

**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

RECEIVER’S SEVENTH INTERIM REPORT

William E. Wendling, Jr., the Receiver herein, by counsel, files this Seventh Interim Report which covers the period of October 1, 2016, through December 31, 2016 (the “Reporting Period”).

The purpose of this Seventh Interim Report is to provide the Court and all interested parties with a description of the nature of the Receiver’s activities, investigations, analysis, conclusions, recommendations to date, and the revenues generated and/or collected by him, and the Receivership Estate expenses incurred during the Reporting Period, exclusive of the Receiver and his attorney’s requests for reimbursement of fees and expenses which will be submitted in a separate pleading. Furthermore, and pursuant to the Court’s Order of February 8, 2017 [[Filing No.](#)

[352](#)], this Report includes a brief summary of the Receiver's potential plan for winding down the Receivership, including a timetable and an estimate of future costs for doing so.

Introduction

1. On May 1, 2015, William E. Wendling, Jr. was appointed the Receiver, to serve without bond, over Veros Farm Loan Holding LLC ("VFLH"); FarmGrowCap LLC ("FarmGrowCap"); PinCap LLC ("PinCap"); and all private offerings (hereinafter "Private Placements" or "Private Placement Offerings") in which Defendant Veros Partners, Inc. ("Veros") controls investor funds ("Private Offerings") [\[Filing No. 34\]](#). The Receiver was also given responsibility to monitor and supervise the Defendant Veros Partners, Inc., in regard to expenditures greater than \$5,000.00, hiring/firing decisions, and its wealth management/investment advisory services.

2. The Receiver was authorized to solicit persons and entities ("Retained Personnel") to assist him. On June 23, 2015, the Receiver [\[Filing No. 65\]](#) retained Anne Hensley Poindexter and Rodney T. Sarkovics of Campbell Kyle Proffitt LLP as counsel for the Receiver, on June 30, 2015, the Receiver retained the accounting firm, Blue & Co. [\[Filing No. 76\]](#), and on July 28, 2015, he retained Attorneys Thomas M. Orr and Patrick L. Stevens of the law firm Hutchinson, Cox, Coons, Orr & Sherlock, P.C. of Oregon [\[Filing No. 88\]](#), to further assist him in carrying out his duties. On September 14, 2016, the Receiver retained Attorney David R. Krebs of Hester Baker Krebs LLC as bankruptcy counsel for the Receiver [\[Filing No. 275\]](#).

3. The law firm of Campbell Kyle Proffitt LLP began the process of dissolving effective April 30, 2016. Rodney T. Sarkovics withdrew his appearance [\[Filing No. 194\]](#) and [\[Filing No. 196\]](#), and Mrs. Poindexter is now a member of the law firm of Altman, Poindexter & Wyatt, LLC [\[Filing No. 199\]](#). Due to the dissolution of Campbell Kyle Proffitt LLP, the Receiver joined the law firm of Cohen Garelick & Glazier on April 1, 2016 [\[Filing No. 193\]](#). His current address

is 8888 Keystone Crossing Blvd, Suite 800, Indianapolis, Indiana 46240-4636; telephone: (317) 573-8888, email: wwendling@cgglawfirm.com and the Receivership web pages can be found at <http://www.cgglawfirm.com/Receiverships/>.

Summary of Receiver's Potential Plan to Wind Down Receivership

4. Pursuant to the Court's order of February 8, 2017 [[Filing No. 352](#)], this section of the Receiver's Quarterly Status Report will provide a brief summary of the Receiver's plan for winding down the Receivership.

5. In regard to the farm offerings, which are referred to as FarmGrowCap Loans, the Receiver informs the court as follows:

- a) As is presently before the Court, the Receiver is prepared to make an interim distribution of \$3,000,000 to the Investors. Phase 1 of the Receiver's interim distribution plan is completed.
- b) Phase 2 requires the Receiver to contact each investor and provide them with calculations of their pro rata share (principal contributions less payments received) of the total invested capital, as well as the amount the Receiver proposes to distribute to the investor in this preliminary distribution. The investors have thirty days to respond to this notification. If any concerns or objections raised by investors are not satisfactorily resolved, those issues will be submitted to the Court. Also, the Receiver will begin contacting other investors who were paid from the contributions of other or later Veros Farm Loan Holding and FarmGrowCap investors to attempt to claw back those funds. (These are individuals that did not reinvest into new farm loan offerings. Two such investors have previously voluntarily agreed to return their false profits.)
- c) Phase 3 requires the Receiver to file a Notice to the Court with a detailed

explanation of the accounting methodology. In fact, this methodology has been presented to the Court during the hearing held on February 8, 2017. Also, the Receiver will notify the Court of, and describe, any additional or new unresolved investor objections. Further, the Receiver will provide his response to each of those objections, along with a request for a hearing on the Receiver's proposed preliminary distribution. If no objections are raised, the Receiver will simply request the Court to authorize the interim distribution payments.

The Receiver believes the time line to complete this process will be 60 days from the date the Court rules on the Interested Investors' Objection.

6. In regard to pursuing additional asset recovery for FarmGrowCap, there are basically three sources to pursue. First, there is money owed to FarmGrowCap from the Blue Crop Group investors and from PinCap. The Receiver anticipates collecting approximately \$400,000 for FarmGrowCap from Blue Crop Group. The collection of these funds is contingent on the transfer of Blue Crop Group from the Receivership to the investors. The process of completing this transfer is nearing completion, and is subject to investor approval of the documents drafted, including the Receiver's motion to be filed with the Court. Subject to Court approval of the motion, it is expected that this will be accomplished by February 28th.

7. If the Blue Crop Group transfer to the investors does not happen, the Receiver is prepared to find a buyer for the Blue Crop Group Assets, which will take longer. However, the Receiver will seek leave of Court to make an interim distribution to the investors since there is sufficient money in the Receivership's Blue Crop Group checking account to do so.

8. A second source of additional collections will be from FarmGrowCap investors that collected false profits that they did not roll forward to a new investment. However, even if 100% of such funds were collected, it would only be approximately \$180,000. A cost benefit analysis

will need to be undertaken to determine how far to pursue these collections.

9. The third source of additional asset recovery is from money owed by R J Williams farms. As part of a settlement agreement with Williams, the investors were to be paid \$500,000 a year for approximately six years. Unfortunately, R J Williams Farms, as a result of other debt it had, filed bankruptcy, which has stayed collections efforts. However, two individuals that guaranteed the settlement agreement have not filed bankruptcy. Furthermore, those individuals are subject to being sued in the Federal District Court for Southern Indiana. The Receiver's attorney is developing a legal action plan to pursue collection. The Receiver has not yet received the plan and estimate expense from Mr. Krebs, but will notify the court when that information is available.

10. From a receivership administration stand point as it relates to FarmGrowCap, there will be costs to prepare Federal and State tax returns for 2016 and, maybe, 2017. The Receiver will be filing a petition with the court asking that the agreed order appointing the Receiver be modified to correct the requirement that the Receiver set up numerous Qualified Settlement Funds ("QSF") for the various private placements. The Receiver's accountants believe that having to set up a QSF for every private placement will be overly burdensome and expensive.

11. The Receiver believes that there are two options regarding the disposition of FarmGrowCap. The investors previously requested that the FarmGrowCap entity be transferred to the investors. The process to accomplish this is significantly more complicated than the various Veros private placements that have been transferred to investors. The timing of the transfer and the conditions are critical. The Receiver would like to finish the collection process with Blue Crop Group and finalize the 2016 tax returns, which should happen in the next sixty days. Depending on the ruling of the Court on the Investors' Objection, the Receiver would need to make the initial distribution to investors. A transfer would be conditioned on complying on the Court's decision

on the loss allocation and claims payment methodology.

12. The second option for FarmGrowCap is that the Receivership continue operating FGC until it is determined that the entity be abandoned. The issue to consider with abandonment is centered on the collection efforts on the Williams settlement. The Receivership would need to retain sufficient funds in the Receivership FarmGrowCap account to pay the receivership expenses relating to the Williams collection effort. To minimize the expense risk for ongoing activities of the Receiver as to how much should be spent on determining the viability of pursuing collecting on the Williams settlement, the Receiver recommends a cap of \$10,000 be established. Thereafter, if it is agreeable with the investors and the Receiver, a contingent fee arrangement might be arranged. The Receiver's consideration is that the Receivership should not be burdened with paying expenses on a claim that has little potential to be collected verses finding additional money for the investors.

13. If it is determined that the transfer of the FGC operation to the investors to be self-managed is the proper avenue, it seems that this could be accomplished in four to six months. If the Receivership is to continue, the distributions and tax preparation and the collection of additional assets as mentioned above should also be completed in the four to six-month time line. However, the remaining activity would be the pursuit of the Williams claim and tax preparation for 2017. In other words, the Receivership would have responsibility to manage the FarmGrowCap entity for an extended period of time.

14. In addition, counsel for the Securities and Exchange Commission ("SEC") has asked the Receiver to consent to monetary judgments against VFLH, FGC, PinCap and Pin Financial, with the intent that monies owed to these entities or obtained from these entities in the future could more easily be paid to the investors, with priority over any competing unsecured claims. The SEC has stated that it will provide those draft consents in the next few weeks. After judgments are entered, the Receiver could assign collection of those judgments to the various

investor groups. This would allow them to obtain future income if there are any payments owing to the Receivership entries, or payments on those judgments. And they would not owe any liabilities or be required to file tax returns on those entities. This is something to consider and to discuss with the investors to determine whether there are any objections.

15. The other major operation of the Receivership is with the individual Veros private placements. The ability to estimate a timeline for winding down these matters is more definitive.

