

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
CASE NO. 20-CIV-21964-CMA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

TCA FUND MANAGEMENT GROUP CORP.,

*et al.*,

Defendants.

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**RECEIVER'S THIRD QUARTERLY STATUS REPORT**

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**TABLE OF CONTENTS**

EXECUTIVE SUMMARY ..... 1

THE RECEIVER’S THIRD QUARTERLY STATUS REPORT ..... 3

**I. BACKGROUND** ..... 3

**II. RELATED FUNDS** ..... 5

**III. ACTIONS TAKEN BY THE RECEIVER DURING THIS REPORTING PERIOD** 5

**A. The Receivership Bank Accounts** ..... 5

**B. Business Operations** ..... 6

**C. Employee Related Issues** ..... 6

**D. Accounting and Forensic Work** ..... 7

**E. Calculation of Management Fees / Performance Fees and IB Fees** ..... 8

**F. Analysis of Investments, Redemptions & Claims** ..... 9

**G. Receivership Entities’ Tax Returns** ..... 9

**H. Receivership Entities’ Technology Progress** ..... 10

**I. Circle Investment Support Services (“Circle Partners”)** ..... 11

**J. Communications with Third Parties** ..... 11

**K. Website/Ongoing Communications** ..... 11

**L. Investor Interviews** ..... 12

**M. Receivership Entities’ Records** ..... 12

**N. Claims** ..... 12

**IV. CAYMAN ISLANDS PROCEEDINGS** ..... 13

**V. RECEIVERSHIP ESTATE ASSETS** ..... 14

**A. Cash Assets** ..... 14

**B. Special Purpose Vehicles** ..... 15

**1. SPV – Domestic** ..... 16

**2. SPV – International** ..... 18

**3. SPV – Real Property and Other Assets** ..... 20

**4. SPV – Others** ..... 20

**C. Loan Portfolio** ..... 21

**1. Performing and Active Matters** ..... 23

**2. Loans Transferred to GJB for Legal Action** ..... 26

**3. Other – Post Judgment Collection** ..... 38

**4. Resolved Matters** ..... 39

**5. Loans Requiring Further Investigation and Analysis** ..... 41

<b>D. TCA Aerospace .....</b>	<b>45</b>
<b>E. Litigation Initiated by the Master Fund Against Borrowers.....</b>	<b>45</b>
<b>VI. THE RECEIVER’S OBSERVATIONS.....</b>	<b>70</b>
<b>VII. CONTINUING WORK.....</b>	<b>70</b>

### EXECUTIVE SUMMARY

1. On May 11, 2020, this Court appointed Jonathan E. Perlman, Esq. as Receiver over Defendants and Relief Defendants TCA Fund Management Group Corp., TCA Global Credit Master Fund, L.P, TCA Global Credit Fund GP, Ltd., TCA Global Credit Fund LP, and TCA Global Credit Fund, Ltd. *See* [ECF No. 5]. On May 18, 2020, the Court expanded the Receivership to include TCA Global Lending Corp., which served as a “tax blocker” for the TCA Global Credit Fund, Ltd. feeder fund investors. *See* [ECF No. 16].
2. At the time of the Receiver’s appointment, the Receivership Entities’ combined U.S. bank accounts had a total balance of \$287,683.00. The Receivership Entities’ bank accounts at Axos Bank currently have a combined balance of \$12,345,339. Income and expenses are reflected in Exhibit “A,” attached hereto.
3. Since the filing of the Second Quarterly Status Report, the Receiver, with the assistance of his financial advisor Development Specialist Inc. (“DSI”), continued to manage the Receivership Entities’ business affairs. The Receiver and DSI communicated daily regarding such affairs and efforts to preserve and maximize value from the Receivership Entities’ special purpose vehicle assets (“SPVs”) and loan portfolio.
4. The Receiver also engaged counsel outside in other states and countries as needed to assist with certain claims and assets.
5. During this Third Reporting Period, the Receiver formally retained an investment banking firm, CohnReznick, to market and sell receivership asset Pivot Energy (aka TCA Microgrid Energy LLC). Prospective purchasers were solicited, numerous interested parties executed nondisclosure agreements, a data room was created, meetings were held with management, the Receiver, DSI and interested parties, and numerous potential purchasers submitted nonbinding letters of intent and letters of interest.
6. With respect to the SPV Indumate AB asset located in Sweden, following completion of the sale of two subsidiaries, the Receiver made progress on the sale of the third subsidiary, and the release of some proceeds from the transactions is imminent.
7. The Receiver also continued to identify additional financial accounts and to serve individuals and financial institutions with subpoenas for documents and information. As a result of such demands, the Receiver also recovered over \$500,000 from one financial institution. The Receiver’s forensic accountant, Yip Associates, continued to utilize bank records as the records were received to construct a database of all financial transactions, thereby allowing the Receiver and his team to identify all transferees, as well as to analyze claims for avoidance and recovery of same. The Receiver and his professionals also used this data to reconcile investor investments and redemption activity against the fund administrator’s records, and to begin developing an equitable claims and distribution plan, which the Receiver plans to submit for Court approval in the next 90 days.
8. The Receiver and Rehmann, the Receiver’s tax consultant, having filed 2019 returns

during the Second Reporting Period, continued to gather necessary documents and began tax work relating to the 2020 year.

9. Also during this Third Reporting Period, DSI completed its initial review and analysis of the Receivership's portfolio of loans that was not in litigation or collection prior to the Receiver's appointment. During this reporting period, twenty-three (23) loans that could not be successfully rehabilitated, totaling \$85.5 million, were transferred to GJB, who is initiating collection proceedings.
10. The Receiver and counsel, GJB, also made progress with the Receivership litigation portfolio, resolving actions, retaining counsel where necessary and appropriate, and obtaining several significant victories in court. The Receiver and counsel also continued to investigate third party claims.
11. The Receiver and his professionals also continued to answer inquiries from investors and creditors.
12. The Receiver and his professionals also continued to respond to inquiries from the Cayman Islands Monetary Authority and from the Cayman Islands Joint Official Liquidators for Receivership Entity TCA Global Credit Fund, Ltd. The Receiver continues to communicate with the Cayman Islands tax authorities and coordinate completion of appropriate FATCA/CRS filings.

**THE RECEIVER'S THIRD QUARTERLY STATUS REPORT**

Jonathan E. Perlman, as court-appointed Receiver (the "Receiver") over the Receivership Defendants TCA Fund Management Group Corp. ("FMGC") and TCA Global Credit Fund GP, Ltd. ("GP") (FMGC and GP are hereinafter referred to collectively as "Defendants") and Relief Defendants TCA Global Credit Fund, LP ("Feeder Fund LP"), TCA Global Credit Fund, Ltd. ("Feeder Fund Ltd.," and with Feeder Fund LP, "Feeder Funds"), TCA Global Credit Master Fund, LP (the "Master Fund") (Master Fund, together with Feeder Funds, are the "Funds"), and Receivership Entity TCA Global Lending Corp. ("Global Lending") (Defendants, the Funds, and Global Lending are hereinafter referred to collectively as the "Receivership Entities"), by and through undersigned counsel and pursuant to this Court's order appointing the Receiver [ECF No. 5], respectfully submits his Third Quarterly Status Report (the "Report").

The following is an update of the Receiver's efforts since the Second Quarterly Status Report (the "Second Report") filed on November 5, 2020. [ECF No. 70]. This Report contains assessments and observations, which are subject to change as the Receiver and his professionals continue to conduct their investigation and review the affairs of the Receivership Entities and related parties.

**I. BACKGROUND**

The Receiver filed his First Quarterly Status Report on August 4, 2020 (the "First Report"). [ECF No. 48]. The First and Second Reports provide background information on the events that led up to the appointment of the Receiver and a detailed explanation of the Receivership Entities and the Receiver's professionals.<sup>1</sup> For the purpose of brevity, the Receiver does not repeat information contained in the First and Second Reports. This Report covers the

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<sup>1</sup> All capitalized terms will have the same meaning as defined in the Receiver's First Report and First Interim Omnibus Application for Allowance and Payment of Professional Fees and Reimbursement of Expenses for May 11, 2020 Through June 30, 2020. [ECF No. 48, 55].

period since the filing of the Second Report, November 5, 2020, to the date of this filing (the “Third Reporting Period”).

On May 11, 2020, the Securities and Exchange Commission (“SEC”) filed a Complaint for Injunctive and Other Relief [ECF No. 1] (the “Complaint”) in the United States District Court for the Southern District of Florida (the “Court”) against Defendants FMGC and GP, and Relief Defendants Feeder Fund LP, Feeder Fund Ltd., and the Master Fund. The SEC also filed an Expedited Motion for Appointment of Receiver (the “Motion for Appointment”). [ECF No. 3].

In connection with the Complaint and with consent of the Defendants, on May 11, 2020, this Court entered a Judgment of Permanent Injunction and Other Relief [ECF No. 7] against the Defendants and an order granting the SEC’s Unopposed Expedited Motion for Appointment of Receiver [ECF No. 5] (the “Appointment Order”). The Appointment Order appointed Jonathan E. Perlman, Esq., an attorney at the law firm Genovese, Joblove & Battista, P.A. (“GJB”), as permanent Receiver over the Receivership Entities and granted him “full and exclusive power, duty and authority to: administer and manage the business affairs, funds, assets . . . and any other property of the Receivership Entities, marshal and safeguard all of their assets. . . .” [ECF No. 5 at ¶¶ 1, 7, and 16–17].

On May 15, 2020, the Receiver filed an Emergency Motion to Confirm and Expand the Receivership to include TCA Global Lending Corp.—a TCA entity incorporated in Nevada that acts as a “tax blocker” for foreign investors who invest via Feeder Fund Ltd.—as an additional Receivership Entity. *See* [ECF No. 15]. On May 18, 2020, this Court entered an order confirming Global Lending as a receivership asset and expanding the original Appointment Order to include Global Lending as a named Receivership Entity, *nunc pro tunc*, as of May 11, 2020. *See* [ECF No. 16].

## **II. RELATED FUNDS**

The First Report provides background information and a detailed explanation of the two affiliated investment funds that were managed under the “TCA Capital” umbrella, specifically, the TCA Opportunities Fund, I-A, LP (“TCA Opportunities Fund”) and the TCA Special Situations Credit Strategies ICAV (an Irish Collective Asset Vehicle incorporated in Ireland) (“TCA ICAV”). *See* [ECF No. 48].

During the Third Reporting Period, the Receiver and his professionals investigated and filed a claim with the TCA ICAV Joint Official Liquidators for, at least, \$1,225,131. This claim is based upon the preliminary analysis of the transfers being made by the Receivership Entities’ to TCA ICAV and is subject to change. Despite the filing of the claim and multiple attempts to communicate with the TCA ICAV Joint Official Liquidators, the Receiver has not received any response or communication from them.

Additionally, with respect to the TCA Opportunities Fund, the Receiver learned that MJ Hudson, the TCA Opportunities Fund investment manager, resigned on August 5, 2020. Moreover, at the direction of Robert Press and the TCA Opportunities Fund general partner he controls, TCA GP Limited, the fund announced its intention to move its operations and registration from the UK to Guernsey. The Receiver is currently weighing his options as to whether the estate should be expanded to include TCA Opportunities Fund.

## **III. ACTIONS TAKEN BY THE RECEIVER DURING THIS REPORTING PERIOD**

### **A. The Receivership Bank Accounts**

The Receiver continues to maintain five Receivership bank accounts at Axos Bank. As of the filing of this Report, the Receivership accounts have a total balance of \$12,345,339. A schedule of the Receiver’s receipts and disbursements is attached hereto as Exhibit “A.”



**B. Business Operations**

DSI, with the Receiver's guidance, continues to manage the day-to-day operations of the SPVs and to provide financial advisory services to aid in maximizing the value of SPVs and other Receivership Entity assets. The Receiver and DSI continue to communicate daily regarding the SPVs and the Receivership's loan portfolio in order to assess, formulate, and execute a plan to maximize the value of these assets.

The Receiver continues to manage the institutional knowledge of several former FMGC employees, now independent contractors, while reducing the administration and operations costs of supporting the SPVs and portfolio assets. During this Third Reporting Period, the Receiver has ceased the utilization of one outside contractor and continues to reduce the time commitments of the four remaining contractors to institutional knowledge and research issues on the SPVs, loan portfolio, and payroll and administration matters.

**C. Employee Related Issues**

During this Third Reporting Period, the Receiver transitioned substantially all human resource services for the SPVs back to the SPVs. The Receiver also completed termination of the 401k plan, rollover of accounts to other 401k plan providers, filed IRS Form 5500 documents, and obtained refunds of remaining non-participant funds.

The Receiver continued to utilize the services of independent contractor, Miriam Cunningham: (1) coordinate and provide HR services to SPVs; (2) provide historical payroll and benefits information; and (3) provide requested information to the Receiver's forensic accountants, Yip Associates.

ADP provided payroll services to several SPVs and former SPVs, including Broward Collision, Pivot, National Healthcare/Champion Pain Care, TCA Aerospace, TPNI, Transmarine,

Ouch, and Xcell. FMGC previously paid for ADP’s services for SPVs and invoiced some SPVs for reimbursement of such services. FMGC did not maintain sufficient records to determine whether the SPVs reimbursed FMGC for these advances. In fact, the last time FMGC generated such an invoice was in February 2020. During this period, the Receiver was able to complete the cessation of this practice, and engineered a comprehensive settlement with ADP to finalize all 2020 payroll and tax reporting activity. These negotiations and agreements are detailed in the Receiver’s Motion for Approval of Payment of Payroll Processing Fees for Certain SPVs. *See* [ECF Nos. 80, 81]. The Court granted the Receiver’s request to pay \$20,000 to ADP to satisfy outstanding amounts due from the SPVs in order to avoid a shutdown of the SPVs and impact any going business concern value they have. [*Id.*]. The Receiver and his professionals continue to work with ADP to finalize the pending details of this settlement.

#### **D. Accounting and Forensic Work**

Yip Associates has analyzed the activity for 35 separate bank accounts (the “Analyzed Bank Accounts”) for the period of March 2015 through May 2020 held at the following eight different institutions:

<b>Institution</b>	<b>No. of Accounts</b>
Coutts	11
Butterfield - Guernsey	8
Morgan Stanley	5
Bank of America	4
Ocean Bank	3
BB&T	2
Deutsche Bank	1
Alpha FX	1
<b>TOTAL</b>	<b>35</b>

In addition, the Receiver and Yip Associates continue to analyze bank account information from several foreign currency hedge accounts at Morgan Stanley and Alpha FX.

Yip Associates previously constructed a database detailing the source of funds and disbursements to and from the various bank accounts. During this Third Reporting Period, the Receiver received additional details regarding these transactions, which Yip Associates continues to review and analyze. More specifically, the database provides the underlying transactions to trace:

- (a) investor funds deposited into the Receivership Entity accounts;
- (b) transfers from Feeder Funds to Master Fund accounts;
- (c) loans made by Master Fund;
- (d) repayment of loans (principal and interest) as well as payment of investment banking fees (“IB Fees”) by the Receivership Entities;
- (e) transfers from Master Fund to TCA Fund Management Corp. for payment of Management Fees and Performance Fees;
- (f) transfers between the related entities for business operations; and
- (g) transfers to third parties who may have improperly received funds from the Receivership Entities.

