors
22 complaining or being unhappy about the 2013 Fund?
23 A I don't know of any. I don't know of any
24 personally. I mean, that comment is just from the
25 assumption that I am not going to be very happy if I am not

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1 being repaid. And whether they knew that at whatever
2 particular point in time, if something wasn't done, they
3 were going to be unhappy. I mean, I believed I had to face
4 that issue because it was going to come up. It was -- by
5 the fact that Williams didn't pay on July 15th, I had that
6 issue.
7 MS. PYSZKA: Actually, the sentence says, "We have
8 had to keep the 2013 investors happy and borrow bridge
9 funds." So what does that mean, "borrow bridge funds"?
10 THE WITNESS: In the process of doing the
11 FarmGrowCap offering for 2014, we did a first stage that was
12 a bridge loan fund, and then did a second stage that was the
13 permanent offering. That's what that's referring to.
14 BY MR. EICHENSEER:
15 Q I want to focus now on the 2014 loans that were
16 part of the FarmGrowCap deal.
17 Before I do that, I have one more exhibit I want
18 to show you. I will mark this as -- showing you what's been
19 marked as Exhibit 45, which is an April 9, 2014 e-mail from
20 Jeff Risinger to Tobin Senefeld.
21 (SEC Exhibit No. 45 was marked
22 for identification.)
23 BY THE WITNESS:
24 A Ready.
25 BY MR. EICHENSEER:

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1 Q Exhibit 45 is the e-mail from you to Tobin
2 Senefeld, right?
3 A Correct.
4 Q And it's dated April 9th of 2014. And the subject
5 line is the "D&S Farms Repayment." And is the subject line
6 a reference to the \$1.8 million repayment on the 2014 farm
7 loan that you testified about earlier?
8 A Correct.
9 Q I believe I asked you whether that -- I asked you
10 how that 1.8 million was used when it was received.
11 A Correct.
12 Q And you told me it was used to make additional
13 loans.
14 A Correct.
15 Q And the second paragraph here, you state, "What we
16 have to think through is that we were planning on using the
17 D&S repayment one way or the other as funds to pay down the
18 2013 investors."
19 A Yes.
20 Q Did that happen? Did you use the D&S repayment to
21 pay the 2013 investors?
22 A That's an inartful way of referring to 2014 Fund
23 is purchasing and refinancing loans from the 2013 Fund.
24 Q But the 2014 Fund didn't purchase or refinance any
25 of the D&S loan amount for 2013, right?

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1 A That's correct. This is -- the '14 loan made to
2 D&S is now being repaid. So that money is coming back into
3 FarmGrowCap. And that -- that's money raised by FarmGrowCap
4 now that's available to make loans to farmers. So this is
5 an offhanded way of explaining, in short terms, that that
6 money is going to be used to purchase and refinance '13
7 loans. So Tobin was wanting to use it for another loan he
8 was working on. And I was saying, no, we are going to have
9 to use those funds to honor the decision we have made to
10 refinance some of the 2013 loans, so it will have to be used
11 for that. This is an offhanded way of saying that.
12 Q So it was your idea, not Tobin's, to use the D&S
13 repayment one way or another as funds to pay down the 2013
14 investors?
15 A Yes. It was my idea to use it to refinance loans
16 from 2013, but indirectly they would --
17 Q The next sentence, you state, "If we can figure
18 out a way to squeeze through that."
19 Why -- did you think there was a problem with
20 using the D&S repayment in that manner?
21 MR. LOLLI: Objection to form.
22 BY THE WITNESS:
23 A It was just a matter of -- sometimes you have to
24 tell Tobin, you know, Tobin, you really want to do
25 something, but we can't do that. And what I am saying to

