

**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. SENEFELD,)
FARMGROWCAP LLC,)
PINCAP LLC, and)

Defendants,)

PIN FINANCIAL LLC,)

Relief Defendant.)

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

**RECEIVER’S MOTION FOR AUTHORITY TO TRANSFER PRIVATE
PLACEMENT, ROCKDALE HOLDING, LLC, TO INVESTOR MEMBERS**

William E. Wendling, Jr., the Receiver herein, by counsel, respectfully seeks the Court’s authority to transfer one of the Private Placements of the Receivership, Rockdale Holding, LLC, to its Investor Members (hereinafter “Investment Members”). In support of this motion, the Receiver States:

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

Temporary Restraining Order [[Filing No. 12](#)].

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

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

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

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

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

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

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

4. The Agreed Order at Paragraph 38, provides that the Receiver “may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.” [[Filing No. 34, at ECF p. 15](#)]

5. In Paragraph 41, the Receiver “is authorized to take all actions to manage, maintain and/or wind down business operations of the Receivership Estates...” [[Filing No. 34, at ECF p. 16](#)].

6. The Agreed Order further provides in Paragraph 44 that “[s]ubject to his obligation to expend receivership funds in a reasonable and cost-effective manner, the Receiver

is authorized, empowered and directed to investigate the manner in which the financial and business affairs of the Receivership Defendants were conducted...” [Filing No. 34, at ECF p. 17]

7. Further, the Receiver is charged with the responsibility to:

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

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

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

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

8. The Investment Members in Rockdale Holding, LLC recently approached the Receiver requesting that this Private Placement be released from the Receivership and from Veros Partners as administrative agent for the Private Placement. The Investment Members have submitted documents prepared by their attorney, including signature pages, which reflect their desire to operate this Private Placement and the necessary legal documents to transfer it to a new entity created by the investors.

9. The Investment Members obtained independent counsel and independent accountants to review and advise them as to their investments and their role in this proposed transaction regarding the legal and tax ramifications. The Investment Members have indicated they are relying upon the advice of their independent agents in making this proposal.

10. Pursuant to the terms of the Agreed Order Appointing Receiver as set forth herein above, the Receiver instructed Blue & Co. to perform an analysis of each Private Placement to determine the status of each and whether there were any concerns regarding that Private Placement. The Receiver and Blue & Co. complied with the Court’s direction. Blue & Co. has

completed its analysis of Rockdale Holding, LLC. Attached hereto and incorporated herein as [Exhibit A](#) is a copy of the correspondence from Blue & Co. indicating that based on the Blue & Co. procedures performed related to Rockdale Holding, LLC, no issues of concern were found or identified.

11. Since his appointment, the Receiver has collected and paid out the following amounts in Rockdale Holding, LLC:

Date	Received from/Paid to	Amount	Purpose
7/23/2015	Rockdale LLC	\$22,500.00	Preferred equity payment
12/4/2015	Rockdale LLC	\$37,532.15	Preferred equity payment
3/16/2016	Rockdale LLC	\$1,600.01	Preferred equity payment
5/13/2016	Rockdale LLC	\$30,867.93	Preferred equity payment
	Total Received/collected	\$92,500.09	
3/31/2016	Campbell Kyle Proffitt LLP	(\$599.14)	Fees allocated per Court's 3/30/16 Order
3/31/2016	Aliign, LLC	(\$26.00)	Fees allocated per Court's 3/30/16 order
5/10/2011	Indiana Dept of Revenue	(\$141.00)	Taxes due
6/9/2016	Indiana Dept of Revenue	(\$14.22)	Additional taxes due
12/13/2016	Cohen Garelick & Glazier	(\$357.79)	Fees allocated per Court's 12/8/16 Order
12/16/2016	Hutchinson, Cox, Coons Orr & Sherlock, PC	(\$8,921.80)	Fees allocated per Court's 12/8/16 Order
	Total Paid to date	(\$10,650.91)	
		\$81,849.18	Balance in Receivership Account

12. Accordingly, The Receiver believes that transferring the Private Placement assets and funds to the Investment Members is appropriate and therefore requests the Court's authority to execute the Release in the form attached hereto as [Exhibit B](#).

13. Legal counsel for the Investment Members will take the lead in preparing the necessary documents to satisfy the legal requirements of the transfer upon the Court's approval of this Motion.

