

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Plaintiff,

v.

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

VEROS PARTNERS, INC,
MATTHEW D. HAAB,
JEFFERY B. RISINGER,
VEROS FARM LOAN HOLDING LLC,
TOBIN J. SENEFELD,
FARMGROWCAP LLC,
PINCAP LLC, and

Defendants,

PIN FINANCIAL LLC,

Relief Defendant.

**RECEIVER’S MOTION FOR AUTHORITY TO TRANSFER PRIVATE
PLACEMENT, BLUE CROP GROUP, 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, Blue Crop Group, 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 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 Blue Crop Group, LLC approached the Receiver requesting that this Private Placement be released from the Receivership and from Veros

Partners as administrative agent for the Private Placement and from Pin Cap the manager of the Blue Crop Group, LLC Private Placement.

7. During the course of the Receivership a number of other Veros Private Placements have been transferred to the Investment Members to be self-managed. These transfers have occurred after the Investment Members obtained independent counsel and independent accountants to review and advise them as to their investments and their role regarding the legal and tax ramifications. The Investment Members in this instance and others have indicated they 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 in respect to any improper use of funds invested or paid. The Receiver and Blue & Co. complied with the Court's direction. Blue & Co. has completed its analysis of Blue Crop Group, 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 Blue Crop Group, LLC, no issues of financial concerns were found or identified.

9. The transfer of this private placement differs from the previous requests in three respects:

- a. In all the other court-approved transfers, the Investor Members were unanimous in the request. In Blue Crop Group, there was one Investment Member that objected and specifically requested that Blue Crop Group, LLC remain in the Receivership under the Receiver's control. However, that

matter has now been resolved by negotiated assignment of investors' interests. The terms of the negotiated assignment are conditional and require satisfaction of the conditions no later than February 28, 2017, however. One of those conditions which must be satisfied no later than February 28, 2017, is this Court's approval of this Motion and Entry of the accompanying Proposed Order.

- b. Next, there are three separate investments under the umbrella of this private placement wherein two investments have different repayment schedules and remedies in the event of default by the borrower.
- c. The final difference is that Blue Crop Group, LLC own assets, namely real estate. The other Veros private placements do not own assets.

10. For the Court's benefit, the following paragraphs provide a description of Blue Crop Group, LLC's, history and present situation.

11. The three Blue Crop Group's investments are:
- a. the Blue Crop Group LLC Interim Secured Loans to Facilitate the Acquisition of "Midwest Blueberry Farms" in Holland, Michigan, (hereinafter "Midwest") (20 investors);
 - b. the Blue Crop Group LLC Interim Secured Loans to Facilitate the Acquisition of "Heritage Blueberry Farms" in Holland, Michigan (hereinafter "Heritage") (7 investors); and,
 - c. the Blue Crop Group LLC Secured Loans to Refinance the Acquisition of "Midwest Blueberry Farms" and "Heritage Blueberry Farms" in Holland,

Michigan (hereinafter “Refinance private placement” or “Refinance”) (45 investors).

12. These private placements involve a blueberry farm operation based in the southeastern Michigan town of Grand Junction, named “True Blue Berry Management, LLC” (“Blue Berry Farms”).

13. The defendants had been doing financial business with Blue Berry Farms for a number of years by providing various operating loans through private placements. During the course of doing business with Blue Berry Farms, it came to the attention of the Defendants that Blue Berry Farms wanted to acquire two additional blueberry farming operations that were very close in proximity to its farming operation in Michigan. Those farms are known as the Midwest Blueberry Farm and the Heritage Blueberry Farm.

14. The Blue Berry Farms owners did not have the capital to buy these farms. The Defendants saw an investment opportunity and created an entity called Blue Crop Group, LLC. The Defendants sought investors to fund Blue Crop Group, LLC to facilitate the purchase of the Midwest and Heritage farms. Blue Crop Group, LLC would then lease those farms to Blue Berry Farms on a long-term basis. Initially, two investment groups, under the umbrella of Blue Crop Group, LLC were created to purchase the Midwest and Heritage farms. One group was named Blue Crop Group LLC Interim Secured Loans to Facilitate the Acquisition of Midwest Blueberry Farms’ in Holland, Michigan and the other group was called Blue Crop Group LLC Interim Secured Loans to Facilitate the Acquisition of Heritage Blueberry Farms in Holland, Michigan.

