

**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.

RECEIVER'S FIRST QUARTERLY STATUS REPORT

Jonathan E. Perlman, Esq.
Florida Bar No. 773328
jperlman@gjb-law.com
Receiver for the Receivership Entities

-and-

GENOVESE JOBLOVE & BATTISTA, P.A.
100 Southeast 2nd Street, 44th Floor
Miami, FL 33131
Tel: (305) 349-2300
Gregory M. Garno, Esq.
Florida Bar No. 87505
ggarno@gjb-law.com
Elizabeth G. McIntosh, Esq.
Florida Bar No. 1011555
emcintosh@gjb-law.com
Irina R. Sadovnic, Esq.
Florida Bar No. 124502
isadovnic@gjb-law.com
*Attorneys for Jonathan E. Perlman, Esq.,
Receiver for the Receivership Entities*

TABLE OF CONTENTS

EXECUTIVE SUMMARY 1

THE RECEIVER’S FIRST QUARTERLY STATUS REPORT 3

I. BACKGROUND 3

 A. Procedural Background 3

II. RECEIVERSHIP ENTITIES 6

 A. Receivership Defendants 7

 B. Relief Defendants 7

 C. Additional Receivership Entities 8

III. RELATED FUNDS 8

 A. TCA Opportunities Fund 9

 B. TCA ICAV 11

IV. ACTIONS TAKEN BY THE RECEIVER DURING THE REPORTING PERIOD 13

 A. The Receiver and his Professionals 13

 B. Securing the Receivership Entities’ Property 15

 C. The Receivership Bank Accounts 18

 D. Business Operations 18

 E. Employee Related Issues 20

 F. Circle Investment Support Services (“Circle Partners”) 22

 G. Receivership Entities’ Technology Progress 22

 H. Communications with Third Parties 23

 I. Notice of the Receivership 25

 J. Website/Ongoing Communications 25

 K. Interviews with Key Employees 25

 L. Investor Interviews 26

 M. Receivership Entities’ Records 27

 N. Claims 27

V. CAYMAN ISLANDS PROCEEDINGS 27

 A. Appointment of Cayman Islands Joint Liquidators 28

 B. Regulatory Compliance 29

 C. Collection of Documents and Assets in the Cayman Islands 30

 D. The Protocol 30

 E. Attendance at JOLs Stakeholder Meetings of Creditors and Contributories 31

 F. Issues Relating to Redemption Investors and Unpaid Subscribers 31

| | | |
|-------|--|----|
| VI. | RECEIVERSHIP ESTATE ASSETS | 32 |
| A. | Cash Assets | 32 |
| B. | Special Purpose Vehicles | 35 |
| 1. | SPV – Domestic..... | 35 |
| 2. | SPV – International | 40 |
| 3. | SPV – Real Property, Art, and Other Assets | 42 |
| 4. | SPV – Others | 43 |
| C. | Loan Portfolio | 44 |
| 1. | Performing Loans | 44 |
| 2. | Partially Performing Loans..... | 45 |
| 3. | Active, Pre-Litigation Matters | 46 |
| 4. | Settlement Agreements..... | 49 |
| 5. | Litigation Matters | 51 |
| 6. | Portfolio of Remaining Loans (as per the Master Fund books and records)..... | 54 |
| D. | Other Assets | 55 |
| E. | Litigation Initiated By the Master Fund Against Borrowers..... | 57 |
| VII. | THE RECEIVER’S PRELIMINARY OBSERVATIONS | 78 |
| VIII. | CONTINUING WORK..... | 80 |

EXECUTIVE SUMMARY

1. On May 11, 2020, this Court appointed Jonathan E. Perlman as Receiver over Defendants/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., all of whom operated a purported \$500 million hedge fund from Aventura, Florida (“Initial Receivership Entities”). *See* [ECF No. 5].
2. Since being appointed, the Receiver has secured the Receivership Entities’ offices in Aventura, Florida, a number of storage facilities in Florida and New York, as well as Receivership Property possessed by individuals or located elsewhere. The Receiver has also taken the necessary steps to secure and preserve the Receivership Entities’ information systems containing e-mails, file storage, telephones, investor management, accounting systems, and all incoming mail.
3. On May 15, 2020, the Receiver filed a motion to expand the Receivership to include TCA Global Lending Corp., which served as a “tax blocker” for investors who invested through the TCA Global Credit Fund, Ltd. feeder fund. *See* [ECF No. 15]. On May 18, 2020, this Court granted the motion to expand the Receivership. *See* [ECF No. 16] (the Initial Receivership Entities plus TCA Global Lending Corp. are hereinafter referred to as “the Receivership Entities”). Three of the five Receivership Entities, though owned, controlled and operated from Florida, are registered as Cayman Islands exempted entities.
4. The Receiver opened five (5) bank accounts at Axos Bank, an FDIC-insured institution dedicated to providing banking services to court fiduciaries, in the name of the Initial Receivership Entities, as the Appointment Order directed.
5. At the time of the Receiver’s appointment, the Receivership Entities’ combined U.S. bank accounts had a total balance of \$287,682.77. Due to the efforts of the Receiver, he was able to repatriate \$13,209,233.31 from offshore accounts held by Receivership Entities. Today, the Receivership Entities’ bank accounts have a combined balance of \$13,390,131.11.
6. The Receiver has served demand letters on fourteen (14) financial institutions, twenty-four (24) service providers, and one hundred and ten (11) borrowers.
7. The Receiver has interviewed more than fifteen (15) current and former employees. The Receiver has also reviewed hundreds of thousands of pages of documents relating to the Receivership Entities and their business operations.
8. The Receiver has communicated with over ninety investors and/or their investment advisors. The Receiver also sent a mass mailing to each of the nearly four hundred Receivership Entity investors advising them of the Receivership and directing them to the Receiver’s phone, email, and website should they have questions and for updates.
9. From the initial investigation, the Receiver has determined that this Receivership is

complex and vast, involving what appears to be a \$500 million investor fraud.

10. The Receiver is currently managing sixty (60) special purpose vehicle entities (the “SPVs”) owned all or in part by a Receivership Entity, approximately forty-seven (47) of which remain active. The SPVs are organized under the laws of Florida, as well as other jurisdictions.
11. The Receiver has also identified sixty-nine (69) portfolio loan files.
12. The Receiver inherited forty-eight (48) active litigation proceedings that the Receivership Entities were either prosecuting or defending. These proceedings primarily relate to outstanding loans and other portfolio positions in jurisdictions throughout the U.S. and elsewhere, including a U.S. appeal, a U.S. class action lawsuit, two Canadian bankruptcy proceedings, two Canadian foreclosure actions, and one Australian insolvency proceeding.
13. Following the Receiver’s appointment on the petition of a purported redemption creditor of Receivership Entity TCA Global Credit Fund, Ltd., the Grand Court of the Cayman Islands (“Grand Court”) appointed “joint official liquidators” (“JOLs”) in respect of that entity to serve as a second set of fiduciaries, both of whom are partners at EY Cayman Ltd. The Receiver has attempted to negotiate bilateral protocols with the JOLs to maximize efficiency and ultimate distribution to the Receivership Estate’s stakeholders. Such protocols would be subject to this Court’s and the Grand Court’s approval. To date, the Receiver and joint liquidators have been unable to agree on a protocol.

THE RECEIVER'S FIRST 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 First Quarterly Status Report (the "Report").

I. BACKGROUND

A. Procedural Background

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]. The case was assigned to the Honorable Cecilia M. Altonaga.

The Complaint alleges that Defendants engaged in deceptive conduct in violation of Section 17(a) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77q(a), and Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), and 15 U.S.C. § 78j(b), and Exchange Act Rules 10b-5, 17 C.F.R § 240.10b-5; and FMGC violated Sections 206(1), (2), and

(4), and 207 of the Investment Advisers Act of 1940 (the “Advisers Act”), 15 U.S.C. §§ 80b-6(1), 80(b)-6(4), and 80b-7, and Advisers Act Rules 206(4)-7 and 206(4)-8, 17 C.F.R. §§ 275.206(4)-7, 275.206(4)-8. [*Id.* at ¶ 9].

According to the Complaint, the Feeder Funds raise money from investors and “feed” that money to the Master Fund, which provided financing and investment banking services to small and medium sized businesses. FMGC, the investment adviser to the Funds, is entitled to compensation based on the amount of the Funds’ assets (the “NAV”). GP, the general partner of Master Fund and Feeder Fund LP, is entitled to compensation based on the profitability of Master Fund.

The Complaint alleges that since 2010 and continuing through at least November 2019, FMGC fraudulently engaged in two different revenue recognition practices that artificially inflated the Master Fund’s revenue and the Funds’ NAV. [ECF No. 1 at ¶ 3]. The first practice involved the Master Fund’s lending business, where, at an early stage of the loan process, the prospective borrower and the Master Fund would sign a term sheet outlining the terms of the loan, including the amount of fees the borrower would pay the Master Fund when the loan transactions were consummated. [*Id.* at ¶ 4]. FMGC caused the Master Fund to recognize these prospective loan fees as revenue upon execution of the non-binding term sheet (as opposed to at the closing of the loan or upon payment) without regard to whether the borrower had the ability to pay such fees. In many cases, loans did not close, and no fees were earned or paid. Recognizing this loan fee revenue at the time of term sheet execution artificially increased the Master Fund’s profits and the NAV, which remained inflated until the fee revenue was actually earned (in the case of loans that eventually closed) or removed from the books (in the case of loans that never closed). [*Id.*].

The second revenue recognition method involved agreements for the Master Fund to

provide investment banking services. Starting in or about the latter half of 2016 and continuing through at least November 2019, the Master Fund solicited companies to enter into agreements, which provided for the company to pay the Master Fund an investment banking fee ranging from hundreds of thousands to millions of dollars. [*Id.* at ¶ 5]. FMGC would cause the Master Fund to recognize these investment banking fees as revenue at the time the agreement was signed, even though (a) these companies lacked the financial wherewithal to pay these fees unless the Master Fund was successful in obtaining financing for the company, which rarely occurred, and (b) the Master Fund provided little to no investment banking services to these companies. [*Id.*].

As a result, Defendants caused the Funds to report to investors that the Funds were profitable every month, with an ever-increasing NAV. [*Id.* at ¶ 6]. In fact, the booking of loan fees at the time of term sheet execution artificially inflated the NAV—at some points in time by as much as \$29 million. [*Id.*]. The booking of investment banking revenue at the time of agreement execution inflated the NAV by at least \$130 million as of November 2019. [*Id.*]. The inflated performance and NAV values were provided to investors, and the inflated asset values were included in forms (“Forms ADV”) that FMGC filed with the SEC. [*Id.* at ¶ 7]. Armed with these practices, the Defendants were purportedly able to raise in excess of \$500 million from investors. The Defendants have not contested these allegations and the Receiver has independently confirmed certain of these allegations at this juncture of his investigation.

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., a shareholder 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]

The following is a summary of the Receiver’s efforts since his appointment. This report contains preliminary assessments and observations, subject to change as the Receiver and his professionals conduct discovery and continue to investigate and analyze the affairs of the Receivership Entities.

II. RECEIVERSHIP ENTITIES

The structure of the fund at issue here is a typical “Master/Feeder” structure. Feeder Fund LP and Feeder Fund Ltd. raise money from investors and “feed” that money to the Master Fund, which provides financing and investment banking services to small- and medium-sized businesses. A detailed account of the loan portfolio is described later in this Report. *See* Section VI.C, *infra*. Pursuant to an investment management agreement, FMGC, as investment adviser/manager to the Funds, received a monthly management fee payable in advance on the first day of each month calculated as a stated percentage of the Funds’ reported NAV. Pursuant to a master agreement,

GP, the general partner of Master Fund and Feeder Fund LP with discretion to manage their affairs, was compensated by receiving “performance allocations” equal to 20%–25% of “realized and/or unrealized net profits.”

A. Receivership Defendants

TCA Fund Management Group Corp. (“FMGC”) is a Florida corporation formed in June 2011 and headquartered in Aventura, Florida. FMGC had other offices in New York, NY, Las Vegas, NV, and London, England. Since August 13, 2014, FMCG is the commission-registered investment advisor for the Funds.

TCA Global Credit Fund, Ltd. (“GP”) is registered as a Cayman Islands exempted company formed in January 2010. GP is the general partner of Feeder Fund LP and Master Fund.

B. Relief Defendants

TCA Global Credit Fund, LP (“Feeder Fund LP”) is a Cayman Islands exempted limited partnership formed in March 2010. Feeder Fund LP engages in investment activities as an unregistered private investment fund. Feeder Fund LP is the smaller of the two feeder funds and is used as a vehicle for primarily U.S.-based investors to invest in the Master Fund. Feeder Fund LP invested its partners’ money directly into the Master Fund. Feeder Fund LP has a total of 41 investors, only one of which is a foreign investor.

