

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

_____)	
UNITED STATES SECURITIES)	
AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Case No. 1:15-cv-659-JMS-MJD
)	
VEROS PARTNERS, INC,)	
MATTHEW D. HAAB,)	
JEFFERY B. RISINGER,)	
VEROS FARM LOAN HOLDING LLC,)	
TOBIN J. SENEFELD,)	
FARMGROWCAP LLC,)	
PINCAP LLC, and)	
)	
Defendants,)	
)	
PIN FINANCIAL LLC,)	
)	
Relief Defendant.)	
_____)	

**RECEIVER’S MOTION FOR AUTHORITY TO TRANSFER PRIVATE
PLACEMENT, YEAGER OF FRISCO LLC, TO INVESTOR MEMBERS**

William E. Wendling, Jr., the Receiver herein, by counsel, respectfully seeks the Court’s authority to transfer one of the Private Placements of the Receivership, Yeager of Frisco LLC, to its Investor Members (hereinafter “Investment Members”). In support of this motion, the Receiver States:

1. On April 22, 2015, the Plaintiff, Unites States Securities and Exchange Commission (“SEC”) filed its Complaint [[Filing No. 1](#)] in this action and a motion for temporary restraining order, asset freeze and other relief [Filing No. 3]. Thereafter, the Court entered a Temporary Restraining Order [[Filing No. 12](#)].

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

3. The Agreed Order at Paragraph 38, provides that the Receiver “may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.” [[Filing No. 34, at ECF p. 15](#)]

4. The Agreed Order further provides in Paragraph 44 that “[s]ubject to his obligation to expend receivership funds in a reasonable and cost-effective manner, the Receiver is authorized, empowered and directed to investigate the manner in which the financial and business affairs of the Receivership Defendants were conducted...” [[Filing No. 34, at ECF p. 17](#)]

5. Further, the Receiver is charged with the responsibility to:

To take any action which, prior to the entry of this Order, could have been taken by the officers, directors, partners, managers, trustees and agents of the Receivership Defendants;

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

To take such other action as may be approved by this Court.

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

6. The Investment Members in Yeager of Frisco LLC approached the Receiver requesting that this Private Placement be released from the Receivership and from Veros Partners as administrative agent for the Private Placement. The Investment Members have submitted documents prepared by their attorney, including signature pages, which reflect their

desire to operate this Private Placement and the necessary legal documents to transfer it to a new entity created by the investors.

7. The Investment Members obtained independent counsel and independent accountants to review and advise them as to their investments and their role in this proposed transaction regarding the legal and tax ramifications. The Investment Members have indicated they are relying upon the advice of their independent agents in making this proposal.

8. Pursuant to the terms of the Agreed Order Appointing Receiver as set forth herein above, the Receiver instructed Blue & Co. to perform an analysis of each Private Placement to determine the status of each and whether there were any concerns regarding that Private Placement. The Receiver and Blue & Co. complied with the Court's direction. Blue & Co. has completed its analysis of Yeager of Frisco LLC. Attached hereto and incorporated herein as [Exhibit A](#) is a copy of the correspondence from Blue & Co. indicating that based on the Blue & Co. procedures performed related to Yeager of Frisco LLC, no issues of concern were found or identified.

9. Accordingly, The Receiver believes that transferring the Private Placement assets and funds to the Investment Members is appropriate and therefore requests the Court's authority to execute the Termination of Intercreditor & Administrative Agent Agreement in the form attached hereto as [Exhibit B](#). The Receiver has copies of the executed agreement and all necessary signature pages.

10. Legal counsel for the Investment Members has completed the preparation of all the necessary documents to satisfy the legal requirements of the transfer upon the Court's approval of this Motion.

11. Upon the Court's approval of this Motion, and pursuant to the agreement of the parties, the Receiver will retain the sum of \$108,000.00 from the Receivership bank account for

Yeager of Frisco LLC and the balance of any funds in that account in total will be released to the Investment Members who will make their own distributions with the assistance of their counsel.

12. Counsel for the United States Securities and Exchange Commission and the Defendants have reviewed this motion and have no objection to the same.

WHEREFORE, the Receiver, by counsel, requests that this Court enter an order approving the transfer of the Private Placement assets and funds to the Investor Members, and authorizing the Receiver to execute all documents necessary to facilitate the transfer of this Private Placement, to sign the Termination of Intercreditor & Administrative Agent Agreement in the form attached to this motion as [Exhibit B](#), to retain \$108,000.00 from the from the Receivership bank account for Yeager of Frisco LLC and to transfer the balance of any funds intact in that account to the Investment Members, and for all other proper relief.