15. These two interim investment groups were fully funded and purchased the real estate in July and September of 2014. The lifespan of the two interim investment groups was to be short. In fact, the Blue Crop Group, LLC plan was fund a third investment group to repay these

interim investors no later than mid-November 2016. The third investment group was named the Blue Crop Group LLC Secured Loans to Refinance the Acquisition of Midwest Blueberry Farms and Heritage Blueberry Farm in Holland, Michigan (Refinance Investment Group) This group needed to raise approximately \$10,000,000 to repay, with interest, the interim Investor Members and other expenses Blue Crop Group, LLC incurred to purchase the two farms.

16. Blue Crop Group, LLC started the process of finding investors to fund the Refinance Investment Group. It raised \$5,000,000 of the \$10,000,000 it needed. However, when the SEC filed its complaint, the Defendants were no longer able to seek investors to complete the funding needs of the Blue Crop Group, LLC private placement. The failure to raise the full \$10,000,000 adversely affects the ability of the Refinance investors to complete the transactions with the interim investors of the two farms.

17. The \$5,000,000 raised was used to make partial payment to the Midwest Interim Investment Members. No repayment was made to the Heritage Interim Investment Members.

18. If not fully repaid by mid-November 2016, the interim investors can take certain actions to collect on their investment which will adversely affect the operations of Blue Berry Farms. It also significantly jeopardizes repayment to the Refinance Investment Group.

19. Both the interim and refinance investors recognized the financial problems that would occur if the funding of the refinancing investor group could not be completed. A group of Blue Crop Group, LLC Investor Members met with the Receiver early in the Receivership and indicated that they were interested in completing the Refinance funding. Since that time, the Receiver and Investment Members have been working together to accomplish that goal.

20. The Receiver was notified by one of the investors that the Investment Members had worked out a financial resolution to the funding issue that was acceptable to all but one of the

interim investors. In essence, the interim Investment Members agreed to extend their loans for a period of time that coincides with the terms of the Refinance investors. In addition, the Blue Crop Group Investment Members have agreed that the Receiver can retain \$400,000 from the Receivership bank account for Blue Crop Group, LLC, so the Receiver can pay certain financial obligations of Blue Crop Group, LLC. (This includes funds owed to FarmGrowCap investors due to the fact that Veros Partners used FarmGrowCap money to help purchase the farms. Also, Blue Crop Group, LLC owes money to PinCap as reimbursement for monies it used to help Blue Crop Group, LLC to purchase the property.)

21. The Receiver sent an email to each of the Investor Members informing them of the basic plan for moving Blue Crop Group, LLC from the Receivership to investor managed investment. A request was made to each investor to notify the Receiver as to whether he/she agreed, disagreed or needed more information about the plan. Initially, all but one investor responded that they understood the plan and wanted the Receiver to move forward with the procedure to transfer Blue Crop Group, LLC to the Investment Members. However, counsel for the investor who expressed concern has notified the Receiver that the concern has been resolved pursuant to the settlement agreement referenced in paragraph 9(a) of this Motion. Accordingly, all investors now agree to this transfer. A copy of the Receiver's September 27, 2016, email to the investors is attached hereto as [Exhibit B](#).

22. The Investment Members hired an attorney to draft all legal documents necessary to maintain the organization of Blue Crop Group, LLC., and legal documents terminating its relationship with Veros Partners and PinCap, LLC. The Investment Members have also hired an accounting firm to assist in the management of the Blue Crop Group, LLC, which includes the preparation of annual Federal and State tax filings.

23. In addition to the above, the Receiver believes it is important for the Court, the investors, and all counsel to know that the Receiver, pursuant to this obligations and responsibilities as Receiver in this matter, investigated and pursued other avenues of finding ways to complete the funding of the Refinance investment group. Further, the Receiver spoke with Blue Berry Farms itself and with another entity who both expressed interest in purchasing the farms and paying off the loans. The Receiver was making progress with a potential sale, but has been informed that the Investors prefer to remove this private placement from the Receivership and move forward with their own plan.

24. Since his appointment, the Receiver has collected and paid out the following amounts in Blue Crop Group, LLC:

Blue Crop Group LLC - National Bank of Indianapolis, Acct No. 1575976			
	Date Receiver Appointed:	5/1/2015	
Date	Received from/Paid to	Amount	Purpose
6/15/2015	True Blue Berry Mgmt LLC	\$852,000.00	Real Estate and equipment lease payment due 6/15/15 from TBF Midwest Farms
6/15/2015	True Blue Berry Mgmt LLC	\$210,000.00	Real Estate and equipment lease payment due 6/15/15 from TBF Heritage Farms
6/19/2015	WOK Land Company	(\$76,529.00)	Heritage Farms mortgage payment
6/19/2015	MBF Properties, LLC	(\$422,738.00)	Midwest Blueberry Farms mortgage payment
6/30/2015	MainSource Bank	\$36,184.13	Closeout of escrow account and transfer to Receivership
7/15/2015	Marcia Losco IRA	(\$30,000.00)	Return of uninvested funds as not timely received to participate in Blue Crop Group investment
7/23/2015	Macatawa Bank	\$14,610.34	Closeout of account and transfer to Receivership
7/23/2015	Keilen Law	(\$375.00)	Fees and expenses for recording of BCG mortgages in Michigan

