

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. SENEFFELD,)

FARMGROWCAP LLC, and PINCAP LLC,)

Defendants,)

PIN FINANCIAL LLC,)

Relief Defendant.)

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

DEFENDANT TOBIN J. SENEFFELD’S ANSWER
TO PLAINTIFF’S AMENDED COMPLAINT

Defendant Tobin J. Senefeld hereby answers Plaintiff’s Amended Complaint. For the convenience of the Court, the allegations are set forth in the Answer.

Nature of the Case

1. Defendants Veros Partners, Inc. (“Veros”), an SEC-registered investment adviser located in Indianapolis, Indiana, and Matthew D. Haab, its president, have fraudulently raised at least \$15 million from at least 80 investors. Veros and Haab raised those funds, mostly from Veros’ own clients, in two separate farm loan offerings.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the allegations in Paragraph 1.

2. In each offering, the investors purchased securities issued, in 2013, by Defendant Veros Farm Loan Holding LLC (“VFLH” or the “2013 Offering”), and in 2014, by Defendant FarmGrowCap LLC (“FarmGrowCap” or the “2014 Offering”). VFLH and FarmGrowCap are controlled and operated by Haab and two associates, Defendants Jeffery B. Risinger and Tobin J. Senefeld.

ANSWER: Senefeld denies that he controlled or operated VFLH or FarmGrowCap. Senefeld admits that VFLH issued securities in 2013 and that FarmGrowCap issued securities in 2014. Senefeld denies any remaining allegations in Paragraph 2.

3. The investors in the 2013 and 2014 Offerings were informed, orally and in writing by Haab, and in the written offering documents, that investor funds would be used to make short-term operating loans to farmers for the 2013 and 2014 growing seasons. Contrary to these representations, although some investor money was loaned to the farms, significant portions of the loan proceeds were not used for current farming operations but were used to cover the farms’ prior, unpaid debt. In addition, Haab, Risinger, and Senefeld used money from the 2013 and 2014 Offerings to make approximately \$7 million in payments to investors in other offerings and to pay themselves over \$800,000 in undisclosed “success” and “interest rate spread” fees. They also repeatedly misled investors about the risks, nature, and performance of the investments and underlying farm loans. Among other things:

- a. During 2013, Haab used approximately \$2.8 million from the 2013 Offering to pay off investors in earlier farm loan offerings when those farms did not fully repay their 2012 loans, without informing investors that they intended to do so. Haab and Risinger did not disclose the 2012 loan defaults to the 2013 investors, nor did they disclose that the 2012 unpaid loan balances were included in loans involved in the

2013 Offering. Without disclosure to investors, they also used \$1.9 million from the 2013 Offering to repay investors in a separate 2014 “Bridge Loan” offering that was set to mature on the same date.

- b. In 2014, after Haab learned that several of the farms involved in the 2013 Offering would not repay their 2013 loans on time, Haab, with the assistance of Risinger, used over \$2 million from the 2014 Offering to repay investors in the 2013 Offering and in the earlier 2014 Bridge Loan offering, without informing investors that they intended to do so.
- c. Knowing that the actual amounts repaid by the farmers on the 2013 loans would be far less than what was necessary to fully repay all of the 2013 investors, Haab urged many of those investors to “roll over” their principal into the 2014 Offering. Haab falsely represented to them that both the 2013 investors and the 2013 loans had been repaid in full.
- d. Haab and Risinger then “rolled” over \$7.5 million of unpaid investor principal from the 2013 and 2014 Bridge Loan Offerings into the 2014 Offering, and raised at least \$3.5 million in new investor funds.

ANSWER: Senefeld admits that he was paid by PinCap monthly consulting fees and reimbursement of business expenses for consulting services to FarmGrowCap. Senefeld admits that the consulting services he provided were identification of farms that may be in need of financing, negotiation of the terms potential farm loans, periodically meeting with farmers after loans were made to build relationships with the farms and working on developing additional referral business from the farmers. Senefeld admits that PinCap received fees once the loans were made. Senefeld denies that he made the loans or decided what loans would be made.

Senefeld denies that he made any representations to investors. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 3.

4. To date, less than \$5 million of the approximately \$12 million in loans owed in connection with the 2014 Offering have been repaid. All but one of the loans in the 2014 Offering are past due and, according to the Defendants, the loans, most of which included unpaid balances from prior years, will not be repaid in the near future. In addition, the approximately \$7 million still owed on those loans (\$3 million of which is the subject of a recently filed collection action) is not sufficient to repay the 2014 investors, who are owed a total of approximately \$9 million in principal and interest, and are due to be repaid on April 30, 2015.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 4.

5. However, the farm loan defaults and looming investment shortfall were not disclosed to the investors in the 2014 Offering. Defendants Haab, Risinger, and Senefeld have advised the Commission that their only recourse to repay the investors is by fees they expect to receive from other existing or planned offerings, including at least two 2015 farm loan offerings to Veros clients through which they are seeking to raise almost \$25 million.

ANSWER: Senefeld admits that he testified to the Commission that he expects Pin Financial to receive fees for services not involving Veros clients, including a pending deal with Hardes Farms, that could be used to repay investors. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 5.

6. The Commission brings this action to enjoin Defendants from raising additional investor funds, to prevent them from ensnaring more victims in their scheme, and to prevent the

further dissipation of investor assets. The Commission also seeks the disgorgement of Defendants' ill-gotten gains, as well as prejudgment interest and significant civil penalties.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 6.

Jurisdiction and Venue

7. The Commission brings this action pursuant to Section 20(b) of the Securities Act of 1933 ("the Securities Act") [15 U.S.C. §77t(b)], Section 21(d) of the Securities Exchange Act of 1934 ("the Exchange Act") [15 U.S.C. §§78u(d)], and Section 209(d) of the Investment Advisers Act of 1940 ("the Advisers Act") [15 U.S.C. §§ 80b-9(d)]. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v], Section 27(a) of the Exchange Act [15 U.S.C. § 78aa], Section 214(a) of the Advisers Act [15 U.S.C. § 80b-14(a)], and 28 U.S.C. § 1331.

ANSWER: Senefeld admits the allegations in Paragraph 7.

8. Venue is proper in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v], Section 27(a) of the Exchange Act [15 U.S.C. § 78aa], and Section 214(a) of the Advisers Act [15 U.S.C. § 80b-14], because the Defendants reside in this District and the acts, practices and courses of business constituting the violations alleged in this Complaint have occurred within this District and elsewhere.

ANSWER: Senefeld admits the allegations in Paragraph 8.

Defendants

9. Veros Partners, Inc. ("Veros") is an investment adviser based in Indianapolis, Indiana. Veros has been registered with the Commission as an investment adviser since 2006. As of March 2015, Veros had almost 300 advisory clients and approximately \$160 million in assets

under management. In addition to its advisory business, Veros also offers its clients business consulting and tax services.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 9.

10. Matthew D. Haab, age 43, is an accountant and financial planner living in Indianapolis, Indiana. Haab founded Veros in 2000, and still owns a significant percentage of the company. Haab currently serves as Veros' President, Treasurer, one of its directors, and Chief Compliance Officer. Haab also manages the firm's investment advisory business.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 10.

11. Jeffrey B. Risinger, age 59, is an attorney living in Fishers, Indiana. Since at least 2012, Risinger has worked with Haab to structure and manage private farm loan investments, mainly for Veros' advisory clients. Since 2013, Risinger has been a registered representative with Pin Financial LLC, a broker-dealer registered with the Commission.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 11.

