

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 MOTION TO HIRE ACCOUNTANTS

William E. Wendling, Jr., the Receiver herein, by counsel, respectfully requests the Court for authority to employ Blue & Co., LLC as accountants for the Receiver in this matter. In support of this motion, the Receiver States:

1. Pursuant to the Agreed Order Appointing Receiver (“Agreed Order”) entered May 1, 2015 [[Filing No. 34](#)], William E. Wendling, Jr. was appointed to serve without bond as the Receiver for the estates of the Receivership Defendants with the powers and duties and additional responsibilities as set forth therein.

2. Among the powers and duties of the Receiver are:

To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Defendants, including but 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...

To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Defendants; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto...

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 Receivership Defendants;

To engage and employ persons in his direction to assist him in carrying out his duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers...

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;

To bring such legal actions based on law or equity in any states, federal, or foreign court as the Receiver deems necessary or appropriate in discharging his duties as Receiver;

To pursue, resist and defend all suits actions, claims and demands which may now be pending or which may be brought by or asserted against the Receivership Estates; and,

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

Agreed Order Appointing Receiver [[Filing No. 34, at ECF pp. 4-5](#)]

3. The Agreed Order further ordered the Receivership Defendants to file with the Court and serve upon the Receiver and Commission a sworn statement and accounting, with complete documentation covering the period from January 1, 2012 to the present, identifying and providing, among other things, all Receivership Property, assets, funds, income, interest, expenditures exceeding \$1,000, transfers of assets, etc. and to provide complete copies of the Receivership Defendants' federal income tax returns for 2012, 2013 and 2014. [[Filing No. 34, at ECF pp. 6-7](#)]

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. The Veros Investors/lenders have historically received periodic statements, payments, and information regarding their investments and portfolios, and they are anxious for information as to the status of those accounts.

5. Over the course of the past few weeks, the Receiver contacted and interviewed four (4) accounting firms to gauge their expertise, interest, and suitability for this engagement. Each firm completed a conflict check and advised the Receiver that each was able to accept this assignment. All of the firms appear to have experience with hedge funds, investment advisors, loans and private offerings and forensic accounting services. The Receiver obtained and sent proposals received from the four firms to the SEC counsel. Further, the Receiver discussed the information and proposals obtained from the four firms with all parties, and all parties agreed that Blue & Co., LLC would be the best candidate.

6. Accordingly, the Receiver requests the Court's authority to hire Blue & Co., LLC to assist with the administration, analysis and ongoing monthly accounting and bookkeeping of

the businesses of the Receivership Defendants and the Private Offerings; to prepare monthly reports to the investors/lenders; to prepare tax returns; to assist with the review and analysis of the Receivership Defendants internal accounting records for accuracy and completeness and of the internal investor/lender records, analysis of tax compliance records; to assist the Receiver to prepare for deposition/hearing/mediation/trial and with development of demonstrative exhibits (if necessary); to prepare reports and conclude on findings regarding the Receivership Estates; to perform other ongoing business services required to maintain and operate the Receivership Estates during the pendency of this matter; and, to perform any other services required.

7. Attached hereto and incorporated herein by reference as [Exhibit A](#), is a copy of the proposal submitted by Blue & Co., LLC to the Receiver setting forth the hourly rates (or ranges of rates) of the individuals who will assist with this project and providing resumes for the primary supervising professionals.

8. The Receiver believes that employing Blue & Co., LLC to assist the Receiver in his duties herein is in the best interest of the receivership estate because Blue & Co., LLC has the experience and resources to efficiently and effectively perform accounting services for the Receiver and to assist the Receiver with the Receivership Property in this and in other potential matters involving the Receivership Estate.

9. Counsel for the United States Securities and Exchange Commission and counsel for the Defendants are aware of this motion and have informed the Receiver that there is no objection to the same.

WHEREFORE, the Receiver, by counsel, requests that this Court enter an order authorizing him to hire Blue & Co., LLC as accountants for the Receiver in this matter and in other potential matters involving the Receivership Estate, and to compensate them consistent

with the hourly rates set forth in [Exhibit A](#).

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 Motion to Hire Accountants 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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s/Anne Hensley Poindexter _____
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Blue & Co., LLC / 12800 N. Meridian Street, Suite 400 / Carmel, IN 46032
main 317.848.8920 fax 317.573.2458 email blue@blueandco.com

June 10, 2015

Mr. William E. Wendling, Jr.
Campbell Kyle Proffitt LLP
11595 North Meridian Street, Suite 701
Carmel, IN 46032

Re: Veros Entities Receivership

Dear Mr. Wendling:

Thank you for the opportunity to meet with you last Friday and for the opportunity to assist you in your assignment as Receiver for the Veros entities¹. We have reviewed the Outline of Services Proposal, the Agreed Order Appointing Receiver, and other information that you have provided, and propose the following:

We would be pleased to provide the services that you have requested, which are set forth in Exhibits A, B and C to this proposal. The following individuals would be the primary professionals supervising the forensic portion of your assignment:

Larry J. Steinberg, CPA, CGMA – Customary rate for forensic services is \$305 per hour, which would be discounted to \$245 per hour (approximately 20% discount) for this assignment. Mr. Steinberg's resume is included as Exhibit D.