Respectfully submitted,

By s/Anne Hensley Poindexter

Anne Hensley Poindexter, #14051-29
ALTMAN POINDEXTER & WYATT LLC
75 Executive Drive, Suite G
Carmel, Indiana 46032
Phone: (317) 350-1000
Email: apoindexter@apwlawyer.com

Counsel for the Receiver

Certificate of Service

I hereby certify that on May 13, 2016, a copy of the foregoing ***Receiver's Motion For Authority to Transfer Private Placement, Yeager of Frisco LLC, to Investor Members*** was filed electronically. Notice of this filing will be made on all ECF-registered counsel by operation of the Court's electronic filing system. Parties may access this filing through the Court's system.

s/Anne Hensley Poindexter

Anne Hensley Poindexter, #14051-29
ALTMAN POINDEXTER & WYATT LLC
75 Executive Drive, Suite G
Carmel, Indiana 46032
Phone: (317) 350-1000
Email: apoindexter@apwlawyer.com

EXHIBIT A

CPA | ADVISORS



Blue & Co., LLC / 12800 N. Meridian Street, Suite 400 / Carmel, IN 46032
main 317.848.8920 fax 317.573.2458 email blue@blueandco.com

April 15, 2016

Mr. William E. Wendling, Jr.
Cohen Garelick & Glazier, P.C.
8888 Keystone Crossing Blvd.
Suite 800
Indianapolis, Indiana 46240

Re: Veros Partners, Inc. Receivership (Case No. 1:15-cv-659-JMS-MJD): Yeager of Frisco LLC

Dear Mr. Wendling:

As set forth in the August 5, 2015 engagement letter between Blue & Co., LLC ("Blue") and your former firm, Campbell Kyle Proffitt, LLP, and now subsequently Cohen Garelick & Glazier, P.C. ("Counsel" or "Receiver"), and as authorized by the United States District Court Southern District of Indiana Indianapolis Division (the "Court"), we have provided certain consulting and analysis in connection with the Veros Partners, Inc. and certain related entities/investments ("Veros") matter referenced above as requested by the Receiver related to certain Veros private placements. The focus of this correspondence is related Yeager of Frisco, LLC ("Yeager" or "Private Placement"). The procedures performed in connection with this Private Placement did not constitute a formal review, or full-scale forensic investigation, and were limited to the following agreed upon procedures:

1. Obtaining an understanding of the Private Placement by analyzing certain documentation provided to Blue, by Counsel and Receiver;
2. Determining the amount raised by the Private Placement;
3. Identifying the corresponding investors of the Private Placement;
4. To the extent available, analyze the Private Placement monthly bank statements to identify any potential irregularities;
5. Performing any necessary bookkeeping services on behalf of the Private Placement, as performed by Aliign, LLC ("Aliign"), a related entity of Blue; and

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- 6. To the extent identified by Blue or Align, note any extraordinary transactions (i.e., deposits, transfers, withdrawals, etc.) or irregularities that may necessitate additional procedures or further investigation, as part of the analysis performed with respect to the Private Placement.

Yeager of Frisco, LLC - \$2,025,000

Investment Overview:

- **Overview of Private Placement:**
Based on information included in documents produced, including Veros prepared literature in support of this Private Placement, the investment was to raise funds necessary to provide subordinated financing to purchase and develop land and design and construct an office building in Frisco, Texas by Yeager Properties, Inc., an Indianapolis-owned company. The fund was designed to raise \$2,025,000 to cover all anticipated real estate acquisition, renovation and other related expenses up to project stabilization.

The funds raised were said to be unsecured and are subject to a certain Subordination Agreement entered into by each investor, Yeager of Frisco, LLC, Mr. Scott J. Yeager, and Texas Capital Bank, National Association (the "Subordination Agreement"). Each Debenture was guaranteed by Mr. Scott J. Yeager pursuant to Guaranty Agreement by Mr. Yeager in favor of each investor.

The placement was structured to provide its investors with a net return of 12% per year (after a 2% management fee was paid to Veros per year). Investors were required to fund their investment by a closing on May 17th, 2013. Full repayment was stated to be due by May 30th, 2018 with interest payable annually, although interest could be deferred up to the maturity date as needed if cash is not available to make interest payments.