12. Tobin J. Senefeld, age 48, lives in Indianapolis, Indiana. Senefeld is the CEO of, and a registered representative with, Pin Financial LLC. Since at least 2010, Senefeld has worked with Haab and Risinger to originate private farm loan investments offered to Veros advisory clients. In 1999, the SEC charged Senefeld with engaging in a fraudulent, free-riding scheme as a registered representative of a now-defunct broker-dealer. Senefeld settled those charges and was ordered to cease and desist from violations of the Securities and Exchange Acts,

he paid a \$25,000 civil penalty, and he served a twelve-month suspension from associating with any broker-dealer.

ANSWER: Senefeld admits the allegations in Paragraph 12 except to deny that he was 48 when this action was filed and admit that he currently is 48 and deny that the SEC charged Senefeld in 1999 as the SEC charged him in 1998.

13. Veros Farm Loan Holding LLC (“VFLH”) is an Indiana limited liability company managed by Veros. VFLH is the issuer of the securities in the 2013 Offering. It was formed in 2013 as a holding company to receive investor funds and loan them to PinCap LLC. PinCap then made farm loans underlying the 2013 Offering through its subsidiary, FarmGrowCap LLC.

ANSWER: Senefeld admits that VFLH issued the securities in the 2013 Offering. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 13.

14. FarmGrowCap LLC (“FarmGrowCap”) is an Indiana limited liability company based out of Risinger’s law office in Carmel, Indiana. FarmGrowCap issued the securities in the 2014 Offering and was used by Risinger, Haab, and Senefeld to originate and manage the farm loans in the 2013 and 2014 Offerings. FarmGrowCap was owned by PinCap LLC until 2014, when Risinger transferred sole ownership to himself.

ANSWER: Senefeld admits that he provided consulting services to FarmGrowCap. Senefeld admits that the consulting services he provided were identification of farm that may be in need of financing, negotiation of the terms potential farm loans, periodically meeting with farmers after loans were made to build relationships with the farms and working on developing additional referral business from the farmers. Senefeld admits that Risinger operated FarmGrowCap out of his law office in Carmel, Indiana. Senefeld admits that FarmGrowCap was

owned by PinCap until 2014. Senefeld denies that he “manage[d]” farm loans in the 2013 or 2014 offerings. Senefeld lack knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 14.

15. PinCap LLC (“PinCap”) is an Indiana limited liability company based out of Risinger’s law office in Carmel, Indiana. PinCap issued the securities in the 2014 Bridge Loan Offering and is owned by Veros, Risinger, and Senefeld, and managed by Risinger, Senefeld, and Haab. PinCap was an entity used by Risinger, Haab, and Senefeld to make and manage private offerings in which Veros clients invested.

ANSWER: Senefeld admits that Pin Cap is an Indiana limited liability company based out of Risinger’s law office in Carmel, Indiana. Senefeld admits that he owns a one-third interest in PinCap, LLC. Senefeld admits that he was paid by PinCap monthly consulting fees and reimbursement of business expenses for consulting services he provided to FarmGrowCap. Senefeld states that the consulting services he provided were identification of farms that may be in need of financing, negotiation of the terms potential farm loans, periodically meeting with farmers after loans were made to build relationships with the farms and working on developing additional referral business from the farmers. Senefeld denies that he “ma[d]e and manage[d] private offerings.” Senefeld lacks knowledge or information as to the issuing of securities and denies the remaining allegations in Paragraph 15.

Relief Defendant

16. Pin Financial LLC (“Pin Financial”) is a New York limited liability company and SEC-registered broker-dealer based in New York, New York. Pin Financial has acted as placement agent for private offerings made to Veros advisory clients. Risinger and Senefeld acquired Pin Financial in or around 2013, and currently PinCap is the majority owner of the company. Pin Financial has been registered with the Commission as a broker-dealer since 2005.

ANSWER: Senefeld admits that Pin Financial is a New York limited liability company and SEC-registered broker-dealer based in New York, New York. Senefeld admits that through Pin Financial he identified potential investment opportunities that Senefeld offered to Haab. Senefeld admits that he and Risinger each acquired a 10% ownership interest in Pin Financial in 2013 and then assigned their rights to acquire Pin Financial to PinCap in 2013. Senefeld denies that he and Risinger “acquired” Pin Financial “in or around 2013.” Senefeld denies that Pin Cap is the “majority owner” of Pin Financial as Pin Cap is the sole owner of Pin Financial. Senefeld admits that Pin Financial has been registered with the Commission as a broker-dealer since 2005.

Facts

A. Veros and Its Advisory Clients

17. Veros has approximately 300 advisory clients. Matthew Haab manages Veros’ investment advisory business, and personally manages the accounts of over 175 Veros clients. Veros currently manages approximately \$160 million in client assets. Of this amount, about 45% is invested in stocks and other public equities. About 25% is invested in corporate bonds and bond ETFs, and around 25% (approximately \$40 million) is invested in private offerings.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 17.

18. Veros generally has complete discretion over the investments in these advisory client accounts. Accordingly, Veros can and does make investment decisions for its clients without obtaining prior approval. However, Veros generally has sought and obtained client approval prior to making the private farm loan investments which are at issue in this case.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 18.

19. Veros charges its clients an annual management fee ranging from .5% to 1.5% of the client's assets under management. In each of the past three years, Veros collected about \$1.3 million in management fees. Between his salary and profit distributions, Haab personally received over \$200,000 from Veros in each of the past three years.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 19.

B. Veros' Decision to Engage in Private Offerings

20. After the 2008 financial crisis, Haab began looking for private investment opportunities for Veros' advisory clients. In 2009, Senefeld approached Haab with a farm loan opportunity which Haab decided to offer to Veros' clients and others through a private offering.

ANSWER: Senefeld admits that he approached Haab with a farm loan opportunity in 2009. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 20.

21. Over the next few years, Senefeld approached Haab with a number of other investment opportunities. With Risinger's assistance, Haab created a number of private investments and offered them to Veros clients and others. Between 2012 and 2015, Veros and its affiliates raised nearly \$100 million from investors in more than 50 separate private offerings. Almost all of the investor funds raised in these offerings came from Veros' advisory clients, and most of these offerings involved loans to farmers.

ANSWER: Senefeld admits that over the next few years he approached Haab with other potential investment opportunities involving loans to farmers. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 21.

22. Risinger and Senefeld have worked together in about 40 of Veros' private offerings, including most of the farm loan offerings. Senefeld has described himself as a "matchmaker" who found farmers in need of financing and then negotiated the terms of potential farm loans. Senefeld knew these loans would be funded by Veros' clients, and that Haab and Risinger would handle the offerings. Risinger was responsible for structuring the private offerings, and drafting the offering documents and farm loan agreements.

ANSWER: Senefeld admits that the SEC described him as a "matchmaker" and that he agreed it could be a good term to describe his role in finding farmers in need of financing and negotiating terms of potential farm loans. Senefeld admits he has worked with Risinger on private offerings but lacks knowledge or information sufficient to form a belief as to the truth of the allegation that he worked on "about 40" such offerings. Senefeld admits that Risinger was responsible for drafting the offering documents and farm loan agreements and structuring the private offerings. Senefeld admits that he knew Risinger and Haab would handle the offerings and raise investor funds. Senefeld denies any remaining allegations in Paragraph 22.

C. An Overview of the Farm Loan Offerings

23. A farm "operating loan" is a loan that farmers use to pay for seed, fertilizer, equipment, and other expenses associated with the farm's operations for a given year. In 2012, 2013, and 2014, Veros and Haab offered Veros advisory clients and others the chance to invest in certain private offerings that were intended to fund 12- to 14-month operating loans for farmers during a particular crop season (i.e., from the spring of that year until the spring of the following year).

ANSWER: Senefeld admits that typically a farm operating loan is a loan that farmers use to pay for feed, fertilizer, equipment and other operating expenses for a given year. Senefeld

lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 23.