As more information is collected and analyzed, the comprehensive database continues to evolve. As a result of the tracing performed, the Receiver identified additional bank accounts and issued additional document requests and subpoenas, including for additional credit card account records, some of which have been received.

**E. Calculation of Management Fees / Performance Fees and IB Fees**

Yip Associated received and reviewed monthly NAV packages for the period of February 2012 through November 2019 (“Available NAV Period”). The monthly NAV packages included calculations for: Net Asset Valuations, Investment Positions, Payables, Receivables,

Management Fees, and Performance Fees. Yip Associates analyzed the Available NAV Period to determine the amount of Management/Performance Fees due from Master Fund to FMGC. Yip Associates continues to analyze these Monthly NAV Packages to: (a) identify the borrowers who had agreements with Master Fund; and (b) quantify IB Fees due and paid to Master Fund.

Additionally, Yip Associates reconciled the Management/Performance Fees identified in NAV packages to actual funds transferred from Master Fund to FMGC from November 2016 through November 2019. Yip Associates continues to reconcile the amounts transferred between Master Fund and FMGC between February 2012 and October 2016.

#### **F. Analysis of Investments, Redemptions & Claims**

During the Third Reporting Period, Yip Associates also analyzed payments to insiders and entities belonging to insiders, as well as reviewed whether insiders redeemed their investments with TCA. Yip Associates continues to analyze investors who made redemption requests but whose requests were never paid (“Unpaid Redemptions”). As of the date of this Report, Yip Associates (a) reviewed such redemption requests made between October 2019 and March 2020; and (b) reconciled payments remitted to these investors from the Receivership Entities’ bank accounts. At this time, Yip Associates continues to identify and reconcile the Unpaid Redemptions with the investor redemption schedule provided by Circle Partners.

Lastly, Yip Associates is working with overseas trading companies to ensure that the records necessary to analyze claims made by investors who invested funds but never received subscriptions in TCA are available. This analysis is anticipated to be completed by the next quarterly status report.

#### **G. Receivership Entities’ Tax Returns**

As stated in the Second Report, Rehmann, the Receiver’s tax consultant, prepared and

filed 2019 federal income tax returns for each of the Receivership Entities. The tax returns that the Receiver filed were “notice” filings, which placed the Internal Revenue Service on notice that the Receivership Entities are in Receivership, that prior filings regarding income and taxes due appear overstated, and explained that the returns will be amended once the Receiver has assembled reliable and accurate tax reporting information.

During this Third Reporting Period, Rehmann reviewed previous years’ tax returns and confirmed the timing and requirements for the Receivership Entities’ tax filings. Rehmann also continued to gather information needed to prepare tax forms, prepared tax forms, reviewed outstanding tax issues, and coordinated tax compliance matters for the Receivership. Additionally, Rehmann reviewed audit reports, prepared and edited balance sheets, reviewed and prepared required tax work papers for foreign investors, and communicated with the Internal Revenue Service regarding outstanding tax matters related to the Receivership Entities and several SPVs.

The Receiver also communicated with Circle Partners and the Cayman Islands Taxing Authority (through counsel) to prepare and file the required CRS/FATCA filings for the Receivership Entities. Since the online portal through which these filings must be made remains closed, the filings could not be completed. Once the online portal is accessible, the filings will be completed. The Receiver’s Cayman counsel also sent correspondence to the JOLs to determine their involvement in making the Feeder Fund Ltd.’s required CRS/FATCA filings. The Receiver anticipates that these filings will be finalized prior to the next report.

#### **H. Receivership Entities’ Technology Progress**

During the Third Reporting Period, the Receiver completed the transition of all remaining IT infrastructure to his new service provider e-Forensics Incorporated (“EFI”) at a savings to the

Receivership Estate. The Receiver continues to seek and obtain voluminous amounts of documents which were uploaded and are being maintained by E-Hounds on a secure searchable database.

**I. Circle Investment Support Services (“Circle Partners”)**

The Receiver continued to receive investor communications forwarded by Circle Partners and promptly responded to those inquiries during the Third Reporting Period. In addition, the Receiver communicated with Circle Partners and his Cayman counsel, Collas Crill to address and eventually finalize the required regulatory filings in the Cayman Islands.

**J. Communications with Third Parties**

As noted in the First Report, the Receiver served over 130 persons and entities with the TRO, document requests, and demands for turnover of information. During the Second Reporting Period, the Receiver and his professionals discovered more individuals and financial institutions with relevant information, upon whom the Receiver thereafter served the TRO and demands for turnover of information. In recent weeks, the Receiver received large batches of data from Deutsche Bank, Bank of America, and Morgan Stanley. The Receiver recently served Chase Bank, American Express, Barclays, and Capital One Bank with subpoenas for documents and information relating to the Receivership Entities’ accounts which, despite multiple attempts, have gone unanswered. The Receiver will continue to work with these financial institutions to secure compliance with these document requests.

**K. Website/Ongoing Communications**

The Receiver continues to maintain the toll-free Receivership “Hotline” at 833-984-1101 and 305-913-6731, and an email address for general inquiries: [receiver@tcafundreceivership.com](mailto:receiver@tcafundreceivership.com). The Receiver also regularly updates the Receivership

website [www.tcafundreceivership.com](http://www.tcafundreceivership.com) to provide updated information for investors and interested parties. This Report will be posted on the Receivership website, and the Receiver plans to also send the Report to investors for whom the Receiver has e-mail addresses.

**L. Investor Interviews**

The Receiver and his team continue to communicate with investors and investment advisors (many of whom represent multiple investors) who have approached the Receiver, at their request. The Receiver also continues to maintain a repository of documents and information provided by investors.

**M. Receivership Entities' Records**

The Receivership Entities' records contain millions of pages of documents relating to: (1) assets, (2) operations, (3) personnel files, (4) marketing, and (5) compliance with industry norms and regulations. The Receiver and his professionals continued to spend significant amounts of time reviewing the Receivership Entities' corporate business records. Because of this review and analysis, the Receiver and his professionals continue to investigate potential avenues for recoveries.

The Receiver and his team continue to review data and information from various sources in response to requests and subpoenas. Additionally, the Receiver worked diligently to obtain bank records and original loan documents from the Receivership Entities' repository, U.S. Bank, which his team is analyzing and cataloguing.

**N. Claims**

As stated in the Second Report, Feeder Fund Ltd. has at least three hundred and thirty-seven investors from forty-one countries. Feeder Fund LP has at least forty-one investors, only one of whom appears to be a foreign investor.

During this Third Reporting Period, the Receiver and his team have spent a significant amount of time working on development of a most equitable and efficient claims and distributions process. This has included collection and analysis of the investor trade history and transactions, analysis of the Receivership Estate's varied investor and creditor composition, as well as research into distribution methods approved and successfully implemented in analogous matters. During the next reporting period the Receiver will continue to refine and complete preparation of a distribution plan. He will also seek to obtain documents and information from investors in the hope this will permit a more efficient and expedited process. The Receiver plans to file a liquidation and distribution plan with the Court for approval in approximately 90 days.

#### **IV. CAYMAN ISLANDS PROCEEDINGS**

During this Third Reporting Period, Collas Crill provided the Receiver with advice and assistance regarding ongoing regulatory and tax matters in the Cayman Islands. The Receiver and Collas Crill continue to communicate with the Cayman Islands Monetary Authority to provide updates on the Receivership. Additionally, Collas Crill responded to correspondence from Feeder Fund Ltd's Joint Official Liquidators in the Cayman Islands ("JOLs"), service providers in the Cayman Islands, and certain subscribers. Collas Crill also served former TCA auditors and service providers in the Cayman Islands with document demands and requests for information, and advised on the responses received.

In addition, the JOLs served a formal demand upon the Receiver for the immediate turnover of \$4.25m of funds recovered by the Receiver belonging to Feeder Fund Ltd. After reviewing the merits of this request, the Receiver determined that there was no viable and supported basis to honor this request.



## V. RECEIVERSHIP ESTATE ASSETS

### A. Cash Assets

In accordance with the Receivership Order, the Receiver and GJB continue to identify financial accounts associated with the Receivership Entities, as well as advise these financial institutions of the existence of the Receivership Estate and the asset freeze ordered by the Court. To date, the Receiver has recovered \$14,375,213 for the Receivership Estate. In addition to the Receivership Estate's bank accounts at Axos, the following is a brief description of the steps taken regarding financial institutions since the filing of the Second Report:

i. BB&T/Truist Bank: BB&T was the primary banking institution for the Receivership Entities' portfolio and SPV operations. On May 11, 2020, there were twelve (12) bank accounts operated by FMGC at BB&T. The Receivership Entities primarily used the BB&T accounts to secure loan or investment banking fee payments from debtors and SPVs, as well as lock boxes that allowed borrowers' clients to deposit funds. Ultimately, FMGC would "sweep" FMGC's loan or fee payment from that account and then wire the remainder to the borrowers.

Four accounts at BB&T remain active for the benefit of the also SPVs that the Receivership owns or controls. DSI provides an oversight function to check and verify SPV cash transfer, disbursement, and payroll requests to fund the SPV business operations. The underlying funds reside at the SPV level, and the Receiver and his professionals have visibility and oversight into the accounts noted below.

<u>SPV Name</u>	<u>Bank Name</u>
Zenergy	BB&T
Xcell	BB&T

Transmarine	BB&T
Transmarine	BB&T

The Receiver maintains one additional BB&T account in the name of TCA Fund Management Group Corp. This account is a general lockbox to receive funds deposited from various loan portfolio clients and is maintained in case additional funds are received from portfolio clients, even though the Receiver and his Retained Professionals have directed loan portfolio clients to begin making payments to the Receivership accounts at Axos Bank.

ii. Morgan Stanley:

During the Third Reporting Period, the Receiver recovered \$519,782.00 from Morgan Stanley. These Funds relate to foreign exchange hedge accounts previously held at Morgan Stanley by Master Fund.

iii. JP Morgan Chase: The Receiver recently discovered a Receivership Entity account at JP Morgan Chase. The Receiver served JP Morgan Chase with a subpoena on October 13, 2020 to secure documents and information relating to this account. To date, JP Morgan Chase has not responded to the subpoena. The Receiver has followed up with the subpoena department of the bank on at least two occasions. If JP Morgan Chase continues to be unresponsive, the Receiver will file a motion to compel compliance with his subpoena.

**B. Special Purpose Vehicles**

The Receivership's assets includes businesses that the Master Fund owns (typically as 100% member/manager) through SPVs. The Master Fund typically began its relationship with these businesses by providing secured debt financings. When the borrower failed to meet its obligations, the Master Fund filed suit and ultimately executed an Article 9 UCC foreclosure sale of the borrower's assets to a newly formed entity owned by the Master Fund that would resume

operations. The Receiver is currently administering sixty (60) SPVs, registered in a number of jurisdictions both domestic and international. The sixty (60) SPVs are not all currently operating. Accounting for dormant entities, there originally appeared to be approximately forty-seven (47) SPVs that were either operating or owned property of potential value to the estate. At present, there are six (6) active entities (with 7 subsidiaries among them) and two (2) other SPVs that are winding down or have ceased operations during the Third Reporting Period.

Below is a summary of the SPVs and their status, broken down into investment categories.

### 1. SPV – Domestic<sup>2</sup>

**Pivot Energy.** To date, Pivot Energy has a pipeline of over 150 Megawatts of electricity currently in development all over the United States. In 2019, the company grew its revenue by almost 240%. During the Third Reporting Period, Pivot Energy management, DSI and the Receiver entered into an agreement, as previously authorized by this Court, with CohnReznik as investment banker to market and sell the equity of Pivot Energy. CohnReznik has significant expertise in the solar space, and during this Third Reporting Period launched a robust sale process for Pivot Energy.

During the Third Reporting Period, the Receiver and DSI heavily engaged with Pivot's management and CohnReznik to monitor the sale process, address ongoing business and contractual issues, and manage FMGC's equity interests. Market feedback on the sale process was very positive. More than a dozen prospective purchasers submitted both non-disclosure agreements and, subsequently, either indications of interest or nonbinding letters of intent. The process is on track for a transaction closing in the spring or early summer of 2021.

**TCA Broward Collision, LLC.** As discussed in the Second Report, this SPV is the

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<sup>2</sup> For a detailed analysis of each asset and its position within the portfolio, please see Section 6.B of the First Report.

subject of numerous lawsuits, a bankruptcy proceeding and significant debt issues. Further exacerbating the situation, a non-receivership entity in liquidation by joint liquidators in Ireland, TCA ICAV, holds the first and second lien position with a total value of approximately \$2 million on Broward Collision's main location upon which the business' future depends. As a result, Broward Collision has also been unable to comply with its contractual obligations to its franchisor Carstar.

Broward Collision ceased operations in early January 2021 after failing to successfully resolve the myriad of pending legal matters above. The litigation involved in this matter is detailed below in Section 5.E, *supra*. The Receiver and Broward Collision, however, believe that the parties are very close to a resolution in which Broward Collision will sell its assets to another third party franchisee of Carstar for a nominal sum. As part of such transaction, Carstar would agree to the release of certain TCA cash collateral supporting a letter of credit. In addition to providing a modest return of more than \$150,000 to the Receivership, the Receiver would be able to eliminate ongoing litigation and managerial expenses relating to Broward Collision.

**National Healthcare/Champion Pain Care.** During the Third Reporting Period, the Receiver continued to negotiate the sale of these pain care medical practices back to the physician-employees who are operating them. The Receiver hopes to reach an agreement during the next reporting period.

**TPNI.** In the Second Report, the Receiver detailed TPNI's various financial, pandemic-related and other challenges, as well as a plan to sell the company to management for *de minimis* recovery. During this Third Reporting Period, the parties completed negotiation and documentation of the sale of TPNI to its management. The Receiver expects that sale to close shortly.

**Transmarine.** During the Third Reporting Period, Transmarine continued to operate on a positive basis without the need for capital infusion. The Receiver continues to monitor this investment and consider strategic options. DSI visited Transmarine in December 2020 to discuss operations and sale options. The Receiver and his professionals also worked with Transmarine and the tax attorneys it retained to resolve a tax liability claim asserted by the IRS. Transmarine's counsel has requested an administrative hearing to dispute the IRS claim. The Receiver will continue to work out the best sales process to maximize value and expects to execute on such plan as soon as the IRS claim is resolved.

**Xcell Networks.** As discussed in prior reports, Xcell Networks has had business challenges with working capital, billing cycles, cash flows, staffing furloughs, client merger issues, and pre-Receivership IRS issues. The Receiver and his professionals retained an investment banker during the Second Reporting Period to attempt to orchestrate a quick sale process. Unfortunately, Xcell Networks collapsed almost immediately and is instead in self-liquidation. The Receiver expects no recovery from this asset.

## 2. SPV – International

**InduMate.** As discussed in prior reports, InduMate is a Swedish holding company with three subsidiaries: Frykenmontage AB, InduMate Karlstadt, and InduMate Gavle. Sale of Frykenmontage AB and InduMate Karlstadt were successfully completed in October 2020, with the proceeds substantially going to satisfy existing first lien bank debt obligations in Sweden and transaction-related costs. During the Third Reporting Period, the Receiver continued to work with InduMate's restructuring officer, Peter Wahlberg, to sell the third subsidiary, InduMate Gavle. Unfortunately, the resurgence of Covid-19 in Sweden delayed that process. The Receiver expects this sale to be completed during the next reporting period. The anticipated sale proceeds

will be used to fund Swedish statutory liquidation requirements and pay off the SPV's secured bank debt in Sweden. After payment of these expenses, the Receiver expects to realize a modest recovery.

