

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF INDIANA  
INDIANAPOLIS DIVISION

UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION,

Plaintiff,

v.

Case No. 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 URGENT MOTION FOR AUTHORITY TO SIGN AGREEMENT**

William E. Wendling, Jr., the Receiver herein, by counsel, respectfully requests the Court for authority to sign the Agreement attached hereto. In support of this motion, the Receiver States:

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

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

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

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

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

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

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

4. Since the commencement of this action and the appointment of the Receiver, the Receivership Defendants have been prohibited from contacting the individual investors/lenders involved in the Receivership Estates and in the Private Offerings.

5. After his appointment, the Receiver immediately began reviewing the matters set forth in the complaint and the property of the Receivership Defendants, including assets and debts, and the details of the Private Offerings. The Receiver immediately notified the investors in the Private Offerings of his appointment and requested information from them regarding their investments.

6. One of the entities involved in several of the Private Offerings is a blueberry farming operation in the state of Michigan operating under several corporate entities. For the purposes of this Motion, the Receiver will refer to said entities as “True Blue”. The Defendants had worked with True Blue for the last few years to provide operating funds for True Blue through several separate loans/investments, and at the time of the filing of this matter, the

Defendants were in the process of providing an additional operating loan of Five Million Dollars (\$5,000,000.00) to True Blue for the 2015 harvest season. This loan would have provided True Blue with the funds needed for the harvesting, processing and packaging of their 2015 blueberry crop.

7. Upon the entry of the Temporary Restraining Order [[Filing No. 12](#)] and subsequent Preliminary Injunction Order entered May 6, 2015 [[Filing No. 48](#)], the Defendants were unable to complete the loan to True Blue.

8. Since that time, True Blue has informed the Receiver that it has subsequently been in contact with and working with Mr. and Mrs. McFarland (the “McFarlands”) to obtain a private operating loan that will provide True Blue the funds needed for their 2015 crop. Although the Receiver has not participated in any negotiations between True Blue and the McFarlands he has been provided the terms which are anticipated to be the terms of a loan from McFarlands to True Blue. See the True Blue Management Loan Summary attached hereto and incorporated herein by reference as [Exhibit A](#).

9. The Receiver has performed a preliminary review of these prior and pending loans and private offerings and has found nothing that would lead him to believe there are any misappropriations or mishandling of funds. However, because of the McFarlands’ past involvement and investments with True Blue and as investors/lenders in the other Private Offerings (some of which have been repaid to them), and since the Receiver has not been able to complete a full analysis of the prior and the status of the pending private offerings, the Receiver is also not in a position to make a final determination that in fact no wrong has been done.

10. The Receiver has been told by True Blue that receipt of the needed operating funds for the 2015 harvest is of critical importance and that no other current source of funds is

readily available at this time. The Receiver has been told that without funds for the 2015 harvest, True Blue will not have sufficient funds to meet other financial commitments including commitments to other lenders and investors. Harvest of the 2015 crop is scheduled to begin in early July and significant financial resources are required as of Friday July 3 for labor and processing of the crop according to True Blue.

11. The McFarlands and the Receiver have reached an agreement, subject to this Court's approval, that the Receiver believes will allow the McFarlands to make their private loan to True Blue, see the Agreement attached hereto and incorporated herein by reference as [Exhibit B](#).

12. The Agreement contains a covenant not to sue whereby the Receiver covenants not to sue the McFarlands and not to seek to claw back of any portion of any repayment on prior loans made to or investments with True Blue. The covenant is based upon specific representations of McFarland contained in Section 2. However, the Receiver's covenant does not bind any private claims of any individual lenders/investors in separate actions they may file.

13. On Friday June 26, 2015 the Receiver notified all True Blue investors of his intention to enter into this Agreement.

14. The Receiver requests the Court's authority to provide the covenant not to sue and enter into the Agreement.

15. The Receiver believes at this time that the agreement is in the best interest of the receivership estate based upon the representations of True Blue's financial conditions and the urgent need for operating funds for the 2015 harvest and processing.