24. Veros offered investments in the farm operating loans through separate private offerings in the spring of each crop season. Each offering had a separate group of investors and matured in the spring of the following year. Haab and Veros represented to investors that investor money would be lent to farmers in the spring for crop inputs (e.g., seed, land leases) and would be repaid by farmers over the next year as they sold the crop or collected crop insurance payments.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 24.

25. For both the 2013 Offering and the 2014 Offering, by the end of the 12- to 14-month loan period, the investors were supposed to be repaid all of their principal, plus additional interest. The additional interest typically was around 10% annualized or higher. Veros was responsible for collecting and disbursing all investor funds.

ANSWER: Senefeld admits that Veros was responsible for collecting and disbursing all investor funds. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 25.

D. The 2012 Offerings

26. In the spring of 2012, Haab solicited Veros clients and others to invest in two separate farm loan offerings (“Farm Loan Offering A” and “Farm Loan Offering B” or, collectively, the “2012 Offerings”). In Farm Loan Offering A, Veros raised \$3.37 million from 35 investors, and Haab personally invested \$50,000. The corresponding operating loan to Farm A was \$3.37 million. In Farm Loan Offering B, Veros raised \$1.43 million from 24 investors,

including \$25,000 from Haab. The corresponding operating loan to Farm B was also \$1.43 million.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 26.

27. Almost all of the investors in the 2012 Offerings were Veros clients. The investors in the 2012 Offerings were entitled to be repaid with interest -12% for Farm Loan Offering A and 13.5% for Farm Loan Offering B - on March 30, 2013.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 27.

28. Senefeld negotiated the terms of the loans with the farmers who received funds through the 2012 Offerings. In return, Senefeld received a fee of 6% of the amount raised through Farm Loan Offering A, and 4% of the amount raised through Farm Loan Offering B.

ANSWER: Senefeld admits he negotiated the terms of the loans with the farmers who received funds through the 2012 Offerings. Senefeld admits that CCG, Inc. received fees of 6% of Farm Loan A and 4% of Farm Loan B when the loans closed.

29. Risinger prepared the offering materials and loan agreements for the 2012 Offerings, and was paid \$35,000 in legal fees.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 29.

30. Veros was paid a \$60,000 administrative fee for managing the investors' funds and acting as a liaison between the farmers and investors. All these fees were disclosed in the Private Placement Memoranda ("PPM") for the 2012 Offerings, and were paid from the funds invested in those offerings.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 30.

31. However, as of March 30, 2013, the investors in Farm Loan Offering A had been paid less than \$330,000, and were owed almost \$3.3 million. As of the same date, the investors in Farm Loan Offering B had been paid around \$840,000, and were owed approximately \$700,000. Neither Farm A nor Farm B repaid their 2012 operating loan in full on March 30, 2013, as required under the loan agreements.

ANSWER: Senefeld admits that neither Farm Loan A (Crossroads) nor Farm Loan B (Kirbach) had repaid their operating loans in full on March 30, 2013. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 31.

E. The 2013 Offering

32. In February 2013, Haab solicited Veros clients and others to invest in a farm loan offering for the 2013 crop season. Haab told prospective investors that a number of operating loans to different farms would be funded by the 2013 Offering. Haab recommended the 2013 Offering as a replacement for fixed-income securities like corporate bonds.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 32.

33. In late February 2013, Haab drafted a term sheet for the 2013 Offering and sent it to prospective investors. The term sheet stated that a PinCap subsidiary, FarmGrowCap, would use investor funds to make one-year “operating loans” to at least six different farms for the 2013 crop season. The term sheet also disclosed Veros’ ownership interest in PinCap and FarmGrowCap.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 33.

34. The term sheet further stated that in the 2013 Offering there were no fees other than Veros' annual management fee and an annual consulting and administrative fee paid to Veros for services provided to FarmGrowCap.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 34.

35. The PPM for the 2013 Offering stated that investors could purchase "secured loan units" in VFLH, which was an entity managed by Veros. The PPM further stated that VFLH would use investor funds to make a loan to PinCap, to be used for three purposes: (a) to fund loans to farmers made by PinCap's subsidiary, FarmGrowCap; (b) to complete PinCap's purchase of Pin Financial; and (c) to provide operating capital for both FarmGrowCap and Pin Cap.

ANSWER: Senefeld admits the allegations in Paragraph 35.

36. The PPM identified Haab, Risinger, and Senefeld as PinCap's "management team" and listed Haab as the investor contact. Veros was responsible for collecting and disbursing investor funds.

ANSWER: Senefeld admits the allegations in Paragraph 36.

37. The PPM for the 2013 Offering, which was drafted by Risinger, stated that VFLH would make "12- to 14-month . . . operating loans to farmers" and that it had already sourced 4 farm loans in the amount of approximately \$6.7 million for "the 2013 crop season". The PPM also stated that FarmGrowCap was contemplating making another farm loan in the amount of \$1.8 million. The PPM did not disclose that funds would be disbursed to farmers for any purpose other than to be used as an operating loan.

ANSWER: Senefeld admits the allegations in the first two sentences in Paragraph 37 and denies the allegations in the third sentence of Paragraph 37.

38. The PPM for the 2013 Offering did not disclose that investor funds would be used to repay investors in the 2012 Offerings, or to pay off or refinance any farm loans. Haab reviewed and made comments on drafts of the PPM for the 2013 Offering before it was final. And Senefeld received multiple drafts of the PPM for the 2013 Offering before it was provided to any investors.

ANSWER: Senefeld admits the allegations in the first sentence of Paragraph 38. Senefeld admits that Haab commented on the drafts of the PPM for the 2013 Offering and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in the second sentence of Paragraph 38. Senefeld admits he was emailed multiple drafts of the PPM for the 2013 Offering and that he did not draft the PPM or distribute it. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of when the PPM was provided to any investors.

Haab Used 2013 Investor Money to Repay Investors in the 2012 Offerings

39. Veros raised \$9.7 million from 65 investors for the 2013 Offering, all but 8 of whom were Veros advisory clients. Investors in the 2013 Offering deposited their money into a business checking account which Haab established for the 2013 Offering, and in which he controlled all disbursements.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 39.

40. Because Farm A and Farm B did not pay off their 2012 operating loans in full, Haab could not fully repay the 2012 Offerings investors from the 2012 loan repayments. Between March and November 2013, Haab used approximately \$2.8 million of investor funds

from the bank account established for the 2013 Offering to repay investors in the 2012 Offerings, including himself. The approximately \$2.8 million in investor funds used by Haab included money directly deposited into the 2013 Offering account by investors, as well as farm loan repayments held on behalf of those investors. Haab did not personally invest in the 2013 Offering.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 40.

41. For example, on April 12, 2013, Haab transferred approximately \$1.26 million in investor funds from the 2013 Offering bank account to the bank account used for the 2012 Farm Loan Offering A, which at that time had a balance of \$520,942. Later that same day, Haab wired all the money in that account to the 2012 Farm Loan Offering A investors. As an investor in Farm Loan Offering A, Haab personally received over \$25,000 from that wire transfer.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 41.

42. Senefeld was personally involved in at least one of these payments. In March 2013, Senefeld directed a FarmGrowCap employee to send wire instructions to Haab so that Farm Loan Offering B investors could be paid with funds contributed by investors in the 2013 Offering. The wire instructions related to a \$375,000 farm loan which was part of the 2013 Offering. Senefeld's instructions advised Haab that the farm's bank account should receive less than half of that amount, and that \$115,000 was to be used to "pay to investors" as part of the "2012 Loan Payoff." Haab has testified that this was a payoff of 2012 investors with money from the 2013 Offering.