8/27/2015	Campbell Kyle Proffitt LLP	(\$16,565.49)	1st Quarter fees allocated per Court's 8/26/15 order
9/23/2015	First Farmers Bank & Trust	(\$250,000.00)	Loan payment due per Loan Modification Agreement and Court's order of 9/8/15
11/9/2015	Campbell Kyle Proffitt LLP	(\$8,311.27)	2nd Quarter fees allocated per Court/s 11/9/15 order
12/29/2015	First Farmers Bank & Trust	(\$75,000.00)	2nd installment payment due under Loan Modification Agreement
12/30/2015	True Blue Berry Mgmt LLC	\$354,000.00	Heritage and Midwest Farms lease payments
4/1/2016	Campbell Kyle Proffitt LLP	(\$3,362.35)	3rd Quarter fees allocated per Court's 3/30/16 order
4/13/2016	Blue & Co.	(\$2,812.32)	3rd Quarter fees allocated per Court's 3/30/16 order
6/9/2016	Corporation Service Company	(\$630.66)	Annual registered agent fees: Blue Crop Group and FGC Midwest Blueberry Real Estate LLC
6/15/15 to 06/27/16	National Bank of Indianapolis	(\$329.00)	Bank fees (incoming wire transfer 4 at \$15 ea, outgoing wire transfer 5 at \$50 ea, \$19 - checks ordered,
6/27/2016	WOK Land Company	(\$76,529.00)	Heritage Farms mortgage payment
6/27/2016	MBF Properties, LLC	(\$422,738.00)	Midwest Blueberry Farms mortgage payment
6/28/2016	True Blue Berry Mgmt LLC	\$1,062,000.00	Heritage and Midwest Farms lease payments
6/28/2016	First Farmers Bank & Trust	(\$250,010.00)	3rd installment payment due under Loan Modification Agreement +\$10 incoming wire fee
6/29/2016	Corporation Service Company	(\$375.00)	Change of registered agent fees and costs: FGC Midwest Blueberry Real Estate LLC
12/12/2016	Cohen Garelick & Glazier	(\$4,989.45)	Fees allocated pursuant to Court's 12/8/16 Order
12/15/2016	Blue & Co., LLC	(\$59,048.60)	Fees allocated pursuant to Court's 12/8/16 Order
12/19/2016	Aliign, LLC	(\$4,465.00)	Fees allocated pursuant to Court's 12/8/16 Order

12/22/2016	Altman, Poindexter & Wyatt LLC	(\$27,192.74)	Fees allocated pursuant to Court's 12/8/16 Order
12/27/2016	First Farmers Bank & Trust	(\$75,000.00)	4th installment payment due under Loan Modification Agreement
1/3/2017	True Blue Berry Mgmt LLC	\$355,250.00	Heritage and Midwest Farms lease payments due December 31, 2016 (a Saturday, so were received the next open business day)
1/3/2017	National Bank of Indianapolis	(\$15.00)	Bank fee: Incoming wire fee
		\$1,077,028.59	Balance remaining in account
	Total Income	\$2,884,044.47	
	Total deductions	(\$1,807,015.88)	
		\$1,077,028.59	01/16/17 Balance remaining
	Less	(\$400,000.00)	To be retained by Receiver to pay certain financial obligations of Blue Crop Group
		\$677,028.59	Balance to be distributed to Blue Crop Group

25. Based on the request of the investors and the assurances of their counsel that they have resolved all issues related to the transfer of this Private Placement, 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 legal documents necessary to transfer this Private Placement to the Investment Members. The execution of these documents does not constitute a conveyance of this investment to a new entity.

26. The Receiver is entitled to accrued fees from Blue Crop Group LLC in the amount of \$53,151.77. However, Pursuant to the Stipulation on Veros Assets filed February 11, 2016 [[Filing No. 177](#)], fees in the amount of \$53,151.77 due on behalf of Blue Crop Group LLC, have already been paid. In addition, pursuant to the Order on said Stipulation entered February

16, 2016, one-half of said amount has already been paid to MainSource Bank [[Filing No. 181](#)]. Therefore, the Receiver shall transfer \$677,028.59 from the Blue Crop Group, LLC, receivership account (\$1,077,028.59 less the \$400,000 to be retained by the Receiver), to the manager for Blue Crop Group, LLC, upon the Court's approval of this motion.

