

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Plaintiff,

v.

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

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

Defendants,

PIN FINANCIAL LLC,

Relief Defendant.

**RECEIVER’S MOTION FOR AUTHORITY TO DISTRIBUTE FUNDS TO PRIVATE
PLACEMENT INVESTORS**

William E. Wendling, Jr., the Receiver herein, by counsel, respectfully requests permission from the Court to distribute funds to the private placement investors. In support of said request the Receiver states the following:

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

2. On May 1, 2015, the Agreed Order Appointing Receiver (“Agreed Order”) was entered appointing William E. Wendling, Jr., to serve without bonds as the Receiver over Veros Farm Loan Holdings LLC (“VFLH”), FarmGrowCap LLC (“FarmGrowCap”), PinCap LLC (“PinCap”), and all private offerings in which Defendant Veros Partners controls investor funds (“Private Offerings”) [[Filing No. 34](#)].

3. The Agreed Order charges the Receiver with the responsibility to:

To manage, control, operate and maintain the Receivership Estates and hold in his possession, custody and control all Receivership Property, pending further Order of this Court;

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

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

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

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

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

4. As previously stated in Quarterly Reports to the Court, Fee Applications and other motions filed by the Receiver in this matter, the Receiver has attempted to segregate the operations of the Receivership into two areas of responsibilities. One area is Defendants, Veros Partners, Inc., PinCap LLC and Pin Financial LLC (as Relief Defendant) operations of the Veros Farm Loan Holding LLC and FarmGrowCap LLC farm loan investments. The other area of Receivership responsibility was to review and manage approximately twenty-five (25) Veros Partners Inc. other private placements. During the Receivership the Receiver tried, to the extent possible, to assign asset recovery and receivership expenses between these two areas of responsibility and operations.

The Receiver submitted that information to the Court via the Quarterly Reports and Fee Applications.

5. The Receiver's responsibilities regarding the Veros Partners private placements was to take over the management responsibilities of the individual private placement because the SEC was concerned that the misconduct of the Defendants, as described in detail in the SEC's Amended Complaint relating to the activities of the Veros Farm Loan Holding and FarmGrowCap [\[Filing No. 57\]](#) may have occurred with the private placements. In that regard, it was the Receiver's understanding that the SEC and the Court wanted the Receiver to have some level of financial audit done in regard to each of the private placements to ensure that no financial misdeeds had occurred within the operation of these on going private placement investments.

6. In compliance with the Order of Appointment [\[Filing No. 34\]](#), the Receiver employed the services of Blue & Co to do audits of each of the private placements and the Receiver began the responsibility of managing these receivership assets. This included the day to day management of the private placements of collecting accounts receivable and paying the investors and creditors moneys collected. Separate Receivership bank accounts were opened for each private placement. Funds that existed for each private placement were secured from the Veros Partners checking accounts and deposited into corresponding account opened by the Receiver. The activity for each of these accounts was reported to the Court on a quarterly basis.

7. From time to time the Receivership would need funds to pay receivership expenses. A source of that funding had to come from the cash accounts of the private placements. The Receiver submitted requests for payment of the receivership expense in both the Quarterly Reports and the Quarterly Fee Applications. Those documents specifically detailed from what private placement accounts the Receiver was requesting money and how the money was to be used. The

Receiver, as stated above, made every effort to keep the payment of expenses allocated to the private placements operation and the Veros Farm Loan Holding and FarmGrowCap operation separate. In addition, the Receiver noted in the Quarterly Reports that during the course of the receivership that it may be necessary to reallocate the receivership expenses relating to the private placements. In essence, the Receiver knew that a private placement which had funds to pay immediate receivership expenses could be entitled to a reimbursement from other private placements, collections by the Receiver of Veros Partners Management fees, and other monies later flowing into the receivership.

8. Presently, the Receiver believes that there is very little for Receiver to do as it relates to the Receivership operations of the Veros private placements. The operations of some of the private placements have been completed during the course of the receivership and therefore no longer exist. The Receiver has requested [[Filing No. 396](#)] and the Court has granted that three private placements, Veros Craft Brew I, II and III, be abandoned since the entity that owes the Craft Brew investors is out of business and has no ability to pay these investors anything on their investment [[Filing No. 402](#)]. The rest of the Veros private placements have been transferred to be self-managed by the original investors. Thus, the Receiver has no more Veros Partners private placement assets in the Receivership.

9. Although the Receiver and the accountants determined that there was no financial misconduct as to these private placements, it became apparent that many of these investments were not going to be financially successful. In particular, the Cherry Farms private placements, the Veros Craft Brew private placements, and the Stadiumred private placements may not generate any return on the investors investments. Nevertheless, there were receivership expenses associated with the Receiver's responsibilities in reviewing and managing these private placements. In fact,

more Receiver time was allocated towards these private placements during the course of the receivership in an attempt to salvage the investments. However, they had no money to offset the expenses of the receivership associated with their management. Since money was available in the other profitable private placements it was used to pay receivership expenses as approved by the Court.

10. As a result of using Veros Management Fees collected by the Receiver and a portion of the disgorgement funds ordered to be used by the Receiver to distribute to the investors, the Receiver is now requesting the authority to distribute the following sums to the Veros private placements investors which represents, in part, a reallocation of expenses paid by these investors:

- a. \$115,339.97 to the investors in the Blue Crop Group Private Placement;
- b. \$20,484.15 to the investors in the True Blue Berry Management Mid Term Loan Private Placement;
- c. \$46,439.26 to the investors in the Jennings Design Private Placement;
- d. \$17,233.62 to the investors in the HF Land GP Private Placement;
- e. \$9,551.08 to the investors in the Rockdale Holding Private Placement;
- f. \$441.73 to the investors in the Veros 702 North Private Placement; and
- g. \$39,483.50 to the True Blue Berry Management Operating Loan Private Placement.

11. Furthermore, the Receiver requests that the Court allow the Receiver to close receivership checking accounts associated with these private placements and distribute any proceeds to the investors with the following private placements:

- a. \$3,971.92 to the investors in the Jennings Design Private Placement; and

- b. \$37,615.85 to the investors in the True Blue Berry Management Operating Loan Private Placement.

12. The Receiver has retained \$25,000-\$30,000 in the Receivership's General Private Placement checking account to cover any unanticipated expenses. At the end of the Receivership a final distribution to the private placement investors as noted above will be made of any unused funds as well as a distribution to the Veros Farm Loan Holding and FarmGrowCap investors.

WHEREFORE, William E. Wendling, Jr., Receiver, by counsel, respectfully requests the Court to enter an order that:

- a. The Receiver is authorized to distribute the aforementioned sums to the Veros Private Placements investors as more fully described above; and
- b. The Receiver is authorized to close receivership checking accounts and distribute any proceeds to the investors of Jennings Design Private Placement and True Blue Berry Management Operating Loan Private Placement as more fully described above.

Respectfully submitted,
By /s/ Anne Hensley Poindexter
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Counsel for the Receiver

Certificate of Service

I hereby certify that on July 31, 2017, a copy of the foregoing ***Receiver's Motion for Authority to Distribute Funds to Private Placement Investors*** 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.

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