

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,)	
_____)	

**INVESTORS’ STATEMENT ON AND OBJECTION TO
RECEIVER’S SEVENTH QUARTERLY FEE APPLICATION**

Come now Eric and Jennifer Armstrong, David and Patricia Bednarz, Jonah and Sara Beer, Don Bice, Isaac and Julie Brewer, Jose and Astrid Cardenas, Patrizia Cavozzoni, Robert Christianson, John Friedman, Doug and Judi Garrison, Jody Friedman, Andre Guillaume, Alvin and Carol Haab, Barry and Glenda Griffin, David Hatchett, Tim and Lori Hillstrom, James Hulskotter, Mary Huse, Dannon Hulskotter, Bart Jackson, Samuel Judd, Wendy James, Kelly Keenan, Sam and Karen Kegerreis, Larry Kaelin, Joseph Losco, Jason Luchtefeld, Michael Kluesner, Matt McCrady, Tracy and Julie Miller, Tom and Sandra Mason, David and Barbara Moroknek, George and Marie Napier, Doug and Dana Miller, Renee Reiner, Gene and Priscella

Rund, Phil and Sheila Roberts, Myron Schroer, Robert and Nancy Poole, Kurt and Loretta Showalter, Erik Streib, Jeremy Reinhardt, Wes Taylor, Anne Turner, Todd Schumacher, Brian Tretter, Jeanne White, Kevin Tretter, Darrell Webb, Tim and Jeanene Williams, Mike Watkins and Jack Whitlock (the “Interested Investors”), by counsel, and file this Statement on and Objection to the Receiver’s Seventh Quarterly Fee Application.

On February 14, 2017, the Receiver filed a Seventh Quarterly Fee Applications ([Filing No. 357](#)) seeking payment of \$176,051.08 in fees and expenses. As set forth therein, the Receiver previously sought and received \$1,212,158.58 in costs and fees. (*Id.* at p. 16). If granted, the Current Motion will bring the Receiver’s total costs and fees to \$1,388,209.66. The Interested Objectors respectfully submit that the costs and fees incurred have been and remain disproportionately high and that the costs now being incurred by the Receiver outweigh any ongoing benefit to investors.

Specifically and additionally, the Interested Investors further state as follows:

1. As noted previously, and as implicitly recognized by the Court, the three-phase loan distribution methodology will result in costs and delay. *See* [Filing No. 357 at ECF p. 3](#). Given that the Receiver seems to now favor claw backs through accounting, this process should not cost much in additional fees and should be expedited.
2. Both the Receiver and the Security and Exchange Commission noted in oral argument to the Court their concern regarding the time value of money as it related to loan repayment issues. Similarly, the Investors have now waited up to 20 months for a return of any funds recovered in relation to many of their investments. The Receiver’s continued retention of funds precludes their distribution to the actual injured parties and the use of those funds by those individuals for personal, business or investment

purposes. It is the Interested Investors' position, therefore, that the Receivership should be wound down as quickly as possible, and any remaining matters should be transferred to the investors.

3. The Receiver states in the Seventh Interim Report that the SEC requested the Receiver consent to monetary judgments against numerous of the entities in Receivership. ([Filing No. 354 at ECF p. 6](#)). The Interested Investors require additional information relating to this issue.
4. The Receiver should account for how the 2% holdback from each and every Veros Private Placement transferred out of the Receivership was spent. (*Id.* at p. 11). Some of these accounts had small or zero balances. Further, it is unclear why the management fees redirected from Veros Farm Loans to the Receiver were insufficient to pay the Receiver's expenses or where these "held back" funds ultimately went.
5. The Receiver's filings make no mention of any disgorgement from or relating to the Security and Exchange Commission's settlements with Defendants Haab and Risinger or any future disgorgement from Defendant Senefeld. The Receiver should provide information as to whether any funds were or are likely to be collected, where they are held and how they will be distributed to the investors.
6. The Receiver should provide an accounting of any funds paid from investments – referred to as "private placements" that had positive balances (such as Blue Crop Group, for example) to cover any Receivership fees or expenses for different investments that did not have positive balances (StadiumRed, Veros Craft Brew and Cherry Farms, for example). Further, the Receiver should explain how investors from

the positive balance private placements will be repaid for funds used to cover expenses unrelated to that placement.

Finally, there is no just and proper reason for the Receivership to continue for another six to eight months at a cost of an additional \$425,000.00. *Id.* at p. 10. The Interested Investors are willing to work with the Receiver on an ongoing basis to roll any remaining investments out of the Receivership. This should be done on an expedited basis, with the Receivership concluding as soon as the Receiver issues 2016 tax documentation and otherwise concluding any open affairs. The Interested Investors Respectfully submit that this may be accomplished on or before April 15, 2017 for considerably less than \$450,000.00.

Respectfully submitted,

/s/ Hamish S. Cohen _____

Hamish S. Cohen (22931-53)

Jonathan Mattingly (21011-41)

Mattingly Burke Cohen & Biederman LLP

5255 Winthrop Avenue, Suite 105

Indianapolis, Indiana 46205

Counsel for Interested Party Objectors

CERTIFICATE OF SERVICE

I hereby certify that February 28, 2017, a copy of the foregoing was filed electronically. Service of this filing is being made to the following parties via operation of the Courts CM/ECF system:

Doressia L. Hutton
Robert M. Moyer
U.S. Securities and Exchange Commission
huttond@sec.gov
moyer@sec.gov

J. Richard Kiefer
John F. McCauley
Bingham Greenebaum Doll LLP
jrkiefer@bgdlegal.com
jmccauley@bdglegal.com

Jeanine R. Kerridge
Barnes & Thornburg
Jeanine.kerridge@btlaw.com

James E. Rossow, Jr.
Joshua W. Casselman
Rubin & Levin, PC
jim@rubin-levin.net
jcasselman@rubin-levin.net

J. Lee McNeely
Frank Garrett
Cynthia A. Bedrick
McNeely Stephenson Thopy & Harrold
jlmcneely@msth.com
frank.d.garrett@msth.com
cabedrick@msth.com

Anne Hensley Poindexter
apointexter@apwlawyer.com

William Edwin Wendling, Jr.
Cohen Garelick & Glazier
wwendling@cgglawfirm.com

/s/ Hamish S. Cohen
Hamish S. Cohen (22931-53)