16. Counsel for the United States Securities and Exchange Commission and counsel for the Defendants and other parties are aware of this motion and have informed the Receiver

that there is no objection to the same, with the exception *only* of Attorney Paganelli who the Receiver attempted to contact. It is anticipated that Mr. Paganelli will have no objection given the limited scope of his engagement in this cause.

**WHEREFORE**, the Receiver, by counsel, requests that this Court enter an order authorizing him sign the Settlement Agreement attached hereto as [Exhibit B](#), and for all other proper relief.

Respectfully submitted,

By s/Anne Hensley Poindexter .  
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*Counsel for the Receiver*

### Certificate of Service

I hereby certify that on June 29, 2015, a copy of the foregoing Receiver's Urgent Motion for Authority to Sign Agreement was filed electronically. Notice of this filing will be sent to the following parties by operation of the Court's electronic filing system. Parties may access this filing through the Court's system.

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## TRUE BLUE BERRY MANAGEMENT LOAN SUMMARY

1. Loan Amount: \$4 million.
2. Borrower: True Blue Management, LLC.
3. Lenders: Martin McFarland and Laura McFarland.
4. Use of Funds: 2015 crop and processing financing.
5. Interest: Not to exceed 2% per month.
6. Maturity Date: November 30, 2015.
7. Collateral: 2015 crops and proceeds from crops; real property owned by Riecharts Middlebranch Ranch, Inc., True Blue Processing, Inc., Double "N" Ranch and Shelly and Dennis Hartman; and Hartman equity interest in True Blue entities.
8. Guarantors: Shelly and Dennis Hartman; each company owned by the Borrower and True Blue Processing, Inc.; True Blue Manufacturing, Inc. and TBF Sales, Inc.
9. Inter-Creditor Agreement: The note, loan agreement and security agreements are subject to an Inter-Creditor Agreement with the Borrower's senior lender, First Farmers Bank and Trust which subordinates the Lenders to certain obligations of Borrowers to its senior lender.

## SETTLEMENT AGREEMENT

This agreement (the “Agreement”) is made by and between Martin McFarland and Laura McFarland (the “McFarlands”) and William E. Wendling, Jr., the court appointed receiver in the case *United States Securities and Exchange Commission v. Veros Partners, Inc. et al* (the “Receiver”).

### RECITALS

The Receiver was appointed by the United States District Court, Southern District of Indiana in a civil securities fraud matter styled as *United States Securities and Exchange Commission v. Veros Partners, Inc. et al*, Case No. 15-cv-000659-JMS-MJD (the “Receivership”).

The entities over which the Receiver was given supervision and control include: Veros Farm Loan Holding, LLC (“VFLH”); FarmGrowCap, LLC (“FarmGrowCap”); PinCap, LLC (“PinCap”) and all private offerings in which Veros Partners, Inc. (“Veros”) controls investor funds (the “Private Offerings”).

The McFarlands made several loans (the “True Blue Loans”) to a Michigan blueberry farm operating under several corporate entities including TBF North Farms, LLC, True Blue Berry Management, LLC, and TBF North Packaging, LLC all of which are owned and controlled by Dennis and Shelly Hartmann (the “True Blue Companies”).

The Parties disagree about how the transactions between True Blue and those who provided funding should be characterized. Whether the transactions are deemed loans or investments is not relevant for the purposes of this Agreement; therefore, those who funded the True Blue transactions are referenced as “lender/investors” for the remainder of this Agreement.

Veros served as the administrative agent for transactions with the True Blue Company lender/investors. The McFarlands made their loan disbursements via wire transfer to an account at MainSource bank owned by True Blue Management, LLC and not to Veros or any Veros related entity.

The True Blue Loans were made for limited duration and for limited purposes including interim financing for acquisition of real estate and crop inputs for particular growing seasons.

The True Blue Companies honored their obligations under the True Blue Loan documents and paid the McFarlands with interest.