ANSWER: Senefeld denies that he was “personally involved” in any such payment as he had no access to or control over Veros’ bank account or PinCap’s bank account. Senefeld admits that in March, 2013, he asked a FarmGrowCap employee to put together wire instructions for Kirbach and Rosentreter and to send to Haab and copy Risinger. Based on a transcript of Haab’s SEC testimony, Senefeld admits that Haab testified that this was a payoff of 2012 investors with money from the 2013 offering. Senefeld admits that a FarmGrowCap employee drafted and sent wire instructions to Haab. Senefeld denies any remaining allegations in Paragraph 42.

Haab Paid PinCap, Risinger and Senefeld Undisclosed Fees

43. Risinger and Senefeld used PinCap to charge origination fees for seven of the eight farm loans that were funded by the 2013 Offering. Risinger and Haab referred to these assessments as “success” fees, which ranged from 1% to 12% of the total amount the farmer was obligated to repay. In the case of Farm A and Farm B, this was less than the amount of loan proceeds each received for the 2013 crop season.

ANSWER: Senefeld denies that he “used PinCap to charge origination fees for seven of the eight farm loans that were funded by the 2013 Offering.” Senefeld admits that FarmGrowCap charged and earned origination fees for seven of the eight loans in the 2013 Offering. Senefeld admits that such fees ranged from 1% to 7% of the total amounts the farmer was obligated to repay. Senefeld denies the last sentence of Paragraph 43. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of how Risinger and Haab referred to the fees.

44. For example, Farm B’s loan agreement reflected a loan amount of \$375,000, but the farmer actually received only about \$150,000 in 2013. The balance of the new “loan”

consisted of unpaid debt carried over from its 2012 loan which was the subject of the 2012 Offering, as well as an early 2013 loan. Nevertheless, PinCap's "success fee" from this loan was 7% of the full \$375,000, or about \$26,000.

ANSWER: Senefeld denies the allegations in Paragraph 44.

45. These success fees were paid to PinCap out of the bank account for the 2013 Offering - the same account that held investor money - after loan proceeds were disbursed to a farmer, rather than when the farmer ultimately repaid the loan with interest.

ANSWER: Senefeld denies that "success fees" were paid to PinCap as origination fees were paid to FarmGrowCap. Senefeld admits that such fees were paid after the loan proceeds were disbursed to a farmer rather than when the farmer ultimately repaid the loan with interest in accordance with the loan agreements entered into by FarmGrowCap and the farmer. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 45.

46. Risinger and Senefeld received over \$700,000 in "success" fees, paid through PinCap, from the 2013 Offering. They also received over \$100,000 in "interest rate spread" fees. All of these payments were approved by Haab, and were PinCap's only source of revenue in 2013.

ANSWER: Senefeld denies the allegations in Paragraph 46.

47. None of the offering materials sent to investors in the 2013 Offering disclosed that PinCap, Risinger or Senefeld would be paid "success" fees or "interest rate spread" fees. Haab and Risinger admitted in SEC testimony that the fees were not disclosed to investors - in PPMs or otherwise - before they invested.

ANSWER: Senefeld denies that he received “success” or “interest rate spread” fees in connection to the 2013 Offering. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 47 and therefore denies the same.

48. PinCap, in turn, used a portion of the fees it received from the 2013 Offering to pay approximately \$214,000 in “consulting” fees to Veros. These fees were paid in a manner that was contrary to the disclosures for the 2013 Offering.

ANSWER: Senefeld lacks knowledge and information sufficient to form a belief as to the truth of the allegations in Paragraph 48.

49. The PPM for the 2013 Offering stated that PinCap would pay a consulting fee to Veros that would not exceed 2% of the principal raised from investors, and would depend in part on whether the 2013 Fund “achiev[ed] its investment objectives.” However, the \$214,000 in consulting fees which PinCap paid Veros exceeded 2% of the \$9.7 million raised from investors. Further, the 2013 Offering never achieved its investment objectives because it did not generate enough money to fully repay all investors.

ANSWER: Senefeld admits the allegations in the first sentence of Paragraph 49. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 49.

50. PinCap also used a portion of the fees it received to pay Risinger and Senefeld salaries of over \$150,000 in 2013, and \$200,000 in 2014. In addition, at least \$200,000 of the fees that PinCap received were transferred to Pin Financial.

ANSWER: Senefeld admits he was paid consulting fees by PinCap for consulting services to FarmGrowCap if \$249,886 in 2013 and \$255,325 in 2014. Senefeld lacks knowledge

or information sufficient to form a belief as to the truth of any amounts paid to Risinger. Senefeld denies that \$200,000 of the fees that PinCap received were transferred to Pin Financial.

The PPM Misleadingly Described Senefeld's 1999 Settlement with the SEC

51. The PPM for the 2013 Offering stated that all management decisions would be made by Senefeld, Risinger, and Veros. An exhibit to the PPM contained Senefeld's biography, drafted by Risinger, which mischaracterized the SEC's charges against Senefeld in 1999.

ANSWER: Senefeld admits that the PPM for the 2013 Offering stated that "Messrs. Senefeld and Risinger and Veros Partners, Inc. will make substantially all decisions with respect to the management of Pin Cap." Senefeld admits that an exhibit to the PPM contained Senefeld's biography, drafted by Risinger. Senefeld denies that he was charged by the SEC in 1999 as it was 1998. Senefeld denies the remaining allegations in Paragraph 51.

52. Although the PPM disclosed that Senefeld had been charged with violating the federal securities laws, the PPM explained that Senefeld was charged because an employee then under his supervision bought securities without the money to pay for them. In fact, the SEC issued an order in which it found that Senefeld had personally engaged in a fraudulent free-riding scheme.

ANSWER: Senefeld admits the SEC issued an order that he was found to have personally engaged in a free-riding scheme. Senefeld denies the remaining allegations in Paragraph 52.

53. Risinger, Haab and Senefeld all had read the SEC's charges before the PPM for the 2013 Offering was sent to investors. Risinger knew the true nature of the SEC's charges against Senefeld before drafting the disclosure. And both Haab and Senefeld read the draft

disclosure before it was finalized. But none of these individuals made any effort to ensure that the PPM's disclosure regarding Senefeld's 1999 settlement with the SEC was accurate.

ANSWER: Senefeld admits that he had read the SEC's charges against him at the time they were filed. Senefeld admits that he informed Risinger in or around 2009 of the SEC's charges. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of what Haab or Risinger had read or knew. Senefeld admits that Risinger sent him a copy of the disclosure drafted by Risinger and denies that he drafted the disclosure. Senefeld denies the remaining allegations in Paragraph 53.

The 2013 Farm "Operating" Loan Updates Did Not Disclose That the Loans Included Balances Owed on 2012 Loans

54. In October 2013, Haab sent investors in the 2013 Offering an update on the "operating loan fundings" made for the 2013 crop season. The update identified loans to seven different farms, including a \$3.3 million "2013 operating loan" to Farm A, and a \$375,000 "2013 operating loan" to Farm B.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 54.

55. In fact, less than \$1.5 million was loaned to Farm A for its operations during the 2013 crop season. The balance of the \$3.3 million loan to Farm A represented the amount that Farm A still owed on its 2012 operating loan. The loan to Farm B for its 2013 operations was far less than the \$375,000 shown in Haab's investor update. Once again, the 2013 loan to Farm B included amounts still owed by Farm B on its 2012 operating loan.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 55.

56. In addition, almost \$300,000 of the undisclosed origination (or “success”) fees paid to Risinger and Senefeld resulted from the 2013 loans to Farm A and Farm B. Those fees were a fixed percentage of the total 2013 loan amounts - \$3.3 million (Farm A) and \$375,000 (Farm B) - even though only a portion of those amounts was disbursed to each farm. Risinger and Senefeld had already been paid origination fees on the amounts still owed in connection with the origination of the 2012 loans.