**Cleland Ltd.** During this reporting period, the Receiver sought and obtained this Court's approval to retain counsel in Scotland to assist in the re-registration of the real estate owned by this entity in Scotland, which registration had lapsed pre-Receivership. Re-registration is a necessary component to market and sell the property. Scottish counsel has begun working on re-registration.

**JLE Holdings, LTD/Zeecol.** As discussed in the Second Report, a prior owner has asserted a significant ownership interest in JLE Holdings, LTD/Zeecol, and the Receiver served him with this Court's Appointment Order, including stay provisions. During this Third Reporting Period, the Receiver learned that that same person has since filed a lawsuit in New Zealand seeking, amongst other things, legal determination and enforcement of such purported ownership interest. The Receiver sought and received Court approval to retain counsel in New Zealand to represent him in that matter, and provide advice on New Zealand law. The Receiver's counsel here is also considering a motion for order to show cause against this person for violating this Court's stay order. The ongoing business operations of JLE remain under the control of outside CRO, Connor McElhinney of McGrath Nicol, who is assisting in the management and turnaround of the operations. DSI continues to monitor the operations and results of JLE. The business is in the initial stages of its turnaround and is currently not in need of a capital infusion. However, management is concerned that the re-emergence of Covid-19 could negatively impact the business and is proceeding cautiously. The Receiver's strategic plan will depend both on the successful resolution of ownership issues and positive financial performance by the business.

### 3. SPV – Real Property and Other Assets

**Galveston, Texas Real Property (a/k/a Virdis).** During this Third Reporting Period, the Receiver engaged in negotiations with interested purchasers for Master Fund's interest in this property. The Receiver and prospective purchaser also commissioned appraisals for the property.

**Lexington, North Carolina Real Property.** TCA Share Holdings, LLC (f/k/a TCA MCA, LLC (NV)), is the title holder of certain real property located at 419 Salem Street, Lexington, North Carolina. The Master Fund is the 100% equity owner of TCA Shareholdings, LLC. The Receiver will begin the process of selling this property in the near future.

### 4. SPV – Others

Below is a list of other SPVs owned by the Master Fund. The Receiver and his professionals continue to review the underlying files and documents for these matters to confirm that there are no operations or assets remaining to monetize for these matters:

- TCA Royalty Foods I, LLC (FL)
- TCA Crescent Construction Company LLC (FL)
- TCA MLM Marketing, LLC (FL)
- Fundamental TCA LLC (FL)
- TCA EF4K Services, LLC (FL)
- TCA Floral Marketing, LLC (NV)
- TCA – GFS Corp (FL)
- TCA – Go Green SPV, LLC (FL), which includes Go Green Hydroponics, Inc. (CA)
- TCA Home Health Care, LLC (Being Used for MOTA) (FL)
- TCA Hotel Management, LLC (FL)
- TCA Hydroponics Supply, LLC (f/k/a TCA Jolin Foods, LLC) (FL)
- TCA Maritime Ventures, Inc. (Marshall Islands)
- TCA Medical Group, LLC (FL)
- TCA Mountain Resources, LLC (FL)
- TCA NY Bulbs, LLC (FL), which includes Veriteq Corporation (FL), Brake Shop guarantor
- TCA LUC Group, LLC (FL)

### **C. Loan Portfolio**

The Fund prospectuses, annual financial audits, and monthly and other reports suggest that one of the Receivership's most substantial and valuable assets are performing loans. As explained in prior reports, however, the Receiver and his professionals discovered that there were only two performing loans, and three others that were paying regularly, but far less than the monthly amount due under their loan agreements. During the Third Reporting Period, DSI continued to evaluate and investigate the loan portfolio, the underlying business status, the individual account debtors, and guarantors' status in order to make business recommendations to the Receiver and his legal team on the next steps or course of action. Also, during this Third Reporting Period, DSI concluded a detailed review of the pending files, loan documents, interest calculations, and settlements in conjunction with its direct contacts or attempted contacts with the portfolio debtors. The non-performing portfolio is now being transitioned to more aggressive collection actions via litigation or packaged for a possible sale process.

As noted in the category subheadings below, the portfolio is classified into four categories as follows:

1. Performing and Active Matters
2. Transferred to GJB for Legal Action
3. Other – Post Judgment Collection
4. Resolved Matters

Performing and active matters are generally situations where the portfolio debtor is engaged in communication with DSI or GJB, is making periodic monetary payments, and is working on further accommodations to pay down or refinance the obligation. In some instances, settlement discussions are being entertained to discern a practical resolution of the total



outstanding obligation. Loans Transferred to GJB for Legal Action now includes a significant portion of the current portfolio where the portfolio debtor has been uncooperative or unresponsive and legal action is contemplated. Resolved Matters include portfolio matters where the loan has either been administered, is in a bankruptcy subject to a claim and future claim payments, has been paid off, or has been deemed to be uncollectable and the file closed. Other Post Judgment Collection category includes portfolio debtor matters where a judgment has already been obtained. The Receiver's legal counsel will assess post-judgment work and assess steps necessary to attempt to monetize the judgment.

DSI undertook a full complement of reasonable collections activity, including but not limited to the following procedures:

- Multiple telephone calls to the business operator, owner, and/or guarantors where applicable over the course of time leaving specific messages.
- Multiple email attempts to contact the business operator, owner, and/or guarantors where applicable.
- Contacting outside parties who were noted in the portfolio debtor file as legal, accounting or consulting advisors at various points in time. Many of the portfolio debtors have negotiated prior forbearance and or settlement agreements with third party professionals advising them on the matters.
- Internet research on contact information for the portfolio debtor, officers, and directors to seek alternative communication channels if the traditional channels did not work.

DSI also concluded a "bottoms up" review of the individual portfolio debtor files, including but not limited to:

- Loan agreements
- Loan underwriting documentation
- Forbearance agreements and settlement agreements
- Loan principal and interest calculations with accrued fees and expenses
- Assessed the contractual monthly payment against the actual monthly payments being made by the portfolio debtor
- Guarantor information and personal guarantees
- Documentation provided by the account debtors including financial statements, bank

statements, memos or third-party reports, appraisals etc.

- TCA pre receivership internal employee or staff memos
- TCA pre receivership outside advisor reports, recommendations, or memos
- Documented instances of any TCA judgments with copies in the files

DSI then organized a ShareFile repository of information by portfolio debtor to transition information in a consistent and logical format to the Receiver's legal team. In addition, the Receiver and DSI discussed the possible sale of the portfolio in whole or in part. DSI's work serves the dual purpose of organizing the files in a format to use as a due diligence data room for interested purchasers or to provide counsel with a consistent repository of information to evaluate the next steps for each account debtor.

DSI also prepared a memo to the Receiver's legal counsel summarizing each individual portfolio debtor and possible actions to be considered. The recommendations provide a template to evaluate the portfolio debtors and make an informed determination on the options to consider for the portfolio debtor and the guarantors where applicable. These options include but are not limited to:

- Do nothing
- Send a demand letter
- Send a default letter
- Send draft a complaint
- Solicit a forbearance agreement
- Solicit settlement discussions
- Enter a default judgment

A summary of the loan portfolio,<sup>3</sup> including those that are in litigation, is outlined below:

## **1. Performing and Active Matters**

### **Amian Angels (f/k/a Oncologix):**

Loan Origination:	January 2014
Loan Principal:	\$191,404
Loan Interest:	\$40

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<sup>3</sup> Interest is calculated in Section V.C as of December 31, 2020.

CASE NO. 20-CIV-21964-CMA

Last Payment: December 2020  
 Remaining Balance: \$191,404  
 Status: Communicating and Making Payments

Amian Angels continues to make monthly payments under its payment schedule of \$8,030.53 to the Master Fund Receivership Account. DSI also discussed resolution of the outstanding indebtedness with Amian.

**EP World, Inc.**

Loan Origination: December 2012  
 Loan Principal: \$548,701  
 Loan Interest: \$64,592  
 Remaining Balance: \$613,654  
 Last Payment: December 2020  
 Status: Communicating and Making Payments

Monthly payments of \$1,417.00 are being made to the Master Fund. The Receiver and his professionals are discussing possible strategies to resolve this debt.

**Pacific Ventures**

Loan Origination: June 2017  
 Loan Principal: \$2,263,952  
 Loan Interest: \$772,885  
 Total Balance: \$3,036,837  
 Last Payment: December 2020  
 Status: Communicating and Making Partial Payments

Prior to the Receiver's appointment, the Defendants permitted PACV to pay only \$10,000.00 (not the required \$75,000.00) per month, to avoid a default so PACV could attempt to complete a capital raise. PACV is in the process of attempting to complete a capital or debt raise to pay off the purchase debt for both San Diego Farmers Market and Seaport Meat. The Receiver has communicated directly with counsel for PACV on a number of occasions regarding its attempts to satisfy its obligations to the Receiver and has specifically reserved all rights available to the Receivership with respect to seeking to recover against PACV based on the full \$75,000.00 monthly amount due.

**Nassau Holdings**

Loan Origination:	March 2017
Loan Principal:	\$263,113
Loan Interest:	\$51,305
Total Outstanding:	\$314,418
Last Payment:	December 2020
Status:	Communicating and Making Payments

Nassau Holdings (“Nassau”) provides media and communications services, real estate, marine services, and food services through its subsidiaries. Nassau Holdings owns and operates radio broadcasting stations in Maine, New Hampshire, Vermont, New Jersey, Pennsylvania, and Maryland. For this transaction, the Master Fund only took a senior position on three (3) entities (Nassau Publications, LLC, RH LeChard Marine Contracting, and Nassau Journals, LLC). Nassau and the Master Fund entered into a Senior Secured Credit Facility Agreement for \$3 million and a promissory note for \$675,000 effective March 31, 2017 that was extended (maturity date) on October 5, 2018 and again on August 5, 2019. The borrower has been making the \$500 per week payment and per discussions with the Receiver and the Financial Advisor to the Receiver, will continue until the borrower has the ability to refinance. Alternatively, the borrower proposed a *de minimis* settlement proposal and the Financial Advisor to the Receiver continues to advance settlement discussions.

**Peak (Welch Settlement)**

Loan Origination:	September 2019
Settlement Principal:	\$114,878
Settlement Interest:	\$335
Total:	\$115,213
Status:	Communicating and Making Payments

The two Peak guarantors entered into two separate settlement agreements of this defaulted loan in early 2019. The guarantor Welch entered into an agreement for payments totaling \$150,000 in February 2019. This settlement agreement required an initial payment of \$10,000, twelve (12) monthly payments of \$1,500 each, 50 monthly payments of \$2,826 each,

and a final payment of \$1,736. The Welch guarantor is current on the payments under the settlement agreement.

## 2. Loans Transferred to GJB for Legal Action

### **Redfin Network, Inc.**

Loan Origination:	October 2012
Loan Principal:	\$566,063
Loan Interest:	\$225,420
Total:	\$791,483
Last Payment:	May 2020
Status:	Transferred for Legal Action

Redfin Network, Inc. (“Redfin”) was a credit card processing business, located in Florida. Redfin and the Master Fund entered into a Senior Secured Revolving Credit Facility Agreement for \$3,000,000 and a Revolving Promissory Note effective October 26, 2012 for \$350,000 related to working capital financing. The business was transferred to the Master Fund in lieu of foreclosure in July 2013. The borrower was making payments until March 2020. As reported previously, the Master Fund had attempted to negotiate a \$200,000 payoff with the borrower. During this period, DSI continued to engage in discussions with the borrower and seek limited financial information from the Borrower to no avail. Accordingly, DSI has transferred the loan file for legal action.

### **Arrayit Corporation**

Loan Origination:	December 2015
Settlement Principal:	\$88,462
Accrued Interest:	\$12,505
Total:	\$100,966
Status:	Transferred for Legal Action

Arrayit Corporation (“Arrayit”) is a manufacturer of laboratory equipment and supplies. TCA Global Credit Master Fund, LP and Arrayit entered into a Senior Secured Revolving Credit facility agreement for \$5,000,000 and a Revolving Note for \$750,000 both effective December 18, 2015. The Credit Agreement and Revolving Note have been amended multiple times to

CASE NO. 20-CIV-21964-CMA

resolve existing defaults, acknowledge balance owed and agree to distribution of funds from the lockbox account. Arrayit made payments through March 2020 but has not paid since. The borrower was initially responsive, however, no meaningful progress has been made through settlement discussions nor have any payments been received.

**Inventergy Global Inc.**

Loan Origination:	December 2017
Loan Principal:	\$2,202,016
Loan Interest:	\$1,735,316
Fees w/ Interest:	\$9,534,771
Total Outstanding:	\$13,472,103
Last Payment:	May 2018
Status:	Transferred for Legal Action

The borrower is an intellectual property and patent litigation company located in California. The loan is in default as of April 29, 2018 and the last payment was made on May 28, 2018. A settlement agreement was entered into in November 2018, pursuant to which borrower was to obtain other financing by February 28, 2019, in the amount of at least \$1 million. Pursuant to the settlement agreement, the Master Fund and the other lender would then enter into an inter-creditor agreement, and the Master Fund would receive \$200,000 at closing. The borrower did not obtain financing pursuant to the terms of the settlement agreement, and at this time, no inter-creditor agreement exists. Additionally, no payments have been made to the Master Fund for over two years. DSI has attempted to contact the guarantor, however, the guarantor been unresponsive. Accordingly, DSI has now turned over the updated file for legal action.

**First Class Vacations**

Loan Origination:	April 2014
Loan Principal:	\$934,785
Loan Interest:	\$410,111
Total:	\$1,344,896
Last Payment:	February 2020
Status:	Transferred for Legal Action

The borrower is a cruise ship business located in Florida. The borrower only made one partial payment in February 2020, and is currently in particular distress due to the cancellations of reservations and shutdown of the cruise ship industry caused by the COVID-19 pandemic. DSI has requested financial statements and information to corroborate the borrower's stated inability to pay. Due to lack of progress with the borrower, DSI has transferred the matter to GJB for legal action.

**GrowSolutions**

Loan Origination:	December 2015
Loan Principal:	\$545,823
Loan Interest:	\$515,344
Total:	\$1,061,167
Last Payment:	January 2020
Status:	Transferred for Legal Action

The borrower, located in Colorado, defaulted on the loan in June 2017. The borrower assigned the company to the Master Fund and all of the assets were sold. DSI has reviewed the loan and recommended legal action against the borrower as no meaningful progress has been made through settlement discussions, nor have any payments have been received.

**Bitzio, Inc. (aka Cleantech)**

Loan Origination:	December 2015
Loan Principal:	\$3,594,618
Loan Interest:	\$3,000,048
Remaining Balance:	\$6,594,666
Last Payment:	January 2020
Status:	Transferred for Legal Action

Bitzio, Inc. ("Bitzio") operates in the apparel sector and owns 3-4 apparel lines. The Master Fund and Bitzio, Inc. entered into a Senior Secured Revolving Credit Facility Agreement for \$5,000,000 and a Senior Secured Revolving Convertible Promissory Note for \$2,900,000 effective December 31, 2015 for the purposes of purchasing the stock of GS Cleantech Corporation ("GS Cleantech") as a debt repayment. GS Cleantech is in the ethanol production

industry. The loan in is in default as of October 11, 2018. Bitzio, Inc. stopped making royalty payments to the Master Fund in January 2020. The Master Fund is a senior secured creditor on all Bitzio, Inc.'s assets. The Receiver Financial Advisor made multiple attempts to contact the borrower who has been non-responsive. Accordingly, DSI has transferred the loan file to GJB for legal action.