- a) In the last few days and months, many of the private placements have been transferred or completed. As of the writing of this Report, the following private placements have been transferred:

Private Placement	Order granting Transfer/Distribution	Status
Veros 702 North – transfer	02/09/2016	Completed
Jennings Design LLC (completed & distributed)	02/16/2016	Completed
TBBM 2015 Op Loan (completed & distributed)	02/16/2016	Completed
Yeager of Frisco – transfer	05/26/2016; amended 06/14/2016	Completed
Veros Switch – transfer	06/10/2016; amended 06/14/2016	Completed
HF Land GP – transfer	06/23/2016	Completed
TBBM 2014 Midterm Mezz – transfer	06/23/2016	Completed
Veros JF Wild – transfer	09/27/2016	Completed
Jeff and Amy Cherry Single Residential Mortgage Loan – transfer	11/15/2016	Completed
Rockdale Holding LLC – transfer	01/09/2017	Completed
Stadiumred – transfer	01/18/2017	In process – pending investor signature
Cherry Farms LLC 2011 Loan (\$800,000)	01/27/2017	In process – pending review by investor counsel
Cherry Farms LLC 2012, \$1,200,000 Restructuring Loan	01/27/2017	In process – pending review by investor counsel

Cherry Farms LLC 2013, \$1,500,000 Line of Credit Loan	01/27/2017	In process – pending review by investor counsel
Cherry Farms LLC 2014, \$1,750,000 Line of Credit Loan	01/27/2017	In process – pending review by investor counsel
Cherry Farms LLC Individual Loans by 2014 and 2015 Investors	01/27/2017	In process – pending review by investor counsel
Veros Private Placement of Loans Offered by Tobin J. Senefeld & Jeffery B. Risinger (to acquire a FINRA-licensed broker-dealer to perform investment banking services), (aka “Broker-Dealer”)		Motion and order have been filed with Court
Blue Crop Group (including Midwest and Heritage farm loans purchase private placements and the Midwest and Heritage refinance loan private placement)		Motion and order have been drafted – pending review by investor counsel for filing

- b) As of this writing it appears that the Blue Crop Group private placement transfer will happen. In fact, the investors have requested that this transfer occur before the 28th of February, which seems doable. Another private placement, the Broker-Dealer offering, is close to being completed. The Receiver has filed a motion requesting authority to use funds from PinCap to pay in full the investors in the Broker-Dealer private placement [[Filing No. 353](#)]. Those funds are owed to the Broker-Dealer investors pursuant to contract.
- c) This leaves three private placements in the Receivership. They are Veros Craft Brew I, II and III. In the Receiver’s Quarterly Reports, it has been noted that these investments have failed and the borrower, Flat 12 Bierwerks, has sold its assets and gone out of business. The Receiver and his counsel have been working with counsel for Flat 12 to obtain information about the asset sale (the

accounting) and reviewing legal documents reflecting how Flat 12 disposed of the assets and how the proceeds of the sale were to be distributed. This information will be sent to the investors as well as the final tax return information. It is anticipated that the report on this will be sent to the investors in the next ten days. The Receiver's recommendation to the Court will most likely be to abandon these private placements or, if the investors want, the private placements can be transferred to the investors to be self-managed.

- d) As stated above, it appears that the transfer of the Blue Crop Group private placement will happen. However, if it does not, the Receiver will continue his pursuit of selling the assets of the private placement and distribution of the proceeds to the investors. There is money in the Receivership's Blue Crop Group checking account now to distribute to the investors, but the distribution amount will be limited since there are ongoing Blue Crop Group operational expense that need to be considered. (Such as bank loan payments and payments to the land owners.)
- e) For several of the private placements, the Receiver and Blue & Co are preparing 2016 tax information to provide the investors. There are a few private placements for which Blue & Co has to update the accounting, but this is very minor and will not take much time. The Receiver has, or will be, transferring his files to the self-managed investment groups for those private placements that have recently been transferred.

16. Until the above is completed, the Receivership will continue making the required reports to the Court. However, the activity level should be significantly reduced. The accountants will continue to be involved, but on a reduced basis, except for the administrative time in dealing

with the distribution of the FGC interim distribution and any distributions thereafter. The final responsibility for the Receiver is to file the necessary pleadings with the Court to terminate the Receivership.

17. Depending on the transfer of FGC (with the collection effort regarding the Williams settlement) and Blue Crop Group, the Receiver believes the Receivership could be terminated in six to eight months. (However, the Receiver is more than willing to work with the Parties and the investors to consider and implement, if appropriate, alternative plans to close the Receivership sooner.)

18. The Receiver's expenses for the last quarter of 2016, which will be presented in the Seventh Quarterly Fee Application is \$176,051.08. The Receiver estimates an additional \$425,000 through the end of August for the above referenced activities to wind down this Receivership. Therefore, the current accrued fees added to the estimate to complete the wind down will result in an approximate total of \$600,000. (It is important to note that the total fees cover an eleven-month time period, October 1, 2016, through August of 2017.)

Actions Taken by the Receiver

19. In the twenty (20) months since the Receiver was appointed, he has reviewed the assets of the Receivership Estates; taken control of all known bank accounts and transferred those funds to corresponding bank accounts at The National Bank of Indianapolis; notified each known investor of VFLH, FarmGrowCap, PinCap, and the Private Offerings of the Receivership and information needed regarding all of their investments in each of the entities; reviewed litigation pending at the time the Receivership was established; talked to numerous debtors and begun collecting on current and past due payments for loans/investments made; engaged and met with the accounting firm, Blue & Co. and worked with the accountants to review the private placements and in connection with review and preparation of tax returns and related documents including

1099's and K-1s; talked to several parties about either purchasing or managing some of the private placements (more about this below); and, continued to update web pages with information for the investors and all other interested parties. The Receiver also provided supervision over Pin Financial's principal, Tobin Senefeld, and supervision over Veros Partners, Inc.'s wealth management operation. Veros Partners, Inc., closed its business, and Matthew D. Haab has been released from the obligation to provide further reports.

20. Attached hereto as [Exhibit A](#) is a schedule of all the Receiver's receipts and disbursement for this quarter and to date.

21. The Receiver is pleased to report that the Receivership is nearing completion. As shown by [Exhibit A](#) hereto, through December 31, 2016, the Receivership has collected approximately \$14.5 million. Of that, approximately \$5,225,026.03 was distributed to investors in the Veros Private Placements. The total amount of Receivership fees paid and incurred through December 31, 2016, is \$1,388,209.66. Other ongoing business and administrative expenses of the private placements, Veros Farm Loan Holding, and/or FarmGrowCap were paid by the Receiver. As of December 31, 2016, there was a total of approximately \$5,375,164.03 remaining in the Receivership bank accounts for further distribution and payment of expenses. The Receiver anticipates the collection of some additional funds for the investors, but expects that amount to be limited. In 2016, the Jennings Design LLC and True Blue Berry MGMT 2015 Secured Loans offerings were completed and paid by the borrowers. Pursuant to the Court's Order regarding the same [[Filing No. 182](#)], the Receiver retained two percent (2%) and distributed the balance of those funds to the Investors. The Receiver transferred an additional seven (7) private placements to the investor members in 2016 to be self-managed, and as of the filing of this report, the Court granted approval to transfer two (2) more private placements to investor members. Accordingly, a total of eleven (11) private placements are no longer within the Receivership. Within the first quarter of

2017, the Receiver anticipates the transfer or closing of several additional private placements.

22. Disappointingly, the Receiver has determined that a number of the Veros Private Placements (other than Veros Farm Loan Holding and FarmGrowCap) are failed investments. Specifically, the six (6) private placements that lent money to the Cherry Farms operations will suffer significant losses. The three (3) private placements that invested in Flat 12 Bierwerks will also suffer losses. The investment made in Stadiumred, a New York music production entity, will most likely also fail. More specific information regarding these entities can be found herein below.

23. Some of the key activities of the Receiver, during this last three (3) month period from October 1, 2016, through December 30, 2016, include significant amounts of time addressing issues related to Cherry Farms, Blue Crop Group, and Stadiumred:

A. **Cherry Farms Loans**

- 1) As previously reported, the Investors in the Cherry Farms private placements notified the Receiver that they want these offerings transferred out of the Receivership and into self-managed investments. The Receiver has endeavored to make these transfers. However, as a result of the borrower's inappropriate endorsement of the Receiver's signature on several checks and the fact that these offerings are in default, a further review of the Veros Partners Cherry Farm's accounting was required to ensure that, to the furthest extent possible, the investors will have correct information on these investments upon transfer. Specifically, the Receiver wanted assurances that the monies investors provided Cherry Farms through Veros Partners, Inc. was properly invested in the investment designated and any payments made by Cherry Farms were correctly directed back to the investors. In other words, it was essential to make sure that investors' money was actually used to finance

the particular Cherry Farms offering designated by the investor (as opposed to some other investment or use) and that any payments by Cherry Farms on a particular offering were properly made to those investors and not to some other obligation. The Receiver has received clearance from his accountants that there is no evidence of any impropriety with the funding and repayment of these Cherry Farms' investments.

- 2) That being said, the Court and the investors need to know that tracking the Cherry Farms investment funds was very difficult because only a single Veros Partners' checking account at a time was used. This means that as single checking account was used concurrently to receive deposits and to pay out operational expenses for several Cherry Farms private placements.
- 3) Furthermore, the financial data reviewed was focused on a specific time frame that involved the present ongoing investments and did not go back to the time Veros initially started its business relationship with the Cherrys. (To do that would have generated significant additional expenses that would have to be paid from other assets of the Receivership.)
- 4) Simply stated, Cherry Farms was not generating any income. Cherry Farms was delinquent with its payments, and there was a zero balance in the Veros Partners Cherry Farms checking account when the SEC complaint was filed and the Receiver appointed. In fact, the Cherry Farms checking account had a zero balance on January 1, 2015. No deposits were recorded from January 1, 2015 through the time of the appointment of the Receiver and no payments have been made by Cherry Farms since. The Receiver's Cherry Farms checking account remains at zero.

- 5) Although the Receiver has highlighted the fact that the Cherry Farms private placements were in financial trouble in each of the previously filed Quarterly Reports, the following is a more in-depth explanation as to the serious financial condition of the Cherry Farms investments prior to the Receivership.
- 6) The following are the loans and the amount of principal owed for each at the time the SEC filed its complaint:

Loan/Private Placement	Balance
Cherry Farms 2014 \$1,750,000 Line of Credit Loan	\$1,750,000
Cherry Farms 2013 \$1,500,000 Line of Credit Loan	\$ 155,776
Cherry Farms 2011 Loan (\$800,000)	\$ 600,000
Cherry Farms 2012 Restructuring Loan (\$1,200,000)	\$1,200,000
Cherry Farms LLC Individual Loans by 2014 and 2015 Investors (respectively)	\$ 427,714 \$ 400,000
Jeff and Amy Cherry Single Residential Mortgage Loan	\$ 280,800
Total Principal owed	\$4,814,290

- 7) The terms and payment dates were different for each loan. The interest rates for each ranged from 10.5% to 15%. These were all high-risk investments, and each loan was a Veros Partners private placement. Some Veros investors were participants in more than one of these private placements.
- 8) The following is specific information about each loan from the “Information Package for Participation” (the “offering documents”) provided to the investors by Veros Partners, Inc. to induce the investors to invest in these offerings:

(a) Cherry Farms 2014 \$1,750,000 Line of Credit Loan

- **Investment Overview:** Cherry Farms, LLC sought to secure up to a \$1,750,000 loan to use to finance expenses related to their 2014 crop as well as pay down other current debts. The loan was secured by a

first crop lien on the 2014 and future crops along with second liens on the farm's machinery and equipment and all other personal property.

The proceeds from the 2014 and future crops were to be protected to a certain coverage level per acre from both a yield and price standpoint by a crop insurance policy to which the lending group were to be attached. The loan was also to be personally guaranteed by the principals of Cherry Farms (James Cherry, Susan Cherry & Jeff Cherry). The date of the Private Placement Memorandum was April 2014, and the proceeds raised were \$1,750,000.00.

- **Expected Return.** The return on this investment was expected to be approximately 11.5% gross with the expected return net of all expected and scheduled fees and costs of approximately 10.5%.
- **Payoff** was to be made on March 31, 2015 in the amount of \$1,947,361.90 which includes principal and interest plus an administration fee.
- The Private Placement literature makes note that upon closing of the Cherry Farms 2014 Loan, Cherry Farms will have loans outstanding including the Restructuring Loan (\$1,200,000) and the Term Loan (\$800,000).
- The offering documents note the following:
 - There was noted a risk that Cherry Farms and all of its principals could declare bankruptcy. This risk was said to be mitigated by the following factors:
 - Crop Lien - The crop lien, once secured, will remain on this year's crop even in the event of bankruptcy, so there would still be the proceeds from this year's crop to protect the loan amount.