ANSWER: Senefeld denies that he was paid any “success fees.” Senefeld admits that he was paid monthly consulting fees and reimbursement of business expenses by PinCap for consulting services to FarmGrowCap. Senefeld denies that he and Risinger received “almost \$300,000” in origination fees from the 2013 loans to Farm A (Crossroads) and Farm B (Kirbach). Senefeld admits that CCG, Inc. was paid fees for financial advisory services for the 2012 loans and admits that FarmGrowCap received fees for additional services for the 2013 loans. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 56.

57. Haab did not disclose that the “full year 2013 operating loans” to Farm A and Farm B included unpaid debt from the 2012 Offerings. Although the PPM did not specifically discuss those loans, the PPM’s “prior performance” section misleadingly stated that previous farm loans originated by PinCap’s principals “generated an average yield of 21% with virtually no loss of principal.”

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 57.

58. In October 2013, Risinger drafted loan agreements with certain farms that had received funds from the 2013 Offering. These loan agreements falsely represented that Farm A

and Farm B had received advances of \$3.3 million and \$375,000, respectively. However, the farms did not receive certain of these advances, and the dates Risinger used for these fictitious “advances” were the dates on which Haab used 2013 Offering funds to repay investors in the 2012 Offerings.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 58.

Haab Misled Investors about the Performance of the 2013 Loans

59. The 2013 Offering matured on April 30, 2014. On that date, investors were entitled to receive approximately \$10.8 million, consisting of \$9.7 million in principal plus 10% annual interest.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 59.

60. On March 27, 2014, Haab sent investors in the 2013 Offering an update stating that the farms which received loans from the 2013 Offering still owed approximately \$10.2 million on their 2013 “operating” loans, but that Veros expected to receive full repayment of all loans by mid-April. Haab also reported that Veros expected to fully repay investors.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 60.

61. On May 1, 2014, Haab sent investors another update indicating that the farms which received loans from the 2013 Offering still owed a total of approximately \$3.9 million. Haab further stated that the farms had repaid the “substantial amount of \$6,341,983.85” since his March 27 update. However, this was not true. The farms had repaid approximately \$4 million since that date.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 61.

62. Haab also represented that Veros expected to receive significant repayments from various farms which, combined with \$7.5 million of “value” held by the 2013 Offering, would allow Veros to fully repay investors. However, the lone bank account for the 2013 Offering contained less than \$1.4 million on May 1, 2014, and never had a balance of \$7.5 million. Haab concluded by stating that Veros anticipated repaying investors around the end of May.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 62.

63. On June 27, 2014, Haab sent investors in the 2013 Offering yet another update which stated that Veros had received final repayments from all farms in connection with the 2013 crop season. However, this was not true. In fact, as of June 27, three farmers still owed over \$3 million on their 2013 loans.

ANSWER: Senefeld lacks knowledge and information sufficient to form a belief as to the truth of the allegations in Paragraph 63.

64. In his SEC testimony, Haab admitted that he knew about these outstanding loan balances when he sent his investor update on June 27, 2014.

ANSWER: Based on a transcript of Haab’s SEC testimony, Senefeld admits the allegations in Paragraph 64.

Veros Falsely Represented To 2013 Investors that They Had Been Repaid in Full

65. In or around the Spring of 2014, Haab urged many of the investors in the 2013 Offering to “roll over” some or all of the amounts that they were purportedly “repaid” from their

2013 investments into a new 2014 Offering. The total amount “rolled over” was approximately \$5.5 million.

ANSWER: Senefeld lacks knowledge and information sufficient to form a belief as to the truth of the allegations in Paragraph 65.

66. Investors in the 2013 Offering understood the “roll over” to mean that their investments had been repaid in cash, and that this cash was automatically reinvested in the 2014 Offering. However, no such repayment or reinvestment took place. Instead, Haab and Veros simply exchanged an investor’s remaining units in the 2013 Offering for the same number of units in the 2014 Offering, and postponed paying the investors the \$5.5 million owed to them for one more year.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 66.

67. On July 2, 2014, Haab directed a Veros employee to send several investors in the 2013 Offering a notice stating that the investor was receiving his or her final repayment from the 2013 Offering. The notice included an “investor summary” representing that Veros had repaid each investor 109.1% of his or her initial investment, and that investors in the 2013 Offering had been fully repaid the total of \$10.8 million that they were owed.

ANSWER: Senefeld lacks knowledge and information sufficient to form a belief as to the truth of the allegations in Paragraph 67.

68. However, as of July 2, 2014 Veros had only paid investors about half of what they were owed in connection with the 2013 Offering. The farmers had not fully repaid the loans received in connection with the 2013 Offering, and Veros did not have the \$5.5 million necessary to repay all of the 2013 Offering investors.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 68.

F. The 2014 Bridge Loan Offering

69. In or around February 2014, Haab solicited certain Veros clients to invest in a “bridge loan” offering (the “2014 Bridge Loan Offering”), which was a 2-month interim investment to fund farm loans in advance of the completion of a new 2014 Offering. PinCap was the issuer and raised approximately \$5.2 million from 24 investors.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 69.

70. When the 2014 Bridge Loan Offering matured on March 31, 2014, PinCap lacked sufficient funds to repay all of the investors. Accordingly, only some of the investors in the 2014 Bridge Loan Offering were repaid in cash. In addition, of the approximately \$3.3 million in cash that was repaid to those investors, approximately \$2.4 million of that amount consisted of investor funds from the 2013 and 2014 Offerings.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 70.

71. Haab convinced other 2014 Bridge Loan Offering investors to roll their principal balance into the 2014 Offering. The total amount “rolled over” from the 2014 Bridge Loan Offering to the 2014 Offering was approximately \$2 million. Again, Haab misrepresented to the investors in the 2014 Bridge Loan Offering that their principal had been repaid, when that had not occurred, and the rollovers were simply a bookkeeping entry used to postpone the repayment of a debt.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 71.

G. The 2014 Offering

72. In late March 2014, more than a month before Veros started repaying investors in the 2013 Offering, Haab began soliciting Veros clients and others to invest in a 2014 Offering. For this offering, FarmGrowCap was the investment entity.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 72.

73. The PPM for the 2014 Offering disclosed that Risinger was the sole owner of FarmGrowCap and the point of contact for investors. Haab and Senefeld were identified as part of FarmGrowCap's management team.

ANSWER: Senefeld denies that the PPM identified him as part of FarmGrowCap's "management team" and denies that he was part of FarmGrowCap's management team. Senefeld admits that the PPM identified him as a "consultant." Senefeld admits that the PPM identified Risinger as the sole owner of FarmGrowCap and point of contact for investors and identified Haab as a "consultant."

74. Haab told prospective investors that FarmGrowCap would use investor money to make short-term operating loans to farms for the 2014 crop season. Haab again recommended the 2014 Offering to Veros clients as a replacement to a fixed-income investment. He also told at least one investor that the 2014 Offering was "our most diversified and secured private loan offering."

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 74.

75. The PPM for the 2014 Offering stated that investors had an opportunity to purchase "secured loans" issued by FarmGrowCap. Investors received promissory notes issued by FarmGrowCap and signed by Risinger. The PPM also stated that investor funds would "be

used by FarmGrowCap to make farming related loans with maturities of 1 to 13 months” and “deployed to make loans to select farmers.”

ANSWER: Senefeld admits the first and third sentences of Paragraph 75. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of Paragraph 75.

76. The PPM further stated that FarmGrowCap made:

13 month or shorter term operating loans to farmers, primarily to support row crop farming (i.e. corn, soybeans), but also to small fruit growers (i.e. blueberries) and other crop producers. FarmGrowCap also makes other farming related loans, such as short-term, highly collateralized bridge loans to provide financing to farmers who have planned land sales, pending conventional bank-type financings, or other circumstances that reasonably require (and support) a gap loan.

The PPM did not disclose that money from the 2014 Offering would be used to repay investors in the 2013 Offering or the 2014 Bridge Loan Offering.