Jarit T. Loughmiller, CPA/ABV/CFF, ASA, CVA, CFE – Customary rate is \$275 per hour, which would be discounted to \$220 per hour (20% discount) for this assignment. Mr. Loughmiller's resume is included as Exhibit E.

(I would have brought Mr. Loughmiller (who goes by "JT") to our introductory meeting last week, but he is on vacation until next week.)

¹ As described in the Agreed Order Appointing Receiver, these entities include Veros Farm Loan Holding LLC, FarmGrowCapLLC, PinCap LLC, and all private offerings in which Veros Partners, Inc. controls investor funds.

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These individuals would be assisted by other professionals, whose customary rates range from \$150 to \$190 per hour, and would be discounted by approximately 20%, to range from \$120 to \$150 per hour, respectively, for this assignment.

The requested services outlined in Exhibit B would be provided by our subsidiary, Align, LLC. The professionals involved in that operation have hourly rates ranging from \$105 to \$170 per hour, and we would discount those rates to \$95 to \$155 per hour (approximate 10% discount) for this assignment. Further, if the accounting records presently existing for these entities are in QuickBooks format and can be electronically transferred to our QuickBooks platform, we would not charge for the time necessary for that transfer and for the initial set-up on our platform. Note that our platform would allow you, and any individual that you designate, to have secure on-line access to the financial reports and records of these entities at any time.

Other professionals would be involved in the income tax compliance analysis portion of your assignment, and in the preparation of required annual filings. Rates for those professionals range from \$150 to \$295 per hour, and would be discounted by approximately 20%, to \$120 to \$235 per hour for this assignment.

Our hourly rates are typically adjusted annually on August 1. However, we will agree that any such adjustment on August 1, 2015 will not be applied to this assignment. Also, while I do not anticipate that we would incur any significant out-of-pocket costs for this assignment, if we do, the actual amount incurred, subject to your approval, with no profit added or discount granted, will be billed to you.

While we would like to provide you with an estimate of hours and fees for this assignment, we are unable to do so since we have not had access to the entities' records, electronic files, tax returns, private placement memos, and other information, and since several items would only be required if necessary or if requested. Once we have had a chance to review these documents to better understand the level of activity and the condition of the records, we could provide an estimated range of our total fees for the items that are specifically requested.

We have read Section XIV of the Agreed Order Appointing Receiver, regarding fees, expenses and accountings, and agree to comply with the requirements thereof.

Should our proposal be acceptable to you, we would provide a more formal engagement letter, containing additional information that is required by our

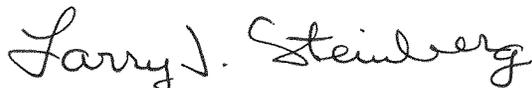
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professional standards to confirm our engagement, and language that our attorneys have recommended be included.

We look forward to working with you in this matter. If I can provide you with any additional information, please do not hesitate to call me at (317) 428-6857.

Very truly yours,

BLUE & CO., LLC

A handwritten signature in black ink that reads "Larry J. Steinberg". The signature is written in a cursive style with a large initial "L".

Larry J. Steinberg, CPA, CGMA

Exhibit A – Services Requested by Receiver as Administration

1. Review of documents: 27 Private Placement Memos, 4 “Farm Loans” PPMs, Individual investor/lender PPMs, other information
2. Advise on condition of records, determine specific items of information that are missing (if any) and that are necessary
3. Analysis of historical monthly bank account transactions:
 - a. Reconciliation of brokerage/bank account statements to include tracing and comparing underlying support, records, schedules, and any other documentation to brokerage/bank account statements for:
 - i. 27 Private Placement Offerings accounts
 - ii. 16 Farm Loan accounts
 - iii. 22 additional accounts identified by the Securites and Exchange Commission
4. Analysis of internal accounting records for accuracy and completeness and reconciliation
5. Analysis of internal investor/lender records and reconciliation, including supplementation to list of investors, if necessary
6. Analysis of tax compliance, including tax returns, K-1s, Forms 1099 and 1098, for the years 2012 through 2014
7. Assistance to Receiver/counsel to prepare for deposition/hearing/mediation/trial and with development of demonstrative exhibits (if necessary)
8. If required, recommend additional avenues of discovery
9. Prepare reports and conclude on findings