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1 him here is that, You want to go use this money for
2 something else, a new loan. And maybe we could do that.
3 Maybe we could squeeze through and figure out a way that we
4 can do that, but we really need to just be doing what we
5 have already said we were going to do, which is to refinance
6 and purchase the loans from the 2013 Fund, and we should do
7 that before we go make some other new loan from that
8 standpoint. We have already determined to refinance and
9 purchase from the 2013 loans. Let's do that.
10 That's just a way of telling him that. I can't
11 let you go do some new loan because we have already
12 obligated ourselves to do this, and we don't know how much
13 more money we are going to be raising or can raise.
14 MS. PYSZKA: But what you said in this e-mail is,
15 "What we have to think through is that we were planning on
16 using the D&S repayment one way or another as funds to pay
17 down 2013 investors." That's what you wrote here; is that
18 correct?
19 THE WITNESS: That's what I wrote.
20 MS. PYSZKA: That was my question. That's what
21 you wrote?
22 THE WITNESS: Yes, ma'am.
23 BY MR. EICHENSEER:
24 Q So circling back to the 2014 loans that were part
25 of the 2014 loan fund. I think you testified that about

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1 3 million or so of the loans made were refinanced to Matt
2 from the 2013 --
3 A I am pulling that from looking at that chart and
4 that one document. I believe that's the correct
5 approximation.
6 Q How much has been repaid from farmers to date on
7 the 2014 FarmGrowCap?
8 A I think it's about 3 million -- just under
9 \$3 million. I think -- I have to double check. And we have
10 got -- we have repaid, I think, almost \$3 million, and we
11 have got \$560,000, I think, as of yesterday that's -- we are
12 ready to make -- that we have gotten payments in from
13 farmers that we are ready to make some more payments to
14 investors.
15 Q So what other specific loans that are in the 2014
16 farm loan deal?
17 A Which loans are there?
18 Q Uh-huh.
19 A Let's see if I can start -- there was the D&S
20 Farms loan. There was the True Blueberry Management loan,
21 Rosentreter, Kirbach, Crossroads, Williams 2014, Williams
22 2013 refinance. And I forgot the eighth one.
23 MR. McSHANE: Bassen again?
24 THE WITNESS: No, not Bassen again. I can't blame
25 him. Let's see. D&S, Rosentreter, Crossroads, Kirbach, two

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1 Williams, True Blue. Did I say -- and Rosentreter.
2 Q I am just going to ask you a long question right
3 now. And could you go through each of those loans and tell
4 us how much of the loan amount is -- how much the loan
5 amount was and how much is still outstanding, if any, today?
6 A To the best of my recollection -- all of these all
7 say I can go back and supplement and --
8 Q I understand. It's just your recollection.
9 A D&S Farms repaid.
10 Do you have your list there?
11 Q That was the 2013 list.
12 A The ones I just listed so I don't forget some.
13 Q Sure.
14 A So D&S is repaid. Williams '13 has not paid
15 anything on the '13 portion.
16 Q How much was the D&S repayment, 1.8 million?
17 A I think 1.8 million.
18 Q So Williams 2013?
19 A The Williams 2013, the original principal, I
20 think, was 1,458,000, or something like that. And there's
21 been nothing paid on that one. We are suing on that. The
22 Williams 2014, I would have to look at the -- I can
23 supplement with an exact loan schedule, but I think there's
24 probably about -- I am not sure how much is left.
25 Q Is it more than a million?

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1 A Oh, yes, it's a couple million dollars, I believe.
2 Q More than 2 million?
3 A I think it is more than 2 million, but I have to
4 look at the schedule.
5 Q What was the total of the Williams 2014?
6 A 3.6 million.
7 Q When was that due?
8 A I would have to confirm, but I believe March 30th.
9 No, no. January 31st. I tried to standardize everybody to
10 January 31st this year.
11 Q Of 2015?
12 A Of 2015. So we are suing Williams on both of
13 those loans right now.
14 Q So you have already discussed the 2013 Williams
15 litigation. Is the 2014 -- you said you sued them. Is that
16 part of the same case?
17 A It is part of the same case. And we actually --
18 it's difficult to trust the guy at this point in time, but
19 we actually think his 2014 crop is okay. And the real
20 purpose for including it in the lawsuit was to get
21 receivership to make sure that we had control of it so he
22 doesn't do something like he did last year and take the
23 grain somewhere else.
24 Q So overall, is the litigation that you are
25 involved with, with respect to Williams, seeking the 1.457