27. To date, the Receiver has withdrawn a total of \$126,747.22 in fees from this private placement receivership bank account pursuant to the Court's Orders, which is amount is over and above that amount owed by this Private Placement pursuant to the Private Placement Memorandum and loan documents. As set forth in his Quarterly Fee Applications, 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.

28. Legal counsel for the Investment Members has completed the preparation of all the necessary documents to satisfy the legal requirements of the transfer upon the Court's approval of this motion.

29. If the Court approves and orders the transfer of this private placement to the Investment Members, the Receiver will retain \$400,000 for payment of certain Blue Crop Group, LLC financial obligations as set forth in paragraph 20 above and will release the balance of \$677,028.59 from the Receivership Blue Crop Group, LLC, checking account to the manager of Blue Crop Group, LLC.

30. 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 Blue Crop Group, LLC, to the Investment Managers and authorizing

the Receiver to execute all documents necessary to facilitate the transfer of this Private Placement, and to retain \$400,000 for payment of certain Blue Crop Group, LLC financial obligations from the receivership Blue Crop Group LLC checking account and release the balance of \$677,028.59 to the manager of Blue Crop Group, 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: apindexter@apwlawyer.com

Counsel for the Receiver

Certificate of Service

I hereby certify that on February 13, 2017, a copy of the foregoing *Receiver's Motion for Authority to Transfer Private Placement Blue Crop Group, 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
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Fax: (844) 840-3461
Email: apindexter@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

January 20, 2017

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): Blue Crop Group and Related Placements*

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 to Blue Crop Group LLC Midwest Interim Secured Loans (“Midwest Interim”), Blue Crop Group LLC Heritage Interim Secured Loans (“Heritage Interim”), and Blue Crop Group LLC Heritage & Midwest Refinance Loan (“H&M Refinance”). 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.

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Blue Crop Group LLC: Midwest Interim Secured Loans - \$5,480,000

Investment Overview:

- Overview of Private Placement:
 Blue Crop Group LLC (“Blue Crop”) is an Indiana limited liability company that owns two other formed Indiana limited liability companies that planned to acquire Midwest Blueberry Farms in Holland, Michigan (“Midwest”).

Blue Crop is owned one-third each by Mr. Tobin Senefeld, Mr. Jeff Risinger, and Veros Partners, Inc. PIN Financial LLC has the same ownership structure as Blue Crop.

Midwest is a third generation blueberry farm that (a) grows blueberries on approximately 260 owned acres (with another 45 acres prepped for planting that will be planted within the next 12 months), and (b) processes its blueberries, primarily for the fresh (as opposed to the frozen) market at its own processing and storage facility.

The purchase price for Midwest was \$13,600,000, payable \$6,290,000 in cash and \$7,310,000 payable by promissory note (30-year amortization; 10-year balloon term; 3% per annum interest for the first 5 years and 4% per annum for the final 5 years). The purchase was required to be completed by July 1, 2014. The table below summarizes the acquisition

		Source
Purchase Price:	\$ 13,600,000	
Downpayments:	\$ 60,000	PIN Financial LLC
Seller Note:	\$ 7,310,000	
Bank Loan:	\$ 750,000	First Farmers Bank & Trust
Investor Loan:	\$ 5,480,000	
Total Sources:	\$ 13,600,000	

FGC Midwest Blueberry Real Estate LLC (“Real Estate LLC”), which is wholly-owned by Blue Crop, purchased the real estate of Midwest (blueberry fields and processing facility). FGC Midwest Blueberry Equipment LLC (“Equipment LLC”), which is also wholly-owned by Blue Crop, purchased the stock of Midwest Blueberry Farms, Inc., which company owns all of the equipment used in the Midwest farming and processing activities.