TCA Global Credit Fund, Ltd. (“Feeder Fund Ltd.”) is a Cayman Islands exempted company formed in March 2010. Feeder Fund Ltd. engages in investment activities as an unregistered private investment fund. This is the larger of the two feeder funds and is used as a vehicle primarily for non-U.S.-based investors to invest in the Master Fund. Feeder Fund Ltd. has three hundred and thirty-seven (337) investors from forty-one (41) countries. For an understanding of how Feeder Fund Ltd.’s funds flowed to Master Fund, see the description of TCA Global

Lending Corp below.

TCA Global Credit Fund Master Fund, LP (“Master Fund”) is a Cayman Islands exempted limited partnership formed in March 2010. Master Fund serves as the master fund in the master/feeder structure for the Feeder Funds. The Master Fund provided financing to small and medium-sized enterprises. The Master Fund is the sole or majority owner of over 60 entities known as Special Purpose Vehicles or SPVs.

C. Additional Receivership Entities

TCA Global Lending Corp. (“Lending Corp.”) is a Nevada corporation formed in 2015, owned by Feeder Fund Ltd. Its purpose is to reduce taxes foreign investors in the Master Fund would otherwise be required to pay on the U.S. income the Master Fund generates—a so-called “tax blocker.” Tax on the income of the offshore Feeder Fund Ltd. is reduced by inserting an on-shore entity, Lending Corp., between it and the Master Fund. According to the Receivership Entities’ 2018 tax returns, the flow of funds in relation to Lending Corp. is as follows: Feeder Fund Ltd. invested its shareholders’ funds directly into Lending Corp., which invested those funds into the Master Fund. The Master Fund invested the funds from Lending Corp. into SPVs and as loans to various entities.

III. RELATED FUNDS

The Receiver’s ongoing investigations into the operations of the Funds, indicate that two other affiliated investment funds were managed under the Funds 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”),¹ were both founded and controlled by Robert Press, as well as share a multitude of operations, employees,

¹ This fund was renamed on June 10, 2020 to New Horizons Credit Strategies ICAV.

branding, loans, and other dealings with the Master Fund. A review of the Master Fund's loan portfolio and SPVs reflect at least five separate deals that involve both the Master Fund and either TCA ICAV or TCA Opportunities Fund. For more information about these deals, *see* Section VI.B and D, *infra*.

A. TCA Opportunities Fund

TCA Opportunities Fund is a United Kingdom ("U.K.") limited partnership with a registered address at 8 Old Jewry, 4th Floor, London, EC2R 8DN. The general partner is another U.K. entity, TCA GP Limited, whose officers are Matthew Wrigley, a partner at the MJ Hudson Ltd. law firm, and MJ Hudson Fund Management Ltd. (which is also the fund manager). Included among TCA Opportunities Fund's limited partners are Robert Press and William Fickling. TCA Opportunities Fund's private placement memorandum denoted T-Cap Opportunities Group Limited² as the "Service Provider." The TCA Opportunities Fund's private placement memorandum lists Alyce Schreiber and Matthew Wrigley as directors, and T-Cap Holdings Ltd. as the entity with 75% or more control, as of February 2020. T-Cap Holdings Ltd.'s directors were Robert Press, Alyce Schreiber and Matthew Wrigley, until February 2020 when Press resigned.

Per the TCA Opportunities Fund's private placement memorandum, the stated purpose of T-Cap Opportunities Group Ltd. is to "provide a wide range of services to [MJ Hudson] including deal origination and transaction support." TCA Opportunities Fund's stated investment directive was "to acquire either a super minority (25% and more) or majority stake in Portfolio Companies, making predominantly (but not exclusively) equity and equity-related Investments in private companies...mainly... in [] the U.S. and, to a lesser extent, the U.K." As of December 31, 2019,

² The U.K. Companies' house registration pages shows that there was a prior T-Cap Opportunities Group Limited with Robert Press as Director and person with 75% or more authority. That entity was dissolved in July 2019, and the new T-Cap Opportunities Group Limited was created. Additionally, T-Cap Opportunities Group Limited, is registered to the FMGC U.K. office at 22 Park Street, London.

investors had contributed \$6.18 million on capital commitments of \$15.1 million to TCA Opportunities Fund. TCA Opportunities Fund's only holdings were TCA Aerospace, LLC and NPN Holdings, LLC.

The Receiver has identified the following connections between TCA Opportunities Fund and the Master Fund:

Common Management and Employees. The Master Fund and the TCA Opportunities Fund shared the following officers and employees out of the Aventura, New York, and London offices: Robert Press, Alyce Schreiber (Operating Officer for TCA Opportunities Fund and Acting CEO for FMGC), Tara Antal (Administrative Officer for TCA Opportunities Fund and Chief Compliance Officer for FMGC), Saira Iqbal (Client Relations and Global Marketing Officer, same for TCA Opportunities Fund and FMGC), and William Fickling (Senior Portfolio Consultant).

Operations. Investor communications, fund raising activities, and marketing for the Master Fund, TCA Opportunities Fund, and TCA ICAV were performed by FMGC's London office, including Saira Iqbal. As detailed later in this Report, the FMGC London office lease was in the name of TCA Credit Management Limited. The London office employees performed services for all three funds (the Master Fund, TCA Opportunities Fund, and TCA ICAV). They were paid by FMGC through T-Cap Marketing and Management.

Deals. The primary common deal between TCA Opportunities Fund and Master Fund is TCA Aerospace. In 2019, Robert Press, signing on behalf of the general partner for the Master Fund, sold the Master Funds' entire interest in TCA Aerospace to TCA Opportunities Fund for \$2,000,000 in cash and an \$8.5 million promissory note, under which no payments are due until 2023. For further detail on the TCA Aerospace deal, see Section VI.D, *infra*.

B. TCA ICAV

The TCA ICAV is the latest fund created and managed by Robert Press. Launched in 2018, TCA ICAV is an Ireland-registered closed-ended fund open to qualified investors with a minimum investment of 100,000 EUR. The TCA ICAV directors include: Robert Press, Alyce Schreiber, Matthew Wrigley, and Irish citizens Declan Fitzpatrick and Bryan Tiernan. TCA ICAV's service providers are listed as T-Cap Credit Strategies Limited and TCA Credit Management Limited (both registered to the Receivership Entities' London office address). Apex Fund Services (Ireland) Limited is the Fund Administrator and G10 Capital Limited is the Fund Manager.

The October 2018 prospectus for TCA ICAV indicates that it is an umbrella fund which may comprise additional funds as directed by the directors, who have delegated: "(i) the management of the assets and investments of the TCA ICAV to the AIFM; and (ii) the day-to-day administration of the TCA ICAV's affairs (including the calculation of the Net Asset Value and the Net Asset Value per Share of each Class, Shareholder registration and transfer agency services and related services) to the Administrator." TCA ICAV engages T-Cap Resources Restructure Group³ to provide advice in relation to the investment companies. The prospectus also refers to TCA Credit Management Limited as: (1) an affiliate of T-Cap Resources Restructure Group; and (2) an additional Service Provider authorized to provide investment advisory services to TCA ICAV. TCA Credit Management Limited is the U.K. Financial Conduct Authority registered-investment advisor, purportedly wholly-owned by FMGC.⁴

³ Originally this Florida-registered entity was comprised of Robert Press, Patrick Primavera (the former Managing Director of the FMGC New York office), and William Fickling. This entity was dissolved in 2019. A new U.K. entity by the name of TAP Resources Restructure Group Limited was created on May 26, 2020, with William Fickling and Mathew Wrigley as directors, and TAP Financial Partners Limited as shareholder with 75% or more ownership. TAP Financial Partners directors (and shareholders) include: Saira Iqbal and Matthew Wrigley. Its employees include: William Fickling and Alyce Schreiber.

⁴ Robert Press signed the Support Services Deed for TCA ICAV on behalf of both TCA Credit Management Ltd. and T-Cap Credit Strategies Ltd.

In addition to the foregoing, the Receiver has identified the following connections between TCA ICAV and the Master Fund.

Employees. In addition to Robert Press, Alyce Schreiber, William Fickling, and Saira Iqbal as management for the Master Fund and TCA ICAV, several employees of FMGC indicated they had been completing work for the TCA ICAV and TCA ICAV-related deals. Jackie Gogin, Nelson Lamis, Michael Klein, Miriam Cunningham, and independent contractors Manuel Ocaranza and Dennis McIntosh, each indicated that their day to day tasks included handling operations for TCA ICAV portfolio deals. Dennis McIntosh, for example, worked on behalf of TCA ICAV to advise as to possible DIP financing for Zenergy (as discussed in Section VI.C.3, *infra*). Manuel Ocaranza similarly submitted invoices to the Receiver which included time spent on TCA ICAV-related matters under a purported contract with T-Cap Resources Restructure Group.

Operations. In her employee interview, Saira Iqbal explained that her role as Client Relations and Global Marketing Officer included work for the three funds (the Master Fund, TCA Opportunities Fund, and TCA ICAV) as part of “the TCA Capital” umbrella plan to provide comprehensive services to the clients of all three funds.

For example, TCA Credit Management Limited was providing services to TCA ICAV under a services agreement. All expenses of TCA Credit Management Limited office, and its employees, were paid by T-Cap Marketing and Management, but funded by FMGC. In February 2019, TCA ICAV invoiced FMGC \$120,000, *inter alia*, “CRO Services,” “Expert Services,” and “Advisory Services” in relation to certain SPVs.⁵ Additionally, the same email address domain was used by the Master Fund and TCA ICAV: “@tcacap.com.”

Deals. The Receiver has identified at least four separate deals involving collateralizations,

⁵ For example, JLE, Pie Face, Zenergy, and others. See Section VI.C, *infra*.

transfers, and/or funding between the Master Fund and TCA ICAV. For example, deal documents for “Signafire Technologies”⁶ and “TCA Recycling” list amounts due and owing to both TCA ICAV and the Master Fund. Additionally, in the Receivership Entities’ data files titled “Closing” or “Settlement” statements, the deal funding procedure mention payments owing to the Master Fund, TCA ICAV, and FMGC.

Pacific Ventures and Broward Collision are also Master Fund deals that include funding and cross-collateralization between the Master Fund and TCA ICAV. For further information regarding Pacific Ventures and Broward Collision, LLC, *see* Section VI.B.1 and VI.C.2, *infra*.

IV. ACTIONS TAKEN BY THE RECEIVER DURING THE REPORTING PERIOD

A. The Receiver and his Professionals

Upon appointment on May 11, 2020, and with this Court’s approval, the Receiver assembled a team of professionals with experience and skills to assist him in the administration of the Receivership Estate. Below is a list of the professionals and a short description of their role with regard to the administration of the Receivership Estate:

(1) **Genovese Joblove & Battista (“GJB”)**: The Appointment Order immediately granted the Receiver authority to retain GJB as counsel. [ECF No. 5 at ¶ 2.] The Receiver’s counsel entered appearances accordingly. *See* [ECF Nos. 8, 10, 12]. The Receiver also utilizes GJB’s information technology staff, as needed, to secure control, preserve access to technology-based aspects of the Receivership Entities’ business.

(2) **Collas Crill**: The Receiver sought approval to retain the Collas Crill law firm as his Cayman Islands counsel for advice on issues of Cayman Islands law, appear in matters and

⁶ On May 20, 2020, William Fickling informed the Receiver that \$3 million were being deposited into the FMGC omnibus account at BB&T bank and which purportedly belonged to TCA ICAV in relation to “Signafire Technologies.”

proceedings in the Cayman Islands, and advise on such matters and proceedings. Because three of the Receivership Entities are Cayman Islands registered and may thereby be subjected to Cayman Islands as well as U.S. law, and because the Grand Court appointed joint official liquidators over Receivership Entity Feeder Fund Ltd., the Receiver considered retention of Cayman Islands counsel essential to compliance with this Court's directives. *See* [ECF No. 13]. On May 15, 2020, this Court approved the retention of Collas Crill as Cayman Islands counsel to the Receiver. *See* [ECF No. 14].

(3) **Maria M. Yip, CPA, CFE, CIRA, CFF and the accounting firm Yip Associates:** The Receiver sought approval to retain Ms. Yip and Yip Associates to provide accounting and forensic work for the Receiver and the Receivership Entities. *See* [ECF No. 9]. On May 14, 2020, this Court approved the retention of Ms. Yip and Yip Associates. *See* [ECF No. 11].