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1 plus the more than \$2 million of outstanding loan balance
2 for 2014?
3 A It is.
4 Q And how would you -- if you did get a judgment,
5 did you have any reason to believe that Williams would
6 actually pay the judgment, or would you need to use a lien
7 or some kind of foreclosure?
8 A We probably have to foreclose. Actually, the main
9 element of Williams is we believe that -- well, on the 2014
10 part, we believe he has crops that will actually pay it.
11 It's just a matter of probably another three or four months.
12 Q Do you have a lien on his crops, or how --
13 A Yes.
14 Q What's your interest?
15 A Yes, we do have a lien on his crops.
16 Q Does anybody else have a lien on his crops?
17 A His bank has a lien on the crops, but they
18 subordinated their lien to us.
19 Q So you have a first priority position?
20 A First priority position on his crops.
21 On the 2015 portion, we are suing him to get him
22 to pay.
23 Q The 2015 portion?
24 A The 2013 portion. The 2013 portion, we are suing
25 him to pay. Once we get a judgment, which I presume we

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1 will, he has other assets that we will attempt to realize
2 on. But what we are really doing on the 2013 is, part of
3 our lawsuit is to get the information from him that we need
4 to hopefully make our lawsuit against -- or our approach to
5 Archer Daniels Midland to say, give us our million dollars
6 on the grain that Williams delivered to you, that we had a
7 lien notice with you that you knew you should have paid us,
8 and you didn't pay us because you applied it to some other
9 account he had. That will be easier to do once we get
10 information from Williams about grain tickets and delivery
11 tickets, and things like that.
12 Q Is this all being handled by the outside counsel?
13 A Yes.
14 Q And have they given you any kind of estimate as to
15 total litigation costs of foreclosure and seeking money from
16 ADM?
17 A They have not. We have paid 15,000, but I haven't
18 gotten an estimate.
19 Q Have they given you any kind of ball park figure
20 of how much the whole case would cost through collection?
21 A He hasn't.
22 Q And do you have any sense of how long a
23 foreclosure would take?
24 A Foreclosure? I mean, if it actually comes to
25 foreclosure, it could take six to 12 months.

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1 Q You need a judgment first, right?
2 A Yes. Maybe more.
3 Q So it conceivably could be a year or more before
4 any proceeds are realized?
5 A From that. Now, again, we believe that -- again,
6 on the 2014 portion, we believe we will get repaid from his
7 crops. On the 2013 portion, it will be awhile before we
8 would get recovery from him, but we believe we can get
9 recovery from ADM much more quickly. But we need
10 information from Williams to make that first approach to
11 ADM.
12 But based on what Williams and his attorney has
13 said, we believe he has the information we need to prove
14 that he took the grain to ADM, and they knew it was his
15 grain and we had a lien on it.
16 Q Can you pay back the 2014 investors in full
17 without recovering the amounts owed to you from Williams?
18 A Not from FarmGrowCap, but PinCap has a guarantee,
19 and we will put whatever profits we have available from that
20 towards that.
21 Q What profits are available?
22 A Just profits from the work we are doing on deals
23 with PIN Financial.
24 Q And how much profits for the deals that PIN
25 Financial is doing?

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1 A We think right now there is about \$1.8 million of
2 fees and reimbursements we have on deals that we are working
3 on finishing up.
4 Q Are those deals through PIN Financial or are they
5 through FarmGrowCap?
6 A Through PIN Financial.
7 Q What deals are those?
8 A We have one deal with a farmer in South Dakota
9 that is somewhat similar to Crossroads. It's a refinance of
10 a farmer coming out of bankruptcy with a lot of land with
11 value. And we have a private equity fund that is going
12 to -- right now that we have signed -- the farmer signed a
13 letter of intent with his private equity fund to fund a
14 mortgage loan to take out all of his bankruptcy obligations.
15 Q Is Veros involved at all in that offering?
16 A No.
17 Q And when would PinCap receive -- PIN Financial
18 receive compensation with respect to the South Dakota --
19 A We are thinking that will be within a month. The
20 letter of intent is signed. The due diligence is well on
21 its way. And the target closing date is the end of April.
22 Q Which private equity fund is investing in that
23 deal?
24 A It's called Sandton Capital, S-a-n-d-t-o-n
25 Capital.