- Note Total Purchase Price for Midwest Blueberry Farms, Inc. Stock was \$2,525,135.79 as follows:

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Closing Statement (10/27/14) - Midwest Blueberry Farms, Inc.		
Assets		
Macatawa Bank Account	\$	41,970.71
Workman's Comp Refund		5,789.00
MI State Tax Refund		1,413.13
Total	\$	49,172.84
Liabilities		
DeWind Well Drilling	\$	4,393.00
Moving Fuel Tank		2,000.00
Varnum		9,642.80
Nicewander, Berenest & DeVires		6,001.25
Tamminga & Levering Accountants		2,000.00
Total	\$	24,037.05
Net Increase in Assets	\$	25,135.79
Distributions of Funds Remaining		
Redact	\$	10,582.17
Redact		6,082.86
Redact		4,235.38
Redact		4,235.38
Total	\$	25,135.79
Total Increase in Purchase Price	\$	25,135.79
Original Purchase Price		2,500,000.00
Total Purchase Price	\$	2,525,135.79

Simultaneous with the purchase of Midwest, each of Real Estate LLC and Equipment LLC entered into 25-year, fixed rent, triple net leases with True Blue Berry Management, LLC, a Michigan limited liability company (“True Blue”) engaged in the blueberry growing, processing, and marketing business in southwest Michigan (near Midwest Blueberry Farms). The leases are referred to as the “True Blue Leases”. True Blue, through its various owned and otherwise affiliated companies is a fully vertically integrated blueberry business.

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- Payments received:

HH ID	Date	Principal	Interest	Veros Fee	Total
244	4/1/2015	\$ 123,225.65	\$ 29,815.07	\$ -	\$ 153,040.72
1292	4/1/2015	-	5,501.37	338.36	5,839.73
209	4/1/2015	12,322.56	11,870.54	-	24,193.10
26	4/1/2015	49,290.26	11,926.03	-	61,216.29
262	4/1/2015	123,225.65	29,815.07	-	153,040.72
1089	4/1/2015	-	23,835.61	1,232.88	25,068.49
151	4/1/2015	73,935.39	17,889.05	-	91,824.44
175	4/1/2015	24,645.13	17,642.47	-	42,287.60
97	4/1/2015	49,290.26	12,049.32	-	61,339.58
1455	4/1/2015	24,645.13	5,610.97	352.05	30,608.15
1455.1	4/1/2015	-	9,424.66	479.45	9,904.11
89	4/1/2015	-	5,926.03	-	5,926.03
344	4/1/2015	98,580.52	23,852.05	-	122,432.57
186	4/1/2015	147,870.77	35,778.07	-	183,648.84
299	4/1/2015	49,290.26	35,284.93	-	84,575.19
251	4/1/2015	24,645.13	5,963.02	-	30,608.15
225	4/1/2015	36,967.69	8,944.52	-	45,912.21
150	4/1/2015	49,290.26	11,926.03	-	61,216.29
152	4/1/2015	138,012.72	33,392.86	-	171,405.58
7	4/1/2015	36,967.69	8,944.52	-	45,912.21
		\$ 1,062,205.07	\$ 345,392.19	\$ 2,402.74	\$ 1,410,000.00
1456	12/29/2014	\$ 2,500,000.00	\$ 295,890.41		\$ 2,795,890.41

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- Investor Principal remaining:

<u>HH ID</u>	<u>Converted to LT Invest</u>	<u>Principal Remain</u>
244	-	126,774.35
1292	50,000.00	-
209	75,000.00	12,677.44
26	-	50,709.74
262	-	126,774.35
1089	250,000.00	-
151	-	76,064.61
175	100,000.00	25,354.87
97	100,000.00	50,709.74
1455	-	25,354.87
1455.1	-	-
89	50,000.00	-
344	-	101,419.48
186	-	152,129.23
299	200,000.00	50,709.74
251	-	25,354.87
225	-	38,032.31
150	-	50,709.74
152	-	141,987.28
7	-	38,032.31
	825,000.00	1,092,794.93
1456	-	-

- Monthly statements for Blue Crop Group’s Main Source Account (Account: 46384) were analyzed for the period June 2014 through April 2015 with no material irregularities noted.
- 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

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Blue Crop Group LLC: Heritage Interim Secured Loans - \$1,680,000

- Overview of Private Placement:

Blue Crop Group LLC (“Blue Crop”) acquired Midwest Blueberry Farms (“Midwest”) and the acquisition of Blueberry Heritage Farms (“Heritage”) on September 15, 2014. Midwest and Heritage are contiguous and are located in Holland, Michigan. Approximately 50% of the aggregate purchase price of the Midwest and Heritage acquisitions is paid in cash, with the balance to be paid through a seller financing arrangement.

Blue Crop entered into triple net, fixed-rent, 25-year leases of the Midwest and Heritage farms properties with True Blue Berry Management, LLC (“TBBM”) as the lessee (“TBBM Lease” as to the Heritage lease; “TBBM Leases” as to Heritage and Midwest combined). Based on info in the PPM, the lease was to be \$280K (8% of the \$3.5M purchase price) in Years 1 and 2; \$285K in Years 3-5; \$292K for years 6-25.