If needed, outside labor could be hired to harvest this year's crop.

- Threat of Losing their Livelihood - Since liens and personal guarantees are attached to virtually of all their future cash proceeds and to their business and personal property, the principals of Cherry Farms would risk losing everything they had including their occupation that they have been involved with for their entire life / working career.
- Integrity and Evaluation of Management - The principals of Cherry Farms have many years of experience in farming. Based on interactions with these principals they appear capable and confident in their abilities.

Source & Use of Funds:

Loan Amount	\$1,750,000.00
Legal Expense (Closing)	<u>(7,500.00)</u>
Net Proceeds	\$1,742,500.00
Final Payoff of Existing 2012 Line of Credit	(1,454,524.00)
Seed & Fertilizer Payments	<u>(285,146.00)</u>
Total Current Liabilities Paid Immediately After Closing	<u>(1,739,670.00)</u>
Working Capital Available for Remainder of	<u><u>\$2,830.00</u></u>

- The following information is taken directly from the offering document:

Reason for Private Loan Need:

The need to secure this line of credit occurred due to a combination of factors. Those factors include, but are not limited, to the following items:

Deterioration in Current Banking Relationship

Cherry Farms has maintained a banking relationship with First Farmers Bank & Trust (First Farmers). Cherry Farms and its principals have maintained both land loans and an operating line of credit with First Farmers in the past. This relationship deteriorated

due to First Farmer concerns about their loan to equity value in Cherry Farms land holdings as the financial crisis occurred in 2008. Cherry Farms thinks this concern is unwarranted due to the conservative value they believe First Farmers is using for their land. Due to the deterioration of this relationship, Cherry paid off the First Farmer's line of credit and planned to replace it with another primary banking relationship. However, they have been unable to secure financing in the current lending and credit environment.

Problems Removing Existing Liens

During Cherry Farms' relationship with First Farmers, First Farmers asked for and was granted the right to attach liens to not only the land holdings but also to their farming equipment and their future crops. Due to First Farmer's concerns about their loan to equity value on outstanding land loans, they were not cooperative in releasing their current liens so that other banks could collateralize or protect the proposed line of credit. In 2009, Cherry Farms sold land and paid those proceeds to First Farmers and they, in turn, agreed to release their crop lien so a new lender could collateralize their loan with future crop proceeds.

Current Banking and Credit Market Environment

The current banking and credit market environment requires lower loan to equity ratios than they did before the financial crisis experienced in 2008. Cherry Farms has been forced to pay down debt to improve those ratios over the last couple years. This was also a contributing factor to the deterioration in their relationship with First Farmers and, without having a permanent farm land loan along with the liens filed by First Farmers, other financial institutions have not been willing to provide an operating line of credit to Cherry Farms.

Page 9, Cherry Farms, LLC, Information Package for Participation in 2014 \$1,750,000 Line of Credit Loan

b) Cherry Farms 2013 \$1,500,000 Line of Credit Loan

- **Investment Overview:** Cherry Farms, LLC sought to secure up to a \$1,500,000 loan to use to finance expenses related to their crop operation as well as pay down other current debts. The loan was to be secured by (i) a security interest in all crops, whether existing or hereafter grown; (ii) a security interest in any and all crop insurance

held; and (iii.) a security interest in all personal and fixture property of Cherry Farms, LLC. The loan was also stated to be personally guaranteed by the principals of Cherry Farms, LLC (James Cherry, Susan Cherry & Jeff Cherry). The date of the Private Placement Memorandum was April 2013, the proceeds raised were \$1,500,000, and the expected return was 10.5%.

- The offering document notes the following:
 - As noted in the investment literature in support of this Private Placement, “There is the risk that Cherry Farms and all of its principals could declare bankruptcy. This risk is mitigated by the following factors:
 - Crop Lien - The crop lien, once secured, will remain on this current year’s crop even in the event of bankruptcy, so there would still be the proceeds from the current year’s crop to protect the loan amount. If needed, outside labor could be hired to harvest the current year's crop.
 - Threat of Losing their Livelihood - Since liens and personal guarantees were attached to virtually of all their future cash proceeds and to their business and personal property, the principals of Cherry Farms would risk losing everything they had including their occupation that they have been involved with for their entire life / working career.
 - Integrity and Evaluation of Management - The principals of Cherry Farms have many years of experience in farming. Based on interactions with these principals they appear capable and confident in their abilities.

Source & Use of Funds:

Loan Amount	\$1,500,000.00
Legal Expense (Closing)	<u>(7,500.00)</u>
Net Proceeds	\$1,492,500.00
Final Payoff of Existing 2012 Line of Credit	(772,555.00)

Seed & Fertilizer Payments	(348,344.00)
Cash Rents Owed	(178,500.00)
Debt Service Payments	<u>(190,500.00)</u>
Total Current Liabilities Paid Immediately After Closing	<u>(1,489,899.00)</u>
Working Capital Available for Remainder of	<u>\$2,601.00</u>

- Final payment was to occur on March 31, 2014; however, when the Receiver was appointed in May of 2015, a balance of \$155,766 was owed to the investors.
- The following information is taken directly from the offering document:

Reason for Private Loan Need

The need to secure this line of credit occurred due to a combination of factors. Those factors include, but are not limited, to the following items:

Deterioration in Current Banking Relationship

Cherry Farms has maintained a banking relationship with First Farmers Bank & Trust (First Farmers). Cherry Farms and its principals have maintained both land loans and an operating line of credit with First Farmers in the past. This relationship deteriorated due to First Farmer concerns about their loan to equity value in Cherry Farms land holdings as the financial crisis occurred in 2008. Cherry Farms thinks this concern is unwarranted due to the conservative value they believe First Farmers is using for their land. Due to the deterioration of this relationship, Cherry paid off the First Farmer's line of credit and planned to replace it with another primary banking relationship. However, they have been unable to secure financing in the current lending and credit environment.

Problems Removing Existing Liens

During Cherry Farms' relationship with First Farmers, First Farmers asked for and was granted the right to attach liens to not only the land holdings but also to their farming equipment and their future crops. Due to First Farmer's concerns about their loan to equity value on

outstanding land loans, they were not cooperative in releasing their current liens so that other banks could collateralize or protect the proposed line of credit. In 2009, Cherry Farms sold land and paid those proceeds to First Farmers and they, in turn, agreed to release their crop lien so a new lender could collateralize their loan with future crop proceeds.

Current Banking and Credit Market Environment

The current banking and credit market environment requires lower loan to equity ratios than they did before the financial crisis experienced in 2008. Cherry Farms has been forced to pay down debt to improve those ratios over the last couple years. This was also a contributing factor to the deterioration in their relationship with First Farmers and, without having a permanent farm land loan along with the liens filed by First Farmers, other financial institutions have not been willing to provide an operating line of credit to Cherry Farms.

Page 9, Cherry Farms, LLC, Information Package for Participation in 2013 \$1,500,000 Line of Credit Loan

- The following additional information is taken directly from the

offering document:

To clarify, upon closing on the 2013 Line of Credit, Cherry Farms will have the following loans outstanding with Veros Partners, acting as administrative agent on behalf of certain lenders:

- The 2013 Line of Credit.
- A term loan in the original principal amount of \$1,200,000, dated May 8, 2012, with a maturity date of May 8, 2017 (the “Restructuring Loan”). The Restructuring Loan is secured by a second priority lien position on the proceeds from future crops and crop insurance (*pari passu* with the Term Loan) and a second priority lien position on all personal property (*pari passu* with the Term Loan and the 2013 Line of Credit) as well as personal guarantees from James, Susan and Jeff Cherry.
- A term loan in the original principal amount of \$800,000, dated April 14, 2011. The maturity date of the Term Loan is April 14, 2013 and is anticipated to be extended to April 14, 2014 (the “Term Loan”). Cherry Farms applied \$200,000 of the proceeds from the Restructuring Loan to pay down the balance of the Term Loan. As a result, the current outstanding balance of the Term Loan is \$600,000. The Term Loan is secured by a second priority lien position on the proceeds from future crops and crop insurance (*pari passu* with the Restructuring Loan) and a second priority lien position on all personal property (*pari passu* with the Restructuring

Loan and the 2013 Line of Credit) as well as personal guarantees from James, Susan and Jeff Cherry.

Page 11, Cherry Farms, LLC, Information Package for Participation in 2013 \$1,500,000 Line of Credit Loan

c) **Cherry Farms LLC 2011 (\$800K) Loan**

- **Investment Overview:** Cherry Farms, LLC sought to secure up to a \$800,000 loan to use to finance expenses related to their 2011 crop as well as pay down other current debts. The loan was to be secured by a second crop lien on the 2011 and future crops along with liens on the farm's machinery and equipment. The loan was stated to be personally guaranteed by the principals of Cherry Farms, LLC (James Cherry, Susan Cherry & Jeff Cherry).

As noted in the introductory literature associated with this placement, Cherry Farms, LLC had incurred a deterioration with its existing banking relationship (First Farmers Bank & Trust). Cherry Farms and its principals have maintained both land loans and an operating line of credit with First Farmers previously. This relationship deteriorated due to First Farmers' concerns about their loan to equity value in Cherry Farms land holdings as the financial crisis occurred in 2008. Cherry Farms believed the concern to be unwarranted due to the conservative value they believe First Farmers was utilizing for their land. Due to the deterioration of this relationship, Cherry paid off the First Farmer's line of credit and planned to replace it with another primary banking

relationship. However, Cherry Farms was unable to do so due to lending and credit environment at the time of this placement.

- The date of the Private Placement Memorandum was April 2011, the proceeds raised were \$800,000. The expected return was 13.5% with the expected return net of all expected and scheduled fees and costs of approximately 12%.
- The offering document notes the following:
 - As noted in the investment literature in support of this Private Placement, “There is the risk that Cherry Farms and all of its principals could declare bankruptcy. This risk is mitigated by the following factors:
 - Crop Lien - The crop lien, once secured, will remain on this current year’s crop even in the event of bankruptcy, so there would still be the proceeds from the current year’s crop to protect the loan amount. If needed, outside labor could be hired to harvest the current year's crop.
 - Threat of Losing their Livelihood - Since liens and personal guarantees were attached to virtually of all their future cash proceeds and to their business and personal property, the principals of Cherry Farms would risk losing everything they had including their occupation that they have been involved with for their entire life / working career.
 - Integrity and Evaluation of Management - The principals of Cherry Farms have many years of experience in farming. Based on interactions with these principals they appear capable and confident in their abilities.