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1 Q Who identified that private equity firm as a --
2 A Tobin.
3 Q And you testified that you expect -- or you plan
4 to have compensation from that particular deal in about a
5 month. What would the nature of that compensation be?
6 A It's \$480,000, I believe.
7 Q And are those fees, or what type of --
8 A Those are fees on that one. Yes, those are all
9 fees on that one.
10 Q Is that origination fee?
11 A That would be -- I mean, PIN Financial is
12 representing the farmer, you know, arranging that financing,
13 so origination fee for doing that, yes; finding the
14 financing, yes.
15 Q And who in the PinCap orbit of companies is
16 involved on that deal?
17 A Just PIN Financial.
18 Q I mean, who individually?
19 A Tobin and I and Shawn.
20 Q So you mentioned some other people at PIN
21 Financial earlier today.
22 A No.
23 Q None of them are involved in this deal?
24 A No.
25 Q Just to be clear, no Veros clients are investing

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1 in this deal?
2 A No Veros clients in this one at all.
3 Q Is the private equity fund representing investors
4 at all or is it just an investment by a fund?
5 A I am not sure. I have to check on that in terms
6 of -- Tobin knows more about them; I don't. My impression
7 is it's a large private equity fund that does a lot of
8 agricultural investments.
9 We got introduced to them. There is a company
10 called Conterra, C-o-n-t-e-r-r-a, that is a big loan
11 servicer for farm credit and farmer MAC loans, and they
12 introduced us to Sandton Capital as someone who would
13 probably be interested in that farmer in South Dakota.
14 Q And were there offering materials in this
15 investment?
16 A We had put some together, but we didn't use
17 them -- well, yes, there is a very short offering circular
18 that I put together that basically describes the farmer's
19 situation, and put risk factors in there in terms of things
20 you need to look out for. And I believe we gave that to
21 Sandton.
22 Q How much did Sandton Private Equity Fund invest in
23 this deal?
24 A They haven't invested yet, but the plan is seven
25 and a half million dollars.

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1 Q Have they signed a letter of intent?
2 A Yes, they have signed a letter of intent.
3 Q Signed subscription agreements?
4 A No.
5 Q So --
6 A And at this point in time, I think our approach is
7 they are a private equity fund. We have given them -- we
8 are not just finders on this deal, but we have done due
9 diligence, but they are doing their own due diligence. They
10 are getting their own appraisal. They are doing their own
11 title search. They went out and met the farmer last week
12 or early this week. And they are redoing everything that we
13 would normally do.
14 Q And is it your understanding that you won't
15 receive any origination fees until a subscription agreement
16 is signed?
17 A There won't really be a subscription agreement. I
18 think -- they have their own legal counsel, so I think it
19 will just be a loan agreement between Sandton and the
20 farmer. And when that loan is completed, we will get paid
21 our fee.
22 Q That agreement hasn't been executed yet, right?
23 A It has not been; just a letter of intent.
24 Q Do you have any sense of when that agreement, if
25 at all, might be executed?

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1 A The target closing date is by the end of April.
2 Actually, I think April 23rd. And I have talked with
3 counsel for Sandton, and they are going to draft the loan
4 documents, and he is doing that. That's happening at the
5 same time that the borrower is working to finalize their
6 list for -- all this money is going to go to pay off all
7 of -- they have a confirmed plan of bankruptcy. All of the
8 money is going to go to pay off the bankruptcy creditors,
9 and they are putting their schedule together and getting
10 final agreements on that. So those two things will come
11 together, and everybody's game plan is that within a month,
12 that -- that will be done.
13 Q How much will ultimately be loaned out to the farm
14 in that deal?
15 A Seven and a half million dollars.
16 Q What's the term of repayment?
17 A It's a two-year term out, but the good thing about
18 the private equity fund is that they apparently manage
19 multiple funds, and they have already talked with the farmer
20 about -- the game plan has always been, you are just coming
21 out of bankruptcy. Conventional banks don't want to finance
22 you. You need to clean up your bankruptcy, pay all that
23 off, operate for a couple of years, and then conceivably you
24 will be able to get conventional bank financing. But if
25 not, we have already talked to Sandton, and they have said,