This Confidential Private Placement Memorandum of Blue Crop Group LLC, dated September 5, 2014 (the “Memorandum”) was an offering to place \$1,680,000 principal amount private loans to enable Blue Crop to close on the purchase of Heritage on September 15, 2014.

Heritage is a long-standing family business that (a) grows blueberries on approximately 131 acres (10 of which are farmed as organic blueberries; and there is an additional 20 acres that is prepped for planting additional blueberry bushes), and (b) grows cranberries on 16 acres. The acquisition of Heritage also includes farming equipment, migrant housing, ponds used in the farm’s operations, and land not intended to be planted in blueberry bushes. The Heritage acquisition does not include the processing facility or equipment.

The purchase price for Heritage is \$3,500,000, payable (a) \$2,000,000 in cash at or before closing (\$364,000 of which has been paid as a non-refundable deposit, with such funding provided by an advance to Blue Crop by PIN Financial, LLC, the financial advisor for Blue Crop and the Placement Agent under this Memorandum), and (b) \$1,500,000 payable by promissory note.

- Date of Private Placement Memorandum – September 5, 2014
- Proceeds Raised - \$1,680,000
- Expected Return - Provide a private loan to Blue Crop, which in turn, will use the loan proceeds to fund the acquisition of Heritage by Midwest Blueberry Holding LLC, an Indiana limited liability company wholly-owned by Blue Crop (“Blueberry Holding”)
 - Maturity Date: November 15, 2014.
 - Interest Rate: 2% per month (prorated for a partial month), payable at maturity. Prepayment permitted (without premium or penalty) on or after October 30, 2014.
- Sources / Use of Funds
 - Blue Crop intends to complete the Stage 2 offering on or before September 15, 2014 to raise \$1,680,000 in interim capital through the issuance of private loans to:
 - Pay the remaining amount of purchase price due at the closing of the Heritage purchase, and
 - Pay the cost of environmental assessments, legal fees, and other closing costs related to the purchase of Heritage.

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- Note, as stated in the PPM PIN Financial, LLC has paid non-refundable purchase price deposits of \$364,000 to the seller of Heritage and PIN Financial, LLC has paid \$16,930 in surveying fees for the Heritage ALTA surveys. These funds will not be reimbursed to PIN Financial, LLC as part of this Second Offering. PIN Financial, LLC agrees to subordinate its repayment of this total amount of purchase price and fees (\$381,184) to the repayment of investor loans made pursuant to this Memorandum / Second Offering (i.e., PIN Financial, LLC will not receive reimbursement of the \$381,184 from Blue Crop until the investor loans made under this Memorandum are repaid).

- Investors Noted:

- Redact [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- Redact [REDACTED]
- [REDACTED]
- [REDACTED]

- Payments received: None

HH ID	Coverted LT Invest	Prin Remain
262		250,000.00
1089	150,000.00	-
1380		50,000.00
151		180,000.00
SW LLC		700,000.00
1213		300,000.00
1457	50,000.00	-

- Monthly statements for Blue Crop Group’s Main Source Account (Account: 46384) were analyzed for the period June 2014 through April 2015 with no material irregularities noted.
- 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

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Blue Crop Group LLC: Heritage & Midwest Refinance Loans - \$5,261,665

Investment Overview:

- Overview of Private Placement:
Blue Crop Group LLC (“Blue Crop”) had acquired Midwest Blueberry Farms (“Midwest”) and Blueberry Heritage Farms (“Heritage”). Midwest and Heritage are contiguous and are located in Holland, Michigan. Approximately 50% of the aggregate purchase price of the Midwest and Heritage acquisitions was paid in cash, with the balance to be paid through seller financing arrangements.

Blue Crop had entered into triple net, fixed-rent, 25-year leases of the Midwest and Heritage farms properties with True Blue Berry Management, LLC (“TBBM”) as the lessee (“TBBM Leases”). TBBM is a long-standing, vertically-integrated blueberry growing, processing, and marketing business in southwest Michigan (located near Midwest and Heritage). Owning, leasing, improving, and selling the Midwest and Heritage blueberry farms is the only business of Blue Crop.

Blue Crop had completed the first, interim stages of its plan to finance the Midwest and Heritage acquisitions (the “Prior Offerings”). The financing undertaken in this “Confidential Private Placement Memorandum of Blue Crop Group”, dated November 7, 2014 (the “Memorandum”) is the second, permanent stage of financing (the “Second Offering”) to replace the interim funds arranged through the Prior Offerings.