Source & Use of Funds:

Loan Amount	\$800,000.00
Legal Expense (Closing)	(5,000.00)
Net Proceeds	\$795,000.00
Eli Lilly – Cash Rent	(117,150.00)
First Farmers Bank	(78,757.00)
PHI Financial Services	(60,000.00)
Ace Technologies, LLC – Payoff Private Loan	(57,417.08)

Shelby County Co-op	(45,000.00)
Covance – Cash Rent	(24,525.00)
Dalton – Cash Rent	(21,000.00)
Parrish – Cash Rent	(11,000.00)
Farm Credit Services	(6,203.21)
Ramsey -Cash Rent	(6,000.00)
Veros Partners – Tax/Accounting/Bookkeeping	<u>(13,105.96)</u>
Net Proceeds Remaining	<u>354,841.75</u>
2010 Line of Credit Investor Group	<u>(352,341.75)</u>
Final Proceeds Remaining	<u>\$2,500.00</u>

- **Timing and Time Horizon:** The loan was to be interest-only, with semi-annual interest payments, along with two scheduled principal repayment dates. The first principal payment of \$200,000 was due one year from the date of the loan closing, April 14, 2012, and a balloon principal payment of \$600,000 due on April 14, 2013. At the time of the Receiver's appointment, the principal balance was \$600,000.
- The following information is taken directly from the offering document:

Reason for Private Loan Need

The need to secure this private operating line of credit occurred due to a combination of factors. Those factors include, but are not limited, to the following items.

Deterioration in Current Banking Relationship

Cherry Farms has maintained a banking relationship with First Farmers Bank & Trust (First Farmers). Cherry Farms and its principals have maintained both land loans and an operating line of credit with First Farmers in the past. This relationship deteriorated due to First Farmer concerns about their loan to equity value in Cherry Farms land holdings as the financial crisis occurred in 2008. Cherry Farms thinks this concern is unwarranted due to the conservative value they believe First Farmers is using for their land. Due to the

deterioration of this relationship, Cherry paid off the First Farmer's line of credit and planned to replace it with another primary banking relationship. However, they have been unable to in the current lending and credit environment.

Problems Removing Existing Liens

During Cherry Farms' relationship with First Farmers, First Farmers asked for and was granted the right to attach liens to not only the land holdings but also to their farming equipment and their future crops. Due to First Farmer's concerns about their loan to equity value on outstanding land loans, they were not cooperative in releasing their current liens so that other banks could collateralize or protect the proposed line of credit. In 2009, Cherry Farms sold land and paid those proceeds to First Farmers and they, in turn, agreed to release their crop lien so a new lender could collateralize their loan with future crop proceeds.

Current Banking and Credit Market Environment

The current banking and credit market environment requires lower loan to equity ratios than they did before the financial crisis experienced in 2008. Cherry Farms has been forced to pay down debt to improve those ratios over the last couple years. This was also a contributing factor to the deterioration in their relationship with First Farmers and, without having a permanent farm land loan along with the liens filed by First Farmers, other financial institutions have not been willing to provide an operating line of credit to Cherry Farms.

*Page 9, Cherry Farms, LLC, Information
Package for Participation in 2011 Loan*

d) Cherry Farms LLC 2012 (\$1.2M) Restructuring Loan

- **Investment Overview:** Cherry Farms, LLC, through its President James Cherry, sought to secure up to a \$1,200,000 loan to use to finance expenses related to their 2012 crop as well as pay down other current debts. The loan was to be secured by a second crop lien on the 2012 and future crops along with second liens on the farm's machinery and equipment and all other personal property.

The proceeds from the 2012 and future crops were to be protected to certain coverage level per acre from both a yield and price standpoint

by a crop insurance policy that the lending group was also to be attached to. The loan was to be personally guaranteed by the principals of Cherry Farms (James Cherry, Susan Cherry & Jeff Cherry)

- The date of the Private Placement was May 2012, and the total proceeds raise was \$1,200,000. The return on this investment was expected to be approximately 12.5% gross with the expected return net of all expected and scheduled fees and costs of approximately 11%.

This loan was to be a five-year term, with annual payments as follows:

- Year 1 – interest only;
 - Year 2 - \$50,000 principal plus interest;
 - Year 3 - \$100,000 principal plus interest;
 - Year 4 - \$150,000 principal plus interest;
 - Year 5 - \$200,000 principal plus interest and a \$700,000 lump sum principal payment.
- As noted in the investment literature, upon closing of the Private Placement, Cherry Farms LLC would have the following loans outstanding with Veros Partners acting as administrative agent on behalf of the lenders:
 - This Private Placement (the 2012 Restructuring Loan).
 - A term loan dated April 14, 2011 in the original principal amount of \$800,000 (the Cherry Farms Term Loan). A \$200,000 payment from the Restructuring Loan was to be applied to the Term Loan.
 - A bridge loan dated July 27, 2010 in the original principal amount of \$400,000 (the Cherry Farms 2010 Bridge Loan).

- A bridge loan dated March 28, 2012 in the original principal amount of \$450,000 (the 2012 Bridge Loan) (together with the 2010 Cherry Farms Bridge Loan, the “Bridge Loans”).
 - The Bridge Loans were to be paid in full on or about May 15, 2012 by the Line of Credit.
 - On May 15, 2012, Veros Partners, acting as administrative agent on behalf of certain lenders, planned to offer a line of credit in the original principal amount of \$1,200,000 to Cherry Farms (the Line of Credit) The Line of Credit was to be secured by a first priority lien position on the proceeds from future crops, crop insurance, and loan deposit account and a second priority lien position on all personal property (pari passu with the Term Loan and Restructuring Loan) as well as personal guarantees from James, Susan and Jeff Cherry. The Line of Credit was to be used by Cherry Farms to pay off the Bridge Loans in full and to pay down the Term Loan by \$200,000
- The offering document notes the following:
 - As noted in the investment literature in support of this Private Placement, “There is the risk that Cherry Farms and all of its principals could declare bankruptcy. This risk is mitigated by the following factors:
 - Crop Lien - The crop lien, once secured, will remain on this current year’s crop even in the event of bankruptcy, so there would

still be the proceeds from the current year’s crop to protect the loan amount. If needed, outside labor could be hired to harvest the current year's crop.

- Threat of Losing their Livelihood - Since liens and personal guarantees were attached to virtually of all their future cash proceeds and to their business and personal property, the principals of Cherry Farms would risk losing everything they had including their occupation that they have been involved with for their entire life / working career.
- Integrity and Evaluation of Management - The principals of Cherry Farms have many years of experience in farming. Based on interactions with these principals they appear capable and confident in their abilities.

Source & Use of Funds:

Loan Amount	\$1,200,000.00
Legal Expense (Closing)	<u>(5,000.00)</u>
Net Proceeds	\$1,195,000.00
Final Payoff of Existing 2011 Line of Credit	(886,189.00)
Paydown of Principal and Interest Due on \$800K Restructuring Note	<u>(260,000.00)</u>
Total Current Liabilities Paid Immediately After Closing	<u>(1,146,189.00)</u>
Working Capital Available for Remainder of Year	<u>\$48,811.00</u>

- The following information is taken directly from the offering document:

Reason for Private Loan Need

The need to secure this restructuring loan occurred due to a combination of factors. Those factors include, but are not limited, to the following items.

Deterioration in Current Banking Relationship

Cherry Farms has maintained a banking relationship with First Farmers Bank & Trust (First Farmers). Cherry Farms and its

principals have maintained both land loans and an operating line of credit with First Farmers in the past. This relationship deteriorated due to First Farmer concerns about their loan to equity value in Cherry Farms land holdings as the financial crisis occurred in 2008. Cherry Farms thinks this concern is unwarranted due to the conservative value they believe First Farmers is using for their land. Due to the deterioration of this relationship, Cherry paid off the First Farmer's line of credit and planned to replace it with another primary banking relationship. However, they have been unable to in the current lending and credit environment.

Problems Removing Existing Liens

During Cherry Farms' relationship with First Farmers, First Farmers asked for and was granted the right to attach liens to not only the land holdings but also to their farming equipment and their future crops. Due to First Farmer's concerns about their loan to equity value on outstanding land loans, they were not cooperative in releasing their current liens so that other banks could collateralize or protect the proposed line of credit. In 2009, Cherry Farms sold land and paid those proceeds to First Farmers and they, in turn, agreed to release their crop lien so a new lender could collateralize their loan with future crop proceeds.

Current Banking and Credit Market Environment

The current banking and credit market environment requires lower loan to equity ratios than they did before the financial crisis experienced in 2008. Cherry Farms has been forced to pay down debt to improve those ratios over the last couple years. This was also a contributing factor to the deterioration in their relationship with First Farmers and, without having a permanent farm land loan along with the liens filed by First Farmers, other financial institutions have not been willing to provide an operating line of credit to Cherry Farms.

*Page 9, Cherry Farms, LLC, Information
Package for Participation in 2012 \$1,200,000 Restructuring Loan*

- The following additional information is taken directly from the offering document:

To clarify, upon closing on Restructuring Loan, Cherry Farms will have the following loans outstanding with Veros Partners, acting as administrative agent on behalf of certain lenders:

- The Restructuring Loan.

- A term loan dated April 14, 2011 in the original principal amount of \$800,000 (the "Term Loan"). A \$200,000 payment from the Restructuring Loan shall be applied to the Term Loan upon closing of the Restructuring Loan. The Term Loan is secured by a second priority lien position on the proceeds from future crops and crop insurance (*pari passu* with the Restructuring Loan and 2012 Bridge Loan) and a second priority lien position on all personal property (*pari passu* with the Restructuring Loan, Bridge Loans and the Line of Credit) as well as personal guarantees from James, Susan and Jeff Cherry.

- A bridge loan dated July 27, 2010 in the original principal amount of \$400,000 (the "2010 Bridge Loan"). The 2010 Bridge Loan is secured by a first priority lien position on the proceeds from future crops, crop insurance, loan deposit account and a second priority lien position on all personal property (*pari passu* with the Term Loan, 2012 Bridge Loan and Restructuring Loan) as well as personal guarantees from James, Susan and Jeff Cherry.

- A bridge loan dated March 28, 2012 in the original principal amount of \$450,000 (the "2012 Bridge Loan") (together with the 2010 Bridge Loan, the "Bridge Loans"). The 2012 Bridge Loan is secured by a second priority lien position on the proceeds from future crops, crop insurance and all personal property (*pari passu* with the Term Loan, 2010 Bridge Loan and Restructuring Loan) as well as personal guarantees from James, Susan and Jeff Cherry.

- The Bridge Loans are to be paid in full on or about May 15, 2012 by the Line of Credit (as defined below).

On May 15, 2012, Veros Partners, acting as administrative agent on behalf of certain lenders, plans to offer a line of credit in the original principal amount of \$1,200,000 to Cherry Farms (the "Line of Credit") The Line of Credit will be secured by a first priority lien position on the proceeds from future crops, crop insurance, and loan deposit account and a second priority lien position on all personal property (*pari passu* with the Term Loan and Restructuring Loan) as well as personal guarantees from James, Susan and Jeff Cherry. The Line of Credit will be used by Cherry Farms to pay off the Bridge Loans in full and to pay down the Term Loan by \$200,000.