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1 we have other funds that if a conventional bank won't
2 finance us in two years, we have other funds that this farm
3 could graduate into that will be more expensive than bank
4 financing, but less expensive than the current deal.
5 Q Did you state earlier that you anticipated around
6 400 odd thousand dollars in fees on this deal if it's
7 consummated?
8 A I think it's 480,000. In that vicinity.
9 Q And is it your expectation that if you receive
10 those fees, that you would use them to pay investors in the
11 2014 FarmGrowCap deal?
12 A Well, what we will do with the FarmGrowCap
13 investors is anything that we can distribute out of PIN
14 Financial -- so we will have to see -- we have -- we don't
15 have a big capital requirement, PIN Financial, because all
16 we do is private placements, but we have some. We have some
17 expenses there. But any profits that we can dividend to
18 PinCap as the owner -- and we will dividend as much as we
19 are allowed to do -- we will make that available.
20 Q So you don't know right now whether the full
21 \$480,000 in fees that you might receive could be distributed
22 to PinCap?
23 A I don't know how much. We would like it to be as
24 much as we can, but we have got to make sure that we are
25 meeting our capital requirements and things like that in PIN

<p style="text-align: right;">Page 161</p> <p>1 Financial.</p> <p>2 Q What other -- what, if any, other income</p> <p>3 opportunities does PIN Financial have pending?</p> <p>4 A The other one is the Blue Crop Group that I</p> <p>5 mentioned awhile back. It's a company that bought two</p> <p>6 blueberry farms and entered into long-term leases with a</p> <p>7 large blueberry operator in Michigan. And we are finishing</p> <p>8 raising the money for that one. We are raising almost</p> <p>9 \$10 million. We are probably three-fourths done with that.</p> <p>10 And that's one where we will get a fee, plus PinCap has</p> <p>11 invested about \$560,000 to make purchase price deposits, pay</p> <p>12 for surveys, environmental studies, and things like that,</p> <p>13 that we will get reimbursed out of that offering as well.</p> <p>14 Q Does that offering involve Veros?</p> <p>15 A That one does.</p> <p>16 Q Is that offering offered to Veros clients?</p> <p>17 A Yes, and it's currently.</p> <p>18 Q When was that offering closed?</p> <p>19 A Well, we did two -- had to buy the farms this past</p> <p>20 summer and fall. And we did two short-term opportunities,</p> <p>21 offerings, closed those, bought the farms. And we are</p> <p>22 now -- so those are closed, and we are now doing the Blue</p> <p>23 Crop permanent financing to repay the two interim loans.</p> <p>24 And we closed on -- we probably closed on about half of it.</p> <p>25 We have commitments for another 25 percent of it.</p>	<p style="text-align: right;">Page 163</p> <p>1 the Crossroads loan?</p> <p>2 A Crossroads is probably a million 5. A million</p> <p>3 550, maybe a million 600. It was the original loan of 458</p> <p>4 plus. It's probably about a million 6 plus interest.</p> <p>5 Q And that million -- approximately million and a</p> <p>6 half was the amount refinanced from 2013 to 2014?</p> <p>7 A Correct.</p> <p>8 Q The 2013 loan involved an amount of refinance from</p> <p>9 2012, right?</p> <p>10 A A small amount, correct.</p> <p>11 Q It was a million dollars, right?</p> <p>12 A Oh, I'm sorry, the land loan portion. You are</p> <p>13 right.</p> <p>14 Q Kirbach Farms, how much of that loan is</p> <p>15 outstanding?</p> <p>16 A It's the full 325,000. The first payment, which</p> <p>17 is half of that amount, plus the interest, is due the end of</p> <p>18 March. So 162.5 plus the interest.</p> <p>19 Q So none of that loan has been paid at all, right?</p> <p>20 A It hasn't. We have obviously been in contact with</p> <p>21 them, and we know Central Management, who's partnered with</p> <p>22 them, and basically taken over that operation. And we have</p> <p>23 been surprised before, because we were surprised by Williams</p> <p>24 and Rosentreter, but we have been on them and have told them</p> <p>25 they must pay, and they have said they will pay. In fact,</p>
<p style="text-align: right;">Page 162</p> <p>1 Q How much is owing on the Rosentreter 2014 loan?</p> <p>2 A It's right at about 9 -- I would have to look at</p> <p>3 the schedule, but it's about \$950,000 or so.</p> <p>4 Q And what was the total loan amounts to</p> <p>5 Rosentreter?</p> <p>6 A I would have to look at the schedule. I think</p> <p>7 it's in the range of 2.6 to \$2.8 million.</p> <p>8 Q How much, if any, is owing on the Boyer loan for</p> <p>9 the 2014 FarmGrowCap?</p> <p>10 A Again, I would have to look at the schedule, but I</p> <p>11 believe it's 800,000 to a million.</p> <p>12 Q That's what's still outstanding on the Boyer loan?</p> <p>13 A I think. I really should check on that one.</p> <p>14 Q And what about -- D&S has been repaid. Sorry.</p> <p>15 A Just to give you a better sense on Boyer, he's got</p> <p>16 harvested crops that he hasn't delivered and been paid on</p> <p>17 yet. After that occurs, he's got about \$200,000 that he</p> <p>18 would be short in repaying. And we have just decided we</p> <p>19 will buy that loan and pay that.</p> <p>20 Q When you say "we," who do you mean?</p> <p>21 A PinCap.</p> <p>22 Q So PinCap would buy the -- whatever shortfall</p> <p>23 remains on the loan after this projected repayment?</p> <p>24 A Yes.</p> <p>25 Q Crossroads -- how much is outstanding, if any, on</p>	<p style="text-align: right;">Page 164</p> <p>1 we have worked with them to try to get them to just pay the</p> <p>2 whole thing off.</p> <p>3 Q In 2013, only three of eight farms paid on time,</p> <p>4 right, in full, in 2013?</p> <p>5 A In 2013? I would have to go back and walk through</p> <p>6 the list, but -- well, again, I mean, not to -- they paid it</p> <p>7 back. Some of it involved refinancing. Bassen was the only</p> <p>8 one who did not pay back the 2013, but some of the others</p> <p>9 did involve refinancing, which meant that they weren't paid</p> <p>10 by the maturity date.</p> <p>11 Q And in 2014, only one loan has been repaid in full</p> <p>12 on time?</p> <p>13 A D&S and --</p> <p>14 Q I think I just recorded D&S as being the only one</p> <p>15 that repaid on time.</p> <p>16 A Right.</p> <p>17 Q How much do you owe investors right now on the 214</p> <p>18 FarmGrowCap Fund?</p> <p>19 A We have repaid about 3 million.</p> <p>20 Q How much do you owe?</p> <p>21 A I think that means it's in the vicinity of</p> <p>22 \$8 million, but I would have to check that figure.</p> <p>23 Q Does that include principal and interest?</p> <p>24 A I believe so, but I would have to check the</p> <p>25 schedule. I don't recall the precise number, but --</p>