Exhibit B – Services Requested by Receiver as On-Going Monthly Accounting and Bookkeeping

1. Record monthly activity for each PPM bank account
2. Reconcile each bank account monthly
3. Prepare monthly statements of account for each investor/PPM
4. Administration and review

Exhibit C – Services Requested by Receiver as Tax Return Preparation

1. Business tax returns for each entity – Federal and, as required, state and local
2. Form K-1 for each investor, reflecting each investor's share of the pass-through items of income and expense, and the capital account of each investor.
3. Preparation of Form 1099
4. Preparation of Form 1098

Exhibit D – Resume of Larry J. Steinberg, CPA, CGMA

Mr. Steinberg, a Senior Manager with Blue & Co., is a graduate of the University of Missouri – Columbia, with degrees in Accounting and Philosophy, and is a member of Blue & Co.'s Forensic and Valuation Services Group. His assignments have included serving as an expert witness in litigation or disputes involving securities fraud, construction damages, lost profits, copyright infringement, Medicare reimbursement, estate and marital fraud, and employee dishonesty. These assignments involved testimony or deposition in both local and Federal court cases, as well as arbitration panels. He has also assisted a publicly-held company in complying with Section 404 of the Sarbanes-Oxley Act.

Prior to joining Blue & Co., Mr. Steinberg was a partner with a (what was then) a big-eight international accounting firm, and his forensic assignments prior to joining Blue & Co. included assistance to a court-appointed receiver in untangling the financial affairs of a publicly-held entity, securities fraud, employee dishonesty, corporate governance, insurance claims, mergers and acquisitions, and other areas. These assignments also included deposition or testimony in local and Federal court cases.

He is a Certified Public Accountant (CPA) and has earned the AICPA's specialty designations as a Chartered Global Management Accountant (CGMA).

Outside of work, Mr. Steinberg is a licensed referee for The United States Rowing Association, the national governing body for the sport of rowing, and serves as Treasurer for the principal campaign committee and leadership PAC of US Senator Mitch McConnell.

Exhibit E – Resume of Jarit T. Loughmiller, CPA/ABV,CFF, ASA, CVA, CFE

Mr. Loughmiller, a Senior Manager with Blue & Co., is a graduate of Indiana University with degrees in Accounting and Finance and is a member of Blue & Co., LLC's Forensic and Valuation Services Group providing a full-range of services, including business valuation, insurance loss claims, forensic accounting, forecasting, and support to attorneys in wide range of areas of litigation, including expert testimony and consultation. Prior to joining Blue & Co., Mr. Loughmiller spent 7+ years serving as a Director in the Forensic & Litigation Consulting Practice of a global business advisory firm, as well as 3 years with a Big Four accounting firm.

He is a Certified Public Accountant (CPA) and has earned the AICPA's specialty designations as being Accredited in Business Valuation (ABV) and Certified in Financial Forensics (CFF). Additionally, he is recognized by the American Society of Appraisers as an Accredited Senior Appraiser (ASA) in business valuation, as well as a Certified Valuation Analyst (CVA) by the National Association of Certified Valuation Analysts (NACVA). Lastly, he is also a Certified Fraud Examiner (CFE) as recognized by the Association of Certified Fraud Examiners (ACFE). Mr. Loughmiller also consults regularly with closely held businesses in all areas of their operations and is responsible for strategic consulting and planning for financing, tax and other related planning matters.

Mr. Loughmiller recently completed a term serving as a Member on the American Institute of Certified Public Accountants (AICPA) Forensic and Valuation Services Committee, as well as a position on the AICPA's Economic Damages Task Force.

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SOUTHERN DISTRICT OF INDIANA
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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.

ORDER AUTHORIZING RECEIVER TO HIRE ACCOUNTANTS

WHEREAS this matter has come before this Court upon the motion of William E. Wendling, Jr. (“Receiver”), by counsel, to hire Blue & Co., LLC, as accountants for the Receiver in this matter and for other potential matters, as needed, involving the Receivership Estate;

WHEREAS the Court finds that employment of accountants for the Receiver is reasonable to assist the Receiver in his duties and that all parties are aware of this motion and have no objection to the same; and

WHEREAS Blue & Co., LLC has the knowledge and experience to appropriately assist the Receiver herein.

IT IS THEREFORE ORDERED THAT:

The Receiver is authorized to hire Blue & Co., LLC to perform accounting services and to assist the Receiver with the Receivership Property in this and in other matters involving the Receivership Estate as set forth in the Receiver's motion. The Court specifically approves the fees for said accountants at the rates and ranges set forth in Exhibit A to said motion and finds that the same are fair and reasonable and in the best interests of the Receivership entities.

Dated: _____

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

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