ANSWER: Senefeld admits the first sentence of Paragraph 76. Senefeld denies the remaining allegations in Paragraph 76.

77. Veros raised at least \$3.5 million in new investor money from 35 investors for the 2014 Offering. However, the amounts due to investors in connection with the 2014 Offering also include: (a) approximately \$5.5 million of unpaid investor principal “rolled over” from the 2013 Offering investors; and (b) approximately \$1.9 million in unpaid investor principal “rolled over” from investors in the 2014 Bridge Loan Offering.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 77.

78. The 2014 Offering matured on April 30, 2015. On that date, the investors in the 2014 Offering were entitled to repayment of their entire investment plus a 9% annualized return.

The investors in the 2014 Offering currently are owed approximately \$9 million. For the reasons explained below, Defendants do not have sufficient funds to repay investors.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 78.

Haab and Risinger Used Investor Funds from the 2014 Offering to Repay Investors in Prior Offerings

79. The new investors in the 2014 Offering deposited their money into a business checking account that Haab opened solely for the 2014 Offering. Haab controlled all disbursements from that account. In February 2014, Haab and Risinger proposed using funds raised from the 2014 Offering to repay investors in the 2013 Offering.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 79.

80. Between April and September 2014, Haab used at least \$2 million from the 2014 Offering to repay some of the investors in both the 2013 Offering and the 2014 Bridge Loan Offering. These payments were not disclosed to investors.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 80.

81. For example, on April 24, 2014, Haab transferred approximately \$1 million in investor funds from the 2014 Offering bank account to the 2014 Bridge Loan Offering bank account. The next day, April 25, he wired approximately \$1 million from the 2014 Bridge Loan Offering bank account to repay a single investor in that Bridge Loan Offering (that investor did not invest in the 2014 Offering). Haab also transferred money from the 2014 Offering bank account to the 2013 Offering bank account in order to wire repayments to investors in that offering.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 81.

82. Risinger was aware that Haab was using money from the 2014 Offering to repay investors in the 2013 Offering and 2014 Bridge Loan Offering. In fact, Risinger repeatedly advised Haab how to use money from the 2014 Offering to pay off investors in the 2013 Offering.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 82.

The PPM for the 2014 Offering Misrepresented the Performance of the 2013 Offering

83. Risinger drafted the PPM for the 2014 Offering, and Haab sent it to Veros clients and other prospective investors. Haab and Senefeld both received advance drafts of the PPM. The PPM was dated March 17, 2014 and contained a “prior performance” section describing Risinger’s and FarmGrowCap’s track record with previous farm loan offerings.

ANSWER: Senefeld admits that Risinger drafted the PPM and that Risinger emailed Senefeld and Haab drafts of the PPM. Senefeld admits the last sentence of Paragraph 83. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of what Haab did with the PPM.

84. The “prior performance” section of the PPM stated that one of eight farm operating loans in the 2013 Offering had a loss of \$435,000. However, the PPM also stated that FarmGrowCap had absorbed that loss by using a portion of its fee income from the 2014 Offering to ensure a full repayment of the 2013 Offering investors.

ANSWER: Senefeld admits the allegations of Paragraph 84.

85. The PPM further stated that the remaining seven farm loans made in connection with the 2013 Offering “have been fully repaid or are on track to do so ... except that one farmer borrower realized a repayment shortfall of approximately \$130,000 (for which FarmGrowCap, in exchange for additional collateral, has granted an extension of time for payment).”

ANSWER: Senefeld admits the allegations of Paragraph 85.

86. Other than with regard to the \$130,000 discussed above, the PPM for the 2014 Offering did not did not disclose that any unpaid balances from 2013 farm loans were being rolled over or refinanced through the 2014 Offering. Further, the PPM for the 2014 Offering did not disclose that any investor funds would be used to repay investors in previous offerings.

ANSWER: Senefeld admits that the PPM for the 2014 Offering did not disclose that any investor funds would be used to repay investors in previous offerings and did not disclose that any unpaid balances from 2013 farm loans were being rolled over through the 2014 Offering. Senefeld denies the remaining allegations in Paragraph 86.

87. Haab sent the PPM for the 2014 Offering to investors on March 28, 2014. However, as early as February 2014, Haab, Risinger, and Senefeld all knew that at least three of the 2013 farm loans would not be paid on time. By May 1, 2014, they all knew that six of the eight farms still owed a total of approximately \$3.9 million.

ANSWER: Senefeld admits the second sentence in Paragraph 87 as to himself. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence of Paragraph 87 and denies the third sentence of Paragraph 87 as to himself. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations regarding Risiner’s or Haab’s knowledge.

88. By July 15, 2014, Risinger and Haab knew that five of the eight farm loans were long past due, and that the unpaid balance on those loans was over \$3 million. Neither Risinger nor Haab disclosed these facts to investors in the 2014 Offering, even though new investors continued to invest in the 2014 Offering throughout this period of time and after July 15.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 88.

The PPM for the 2014 Offering Failed to Disclose that Several of the 2014 Farm “Operating” Loans Included Unpaid Amounts from 2013 Loans

89. The 2014 Offering included loans to seven farms. The PPM for the 2014 Offering stated that three farm loans totaling \$7.8 million already had been sourced for the 2014 crop season; that FarmGrowCap had provided funding to each of these farms during the previous 2013 crop season; and that “each [loan] performed well in 2013.” The PPM also stated that FarmGrowCap may make additional loans, provided that such loans were farming-related and consistent with the guideline of being highly collateralized.

ANSWER: Senefeld admits the allegations in Paragraph 89.

90. The PPM for the 2014 Offering disclosed that one of the three pre-arranged farm loans would include a \$130,000 balance owed from 2013. However, the PPM failed to disclose that the 2014 operating loans to three other farms, including Farm A and Farm B, would include unpaid balances from 2013 of approximately \$3 million.

ANSWER: Senefeld admits the first sentence of Paragraph 90. Senefeld denies the remaining allegations of Paragraph 90.

91. The PPM for the 2014 Offering also disclosed that FarmGrowCap would provide a pre-arranged \$3.6 million “operating” loan to Farm C. The PPM listed Farm C as one of the “returning loan customer[s] from 2013” that had “performed well in 2013.”

ANSWER: Senefeld admits the allegations in Paragraph 91.

92. In fact, Farm C failed to repay approximately \$1.5 million of its 2013 operating loan. That loan was due December 31, 2013, and Risinger, Senefeld, and Haab all knew that the 2013 operating loan to Farm C was in default at the time Risinger prepared the PPM.

ANSWER: Senefeld denies the allegations in Paragraph 92.

93. The PPM for the 2014 Offering also discussed a potential 2014 operating loan to Farm A. However, the PPM did not disclose that the anticipated loan would include unpaid balances from its 2013 operating loan. Because Farm A failed to repay about \$1.4 million of its 2013 “operating” loan (which itself included unpaid 2012 debt), that entire amount due and owing was carried forward into 2014 and constituted the entire 2014 operating loan to Farm A.

ANSWER: Senefeld admits that the PPM for the 2014 Offering also discussed a potential 2014 loan to Farm A (Crossroads). Senefeld denies the remaining allegations Paragraph 93.

94. Accordingly, Farm A received no fresh operating capital for the 2014 crop season. The 2014 loan was not an operating loan but was simply an extension of the 2013 loan from the 2013 Offering. This information was not disclosed in the PPM. And Haab, Risinger, and Senefeld all knew as early as February 2014 that Farm A’s unpaid 2013 loan balance would be carried forward into a new 2014 loan.

ANSWER: Senefeld admits the allegations in the first sentence in Paragraph 94. Senefeld admits that Farm A negotiated additional time to repay its 2013 loan and that additional time to repay was secured by additional collateral. Senefeld denies the remaining allegations in Paragraph 94.