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1 Q And do you have any reason to believe that any of
2 the outstanding amounts on the 2014 loans will be paid
3 before the maturity date on April 30, 2015?
4 A We believe the Kirbach loan will be paid at the
5 end of the month.
6 Q In full or just half?
7 A At least the half.
8 Q So that's \$160,000?
9 A Yeah. We believe that the Crossroads loan will be
10 refinanced by that date.
11 Q Refinanced by whom?
12 A By an investor who will do it. We are working to
13 make that not be Veros clients.
14 Q Are you listing investors for the Crossroads
15 refinance loan right now?
16 A We have not yet.
17 Q Are there plans to?
18 A We are trying to find a bank or private equity
19 fund to do that right now.
20 Q And who is trying to find a bank, private equity
21 fund to refinance the Crossroads loan?
22 A Tobin.
23 Q Are you involved in it at all?
24 A Just from a legal structuring standpoint, not from
25 a -- trying to find somebody to do it.

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1 Q And do you know which entities Tobin has
2 approached regarding refinancing of the Crossroads 2014
3 balance?
4 A I know for sure he has approached Conterra and
5 Sandton, and we are doing the one loan. I don't know what
6 others he's approached.
7 Q And what about the other farms; do you have any
8 reason to believe that any of them will actually pay the
9 amount due to FarmGrowCap by the maturity date of the
10 investment on April 30?
11 A Williams continues to sell his '14 crop, and as he
12 sells it, we get the payment. I don't know how much will be
13 in by April 30th.
14 Q Is he still selling '14 crop right now?
15 A His '14 crop right now, yes. And he has contracts
16 for sale. He does a lot of non-genetically modified soy
17 beans, so he has a contract with a buyer for a premium
18 price, and so he has a lot yet to deliver and collect on.
19 And again, we believe, based on his crops and contracts that
20 are in place, that he will pay the '14 in full. It probably
21 won't be by April 30th. But he continues to make payments
22 as the crops are sold.
23 Q What have investors in the 2014 Fund been told
24 about repayment?
25 A I have not told them anything. I don't know what