**ITS Solar**

Loan Origination:	May 2017
Loan Principal:	\$3,557,903 (includes \$2,000,000 investment banking fee)
Loan Interest:	\$2,048,431
Total:	\$5,606,334
Last Payment:	May 2020
Status:	Transferred for Legal Action

ITS Solar is a solar panel, automation and services company based in Millstadt, Illinois. The Master Fund is a senior secured creditor on all of IT Solar's assets. Additionally, there is a personal guaranty on the loan. The last payment made was for \$40.60 in May 2020. During discussions with DSI, the borrower indicated that they dispute the outstanding balance per TCA records. DSI has attempted to communicate with the borrower but has not received the requested information regarding ITS Solar's financials. DSI reviewed the loan and recommended legal action against the borrower as no meaningful progress has been made through settlement discussions, nor have any payments been received.

**LUC Group (Legacy Underground)**

Loan Origination:	July 2019
Loan Principal:	\$2,242,609
Loan Interest:	\$338,293
Fees w/ Interest:	\$321,081
Total:	\$2,580,902
Last Payment:	May 2020
Status:	Transferred for Legal Action

The borrower provides sewer and water utility infrastructure installations in Illinois. The



CASE NO. 20-CIV-21964-CMA

LUC Group loan is currently in default, though no official default notice has yet been sent. The last payment was made in May of 2020. The borrower offered to settle the loan for a minimal payoff amount. Previously, the Master Fund and FMGC attempted to obtain the financials of LUC Group, but the borrower failed to provide them and became non-responsive. Accordingly, DSI transferred the loan file to GJB for legal action during this reporting period.

**Bantek, Inc. (f/k/a DroneUSA, Inc.)**

Loan Origination:	September 2016
Loan Principal:	\$5,490,542
Loan Interest:	\$2,400,372
Total Outstanding:	\$7,890,914
Last Payment	July 2019
Status:	Transferred for Legal Action

DroneUSA, located in Connecticut, is one of two divisions of Bantek. The other Bantek division is Howco Distribution. Bantek is a public company. DroneUSA appears to have ceased operations. During communications with DSI, the borrower disputed the outstanding loan balance and made a *de minimis* settlement offer. No meaningful progress has been made through settlement discussions nor have any payments have been received and DSI transferred the loan files to GJB during this Third Reporting Period for legal action.

**Sofame Technologies**

Loan Origination:	December 2017
Settlement Principal:	\$75,000
Total Outstanding:	\$75,000
Status:	Transferred for Legal Action

The Canadian proceedings continue to proceed and the Receiver expects to receive the funds as stated in the Second Report. *See* [ECF No. 40].

**MPI**

Loan Origination:	December 2015
Loan Principal:	\$30,000 (Settlement Amount)
Total Outstanding:	\$28,700
Last Payment	August 2019
Status:	Transferred for Legal Action

MPI Industries, LLC performs infrastructure services for telecommunications including construction servicing and maintenance of wireless towers. On February 16, 2018, TCA filed an Adversary Proceeding in the Bankruptcy Court styled as *TCA Global Credit Master Fund, LP v. David Ristick*. On January 2, 2019 MPI and TCA entered into a Settlement Agreement stipulating that TCA shall receive \$30,000 in addition to any distributions related to its allowed claim (\$5,227,940.09) in full and final satisfaction of all claims TCA has against MPI. The \$30,000 shall be paid in monthly payments of \$100 from February 1, 2019 through January 1, 2022 at which time a balloon payment of \$26,400 is due. MPI made the \$100 monthly payments through August 2019 but has not made any payments since. DSI contacted the borrower who submitted a settlement proposal. During this reporting period, DSI and the Receiver have unsuccessfully attempted to negotiate a resolution. Accordingly, the file was transferred to GJB for legal action.

**Comprehensive Care**

Loan Origination:	April 2013
Loan Principal:	\$428,062
Total Outstanding:	\$428,062
Last Payment:	July 2020
Status:	Transferred for Legal Action

The initial loan between the Master Fund and Comprehensive Care was for a \$1 million Revolving Convertible Promissory Note, effective April 30, 2013. The loan defaulted and the parties reached a settlement agreement in September of 2015. The agreement called for an initial payment of \$10,000 and monthly payments equal to 25% of the profits from its business. The Borrower made payments each month in accordance with the settlement agreement terms through July 2020, and the amount received varies between \$200 and \$600. The borrower has

been non-responsive to communication attempts. The Receiver and DSI are evaluating potential legal action against the borrower.

**State Security and Investigations Services**

Loan Origination:	March 2019
Loan Principal:	\$500,000
Total Outstanding:	\$423,074
Last Payment	October 2020
Status:	Transferred for Legal Action

The borrower was a security company for schools and other businesses, but is currently defunct. The initial loan between the Master Fund and State Security and Investigation Services was \$500,000. The parties reached a settlement agreement in March 2019 for \$442,074. Settlement payments of \$1,000 had been received each month in accordance with the terms of the settlement agreement. However, the last two payments were returned for insufficient funds. Additionally, based upon the inability to amortize the debt (this loan would have taken 35 years to be paid off under the existing arrangement) and lack of consistency in payments, DSI has now turned the loan over to GJB for legal action to illicit further settlement opportunities.

**Sprockets Retail**

Loan Origination:	December 2013
Settlement Principal:	\$605,911
Accrued Interest:	\$11,049
Total:	\$616,959
Last Payment:	September 2020
Status:	Transferred for Legal Action

Preferred Secured Agents, Inc. d/b/s Sprockets Retail is a children's clothing company. The borrower made the monthly payments in accordance with the Settlement Agreement through September 2020 but has not paid since. DSI has been in contact with the borrower who has submitted a *de minimis* settlement proposal. Requests that the borrower restart making loan payments during this Third Reporting Period were unsuccessful. Additionally, the guarantors appear collectible. Accordingly, DSI has transferred the loan file to GJB for legal action.

**Hypertension Diagnostics**

Loan Origination:	October 2013
Loan Principal:	\$490,490
Loan Interest:	\$291,298
Total Outstanding:	\$781,788
Last Payment:	August 2018
Status:	Transferred for Legal Action

The Master Fund and Hypertension Diagnostics entered into a Senior Secured Revolving Credit Facility Agreement for \$3 million and a Revolving Convertible Promissory Note for \$550,000 effective October 10, 2013. The Credit Agreement was amended on February 12, 2014 to issue a First Replacement revolving Note for \$669,490.84. Thereafter, on October 20, 2014, the Master Fund filed suit against Hypertension Diagnostics for default. On July 1, 2015, the parties entered into a settlement agreement for \$616,287.95. The Master Fund (and Receiver) has received one payment in August 2018 of \$500. Accordingly, DSI transferred the loan file to GJB for legal action during this reporting period.

**P&D Electric**

Loan Origination:	August 2013
Settlement Principal:	\$497,444
Accrued Interest:	\$103,774
Total:	\$601,219
Last Payment:	January 2020
Status:	Transferred for Legal Action

P&D Electric is an electrical construction company located in New York. The borrower and the Master Fund entered into a settlement agreement for this defaulted loan for \$553,831.23 in October 2018. The settlement agreement called for monthly payments of \$4,000, which the borrower consistently made until early 2020. The Master Fund also received a security interest in property located in New York purportedly valued at approximately \$900,000 as part of the settlement. The borrower has expressed an interest in paying the settlement off at a discount. The Receiver and DSI will continue discussions with the borrower regarding a possible further

settlement and a resolution of the outstanding obligations.

**Peak (Moss Settlement)**

Loan Origination:	July 2015
Settlement Principal:	\$453,500
Accrued Interest:	\$107,782
Total:	\$561,282
Last Payment:	January 2019
Status:	Transferred to GJB for Legal Action

On August 30, 2018, the Superior Court for Fulton County, Georgia entered judgment in favor of TCA Global Credit Master Fund against Lonnie and Misty Moss (“Judgment Debtors”) in the amount of \$1,296,593 with post-judgment interest accruing. The two Peak guarantors entered into two separate settlement agreements of this defaulted loan in early 2019 and a separate judgment was entered into against Renee Welch. On January 23, 2019, the Judgment Debtors made a payment and provided other consideration totaling \$846,593 thus reducing the amount due to \$450,000. The guarantor Moss has not made any of the remaining payments. These payments were required to be made over 24 months. Attempts to contact the guarantor though counsel have been unsuccessful. The Receiver and DSI are evaluating additional legal action against the guarantor.

**4G Metals**

Loan Origination:	June 2015
Settlement Principal:	\$650,000
Accrued Interest:	\$22,687
Total Outstanding:	\$324,398
Last Payment:	October 2019
Status:	Transferred to GJB for Legal Action

4G Metals is a metal recycling company. DSI has reviewed the loan and recommended legal action against the borrower as no meaningful progress has been made through settlement discussions, nor have any payments been received.

**iTeknik Holding Corporation**

Loan Origination:	December 2016
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## CASE NO. 20-CIV-21964-CMA

Loan Principal:	\$5,698,064
Loan Interest:	\$3,642,686
Fees w/ Interest:	\$5,102
Total Outstanding:	\$8,760,852
Status:	Transferred to GJB for Legal Action

The Master Fund and iTeknik entered into a Securities Purchase Agreement and a Senior Secured, Convertible, Redeemable Debenture for \$5 million effective December 20, 2016. As a result of existing defaults and other disputes between the parties, litigation was commenced on April 4, 2017. On June 21, 2019, the parties entered into a settlement agreement for \$4 million. iTeknik has not made any payments to the Master Fund under the terms of the settlement agreement. During the reporting period, DSI discovered that TCA appears to have purchased all the property of iTeknik Holding Corporation and Big Rhino Corporation via a credit bid at an auction in March 2020. The nature of the underlying assets appear to be furniture, accounts receivable, and intellectual property. At the present point in time it is unclear what the current ability to monetize these assets may be. DSI and the Receiver's counsel are currently reviewing prospects for maximizing value, including the value of the property securing the loan.

**Care Environmental**

Loan Origination:	December 2017
Loan Principal:	\$235,424
Loan Interest:	\$41,594
Total Outstanding:	\$277,019
Status:	Transferred to GJB for Legal Action

The Master Fund and Care Environmental initially entered into a Senior Secured Revolving Credit Facility Agreement for up to \$1.5 million, and a promissory note of \$675,000 effective December 29, 2016.

Effective May 24, 2018, the Master Fund and the borrower entered into a Settlement Agreement with a Replacement Promissory Note of \$283,600 at a 14% per annum interest rate. In addition to the \$283,600 note, the Settlement Agreement stated that the borrower was to pay

CASE NO. 20-CIV-21964-CMA

all other obligations due under the terms of the Credit Facility Agreement (the “Original Credit Agreement”), with an effective date December 29, 2016. The monthly payments per the settlement terms five (5) payments of \$25,726.98 from June 31, 2019 through the maturity date of October 31, 2019. The borrower, however, failed to make any payments since the end of July 2019. The guarantor has been unresponsive DSI’s contact attempts and DSI transferred the loan file to GJB for legal action.

**TCA Energy Solutions, LLC (Noveda Technologies)**

Loan Origination:	December 2017
Loan Principal:	\$1,005,899
Loan Interest:	\$516,001
IB Fee:	\$5,000,000
Interest on IB Fee:	\$282,475
Total Outstanding:	\$7,489,678
Last Payment:	none
Status:	Transferred to GJB for Legal Action

On December 31, 2017, TCA Energy Solutions (“TCA Energy), LLC, entered into a Senior Secured Credit Facility Agreement with TCA Global Credit Master Fund (“TCA Global”), LP, with total available financing up to \$5,000,000, and agreed to a revolving note in conjunction to the Senior Secured Credit Agreement with a principal amount of \$1,400,000 at the interest rate of 16%. TCA Energy also agreed to a Senior Secured Redeemable Fee Debenture on December 31, 2017, for a principal amount of \$5,000,000 at the interest rate of 8%. The borrower has not made any payments to date on the advance nor on the investment banking fee. DSI attempted to contact the borrower multiple times who was unresponsive. Accordingly, DSI has now turned the file over to GJB for legal action.

**Flux Carbon Corp. (Pervasip Corp. / Canalytix)**

Loan Origination:	December 2017
Loan Principal:	\$10,841,639 (including IB Fee)
Loan Interest:	\$2,776,623
Total Outstanding:	\$13,618,263
Last Payment:	September 2019

Status: Transferred to GJB for Legal Action

Pervasip Corp. and the Master Fund entered into a Senior Secured Convertible, redeemable debenture agreement on October 14, 2015 for a principal of \$500,000 (“2015 Pervasip Debenture”). At the date of the agreement, an aggregate amount of \$1,006,181.66 of unpaid principal, accrued but unpaid interest, and other fees were outstanding in conjunction to the 2015 Pervasip Purchase Agreement and 2015 Pervasip Debenture. In conjunction with the 2015 Pervasip Purchase Agreement, Flux Carbon Corporation (“FLUX”) and Influx Capital, LLC, entered into a Senior Secured Redeemable Debentures purchase agreement with the Master Fund on June 30, 2017. On June 30, 2017 Pervasip Corp. entered into a Senior Secured Redeemable Debenture agreement with Flux Carbon Corp. (“2017 Pervasip Purchase Agreement”) whereby Flux would purchase up to \$5,000,000 of redeemable debentures, and the proceeds will flow to Pervasip directly, or the subsidiaries of Pervasip, Canalytix WA LLC (“CWA”) and Canalytix Co LLC (“CCO). The proceeds were to be used by Pervasip or the subsidiaries to make subsequent loans, including a loan pursuant to the Zen Purchase Agreement. The Zen Purchase agreement was entered by Zen Organization, Inc. (“Zen”) and CWA, with JFK Holdings LLC, G.R.T.U LLC, Zen Staffing LLC, and Zen Goods LLC as corporate guarantors. The Zen Purchase Agreement notes that \$1,000,000 of the 2017 Pervasip Debenture proceeds were to be funded directly to CWA pursuant to the 2017 Pervasip Purchase Agreement.

On June 30, 2017, pursuant to the transactions noted above, Pervasip Corp. entered into Senior Secured Redeemable Debenture (Fee Debenture) for a principal of \$5,275,000 at a 10% interest rate. Per the respective agreement, the fee debenture was issued in consideration of advisory services noted to be fully rendered by TCA as of June 30, 2017. Also pursuant to the above transactions, Pervasip Corp. also entered into a Master Funding and Payment Agreement



with a principal debenture of \$2,400,000. Borrowers made monthly payments of \$35,000 through March 2019 and the last payment received was in September 2019. DSI attempted to contact the borrower multiple times who was unresponsive. DSI has turned the file over to GJB for legal action.