(4) **Development Specialists, Inc. ("DSI") and Mr. Joseph Luzinski:** DSI is an advisory and fiduciary services consulting firm that regularly serves as financial consultant, chief restructuring officer, and interim manager on behalf of receivers, trustees, and other court-appointed fiduciaries. The Receiver sought approval to retain DSI to assist the Receiver with day-to-day management of the Receivership Entities' businesses and provide financial advisory services to assist in maximizing the value of the Receivership Entities and Receivership Property. *See* [ECF No. 33]. On June 4, 2020, this Court approved the retention of DSI. *See* [ECF No. 34].

(5) **Rehmann and Mr. Mitch Hall:** The Receiver sought approval to retain Rehmann and Mr. Hall to provide tax accounting and analysis services to the Receiver and the Receivership Entities. *See* [ECF No. 9]. On May 14, 2020, this Court approved the retention of Rehmann and Mr. Hall. *See* [ECF No. 11].

(6) **E-Hounds, Inc. and Mr. Adam Sharp:** The Receiver sought approval to retain E-Hounds, Inc. and Mr. Sharp to provide data storage, electronic data management, and a searchable document review platform for the extensive electronic data of the Receivership Entities. *See* [ECF No. 9]. On May 14, 2020, this Court approved the retention of E-Hounds, Inc. and Mr. Sharp. *See* [ECF No. 11].

B. Securing the Receivership Entities' Property

The Receivership Entities represented to the public that they had offices in Aventura, Florida, New York, Las Vegas,⁷ London, and Australia.⁸ At the time the Receiver was appointed, the Receivership Entities' employees were working virtually due to the COVID-19 pandemic. Additionally, Defendants had terminated the employment of a number of employees in preparation for the receivership, to which they had stipulated. The Aventura, Florida, and New York offices had already been turned over to the respective landlords. The London office's lease does not expire until February 2021, and the Receiver is assessing the best options to move forward regarding this property. The London office, however, was also vacated due to COVID-19 and remains closed. The Receiver is working with a team in London to recover any property held there.

The main office for the Receivership Entities was located at 19950 West Country Club Drive, Suite 101, Aventura, FL 33180. The address of the New York office was 777 Third Avenue, 17th Floor, New York, NY 10017. The address of the London office was 22 Park Street, Third Floor, London, England.

The Aventura office property is being stored at PODS, a storage facility located in Miami-

⁷ FMGC had a virtual "Regus" office in Las Vegas, Nevada, which was used in conjunction with several SPVs that were incorporated in Nevada and required a mailing address in the state. There is no physical office or office furniture in Nevada.

⁸ In the course of his investigation, the Receiver determined that the Receivership Entities no longer maintained or operated any offices in Australia.

Dade County, Florida. The Receiver has obtained full control over this property. The property located in the PODS storage units is mainly office furniture and includes: metal 3-drawer filing cabinets, desks, wood filing cabinets, leather office chairs, leather conference room chairs, conference room buffet table, conference room table, metal end tables, leather decorative chairs, leather decorative couches, glass coffee tables, bookshelves, wooden desks, lamps, and other miscellaneous items. The Receiver has solicited and is still waiting for bids from multiple auction and furniture liquidation companies to sell the property in the PODS.

The Receiver also obtained possession of a PODS storage unit, also located in Miami-Dade County, containing decorative art pieces and memorabilia that was previously moved by the Receivership Entities from a warehouse in Michigan. The decorative art pieces and memorabilia were obtained as part of a bankruptcy settlement with the trustee for World Art Auctions, LLC, pursuant to which the Master Fund was to receive decorative art pieces and memorabilia with an appraised value of \$535,000, plus \$50,000 in cash. In June 2019, the Master Fund created a new SPV, TCA Fine Art, LLC, in order to hold the decorative art pieces and memorabilia received through the settlement agreement as assets of the newly-formed TCA Fine Art, LLC. The Receiver's counsel visited the storage unit and tried to inventory the artwork, however, due to the conditions at the storage location and how the art was stored, it was impossible to prepare a complete inventory of the artwork at that time. The Receiver is arranging for an auction company to inventory and appraise these pieces, which has been delayed to ongoing COVID-19 concerns.

Certified Moving, a storage facility in Secaucus, New Jersey, is storing the New York office property consisting of mainly office furniture and equipment. The Receiver has exclusive control over this property and is in the process of inventorying and assessing the property to determine how to maximize its liquidation value.

The London office, which remains closed and has no active employees, also has several pieces of office furniture and equipment. The remaining server (1), iMac computer (1), Dell PCs (2), and laptops (6) from the London office shipped to Florida for digital forensic review and imaging. The Receiver is in the process of inventorying and assessing the office furniture and equipment to determine how to maximize its liquidation value.

The London office was the main hub for all the investor relations, marketing, and fundraising operations of the Master Fund (as well as other funds run by Bob Press). The office was managed by Saira Iqbal, for TCA Credit Management Limited, a U.K. incorporated entity, registered with the Financial Conduct Authority of the U.K., whose sole shareholder is FMGC. The five to six employees working in the London office were hired by T-Cap Marketing and Management (a U.K. registered “branch” of FMGC). According to information provided by Alyce Schreiber—one of the registered officers of TCA Credit Management and the former acting CEO of FMGC—the London operations were funded “as needed” by FMGC and reflected as inter-company transfers on FMGC’s books and records by Andy Taubman of Kaufman Rossin. The Receiver located an agreement dating back to 2015 between TCA Credit Management and FMGC reflecting this arrangement.

At the outset of the Receivership, Mr. Press’ attorney, Carl Schoeppl indicated that Mr. Press had been attempting to novate the lease in the U.K. but the process had been delayed due to COVID-19 and also he would also like to purchase the remaining office furniture and equipment. Towards the end of July, 2020, the Receiver became aware that the request was actually being made by Mr. Press and Ms. Schreiber in order to operate a “new business,” TAP Financial Partners, out of that location. Upon information and belief, TAP Financial Partners is an entity set up in the U.K. to manage the affairs of another fund controlled by Mr. Press. Subsequently, Ms. Schreiber

indicated that they were withdrawing their attempts to take over this lease since the process was taking longer than anticipated and due to other COVID-19-related concerns, and have since forwarded the Receiver a copy of the outstanding invoice for the lease amount due for the June-September 2020, quarter. The U.K. entities currently have outstanding liabilities for rent, payroll taxes, and other statutorily required employee payments for approximately \$130,000. The Receiver believes that it may be necessary to engage U.K. counsel to address these issues.

In addition to office furniture and equipment, the Receivership Entities also maintained certain trademarks and logos. A review of the TCA files indicates that several similar marks and logos were used across the several TCA funds and across TCA operations. The “TCA Capital” mark was used on each of the FMGC employee’s email signature blocks, in conjunction with all three funds. According to Saira Iqbal, the “TCA Capital” mark was a unifying brand logo used for the “various businesses and funds [that] TCA was marketing, both for itself or for fund clients.” The logos, furthermore, were created as part of an overall marketing strategy originating from the London office, a division of FMGC. A search of the U.S. P.T.O., several state trademark searches, and a search for European Union trademarks, indicates that the TCA Capital marks were not registered. The Receiver considers the marks to constitute Receivership Property.

C. The Receivership Bank Accounts

The Receiver opened five receivership bank accounts at Axos Bank, an FDIC-insured multi-billion dollar institution that supports court-appointed fiduciaries throughout the U.S. As of the filing of this Report, the receivership accounts have a total balance of \$13,390,131.11. A schedule of all the Receiver’s receipts and disbursements is attached hereto as Exhibit “A.”

D. Business Operations

Since his appointment on May 11, 2020, the Receiver and his counsel have familiarized

themselves with the business operations of the Receivership Entities, by among other things, interviewing employees and former employees, third parties, investors, borrowers, former professionals while securing and beginning to review hundreds of thousands of pages of documents and electronic information. The Receiver and his professionals have secured e-platforms, servers, and have access to the data storage and organizational systems utilized by the employees of the Receivership Entities, including SharePoint and Outlook.

The Receiver retained DSI to assist with managing the day-to-day operations of the Receivership Entities' businesses, and to provide financial advisory services to aid in maximizing the value of the Receivership Entities and Receivership Property. The Receiver and DSI communicate daily, and regularly meet to go over weekly reports from and regarding the SPVs to assess and formulate a plan to preserve and maximize their value.

Additionally, the Receiver and his professionals utilized six employees and six contractors employed by FMGC to assist with the transition of day-to-day operations to ensure an orderly transfer to the Receiver's team of important institutional knowledge. Four FMGC contractors continue to provide management and consulting services to the Receiver for certain SPVs, including possible sale options for the SPVs, and to assist with the day to day issues facing these entities. These contractors are under the supervision and direction of the Receiver and his professionals.

The Receiver and his professionals considered it be in the best interest of the Receivership Estate to continue utilizing their services. On July 22, 2020, the Receiver filed a Motion for Authorization to Pay Existing Receivership Entity Consultants in the Ordinary Course, to facilitate the orderly transition of the ongoing business operations of the Receivership Entities. *See* [ECF No. 41]. The Court granted the motion and approving the contractual agreements with four of the

consultants and authorizing the Receiver to continue to pay their existing and future invoices in the ordinary course of business from Receivership funds, until such time the Receiver, in his discretion, terminates or amends the agreements. *See* [ECF No. 42].

E. Employee Related Issues

At the time of the Receiver's appointment, FMGC was (and still is) an operating business. As such, the Receiver and his professionals spent time and made expenditures, as required, regarding employee matters, including payroll and the 401k termination.

Prior to the Receiver's appointment, FMGC had paid employees once a month, on the 15th day of each month, for the full month. FMGC paid its May 2020 net payroll amounts, however, before the Receiver's May 11 appointment, the Receiver was thus required to pay the outstanding payroll taxes for the May payroll. FMGC historically used TriNet Solutions as its payroll and benefits provider. At the time the Receiver was appointed, the Human Resources Officer, Ms. Miriam Cunningham was responsible for coordinating payroll and benefits. Notably, prior to the Receiver's appointment FMGC had begun to transition certain employees from salaried employees to independent contractors. Ms. Cunningham was one of those employees.

On May 11, 2020, the day the Receiver was appointed, ten (10) people were on the FMGC regular payroll—eight (8) associated with the Aventura office and two (2) with the New York office. Included among those receiving regular salaries and benefits at the time of the Receiver's appointment were Robert Press⁹ and his wife, Alysia Prior. Each of these employees received

⁹ Robert Press is the founder and Chief Executive Officer of FMGC. Robert Press managed and oversaw the day-to-day operations of the Receivership Entities, from the loan portfolio and collection decisions, to the investment banking fees and NAV calculation. He maintained offices in each of the three offices, Aventura, New York, and London. As of February 10, 2019, Alyce Schreiber was appointed Acting Chief Executive Officer. The Receiver's investigations and employee interviews indicate that this was merely a formal change, but in terms of Robert Press' authority and involvement in the day-to-day organization, there was no meaningful change. *See* March 2019 Supplement to the LP Offering Memorandum a copy of which it attached hereto as Exhibit "B." ("Effective as of February 10, 2019, Alyce Schreiber as appointed

certain employments benefits including 401k contributions and insurance (medical, dental, vision, and life).

Upon his appointment, the Receiver terminated the payroll for Robert Press and his wife. The two (2) New York employees resigned and were terminated from payroll before the June pay period. At the recommendation of DSI, the Receiver continued, through July 2020, the regular payroll for Nelson Lamis, Jacquelyn Gogin, Michael Klein, Giovanni Carmona, Alyce Schreiber, and Tara Antal. As of the date of this filing, the Receiver has terminated all regular payroll operations, and is in process of finalizing hourly consulting agreements with Jacquelyn Gogin, Nelson Lamis, and Michael Klein.

Additionally, FMGC had been paying Miriam Cunningham for her role in coordinating and providing HR services to several of the SPVs including: Broward Collision, Pivot, Ouch, TCA Aerospace, TPNI, Transmarine, and Xcell. FMGC was also paying for the costs of the payroll processing services, such as ADP and Engage, for these SPVs and invoiced the SPVs for these services. FMGC did not maintain any formal recordkeeping or accounting reflecting whether the SPVs paid for these invoices and the last time any such invoice was generated by FMGC was in February 2020. The Receiver is no longer paying Miriam Cunningham for these services, and she is instead required to invoice the SPVs directly for her services.

As relating to the 401k termination and distributions, the Receiver immediately discontinued any distributions, effective June 1, 2020. Robert Press, as trustee on the 401K plan documents, Alyce Schreiber, and Miriam Cunningham, assisted in the plan termination. According to the pension administrators, The Pension Studio, the process should be completed within the next 20 days.

as acting chief executive officer of [FMGC]. However, [FMGC] continues to be controlled and majority-owned by Robert Press (“Principal”) (through one or more affiliated entities).”)