- **Date of Private Placement Memorandum – May 2013**
- **Proceeds Raised - \$2,025,000**
- **Investors Noted:**

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REDACTED

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REDACTED

- Monthly statements for Yeager's Main Source Account (Account: 6776406) were analyzed for the period May 2013 through April 2015 with no material irregularities noted. However, limited detail was provided in support of the statements, and a wire transfer to Pin Financial on June 28, 2013 in the amount of \$15,000 was noted. Based on information it is unclear why funds were transferred to Pin Financial from this account; additional information would be required to assess the merits of this transfer.
- Based on the information produced, it does not appear as though there have been any payments made to date. As such, the balance due (with interest) as of the date of this correspondence would be approximately \$2,840,548.
- Align bookkeeping items noted
 - Align assisted Counsel in setting up the Private Placement's bookkeeping in QuickBooks™. As part of these procedures, no irregularities or concerns (beyond various instances of minor transaction / line item detail presentation noted with Counsel), no material issues were identified.
- Other Items noted with respect to Private Placement
 - None

It is important to note, that while the scope of the analysis and agreed upon procedures to be performed by Blue and Align was not restricted by any of the parties, the Receiver requested that any such analysis and procedures be performed in the most cost-efficient manner with the investor group's financial interest in mind. In doing so, while in certain instances Blue and Align may have identified transactions or line items that we would otherwise have investigated (or traced) further, given the request of Counsel and the Receiver, we have noted such instances with the Receiver and Counsel and foregone any additional procedures. It is important to note, that any of these such instances were immaterial in nature, and likely not reason to raise further concern or issue with respect to the Private Placement.

April 15, 2016

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As previously noted, the procedures and analyses set forth within this correspondence and as performed by Blue and Align, do not constitute a full-scale forensic review, or a fairness opinion with respect to the Private Placement. To the extent additional procedures had been performed, our findings may have been different. As set forth above, and limited to the agreed upon procedures outlined previously specific to this Private Placement, we have not noted any risks (beyond those included in the Private Placement's offering memorandum and related literature, as prepared by Véros and their representatives), irregularities, or concerns beyond those set forth in this correspondence with respect to Yeager.

Regards,

Blue & Co., LLC

Blue & Co., LLC

EXHIBIT B

TERMINATION OF INTERCREDITOR & ADMINISTRATIVE AGENT AGREEMENT

THIS TERMINATION OF INTERCREDITOR & ADMINISTRATIVE AGENT AGREEMENT (hereinafter this "Termination") is made effective as of the 1st day of May, 2016 (the "Effective Date"), by and among Yeager of Frisco, LLC, an Indiana limited liability company (the "Issuer"), the undersigned purchasers of debentures issued by Issuer (each, a "Purchaser" and collectively, the "Purchasers"), and Veros Partners, Inc., an Indiana corporation (the "Administrative Agent") (the Issuer, the Purchasers and the Administrative Agent are hereinafter referred to together as the "Parties" and each as a "Party"), and is consented to by William E. Wendling, Jr., as receiver of the Administrative Agent.

RECITALS

A. The Parties entered into that certain Intercreditor & Administrative Agent Agreement dated as of May 24, 2013 (the "Agreement").

B. The Parties have agreed to terminate the Agreement in full effective as of the Effective Date, to provide for the payment of all fees and compensation due and owing under the Agreement as of the Effective Date, and to provide mutual releases against one another with respect to any claims under the Agreement as of the Effective Date.

AGREEMENT

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Termination. The Parties agree that the Agreement is hereby terminated and shall have no further force or effect as of the Effective Date. As of the Effective Date, each Party is hereby relieved of any further duties, responsibilities or obligations to any other Party under the Agreement.
2. No Further Compensation. The Parties agree that as of the Effective Date, the Administrative Agent is entitled to fees and compensation under the Agreement in the amount of \$108,000.00 (the "Accrued Fees"). Within ten (10) days after the execution of this Termination by the Parties, the Issuer shall pay the Accrued Fees, for and on behalf of the Purchasers, to the Administrative Agent, in care of the court-appointed receiver for the Administrative Agent (the "Receiver"), pursuant to payment instructions provided to the Issuer by the Receiver. The Administrative Agent acknowledges and agrees that, upon receipt by the Receiver of payment in full of the Accrued Fees, the Administrative Agent has received all fees and compensation to which it is entitled or which is due and owing to it under the Agreement, and that it is not entitled to receive, nor shall it make any claim whatsoever in the future to receive, any further fees or compensation under the Agreement.