14. As set forth on [Exhibit B](#), the Receiver is entitled to accrued fees from Rockdale Holding, LLC in the amount of \$17,548.44. Pursuant to the Stipulation on Veros Assets filed February 11, 2016 [Filing No. 177], fees in the amount of \$17,548.14 due on behalf of Rockdale Holding, LLC, have already been paid. In addition, pursuant to the Order on said Stipulation entered February 16, 2016, one-half of the \$17,548.14 has already been paid to MainSource Bank [[Filing No. 181](#)]. Therefore, the full balance of \$81,849.18 remaining in the Rockdale Holding, LLC, receivership account shall be paid over to the new manager for Rockdale Holding, LLC, upon the Court's approval of this motion.

15. As shown by the accounting herein above, the Receiver has withdrawn a total of \$10,495.69 in fees (pursuant to the Court's Orders) from this Private Placement. This is \$10,495.69 more than what is owed by this Private Placement as set forth in paragraph 14 above. Accordingly, and as stated in his Quarterly Fee Applications, the Receiver will, at the end of this Receivership, review the allocation of payment of the Receivership fees and expenses among the various Private Placements and will, with Court approval, make any adjustments that may be necessary at that time.

16. Counsel for the United States Securities and Exchange Commission has reviewed this motion and has no objection to the same.

WHEREFORE, the Receiver, by counsel, requests that this Court enter an order approving the transfer of the Private Placement assets and funds to the Investor Members, and authorizing the Receiver to execute all documents necessary to facilitate the transfer of this Private Placement, to sign the Release in the form attached to this motion as Exhibit B, and to distribute the balance remaining in the Receiver's account to the new manager for Rockdale Holding LLC, and for all other proper relief.

Respectfully submitted,

By s/Anne Hensley Poindexter.
Anne Hensley Poindexter, #14051-29
Altman, Poindexter & Wyatt LLC
75 Executive Drive, Suite G
Carmel, IN 46032
Telephone: (317) 350-1000
Fax: (844) 840-3461
Email: apoindexter@apwlawyer.com

Counsel for the Receiver

Certificate of Service

I hereby certify that on January 6, 2017, a copy of the foregoing ***Receiver's Motion For Authority to Transfer Private Placement, Rockdale Holding, LLC, to Investor Members*** was filed electronically. Notice of this filing will be made on all ECF-registered counsel by operation of the Court's electronic filing system. Parties may access this filing through the Court's system.

s/Anne Hensley Poindexter.
Anne Hensley Poindexter, #14051-29
Altman, Poindexter & Wyatt LLC
75 Executive Drive, Suite G
Carmel, IN 46032
Telephone: (317) 350-1000
Fax: (844) 840-3461
Email: apoindexter@apwlawyer.com

EXHIBIT A

CPAs / ADVISORS



Blue & Co., LLC / 12800 N. Meridian Street, Suite 400 / Carmel, IN 46032
main 317.848.8920 fax 317.573.2458 email blue@blueandco.com

December 29, 2016

Mr. William E. Wendling, Jr.
Cohen Garelick & Glazier, P.C.
8888 Keystone Crossing Blvd.
Suite 800
Indianapolis, Indiana 46240

Re: Veros Partners, Inc. Receivership (Case No. 1:15-cv-659-JMS-MJD): Rockdale Holding, LLC

Dear Mr. Wendling:

As set forth in the August 5, 2015 engagement letter between Blue & Co., LLC ("Blue") and your former firm, Campbell Kyle Proffitt, LLP, and now subsequently Cohen Garelick & Glazier, P.C. ("Counsel" or "Receiver"), and as authorized by the United States District Court Southern District of Indiana Indianapolis Division (the "Court"), we have provided certain consulting and analysis in connection with the Veros Partners, Inc. and certain related entities/investments ("Veros") matter referenced above as requested by the Receiver related to certain Veros private placements. The focus of this correspondence is related the Rockdale Holding, LLC ("Rockdale" or "Private Placement"). The procedures performed in connection with this Private Placement did not constitute a formal review, or full-scale forensic investigation, and were limited to the following agreed upon procedures:

1. Obtaining an understanding of the Private Placement by analyzing certain documentation provided to Blue, by Counsel and Receiver;
2. Determining the amount raised by the Private Placement;
3. Identifying the corresponding investors of the Private Placement;
4. To the extent available, analyze the Private Placement monthly bank statements to identify any potential irregularities;
5. Performing any necessary bookkeeping services on behalf of the Private Placement, as performed by Aliign, LLC ("Aliign"), a related entity of Blue; and
6. To the extent identified by Blue or Aliign, note any extraordinary transactions (i.e., deposits, transfers, withdrawals, etc.) or irregularities that may necessitate additional procedures or further investigation, as part of the analysis performed with respect to the Private Placement.