F. Circle Investment Support Services (“Circle Partners”)

Prior to the Receivership, Circle Partners acted as fund administrator, registrar, and transfer agent pursuant to an administration services agreement with Circle Investment Support Services (Cayman) Ltd. Accounting and administration work relating to the Receivership Entities was handled was handed by Circle Investment Support Services (USA) LLC located in Orlando, Florida. Since at least July 2017, investor services, subscriptions and redemptions were managed by a Circle Partners representative in Curacao.

Circle Partners maintained the historical financial data and communications provided to investors. It also certified the monthly NAV provided to investors. Circle Partners was tasked with communicating with investors, including delivery of investors’ monthly valuation statements, providing audited yearly financial reports, and forwarding letters from the Receivership Entities’ directors.

Circle Partners was also responsible for maintaining and collecting all offshore bank account information, including coordinating wire transfers in and out of the Fund bank accounts held at Bank of Butterfield (Guernsey) (“Butterfield”). Immediately upon appointment, the Receiver served Circle Partners with the Appointment Order. Circle Partners director, Kedi Chang, from Curacao, assisted the Receiver in securing the Receivership Entities’ funds held at Butterfield. FMGC’s management and senior employees primarily communicated with Circle Partners’ Orlando office regarding NAV calculations and financial performance matters. Circle Partner’s data relating to the Receivership Entities is reportedly housed and managed from a facility in the Netherlands.

G. Receivership Entities’ Technology Progress

The Receiver worked with E-Hounds, GJB IT manager Jay Bushman, and the Receivership

Entities' IT contractor, IronOak Defense, to disable email access to employees and contractors no longer affiliated with the Receivership Entities. Mr. Bushman immediately identified and took control of all Office365 user accounts, including all hosted exchange domains and Azure an online Microsoft-based platform used to host the Active Directory, a management system for all active users and accounts throughout the TCA platform. The Receiver and his IT team also identified and took control of Receivership Entities' GoDaddy-hosted domains, including asset domains, and implemented domain forwarding to the Receivership website. E-Hounds is in the process of making digital copies of all electronic information and forensically imaging all hard drives and servers. To date, this currently includes nine (9) hard drives, twenty-two (22) laptops, and fifteen (15) computers (including All-in-Ones, Desktop Towers, and Servers). Hard drives and laptops from the London office will be forensically imaged upon delivery to E-Hounds. `

H. Communications with Third Parties

The Receiver and his team have sent demand letters for financial records to fourteen (14) different banks and financial institutions in the United States and in the Cayman Islands. The Receiver also sent turnover and preservation letters to twenty-four (24) third-party service providers regarding the business and financial affairs of the Receivership Entities. Additionally, the Receiver and his team served one hundred and ten (110) litigation defendants, all of whom are borrowers in default, via the Notice of Filing the Appointment Order in all of the relevant litigation (as described more fully below). As more financial institutions or service providers become known to the Receiver, he will continue to send demand letters in order to secure information and capture any money third parties are holding on behalf of Receivership Entities. The Receiver and his professionals have sent demand letters to the following financial institutions, former employees, and service providers, among others:

- a. Deutsche Bank
- b. U.S. Bank
- c. Morgan Stanley
- d. Ocean Bank
- e. BB&T k/n/a Truist Bank
- f. Bank of Butterfield (Cayman), Ltd.
- g. Cayman National Bank, Ltd.
- h. CIBC Bank and Trust Company (Cayman), Ltd.
- i. Fidelity Bank (Cayman), Ltd.
- j. Merrill Lynch Bank & Trust Co. (Cayman)
- k. MUFG Alternative Fund Services (Cayman)
- l. RBC Royal Bank (Cayman) Ltd.
- m. Scotia Bank & Trust (Cayman) Ltd.
- n. Sadis & Goldberg
- o. Kolesar & Leatham
- p. Marcum LLP
- q. Raisol Crusader, LLC
- r. Foodman, P.A.
- s. Friedman LLP
- t. Akin Gump Stauss Hauser Feld LLP
- u. Lucosky Brookman, LLP
- v. David Kahan, P.A.
- w. Law Offices of Allan Lerner, P.A.
- x. Law Office of Jeffrey H. Marcus, Esq.
- y. Homer Bonner Jacobs Ortiz
- z. Circle Investment Support Services (USA), LLC
- aa. Circle Investment Support Services (Cayman), Ltd.
- bb. BDO USA, LLP
- cc. BDO (Cayman) Ltd.
- dd. Grant Thornton
- ee. Royal Alliance Associates, Inc.
- ff. Watts Capital Partners LLC
- gg. International Assets Advisory, LLC
- hh. Corporate Development Capital LLC
 - ii. Legend Securities, Inc.
 - jj. Great Point Capital, LLC
- kk. Viewtrade Securities, Inc.
- ll. Kaufman Rossin
- mm. Kapila Mukamal
- nn. Maples and Calder (Cayman), LP
- oo. Maples Corporate Services, Ltd.
- pp. Cayman Islands Monetary Authority
- qq. Sterling Trust (Cayman), Ltd.
- rr. Donna Silverman
- ss. Patrick Primavera
- tt. Wesley McKnight

- uu. Darren Rennie
- vv. Craig Podradchik

I. Notice of the Receivership

Pursuant to 28 U.S.C. § 754, the Receiver filed the Complaint, the Permanent Injunction and Appointment Order within ten (10) days of his appointment, in U.S. District Courts in thirty (30) different jurisdictions for which the Receivership Entities were believed to have interests and/or assets.

J. Website/Ongoing Communications

The Receiver has established a toll-free “Hotline” at (833) 984-1101 or (305) 913-6731 and an email address for general inquiries: receiver@tcafundreceivership.com. The Receiver also established a website www.tcafundreceivership.com to provide up to date information for investors and interested parties. The Receiver has posted copies of court filings, answers to FAQs, and other pertinent information on the website. To provide public access to court documents, the Receiver posts copies of key filings in this case on the website. The Receiver will continue to utilize the website as the primary method of communicating with investors, creditors, and other interested parties throughout the Receivership.

K. Interviews with Key Employees

The Receiver and his professionals interviewed, via remote platforms, more than fifteen (15) present or former employees, some multiple times, to understand all aspects of the Receivership Entities’ operations, to identify, and obtain control over, preserve and maximize the value of assets, including potential future litigation claims. The employees interviewed include:

- a. Saira Iqbal, Former Director of Marketing and Investor Relations (located in London, England)
- b. Michael Klein, Former Corporate Restructuring Department Controller
- c. Patrick Primavera, Former NY Managing Director
- d. Nuri Feder, Former Fund Accountant

- e. Michael Attar, Former Senior Corporate Accountant
- f. Carlos Sandino, Former Head of the Corporate Restructuring Department
- g. Jackie Gogin, Former VP Portfolio Administration/Treasurer
- h. Nelson Lamis, Former Administrative Staff
- i. Kevin Vinitsky, Current IT Consultant
- j. Andy Taubman, Former Tax Preparer and Fund Accountant
- k. Kedi Chang, Director at Circle Partners, Cayman Islands Fund Administrator
- l. Tom Day, Former Chief Lending Officer
- m. Spence Novick, Former Analyst
- n. Joseph Erbe, Former Analyst
- o. Polina Golnikova, Former Analyst

In addition, the Receiver has requested to interview and/or depose other key management including Robert Press, William Fickling, Tara Antal, and Alyce Schreiber. The Receiver hopes to conduct these interviews/depositions in August. The Receiver and his professionals, however, have spoken to William Fickling, Tara Antal, and Alyce Schreiber on numerous occasions regarding operational, business/asset preservation and/or valuation issues.

L. Investor Interviews

The Receiver and his team also interviewed and or attended virtual meetings with over ninety investors and/or investment advisors (many of the investment advisors represent multiple investors) who have approached the Receiver and asked to meet. The primary purposes of these meetings was to answer questions or concerns raised by the investors or investment advisors and to gather information relating to their respective investments. The Receiver and his team have been in contact with nearly two hundred investors, either individually or through their investment advisors that have reached out to the Receiver for information. Additionally, the Receiver sent a letter to over five hundred (500) current investors of the Receiver Entities' informing them of the appointment of the Receiver and providing them with the Receiver's contact information and the Receivership website in order for them to communicate with the Receiver.

M. Receivership Entities' Records

The Receiver is now currently in possession of the Receiverships Entities' records. These 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 team have spent a significant amount of time reviewing the Receivership Entities' corporate records and analyzing this data in respect of the ongoing business operations, investigating possible litigation targets, and for all actions that may be necessary to preserve and recover for the Receivership Estate.

N. Claims

Feeder Fund Ltd. has three hundred and thirty-seven (337) investors from forty-one (41) countries. Feeder Fund LP has a total of forty-one (41) investors, only one of whom appears to be a foreign investor. The total amount of investor claims will likely exceed \$500 million. Certain of the purported investors have taken the position that their interests should be treated differently from other shareholders under Cayman Islands law. Specifically, certain investors are taking the position that their interests should get preferred treatment as redemption creditors. Other investors have claimed that they paid subscription monies but did not receive any shares, and therefore, their investment monies were held on trust and the Receiver was obligated to return them immediately.

The unique nature of this Receivership may present the need for multiple classifications of claims. The Receiver has not yet established a formal claims process. This claims process will be developed over time and submitted to the Court for approval when finalized. The Receiver plans on proposing a claims process for Court approval as soon as it is possible.

V. CAYMAN ISLANDS PROCEEDINGS

Because the Funds are registered, collectively, as a Cayman Island exempted limited

partnership, the Receiver consulted with counsel in the Cayman Islands, Collas Crill, from the onset of the Receivership. As more fully described below, Collas Crill, with lawyers at GJB, provided advice and assistance to the Receiver on a range of issues arising under the laws of the Cayman Islands relevant to and in connection with the administration of the Receivership Estate.

A. Appointment of Cayman Islands Joint Liquidators

On May 13, 2020, two days after this Court appointed Mr. Perlman as Receiver over the Receivership Entities including Feeder Fund Ltd., the Grand Court of the Cayman Islands appointed Ms. Eleanor Fisher and Ms. Tammy Fu, both of EY Cayman Ltd., as joint official liquidators (“JOLs”) over Feeder Fund Ltd. after Banque Pictet & Sie, S.A., a purported creditor of Feeder Fund Ltd., presented a winding up petition in the Grand Court of the Cayman Islands. The subsequent appointment of the JOLs created a concurrent fiduciary over Feeder Fund, Ltd., which required consideration and analysis on how to secure and take control of the Master Fund, Feeder Fund LP and Feeder Fund Ltd. for the ultimate benefit of the investors.

As directed under the Appointment Order, Collas Crill and lawyers at GJB continued to focus on the collection of the books and records of the Receivership Entities in the Cayman Islands, ensuring a comprehensive understanding of the Fund’s investor roster and its past operations in the Cayman Islands, and ensuring that any and all books and records held in the Cayman Islands were secured and in the Receiver’s possession. The Receiver engaged in analysis specifically relating to the need for a similar appointment by the Cayman Court over the remaining funds in the Cayman Islands, namely the Master Fund and Feeder Fund, LP, as a method to secure the assets both in the Cayman Islands and in other countries that would recognize the appointment of a Cayman Islands fiduciary, more readily than a U.S. fiduciary.

Additionally, following the appointment of the Receiver, the Receiver and his professionals

considered how to secure and take control of the Funds and their assets either through (1) obtaining recognition of the Receiver from the Grand Court; (2) seeking to place certain of the Funds into liquidation (either through a voluntary liquidation or directly through a winding up petition) and to have the Receiver and/or other persons appointed as joint official liquidators in respect of those entities and; (3) taking directorship or equivalent appointments in the corporate structure. This analysis was particularly nuanced advice in light of the structure of the Funds and the appointment of the JOLs, which required consideration of the Receivership Entities' overall group structure and constitutional documents; relevant provisions of the Cayman Islands Companies Law and the Exempted Limited Partnerships Law; the scope of appointment of both the Receiver and the JOLs, and the potential impact on the Receiver of the JOLs seeking to obtain recognition of their appointment to TCA Global Credit Fund Ltd. through Chapter 15 bankruptcy proceedings.

Collas Crill assisted the Receiver in preparing a number of corporate and court documents necessary to evaluate whether to place certain of the Funds into liquidation. These documents included board resolutions, court applications and supporting affidavit material.

B. Regulatory Compliance

The Master Fund, Feeder Fund LP, and Feeder Fund Ltd. are regulated by the Cayman Islands' Monetary Authority ("CIMA"). Therefore, they are required to inform CIMA of material changes in the status of the entities. The Receiver and his counsel worked to develop a dialogue with CIMA to ensure that the Master Fund, Feeder Fund LP and Feeder Fund Ltd. continue to comply with their regulatory obligations. This is especially important where the standing of these entities is likely to be a matter of interest to CIMA. CIMA has been provided with brief updates as to the status of any discussions with the JOLs and will receive a copy of this report as well.