Pages 11-12, Cherry Farms, LLC, Information Package for Participation in 2012 \$1,200,000 Restructuring Loan

e) **Cherry Farms LLC Individual Loans by 2014/2015 Investor Members**

- It is not entirely clear that the Individual Loans for 2013 and 2014 are actually Veros placements since they were created without the customary offering documents associated with the above loans. However, for purposes of transferring them to the investors, the Receiver is treating them as Private Placements.
- These loans consisted of promissory agreements with individual investors.
- As noted the in the various promissory notes (between Cherry Farms, LLC and the individual investor) the loans were short-term in nature, mostly ranging between two (2) and six (6) months in duration.
- The Proceeds raised were \$1,628,428.50, and the expected return was 15% as set forth in the individual promissory notes with investors.

f) **Veros Jeff and Amy Cherry Single Residential Mortgage Loan:** This investment was transferred to the investors [[Filing No. 288](#), and [Filing No. 300](#)] in November of 2016.

9) In regard to the Cherry Farms Loans, the following factors existed at the time the Receiver was appointed:

- a) As stated in the Source and Use of Funds in the offering documents for each loan, a significant amount of the proceeds from each new loan was being used to pay previous Veros loans. The individual loan documents provided to the investors for all but the 2013 and 2014 loans, clearly state that the Cherrys were borrowing more money to pay previous debt. Very little borrowed funds were being

used to pay the operational expenses of Cherry Farms. Furthermore, the offering documents, with surprising clarity, reflect that the security for the loans in some cases would be junior to other debt owed by the Cherrys.

- b) At the time the Receiver was appointed, all but one of the loans was in default, and the only reason that loan was not in default was because it was not due. At the inception of the Receivership, the Defendant, Matt Haab, provided the Receiver with information about the loans with the Cherrys and candidly confirmed that the loans were in trouble. The investors were aware of the delinquency of the loans. He provided the Receiver with the status of the financial condition of the Cherrys and his thoughts on how to salvage the loans investors had made. The primary solution was based on the Cherrys ability to acquire approximately 1,260 acres of farm property from Eli Lilly for under market price and then monetize the property at a healthy profit and payoff the numerous Cherry Farms' private placement investors. He shared that strategy with the investors.
- c) The Receiver met with the Cherrys to discuss their financial situation and when they were going to make payments on the Veros loans. The Cherrys pledged that they would make good on the loans, but that they could not make payment. They discussed the Lilly property solution and told the Receiver that they would provide a plan to extricate themselves for the financial disaster they were

facing. From that initial meeting, the Receiver was in frequent contact with the Cherrys to pursue resolution of their mounting debt to the investors. Those meetings and discussions were constant throughout 2015.

- d) Although Veros investors did not provide the Cherrys with an operating loan for the 2015 crop season, the Cherry had crops in the ground and were preparing to harvest them in the fall of 2015. Veros had placed liens on the Cherrys crops, but the Receiver was concerned that the liens may not be valid so the Receiver filed UCC liens on the Cherrys' 2015 crops and notified the surrounding grain elevators of the liens. In addition, it appeared to the Receiver that an earlier equipment lien filed by Veros may have expired so the Receiver filed the necessary documents to register that lien. During this period of time, the Cherrys were telling the Receiver and some of the investors that they were working with Lilly to acquire the property and that they would have crops 2015 crop proceeds available to pay at least something on the Veros loans. The Cherrys said that they were storing the 2015 crops and would sell when the prices were better.
- e) During this time, a few investors were communicating directly with the Cherrys regarding the status of loan payments. Those investors were also communicating with the Receiver about what could be done to salvage the loans. The Lilly property acquisition was discussed, and the Receiver informed the investors of his attempts

to find alternative financing for the Cherrys for the refinancing of the long-term debt, restructuring the Veros debt, and finding short term financing for the 2016 farm operations. The Receiver believed that the Cherrys needed to get their financial affairs in order to have chance of acquiring the Lilly property. The Receiver talked to a number of financial institutions and with individuals that might be able to restructure the Cherry Farm debts. The Receiver obtained financial information from the Cherrys and met with an accountant with Blue & Co to review the Cherrys financial statements. The assessment of the Cherrys financial position was dismal. It became apparent to the Receiver that the Cherrys were never going to be able to farm their way out of the Veros debt and that the likelihood that Lilly would ever sell its property to the Cherrys was nonexistent. By the spring of 2016, it was apparent that Cherry Farms could not find financing to restructure the money it owed the Veros investors, it could not find short term funding to plant crops for the 2016 farming season, and that Lilly was not going to sell the property in question to the Cherrys. In essence, Cherry Farms was out of business, and it hired counsel to deal with the Veros debts and other debts they owed.

- f) The Receiver became concerned about the status and location of the grain that the Cherrys said they were storing for future sale. The Receiver was skeptical that the Cherrys were being completely candid with him so the Receiver's attorney sent subpoenas to

various grain elevators to determine if the Cherrys were selling any of their 2015 crops. Unfortunately, the response to the subpoenas by the grain elevators reflected that not only were the Cherrys selling their crops they were also forging the Receiver's name on checks from the grain elevators that had listed the Receiver (or Veros) as an additional payee on the checks issued on 2015 crops sold by the Cherrys. In fact, the Cherrys were also forging other payee's signatures on the checks. Presently, this matter is under criminal investigation.

- g) The Receiver learned that a group of investors were also meeting with the Cherrys at the beginning of 2016 and that they too were being misled by the Cherrys about the status of the crops and terms of the Lilly property. In fact, the investors were very interested in having the Receiver transfer the private placements to them so that they could be self-managed. The background of the transfer issues has been set forth in previous reports to the court.
- h) A review of the Veros Partners information on the Cherry Farms investments and subsequent information obtained from the Cherrys (some of which had to be forcibly obtained through court order), and through other sources, confirm that these loans had inferior and likely insufficient security. Any litigation commenced prior to this date would have triggered defaults with the senior secured debt holders. First Farmers Bank & Trust had priority security over the land and equipment for many years before Veros started doing

business with Cherry Farms. Pioneer has crop liens that are ahead of any security interest Veros has on crops. There are other liens that exist on the real estate. The Receiver did take action by filing a lien that resulted in tying up crop proceed money, but there are other lienholders that believe their lien has priority.

- i) Understanding that litigation maybe inevitable, the Cherry Farms investors wanted to transfer these private placements out of the Receivership so they can pursue their claims through the efforts of an attorney that will be responsive to their direction. Consequently, the Receiver filed motions requesting that the Cherry Farms investments be removed from the Receivership estate and transferred to the investors to be self-managed [[Filing No. 334](#), [Filing No. 335](#), [Filing No. 336](#), [Filing No. 337](#) and [Filing No. 338](#)]. These motions were granted by the Court on January 27, 2017 [[Filing No. 341](#), [Filing No. 342](#), [Filing No. 343](#), [Filing No. 344](#) and [Filing No. 345](#)].
- j) The information contained in the last Quarterly Report [[Filing No. 294](#), at ECF pp. 3-5] and prior reports regarding Cherry Farms provides additional detailed information regarding the issues related to these offerings and the Receiver's actions.

B. Blue Crop Group/TBBM

- 1) As previously reported to the Court, the Receiver and the Investor Members have been working on a plan that will transfer this asset out of the Receivership to the Investor Members. It appears that by the time this Report is filed, or

shortly thereafter, the Receiver will have filed a motion requesting authority to transfer this Veros private placement to the investment Members.

- 2) In brief, the issue has been that Blue Crop Group was not fully funded so it had financial obligations to some of its investors and third party creditors. Thus, the Receiver has been looking for a plan that would complete the funding of the private placement so the above-mentioned obligations of Blue Crop Group could be met or, in the alternative, sell the assets of the private placement, two blueberry farms in Michigan, and use the proceeds to pay off the investors and creditors.
- 3) The BCG investors favored keeping the investment group together and not selling its assets. The Receiver favored this approach, but was concerned that the Investor Members might not be able raise enough capital to satisfy money owed to some of the investment members, the interim investors, and third party creditors. It now appears that the Investor Member have reached an internal agreement with all the Blue Crop Group investors to satisfy financial obligations to certain investors and also raised enough cash to satisfy third party obligations.
- 4) The issue that made the resolution of this matter so complex is that Blue Crop Group owed money to other entities under control of the Receiver. For example, FarmGrowCap lent money that was used to help Blue Crop Group purchase the two farms. Although the path on how the FarmGrowCap money was used to help purchase the farms was difficult to follow, it is clear that Blue Crop Group was responsible to repay that obligation. In addition, PinCap/PinFin, also fronted money for Blue Crop Group to pay expenses associated with the

purchase of the farms. In other words, without the benefit having PinCap/PinFin money to pay certain expenses relating to the purchase of the farms, the acquisition of the farms would not have happened. As the Receiver for FarmGrowCap and PinCap, it was important to see that a reasonable collection of those funds from BCG occurred so the investors in FGC did not suffer. In regard to PinCap/PinFin, any money that it collected would flow to FGC because PinCap guaranteed the FarmGrowCap loans. The Receiver will present all of the above to the Court at the appropriate time, but the Receiver firmly believes that the internal agreement with the Blue Crop Group's investors and the cash that will be transferred to the FCG investors directly from Blue Crop Group and PinCap/PinFin is fair and reasonable to all.

- 5) During this quarter, the Receiver was regularly working with the leaders of the investor members to find solutions to issues that needed to be resolved before the transfer of this private placement was fair to all. The investor member efforts are very much appreciated by the Receiver.
- 6) For additional information see the detail included in the Receiver's Sixth Interim Report [[Filing No. 294, at ECF pp. 6-8](#)].

C. **Stadiumred**: The information contained in the last Quarterly Report regarding Stadiumred detailed the issues related to Stadiumred's default and the Receiver's actions in that regard [[Filing No. 294, at ECF pp. 8-11](#)]. Since that time, and upon the request of the investors, the Receiver filed a request to transfer this Veros private placement out of the Receivership Estate. The appropriate motion was filed [[Filing No. 331](#)], and as of the writing of this report, the Court has granted the Receiver's Motion to Transfer [[Filing No. 332](#)]. Transfer documents are being

drafted for execution to complete the transfer.

- D. **Senefeld-Risinger Loan**: See the Receiver's Sixth Interim Report for detailed information related to this offering and the Receiver's plan to make the investors whole [[Filing No. 294, at ECF pp. 11-12](#)]. The Receiver anticipates being able to substantially pay the investors what they are owed and close this private placement. As stated in the Sixth Report, the anticipated income to pay investors will come from PinCap/Pin Financial proceeds. PinCap/Pin Financial received income in 2015 and, pursuant to the loan agreement with Senefeld and Risinger, a percentage of that income is to go to pay the investors. During this quarter, the Receiver has been addressing claims that others believe they have on the Pin Cap/Pin Financial funds which, if legitimate, would negate or reduce the payments to the investors. The Receiver believes that these issues have been resolved.
- E. **Veros Craft Brew LLC, Veros Craft Brew II LLC and Veros Craft Brew III LLC**: As stated in the Receiver's Sixth Interim Report the business in which these three private placements invested funds was Flat 12 Bierwerks, an Indianapolis craft brewer. Unfortunately, Flat 12 was unable to generate sufficient income to remain in operation, and it sold its assets. The company provided the Receiver with financial documents relating to the sale of those assets. Flat 12 is represented by attorneys from Ice Miller LLP. For the present, the documents they have provided are deemed confidential. However, they have agreed to produce additional information regarding the distribution of funds from the proceeds of the asset sale without confidentiality restrictions. They also indicated that the final tax documents would be completed and made available to the investors on a timely basis. Upon receipt of the additional information from Flat 12, the Receiver will provide an

update and recommendations. For additional information regarding these private placements see pages 12-14 of the Sixth Interim Report [[Filing No. 294](#), at [ECF pp. 12-14](#)].