December 29, 2016

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Rockdale - \$600,000

Investment Overview:

- Overview of Private Placement:
Provide private loan to Rockdale LLC to fund the down payment for the renovation and development costs for Rockdale, a 9,192 square foot boutique office space building, located in the Village of Broad Ripple at 6334 Westfield Boulevard. This project will be the first LEED certified commercial building in Broad Ripple.
- Date of Private Placement Memorandum – January 2012
- Timing and Time Horizon: Funds are needed for closing by January 19th. Interest will be paid quarterly once funds are available to be paid to the Lending Group. After 60 months the Lending Group has the option to demand full repayment of principal and unpaid interest.
- Proceeds Raised - \$600,000
- Expected Return - 15.0% gross annual return and 12.5% net annual return after payment of annual management fee on initial investment amount plus 40% of the net proceeds received when, and if, the building is sold.
- Recourse: The investors / lenders were to be secured, and otherwise protected, as follows:
 - This loan is secured by all potential sources of collateral including a personal guarantee from the principal owners and a cash flow distribution preference. In addition there will be a \$50,000 escrow fund established by the principals and held in the Veros to provide further protection to the Lending Group.
 - The appraisal of the proposed building came in at \$1,400,000 once completed and \$1,600,000 once leased up.
- Advisory/Management Fee: As Manager of Rockdale Holding, Veros Partners shall be paid two and one-half (2 ½) percentage points of the fifteen (15) percentage points in Preferred Capital Returns. That is, for every fifteen dollars (\$15) in Preferred Capital Returns, two dollars and fifty cents (\$2.50) shall be paid to Veros Partners and the remaining twelve dollars and fifty cents (\$12.50) shall be allocated to the Members according to their pro-rata ownership of Units. In addition, Veros Partners shall be paid thirteen and one-third percent (13.333%) of any Sale
- Source and Use of Funds - Rockdale Holding intends to invest the proceeds of this to acquire from SWG Investments, LLC the property comprised of 3 buildings located at the address commonly known as 6334 Westfield Blvd, Indianapolis, IN. Other forms of financing, including bank debt secured by a mortgage on the Project, will be required to consummate the acquisition, renovation, operation and liquidation of the Project.
- Investors Noted:
 - **Redact** [REDACTED] ■ [REDACTED]
 - [REDACTED] ■ [REDACTED]
 - [REDACTED] ■ [REDACTED]
 - [REDACTED] ■ [REDACTED]
 - [REDACTED] ■ [REDACTED]

- Individual bank accounts were provided for the period July 2012 through April 2015 (for MainSource Account xxxx096), it appears the following payment were made to investors:

HH ID	<u>12/27/12</u>	<u>5/6/14</u>	<u>9/4/14</u>	<u>10/21/14</u>	<u>1/20/15</u>	<u>4/13/15</u>	<u>Total</u>
93	1,736.11	432.85	945.86	4,414.60	1,037.18	328.83	8,895.43
262	3,472.22	865.70	1,891.72	8,829.19	2,074.36	657.67	17,790.86
1089	3,472.22	865.70	1,891.72	8,829.19	2,074.36	657.67	17,790.86
71	3,472.22	865.70	1,891.72	8,829.19	2,074.36	657.67	17,790.86
151	5,208.33	1,298.55	2,837.57	13,243.79	3,111.54	986.50	26,686.28
193	3,472.22	865.70	1,891.72	8,829.19	2,074.36	657.67	17,790.86
344	8,680.56	2,164.25	4,729.29	22,072.98	5,185.89	1,644.17	44,477.14
1080	5,208.33	1,298.55	2,837.57	13,243.79	3,111.54	986.50	26,686.28
251	3,472.22	865.70	1,891.72	8,829.19	2,074.36	657.67	17,790.86
259	3,472.22	865.70	1,891.72	8,829.19	2,074.36	657.67	17,790.86
	8,333.35	2,077.67	4,540.09	21,190.06	4,978.44	1,578.42	42,698.03
Total	<u>50,000.00</u>	<u>12,466.07</u>	<u>27,240.70</u>	<u>127,140.36</u>	<u>29,870.75</u>	<u>9,470.44</u>	<u>256,188.32</u>