C. Collection of Documents and Assets in the Cayman Islands

Upon appointment of the Receiver, the Receiver and his professionals secured the production of information and documents from the incumbent and former service providers to the Funds including the administrator, the auditors and former auditors, the registered office providers and the Funds' Cayman Islands attorneys. Additionally, negotiation was undertaken by the Receiver's Cayman Islands counsel to provide the service providers with the scope and timing of disclosure. Collas Crill also assisted the Receiver in resolving various disputes over the Receiver's authority to require production.

To date, the Receiver has secured a significant amount of important documentation. The resulting documents and the document review process is intended to underpin the assessment of claims which may be available against third parties.

The Receiver and his professionals also worked to identify any accounts held by the TCA Cayman Entities in the Cayman Islands, including the preparation of letters of demand to Cayman Islands banks.

D. The Protocol

The appointment of the JOLs over Feeder Fund Ltd. following the Receiver's appointment resulted in a conflict of insolvency regimes that would apply to the realization of the assets of the Funds, and how recoveries from those assets would then be distributed. The Receiver and his professionals spent a considerable amount of time analyzing and drafting a potential protocol with the JOLs with the objective of determining whether or not it was possible to establish a cooperative and collaborative relationship with the JOLs in the interests of all stakeholders and also to identify and determine whether the clear divergences between the Receivership regime and the Cayman Islands liquidation regime were capable of resolution. The negotiations with the JOLs have been

significant and complex and involve a range of issues with a view to ultimately developing a distribution plan, designed to maximize stakeholder recovery to all stakeholders and which would be acceptable to the respective courts, despite significant differences between U.S. and Cayman Islands law. Those negotiations remain ongoing.

E. Attendance at JOLs Stakeholder Meetings of Creditors and Contributories

With the JOLs' consent, Collas Crill has attended various meetings that the JOLs have held for investors and/or creditors of Feeder Fund Ltd., including a "first concurrent meeting of creditors and contributories," and the follow up meetings convened thereafter. Attendance at these meetings, and the sharing of certain information between the Receiver and the JOLs is helpful in ensuring that investors and creditors receive clear, accurate information about the status of their investments and future developments.

F. Issues Relating to Redemption Investors and Unpaid Subscribers

In the course of assessing potential claims against and liabilities of the Feeder Funds, the Receiver and his professionals have spent significant time analyzing the level of investors who submitted requests to redeem their investment in exchange for cash, at various points in time prior to the Receiver's appointment, especially requests made prior to the Funds' January 2020 written suspension of redemptions notice. Such investors are likely to claim "redemption creditor" status, an essential aspect of the Cayman Islands' adjudication and distribution scheme, which, if recognized here, would give redemption creditors priority over shareholders who did not issue redemption notices, and could dramatically reduce distributions to those unredeemed investors. Determination of the amount of such "redemption creditor" claims, and the impact such claims would have on other investors, has also been an important issue in the Receiver's attempts to negotiate a protocol with the JOLs that would be in the investors' overall best interests. The

Receiver has not yet made a determination, and does not plan to submit a recommendation to the Court on the most equitable treatment of “redemption creditors” vis a vis unredeemed investors, until such time as he has fully determined the impact on the unredeemed investors, and on distributions overall.

Additionally, the Funds may be subject to significant “constructive trust” or “on trust” claims relating to investors who invested monies but did not receive any shares or partnership interests. In essence, these investors, each of whose situation is factually unique, could potentially claim that, because of the timing of their subscription, and the facts surrounding it, their subscription monies were held by the Funds on trust and remain subject to immediate return. Because such claims potentially could place the Receiver’s title to certain monies in the Receivership accounts in doubt, the Receiver’s professionals have been working to determine the validity of such claims (both under U.S. and Cayman Islands law) on an expedited basis. This work includes liaising with the JOLs’ attorneys in the Cayman Islands and the underlying investors, and reviewing contracts and communications between the investors and the Feeder Fund Ltd.

VI. RECEIVERSHIP ESTATE ASSETS

A. Cash Assets

In accordance with the Receivership Order, the Receiver and GJB identified financial accounts associated with the Receivership Entities, advised the financial institutions of the existence of the Receivership Estate and the asset freeze ordered by the Court. Additionally, the Receiver liquidated bank accounts and opened new accounts, which were under the Receiver’s control. The Receiver transferred the funds he recovered to the five Receivership accounts that the Court’s order directed the Receiver to open in the names of the Receivership Entities. To date, the

Receiver has recovered \$13,591,436.81 for the Receivership Estate.

Immediately upon appointment, the Receiver and his team communicated with Jacquelyn Gogin and Tara Antal to understand the banking structure set up for the Funds and took immediate steps to marshal the monies into the Axos Bank Receivership accounts. A brief description of the steps taken in relation to each institution is as follows:

i. Bank of Butterfield (Cayman Islands): There were four accounts at Butterfield held by Feeder Fund LP, Feeder Fund Ltd., Master Fund, and Global Lending with the following balances as of May 14, 2020: \$9,001.94; \$4,256,456.99 (plus \$233,000 held in foreign currencies); \$8,942,558.29; and \$0.77, respectively. Wire transfers were processed on May 14, 2020 for the Feeder Fund LP, Feeder Fund Ltd., and the Master Fund accounts to the accounts established by the Receiver. The foreign currency amounts held by Feeder Fund Ltd., approximately \$233,000, needed to be converted to USD before being transferred to the Receivership accounts, that request was also made on May 14, 2020. Butterfield was served with the order of the Grant Cayman Court appointing the JOLs. On May 20, 2020, Circle Partners informed the Receiver that the \$233,000 had been frozen by Butterfield pursuant to the litigation hold placed by the JOLs.

ii. BB&T/Truist Bank: BB&T was the primary banking institution for TCAs portfolio and SPV operations. Jacquelyn Gogin, as VP of Portfolio Administration and Treasurer was responsible for all management and wire transfer procedures in and out of these accounts. On May 11, 2020, there were twelve (12) bank accounts operated by FMGC at BB&T. The BB&T accounts were used by TCA primarily for borrowers to continue to make payments on their loans, as well as serve as “lock box” style accounts where the borrowers’ customers would deposit their payments and from which TCA would then “sweep” their portion of loan and interest payments

into an “Omnibus” account and then wire the remaining funds to the borrowers’ operating accounts. The Receiver transferred control and signature authority on these accounts after serving BB&T with the Appointment Order. When the Receiver took over the accounts, several of the accounts were unused and were promptly closed as a matter of course to avoid incurring any additional servicing fees. The remaining funds were then transferred to FMGC’s receivership account at Axos Bank. To date, the Receiver has recovered \$143,992.40 from the BB&T accounts. These accounts remain open for customers to continue to make payments into and DSI in conjunction with Jacquelyn Gogin continue to monitor and move the funds into the Receivership accounts as necessary.

iii. Ocean Bank: There were two Ocean Bank accounts held by FMGC. The Receiver has sole signature authority on these accounts and is in process of closing them to not incur any additional service fees. The Receiver transferred the balance from both accounts, \$143,690.37, to the FMGC Receivership account.

iv. Morgan Stanley: At the time of the Receiver’s appointment, the Master Fund held a Morgan Stanley Liquidity Access Line account (XXX1534) (the “1534 LAL Account”). On April 30, 2020, the balance in the LAL Account was \$0.13.

In addition, Master Fund had another Liquidity Access Line account (XXX9325) which had no available funds as of April 30, 2020 other than an undrawn letter of credit in the amount of \$150,000.00. Further, Master Fund also held account number XXX3026 with a minimum stock level of \$170,554 and account number XXX1265 which had no balance and no recent activity. Master Fund also held a Liquidity Access Line account XXX3198 with a minimum stock level of \$1,625,724 as of April 30, 2020 (the “3198 LAL Account”).

Prior to the Receivership Date, on April 28, 2020, ASB Bank Limited (a New Zealand

bank) demanded repayment of a debt owed by SPV JLE Holdings Ltd. (“JLE”) which debt was secured by the 3198 LAL Account. ASB Bank demand requested that JLE immediately repay \$2,039,847.22. On May 7, 2020, Morgan Stanley advanced \$1,276,128.42 in principal and transferred such amount from the 3198 LAL Account to the 1534 LAL account to cover the JLE obligation to ASB Bank Limited. As a result of this drawdown, even though \$1,276,128.42 flowed through the 1534 LAL Account during the month of May to cover JLE’s debt, there was an ending balance as of May 31, 2020 in the amount of \$581.76.

B. Special Purpose Vehicles

The Receivership’s most valuable assets identified to date are 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 Master Fund that would resume operations. The Receiver is currently managing sixty (60) SPVs, registered in a number of jurisdictions. The sixty (60) SPVs are not all currently operating. Taking into account dormant entities, there appear to be approximately forty-seven (47) SPVs that are either operating or own property of potential value to the Receivership Estate. The Receiver’s investigation into these entities is ongoing.

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

1. SPV – Domestic

Pivot Energy. This asset consists of the following entities: TCA Microgrid Energy, LLC (FL), TCA Microgrid Energy, LLC (CA), and TCA EP World, LLC (collectively d/b/a Pivot Energy). The Master Fund’s investment in Pivot Energy as of September 30, 2019 was

\$66,500,000. Master Fund is the 100% equity owner of the Pivot Energy investment. Pivot Energy develops solar energy projects, including community solar, small utility solar and private rooftop solar equipment installations. As a matter of ordinary course of business operations, each new solar project developed by Pivot Energy is formed under a new LLC which is a subsidiary of a wholly-owned Master Fund entity. Pivot Energy is headquartered in Denver, Colorado. DSI recently made an in-person site visit to meet the management personnel and gain a more in depth understanding of the business operations and forecasts for Pivot energy. Pivot Energy's primary business is shifting heavily towards community solar development with an intent on expanding the business model to include ownership of the developments. Pivot Energy has had significant recent success and likely needs additional growth capital to continue its own development. To date the company has installed over 35 Megawatts of electricity and was awarded eleven (11) projects in Illinois totaling an additional 29 Megawatts. In 2019, the company grew its revenue by almost 240%. The Receiver is currently evaluating what strategic path is best for Pivot Energy.

TCA Broward Collision, LLC. The balance on Master Fund's investment in Broward Collision as of September 30, 2019 was \$3,493,921.60. Master Fund is the 100% equity owner of Broward Collision, LLC. Broward Collision, LLC is a full-service automotive repair facility located in Sunrise, FL. It previously struggled with customer and referral relationships, but is currently improving its performance and approaching cash flow breakeven. It is benefitting from a franchise relationship with Carstar, which has provided additional business volume through auto insurance referrals. However, legacy issues relating from prior ownership have resulted in several lawsuits that have clouded the occupancy of both the existing Broward Collision Service Center and the intended new location of the service center. Adverse results in these lawsuits could materially affect the prospects of Broward Collision's viability. Further, extended uncertainty

regarding Broward Collision's legal situation may adversely affect its relationship with Carstar as the franchisor, and could further imperil Broward Collision's ability to continue as a going concern. Broward Collision's business has suffered, and will likely continue to do so due to the lower vehicle traffic and accidents reported due to COVID-19-related lack of mobility. TCA ICAV holds the note and mortgage on one of the locations on which Broward Collision operates. The Receiver understands that a large portion of the potential value of Broward Collision is tied to its ability to operate out of this location.

National Healthcare/Champion Pain Care. This SPV includes the following entities: National Healthcare Center, LLC (f/k/a/ PT Now SPV, LLC), National Healthcare Center of Palatka, LLC (f/k/a PT Not of Palatka, LLC), and National Healthcare Center of St. Augustine (f/k/a PT Now of St. Augustine, LLC). The balance on Master Fund's loan as of September 30, 2019 was \$1,741,464. Master Fund is the 100% equity owner of the National Healthcare/Champion Pain investment. The National Healthcare/Champion Pain Care investment was attempting a regional roll-up of pain care clinics in the Jacksonville, St. Augustine, and Palatka, Florida areas. National Healthcare/Champion Pain Care provides management services and has liens on assets including receivables, but does not control the real estate. The individual physicians, of which there are three, signed employment agreements, but individually hold the actual licenses. The Master Fund had been negotiating a sale of the practices back to the physicians on behalf of the Master Fund. The Receiver is considering the best strategy to maximize value.