F. **Determination of Losses Related to Veros Farm Loan Holding and**

FarmGrowCap: On August 19, 2016, the Receiver filed a motion for Authority to Make Interim Distributions to Investors of Veros Farm Loan Holding LLC and FarmGrowCap LLC of \$3,000,000 [[Filing No. 259](#)]. The Court approved that motion on September 13, 2016 [[Filing No. 269](#)]. Pursuant to that Order, the Receiver started the process laid out in his motion to make distributions. Specifically, the Receiver sent a Phase One letter to each investor asking him or her to confirm the Receiver's calculations related to the investor's contribution(s) and payment(s) received. This included investors in the 2012 Veros Farm offering, the 2013 Veros Farm Loan Holding LLC offering and the 2014 FarmGrowCap LLC offering. The Receiver's accountants supplied the calculation for the Phase One letter. The precise calculations were determined by reviewing the Veros Partners' documents on each investment and for each investor, as well as information sent to the Receiver by the investor. (At the beginning of the Receivership, the Receiver sent a letter to each investor asking for documents relating to their investments. There were a number of investors that did not comply with this request.) A vast majority of investors replied to the Phase One letter indicating they agreed with the Receiver's calculations. The few that did not agree have been resolved.

- 1) The Receiver was moving forward with the second phase of the distribution process. However, on October 21, 2016, a number of investors filed the "Investors Motion to Stay and Objection to Interim Distribution

Methodology” [[Filing No. 284](#)]. As a courtesy to the objecting investors, the Receiver did not move forward with Phase Two of the Distribution Plan and, with the SEC, tried to find a resolution to the concerns raised in the Investors’ motion.

- 2) Some of the objecting investors and their attorney met with the Receiver to discuss the Receiver’s methodology that would be used to establish investor losses, percentage of loss per investor, and percentage of payment to each investor from recovered assets. There were additional telephone conversations regarding issues discussed during the meetings. The objecting investors’ primary objection was that the Receiver’s methodology included a “claw back” provision. They suggested an alternate method of loss determination and payout that did not include the element of claw back. The Receiver requested that the objecting investors provide a side-by-side comparison to show how their proposal compared with the Receiver’s plan. A comparison plan was ultimately provided, but it was not an apple-to-apple comparison. Nevertheless, the Receiver reviewed the plan with his accountants at Blue & Co., and it showed that a number of investors, especially those that only invested in the 2014 offering, were not being treated in the same fashion as other investors. The significant deviation, or difference in their plan was that there were no “claw back” provisions. Their plan was also communicated to the SEC.
- 3) In the objecting investors plan, there was emphasis on how future payments from the Williams settlement would be allocated amongst the investors with options available to certain investors, primarily those investors that only

participated in the 2014 FarmGrowCap offering. During this time, RJW Williams Farms filed for bankruptcy in Illinois, which negatively impacts the Williams/FGC Settlement Agreement. This changed the dynamics of what the objecting investors were proposing so they withdrew the Motion filed in October [[Filing No. 302](#)]. There were continuing discussions between the objecting investors and the Receiver, and with the SEC, about a possible way to proceed. Again, there were a number of meetings with the objecting investors regarding the implementation of the claw back issue. They provided a subsequent spreadsheet to the Receiver and the SEC in an effort to show that their plan was fair and equitable and superior to the Receiver's plan. From the Receiver's and the SEC's perspective, it did not treat the investors equally. It did treat the new 2014 investors better than the first plan submitted, but it appeared the allocation of losses was simply shifted to another segment of the investors. Thereby still treating a class of investors differently. Since the parties could not come to resolution, the objecting Investors then filed the Investor's Amended Motion to Stay and Objection to Interim Distribution Methodology on December 7, 2016 [[Filing No. 312](#)]. Thereafter, the Receiver and the SEC each filed their responses [[Filing No. 319](#), and [Filing No. 317](#)]. This matter was heard by the Court on February 8, 2017, and was taken under advisement.

- 4) The Receiver collected an additional \$467,284.25 in December, which has been deposited in the Receivership FarmGrowCap checking account. See [Exhibit A](#). This money is available for distribution to the investors in addition to the \$3,000,000 distribution requested by the Receiver.

G. In regard to the RJW Williams farm loan collection, the Receiver received the balance of \$255,802.07 that was owed on the \$750,052.07 payment due from FFBT as referenced in paragraph 6 of the Settlement Agreement. The settlement status of the litigation against RJW Williams Farms is more fully described in paragraph 17 below.

H. The Receiver continues to stay current with the progression of the litigation in federal court by the SEC against the Defendants in this matter by reviewing and responding to pleadings when required, attending hearings and participating in various conference and status calls with the Court, etc.

I. The Receiver was to monitor and supervise the activities of Veros Partners as outlined in the Agreed Order Appointing Receiver “Agreed Order” [\[Filing No. 34\]](#) and as outlined in the Receiver’s previous reports to the Court. At the end of December 2015 Veros Partners effectively went out of business. Consequently, other than times when the Receiver needed or requested assistance from Mr. Haab, there was no further supervision or monitoring to be done. Accordingly, on December 12, 2016, the Receiver filed his Notice to the Court Regarding Regular Reports from Matthew D. Haab [\[Filing No. 314\]](#), and on December 14, 2016, the Court entered a Marginal Entry relieving Mr. Haab of the responsibility to provide any further reports to the Receiver [\[Filing No. 315\]](#).

J. On December 7, 2016, the Receiver filed a motion for authority to distribute fifty percent (50%) of the Veros JF Wild Holdings, LLC Veros fees to MainSource Bank [\[Filing No. 310\]](#) and a motion for authority to compromise the balance due from a former Veros employee under his Separation Agreement [\[Filing No. 311\]](#) and to pay one-half of that amount to MainSource Bank pursuant to the Court’s Order on Stipulation Regarding Veros Assets entered February 16, 2016 [\[Filing No. 181, at ECF p. 2\]](#).

K. The Receiver has had occasional contact with Tobin Senefeld this reporting period,

but it appears that Mr. Senefeld is not active in the management or operations of Pin Financial or Pin Cap. As previously reported, it is the Receiver's understanding that on June 22, 2016, Pin Financial was expelled from FINRA membership and has closed its business.

24. In regard to the delinquent Boyer Farms loans due to the FGC investors, a Chapter 7 Order of Discharge was entered by the U.S. Bankruptcy Court for the Division of Oregon on August 7, 2017. The sale of the Boyer real estate occurred on December 9, 2016, and on December 12, 2016, the Receiver received a wire transfer for the proceeds of the sale in the amount of \$211,848. As set forth in the Receiver's Sixth Interim Report, and with the SEC's approval, the Receiver has now terminated any further collections efforts.

25. As set forth in [Exhibit A](#) hereto, on November 29, 2016, the Receiver collected Veros management fees from the JF Wild Holdings, LLC transfer (\$32,458.27) private placement transfer. This money was deposited into the Receiver's General Private Placement account, and on December 7, 2016, the Receiver filed a motion requesting authority to pay one-half of that amount (\$16,229.14) to MainSource Bank. (This motion has since been granted [\[Filing No. 325\]](#), and the Receivership bank account for JF Wild Holdings, LLC has been closed.)

26. The Receiver continues to promptly update the court filings information on the Receivership web pages and has sent several notices to the various investment groups via email regarding the ongoing status of their investments. However, there are several matters in litigation, or that have a potential for litigation, and thus are not appropriate for posting to the website.

27. In regard to other specific Private Offerings, the Receiver reports as follows:

a) **Jennings Design LLC:**

As of December 31, 2016, there remained \$10,205.42 in the Receiver's account for unforeseen or miscellaneous expense relating to the management of the

private placement. The mission of this private placement has been completed and needs to be administratively dissolved after the final distribution to the investors has been made. Tax documents will need to be prepared for the investors as a result of the 2016 distributions

b) **Rockdale Holding LLC:**

This private placement has been transferred to the investors and a distribution will be made to them.

c) **True Blue Berry Management LLC 2015 Operating Loan:**

As of December 31, 2016, there remained \$43,849.35 in the Receiver's account for unforeseen or miscellaneous expense relating to the management of the private placement. The mission of this private placement has been completed and needs to be administratively dissolved after the final distribution to the investors has been made. Tax documents will need to be prepared for the investors as a result of the 2016 distributions.

d) **Veros 702 North Holding LLC:**

As referenced above, this private placement was transferred and distribution was made to the investors and the Receivership bank account was closed.

e) **Veros JF Wild Holdings LLC:**

As referenced above, his private placement was transferred to the investors. There are no funds in the Receiver's bank account for this private placement. The Receiver has collected the Veros Partners

management fees in the amount of \$32,458.27 and requested the Court's approval to divide those funds with MainSource Bank.

f) **Veros Switch Holdings LLC:**

As referenced above, this private placement was transferred to the investors. There were no funds in the Receiver's bank account for this private placement and the Receivership bank account was closed.

g) **Yeager of Frisco LLC:**

As referenced above, this private placement was transferred to the investors and the Receivership bank account was closed.

Review of Assets

28. As set forth in the Receiver's previous reports, the Receiver is responsible for marshalling and preserving all of the assets of the Receivership Defendants, and any Recoverable Assets of Pin Financial LLC, the Relief Defendant. The Receiver has reviewed the assets of each of the Receivership Defendants and the Relief Defendant. The information has not changed from the Receiver's previous Reports.

29. No additional bank accounts have been located or seized since the last interim Report.

30. Pursuant to Paragraph 8(A) of the Agreed Order Appointing Receiver [[Filing No. 34, at ECF p. 4](#)], Receivership Property includes, but is not limited to, "...monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Defendants own, possess, have a beneficial interest in, or control directly or indirectly..." The information in regard to this section in the previously filed quarterly report is

the same and need not be repeated here.

Litigation

31. The Illinois Circuit Court lawsuit by FarmGrowCap LLC against RJW Williams Farms, *et al.*, was dismissed after this Court approved the restructured Settlement Agreement and the parties executed that Agreement. However, the Borrower's ability to maintain compliance with his FarmGrowCap Settlement continues to be a challenge, as evidenced by RJW Williams Farm having filed bankruptcy.