- Aliign bookkeeping items noted
 - Aliign assisted Counsel in setting up the Private Placement's bookkeeping in QuickBooks™. As part of these procedures, no irregularities or concerns (beyond various instances of minor transaction / line item detail presentation noted with Counsel), no material issues were identified.
- Other items noted with respect to Private Placement
 - None

It is important to note, that while the scope of the analysis and agreed upon procedures to be performed by Blue and Aliign was not restricted by any of the parties, the Receiver requested that any such analysis and procedures be performed in the most cost-efficient manner with the investor group's financial interest in mind. In doing so, while in certain instances Blue and Aliign may have identified transactions or line items that we would otherwise have investigated (or traced) further, given the request of Counsel and the Receiver, we have noted such instances with the Receiver and Counsel and foregone any additional procedures. It is important to note, that any of these such instances were immaterial in nature, and likely not reason to raise further concern or issue with respect to the Private Placement.

December 29, 2016

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As previously noted, the procedures and analyses set forth within this correspondence and as performed by Blue and Aliign, do not constitute a full-scale forensic review, or a fairness opinion with respect to the Private Placement. To the extent additional procedures had been performed, our findings may have been different. As set forth above, and limited to the agreed upon procedures outlined previously specific to this Private Placement, we have not noted any risks (beyond those included in the Private Placement's offering memorandum and related literature, as prepared by Veros and their representatives), irregularities, or concerns beyond those set forth in this correspondence with respect to Rockdale.

Regards,

Blue & Co., LLC

Blue & Co., LLC

EXHIBIT B

AGREEMENT AND RELEASE REGARDING MANAGEMENT FEES

THIS AGREEMENT AND RELEASE REGARDING MANAGEMENT FEES (hereinafter this “Agreement”) is made effective as of the ___ day of _____, 20___ (the “Effective Date”), by and among Rockdale Holding, LLC, an Indiana limited liability company (the “Company”), the undersigned individual members of the Company (each, a “Member” and collectively, the “Members”) and Veros Partners, Inc., an Indiana corporation (the “Manager”) (the Company, the Members and the Manager are hereinafter referred to together as the “Parties” and each as a “Party”), and is consented to by William E. Wendling, Jr., as the court-appointed receiver (the “Receiver”) of the Manager.

RECITALS

A. The Manager serves as the manager of the Company pursuant to the Operating Agreement of the Company dated as of January 23, 2012 (the “Operating Agreement”).

B. The Parties have agreed that the Manager will cease to serve as the manager of the Company as of the Effective Date, and desire to provide for the payment of any and all fees and compensation accrued and payable to the Manager under the Operating Agreement as of the Effective Date, and to provide mutual releases against one another with respect to any claims for fees or compensation under the Operating Agreement arising from or related to the Manager’s performance of its duties or obligations as manager of the Company.

AGREEMENT

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Cessation of Manager Duties. The Parties agree that the Manager shall cease to serve as the manager of the Company as of the Effective Date. As of the Effective Date, the Manager shall have no further duties, responsibilities or obligations to the Company or its members as manager of the Company pursuant to the Operating Agreement.
2. Compensation of Manager. The Parties agree that as of the Effective Date, the Manager has been paid in full all fees and compensation due and owing to the Manager in its capacity as manager of the Company pursuant to the Operating Agreement. The Manager acknowledges and agrees that it has received all fees and compensation to which it is entitled or which is due and owing to it in its capacity as manager of the Company pursuant to the Operating Agreement, and that it is not entitled to receive, nor shall it make any claim whatsoever in the future to receive, any further fees or compensation under the Operating Agreement.