### 3. Other – Post Judgment Collection

#### **Dixie Foods: PRBI**

Loan Origination:	December 2014
Loan Principal:	\$2,260,534
Judgment Amount:	\$2,589,326 as of June 6, 2016, plus default interest at 18% and attorneys' fees
Last Payment:	November 2017
Status:	Post Judgment Collection

The Master Fund and Preferred Restaurant Brands entered into a Debenture for \$1 million effective December 31, 2014. The Debenture was amended on October 27, 2015 to increase the principal borrowing to \$1,460,553.70. On March 10, 2016, the Master Fund commenced litigation against the borrower for \$2,611,931.40 owed on the Debenture and to assert enforcement of the guarantee against guarantors. On June 21, 2016, a final judgment was entered against the defendants. The borrower's only payments were in August and November 2017. DSI turned over the loan file to GJB for legal action to advance post judgment collection.

#### **Patient Access Solutions**

Loan Origination:	September 2016
Loan Principal:	\$792,472
Judgment Amount:	\$1,099,295
Total Outstanding:	\$1,072,699
Last Payment:	January 2019
Status:	Post Judgment Collection

The Master Fund and Patient Access Solutions entered into a Senior Secured Credit Facility and a Convertible Promissory Note for \$700,000 effective September 16, 2016 and the borrower defaulted. Master Fund commenced litigation against the borrower on September 29,

2017 and obtained a judgment against Patient Access Solutions and the individual guarantor for unpaid amounts accrued and owing on October 19, 2018. The borrower made one post-judgment payment in January 2019. The borrower has been in discussion with DSI regarding a possible further settlement and resolution. Based upon the uncertainty of these discussions, the Receiver and DSI are also assessing post-judgment collection legal actions.

#### **4. Resolved Matters**

##### **Mint Leasing Vehicles**

As of the Third Reporting Period, this asset has been fully administered and no further Receiver action is expected.

##### **Hearts & Hands**

Total Outstanding: \$2,216,643

Status: Chapter 11 Bankruptcy – Assess distributions

Hearts and Hands of Care, Inc. is a respite services and human health care facility that facilitates access to quality services and supports that foster independence, personal choice, and dignity to individuals with disabilities, seniors and vulnerable adults. Hearts and Hands filed for Chapter 11 on July 22, 2019. The Master Fund filed a Proof of Claim for \$1,985,000 on November 18, 2018. The debtor confirmed a plan on July 1, 2020. In September 2020, under the confirmed bankruptcy plan, the Receiver received the first installment payment of \$20,000 from the debtor.

##### **Fortran Corp.**

This borrower has been making periodic payments since the appointment of the Receiver and has paid off the balance of the \$70,000 settlement agreement over the course of the last five months.

**Hispanica International Delights**

Loan Origination:	July 2016
Loan Principal:	\$150,000
Total Outstanding:	\$150,000
Status:	Closed

The Master Fund and Hispanica International Delights entered into a Senior Secured Revolving Credit Facility Agreement for \$7.5 million and a Revolving Note for \$1.6 million effective July 5, 2016. On November 27, 2017, the Revolver and the Note were replaced by a Debenture for \$650,000.00. In April 2017, Hispanica International Delights defaulted on the loan, and the Master Fund commenced litigation against Hispanica International Delights and the corporate guarantors shortly thereafter. Then, Hispanica International Delights and the corporate guarantors commenced legal action against the Master Fund, which was subsequently voluntarily dismissed. On June 29, 2018, the Master Fund and Life on Earth f/k/a Hispanica International Delights entered into a confidential settlement agreement for \$560,000, comprised of \$410,000 cash payments and a \$15,000 stock payment. The Master Fund has received all of the \$410,000 cash payments and DSI is looking into whether this loan has been paid in full.

**Zenergy Energy Services**

Zenergy Energy Services, LLC (“Zenergy”), a publicly traded company located in Plano, Texas, specializes in the sale and management of Managed Energy Services Agreements, whereby Zenergy agrees to install and own select energy-efficient machinery and equipment at a client’s site in return for a contractual portion of the resulting energy savings. The Master Fund was a senior secured creditor on all of Zenergy’s assets and holds a personal guaranty. In November 2019, Zenergy filed for Chapter 11 bankruptcy protection, partly due to the debt owing to the Master Fund. Thereafter, TCA ICAV provided Zenergy with post-petition financing to fund operations. To date, Zenergy has been unable to confirm its bankruptcy plan due to a lack

of exit financing.

### 5. Loans Requiring Further Investigation and Analysis

The following loans were listed as requiring investigation and analysis in the Receiver's Second Report. The information below reflects the results of DSI's investigation and analysis during this reporting period as well as current status.

#### ECO-Waste

Loan Origination:	September 2017
Last Known Balance:	\$8,687,402 (includes \$4,000,000 IB & Advisory Fee)

The Master Fund and Eco Waste and Recycling, LLC ("Eco Waste") entered into a Senior Secured Redeemable Debenture Agreement effective September 6, 2017. Eco Waste defaulted in February 2018 for failure to pay, and the Master Fund issued a demand for payment of \$5,966,701.30 in May 2018 from the borrowers and personal guarantors. Eco Waste filed for Chapter 7 bankruptcy in July 2018 and in August 2018, the Master Fund commenced litigation against the guarantors. In October 2018, the Chapter 7 Trustee proposed to abandon all property of the Eco Waste estate. On October 10, 2018, a Judgment was entered against the guarantors for \$6,441,601 plus accruing default interest. Based on a review of the underlying documentation, it appears TCA was unsuccessful pursuing the guarantors. Collection of the outstanding balance appears remote based upon DSI's review. DSI recommends counsel assess post-judgment collection efforts.

#### Axiologix

Loan Origination:	September 2013
Last Known Balance:	\$1,659,235

The Master Fund and Axiologix entered into a Senior Secured Revolving Credit Facility Agreement effective September 2013. On August 26, 2015, iWorld Services ("IWS" or "Seller") and Axiologix, Inc. ("Parent Company") entered into an Asset Sale Agreement with Telco

CASE NO. 20-CIV-21964-CMA

Worldwide Billing Corp (“Acquiror” or “Telco”) to sell a telecommunication switch and its related hardware and software and related intellectual property to operate the switch. The Master Fund and Acquiror entered into a Senior Secured Revolving Credit Facility Agreement and a Revolving Promissory Note, effective September 11, 2015, for \$500,000 and advisory fees of \$750,000. The file includes a guarantor. Telco defaulted, and collection of the outstanding balance appears remote based upon DSI’s review. DSI recommends counsel to assess guarantor collection efforts.

**Artec Global Media**

No supporting files currently available – further review required.

**The Staffing Group**

Loan Origination:	April 2016
Last Known Balance:	\$1,773,707

The Master Fund and The Staffing Group Ltd. (“The Staffing Group”) entered into a Senior Secured Revolving Credit Facility Agreement effective April 2016. The borrower initially defaulted in December 2016 and the Master Fund issued a demand for payment of \$1,569,957 in May 2018. TCA records indicate the outstanding balance was written off in July 2019. DSI recommends counsel review prior to closing the file.

**Texas Mills**

Loan Origination:	December 2016
Last Known Balance:	\$1,761,431

The Master Fund and Texas Mills LLC (“Texas Mills” or “Borrower”) entered into a Senior Secured Revolving Credit Facility Agreement effective December 2016. Texas Mills defaulted in May 2017 for taking out additional debt from other lenders in violation of the Credit Agreement. The Master Fund commenced litigation against Texas Mills and the Guarantors in June 2017 and obtained a default judgment for \$1,379,817.08 against the Borrower and

Guarantors in November 2018. Collection of the outstanding balance appears remote based upon DSI's review. DSI recommends counsel to assess post judgment collection efforts.

**MailPix (Artful Color)**

Loan Origination: October 2016  
Last Known Balance: \$909,721

The Master Fund and Artful Color, Inc. d/b/a Mypix2.com ("Borrower") entered into a Senior Secured Credit Facility Agreement effective October 2016. The file contains a personal guarantor. The borrower defaulted after failing to make the January 2017 payment and on January 19, 2017, the Borrower filed a voluntary Chapter 11 bankruptcy petition. In March 2017, the Master Fund commenced litigation against the guarantor for recovery of \$1,105,747.80 owed plus interest and attorneys' fees. In June 2017, the guarantor filed a Chapter 13 bankruptcy petition. TCA records indicate a "final payment" was made in April 2020. DSI recommends counsel review the legal files on the bankruptcy matters to determine if further payments are possible from the cases.

**Elite Books**

Loan Origination: December 2015  
Last Known Balance: \$1,195,250

The Master Fund and Elite Books, Inc. ("Elite Books" or "Borrower") entered into a Senior Secured Revolving Credit Facility Agreement effective December 2015 and committed to an initial loan of \$870,000. The Borrower defaulted in July 2017 and has not made any payments since June 2017. Company records indicate no evidence of litigation or settlement agreements and collection of the outstanding balance appears remote based upon DSI's review. DSI recommends counsel to assess further legal collection efforts.

**Hightex Group PLC, a UK company**

Loan Origination: February 2014  
Last Known Balance: \$1,086,488

The Master Fund and Hightex Group, PLC, located in England and Wales, entered into a Facility Agreement for up to \$10,000,000 in February 2014. The Agreement was guaranteed by Hightex Limited, Hightex International AG and Hightex GmbH. In conjunction with the Facility Agreement, the Master Fund and Hightex Group, PLC executed a Debenture. The company went into administrative receivership to organize a capital reconstruction. It appears this entity was being maintained as a public shell company for possible future sale or use. DSI recommends counsel assess the viability of sale of a UK based shell company.

**SeanieMac**

Loan Origination:	December 2016
Last Known Balance:	\$355,379

The Master Fund and SeanieMac International, Ltd. (“SeanieMac”) entered into a Credit Agreement effective December 2016. SeanieMac first defaulted in May 2017 for failure to pay interest owed and in June 2017 entered into a Settlement Agreement and Consent to Transfer Pledged Series E Preferred Stock in exchange for a \$100,000 credit to the outstanding balance. Collection of the outstanding balance appears remote based upon DSI’s review. DSI recommends counsel to assess further legal collection efforts.

**Sun Industries**

No supporting files currently available – further review required.

**Kerr Utility Technologies**

No supporting files currently available – further review required.

**Southbay Logistics**

Loan Origination:	July 2017
Last Known Balance:	\$1,594

Southbay Logistics International, LLC (“Southbay”) provides various logistical services in and around the Los Angeles area, including but not limited to drayage, trans-loading, cross-

docking, and trucking services. The Master Fund and Southbay entered into a Secured Debenture Facility in July 2017 for \$800,000. Per TCA records, the loan appeared to be mostly paid off in October 2019 however further investigation continues.

**D. TCA Aerospace**

In late October 2020, DSI visited TCA Aerospace and met with TCA Aerospace management to better understand the operations and business models for each of the TCA Aerospace operating companies. Additional information has been requested of these operating companies that will be evaluated by the Receiver and his Retained Professionals upon receipt. TCA Aerospace is currently owned by the Opportunities Fund, but the Master Fund sold the company to the Opportunities Fund in a pre-Receivership transaction that resulted in a seller note as partial payment for the company's equity. The Opportunities Fund owes the Master Fund approximately \$8.5 million, with a security interest limited to \$5 million from TCA Aerospace in the Master Fund's favor to partially guarantee the obligations.

**E. Litigation Initiated by the Master Fund Against Borrowers**

The Receiver and his counsel, GJB, continue to make substantial and successful progress in the litigation matters involving the Receivership Entities. GJB is diligently analyzing and pursuing civil claims in litigation and bankruptcy proceedings in multiple jurisdictions, the majority of which involve monies loaned by the Master Fund to various businesses. The Master Fund and its related entities and subsidiaries are involved in active litigation in over 40 different matters, pending in Florida, Georgia, Texas, New York, Connecticut, California, Arizona, Illinois, Canada and Australia, in both state and federal courts. In the majority of these proceedings, the Master Fund is the plaintiff seeking to recover on secured credit agreements, notes and personal guaranties from borrowers and guarantors in default. Some matters are more



complicated, involving affirmative defenses and counterclaims of fraud, breach of notice requirements in loan agreements, usury, and unlawful lending practices by the Master Fund. Others involve internal disputes among the borrowers, guarantors and third parties surrounding the Master Fund loans, alleged schemes to defraud involving other the Master Fund borrowers, disputed rights to accounts receivable held by third parties, real property foreclosures, disputes over pledged assets, involuntary guarantor bankruptcy proceedings, adversary proceedings in bankruptcy by disgruntled creditors and indemnification claims for costs awards and foreign tax liability.

The Receiver's team is pursuing the active matters aggressively, analyzing factual and legal issues to overcome the hurdles that the Receiver must navigate in his efforts to recover on the Master Fund's defaulted loans. Wherever possible, Receiver's counsel is seeking to resolve these disputes without needlessly involving the courts, in the interests of efficiency and with the utmost concern for conserving and expanding the assets of the Receivership. In matters where settlement efforts are met with resistance, GJB is pursuing recovery vigorously in court. In those proceedings, GJB has assigned legal professionals to prepare appropriate motions and pleadings, attend court hearings, and to continue to pursue favorable settlement negotiations where appropriate and beneficial to the Receivership. Some matters have been resolved through settlement or with favorable results in court, as set forth below. GJB has also successfully negotiated with counsel in other matters where the Master Fund or its related entities are defending claims, including eviction actions, commercial construction disputes, mortgage foreclosure actions and other claims. GJB has advised the Receiver as to which active matters the Receiver should actively pursue, and is also in the process of issuing proper default notices and preparing complaints to initiate court proceedings against borrowers and guarantors that remain

delinquent, despite best collection efforts over recent months. GJB has also obtained, and the Receiver has executed (with SEC counsel and court approval) retainer agreements to engage local counsel where necessary and appropriate to achieve favorable results in foreign jurisdictions. Finally, GJB is focused on analyzing the potential for asset recovery in the all new and remaining proceedings, given the legal and factual hurdles particular to each, and the financial status of the relevant borrowers and guarantors. In each of these cases, it is the Receiver's goal to obtain monies due and owing from borrowers as efficiently and cost-effectively as possible, with an eye toward obtaining optimum recovery without the need to resort to continued litigation, wherever possible.

The following is an updated summary of the litigation matters that Receiver's counsel has been pursuing, defending and monitoring during this reporting period:

- ***TCA Global Credit Master Fund v. Montbriar, Inc., Paycation Travel, Inc., et al., Broward County Circuit Court, Case No. CACE-16-019532***
- ***Paycation Travel, Inc., Xstream Travel, Inc., and David Manning, v. TCA Global Credit Master Fund, Montbriar, Inc., Jeremy Monte, et al., Collin County Court, Texas, Case No. 199-03524-2016***

The Master Fund brought suit against the borrower and the guarantors for breach of a secured credit facility agreement and replacement note, pursuant to which borrower was loaned a total of \$9.2 million. Two of the corporate guarantors and its principal, Paycation Travel, Xstream Travel and David Manning, all located in Texas, filed a preemptive suit in Texas state court against the borrower and the Master Fund. The Florida court stayed the Florida proceeding pending conclusion of the Texas proceeding under the first-to-file rule. The Master Fund reached a settlement in the Florida action with the borrower and remaining guarantors, in exchange for cooperation and assistance in the Texas proceedings.