3. Mutual Release. Each Party hereby forever releases, discharges, waives and relinquishes each of the other Parties hereto and William E. Wendling, Jr., as Receiver, from any and all claims, demands, obligations, costs, expenses, liabilities and causes of action of every kind and nature whatsoever, arising under or otherwise relating to the Agreement, to the extent arising prior to the Effective Date.
4. No Reliance. Each Party hereto represent as follows: (i) this Termination is the complete agreement between them, and the only agreements, understandings, representations or promises relating to this Termination are those expressly stated in this document; (ii) they are not relying upon any statements, understandings, representations, expectations, or agreements other than those expressly set forth in this Termination; (iii) they have been represented and advised by counsel in connection with this Termination, which they make voluntarily and of their own choice, and not under coercion or duress; (iv) they are relying upon their own knowledge and the advice of counsel; (v) they knowingly waive any claim that this Termination was induced by any misrepresentation or nondisclosure which could have been or was discovered before signing this Termination; and (vi) they knowingly waive any right to rescind or avoid this settlement based upon presently existing facts, known or unknown or any breach of this Termination.
5. Further Assurances. The Parties agree to execute such additional documents, and perform such further acts, as may be reasonably necessary to effectuate the purpose of this Termination.
6. Binding Upon Successors. This Termination is binding upon each of the Parties, their successors, assigns, heirs and personal representatives, and this Termination shall inure to the benefit of each of the Parties, their successors, assigns, heirs and personal representatives.
7. Choice of Law. This Termination shall be governed by and construed in accordance with the laws of the State of Indiana without regard to principles of conflicts of law.
8. Severability. If any provision, term, or portion of any provision or term of this Termination shall be held invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining terms, provisions or portions of provisions and terms of this Termination shall not be impaired thereby.
9. Counterparts. This Termination may be executed in counterparts, and by each of the parties on separate counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one in the same instrument.
10. Authorization. Each Party represents and certifies that (i) such Party is fully empowered to execute and deliver this Termination, and (ii) all necessary organizational action for the execution of this Termination has been taken and done.

(Signature pages to follow)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

UNITED STATES SECURITIES)
AND EXCHANGE COMMISSION,)

Plaintiff,)

v.)

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

Defendants,)

PIN FINANCIAL LLC,)

Relief Defendant.)

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

**ORDER APPROVING RECEIVER’S MOTION
TO TRANSFER PRIVATE PLACEMENT TO INVESTMENT MEMBERS**

WHEREAS this matter has come before this Court upon the Receiver’s Motion to Transfer Private Placement, requesting approval of the transfer of Yeager of Frisco LLC Private Placement assets and funds to the Investment Members, and authorizing the Receiver to sign all documents necessary to facilitate the transfer of Yeager of Frisco LLC Private Placement and to sign the Release in the form attached to Receiver’s motion as Exhibit B, to retain \$108,000.00 from the from the Receivership bank account for Yeager of Frisco LLC and release the balance of funds intact in that account to the Investment Members;

WHEREAS the Court finds that the Receiver has complied with his duties and obligations as set forth in the Agreed Order Appointing Receiver as to this Private Placement; and

WHEREAS, the Court finds that the Receiver's proposed transfer of the Yeager of Frisco LLC Private Placement assets and funds to the Investment Members is reasonable; and

WHEREAS, the Court further finds that the release of the Receivership bank account for Yeager of Frisco LLC Private Placement to the Investment Members with the Receiver retaining the sum of \$108,000.00 from said account is reasonable;

IT IS THEREFORE ORDERED THAT:

The Receiver's Motion to Release Private Placement is hereby approved, and the Receiver is authorized to:

1. Execute all documents necessary to facilitate the transfer of this Private Placement assets and funds and to sign the Release in the form attached to Receiver's motion as [Exhibit B](#);
2. To retain \$108,000.00 from the Receivership bank account for Yeager of Frisco LLC and to release the balance of funds intact in that account to the Investment Members.

Dated: _____

Honorable Jane Magnus-Stinson, Judge
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA

Distribution:

All ECF-registered counsel of record via email generated by the court's ECF system