TPNI. The TPNI investment includes the following entities which are either, wholly-owned by Master Fund or a subsidiary of an entity wholly owned by Master Fund: TCA Media Services, LLC (FL), and TCA TPNI Aristotle, LLC (FL). This investment arose out of a defaulted loan to The Pulse Network Inc. ("TPNI"). Upon a UCC Article 9 foreclosure of its security interest,

the assets of TPNI were placed into TCA Media Service LLC and its subsidiary TCA Aristotle, LLC. The balance on Master Fund's investment into TPNI as of September 30, 2019 was \$135,000. Master Fund is the 100% equity owner of the TPNI investment. The TPNI investment has three primary divisions and less than ten employees overall operating out of Norwood, Massachusetts. One division specializes in hosting and running conferences for third-parties, and has been very adversely affected by the current pandemic. Generally, all of its conferences have been indefinitely postponed or cancelled due to COVID-19 concerns. A second division of TPNI provides integrated marketing communications, similar to MailChimp, and is seeking additional growth. The third division produces web pages and internet marketing primarily for government customers, such as the tourism bureaus. There is little synergy between the three divisions, and all three divisions are located in separate cities. The TPNI investment is currently cash flow negative and the Receiver and his professionals anticipate that the TPNI investment will require additional capital later in the year if not sold before that time. Approximate revenues for 2020 will be substantially below \$2 million. The Receiver has initiated a sale process with a goal of closing the transaction by early fourth quarter of 2020.

Transmarine. This Master Fund investment includes the following entities which are either wholly owned by Master Fund or a subsidiary of an entity wholly owned by Master Fund: Transmarine Acquisitions, LLC (f/k/a TCA MPI Industries Acquisition, LLC) and Transmarine Tampa, LLC. The balance on Master Fund's investment into Transmarine as of September 30, 2019 was \$15,964,000. Master Fund is the 100% equity owner of the Transmarine investment. The Transmarine investment provides maintenance services on engines for oceangoing oil freighters. Transmarine is headquartered in Tampa, Florida but routinely sends its operators around the world to remote locations, often times in the middle of the ocean, to work on vessel engines.

The revenues are heavily project-based and work orders can often occur on an emergency basis, which also tends to lead to significant spikes in working capital needs. Currently, much of the work is being performed in port, whereby Transmarine frequently sends work crews around the world to wherever the ships may be located. Transmarine is currently performing well and seeing many customers accelerate maintenance schedules while shipping activity has somewhat paused. While it is possible that some of the maintenance work currently being performed is a pull-forward of demand, Transmarine is optimistic that demand will remain strong in the future. The Receiver continues to monitor this investment and is considering strategic options.

Xcell Networks. This TCA investment includes the following entities which are either wholly owned by Master Fund or a subsidiary of an entity wholly owned by Master Fund: TCA Cell Tech Services, Inc. (NV), Xcell Networks of Arizona, LLC (FL), Xcell Networks, Inc. (LA), Xcell Networks of Greater Saint Louis, LLC (FL), Xcell Networks Midwest, LLC (FL), Xcell Networks Southeast, LLC (FL), and Xcell Networks Southwest, LLC (FL). The Master Fund's investment balance on Xcell Networks of September 30, 2019 was \$6,000,000. Master Fund is the 100% equity owner of the Xcell Networks investment. Xcell Networks, headquartered in Phoenix, Arizona, installs cellular service towers in Arizona and elsewhere in the Southwest United States. The work is primarily as a subcontractor to entities working to install the 5G network for Sprint/T-Mobile. Xcell's 2019 revenue was \$6.9 Million. Xcell Networks has historically had issues managing cash flow, partly due to the project nature of the work and long billing cycles. Historically, demand fell off and this was likely due to the pending merger between Sprint and T-Mobile. Since the merger between Sprint and T-Mobile was approved, Xcell Networks is experiencing a steady increase in work orders. The Receiver continues to monitor this investment and is considering strategic options.

2. SPV – International

InduMate. This Master Fund investment is located in Sweden and includes the following entities: InduMate AB (wholly-owned by Master Fund) and InduMate Gavle, InduMate Karlstad, LT Ventilation, and Frykenmontage AB (wholly-owned subsidiaries of InduMate AB). Peter Wahlberg, an independent Corporate Restructuring Officer located in Sweden manages InduMate. His fees are paid directly from InduMate pursuant to a 2018 agreement between Master Fund and Mr. Wahlberg. He reported weekly to Mr. Fickling and has now transitioned to communicating directly with DSI in respect of InduMate and its sale prospects. The balance on Master Fund's loan as of September 30, 2019 was \$7,000,000. Master Fund is the 100% equity owner of the InduMate investment. InduMate is a Swedish provider of industrial staffing. Due to features of Swedish law, it can be advantageous for companies to outsource their workforces to specialist companies, such as InduMate. InduMate originally sought a roll-up strategy and acquired several subsidiaries operating in different parts of the country. Unfortunately, scale and operating efficiencies were never achieved, and InduMate has struggled to break even on a cash flow basis. InduMate is currently undergoing a sales process, and potential bids are being collected from interested parties. The InduMate investment may be sold either as one unit, or the operating subsidiaries may be broken up and sold individually.

Cleland Ltd. Master Fund is the current 100% equity owner of Cleland Ltd. which is the title holder of certain property in Scotland. As per a settlement with the borrower, Calder Developments Limited, the property was contributed to the Master Fund via the wholly owned subsidiary Cleland Limited. The first half of the development, named the Bellside Brae, was completed and delivered. Cleland Ltd.'s south parcel consists of vacant land upon which construction had not yet started. Due to lack of activity, Cleland Ltd. was removed from the

Company Registry list (roughly equivalent to no longer being in good standing in the United States) prior to the Receiver's appointment. The land is not zoned for residential development. The Receiver has started the process of restoring Cleland Ltd. to the Company Registry list. The Receiver is considering whether to sell the land "as-is," or to proceed with preliminary zoning approvals and site permitting in order for the property to be sold in a condition ready for development—if that can be expected to maximize value after expenses. The Receiver is in the process of having the SPV re-registered in order to assess its value and potential sale prospects.

Pie Face. For a full description of the proceedings and issues taking place regarding the Pie Face SPV, *see* Section VI.E, *infra*.

JLE Holdings, LTD/Zeecol. This Master Fund investment is located in New Zealand and includes the following entity: Master Fund owns an interest in JLE Holdings, Ltd. which is a subsidiary of Zeecol Finance, LLC (FL) – Foreign company (NZ). JLE is a construction contractor in New Zealand. The balance on Master Fund's investment as of September 30, 2019 was \$3,200,000. Master Fund is the 100% equity owner of the JLE Holdings, LTD/Zeecol investment. The ongoing business operations of JLE is projected to remain stable throughout the remainder of 2020. The company's pipeline of work has been limited due to COVID-19, but they are working current backlog and adjusting projects to the current environment. The company has an outside CRO, Connor McElhinney of the advisory firm McGrathNicol, who is assisting in the management and turnaround of the operations; his fees are paid directly by JLE. All the aforementioned activities preceded the Receivership. The company is looking to refinance their existing line of credit to maintain ongoing operational costs. The Receiver and his professionals have initiated contact with JLE staff and advisors and is considering strategic options.

3. SPV – Real Property, Art, and Other Assets

Galveston, Texas Real Property (a/k/a Virdis). TCA Acquisitions III, LLC (FL), a wholly-owned Master Fund SPV holds title to certain real property located in Galveston, Texas that was recovered from a former borrower, Virdis. Prior to the Receiver's appointment, the Defendants looked into having this property authorized as a wetlands mitigation bank. The three parcels comprise approximately 2,241 acres in the Galveston, Texas Bay area. The appraisal value for tax purposes is \$275,050 for the three lots.¹⁰ Valuations on the property vary wildly depending on whether the property is sold in its current state versus a permitted and approved wetland bank.

There exists oil and gas lease rights held by third parties on the property, but none of the leases belong to the Receivership Entities. However, the oil and gas lessees cannot extract gas or oil without a surface lease or easement from the Receiver. The Receiver has spoken with an oil and gas attorney familiar with the property and further discussions are planned to determine the value of such rights and how best to obtain such value. The Receiver is also working on a determination of the value of the entire property and how best to market and sell.

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. Master Fund is the 100% equity owner of TCA Shareholdings, LLC. The property consists of 0.5560 acres. It is currently vacant, but at one point contained a structure that burned down in 2012, per the property tax records. The appraisal value of the property for tax purposes is \$104,380.

Picasso Print. This Receivership Asset is titled in the name of SPV TCA Fine Art, LLC (FL) which in turn is 100% owned by Master Fund.¹¹ This asset was recovered pursuant to a Final

¹⁰ The figures are drawn from the Galveston, TX Central Appraisal District.

¹¹ For additional information on TCA Fine Art, LLC please *see supra* section III.B.

Judgment entered against a former TCA Borrower, American Gold Rush, LLC, after it defaulted and its personal guarantors failed to make good on their guarantees. The painting is purportedly a print created by Pablo Picasso titled “Boy in Blue.” The print is in the Receiver’s control in a secure climate-controlled art storage facility in Miami-Dade County, where it will remain until such a time as the Receiver may be able to properly authenticate the nature of this artwork and formulate a plan for its auction or sale.

Mint Leasing Vehicles. In 2015, TCA loaned funds to a vehicle leasing company in Texas “Mint Leasing.” TCA had secured its interest by title to approximately 60 vehicles, most of which are now 10+ years old, owned by a subsidiary “Mint Leasing North.” The borrower defaulted almost immediately and ultimately filed for bankruptcy. Apparently, believing a majority of the vehicles to be unrecoverable, TCA signed a consignment agreement with Center Street Finance, LP to locate, recover, and auction the vehicles and net 50% profit on the auction to TCA. The auctions are stalled due to COVID-19 but Center Street Finance has indicated that these auctions may be resuming soon, allowing for the auction and sale of the recovered vehicles, and will net additional funds to the Receivership Estate.

4. SPV – Others

Below is a list of other SPVs owned by Master Fund that have no current operations and no significant assets that the Receiver has yet been able to identify:

- 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)
- TCA LUC Group, LLC (FL)
- TCA ITS Solar, 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 asset category should be performing loans. To the contrary, the Receiver discovered that there were only two performing loans, two others that are paying regularly, but far less than the monthly amount due. The remainder of the loan portfolio is entirely non-performing. A summary of the loan portfolio¹², including those that are in litigation, is as follows:

1. Performing Loans

To date, it appears that none of the loans in the TCA portfolio are currently performing under the original loan terms. A few loans, however, are performing under the terms of a settlement or forbearance agreement reached with TCA, either through litigation or negotiation.

Amian Angels (f/k/a Oncologix):

| | |
|--------------------|---------------|
| Loan Origination: | November 2018 |
| Loan Principal: | \$400,000 |
| Last Payment: | July 2020 |
| Remaining Balance: | \$206,634.88 |

Amian Angels and the Master Fund entered into a settlement agreement. Amian Angel is currently making monthly payments under its payment schedule of \$8,030.53 directly into the

¹² Interest is calculated in Section VI.C as of June 1, 2020.

Receivership accounts.

epWorld

| | |
|-------------------|--------------|
| Loan Origination: | January 2013 |
| Loan Principal: | \$550,000 |
| Loan Interest: | \$55,450 |
| Total: | \$605,450 |

The borrower's business is a magazine catering to the special needs community located in Florida. Monthly payments of \$1,417 are being made to the Master Fund. The last payment made to the Receiver by the borrower was on July 15, 2020.

2. Partially Performing Loans

Pacific Ventures

Pacific Ventures ("PACV") is a public company located in Southern California. PACV has three divisions, San Diego Farmers Market, SnoBar and Seaport Meat. SnoBar is non-operational.

San Diego Farmers Market is a farmers market in San Diego, California. The Master Fund entered into an agreement to provide a Senior Secured Credit Facility of up to \$6,000,000 to PACV. The Receiver understands from the parties that PACV used financing to purchase the farmers market. Per the Master Fund's books and records, the balance on the loan is \$2,803,018 as of June 1, 2020. PACV also owes Master Fund an investment banking fee of \$2,500,000 for obtaining additional financing for PACV to purchase Seaport Meat, a meatpacking and meat purveyor business. That additional financing, in the amount of \$4,000,000 was provided by TCA ICAV. Additionally, the Master Fund holds a security interest over the San Diego Farmers Market.

Prior to the Receiver's appointment, the Defendants permitted PACV to pay only \$10,000 (not the required \$75,000) per month, to avoid a default so PACV could attempt to do a capital raise. PACV is in the process of attempting to complete a capital raise to pay off the purchase debt for both San Diego Farmers Market and Seaport Meat.