In the Prior Offerings, investors made short-term loans to Blue Crop (principal amount \$7,160,000; the “Bridge Loans”). The Bridge Loans were due November 15, 2014 (with certain extension provisions allowed). Blue Crop, in turn, used the proceeds of the Bridge Loans to complete the Midwest and Heritage acquisitions. In addition to the Bridge Loans, First Farmers Bank & Trust made a \$750,000 interim loan to Blue Crop in connection with the Prior Offerings (and the closing of the purchase of Midwest). This bank loan is called the “Interim Bank Loan”. The balance of the funds needed to close the two acquisitions (approximately \$550,000 of purchase price deposits and survey and attorney fees) were loaned to Blue Crop, interest free, by PinCap LLC (which is owned in equal thirds by each of Messrs. Senefeld and Risinger and Veros Partners).

Pursuant to the PPM, Blue Crop intended to raise \$9,990,000 in permanent capital through the issuance of equity interests (“Member Owner Units” of Blue Crop) and private loans (the “Secured Loans”) to:

- repay the Bridge Loans and the Interim Bank Loan,
- repay the advances made by PinCap LLC that Blue Crop used to make the Midwest and Heritage acquisition purchase deposits and to pay certain transaction costs of the Midwest and Heritage acquisitions (the “PinCap Reimbursables”), and
- pay professional fees and other costs of the acquisitions and the Second Offering (i.e., legal fees, investment banking fees and commissions to PIN Financial LLC, cost of surveys and
- environmental studies).

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Under this Second Offering / Memorandum, investors may choose to (a) purchase Member Owner Units of Blue Crop (i.e., an “equity” ownership), (b) make a Secured Loan to Blue Crop that has repayment preferences relative to the Member Owner Units, or (c) invest in both the Member Owner Units and the Secured Loans.

The aggregate amount of capital to be raised by Blue Crop under this PPM was \$9,990,000 (Member Owner Units and Secured Loans combined). Of this aggregate amount, at least \$2,497,500 (25% of the total capital) but no more than \$6,660,000 (67% of the total capital) shall be in the form of Member Owner Units. Conversely, at least \$3,330,000 (33% of the total capital) but not more than \$7,492,500 (75% of the total capital) shall be in the form of Secured Loans.

- Date of Private Placement Memorandum – November 7, 2014
- Proceeds Raised - \$5,261,665 (\$3,482,000 debt; \$1,779,665 equity)
- Expected Return
 - Interest Rate on Secured Loans: 9% per annum, payable semi-annually on each December 31 and June 30, commencing on June 30, 2015 (no interest payment is made on December 31, 2014, but interest payments are owing on December 31 commencing with December 31, 2015).
 - Maturity Date: The Secured Loans have a 6-year term. The maturity date is January 31, 2021, with a mandatory prepayment required upon the sale of Blue Crop (or (a) the sale of the Blue Crop-owned limited liability companies that purchased Midwest and Heritage, or (b) the sale of substantially all of the assets of the Blue Crop-owned limited liability companies that purchased Midwest or Heritage).
 - Target Return on Member Owner Units: Depending on (a) how much of the total capital raised under this PPM is in the form of Member Owner Units (versus in the form of Secured Loans), and (b) which Blue Crop Put (or the TBBM Purchase Option) is exercised (and when), Blue Crop projects that the pre-tax IRR on an investment in Member Owner Units will range from 9.2% to 23.7% (if one-third of the \$9,990,000 is raised as equity) and from 9.0% to 17.5% (if two-thirds of the \$9,990,000 is raised as equity).
 - The return to holders of the Member Owner Units is expected to be comprised of (a) the anticipated semi-annual distributions of cash from operations, and (b) proceeds from the sale of Member Owner Units pursuant to the Blue Crop Puts or TBBM’s option to purchase the Member Owner Units (or from the sale of the assets of Blue Crop).

- Investors Noted – Secured Loan:

- Redact [redacted]
- [redacted]

- Redact [redacted]
- [redacted]

- Investors Noted - Member Owner Units:

- Redact [redacted]
- [redacted]

- Redact [redacted]
- [redacted]

- Payments – None.
- Monthly statements for Blue Crop Group’s Main Source Account (Account: 46384) were analyzed for the period June 2014 through April 2015 with no material irregularities noted.
- 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

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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 Midwest Interim, Heritage Interim, and H&M Refinance.