A. During this quarter, First Farmers Bank & Trust paid FarmGrowCap the \$255,802.07 balance remaining owed toward the \$750,052.07 obligation set forth in paragraph 6 of the settlement agreement. The Receiver previously reported that Mr. Williams did not make the final payment because one of its creditors, TopFlight Grain, obtained a \$1,800,000 judgement against Mr. Williams and his farming operation in early July. The attorneys for TopFlight were able to convince a court in Illinois to freeze any income or the liquidation of any assets Mr. Williams has or realizes from the sale of his 2015 and 2016 crops. The Illinois court is now in the process of determining the priority of claims of Williams' creditors. Those that have good security liens, such as mortgages on real estate or liens on Williams' crop sale proceeds will get paid before non-secured creditors. The Illinois court will most likely will have to sort that out.

B. The ongoing issue of concern is the ability of Mr. Williams to make the annual \$500,000 installment payments called for in the settlement agreement. Mr. Williams did not make the payment due December 31, 2016. The Receiver and his attorney have been working with TopFlight and the other creditors to devise a plan to keep Mr. Williams operating so that he can pay his debts, including the portion of the settlement agreement that calls for annual payments. This situation is very frustrating because Mr. Williams knew, during the time settlement was being negotiated, that this judgment was a real possibility and failed to disclose it

to any of the parties. Although this new situation with TopFlight Grain puts Mr. Williams' ability to successfully fulfill his financial obligations to FarmGrowCap in serious jeopardy, the Receiver is optimistic that a solution will be reached to keep RJW Williams Farms operational so it can pay its debts.

C. On November 14, 2016, the Receiver was notified by that RJW Williams Farms, Inc. had filed bankruptcy. The Chapter 7 Trustee, Kristin L. Wilson, contacted the Receiver and requested copies of the UCC's filed on behalf of FarmGrowCap. The Receiver and his bankruptcy counsel, David Krebs, are reviewing the bankruptcy filings and maintaining contact with the borrowers and their counsel, and continuing discussions related to payment of the obligations under this Settlement.

Discovery

32. Because there are limited cash assets in these entities and an ever-changing cash flow, the Receiver may conduct independent discovery and issue subpoenas, if necessary, on the Receiver's potential claims and related to his tasks/obligations under the Receivership. To date, the parties have proposed and the Court has entered a case management plan which provides for the scope and timing of certain discovery. The Receiver continues to review the numerous documents and material received from the Defendants and Relief Defendant and once that has been completed with the assistance of Blue & Co., then the Receiver will know if there is any additional information needed to complete his review and analysis of the Receivership property and estates.

Communications with Investors

33. During the past three (3) months, the Receiver has corresponded via email with the investors in the various private placements, as set forth herein above. The Receiver and his staff, with the assistance of Blue & Co. if needed, have continued to respond and provide information

to individual investors that have inquired about issues relating to their investments or concerns. The Receiver has not attached his email correspondence with the investors as it is voluminous and much of the information is duplicative. Further, some of the emails contain private financial information specific to that investor and his/her investments and therefore are not appropriate to attach to this public report.

Creditors

34. The Receiver is aware of the following potential creditors:
- a) James Hamstra, of Indianapolis, Indiana, who performed services as an Independent Contractor for PinCap, LLC. Mr. Hamstra's potential claim is approximately \$3,240.
 - b) Robert J. Mitchell, CPA, CFA, who performed services to Pin Financial as FINOP and Chief Compliance Officer, has a potential claim for services from April 2015 to date: \$30,149.67.
 - c) Attorney Roger W. Damgaard of Woods Fuller Sultz & Smith, PC. has a potential claim for pre-Receivership services related to the Pin Financial/Hardes bridge loan transaction, in the amount of \$15,403.96.
 - d) Jeremiah F. O'Connor, who performed a State of Indiana Audit that he completed on Pin Financial on June 3, 2015, has a potential claim for services in the amount of \$500.00.
 - e) Charles Meade, President of Firrin Associates, LLC who has a potential claim for Firrin Associates, LLC related to services provided to Pin Financial, LLC from March 31, 2016, through April 25, 2016, in the total amount of \$2,375.00.
 - f) Kroger Gardis & Regas LLP has a potential claim for services related to the Pin Financial Hardes Project in the amount of \$375.00.

g) The Receiver has a list of investors and their addresses. The Receiver continues to work with the Accountants to determine which investors have claims and the amounts thereof.

In regard to the potential non-investment creditors, the Receiver is requesting supporting documents from those individuals listed above, and any additional non-investment creditors which may be identified, for the purpose of submitting to the Court a procedure to approve or disapprove such non-investor creditor claims.

Liquidation of Securities

35. The investments included in VFLH, FarmGrowCap, and the Private Offerings are not publicly traded entities and as such, have not been registered under the Securities Act of 1933, as Amended or any applicable state laws.

Conclusion

The Receiver continues to investigate the assets of the Receivership Defendants and the Relief Defendant to determine the locations and value of various and/or additional assets and those which can be liquidated for the benefit of the estate, including the transfer of private placements to the individual investment groups as soon as possible and practicable. Further, the Receiver will continue to pursue collection and payment of monies due from debtors on the various farm loans. The Receiver will continue to review the materials provided by the investors and complete his review and analysis of the Private Offerings with the assistance of Blue & Co. as needed.

Dated: ___February 10, 2017___

/s/ William E. Wendling, Jr.

William E. Wendling, Jr., Receiver
Cohen Garelick & Glazier
Suite 800, Keystone Crossing Plaza
8888 Keystone Crossing Blvd.
Indianapolis, IN 46240-4636
Telephone: (317) 573-8888
Fax: (317) 574-3855
Email: wwendling@cgglawfirm.com

Respectfully submitted,

By /s/ Anne Hensley Poindexter

Anne Hensley Poindexter, #14051-29
Altman, Poindexter & Wyatt LLC
75 Executive Drive, Suite G
Carmel, IN 46032
Telephone: (317) 350-1000
Fax: (844) 840-3461
Email: apointexter@apwlawyer.com

Counsel for the Receiver

Certificate of Service

I hereby certify that on February 10, 2017, a copy of the foregoing ***Receiver's Seventh Interim Report*** 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, IN 46032
Telephone: (317) 350-1000
Fax: (844) 840-3461
Email: apointexter@apwlawyer.com

Receiver's Receipts and Disbursements

Exhibit "A"

RECEIVER'S RECEIPTS

Blue Crop Group acct #5976

Date	Received From	Transaction	4th Quarter 2016	Duration Total
		Amount	Total	
12/31/2016	True Blue Midwest Farms	\$ 284,000.00	\$ 284,000.00	\$ 2,272,000.00
12/31/2016	True Blue Heritage Farms	\$ 71,250.00	\$ 71,250.00	\$ 561,250.00
	True Blue Berry Management LLC MainSource Bank account	\$ -	\$ -	\$ 36,184.13
	Midwest Blue Berry Farms Macatawa Bank account	\$ -	\$ -	\$ 14,610.34

FarmGrowCap acct #5968

Date	Received From	Transaction	4th Quarter 2016	Duration Total
		Amount	Total	
	FarmGrowCap MainSource Bank account	\$ -	\$ -	\$ 112,140.09
12/12/2016	American Title, Inc. (proceeds from sale of Boyer Real Estate	\$ 211,482.18	\$ 211,482.18	\$ 211,482.18
12/15/2016	RJ Williams Inc.-First Security Bk Receiver's Trust Acct-Williams Pmt per Settlement Agreement	\$ 255,802.07	\$ -	
		\$ -	\$ -	
			\$ 255,802.07	\$ 2,554,708.50
	Crossroads Family Farms	\$ -	\$ -	\$ 1,718,958.38
	Harold Birch (Kirbach Farms)			\$ 371,384.41

HF Land GP acct #5927

Date	Received From	Transaction	4th Quarter 2016	Duration Total
		Amount	Total	
	HF Land GP MainSource Bank account	\$ -	\$ -	\$ 50,000.00
	HF Land GP	\$ -	\$ -	\$ 296,500.00

Jennings Design acct #5851

Date	Received From	Transaction	4th Quarter 2016	Duration Total
		Amount	Total	
	Jennings Design MainSource Bank account	\$ -	\$ -	\$ 81,336.42
	Refund of account service fee	\$ -	\$ -	\$ 12.00
	First American Title	\$ -	-	\$ 1,381,703.25

Receiver's Receipts and Disbursements

Exhibit "A"

PinCap LLC acct #5950

Date	Received From	Transaction Amount	4th Quarter 2016 Total	Duration Total
	PinCap LLC MainSource Bank account	\$ -	\$ -	\$ 1,517.16
	Refund of account service fee	\$ -		\$ 72.00
	IL Dept of Employment Security - Employer Refund	\$ -	\$ -	\$ 96.06

Rockdale Holdings acct #5778

Date	Received From	Transaction Amount	4th Quarter 2016 Total	Duration Total
	Rockdale LLC	\$ -	\$ -	\$ 92,500.09

Stadiumred acct #6073

Date	Received From	Transaction Amount	4th Quarter 2016 Total	Duration Total
	Stadiumred MainSource Bank account	\$ -	\$ -	\$ 7.53
	Refund of account service fee			\$ 96.00

True Blue Berry Midterm/Mezzanine acct #6016

Date	Received From	Transaction Amount	4th Quarter 2016 Total	Duration Total
	True Blue Berry Management		\$ -	\$ 778,168.29
	True Blue Berry Mgmt MainSource Bank account	\$ -	\$ -	\$ 21.57
9/7/2016	Transfer from TBBM #6040 to cover 1 cent overdraft	\$ -	\$ -	\$ 0.01

True Blue Berry Annual Op Loans acct #6040

Date	Received From	Transaction Amount	4th Quarter 2016 Total	Duration Total
	True Blue Berry Mgmt Annual Operating Loans MainSource Bank account	\$ -	\$ -	\$ 2,692.54
	Refund of account service fee	\$ -	\$ -	\$ 24.00
	National Bank of Indianapolis account #5885	\$ -	\$ -	\$ 52.07
	True Blue Berry Management	\$ -	\$ -	\$ 3,033,990.99

True Blue Berry Management LLC acct #5885

Date	Received From	Transaction Amount	4th Quarter 2016 Total	Duration Total
	True Blue Berry Management MainSource Bank account	\$ -	\$ -	\$ 67.07
	Refund of account service fee	\$ -	\$ -	\$ 48.00

Receiver's Receipts and Disbursements

Exhibit "A"

RECEIVER'S DISBURSEMENTS

Date	Disbursed To	Transaction	4th Quarter 2016	Duration Total
		Amount	Total	
Blue Crop Group acct #5976				
Oct-Dec	Wire transfer fees	\$ (15.00)	\$ (15.00)	\$ (335.00)
	WOK Land Company	\$ -	\$ -	\$ (153,058.00)
	MBF Properties	\$ -	\$ -	\$ (845,476.00)
	Marcia Losco	\$ -	\$ -	\$ (30,000.00)
	Keilen Law	\$ -	\$ -	\$ (375.00)
	Bank fee - checks	\$ -	\$ -	\$ (19.00)
	Campbell Kyle Proffitt LLP	\$ -	\$ -	\$ (28,239.11)
12/12/2016	Cohen Garelick & Glazier	\$ (4,989.45)	\$ (4,989.45)	\$ (4,989.45)
12/27/2016	First Farmers Bank & Trust	\$ (75,000.00)	\$ (75,000.00)	\$ (650,000.00)
12/15/2016	Blue & Co.	\$ (59,048.60)	\$ (59,048.60)	\$ (61,860.92)
12/19/2016	Aliign, LLC	\$ (4,465.00)	\$ (4,465.00)	\$ (4,465.00)
12/22/2016	Altman Poindexter & Wyatt LLC	\$ (27,192.74)	\$ (27,192.74)	\$ (27,192.74)
	Corporation Service Company	\$ -	\$ -	\$ (1,005.66)