95. The third loan, to Farm B, was not mentioned in the PPM for the 2014 Offering, despite the fact that it was finalized on March 25, 2014, before the PPM was issued. Senefeld signed the Farm B loan extension - which was drafted by Risinger - a few days before the PPM was finalized. Farm B had repaid only a fraction of its 2013 loan (which also included unpaid 2012 debt), and the unpaid balance of \$325,000 was carried over into the 2014 loan to Farm B.

ANSWER: Senefeld admits that the loan to Farm B (Kirbach) was not mentioned in the PPM for the 2014 Offering but denies that it was finalized on March 25, 2014 as it was signed by Kirbach and another obligor party on March 28, 2014. Senefeld admits that he signed the Farm B (Kirbach) extension on behalf of FarmGrowCap LLC in the capacity of Director of FarmGrowCap, LLC. Senefeld denies that Risinger drafted the Farm Loan B extension as it was drafted by a FarmGrowCap employee on or around March 25, 2014.

96. Farm B received no fresh operating capital from the 2014 crop season and the 2014 loan was not an operating loan but simply an extension of the 2013 debt owed from the 2013 Offering. This information was not disclosed in the PPM. Haab, Senefeld, and Risinger all knew that Farm B's unpaid 2013 loan balance would be carried forward into a new 2014 loan.

ANSWER: Senefeld denies the allegations in Paragraph 96.

97. According to Risinger, before the end of February 2014, Haab, Risinger, and Senefeld all anticipated that loan balances owed under these and potentially other 2013 operating loans would be included in the loans issued by the 2014 Offering. Risinger had informed Haab and Senefeld that VFLH would need to transfer all of the 2013 loans to FarmGrowCap for the 2014 Offering in order to accomplish this goal. However, this plan was not disclosed to investors, and no agreement to transfer the loans was ever prepared.

ANSWER: Senefeld denies the allegations in Paragraph 97 as to himself. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 97.

Defendants Have Failed to Make Disclosures about Additional Material Events

98. In late August 2014, Haab was asked by a third party why a payment to investors in the 2013 Offering was coming from the bank account for the 2014 Offering. Haab replied, falsely, that a couple of “2013 operating loans . . . have been legally transferred to [the 2014 Offering] as 2014 loans due to the underlying farms needed some extended time to repay them in full.”

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 98.

99. At that time, there was no written agreement transferring any of the 2013 loans to the 2014 Offering. The next month, in September 2014, Risinger drafted an agreement between VFLH and FarmGrowCap purporting to transfer outstanding loan balances from the 2013 Offering to the 2014 Offering. Risinger backdated the agreement to July 15, 2014, and Haab signed it. This backdated agreement was not disclosed to investors in either the 2013 Offering or the 2014 Offering.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 99.

100. In 2014, Senefeld negotiated a loan extension for Farm A on behalf of FarmGrowCap. In exchange, FarmGrowCap received a \$70,000 “extension” fee from the 2014 Offering funds. Thus, Senefeld and Risinger were paid three times - once for the 2012 operating loan to Farm A, once in connection with the 2013 Offering, and again in connection with the

2014 Offering - for the same \$1.4 million loan balance that Farm A had carried forward from 2013 into 2014 (and a portion of which had been carried over from 2012).

ANSWER: Senefeld admits he negotiated a loan extension secured by additional collateral for Farm A on behalf of FarmGrowCap, additional work for which FarmGrowCap received a \$50,000 fee. Senefeld denies the remaining allegations in Paragraph 100.

101. Senefeld also negotiated a loan extension for Farm B on behalf of FarmGrowCap. In exchange, FarmGrowCap received a \$10,000 fee. The PPM for the 2014 Offering did not disclose the payment of “extension” fees on unpaid 2013 loans extended into 2014.

ANSWER: Senefeld admits he negotiated a loan extension and additional loan secured by additional capital on Farm B on behalf of FarmGrowCap, additional work for which FarmGrowCap received a \$10,000 fee. Senefeld denies the remaining allegations in Paragraph 101.

The 2014 Farm Loans Are Past Due with a \$7 Million Shortfall

102. Currently, investors in the 2014 Offering are owed around \$9 million in principal and interest. Much of that amount represents amounts owed to investors in the 2013 Offering and 2014 Bridge Loan Offering that were “rolled over” into the 2014 Offering.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 102.

103. As of late March 2015, of the eight farm loans funded by the 2014 Offering, seven were past due. The outstanding balance on those past due loans was approximately \$7 million. Of that amount, roughly \$3 million is owed by Farm C. Litigation recently was initiated to collect that amount, and that litigation is not expected to be resolved in the near future.

ANSWER: Senefeld admits that litigation has been initiated regarding Farm C. Senefeld lacks knowledge or information sufficient to form a belief as to the remaining allegations in Paragraph 103.

104. Haab and Risinger each acknowledged, during their SEC testimony, that the investors in the 2014 Offering investors will not be repaid in full by April 30, 2015, and it is unknown when they can be repaid.

ANSWER: Based on transcripts of Haab's and Risinger's SEC testimony, Senefeld admits the allegations in Paragraph 104.

105. Even if the farms were able to repay the full \$7 million in loans they currently owe, FarmGrowCap would be unable to pay investors the remaining \$2 million. The bank account for the 2014 Offering had less than \$220,000 as of March 31, 2015, and FarmGrowCap has no significant assets or resources.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 105.

106. Although PinCap guaranteed FarmGrowCap's obligation to repay investors in the 2014 Offering, PinCap had only \$16,327 in its bank account as of March 31, 2015. To date PinCap's only income has been the fees it received from the 2013 Offering and 2014 Offering.

ANSWER: Senefeld lacks knowledge and information sufficient to form a belief as to the truth of the allegations in Paragraph 106.

107. PinCap's only other potential source of income is distributions from Pin Financial, its broker-dealer subsidiary, to be generated from other private offerings. However, Risinger testified that he was unsure whether any fees received by Pin Financial could be

transferred to PinCap to allow it to make good on its guarantee to the investors in the 2014 Offering.

ANSWER: Senefeld admits that Pin Financial is a broker-dealer owned by PinCap. Based on a transcript of Risinger's SEC testimony, Senefeld admits the second sentence of Paragraph 107. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 107.

108. In his SEC testimony, Haab admitted that he is currently soliciting Veros clients to invest in new or pending private offerings. And both Risinger and Senefeld testified that, through Pin Financial, they expect to receive origination fees in connection with new farm loans, including from an ongoing offering to Veros clients for which almost \$10 million has been raised to date.

ANSWER: Senefeld admits that he testified that he expected Pin Financial to receive origination fees in connection with new farm loans and other projects, most of which do not involve Veros clients. Based on transcripts of Haab's and Risinger's SEC testimony, Senefeld admits that Haab testified that he was soliciting investors for other private offerings unrelated to farm loans and that Risinger testified Pin Financial expected to receive origination fees in connection with new farm loans and other projects, including a blueberry farm project involving Veros clients. Senefeld denies any remaining allegations in Paragraph 108.

109. Moreover, the 2014 Offering is just one of 28 Veros private offerings that are still in operation. As of February 28, 2015, investors in those other offerings, several of which mature this year, were still owed over \$44 million.

ANSWER: Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 109.

110. Given Haab and Risinger's conduct described herein, there is a substantial likelihood that, with assistance from Senefeld, they will continue their fraudulent activities unless immediately enjoined.

ANSWER: Senefeld denies the allegations in Paragraph 110 that pertain to himself. Senefeld lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 110.

COUNT I

Violations of Section 10(b) of the Exchange Act, and Exchange Act Rule 10b-5 (Against All Defendants)

111. Paragraphs 1 through 110 are realleged and incorporated by reference as though fully set forth herein.

ANSWER: Senefeld incorporates by reference his responses to Paragraphs 1 through 110 as though set out in full herein.