3. Mutual Release. Each Party hereby forever releases, discharges, waives and relinquishes the other Parties hereto and William E. Wendling, Jr., as Receiver, and his agents from any and all claims, demands, obligations, costs, expenses, liabilities and causes of action of every kind and nature whatsoever, with respect to (i) any fees or compensation arising from or related to the Manager's performance of its duties or obligations as manager of the Company pursuant to the Operating Agreement and (ii) the Receiver's duties and obligations set forth in the Agreed Order Appointing Receiver in United States Securities and Exchange Commission v. Veros Partners, et al, under cause number 15-cv-659-JMS-MJD.
4. No Reliance. Each Party hereto represent as follows: (i) this Agreement is the complete agreement between them, and the only agreements, understandings, representations or promises relating to this Agreement are those expressly stated in this document; (ii) they are not relying upon any statements, understandings, representations, expectations, or agreements other than those expressly set forth in this Agreement; (iii) they have been represented and advised by counsel in connection with this Agreement, which they make voluntarily and of their own choice, and not under coercion or duress; (iv) they are relying upon their own knowledge and the advice of counsel; (v) they knowingly waive any claim that this Agreement was induced by any misrepresentation or nondisclosure which could have been or was discovered before signing this Agreement; and (vi) they knowingly waive any right to rescind or avoid this settlement based upon presently existing facts, known or unknown or any breach of this Agreement.
5. Further Assurances. The Parties agree to execute such additional documents, and perform such further acts, as may be reasonably necessary to effectuate the purpose of this Agreement.
6. Binding Upon Successors. This Agreement is binding upon each of the Parties, their successors, assigns, heirs and personal representatives, and this Agreement shall inure to the benefit of each of the Parties, their successors, assigns, heirs and personal representatives.
7. Choice of Law. This Termination shall be governed by and construed in accordance with the laws of the State of Indiana without regard to principles of conflicts of law.
8. Severability. If any provision, term, or portion of any provision or term of this Agreement shall be held invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining terms, provisions or portions of provisions and terms of this Agreement shall not be impaired thereby.
9. Counterparts. This Agreement may be executed in counterparts, and by each of the parties on separate counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one in the same instrument.

10. Authorization. Each Party represents and certifies that (i) such Party is fully empowered to execute and deliver this Agreement, and (ii) all necessary organizational action for the execution of this Agreement has been taken and done.

[Signature pages to follow.]

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. SENEFELD,)
FARMGROWCAP LLC,)
PINCAP LLC, and)

Defendants,)

PIN FINANCIAL LLC,)

Relief Defendant.)

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

**ORDER APPROVING RECEIVER’S MOTION TO TRANSFER PRIVATE
PLACEMENT ROCKDALE HOLDING, LLC TO INVESTMENT MEMBERS**

WHEREAS this matter has come before this Court upon the Receiver’s Motion to Transfer Private Placement, requesting approval of the transfer of Rockdale Holding, LLC Private Placement assets and funds to the Investment Members, and requesting authorization for the Receiver to sign all documents necessary to facilitate the transfer of Rockdale Holding, LLC Private Placement, to sign the Release in the form attached to Receiver’s motion as Exhibit B, and to release the balance of funds in the Receiver’s Rockdale Holding LLC bank account to the new manager for Rockdale Holding, LLC;

WHEREAS the Court finds that the Receiver has complied with his duties and obligations as set forth in the Agreed Order Appointing Receiver as to this Private Placement; and

WHEREAS, the Court finds that the Receiver's proposed transfer of the Rockdale Holding, LLC Private Placement assets and funds to the Investment Members is reasonable; and

WHEREAS, the Court further finds that the release of the funds in the Receivership bank account for Rockdale Holding, LLC Private Placement to the new manager for Rockdale Holding, LLC, is reasonable;

IT IS THEREFORE ORDERED THAT:

The Receiver's Motion to Release Private Placement is hereby approved, and the Receiver is authorized to:

1. Execute all documents necessary to facilitate the transfer of this Private Placement assets and funds and to sign the Release in the form attached to Receiver's motion as Exhibit B;
2. To release the balance of funds (\$81,849.18) in the Receiver's Rockdale Holding, LLC bank account to the new Manager for Rockdale Holding LLC, and thereafter to close said bank account.

Dated: _____

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

Distribution:

All ECF-registered counsel of record via email generated by the court's ECF system