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1 Matt has told them.
2 Q Have you suggested to Matt that there should be a
3 disclosure to investors relating to the performance of the
4 loans in the 2014 Fund?
5 A I have not.
6 Q Have you suggested to Matt there be a disclosure
7 about the repayment to investors in the 2014 Fund?
8 A I have not. I let him handle that part of it. I
9 have not. We are working to put together a program to bring
10 this to a conclusion. And as we get that developed in terms
11 of where we believe we are with the borrowers, and tie that
12 down, and where we believe we are with respect to what funds
13 we will be able to dividend from PIN Financial on that
14 basis, whatever we can, we are allowed to do, we are working
15 together to put together that plan to show investors how we
16 will get them repaid between farmers and those sources, and
17 probably some from the litigation with Williams and ADM.
18 Q Looks like you are still owed close to -- just by
19 a very rough count, close to \$5 million from the farms,
20 maybe even more. It's my lawyer math.
21 A I would have to add it up, but.
22 MS. PYSZKA: As we sit here today, PinCap doesn't
23 have \$5 million to pay off all these investors?
24 THE WITNESS: We don't.
25 MS. PYSZKA: What does PinCap have as we sit here

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1 today, real cash money that could be used or assets that
2 could be used to make a repayment?
3 THE WITNESS: PinCap only -- has no -- well, it
4 may have some cash, but it does not have substantial cash
5 right now. What it has is the ability that whatever profits
6 are allowed to be dividend up from PIN Financial to use
7 those, and that's --
8 MS. PYSZKA: What does PIN Financial have as we
9 sit here today?
10 THE WITNESS: Not a substantial amount of cash,
11 but it's got two transactions that are about ready to close
12 that could generate, between fees and -- well, I take that
13 back.
14 I want to clarify. PinCap has about \$560,000
15 invested into Blue Crop transaction, for purchase price
16 deposits, surveys, things like that. When that permanent
17 financing closes, PinCap will get that money. So it will
18 have \$560,000 that it would obviously contribute to this.
19 PIN Financial has the \$480,000 fee on the South
20 Dakota farm transaction that we expect, and PIN Financial
21 will have, I think, 7 to \$800,000 in fees from the Blue Crop
22 transaction. And again, to whatever extent it's allowable
23 to dividend up those profits generated from that, we would
24 do that.
25 BY MR. EICHENSEER:

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1 Q The Blue Crop transaction, was that -- that was an
2 offering this year, right?
3 A It started in November of 2014.
4 Q Was the South Dakota private equity investment,
5 was the impetus for that deal to raise money so that PinCap
6 could have fees to repay 2014 investors?
7 A No. I know there is a lot of focus on the
8 FarmGrowCap, PinCap things because we have got some problem
9 loans there, but we actually do have, PIN Financial does,
10 real offerings that are completely separate from FarmGrowCap
11 and PinCap.
12 Q Does anybody other than Tobin Senefeld at PIN
13 Financial do those private offerings?
14 A I help him, but it's Tobin and I.
15 Q So when you say that PIN Financial is involved in
16 separate offerings, you mean you and Tobin Senefeld, right?
17 A Yes.
18 MS. PYSZKA: Getting back to my question, as we
19 sit here today, PinCap does not have any money to repay the
20 2014 --
21 THE WITNESS: It does not, but we are working hard
22 to try to come up with that plan. You are correct, yes.
23 MS. PYSZKA: And then is that the same answer
24 for -- as we sit here today, for PIN Financial?
25 THE WITNESS: Correct.