The True Blue Companies have several longer term obligations in which Veros is involved which have not been satisfied and are not currently in default. The Receiver is tasked with protecting the interests of the lender/investors who provided funding.

The True Blue Companies desire to borrow \$4 million from the McFarlands to fund input costs for their 2015 blueberry crop (the "2015 Input Loan"). The loan will not have an administrative agent. The 2015 Input Loan is critical to the continued financial health of the True Blue Companies and is in the best interests of the both the True Blue Companies and its lender/investors.

The McFarlands are willing to make the advances necessary to fund the 2015 True Blue Companies' crop if they are given assurances that the Receiver will neither interfere with the repayment of the obligations from the sources contemplated in the 2015 Input Loan documents nor seek to recover any of the payments the McFarlands have received on their True Blue Loans or PinCap Loan.

The McFarlands also loaned money to PinCap, LLC for a bridge facility (the "PinCap Loan"). Pincap, LLC honored its obligations under the Pincap Loan agreements and paid the McFarlands the sums due under its note.

The Receiver believes that the best interests of the lender/investors would be served if the 2015 Input Loan were to be consummated and is willing to extend the necessary assurances to facilitate the transaction based upon and subject to the representations contained below.

#### AGREEMENT

1. Covenant not to Sue. In the event the McFarlands fund the 2015 Input Loan in the sum of \$4 million, the Receiver shall not commence any lawsuits, file any claims or take any other action to recover any money from the McFarlands related to the transactions described in the Recitals or support in any manner attempts by third parties to seek such recovery: *provided that*, the McFarlands' representations set forth below are not later found to be materially false.
2. McFarlands' Representations. The McFarlands represent and warrant that:
  - a. They were told by a representative of True Blue and believe that the source of the funds from which they were paid pursuant to the True Blue Loans were crop proceeds (for the input loans) and permanent financing (for the bridge financing loans);
  - b. They are not aware of any facts to suggest that the sources of funds from which they were paid were not crop proceeds or permanent financing as disclosed in the True Blue Loan documents;

c. They believe that the True Blue Farms were solvent: (i) at the time the True Blue Loans were made, (ii) at the time they received payments on the True Blue Loans; and (iii) today;

d. They did not seek treatment more favorable than any other lender/investor;

e. They were told by representatives of True Blue and PinCap that they were not treated differently than similarly situated lender/investors on either the True Blue Loans or Pincap Loan; and

f. The facts alleged in the Recitals are true.

3. Claims of Investors. This Agreement shall not prohibit the filing of any private claims by individual lender/investors in separate actions and the Receiver shall not indemnify the McFarlands against any such claims.

4. Court Approval. This Agreement is subject to the approval of the United States District Court, Southern District of Indiana. The Receiver shall submit the Agreement for approval immediately and shall seek expedited authority to sign the Agreement. Upon approval of the Court, the Receiver shall immediately sign and forward the agreement to the McFarlands.

5. Receiver's Involvement in 2015 Input Loan. The Receiver has taken no part in the negotiation of the 2015 Input Loan. The Receiver makes no representations about either True Blue Companies' ability to service the proposed 2015 Input Loan or the McFarlands' status as an Accredited Investor as defined in the Securities Act of 1933. Nothing in this Agreement shall be deemed to be an endorsement of the 2015 Input Loan by the Receiver.

6. Binding on Successors and Assignees. The Agreement shall be binding on the Receivership and any successor receiver or other officer who may succeed William E. Wending, Jr. and the heirs, beneficiaries and any other representative of the McFarlands if either shall die or be deemed incapable of managing their affairs.

7. Entire Agreement. This writing contains the entire agreement between the Parties. The Parties represent and agree that no promises or representations have been made except those contained in this writing to induce him or her to enter into this Agreement.

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William E. Wendling, Jr., court appointed  
Receiver over Veros Partners, Inc. *et al*  
Date:

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Martin McFarland  
Date:

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Laura McFarland  
Date: