

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, STADIUMRED, TO INVESTMENT MEMBERS**

William E. Wendling, Jr., the Receiver herein, by counsel, respectfully seeks the Court’s authority to transfer Private Placement, Stadiumred, 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 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](#)]

4. 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](#)]

5. 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](#)]

6. The Investment Members in the Stadumred Private Placement have requested the Receiver to release this Private Placement from the Receivership and transfer it to the Investment Members.

7. The Investment Members have 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. A spokesman for the Investment Members indicated the Investment Members are relying upon the advice of their independent agents in making this proposal.

8. 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 the Stadiumred Loan. 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 the Stadiumred Loan, no issues of concern were found or identified.

9. Pursuant to the Private Placement Memorandum, the purpose of this Private Placement was to provide a loan to the Stadiumred group of companies consisting of Stadiumred, Inc., a Delaware Corporation, and Stadiumred Life, LLC; Stadiumred Live, LLC; Stadiumred Music, LLC; and Stadiumred Studies, LLC. In April 2016, the Receiver notified the Stadiumred investors that the borrower had defaulted on its obligation to pay its March 2016 interest payment, and provided information from the borrower regarding the same. Thereafter, the Receiver demanded payment from the borrower, and continued corresponding with the borrower and his counsel regarding the default and the borrower's inability to cure the default.

10. On July 13, 2016, the Receiver met with the Stadiumred investors in person and by phone to discuss the status of this Private Placement and the actions of the Receiver in that regard. As a result of that meeting, an action plan was created and implemented. Attached hereto

as [Exhibit B](#), is a copy of the Receiver's email to the Investment Members dated December 12, 2016, setting forth the steps taken by the Receiver to obtain information and payments pursuant to the action plan, and the Receiver's and his counsel's opinion regarding the legal position taken by the borrower and his counsel. The Receiver stated his recognition and appreciation for the Investors' concerns about incurring any additional fees in attempting to collect on this loan and further stated his understanding that the Investment members desire to pursue whatever remedies are available to them independently from the Receivership. The Receiver requested each and every investor to respond to the Receiver in writing no later than December 27, 2016, stating whether they do, or do not, approve of this transfer.

11. As of December 27, 2016, every investor has responded in writing to the Receiver approving of and requesting the transfer of the Stadiumred Private Placement out of the Receivership. Accordingly, the Receiver is satisfied that the investment members have full knowledge and understanding of their situation and are capable of proceeding in the collection efforts.

12. At the time the Receiver took over the bank account related to this Private Placement, there was \$7.53 in the account. The Receiver certifies that no additional funds have been received since that time, nor has the Receiver made any payments or deductions from that account. Therefore, there remains \$7.53 in the Receivership account for this Private Placement.

13. Accordingly, the Receiver believes that transferring the Private Placement assets to the Investment Members is appropriate, and therefore requests the Court's authority to execute all legal forms necessary, including a Release and/or Termination of Intercreditor & Administrative Agent Agreement, to accomplish the transfer.

14. Upon the Court's approval of this Motion, the Receiver shall transfer the sum of

\$7.53 presently in the Receiver's Stadiumred account to the Investment Members.

15. 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 Stadiumred Private Placement assets to the Investor Members, and authorizing the Receiver to execute all documents necessary to facilitate the transfer of this Private Placement, including a Release and/or Termination of Intercreditor & Administrative Agent Agreement, approving the Receiver transferring the \$7.53 which is presently in the Receiver's Stadiumred account to the Investment Members, 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: apointexter@apwlawyer.com

Counsel for the Receiver

Certificate of Service

I hereby certify that on January 17, 2017, a copy of the foregoing ***Receiver's Motion for Authority to Transfer Private Placement Stadiumred to Investment 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: apointexter@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): Stadiumred Loan

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 Stadiumred Loan (“Stadiumred” 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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Stadiumred Loan - \$1,100,000

Investment Overview:

- Overview of Private Placement:
Provided a private loan to the Stadiumred group of companies (Stadiumred, Inc.; Stadiumred Life, LLC; Stadiumred Live, LLC; Stadiumred Music, LLC; Stadiumred Studios, LLC; collectively referred to as “Stadiumred”). The Stadiumred companies are all Delaware-registered companies doing business in New York City, and was founded in 2007. Stadiumred is managed by its founder, CEO, and majority owner Claude Zdanow. The COO (and owner) is Marc Zdanow. Stadiumred is a combination of four music industry business segments:
 - recording studios,
 - music artist development and management,
 - music-based event promotion and marketing, and
 - music technology.
- Date of Private Placement Memorandum – February 2014
- Timing and Time Horizon: This Private Placement relates to the offering and sale by Stadiumred, with the assistance of PIN Financial , LLC, of secured loans in the aggregate principal amount of \$1,100,000. Closing of the offering was to be on or before February 28, 2014.
- Proceeds Raised - \$1,100,000
- Expected Return - 12.0% per annum gross interest paid on the outstanding principal balance of the Loans to Stadiumred. Interest accrues from the date of the closing (and each subsequent capital pay-in date), regardless of when Stadiumred draws down amounts of the Loan. Payment is due at the final maturity date (February 15, 2018). The loan agreement includes a contingent / bonus interest payment that will reward investors if the existing core Stadiumred businesses and / or the above-referenced software development project perform well.
- Recourse: The investors / lenders were to be secured, and otherwise protected, as follows:
 - Security interest / lien on recording studio equipment
 - Guaranty by Stadiumred’s founder, majority owner, and CEO, Claude Zdanow, and, on a limited basis, by Marc Zdanow, owner and COO of Stadiumred.
 - Both Claude Zdanow and Marc Zdanow have signed long-term employment agreements with non-competition provisions in favor of Stadiumred
 - Assignment of key man life insurance policy insuring Claude Zdanow in the amount of \$1,500,000 face value / death benefit.

December 29, 2016

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- Individual bank accounts were not provided for this placement; based on information produced (Veros Partners spreadsheets), it appears the following payment was made to investors on March 20, 2015:

HH ID	Interest Portion of PMT	Interest to be Repaid	Prncpl to be Repaid
244	5,616.82	164.39	50,000.00
164	2,808.41	82.19	25,000.00
26	10,850.97	328.76	100,000.00
44	5,616.82	164.39	50,000.00
1145	2,808.41	82.19	25,000.00
151	5,616.82	164.39	50,000.00
175	2,808.41	82.19	25,000.00
97	5,161.65	164.38	50,000.00
212	2,079.45	82.19	25,000.00
1078	9,567.12	328.77	100,000.00
344	22,467.30	657.52	200,000.00
1080	11,233.65	328.76	100,000.00
1	5,616.82	164.39	50,000.00
299	2,808.41	82.19	25,000.00
236	2,808.41	82.19	25,000.00
251	5,420.05	164.39	50,000.00
150	4,873.64	164.38	50,000.00
152	5,616.82	164.39	50,000.00
259	5,420.05	164.39	50,000.00
	119,200.03	3,616.44	1,100,000.00

- Align bookkeeping items noted
 - Align 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

December 29, 2016

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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.

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 StadiumRed.

Regards,

Blue & Co., LLC

Blue & Co., LLC

From: [William Wendling](#)
To: Redact
Cc: [Anita Haworth](#); [Anne Poindexter](#)
Subject: SEC v Veros - Stadiumred - Please respond by 12/27/16
Date: Monday, December 12, 2016 2:30:04 PM
Importance: High

Notice to Stadiumred Investors:

The purpose of this Notice is to bring you up to date regarding the status of Stadiumred.

Pursuant to the action plan discussed at our last meeting, Mrs. Poindexter sent out a number of subpoenas requesting information from Stadiumred and its owners as well as a demand for payment of the loan. Stadiumred has not responded to our demand. In addition, some of the subpoenas that Mrs. Poindexter sent out were returned unclaimed. We recently received a letter from their counsel which takes the position that the Receiver has no authority to call the note and challenges the way in which the subpoenas were served. Mrs. Poindexter and I believe they are wrong, and are we are prepared to challenge their legal positions.

However, I recognize and appreciate your concerns about the Receivership incurring additional fees. Consequently, I am reluctant to enter into litigation against Stadiumred which will incur additional Receivership fees and expenses, especially when several investors have stated you are looking for counsel in New York to pursue this litigation.

Therefore, I need to know whether it is the Investors' (your) desire for me to move forward against Stadiumred or whether you desire to have this Private Placement transferred to an Investor group so that you can pursue this matter on your own.

Please respond to me on or before December 27, 2016, and state: 1) whether you want me to pursue this matter; or 2) whether you want to have Stadiumred transferred out of the Receivership to an investor group so that you can pursue this matter on your own.

Thank you in advance for your prompt attention to this matter.

Sincerely,

William E. Wendling, Jr., Receiver

William E. Wendling, Jr.

COHEN GARELICK & GLAZIER, P.C.

8888 Keystone Crossing Blvd., Suite 800

Indianapolis, IN 46240-4636
Main: (317) 573-8888 ext. 254
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Paralegal: Anita G. Haworth, RP[®], CEDS (ahaworth@cgglawfirm.com)
Legal Assistant: Lisa A. Clouse (lclouse@cgglawfirm.com)

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

_____)
 UNITED STATES SECURITIES)
 AND EXCHANGE COMMISSION,)
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 Plaintiff,)
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 v.)
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 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 STADIUMRED TO INVESTMENT MEMBERS**

WHEREAS this matter has come before this Court upon the Receiver’s Motion to Transfer Private Placement Stadiumred, requesting approval of the transfer of the Stadiumred assets to the Investment Members, and authorizing the Receiver to sign all documents necessary to facilitate the transfer of Stadiumred and to sign a Release and/or Termination of Intercreditor & Administrative Agent Agreement, and to transfer the sum of \$7.53 from the Receiver’s Stadiumred account to the Investment Members;

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 Stadiumred assets to the Investment Members is reasonable; and,

WHEREAS, the Court further finds that the Receiver transfer the sum of \$7.53 presently held in the Receiver's Stadiumred account, to the Investment Members;

IT IS THEREFORE ORDERED THAT:

The Receiver's Motion for Authority to Transfer the Stadiumred Private Placement is hereby approved. The Receiver is authorized to execute all documents necessary to facilitate the transfer of this Private Placement's assets, including a Release and/or Termination of Intercreditor & Administrative Agent Agreement and to transfer the \$7.53 remaining in the Stadiumred Receivership bank account to the Investment Members.

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