112. Defendants, in connection with the purchase and sale of securities, by the use of the means and instrumentalities of interstate commerce and by the use of the mails, directly and indirectly: (a) used and employed devices, schemes and artifices to defraud; (b) made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices and courses of business which operated or would have operated as a fraud and deceit upon sellers and purchasers and prospective purchasers of securities.

ANSWER: Senefeld denies the allegations in Paragraph 112 as they pertain to himself. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 112.

113. Defendants acted with scienter in that they knowingly or recklessly made the material misrepresentations and omissions and engaged in the fraudulent scheme described above.

ANSWER: Senefeld denies the allegations in Paragraph 113 as they pertain to himself. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 113.

114. By reason of the foregoing, Defendants violated Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5].

ANSWER: Senefeld denies the allegations of Paragraph 114 as they pertain to himself. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 114.

COUNT II

Violations of Section 17(a)(1) of the Securities Act (Against All Defendants)

115. Paragraphs 1 through 110 are realleged and incorporated by reference as though fully set forth herein.

ANSWER: Senefeld incorporates by reference his responses to Paragraphs 1 through 110 as though set out in full herein.

116. By engaging in the conduct described above, Defendants, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, have employed devices, schemes and artifices to defraud.

ANSWER: Senefeld denies the allegations of Paragraph 116 as they pertain to himself. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 116.

117. Defendants acted with scienter in that they knowingly or recklessly made the untrue statements and omissions and engaged in the devices, schemes, artifices, transactions, acts, practices and courses of business described above.

ANSWER: Senefeld denies the allegations of Paragraph 117 as they pertain to himself. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 117.

118. By reason of the foregoing, Defendants violated Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

ANSWER: Senefeld denies the allegations of Paragraph 118 as they pertain to himself. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 118.

COUNT III

Violations of Sections 17(a)(2) and (a)(3) of the Securities Act (Against All Defendants)

119. Paragraphs 1 through 110 are realleged and incorporated by reference as though fully set forth herein.

ANSWER: Senefeld incorporates by reference his responses to Paragraphs 1 through 110 as though set out in full herein.

120. By engaging in the conduct described above, Defendants, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, have:

- a. obtained money or property by means of untrue statements of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
- b. engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchasers of such securities.

ANSWER: Senefeld denies the allegations of Paragraph 120 as they pertain to himself. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 120.

121. By reason of the foregoing, Defendants have violated Sections 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2)-(3)].

ANSWER: Senefeld denies the allegations of Paragraph 121 as they pertain to himself. Senefeld lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 121.

COUNT IV

Violations of Sections 206(1) and (2) of the Investment Advisers Act (Against Defendants Matthew D. Haab and Veros Partners, Inc.)

122. Paragraphs 1 through 110 are realleged and incorporated by reference as though fully set forth herein.

ANSWER: Senefeld incorporates by reference his responses to Paragraphs 1 through 110 as though set out in full herein.

123. At all relevant times, Defendants Haab and Veros acted as investment advisers. Haab and Veros managed the investments in exchange for compensation in the form of fees.

ANSWER: No response is required to Paragraph 123 as no allegations or claims are asserted regarding Senefeld. To the extent a response is required, Senefeld lacks knowledge and information sufficient to form a belief as to the truth of the allegations in Paragraph 123.

124. Haab and Veros, while acting as investment advisers, by use of the mails or the means and instrumentalities of interstate commerce, directly or indirectly: (a) employed devices, schemes or artifices to defraud any clients or prospective clients; or (b) engaged in transactions, practices, or courses of business which operated as a fraud or deceit upon any clients or prospective clients.

ANSWER: No response is required to Paragraph 124 as no allegations or claims are asserted regarding Senefeld. To the extent a response is required, Senefeld lacks knowledge and information sufficient to form a belief as to the truth of the allegations in Paragraph 124.

125. Haab and Veros knowingly, recklessly or negligently engaged in the fraudulent conduct described above.

ANSWER: No response is required to Paragraph 125 as no allegations or claims are asserted regarding Senefeld. To the extent a response is required, Senefeld lacks knowledge and information sufficient to form a belief as to the truth of the allegations in Paragraph 125.

126. By engaging in the conduct described above, Defendants Haab and Veros violated Section 206(1) and (2) of the Advisers Act [15 U.S.C. §80b-6(1) and 6(2)].

ANSWER: No response is required to Paragraph 126 as no allegations or claims are asserted regarding Senefeld. To the extent a response is required, Senefeld lacks knowledge and information sufficient to form a belief as to the truth of the allegations in Paragraph 126.

COUNT V

**Violations of Sections 206(4) of the Investment Advisers Act
and Rule 206(4)-2 thereunder
(Against Defendant Veros Partners, Inc.)**

127. Paragraphs 1 through 110 are realleged and incorporated by reference as though fully set forth herein.

ANSWER: Senefeld incorporates by reference his responses to Paragraphs 1 through 110 as though set out in full herein.

128. Defendant Veros Partners, Inc., while acting as an investment adviser, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, engaged in acts, practices, or courses of conduct which are fraudulent, deceptive or manipulative by maintaining custody of client funds or securities without either, engaging a qualified custodian to maintain and segregate those funds or securities; or verifying all of the funds or securities within its custody through an annual, unannounced audit by an independent public accountant.

ANSWER: No response is required to Paragraph 128 as no allegations or claims are asserted regarding Senefeld. To the extent a response is required, Senefeld lacks knowledge and information sufficient to form a belief as to the truth of the allegations in Paragraph 128.

129. By reason of the foregoing, Defendant Veros Partners, Inc. has violated Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)- 2 thereunder [17 C.F.R. § 275.206(4)-2].

ANSWER: No response is required to Paragraph 129 as no allegations or claims are asserted regarding Senefeld. To the extent a response is required, Senefeld lacks knowledge and information sufficient to form a belief as to the truth of the allegations in Paragraph 129.

COUNT VI

(Against Relief Defendant Pin Financial LLC)

130. Paragraphs 1 through 110 are realleged and incorporated by reference as if fully set forth herein.

ANSWER: Senefeld incorporates by reference his responses to Paragraphs 1 through 110 as though set out in full herein.

131. Relief Defendant Pin Financial LLC received improper and illegal transfers of investor money from the Defendants, even though it had no right to receive any investor funds.

ANSWER: No response is required to Paragraph 131 as no allegations or claims are asserted regarding Senefeld. To the extent a response is required, Senefeld denies the allegations in Paragraph 131.

132. By reason of the foregoing, Relief Defendant Pin Financial LLC has been unjustly enriched and may be compelled to return any investor funds it still holds, and may be found liable for the remaining transfers it received.

ANSWER: No response is required to Paragraph 132 as no allegations or claims are asserted regarding Senefeld. To the extent a response is required, Senefeld denies the allegations in Paragraph 132.

WHEREFORE, Defendant Tobin J. Senefeld, by counsel, respectfully prays that the Court enter such findings, conclusions and orders as are supported by the evidence, and for such other relief as the Court may deem just and proper.

ADDITIONAL DEFENSES

SECOND DEFENSE

To the extent that an answer or response may be required which is not set forth herein, Senefeld generally denies any allegations contained within the Complaint that are not expressly admitted.

THIRD DEFENSE

Some or all of the Commission's claims against Senefeld fail to state a claim for which relief may be granted.

FOURTH DEFENSE

To the extent that discovery reveals facts which support additional affirmative defenses, Senefeld retains the right to add such affirmative defenses hereto.

Respectfully submitted,

/s/ Jeanine Kerridge

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 13th day of July, 2015, a copy of the foregoing was filed electronically using the CM/ECF system and is available to all counsel of record using same.

/s/ Jeanine Kerridge _____