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1 BY MR. EICHENSEER:
2 Q Has there been any discussion between you and
3 either Mr. Senefeld or Mr. Haab about not soliciting any
4 more funds from Veros clients?
5 A We have thought that that might be -- we have not
6 had substantial discussions about it, but we have -- to this
7 degree. I mean, we are being very, very careful that -- we
8 are obviously learning some things from this process, and we
9 are being very careful either not soliciting Veros clients
10 or being very careful with respect to it being an offering
11 that is very explicit about what proceeds are being used
12 for. For example, the Blue Crop deal, we are repaying the
13 interim financings that were made, but we are being very
14 explicit about that, and we are just trying to be very
15 careful. We either have not solicited any Veros clients or
16 we are being very careful about that.
17 Q Are you involved with any of the Cherry Farms
18 loans that Veros may have offered to its clients?
19 A Not -- I didn't have anything to do with Cherry
20 Farms.
21 Q Does Tobin Senefeld have any involvement in the
22 Cherry Farms deals?
23 A Correct. I have nothing to do with Cherry Farms.
24 Q And before you and Mr. Senefeld through PIN
25 Financial did that potential South Dakota deal and the Blue

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1 Crop deal, had you ever done a private offering through PIN
2 Financial before?
3 A Yes, we have done several. We have done an office
4 building project for Yeager Properties. We did -- we have
5 done an offering for a home developer in Indianapolis. We
6 have done through PIN Financial two operating capital loans
7 for a large blueberry operator in Michigan. That was
8 through PIN Financial. We have done an offering for a
9 recording studio in New York here to -- they are using as
10 expansion capital.
11 Q Are those with Veros, the deals you are
12 mentioning, the recording studio?
13 A Yes.
14 Q Is that a pending deal right now?
15 A No, it's done. It was done in 2014.
16 Q Has it matured? Have investors been paid back on
17 that deal?
18 A That deal is actually -- it's either a four or
19 five-year deal, and the first annual payment was made.
20 Q Have you had any discussions with either Mr. Haab
21 or Mr. Senefeld about soliciting funds from people other
22 than Veros clients in order to repay the 2014 FarmGrowCap
23 investors?
24 A We have had for quite awhile general discussions
25 about the fact that we need to increase the scope of our

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1 sourcing of capital.
2 Q Why is that?
3 A Just because it was, you know -- we can't -- I
4 mean, we are turning deals down because we don't have enough
5 capital to do them. And we can't take on a deal from
6 somebody unless we know we can actually have a good chance
7 of raising it.
8 We are to the point where Matt doesn't have enough
9 money available for alternative investments to do as much
10 product demand as we have. So we have got to either stop
11 doing deals or find other sources of capital. We have been
12 working on that for over a year now anyway; really trying to
13 branch out in that regard.
14 MR. EICHENSEER: Let's go off the record.
15 (Whereupon, discussion was had off the
16 record.)
17 (Whereupon, a recess was had.)
18 MR. EICHENSEER: Back on the record.
19 Mr. Risinger, we have no further questions for you at this
20 time. We may, however, call you again to testify in this
21 investigation, and should that be necessary, we would
22 contact Mr. Danovitch.
23 Are there any answers or parts of your testimony
24 you would like to clarify today?
25 THE WITNESS: No, not at this time.

1 MR. EICHENSEER: Now that you have had some more
2 time to think about my questions today, have you remembered
3 anything else that might help answer any of those questions?
4 THE WITNESS: Not right now, but I will keep
5 thinking.
6 MR. EICHENSEER: David, do you want a chance to
7 ask your client any clarifying questions?
8 MR. DANOVIATCH: Not at this time. No, thank you.
9 MR. EICHENSEER: Off the record at 6:10.
10 (Whereupon, at 6:10 p.m., the examination was
11 concluded.)
12 * * * * *
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1 PROOFREADER'S CERTIFICATE
2
3 In the Matter of: VEROS PARTNERS, INC.
4 Witness: Matthew David Haab
5 File Number: C-08185-A
6 Date: Wednesday, March 26, 2015
7 Location: Chicago, Illinois
8
9 This is to certify that I, Nicholas Wagner,
10 (the undersigned), do hereby swear and affirm that the
11 attached proceedings before the U.S. Securities and
12 Exchange Commission were held according to the record
13 and that this is the original, complete, true and
14 accurate transcript that has been compared to the
15 reporting or recording accomplished at the hearing.
16
17 _____
18 (Proofreader's Name) (Date)
19
20
21
22
23
24
25

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