In the Texas proceeding, the guarantors pled claims against the borrower and the Master Fund for fraud and conspiracy in connection with the loans. The Master Fund raised counterclaims in the Texas proceeding for breach of the credit facility agreement and notes, and for fraudulent transfer, tortious interference and unjust enrichment. Based upon limited discovery, those claims include Manning's transfer of at least \$2 million in funds from Paycation to another travel services company, Traverus, which continues to operate. The whereabouts of the remainder of the loan funds is the subject of local counsel's discovery efforts and accounting expert investigation. During the pendency of the proceeding, \$1.4 million in receipts held by a third-party credit merchant vendor was placed in escrow with the Texas court, pending determination of the Receiver's counterclaims to recover the loan proceeds. Both Manning and the Receiver claim entitlement to those funds, but it does provide a source of recovery should the Receiver prevail. Despite vigorous opposition and motion practice from Manning's counsel, Receiver's counsel managed to secure a stay of those proceedings to allow time to analyze the merits of the case.

During this Third Reporting Period, the Receiver successfully negotiated with Baker Donaldson to represent the Receiver in the Texas proceeding on significantly discounted terms to benefit the estate. In the near future, the Receiver will seek court approval to retain Baker Donaldson. Baker Donaldson will initially complete the limited discovery necessary to pursue the pending motions for summary judgment, and to discover the whereabouts of the loan proceeds, in an effort to quickly bring the matter to a close via meaningful mediation or final judgment. It is believed that there are sufficient assets available for recovery should the Receiver's claims prove successful.

- ***TCA Global Credit Master Fund, L.P. v. Jeremy G. Ostrowski, Jocelyn Hughes-Ostrowski, and Estreamtv, Inc., Broward County Circuit Court, Case NO. CACE 17-019907 (02)***

On July 17, 2018, the Master Fund sued loan guarantors (and Canadian citizens) Jeremy G. Ostrowski and Jocelyne Hughes-Ostrowski to recover \$7.7 million in loans made to the Ostrowski's digital television 'on-site' advertising businesses (known as the Zomongo companies, operating out of Calgary, Alberta), on which the borrower defaulted. The Master Fund also sued Estreamtv, Inc., a third party which likely holds accounts receivable intended for payment to the Master Fund in repayment of the borrower's debt. Receiver's counsel is seeking final judgment in the main Florida proceeding, to recover those assets from Estreamtv, Inc. The main source of recovery, however, involved the Zomongo companies, related companies and assets controlled by the guarantors, who have filed bankruptcy in Canada.

Through GJB's efforts, and with SEC and Court approval, the Receiver during this Third Reporting Period retained former local Canadian counsel, Barry Crump of Burnet, Duckworth & Palmer, LLP in Calgary, who filed proofs of claim on behalf of the Master Fund and has been monitoring those claims in each of those proceedings (*In Re: Bankruptcy of Jeremy Gene Ostrowski*, Estate No.: 25-2501205; *In Re: Bankruptcy of Jocelyne Ostrowski*, Estate No.: 25-2617256). A non-party judgment creditor, Radium, Inc., who secured a New York state court judgment of \$5.4 million against the Zomongo companies and the Ostrowskis, has moved to lift the stay in the Canadian bankruptcy proceedings on allegations of fraud against the Ostrowskis. Two evidentiary hearings commenced on Radium's motion, the continuation of which was set for December 7, 2020. However, due to an increase in COVID-19 infection rates in Alberta, the court adjourned all proceedings under new dates could be rescheduled for 2021. Radium's hearing is now set for February 5, 2021. Radium's counsel is aware of the Receiver's status as a

secured creditor of the Ostrowskis. Counsel for the Receiver has contacted Radium's counsel with regard to its claims, and to discuss potential recoverable assets. The Receiver, through local counsel, intends to pursue recovery of the loan proceeds efficiently and vigorously.

- ***TCA Global Credit Master Fund, L.P. v. Flame X, Inc., Complete Construction Technologies, Inc., 1209675 Alberta, Inc., Robin Elanik and Brett Elanik (Action No. 1603-10202, Alberta); In the matter of Bankruptcy of Brett Elanik (Estate No. 24-2616611, Alberta).***

TCA obtained a summary judgment and Cost Order against all defendants in this proceeding in Canada, on which there was US\$5.74M owing on Feb. 11, 2020, on which date the guarantor and principal, Brett Elanik, filed for bankruptcy. The bankruptcy proceeding is under summary administration, and a Trustee was appointed. The Trustee accepted TCA's Proof of Claim in the amount of \$7.7CAN. Receiver's local counsel, Barry Crump, is in communications with the Trustee, and in the process of determining whether there are assets available for distribution, which the Receiver will pursue in an effort to collect on the outstanding amounts owed.

- ***TCA Global Credit Master Fund, L.P. v. Dryworld Industries, Inc. (Action No. 1701-00535, Alberta).***

In 2015, TCA loaned US\$4 million to Dryworld, an athletic clothing maker). Of that original loan, over USD \$2.65 million remains owing. TCA, through local counsel Barry Crump, brought an action in Alberta, Canada to recover the amounts owed. As of 2017, Dryworld had defaulted on its loan obligations, and was no longer operating. However, the Receiver retains the rights to some of Dryworld's trademarks. Dryworld sought new financing, and local counsel Barry Crump is in negotiations to close the litigation through settlement with Dryworld and its new lender.

- ***TCA Global Credit Master Fund, L.P. v. Illegal Burger, LLC, J&F Restaurants, LLC, James M. Nixon, and Perla L. Nixon, Broward County Circuit Court, Case No. CACE-18-023812 (14)***

On October 8, 2018, the Master Fund brought an action against the borrower, a Colorado restaurant chain, and against the Nixons, as guarantors, seeking \$565,267.07 in unpaid principal, fees and interests due to borrower's default on a credit agreement and note. The borrower, Illegal Burger LLC, is a restaurant chain based in Denver, Colorado. Through GJB's efforts, the trial court lifted the stay and set the matter for trial in November 2020, upon the Receiver's representation of its intent to vigorously pursue recovery of the monies owed. Thereafter, Illegal Burger agreed to negotiate a settlement. Based upon financial statements secured by Receiver's counsel, Illegal Burger's restaurant business was struggling as a result of the current COVID-19 pandemic. GJB and the Receiver ultimately entered into a settlement with, Illegal Burger in the amount of \$150,000, payable in full to the Receiver within 90 days of execution. The parties executed the settlement agreement (which contains remedies and penalties if Illegal Burger fails to pay) on November 24, 2020, and on the same day the Court entered an order dismissing the case, reserving jurisdiction to enforce the terms of the settlement agreement.

- ***TCA Global Credit Master Fund, L.P. v. Medytox Solutions, Inc., Health Technology Solutions, Inc. F/k/a Medytox Information Technology, Inc., et al., Broward County Circuit Court, Case No. CACE-18-018385 (21)***

On August 1, 2018, the Master Fund filed suit seeking \$2,029,748.20 in principal, fees and interest against a defaulted borrower and guarantors on loan agreements in connection with a senior secured redeemable debenture. The total loan amount was \$1,741,892.51. The borrower is an integrated medical solutions provider operating out of Carson City, Nevada. On December 12, 2018, the Master Fund amended its complaint to include claims related to an inter-creditor agreement with Sabby Management, increasing the amount sought to \$2,421,315.10.

Prior to the Receiver's appointment, the defaulting parties did not vigorously defend this lawsuit. However, the Master Fund's former counsel and counsel for the defendants agreed to put the litigation on hold to enter into informal settlement negotiations, which were never consummated. Since that time, Shutts & Bowen has appeared as new counsel for the borrower and guarantors. Counsel for the Receiver is in negotiations with borrower's new counsel to potentially reach a settlement, in an effort to avoid the incurrence of litigation costs. If settlement discussions do not result in a favorable settlement for the Receivership estate, the Receiver intends to vigorously pursue recovery of the monies owed.

- ***Intelligent Highway Solutions, Inc. v. TCA Global Credit Master Fund, L.P. v. Crescent Construction Company, Inc., Philip Kirkland, William D. Jones, Broward County Circuit Court, Case No. CACE 18-000934 (02)***

On April 30, 2018, the defaulted borrower (Intelligent Solutions), an Elk Grove, California company that services and provides energy-saving technology for intelligent highway systems, filed a pre-emptive lawsuit against the Master Fund *Intelligent Highway Solutions vs. TCA Global Credit Master Fund, L.P.*, 2017-00219822-CU-FR (Sac. Cty Sup. Ct., CA), asserting claims for unlicensed lending under California among other claims. The borrower alleged that the Master Fund failed to provide advisory services (for which it agreed to pay \$1.5 million) in connection with the loan funds it received (\$631,855). The court dismissed the California action due to a forum selection clause in the loan agreements. The borrower filed an identical action in Florida.

The Master Fund moved to dismiss the borrower's claims, and filed counter and cross claims against the borrower, co-borrower and guarantors, seeking to recover for breach of the credit agreement, revolving note, and guaranties. The total loan amount was \$631,000, but the borrowers also owed \$1.5 million in advisory services fees, and interest. After motion practice,

the borrower abandoned its affirmative claims for relief, filed its answer, and borrower's counsel withdrew from the case. Borrowers have failed to obtain new counsel, in violation of the court's order. The pleadings are closed, and the Receiver is preparing to file dispositive motions on its claims to foreclose on the borrower's loan obligation. Counsel for the Receiver is also in direct contact with the borrower, to pursue settlement negotiations. GJB is also investigating the borrower's and guarantor's assets in order to advise the Receiver on settlement and future collection efforts.

- ***TCA Global Credit Master Fund, L.P. v. Independent Charter Academy Network, LLC, EdisonLearning, Inc., Edison Receivables Company LLC, Edison Schools, Inc., Edison Learning Limited, Bridgescape Learning, LLC, Provost Systems, Inc., Theodore Roosevelt College and Career Academy, Inc., Provost International, Inc., Learnnow, Inc., and Thomas M. Jackson, Broward County Circuit Court, Case No. CACE 18-016887 (09)***

In January 2017, the Master Fund loaned \$8.1 million to the borrower, EdisonLearning, Inc., an education services company that manages and operates public charter schools and provide online learning services in multiple states. The borrower and its principal, however, defaulted on the loan and diverted funds otherwise available to the Master Fund in repayment, among other violations of the terms of the loan agreements. After the Master Fund brought suit to foreclose on the loan, on June 25, 2019, the parties executed a settlement agreement, by which the debtors agreed to market and sell the EdisonLearning E-Learning Business by June 25, 2020 for a minimum of \$10.5 million, to be paid to the Master Fund to settle its remaining debts. Should EdisonLearning fail to make payment in full, under the settlement agreement the Receiver is entitled to file a consent judgment for that amount with the court.

Shortly after the Receiver was appointed, EdisonLearning's counsel contacted Receiver's counsel to seek an extension of the settlement deadline in order to secure the sale of the E-Learning Business. In return for complete transparency with regard to its financial position, the



Receiver agreed to extend the time for EdisonLearning to secure a sale of the E-Learning Business under the settlement agreement, to avoid default. After some delay, EdisonLearning obtained new counsel, who requested additional time to consult with Edison's accountants and brokers to provide a proposal to repay the funds owed. The parties remain in settlement talks, and GJB has enlisted the Receiver's financial consultants to assist with the negotiations. Should those negotiations not result in a favorable settlement for the Receivership in the near future, the Receiver will proceed with filing the consent judgment, and will vigorously pursue recovery of the monies owed.

- ***TCA Global Credit Master Fund, L.P. v. American Gold Rush, LLC, Krystal Lazares-Scaretta, and Robert Scaretta, Broward County Circuit Court, Case No. CACE-17-021221***

On November 21, 2017, the Master Fund sued the borrower and guarantors for \$1,073,439.95 plus fees and interest, due to the borrower's default on an \$800,000 secured debenture. On February 12, 2019, the court entered summary judgment against the borrower and Ms. Lazares-Scaretta. On April 12, 2019, the Master Fund secured a default judgment against Mr. Scaretta. The Master Fund retained local counsel to domesticate the judgments in New York, where the guarantors hold property and have attempted to re-open pawn shops under different names.

To date, the guarantors have evaded service for collection on the judgments. However, the Receiver is in possession of an alleged original Picasso painting provided by guarantor Robert Scaretta as collateral for the loan. Mr. Scaretta provided the Picasso, representing its worth at between \$7-8 million, to the Master Fund as collateral when behind on loan payments (the loan never came out of default). The painting is currently held in controlled storage. Receiver's counsel has been contacted by Peter Lazares, a relation of the guarantors, who claims

to be the consignee charged with selling the painting on behalf of an alleged owner and consignor. GJB has also been contacted by a group of buyers represented by John Davis of Domaine Precious Metals, as well as by counsel for the guarantors. Through GJB's efforts, counsel for the Receiver, the guarantors, the borrower and Mr. Lazares recently attended a video conference, and the parties agreed to have the painting appraised.

- ***TCA Global Credit Master Fund, L.P. v. Keith Eric Petron, RZNK, LLC, Tarps R Us, Inc., RZNK 2, LLC, Broward Collision Truck and Auto Repair Center, LLC, Broward County Circuit Court, Case No. CACE 18-024831 (14)***
- ***TCA 4675 NW 103 Avenue Sunrise, LLC v. RZNK 2, LLC, et al., Case No. CACE-18-019377 (09)***
- ***Alliance Holdco, LLC v. TCA Broward Collision, LLC, COSO 19-4553 (61), CACE 19-20581 (13), CACE 20-1309 (9)***
- ***Atlantic Southern Paving and Sealcoating, LLC v. TCA Broward Collision, LLC, et al., CACE 19-14792 (3)***
- ***Lease Corp. v. TCA Broward Collision, LLC, et al., CACE 20-4385 (21)***
- ***Sunrise Three Industrial, Ltd. v. TCA Broward Collision, LLC, COSO-20-010521 (60)***

This series of related cases involves borrower Broward Collision, the recipient and obligor on two loans from the Master Fund in June and December 2017. Broward Collision eventually filed for bankruptcy on June 22, 2018 (*In Re Broward Collision, Inc.*, Case 18-17492-RBR (Bankr. S.D. Fla.)). The Master Fund filed a claim for \$1.6 million pursuant to the loan transaction. The bankruptcy court approved the sale of Broward Collision to a Master Fund affiliate, TCA Broward Collision, LLC, for \$332,985.50. TCA Broward collision then purchased leases for two auto body shops located on property in Sunrise and Lauderdale Lakes, Florida. The owner brought eviction actions against TCA Broward Collision. Atlantic Southern Paving and Lease Corp. also brought actions against tenant Broward Collision on a construction lien for paving services and to repossess auto-body paint equipment. The Receiver's counsel continues

with discussions with counsel for the landlord in an effort to resolve these claims amiably and without incurring financial harm to the Receivership Entities and their subsidiaries.

The Receiver recently agreed to Lease Corp's Motion for Relief from Blanket Stay, as the Receivership Entity, as lessee, has no right to possess Lease Corp.'s paint room and equipment on the leased premises. Lease Corp is working with counsel for the Receiver to secure its property, while under a hold harmless order to protect the Receiver for any damage to the property incurred in the removal.

Atlantic Southern Paving moved to amend its complaint for to recover payment for alleged construction services provided to TCA Broward Collision. Despite providing the Broward court with the Order Appointing Receiver and informing the court and opposing counsel of the Receivership Court's stay order, the Broward court granted Atlantic Southern Paving's motion. GJB filed a Motion to Stay in state court based upon the stay order, and for an enlargement of time to answer plaintiffs' new (and improperly sought) claims. Before the hearing on the Motion to Stay, Atlantic Southern moved for stay relief in this Court, which was heard on December 7, 2020. The Court denied Atlantic Southern's motion, and the Broward County court entered an order staying the state court proceedings on December 16, 2020.