3. Active, Pre-Litigation Matters

Bitzio, Inc. (aka Cleantech)

| | |
|--------------------|---------------|
| Loan Origination: | December 2015 |
| Loan Principal: | \$5,318,568 |
| Loan Interest: | \$641,366 |
| Total Outstanding: | \$5,959,933 |

The Master Fund loaned money to Bitzio, Inc., located in Georgia, to purchase GS Cleantech. GS Cleantech is in the ethanol production industry. The loan in is in default as of October 11, 2019. 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 will continue to investigate and analyze this situation to determine the best course of action.

DroneUSA, Inc.

DroneUSA, located in Connecticut, is one of two divisions of Bantek. The other Bantek division is Howco Distribution. Bantek is a public company. The Master Fund advanced funds to DroneUSA pursuant to a loan agreement that has an outstanding balance of \$7,508,005, per the Master Fund's books and records. The Master Fund is a senior secured creditor on all of Drone USA, Inc.'s assets. The last payment made on the loan was on July 15, 2019 and the loan went into default on September 6, 2019.

The Receiver and his professionals discovered in their investigation, however, that DroneUSA appears to be non-operational. The related businesses have significant debts, lack of liquidity, hangover contract liability issues, and management problems. The value of this loan is unclear at this time give the lack of liquidity along with limited assets that constrain any financing of the operations. The Receiver will continue to investigate and analyze this situation to determine the best course of action.

Inventergy Global Inc.

| | |
|-------------------|---------------|
| Loan Origination: | December 2017 |
|-------------------|---------------|

| | |
|--------------------|--------------|
| Loan Principal: | \$2,326,418 |
| Loan Interest: | \$1,121,333 |
| Fees w/ Interest: | \$8,784,388 |
| Total Outstanding: | \$12,232,139 |

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, Master Fund and the other lender would then enter into an inter-creditor agreement, and 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 Master Fund for over two years.

ITS Solar

ITS Solar is a solar panel, automation and services company based in Millstadt, Illinois. The company has an outstanding loan with the Master Fund in the amount of \$4,701,155.00 per the books and records of the Master Fund. 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 on the loan was March 9, 2020. The Receiver continues to investigate and analyze this situation to determine the best course of action.

First Class Vacations

| | |
|-------------------|-------------|
| Loan Origination: | April 2014 |
| Loan Principal: | \$639,184 |
| Loan Interest: | \$540,277 |
| Total: | \$1,179,461 |

The borrower is in the cruise ship business located in Florida. The loan went into default in 2016. In September 2019, a forbearance agreement was entered into, which required borrower

to make monthly payments of \$100,000 beginning in January 2020 to the Master Fund. 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 pandemic. The Master Fund is the senior secured creditor on all of the borrower's assets, as well as holds a personal guaranty. The Receiver will continue to investigate and analyze this situation to determine the best course of action.

GrowSolutions

| | |
|-------------------|---------------|
| Loan Origination: | December 2015 |
| Loan Principal: | \$545,823 |
| Loan Interest: | \$383,395 |
| Total: | \$929,218 |

The borrower, located in Colorado, defaulted on the loan in June 2017. The borrower assigned the company to Master Fund and all of the assets were sold. The Receiver will continue to investigate and analyze this situation to determine the best course of action.

LUC Group

| | |
|-------------------|-------------|
| Loan Origination: | July 2019 |
| Loan Principal: | \$1,958,004 |
| Loan Interest: | \$117,606 |
| Fees w/ Interest: | \$321,081 |
| Total: | \$2,396,691 |

The borrower provides sewer and water utility infrastructure installations in Illinois. The LUC Group loan is currently in default, though no official default notice has yet been sent. The last payment was made on November 29, 2019. 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 has not provided any as of the filing of this Report. Additionally, the Master Fund is a senior secured creditor on all of Luc Group's assets, as well as holds a personal and spousal guaranty. The Receiver will continue to investigate and analyze this situation to determine the best course of action.

Redfin Network

| | |
|-------------------|----------------|
| Loan Origination: | September 2012 |
| Loan Principal: | \$552,063 |
| Loan Interest: | \$149,240 |
| Total: | \$701,303 |

The borrower was a credit card processing business, located in Florida, which was transferred to the Master Fund in lieu of foreclosure in July 2013. The borrower was making payments until March 2020. Master Fund was negotiating a \$200,000 payoff with the borrower, but recently, the borrower indicated that it would not be able to pay \$200,000 and would like to work out a different settlement. The Receiver is attempting to work out a rehabilitation of this loan.

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 is 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 and continues to seek such funding. The Receiver and his professionals have determined that the loan is likely uncollectible unless Zenergy can secure financing.

4. Settlement Agreements**Dryworld Industries, Inc.**

| | |
|-----------------|-------------|
| Loan Principal: | \$1,515,000 |
| Loan Interest: | \$1,130,733 |
| Total: | \$2,645,733 |

The borrower is located in Canada. The Master Fund has security interests in intellectual

property and patents, and holds a personal guaranty. The parties were in the process of settling, but the potential purchaser stopped pursuing the settlement. Canadian counsel plans to check with the potential purchaser within thirty (30) days to determine whether the potential purchaser wants to continue with the settlement agreement.

P&D Electric

| | |
|-----------------------|-------------|
| Loan Origination: | August 2013 |
| Settlement Principal: | \$553,713 |
| Accrued Interest: | \$17,894 |
| Total: | \$571,607 |

The borrower is an electrical construction company located in New York. A settlement agreement for this defaulted loan was entered into for \$553,831.23 in October 2018. The settlement agreement called for monthly payments of \$4,000 each, which the borrower consistently made until early 2020. The borrower has expressed an interest in paying the settlement off for a discount. 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 Receiver will continue to discuss with the borrower a possible resolution of the outstanding obligations.

Peak

| | |
|-----------------------|-----------|
| Loan Origination: | July 2015 |
| Settlement Principal: | \$577,474 |
| Accrued Interest: | \$75,583 |
| Total: | \$653,057 |

Two guarantors entered into two separate settlement agreements of this defaulted loan in early 2019. The first guarantor (Moss) entered into an agreement for \$700,000 in January 2019. An initial payment of \$250,000 was made in January 2020, but the first guarantor has not made any of the remaining payments. These payments were required to be made over 24 months. The second guarantor (Welch) entered into an agreement for payments totaling \$150,000 in February 2019. This settlement agreement required an initial payment of \$10,000, 12 monthly payments of

\$1,500 each, 50 monthly payments of \$2,826 each, and a final payment of \$1,736. The second guarantor is current on the payments under the settlement agreement.

Sprockets

| | |
|-----------------------|---------------|
| Loan Origination: | December 2013 |
| Settlement Principal: | \$608,776 |
| Accrued Interest: | \$2,097 |
| Total: | \$610,873 |

A settlement agreement for this defaulted loan was entered into for \$800,000 in January 2019. The agreement required an initial payment of \$200,000 (which was paid), 12 monthly payments of \$2,000 each (which were also paid), and monthly payments of \$13,955.18 for the next four years. In March 2020, a revised settlement agreement was entered into, which changed the monthly payment amount from \$13,955.18 to \$3,000 for 12 month, with payments to increase to \$18,624.70 each month thereafter. The borrower is current on payments; \$3,000 is wired to the Master Fund each month.

5. Litigation Matters

American Gold Rush

| | |
|-----------------|-------------|
| Loan Principal: | \$1,393,517 |
| Loan Interest: | \$928,527 |
| Total: | \$2,322,044 |

For a full description of the proceedings and issues taking place regarding the American Gold Rush loan from the Master Fund, *see* Section VI.E, *infra*.

CityWorks Construction LLC

| | |
|-----------------|-------------|
| Loan Principal: | \$1,275,000 |
| Loan Interest: | \$1,312,000 |
| Total: | \$2,587,000 |

For a full description of the proceedings and issues taking place regarding the CityWorks Construction LLC loan from the Master Fund, *see* Section VI.E, *infra*.

FlameX Inc.

| | |
|-----------------|-------------|
| Loan Principal: | \$4,100,000 |
|-----------------|-------------|

| | |
|----------------|-------------|
| Loan Interest: | \$4,409,843 |
| Total: | \$8,509,843 |

FlameX Inc., located in Canada, designs and produces mold resistant coating for wood products. Prior to the Receiver's appointment, FlameX filed for bankruptcy in Canada. The last payment by the borrower was made in February 2016. There does not appear to be any assets or non-exempt income available to creditors at this time.

Groupe Mercator

| | |
|-----------------|-------------|
| Loan Principal: | \$2,124,306 |
| Loan Interest: | \$937,881 |
| Total: | \$3,062,187 |

For a full description of the proceedings and issues taking place regarding the Groupe Mercator loan from the Master Fund, *see* Section VI.E, *infra*.

Intelligent Highway Solution

| | |
|--------------------|-------------|
| Loan Principal: | \$2,131,855 |
| Loan Interest: | \$1,200,794 |
| Total Outstanding: | \$3,332,649 |

For a full description of the proceedings and issues taking place regarding the Intelligent Highway Solutions loan from the Master Fund, *see* Section VI.E, *infra*.

Luxe Boutique

| | |
|-----------------|-------------|
| Loan Principal: | \$455,500 |
| Loan Interest: | \$252,463 |
| IB Fee: | \$500,000 |
| Total: | \$1,207,963 |

For a full description of the proceedings and issues taking place regarding the Luxe Boutique loan from the Master Fund, *see* Section VI.E, *infra*.

Medytox Solutions, Inc.

| | |
|-----------------|-------------|
| Loan Principal: | \$1,741,893 |
| Loan Interest: | \$1,004,610 |
| Total: | \$2,746,503 |

For a full description of the proceedings and issues taking place regarding the Medytox

Solutions, Inc. loan from the Master Fund, *see* Section V.I.E, *infra*.

Montbriar, Inc.

| | |
|-----------------|--------------|
| Loan Principal: | \$10,069,156 |
| Loan Interest: | \$6,240,491 |
| Total: | \$16,309,647 |

For a full description of the proceedings and issues taking place regarding the Montbriar Inc. loan from the Master Fund, *see* Section V.I.E, *infra*.

Pulse Beverage Corporation

| | |
|-----------------|-------------|
| Loan Principal: | \$1,167,016 |
| Loan Interest: | \$761,606 |
| Total: | \$1,928,622 |

For a full description of the proceedings and issues taking place regarding the Pulse Beverage Corporation loan from the Master Fund, *see* Section V.I.E, *infra*.

Quants Corporation

| | |
|-----------------|-------------|
| Loan Principal: | \$1,004,323 |
| Loan Interest: | \$902,980 |
| Total: | \$1,907,303 |

For a full description of the proceedings and issues taking place regarding the Quants Corporations loan from the Master Fund, *see* Section V.I.E, *infra*.

Unitiv, Inc.

| | |
|-----------------|-------------|
| Loan Principal: | \$4,337,603 |
| Loan Interest: | \$2,863,458 |
| Total: | \$7,201,061 |

For a full description of the proceedings and issues taking place regarding the Unitiv Inc. loan from the Master Fund, *see* Section V.I.E, *infra*.

Zomongo Corporations

| | |
|-------------------|--------------|
| Loan Principal: | \$6,304,730 |
| Loan Interest: | \$3,573,763 |
| Fees w/ Interest: | \$24,860,326 |
| Total: | \$34,738,819 |

For a full description of the proceedings and issues taking place regarding the Zomongo

Corporations loan from the Master Fund, *see* Section VI.E, *infra*.

6. Portfolio of Remaining Loans (as per the Master Fund books and records)

Information is still being gathered for the following nonperforming loans in the Master Fund loan portfolio. The Receiver will provide additional information about these loans in the next quarterly report:

- a. **Other Active, Pre-Litigation**
 - Arrayit - \$91,248
 - Nassau Holdings – \$296,943
 - Sofame Technologies - \$75,000 ¹³

- b. **Other Settlement Agreements**
 - 4g Metals - \$313,277
 - Comprehensive Care - \$428,712
 - Care Environmental - \$277,019
 - Fortran Corp. - \$70,000
 - MPI - \$30,000
 - State Security and Investigations Services - \$428,074

- c. **Other Litigation Matters**
 - Apple Auto - \$2,081,984
 - Australian WW - \$1,023,926
 - El Senor & Illegal Burger - \$766,800
 - Hispanica International Delights - \$150,000
 - Hypertension Diagnostics - \$706,541
 - Ludvik Holdings - \$538,650

- d. **Loans Requiring Further Investigation and Analysis**

The following loans require the Receiver and his professionals to further investigate the nature of the loan, the borrower, and the best course of action. The Receiver will update this section as more information becomes available in subsequent reports.

¹³ The Court has confirmed the Receiver's authority to enter into an asset assignment agreement in respect of Sofame Technologies, Inc. which should net an additional recovery to the Estate for approximately \$49,000. [ECF No. 40].