FarmGrowCap acct #5968

Date	Disbursed To	Transaction	4th Quarter 2016	Duration Total
		Amount	Total	
Oct-Dec	Wire transfer fees	\$ (30.00)	\$ (30.00)	\$ (360.00)
10/18/2016	Bank fee - checks	\$ (34.50)	\$ (34.50)	\$ (34.50)
	Internal Revenue Service	\$ -	\$ -	\$ (390.00)
	Jeffrey Risinger	\$ -	\$ -	\$ (58.18)
	Bank fee - checks	\$ -	\$ -	\$ (19.00)
	Arnold Gallagher	\$ -	\$ -	\$ (1,764.00)
	Campbell Kyle Proffitt LLP	\$ -	\$ -	\$ (449,461.80)
10/13/2018	TelSpan - tel conf services	\$ (139.62)	\$ (139.62)	\$ (139.62)
10/13/2018	Shawn Gustafson	\$ (525.00)	\$ (525.00)	\$ (10,012.50)
	Transferred to Trust Acct	\$ -	\$ -	\$ (306,613.40)
	Duncan & Brown-Appraisal fee	\$ -	\$ -	\$ (900.00)
	Blue & Co.	\$ -	\$ -	\$ (65,594.26)
	Hutchinson Cox Coors Orr & Sherlock PC	\$ -	\$ -	\$ (37,353.62)
	Corporation Service Company	\$ -	\$ -	\$ (427.00)
	Aliign	\$ -	\$ -	\$ (12,345.00)
11/2/2016	Richardson & Erickson	\$ (1,241.32)	\$ -	\$ -
11/15/2016	Richardson & Erickson	\$ (787.12)	\$ (2,028.44)	\$ (3,667.42)
	Kroger Gardis & Regas	\$ -	\$ -	\$ (30,920.83)
12/12/2016	Cohen Garelick & Glazier	\$ (127,303.79)	\$ (127,303.79)	\$ (242,592.00)
11/14/2016	Citigroup Mgmt Corp. - fees for subpoena response (Pin Financial Citibank records)	\$ (112.19)	\$ (112.19)	\$ (112.19)

Receiver's Receipts and Disbursements

Exhibit "A"

HF Land GP acct #5927

Date	Disbursed To	Transaction	4th Quarter 2016		Duration Total
		Amount	Total		
	Wire transfer fee	\$ -	\$ -	\$ -	\$ (30.00)
	Raymond James	\$ -	\$ -	\$ -	\$ (50,000.00)
	Campbell Kyle Proffitt LLP	\$ -	\$ -	\$ -	\$ (17,338.89)
	Bank fee - checks	\$ -	\$ -	\$ -	\$ (34.50)
	Aliign	\$ -	\$ -	\$ -	\$ (1,599.14)
	William E. Wendling, Jr., Receiver -	\$ -	\$ -	\$ -	\$ (3,969.64)
	Veros fee				
	Distribution to Investors	\$ -	\$ -	\$ -	\$ (273,527.83)

Jennings Design acct #5851

Date	Disbursed To	Transaction	4th Quarter 2016		Duration Total
		Amount	Total		
	Bank service fee	\$ -	\$ -	\$ -	\$ (12.00)
	Wire transfer fee	\$ -	\$ -	\$ -	\$ (60.00)
	Bobby Jennings/Jennings Design	\$ -	\$ -	\$ -	\$ (226,321.41)
	Campbell Kyle Proffitt LLP	\$ -	\$ -	\$ -	\$ (43,638.70)
12/12/2016	Cohen Garelick & Glazier	\$ (1,159.95)	\$ (1,159.95)	\$ (1,159.95)	\$ (1,159.95)
	Check/Acc. Deluxe Check	\$ -	\$ -	\$ -	\$ (68.25)
	Interim Distribution to Investors	\$ -	\$ -	\$ -	\$ (1,181,585.94)

PinCap LLC acct #5950

Date	Disbursed To	Transaction	4th Quarter 2016		Duration Total
		Amount	Total		
	Wire transfer fees	\$ -	\$ -	\$ -	\$ (15.00)
	Bank service fee	\$ -	\$ -	\$ -	\$ (108.00)
	Illinois Department of Revenue	\$ -	\$ -	\$ -	\$ (582.62)
	AccuPay, Inc.	\$ -	\$ -	\$ -	\$ (43.30)
	TrueBlaze - tax accounting work	\$ -	\$ -	\$ -	\$ (687.50)

Rockdale Holdings acct #5778

Date	Disbursed To	Transaction	4th Quarter 2016		Duration Total
		Amount	Total		
	Campbell Kyle Proffitt LLP	\$ -	\$ -	\$ -	\$ (1,190.10)
	Aliign	\$ -	\$ -	\$ -	\$ (26.00)
	Indiana Dept of Revenue	\$ -	\$ -	\$ -	\$ (155.22)
12/13/2016	Cohen Garelick & Glazier	\$ (357.79)	\$ (357.79)	\$ (357.79)	\$ (357.79)
12/16/2016	Hutchinson Cox Coons Orr & Sherlock PC	\$ (8,921.80)	\$ (8,921.80)	\$ (8,921.80)	\$ (8,921.80)

Stadiumred acct #6073

Date	Disbursed To	Transaction	4th Quarter 2016		Duration Total
		Amount	Total		
	Bank service fee	\$ -	\$ -	\$ -	\$ (96.00)

Receiver's Receipts and Disbursements

Exhibit "A"

True Blue Berry Midterm/Mezzanine acct #6016

Date	Disbursed To	Transaction	4th Quarter 2016		Duration Total
		Amount	Total		
	Wire transfer fees	\$ -	\$ -	\$ -	(15.00)
	Bank fee - checks	\$ -	\$ -	\$ -	(53.50)
	Campbell Kyle Proffitt LLP	\$ -	\$ -	\$ -	(21,280.05)
	Aliign	\$ -	\$ -	\$ -	(1,230.00)
	TrueBlaze Advisors-tax prep	\$ -	\$ -	\$ -	(375.00)
	Distribution to Investors	\$ -	\$ -	\$ -	(755,236.32)

True Blue Berry Annual Operating Loans acct #6040

Date	Disbursed To	Transaction	4th Quarter 2016		Duration Total
		Amount	Total		
	Bank service fee	\$ -	\$ -	\$ -	(48.00)
	Jeffrey Risinger	\$ -	\$ -	\$ -	(175.00)
	Wire transfer fee	\$ -	\$ -	\$ -	(15.00)
	Check/Acc. Deluxe Check	\$ -	\$ -	\$ -	(83.75)
<i>I</i>	Interim Distribution to Investors	\$ -	\$ -	\$ -	(2,955,433.53)
	Campbell Kyle Proffitt LLP	\$ -	\$ -	\$ -	(29,648.33)
	Aliign	\$ -	\$ -	\$ -	(2,286.86)
	True Blue Berry Midterm/Mezz	\$ -	\$ -	\$ -	(0.01)
12/12/2016	Cohen Garelick & Glazier	\$ (1,742.27)	\$ (1,742.27)	\$ (1,742.27)	(1,742.27)
12/27/2016	Hester Baker Krebs LLC	\$ (3,477.50)	\$ (3,477.50)	\$ (3,477.50)	(3,477.50)

True Blue Berry Management LLC acct #5885

Date	Disbursed To	Transaction	4th Quarter 2016		Duration Total
		Amount	Total		
	Wire transfer fee	\$ -	\$ -	\$ -	(15.00)
	Bank service fee	\$ -	\$ -	\$ -	(48.00)
	National Bank of Indianapolis	\$ -	\$ -	\$ -	(52.07)

Veros 702 N. Holding acct #5802

Date	Disbursed To	Transaction	4th Quarter 2016		Duration Total
		Amount	Total		
	Wire transfer fee	\$ -	\$ -	\$ -	(15.00)
	Bank service fee	\$ -	\$ -	\$ -	(24.00)
	Campbell Kyle Proffitt LLP	\$ -	\$ -	\$ -	(261.74)
	Blue & Co.	\$ -	\$ -	\$ -	(223.68)
	Interim Distribution to Investors	\$ -	\$ -	\$ -	(29,242.41)
	William E. Wendling, Jr., Receiver	\$ -	\$ -	\$ -	
	Veros Fee	\$ -	\$ -	\$ -	(3,958.34)

Receiver's Receipts and Disbursements

Exhibit "A"

Private Placement General Receiver acct #6065

Date	Disbursed To	Transaction	4th Quarter 2016		Duration Total
		Amount	Total		
	Wire transfer fee	\$ -	\$ -	\$ -	(50.00)
	MainSource Bank	\$ -	\$ -	\$ -	(77,531.37)
	Bank fee - checks	\$ -	\$ -	\$ -	(24.25)
	Campbell Kyle Proffitt LLP	\$ -	\$ -	\$ -	(48,513.81)
	TrueBlaze-tax/accounting work	\$ -	\$ -	\$ -	(855.00)
	MainSource Bank	\$ -	\$ -	\$ -	(66,913.43)
12/12/2016	Cohen Garelick & Glazier	\$ (4,639.80)	\$ (4,639.80)	\$ (4,639.80)	(34,236.05)
	Blue & Co.	\$ -	\$ -	\$ -	(31,097.00)
	Aliign, LLC	\$ -	\$ -	\$ -	(13,979.00)
	Hutchinson, Cox, Coons, Orr & Sherlock	\$ -	\$ -	\$ -	(9,423.40)
		\$ -	\$ -	\$ -	(6,932.62)
	Campbell Kyle Proffitt LLP/Altman				
	Poindexter & Wyatt LLC				

Pin Financial General Receiver acct #6057

Date	Disbursed To	Transaction	4th Quarter 2016		Duration Total
		Amount	Total		
	Wire transfer fee	\$ -	\$ -	\$ -	(115.00)
	Tobin Senefeld	\$ -	\$ -	\$ -	(32,200.00)
	Shawn Gustafson	\$ -	\$ -	\$ -	(7,125.00)

Receiver TD Sundry acct #6156

Date	Disbursed To	Transaction	4th Quarter 2016		Duration Total
		Amount	Total		
	Wire transfer fee	\$ -	\$ -	\$ -	(660.00)
	Veros Partners	\$ -	\$ -	\$ -	(144,000.00)
	MainSource Bank	\$ -	\$ -	\$ -	(106,829.41)
	William E. Wendling, Jr., Receiver	\$ -	\$ -	\$ -	(21,329.42)
	Total Receiver Disbursements		\$ (321,183.44)	\$ (321,183.44)	(9,188,065.90)

(1) Corrected to show actual total disbursement (4 cents less)