

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.

**PLAINTIFF’S EX PARTE MOTION FOR A TEMPORARY
RESTRAINING ORDER, ASSET FREEZE AND OTHER RELIEF**

Plaintiff United States Securities and Exchange Commission (the “SEC” or “Commission”), pursuant to Rule 65(b) of the Federal Rules of Civil Procedure, and for its *ex parte* motion for a temporary restraining order, an asset freeze and other relief against Defendants Veros Partners, Inc., Matthew D. Haab, Jeffery B. Risinger, Veros Farm Loan Holding LLC, Tobin J. Senefeld, FarmGrowCap LLC, PinCap LLC, and Relief Defendant Pin Financial LLC, states as follows:

1. The SEC filed this case to halt an ongoing offering fraud. Defendants Veros Partners, Inc. (“Veros”), an SEC-registered investment adviser located in Indianapolis, Indiana,

and Matthew D. Haab, its president, have raised at least \$15 million from at least 80 investors. Veros and Haab raised these funds, mostly from Veros' clients, in two separate farm loan offerings. 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 entities controlled by Haab and two associates, Defendants Jeffery B. Risinger and Tobin J. Senefeld.

2. As alleged in the SEC's Complaint, and explained in the accompanying declarations and exhibits, 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.

3. Contrary to these representations, although some investor money was loaned to 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 at least \$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 of investor funds from the 2013 offering to pay off investors in earlier 2012 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 transferred more than \$1.9 million in repayments on farm loans made under the 2013 Offering to repay investors in a 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 \$2.4 million of investor funds 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 million of unpaid investor principal from 2013 and the 2014 bridge loan offerings into the 2014 offering, and raised approximately \$3.7 million in new investor funds.

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.

5. 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.

6. 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 SEC that their only recourse to repay the investors is by fees that 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.

7. Given Defendants' history of misrepresentations and recruiting new investors to pay off old investors, there is a high risk they, through the entities they control, will continue their fraudulent activities unless immediately enjoined from violating the law and soliciting any more investors.

8. The 2014 Offering is just one of at least 28 Veros private offerings that have yet to mature and in which investors are still owed money. As of February 28, 2015, investors were still owed over \$44 million in those offerings, several of which mature this year. There is also a high risk that Haab and his accomplices will try to repay the approximately \$9 million owed to investors on April 30 with funds from the 27 other Veros-managed private offerings that have yet to mature. Haab and Veros control the bank accounts used to handle investor funds in all the Veros private offerings.

9. Furthermore, Haab and Veros are fiduciaries to hundreds of advisory clients and manage approximately \$160 million of client assets entrusted to them. For several years, Haab and Veros have abused that trust and profited at their clients' expense. There is a high risk that Haab and Veros will continue to harm clients whose best interests Veros is supposed to protect.

10. Defendants controlled other entities used them connection with the 2013 and 2014 offerings. They used PinCap LLC (“PinCap”), an entity owned by Veros, Risinger, and Senefeld, to obtain undisclosed fees from investor funds. Defendants transferred some of these fraudulently-obtained fees to Pin Financial LLC (“Pin Financial”), an affiliated entity owned by Senefeld, Risinger, and Veros. PinCap also owned FarmGrowCap until Risinger became the sole owner in 2014.

11. The SEC now brings this *ex parte* motion seeking emergency relief to shut down this offering fraud scheme before it ensnares more victims, to prevent further harm to investors or further dissipation of their assets, and to preserve assets that might be used to repay investors. More specifically, the SEC seeks:

A Temporary Restraining Order enjoining Defendants from violating the securities laws, including Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940, and Rule 206-4(2) thereunder;

and also enjoining all Defendants (except Veros) from soliciting, accepting or depositing any monies from actual or prospective investors;

but prohibiting Veros from soliciting, accepting or depositing any monies from actual or prospective investors in connection with any private offering of securities;

An asset freeze to prevent further dissipation of investor funds and preserve defendants’ and relief defendant’s assets so that such funds are available as remedies in the form of disgorgement and penalties;

The appointment of a receiver over VFLH, FarmGrowCap, and PinCap, and over all of the private offerings in which Veros controls investor funds; and

An accounting and a document preservation order requiring Defendants and the Relief Defendant to provide information to the SEC and Court on an expedited basis to account for all investors funds and preserve evidence relating to this matter.

12. The SEC's proposed Temporary Restraining Order, which also includes proposed orders for the ancillary equitable relief above, is attached as Exhibit A to this motion.

13. Pursuant to Local Rule 65-2, the SEC's factual and legal bases for this motion and the relief it seeks are set forth in the accompanying brief.

14. Along with its brief, the SEC is filing herewith the Declaration of Craig L. McShane, and an Appendix of Exhibits which include investor declarations, transcripts of Defendants' investigative testimony, PPMs, emails, and other documents created by Defendants.

15. The SEC also submits herewith a Rule 65(b) declaration regarding the *ex parte* nature of the SEC's application.

16. The SEC respectfully requests, if a TRO is granted, that it be allowed time to serve copies of a TRO upon banks and other custodians of Defendants' assets before the SEC's *ex parte* filings are made part of the public record.

17. The SEC requests leave of Court to file a motion nominating an SEC approved candidate for a Receiver in this matter, along with a proposed Order Appointing Receiver, which would describe the powers and obligations of the receiver sought by the SEC in this matter.

18. Finally, the SEC requests that this matter be set for a preliminary injunction hearing within the time period provided by Rule 65 of the Federal Rules of Civil Procedure, and that the SEC be permitted, but not required, to file a supplemental brief and evidentiary materials prior to such a hearing.

WHEREFORE, plaintiff U.S. Securities and Exchange Commission respectfully requests that the Court grant this motion, grant the relief requested in the proposed orders attached to this

motion, and grant such other and further relief as this Court deems just and proper.

Dated: April 22, 2015.

Respectfully submitted,

/s/Robert M. Moye

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