On October 12, 2020, Sunrise Three Industrial, as landlord, filed and served new tenant eviction complaints against TCA Broward Collision. After numerous negotiations between counsel to reach a global resolution of these matters involving TCA Broward Collision, counsel for the Receiver arranged for the property to be delivered to the landlord at the end of January, 2021.

- ***TCA Global Credit Master Fund, L.P. v. Groupe Mercator Transport US, Inc., 8894132 Canada, Inc., 8895791 Canada, Inc., d/b/a Utc Air Ground, and Jean-Pierre Apelian, Broward County Circuit Court, Case No. CACE-19-000406 (14)***

On January 4, 2019, the Master Fund filed a complaint against the borrower and guarantors, based on their defaults on a loan under a series of transactions. The Master Fund arranged to provide financing to Groupe Mercator, a Canadian freight-forwarding firm, to pay off Mercator's lenders. In connection with that transaction, the Master Fund allegedly arranged for another Fund borrower, David Fuselier, to then operate the Groupe Mercator business through two new companies in Canada. The loan amount was \$2.6 million; the current loan payoff, with interest, is \$3.1 million.

On March 4, 2019, the defendant guarantors filed counterclaims against the Master Fund and against former Chief Portfolio Manager, Donna M. Silverman. Defendants assert that Ms. Silverman committed fraud in presenting Fuselier as trustworthy, when she knew otherwise. Defendants also claimed that the Master Fund charged an excessive rate of interest in violation of the Nevada High Interest Lending Statute.<sup>4</sup> However, the Master Fund alleged that Fuselier diverted funds owed to it, and directed Robert Gagnon, manager of the new companies, 8894132 Canada, Inc. and 8895791 Canada, Inc. (the "Numbered Entities"), to withhold financial reporting, and not to deposit revenues into the lockbox as required in the loan agreements. Fuselier and Gagnon then allegedly moved all of the assets of the Canadian Numbered Entities, which were essentially formed to collect and hold Mercator's receivables, to another company (ATL Canada, Inc.), which is now conducting the same business. The Master Fund sued Fuselier separately, but he declared bankruptcy and the debt was discharged. Neither the borrower nor the guarantors ever repaid either loan.

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<sup>4</sup> The controlling loan documents require the application of Nevada law.

The matter was heavily litigated before the pandemic and the appointment of the Receiver. The matter was stayed for a time due to COVID-19 and the appointment of the Receiver, but on October 27, 2020, Judge Rodriguez entered an order lifting the stay, ordered the parties to specially set the Receiver's motion to dismiss Defendants' counterclaims and other pending motions.

On December 14, 2020, the court heard lengthy arguments on the Receiver's motion to strike affirmative defenses and jury trial demand, and motion to dismiss defendants' counterclaims, including the borrower's claims and affirmative defenses under Nevada's high interest loan statute. At the hearing, the court requested additional briefing and proposed orders on the many legal issues heard at the hearing. On January 5, 2021, the court granted the Receiver's motion to strike and motion to dismiss many of the defendants' counterclaims and affirmative defenses, including the defendants' claims under Nevada Statutes. The court held that Nev. Stat. Chapter 604A does not apply to the guarantors because they are not "customers" under the statute. Importantly, the court further dismissed defendants' Chapter 604A claims because the statute does not apply to commercial loans—a significant holding. Receiver's counsel will now vigorously pursue his claims to judgment, and re-open settlement discussions with the counsel for the guarantors.

- ***8894132 Canada Inc. v. Semafo Inc. and TCA Global Credit Master Fund, LP, Quebec, Case No. 500-17-088880-151; In the matter of the Bankruptcy of 8894132 Canada Inc. (debtor) and TCA Global Credit Master Fund, LP (creditor), Quebec 540-11-010847-194; In the matter of the Bankruptcy of 8895791 Canada Inc. (debtor) and TCA Global Credit Master Fund, LP, Quebec 540-11-010848-192***

In a proceeding related to the Groupe Mercator proceedings, the Master Fund retained Canadian counsel to institute involuntary bankruptcy actions against the Numbered Entities. The Numbered Entities opposed the bankruptcy proceedings, and a hearing was set for March 31,

2020. The proceedings have since been on hold due to the COVID-19 pandemic. Counsel for the Receiver has been in contact with the Master Fund's local counsel in Canada, who informed the Receiver that there are likely no assets in either of these proceedings.

However, local counsel was also tasked to pursue a collection action against a South African mining company, Semafo, for its failure to remit \$300,000 in payments owed to Groupe Mercator for freight services provided. The court previously stayed that proceeding indefinitely at the end of 2019, after a local terrorist attack in South Africa. The court re-set the matter for trial in early December 2020.

After settlement negotiations failed on the eve of trial, local counsel for the Receiver participated in a two-day trial in Canada against Semafo and its local entities. In a victory for the Receivership estate, on January 5, 2021 the court entered judgment in the Receiver's favor and against Semafo, requiring Semafo to pay the Receiver approximately \$318,000. Pursuant to discussions with local counsel, we do not expect Semafo to appeal this ruling, and anticipate payment on the judgment by the end of January 2021 or early February.

- ***TCA Global Credit Master Fund, L.P. v. Champion Pain Care Corp., Champion Care Corp., Garland A. Brown, Jr. and Terrance George Owen, Broward County Circuit Court, Case No. 17-007571 (25)***

On April 20, 2017, the Master Fund filed suit seeking \$15,376,221 from the defaulted borrower, a Delaware corporation, and the guarantors, located in Canada and Arizona, for breach of a credit agreement revolving note. On July 18, 2017, the Master Fund dismissed its claims against the borrower pursuant to a share pledge agreement, and its acquisition of majority control of the borrower. On October 5, 2018, the Master Fund settled with Terrance Owen and that case was dismissed.

On May 1, 2018, the Court entered a default judgment against Garland Brown as to liability, and the Master Fund filed a motion for summary judgment on damages in the amount of \$50,000 against Brown for transfers made in breach of his validity certificate. The Court entered a final default judgment against Brown as to liability, but the court ordered an evidentiary hearing to determine the amount of damages. Counsel for the Receiver is reviewing the evidence, including an alleged \$10,000 fraudulent transfer to Brown, to prepare to re-open the matter and set the hearing on the amount of the judgment against Brown. Counsel for the Receiver is also contacting Brown to re-initiate settlement discussions, and investigating whether Brown has sufficient assets to cover the judgment.

- ***TCA Global Credit Master Fund, L.P. v. The Pulse Beverage Corporation, Robert Yates, Broward County Circuit Court, Case No. CACE 18-005773 (14)***

On March 12, 2018, the Master Fund brought suit seeking \$1,371,405.72 in principal, fees and interest due from the borrower and its guarantor, for breach of a credit agreement and amended replacement note. After a contempt order was entered against it, borrower's counsel withdrew on October 21, 2019. Thereafter, the parties engaged in settlement negotiations with regard to the monies owed. Prior to the appointment of the Receiver, the Master Fund chose to voluntarily dismiss the action without prejudice. Receiver's counsel is contacting former counsel to determine the basis for dismissal, and investigating whether there may be other assets available for collection.

- ***TCA Global Credit Master Fund, L.P. v. Ludvik Holdings, Inc., Frank Kristan, and Katherine Kristan, Broward County Circuit Court, Case No. CACE 18-019469 (14)***

On August 15, 2018, the Master Fund filed suit against the borrower and guarantors on a \$300,000 loan from the Master Fund. On November 18, 2019, the court entered a clerk's default. After investigation, Receiver's counsel understands that TCA did not pursue recovery on this

default because the borrower is currently subject to a prior IRS tax lien that far exceeds the Receiver's claim. Receiver's counsel is investigating whether there are any assets available for recovery that are not subject to prior liens.

- ***TCA Global Credit Master Fund, L.P. v. Unitiv, Inc., Ludvik Holdings, Inc., Frank Kristan, and Katherine Kristan, Broward County Circuit Court, Case No. CACE-18-024498 (05)***

On October 16, 2018, the Master Fund brought suit against the borrower, a Delaware investment holding company, and guarantors on a \$2.75 million secured redeemable debenture and related loan agreements. On October 10, 2019, the Master Fund obtained a Final Default Judgment for \$6,522,467.24 against the borrower and guarantors. After investigation, Receiver's counsel understands that TCA did not pursue recovery on this default because the borrower is currently subject to a prior IRS tax lien that far exceeds the Receiver's claim. Receiver's counsel is investigating whether there are any assets available for recovery that are not subject to prior liens.

- ***Gary Grim, et al., v. TCA, et al., Case No. 1:15-CV-3592 (N.D. Ga.)***
- ***KAT Exploration, Inc., et al., v. Gary Grim, et al., Case No. 2015-CV-268068 (Superior Court of Fulton County, GA)***
- ***TCA v. Roswell Jeep Eagle, Inc. d/b/a The Pre-Owned Jeep Store, Case No. 2015-CV-268155 (Superior Court of Fulton County, GA)***
- ***Roswell Jeep Eagle Corp. v. Kat Exploration, Inc., Arb. No. 01-16-0001-0686 (AAA)***

These related cases concern a \$1.9 million loan the Master Fund made to KAT Exploration, which was to be used to purchase a Jeep store in Cartersville, Georgia. After the borrower defaulted, Gary Grim, a shareholder of KAT Exploration, filed suit in the U.S. District Court for the Northern District of Georgia against the Master Fund seeking damages in excess of \$30 million, alleging tortious interference with a third party and unlawful disclosure of



identifying information by the Master Fund. Eventually, Grim voluntarily dismissed his suit without prejudice on February 2, 2016. The Master Fund settled with KAT Exploration, and assumed control of KAT Exploration through that settlement.

On November 16, 2015, the Master Fund, through local counsel, filed suit against Roswell Jeep Eagle, Inc. seeking an immediate writ of possession for the collateral vehicles securing the Master Fund's loan. The Georgia court stayed the litigation pending the outcome of an arbitration proceeding pending between KAT Exploration (the borrower, owned by the Master Fund) and Roswell. The borrower alleged it wired \$1 million to Roswell in connection with its purchase of Roswell's assets (vehicles in the dealership), which it therefore owns. The arbitration panel entered an award finding that KAT Exploration owned the collateral. The collateral was sold for approximately \$30,000, which funds KAT Exploration retains the rights to.

Counsel for the Receiver has been in contact with the Master Fund's local counsel in Georgia concerning final judgment on the arbitration award. Through GJB's efforts, the Georgia court entered a Final Judgment and Order Confirming Arbitration Award in the Receiver's favor. Receiver's counsel is investigating whether KAT Exploration (now the Receiver) received the \$30,000 proceeds from the sale of the collateral, as well as other possible sources of recovery.

- ***TCA Global Credit Master Fund, L.P. v. Peak PEH LLC d/b/a Peak Services, Charles F. Welch, Jr., Lonnie Moss, Misty Moss, and Renee D.T. Welch, Broward County Circuit Court, Case No. CACE-17-004886 (05)***

On March 10, 2017, the Master Fund filed suit to recover \$986,065.48 against the borrower, a plumbing and HVAC company located in Alpharetta, Georgia, on a senior secure debenture and amended note, on which the borrower defaulted in making payments. The Master Fund also brought claims against the individual guarantors. On July 21, 2017, the court entered

defaults against the borrower and a guarantor. The Master Fund retained local counsel in Georgia to initiate actions against the guarantors. Guarantor Welch filed for bankruptcy in GA, and was discharged in September 2019. Thereafter, Welch and TCA entered into a new settlement agreement, pursuant to which Welch is currently making settlement payments.

On August 30, 2018, final judgment was entered against Lonnie and Misty Moss for \$1,296,593.54 in the Superior Court for Fulton County, Georgia, which was reduced by \$846,593.54 in January 2019 pursuant to a settlement reached with the Mosses. However, efforts by the Receiver to recover the remaining \$450,000 (plus interest) on the judgment have proven fruitless, and Receiver's counsel is investigating whether the Mosses have assets available for collection, and whether to pursue legal action to collect on the judgment.

- ***TCA Global Credit Master Fund, L.P. v. Quants Corporation, Gokhan Kisacikoglu, and Quantsplus, LLC, Broward County Circuit Court, Case No. CACE 16-022449 (08)***

On December 9, 2016, the Master Fund filed an action against the borrower, a Los Angeles financial software company, and its guarantors for \$1,122,563.70, plus interest, costs, and attorney's fees, for breach of a credit agreement and revolving note. The parties eventually executed a forbearance agreement, under which defendants waived all defenses and agreed to make payments to the Master Fund.

Defendants failed to make payments as promised, and the court entered judgment for \$1,430,040.92 in the Master Fund's favor. Defendants appealed. On March 26, 2020, Florida's Fourth District Court of Appeal affirmed the entry of the judgment. Before the Receiver's Appointment of the Receiver, the Master Fund retained local counsel in California to pursue execution on the judgment. Discovery in aid of execution has been issued, but defendants have failed to properly respond to that discovery. Local counsel believes that it is unlikely the

guarantors have any assets available for recovery, but filed and recorded an abstract of judgment in Los Angeles County, in the event the guarantor owns property located there. Counsel for the Receiver is in discussions with the Master Fund's former local counsel to determine whether to retain him on a limited basis to obtain judgment debtor discovery, given that recovery appears unlikely. Miami counsel for Quants reached out to GJB in respect of the outstanding judgments. GJB is also investigating possible sources of recovery from real property in Arizona.

- ***TCA Global Credit Master Fund, L.P. v. Cityworks Construction LLC, Carl Nurse, Martha Guscovschi, and Noel Guscovschi, Broward County Circuit Court, CACE 16-006991 (02)***

On July 25, 2016, the Master Fund filed a Complaint seeking \$1,359,975.60 plus attorneys' fees, costs, and interest against the borrower and individual guarantors for breach of a secured credit facility agreement and note. On June 18, 2019, the Master Fund obtained a final judgment against CityWorks and Carl Nurse for \$2,067,660.50, plus accruing interest and attorneys' fees.

On February 23, 2018, Noel Guscovschi filed for bankruptcy in the Southern District of Florida, Case No. 18-12053-RAM. On February 27, 2018, Marta Rabinovich also filed for bankruptcy in the Southern District of Florida, Case No. 18-12178-AJC. The Master Fund retained bankruptcy counsel to represent it in the bankruptcies. The Receiver's counsel continues to monitor the bankruptcy proceedings to protect the Receiver's interests in collecting on this judgment. Schraiberg Landau is monitoring this matter on behalf of Master Fund.

- ***TCA Global Credit Master Fund, L.P. v. Luxe Boutiques LLC, St. Germain LLC, Elysees LLC and Cecil Elrod, Broward County Circuit Court, Case No. CACE-19-010149 (13)***

On May 9, 2019, the Master Fund filed suit seeking \$1,068,505.10 against the borrower, a Boston, Massachusetts provider of luxury fur boutiques, and its guarantors for breach of the

secured credit facility agreement, replacement note and guaranty agreements, pursuant to which it borrowed \$425,000 from the Master Fund. On October 15, 2019, the court entered an order striking defendants' affirmative defenses, and their counsel withdrew. New counsel appeared, but also withdrew via agreed order on April 7, 2020. The court's order on withdrawal of counsel provided that if the borrower did not obtain new counsel within twenty (20) days, the borrower would be subject to a default. The borrower failed to do so. Efforts were made to settle this matter prior to the appointment of the Receiver, but those efforts were not fruitful. Receiver's counsel has moved to strike defendant's pleadings and for entry of court default, based upon defendants' failure to comply with the April 7, 2020 order. Once a default is entered, Receiver's counsel will obtain a final judgment and pursue recovery.