Regards,

Blue & Co., LLC

Blue & Co., LLC

From: William Wendling
To: Redact

Cc: [Anita Haworth; apindexter@apwlawyer.com](mailto:apindexter@apwlawyer.com)
Subject: Veros Partners - Blue Crop Group
Date: Tuesday, September 27, 2016 3:39:49 PM
Attachments: [2016-09-27 Receivers BCG Acct funds received paid to date.pdf](#)
[image001.jpg](#)
[image003.jpg](#)

The purpose of this email is to report on the status of the Blue Crop Groups' Blueberry farms in Michigan. **In addition, it is to request a response from the individual investors as to the efforts being made by some of the investors to transfer these three private placements out of the Receivership.**

Earlier this summer I sent an email to the investors stating that the Receivership had received rental payments from True Blue Berry Management (the farm lessee) for 2015 and the first half of 2016. Attached to this email is an accounting of the money collected and spent from the Receivership's Blue Crop Group checking account, showing a current balance of \$892,489.38.

The issue/concern that the Receivership has with these investments is well known. The interim investors who initially purchased Heritage and Midwest farms were scheduled to be short term investors. Their investments were to be repaid when the permanent financing investment vehicle was completely funded. The permanent financing was only partially funded when the SEC Complaint was filed. Consequently, the interim investors have not been completely paid. From the start, the Receivership efforts were directed toward finding a way to complete the permanent financing or sell the farms to protect the investors' investments.

Soon after the Receivership was in place one of the Blue Crop Group investors, Redact, met with me to discuss the path forward with these three private placements. He believed, and I agreed, that the best solution was to complete the permanent financing. He also believed that he could convince the investors already in Blue Crop Group to increase their contributions and, if necessary, find other investors to complete the funding.

My understanding is that Redact has been in contact with all the investors discussing a plan that is acceptable to both the interim and permanent investors that would result in these three private placements being consolidated and self-managed.

The Receivership was in agreement with that approach and provided information to Redact to help his effort. In addition, the owners of True Blue Berry Management (the lessee of the farms) provided farming operating data to assist Redact. During the course of time, there were several meetings with Redact and his attorneys to move the project along. About two months ago, Redact determined that the funding process was not likely to happen. However, Redact provided the Receivership with an alternate plan to transition the private placements to the investors.

The general terms of Redact's plan are that the interim investors have agreed, with the exception of one, to extend their loan repayment to the year 2021, for which they will receive 9% per annum. Outstanding interest owed to Blue Crop Group under the original loan agreements up to the effective date of the refinance will be paid at an annual rate of 9%. Money that is in the

Receivership Blue Crop Group checking account will be transferred to BGC entity and distributed to the investors. Blue Crop Group will pay \$400,000 to the Receiver for FarmGrowCap in repayment of a FGC loan and reimbursement to PinCap for monies used to acquire the farms. Blue Crop Group will prepare the necessary legal documents to accomplish the transfer. The Federal Court would have to approve the transfer plan.

Although the description of **Redact**'s plan is a very general one, I need to hear from each of investor whether the plan, as submitted by **Redact** is acceptable, unacceptable, and whether you have questions and/or whether you need more detail.

Consequently, **please respond to me no later than October 12, 2016**, and tell me whether:

1. You agree with the plan as stated; or
2. You disagree with the plan as stated; or
3. You have questions or need additional information before you can make a determination.

Please feel free to contact me directly, either by email or by telephone (317) 573-8888 to discuss this, or any other matter which concerns you.

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

Sincerely,

Bill

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

Cell: (317) 413-7575

Fax: (317) 574-3855

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,)

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 BLUE CROP GROUP, 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 Blue Crop Group, LLC Private Placement assets to the Investment Members, and requesting authorization to sign all documents necessary to facilitate the transfer of Blue Crop Group, LLC Private Placement, to retain the sum of \$400,000 to pay certain financial obligations of Blue Crop Group LLC, and to transfer the balance of \$677,028.59 the Blue Crop Group Receivership account to the manager of Blue Crop Group, 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 fees due from Blue Crop Group, LLC in the amount of \$53,151.77 have already been paid; and,

WHEREAS, the Court finds that the Receiver's proposal to retain \$400,000 from the receivership Blue Crop Group LLC checking account and transfer the balance of \$677,028.59 to the manager of Blue Crop Group, LLC is reasonable.

IT IS THEREFORE ORDERED THAT:

The Receiver's Motion to Release Private Placement is hereby approved. The Receiver is authorized to execute all documents necessary to facilitate the transfer of this Private Placement assets; to retain \$400,000 from the receivership Blue Crop Group LLC checking account and to transfer the balance of \$677,028.59 in the Blue Crop Group Receivership account to the manager of Blue Crop Group, LLC.

Dated: _____

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

Distribution:

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