- ***TCA Global Credit Master Fund, L.P. v. First Capital Real Estate Investments, LLC, et al.*, Broward County Circuit Court, Case No. CACE 16-022381 (03); *TCA Global Credit Master Fund, L.P. v. First Capital Real Estate Investments, LLC, et al.* El Dorado (CA) County Superior Court Case No. PC20190310**

On June 28, 2018, the Master Fund sued the borrower and individual and corporate guarantors for \$8,145,311.60 in principal, fees and interest for their breach of a credit facility agreement and promissory note on a \$5 million loan. The Master Fund also instituted foreclosure proceedings over three hotel properties, two located in Texas and one in New Mexico. The Master Fund purchased those properties at the non-judicial foreclosure sales.

On February 22, 2017, the defendants improperly removed the case to federal court (*TCA v. First Capital Real Estate Investments, LLC, et al.*, Case No.: 17-cv-60393-JAL/Goodman (S.D. Fla.)). On September 17, 2018, the parties entered into a settlement agreement, which defendants' breached. The Master Fund moved to enforce the settlement agreement, and on January 16, 2019, the court entered a final consent judgment against the Defendants for \$1,657,723.10. The Master Fund domesticated the judgment in California, and retained local

counsel, Jeffrey Jensen, Esq., to pursue collection. According to Jensen, there are significant hurdles to recovery, given that most of the guarantor's known assets are in trusts. The Receiver's counsel is in discussions with Mr. Jensen to retain him on limited basis to pursue judgment debtor discovery.

- ***TCA Global Credit Master Fund, LP v. 1200 Wolcott St. of Waterbury LLC et al.*, Case No. UWY-CV 18-6043552-S (Superior Court of Connecticut); *Savings Bank of Danbury v. 1200 Wolcott St. of Waterbury LLC et al.*, Case No. UWY-CV19-6046173-S (Superior Court of Connecticut)**

On October 31, 2017, the Master Fund loaned \$2,000,000.00 to Apple Auto Wholesalers of Waterbury LLC. Of the full loan amount, \$1,300,000.00 was disbursed at the closing with the remaining \$700,000.00 to be disbursed at a later date. The loan was guaranteed by 1200 Wolcott Street of Waterbury LLC (through a mortgage on real property located at 1200 Wolcott Street in Waterbury, Connecticut) and by Mr. Hallan Iff. The Master Fund's mortgage was not recorded until late 2018. As confirmed by documents obtained from senior lienors by GJB, the Receiver's interest in the real property is in fourth position, after a first mortgage in favor of New England Certified Development Corp. for \$442,000.00 dated October 27, 2015; a second mortgage in favor of Savings Bank of Danbury in the amount of \$534,000.00 dated October 27, 2015; a third mortgage of \$600,000.00 dated July 5, 2018, and tax liens from the City of Waterbury. The total mortgages ahead of the Receiver's interest total at least \$1.576 million. According to counsel for the Savings Bank of Danbury, the real property is valued at approximately \$1.3 million. Counsel for the Receiver, with the consent of SEC counsel, agreed to lift the stay to permit the Bank to foreclose on the real property, with the Receiver to retain its full rights in the lawsuit, and to recover any proceeds remaining from the sale.

In addition to the mortgage on the 1200 Wolcott property, the Master Fund also obtained a second mortgage on Mr. Iff's apartment in Miami, Florida. Counsel for Iff has contacted GJB,

seeking to reach an agreement to allow Mr. Iff to maintain his ownership of the Miami property, in the face of another foreclosure proceeding by the first mortgagee. The value of the Miami property is approximately \$950,000, but it is subject to a senior first mortgage.

- ***TCA Global Credit Master Fund, L.P. v. Preferred Secured Agents, Inc. d/b/a Sprockets Retail, Broward County Circuit Court, Case No. CACE 15-000552 (18)***

On January 9, 2015, the Master Fund brought suit against Sprockets Retail, a Fresno, CA children's clothing retailer, as borrower, and three individuals, as guarantors, seeking \$2,019,558.60 due to the borrower's default. In November 2016, the court entered an order striking defendants' pleadings and entering a judgment of liability against the defendants. On June 29, 2018, the Master Fund moved for summary judgment on damages.

On or about March 16, 2020, the parties executed a settlement agreement, whereby the borrower agreed to repay the loan, and the Master Fund's interests were further secured by a mortgage on property in Half Moon Bay, CA. The total amount owed to the Master Fund is \$600,000.00, and the borrower entered into a settlement payment arrangement, but has failed to meet its payment obligations since September, 2020. The Receiver and his consultants are in discussions to reach a favorable resolution with the borrower.

- ***TCA Global Credit Master Fund, L.P. v. Ian Stikeleather and White Plum, Inc., Broward County Circuit Court, Case No: CACE-17-011156 (21)***

The Master Fund filed suit against the guarantors of a Los Angeles, CA online women's clothing retailer, seeking to recover \$1,981,239.20, plus interest, costs, and attorney's fees for breach on guaranties on a \$1,800,000.00 revolving note. On October 21, 2019, guarantor's counsel withdrew. On January 13, 2020, the court entered a clerk's default against all defendants, but the Master Fund did not elect to seek a judgment. Receiver's counsel has prepared a motion

for entry of final default judgment, and continues to investigate White Plum and Stikeleather collectability.

- ***AW Exports Pty Ltd. & Ors ats Australian Worldwide Pty Ltd (in liq) & Anor Supreme Court of New South Wales, Proceedings 2017/00040926; In re Pie Face Pty Ltd. (A.C.N. 087 384 736)***

The Master Fund loaned monies to two entities in Australia, Australian Worldwide (a grocery exporter) and Pieface (a fast food pie chain). Both of those entities are currently in liquidation. In *Australian Worldwide*, the Master Fund retained a receiver/liquidator under Australian procedure to pursue an adversary proceeding against the officer and directors of the debtor, for fraudulent transfers. The Master Fund did not prevail in that proceeding, and the court entered an award of fees and costs in defendants' favor. Defendants now seek to recover approximately \$400,000.00 (AUS) from the liquidator in that proceeding, and in turn against the Receiver. Counsel for the Receiver has been in contact with defendants' counsel regarding their alleged claim for costs. The Receiver's counsel is also in discussions with the Master Fund's liquidator's local counsel to represent the Receiver.

In the *Pieface* matter, the Master Fund also engaged a receiver/liquidator, which has been served with a \$1.9 million (AUS) tax liability from the Australian Taxation Office, for which the liquidator may seek indemnification from Receiver. Receiver's counsel is investigating the details of this loan and the loan proceeds, and is in discussions with local counsel to represent the Receiver.

- ***Enterprise Bank & Trust v. In-Land Management Group, L.L.C., Richard C. Schmidt, Sr., Richard C. Schmidt, Jr., and TCA Global Credit Master Fund, LP, Case No. 19CH0470, St. Clair County Circuit Court, Illinois.***

In connection with a February 28, 2017 loan of \$1.1 million to In-Land Management Group, the Master Fund secured a mortgage on real property located at 609 South Breese Street,

Millstadt, IL 62260. The Master Fund's mortgage is junior to a first mortgage in favor of Enterprise Bank, in the amount of \$800,000. The Bank filed suit to foreclose on its mortgage, and force a sale of the property, which the Bank eventually purchased for \$392,000. The Receiver's counsel has been in contact with the Bank's counsel, who seeks final approval of the sale and entry of a deficiency judgment, which was recently delayed by objection of the defendants at the sale confirmation hearing. Receiver's counsel is investigating whether to proceed to recover the deficiency against the borrower and guarantors.

- ***Formal Defaults and Proceedings against Delinquent Borrowers.***

From the outset of the Receivership, the Receiver and his consultants gathered numerous loan and denture agreements, guarantees, correspondence and related loan documents, in an effort to organize and analyze the viability of the Master Fund's entire loan portfolio. The preceding summaries (above) concern those loans or monetary objections that are or were in active litigation when the Receiver was appointed. Numerous other loans were either in repayment to the Master Fund, or the Master Fund was in discussions with recalcitrant borrowers and guarantors in an effort to secure new loan repayment plans. Some of those borrowers are actively repaying their loans. Others, however, have either failed to respond to the Receiver's diligent efforts to collect, or have otherwise failed to make sufficient arrangements to repay their loan obligations. Receiver's counsel is now reviewing the loan documents and correspondence for these remaining 23 borrowers (described *supra* at pp. 25-37), preparing formal Notices of Default where necessary, and is preparing a form Complaint to file against these borrowers immediately after the contractual notice and cure periods expire. The Receiver then intends to make settlement demands on the borrowers and, if unsuccessful, to proceed directly to judgment on those matters where assets remain available for recovery, for the benefit of investors.



## **VI. THE RECEIVER'S OBSERVATIONS**

The Receiver's priorities during the Third Reporting Period included recovering remaining assets and records, completing analysis of the Receivership's loan portfolio and transferring to counsel for more aggressive legal action those loans that could not be rehabilitated, winding down businesses where appropriate, and continuing to convert SPV "assets" into monetary recoveries.

The Receiver reports significant progress on such priorities. More bank accounts and records were identified and recovered. The Receiver's forensic accountant made significant progress toward completing a financial reconstruction of the Receivership Entities' affairs.

DSI completed review and reconstruction of the loan portfolio which had been in disarray, and ultimately transferred twenty-three loans that could not be rehabilitated or settled to counsel for legal action. DSI and the Receiver made significant progress in maximizing the value of SPVs, including Pivot and InduMate AB, and wound down several SPVs in the Receivership Estate's best interest.

Counsel for the Receiver made significant progress with its litigation portfolio, resolving actions, retaining counsel where necessary and appropriate, and obtaining significant victories in court, including one through trial in Canada. The Receiver and GJB also made significant progress toward submission of a distribution plan and analysis of investor losses.

## **VII. CONTINUING WORK**

During the next reporting period, the Receiver and his professionals will continue to manage the Receivership's SPV businesses, prepare the SPVs for sale, and employ sales processes designed to maximize value. The Receiver also expects to dispose of personal property and real estate holdings.

The Receiver also plans to submit his proposed claims and distribution plan during the next reporting period, so as to hopefully be in a position to make a first interim distribution by third quarter of this year.

The Receiver expects to obtain remaining critical records and information so his forensic team may substantially complete their financial reconstruction of Receivership's affairs. Finally, the Receiver hopes to soon commence third party litigation. As mentioned previously, the value of the assets in the Receiver's possession (excluding litigation claims) is far less than the Funds' NAVs, as reported to investors and prospective investors. Accordingly, meaningful distributions will require substantial litigation recoveries.

The Receiver and his team will continue to handle investor inquiries and provide investors and investment advisors with information as it becomes available.

Date: February 3, 2021.

Respectfully submitted,

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*Receiver for the Receivership Entities*

-and-

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**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a copy of the foregoing was served via CM/ECF Notification and/or U.S. Mail to all parties and notification of such filing to all CM/ECF participants in this case on the 3rd day of February, 2021.

By: /s/ Irina R. Sadovnic, Esq  
Irina R. Sadovnic, Esq.

# Exhibit “A”

**TCA Activity - Receiver Accounts at Axos Bank**  
**Sources and Uses of Funds**

	Receiver 1st Qtrly Report May 11 - Aug. 4	Receiver 2nd Qtrly Report Aug. 5 - Nov. 2	Receiver 3rd Qtrly Report Nov. 3 - Jan. 29	Case-to-Date
<b>TCA Account Beginning Balance</b>	\$ -	\$ 13,390,131	\$ 12,680,225	\$ -
TCA Fund Management Group Corp - x5045	\$ -	\$ 255,272	\$ 371,015	\$ -
TCA Global Credit Fund GP, Ltd. - x5037	\$ -	\$ -	\$ -	\$ -
TCA Global Credit Master Fund, LP - x5003	\$ -	\$ 8,863,289	\$ 8,031,170	\$ -
TCA Global Credit Fund, LP - x5011	\$ -	\$ 9,015	\$ 9,028	\$ -
TCA Global Credit Fund, Ltd. - x5029	\$ -	\$ 4,262,555	\$ 4,269,012	\$ -
<b>Sources of Funds:</b> <sup>1</sup>				
Transfer From Butterfield Bank	13,209,223	-	-	13,209,223
Transfer from BB&T Bank	143,992	-	-	143,992
Transfer from Ocean Bank	143,690	-	-	143,690
Transfer from Morgan Stanley	-	-	519,782	519,782
Business Income	44,092	80,958	71,513	196,562
Interest Income	17,749	19,641	6,973	44,363
Business Asset Liquidation	-	46,019	-	46,019
Miscellaneous - Other	32,690	35,000	3,890	71,580
Total Sources	<u>\$ 13,591,437</u>	<u>\$ 181,618</u>	<u>\$ 602,159</u>	<u>\$ 14,375,213</u>
<b>Uses of Funds:</b> <sup>1</sup>				
<b>Business Asset and Operating Expenses</b>				
Independent Contractor	12,571	50,817	46,692	110,080
IT Expense	7,334	18,778	11,172	37,284
Storage	50	4,258	3,219	7,527
Other	-	1,982	9,273	11,255
Insurance Premium	18,620	3,217	-	21,837
HR Expense	1,200	1,990	-	3,190
Payroll	124,599	-	-	124,599
Payroll Taxes	9,021	-	-	9,021
Service Provider	16,750	-	20,000	36,750
Safe Harbor Payment	9,535	-	-	9,535
<b>Receiver or Other Professional Fees</b>				
Professional Fees	1,625	810,480	846,690	1,658,796
Total Uses	<u>\$ 201,306</u>	<u>\$ 891,524</u>	<u>\$ 937,045</u>	<u>\$ 2,029,874</u>
Cash Balance	<u>\$ 13,390,131</u>	<u>\$ 12,680,225</u>	<u>\$ 12,345,339</u>	<u>\$ 12,345,339</u>
<b>Balance by Account</b>				
TCA Fund Management Group Corp - x5045	\$ 255,272	\$ 371,015	\$ 383,686	\$ 383,686
TCA Global Credit Fund GP, Ltd. - x5037	\$ -	\$ -	\$ -	\$ -
TCA Global Credit Master Fund, LP - x5003	\$ 8,863,289	\$ 8,031,170	\$ 7,681,150	\$ 7,681,150
TCA Global Credit Fund, LP - x5011	\$ 9,015	\$ 9,028	\$ 9,034	\$ 9,034
TCA Global Credit Fund, Ltd. - x5029	\$ 4,262,555	\$ 4,269,012	\$ 4,271,469	\$ 4,271,469
<b>Sum of Account Balances</b>	<u>\$ 13,390,131</u>	<u>\$ 12,680,225</u>	<u>\$ 12,345,339</u>	<u>\$ 12,345,339</u>
Check	\$ -	\$ -	\$ -	\$ -

<sup>1</sup> The activity categorization has been updated since the filing of the 2nd quarterly report to better align with the filed Statement of Financial Affairs Report.