- Artec Global Media - \$1,605,000
- Axiologix - \$1,659,235
- Brace Shop - \$1,355,339
- Canalytics / Zen – \$8,231,687 + \$5,538,750 Investment Banking Fee
- Dixie Foods: PRBI – \$2,704,707
- ECO-Waste - \$9,829,326
- Elite Books - \$750,000
- Hearts & Hands – \$2,089,056 and \$1,450,000 Investment Banking Fee
- Hightex Group - \$659,824
- iTeknik – \$7,551,060
- Kerr Utility Technologies - \$58,094
- MailPix - \$909,722
- Patient Access – \$730,000
- SeanieMac - \$300,532
- StikeLeather - \$1,713,130
- Sun Industries - \$245,000
- Texas Mills - \$1,007,088
- The Staffing Group - \$1,364,981
- Southbay Logistics

D. Other Assets

TCA Aerospace. TCA Aerospace has two divisions, both of which are located in Southern California. One of the divisions manufactures aerospace parts primarily for defense airframes, and is performing well. The second division is a machine shop and primarily produces parts used in the assembly of the Boeing 737 Max. Due to the recertification process for the Boeing 737 Max, production of these parts has slowed considerably.

The Receivership Entities' interest in TCA Aerospace arose out of the restructure of a failed loan originated in 2013 by the Master Fund to MLine and Anthony Anish, located in Anaheim, California. The loan was used to purchase Precision Aerospace & Technologies ("PAT") and its related entities. PAT was closed in November of 2016 because of the loss of its key customer, Panasonic, due to delayed product deliveries.

Upon being appointed and obtaining access to the Receivership Entities' share point data system, the Receiver discovered a spreadsheet listing all SPVs owned by the Receivership Entities. Several Receivership Entity employees separately provided the Receiver with the same spreadsheet and verified its purpose. The listed Receivership-owned SPVs included: TCA Aerospace, LLC (FL) (and its subsidiaries Bright West, Inc. (CA), Maney Aircraft, Inc. (CA), TCA Precision Products, LLC (f/k/a TCA Aerospace Inventory and Equipment LLC (FL)), and TCA Precision Products, LLC (f/k/a TCA Aerospace Inventory and Equipment LLC (CA))). During a follow up call with William Fickling to discuss the SPV spreadsheet and the ongoing Receivership Entities business operations, William Fickling indicated that TCA Aerospace was no longer a Master Fund SPV because it had been sold or transferred to TCA Opportunities Fund. According to Mr. Fickling, as redemptions increased in the Master Fund, pressure to liquidate assets increased. Thus, in March of 2019, preparations for the sale of TCA Aerospace to the TCA Opportunities Fund allegedly began. The sale for \$2,000,000 in cash and an \$8,500,000 promissory note was completed in August 2019.

According to the terms of this promissory note, the TCA Opportunities Fund promised to pay the Master Fund \$8.5 million by 2027, at a yearly interest rate of 10%, with no interest or payments due until 2023.¹⁴ According to the TCA Opportunities Fund Investor Report of June 30, 2019, “[i]n 2017, TCAA earned EBITDA of \$1.5[] m[illion] on sales of \$6.5[] m[illion]. In 2018, TCAA was projected to earn EBITDA of \$2.1[] m[illion] – \$2.9[] m[illion] on revenues of \$11.5[] m[illion] – \$14.5[] m[illion].”

Limited access has been provided to the Receiver with regard to TCA Aerospace and the Receiver is still in fact-gathering mode regarding this investment and sale process. It is clear,

¹⁴ On March 13, 2020, the parties executed an amended and restated promissory note, extending the maturity date of the promissory note to March 13, 2028.

however, that even after the purported sale of TCA Aerospace to the TCA Opportunities Fund, FMGC employees continued to service this SPV, including Miriam Cunningham's HR services, and William Fickling's management and restructuring oversight.

E. Litigation Initiated By the Master Fund Against Borrowers

The Receiver and his counsel GJB have been working diligently to gather, analyze and pursue claims currently in litigation in multiple jurisdictions, involving monies loaned by the Master Fund to small and medium-sized businesses. The Master Fund and related entities are in active litigation in over 50 different matters, pending in Florida, Georgia, Texas, New York, Connecticut, California, Arizona, Canada and Australia, in both state and federal courts, including six related bankruptcy actions. 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. The remaining matters are more complicated. Borrower entities and their principals have raised affirmative claims and counterclaims of fraud, failure of due diligence, and unlawful lending practices by the Master Fund. Other cases involve more complex fact patterns and legal issues, including significant disputes among the borrowers and guarantors, schemes to defraud the Master Fund, disputed funds retained by third parties, inter-creditor agreements, and indemnification claims for costs awards and foreign tax liability in bankruptcy adversary proceedings.

Receiver's GJB counsel has gathered and organized the pleadings and other public records in each of these active cases. GJB is in the process of reviewing and analyzing the litigation history, procedural status, and the factual and legal issues integral to the outcome of each case, in an effort to advise the Receiver as to the likelihood of success and best course of action in each.

To that end, GJB recently received over 22,000 documents in litigation files for just those

matters pending in Broward County, Florida, from the Master Fund's former counsel. These files include correspondence, legal memoranda, and document production from defendant borrowers, which provides key insight into the prospects for recovery. In addition, GJB is conducting ongoing financial investigations (in conjunction with forensic professionals) to determine the financial viability of the borrowers and guarantors, and the value of their assets. Likewise, GJB has been in regular contact with the Master Fund's former and current local counsel in the various matters pending in jurisdictions outside of Florida, in an effort to both ensure those proceedings are stayed under this Court's Appointment Order, and to obtain record documents and a better understanding of the nature and status of those proceedings. In each of these cases, it is the Receiver's goal to obtain monies due and owing from borrowers as efficiently as possible, with an eye toward obtaining optimum recovery without the need to resort to continued litigation, wherever possible.

The following is a brief summary of the litigation matters that Receiver's counsel has been actively analyzing and pursuing 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***

In these related cases, 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. The total loan payoff amount, with interest and fees and less payments, stands at \$16.3 million.¹⁵ Two of the corporate guarantors and its principal, Paycation Travel, Xstream Travel and David Manning, all located in Texas, filed a preemptive suit in state

¹⁵ All loan payoff amounts included in this litigation section are calculated as of June 4, 2020.

court in Texas 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.

In the meantime, the Master Fund reached a settlement in the Florida action with the borrower and some of the individual 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. Those claims stem from the guarantors' alleged transfer of at least \$2 million in funds from Paycation to counter-defendant Manning or his new travel services company, Traverus (which continues to operate profitably), in order to diminish the guarantor's assets otherwise available to the Master Fund to recover on the loan. During the pendency of the proceeding, the corporate guarantors demanded payments of \$1.4 million in receipts held by a third-party credit merchant vendor. The third-party vendor ultimately placed those funds into the court registry in Texas.

The Receiver's counsel worked with local counsel in Texas to secure a stay of the Texas proceeding, and to investigate the substance and viability of the guarantor's fraud claims. GJB is examining the record documents to trace the loan funds, and is considering enlisting professional accountants to assist in that effort. GJB is also examining the Master Fund's options regarding pursuing the funds currently in escrow in the Texas court. Summary judgment motions remain pending, and important depositions remain to be taken, which will shed light on the above issues. The Receiver's counsel has been in continued contact with counsel for the guarantors, and intends to continue to pursue recovery of the loaned monies with the assistance and cooperation of the borrower, should sources of recovery be available.

- ***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)***

On July 13, 2018, the Master Fund brought an action against the borrower, and the corporate and individual guarantors, in connection with a \$6 million loan made to the borrower, on which the borrower defaulted. The borrower and related companies, based in New Jersey, Delaware, California and the United Kingdom, manage and operate public charter schools and provide online learning services in multiple states. The borrower and its principal, however, engaged in a repeated diversion of monies otherwise available in the Master Fund account, in violation of the terms of the loan agreements.

On June 25, 2019, the parties executed a settlement agreement, by which the credit parties 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. Since shortly after the Receiver was appointed, his counsel and forensic professionals have been in constant contact with EdisonLearning's counsel and chief financial officer in order to investigate and facilitate the sale of the business. According to representations from EdisonLearning's chief financial officer, the E-Learning Business has revenues of \$6.5 million, which the Receiver's counsel is independently investigating.

At EdisonLearning's request, and in return for complete transparency with regard to its financial position, the Receiver agreed to extend the time for EdisonLearning to work with its brokers to secure a sale of the E-Learning Business under the settlement agreement, to avoid default. Should EdisonLearning fail to timely secure a sale in a sufficient amount to satisfy its obligations, the Receiver will move for entry of a final consent judgment jointly and severally

against the defendants in the liquidated amount of \$10.6 million, and proceed with post-judgment collection efforts.

- ***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 for \$26,876,903.82 in loan principal payments, advisory services fees, attorneys' fees and interest. The Master Fund loaned a total of \$7.7 million to digital television 'on-site' advertising businesses owned and operated by Jeremy Ostrowski, known as the Zomongo companies, operating out of Calgary, Alberta, pursuant to a credit agreement, revolving note, and promissory note. The Zomongo companies further agreed to pay the Master Fund \$18 million for investment banking and advisory services in connection with a substantial business expansion, as secured by another promissory note. The borrowers provided the Master Fund with bank account statements reflecting \$30-\$40 million in operating revenue. However, the borrowers defaulted on their obligation to repay the loan. In addition, upon information and belief, the Zomongo companies' business enterprise was fraudulent, having no actual assets or value.

As such, the Master Fund brought claims against the guarantors and one large client of the Zomongo companies, Estreamtv, Inc., which likely holds accounts receivable intended for payment to the Master Fund in repayment of the borrower's debt. After a long period of motion practice and discovery disputes, which resulted in court-imposed sanctions against the defendants, defendants' counsel withdrew on October 16, 2019. The Master Fund thereafter secured a clerk's default against the defendant, but the Fund and its former counsel did not elect to obtain a final judgment.

Both of the guarantors have filed bankruptcy in Canada. The Master Fund's local Canadian counsel has filed proofs of claim on behalf of the Master Fund 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). Receiver's counsel is working with forensic financial professionals to investigate the guarantor's assets and with local counsel with regard to the claims in bankruptcy, in order to advise the Receiver on further collection efforts. The Receiver's counsel is also analyzing whether there is any value in obtaining a judgment against the borrower in this proceeding.

- ***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 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. In March 2020, after years of motion practice and attempts at securing discovery and depositions of the defendants—which they actively evaded—the court entered an order compelling defendants to attend depositions, and reserved on the issue of sanctions. Receiver's counsel believes that, once depositions and discovery are complete, the Master Fund can obtain summary judgment against the borrower and guarantors, as defendants failed to raise any defenses of merit.

The court entered a stay of proceedings after the appointment of the Receiver. The Receiver's counsel recently attended a status conference, wherein the Receiver's counsel informed the court of the Receiver's intent to vigorously pursue recovery of the monies owed, which now totals over \$700,000. The court set this matter for a one-day bench trial in November 2020. In the

meantime, Receiver's counsel has reached out to counsel for defendants in an effort to recover these funds without the need to resort to further litigation. Illegal Burger continues to operate five restaurants in Colorado.

- ***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 a complaint 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. 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. The Master Fund is also in a dispute with Sabby Management, with regard to Sabby's refusal to authorize claims against the defendant for debt owed to Sabby, which the Master Fund contends is a breach of the inter-creditor agreement.

Prior to the appointment of the Receiver, the parties agreed to put the litigation on hold to enter into informal settlement negotiations, which were never consummated. The Receiver's counsel is reviewing and analyzing the complex factual circumstances and agreements in this multi-party matter. Should the Receiver's counsel analysis reveal that the best course is to proceed to judgment, the Receiver's counsel will recommend the Receiver do so, while considering the effect on the inter-creditor agreement. However, the Receiver's counsel is also examining the prior settlement negotiations, and have enlisted financial professionals to investigate the borrower's and guarantor's assets to advise the Receiver on the prospects of recovery in this matter.

- ***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 law and breach of duty of good faith in connection with an advisory services agreement. 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). However, the borrower failed to disclose it was subject to an existing IRS tax lien, which the Master Fund discovered. 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 \$2,754,916.70 for breach of the credit agreement, revolving note, and guaranties. The total amount of principal, advisory fees, and interest owed by the borrower currently stands at \$3,332,649.47. After motion practice, the borrower abandoned its affirmative claims for relief, and instead filed an answer to the Master Fund's counterclaim. Borrower's counsel withdrew from the case, and the Master Fund thereafter commenced amicable settlement negotiations with the borrower and Mr. Jones. The Receiver's counsel is considering continuing negotiations in an effort to obtain full recovery from the borrower and guarantors. Should those negotiations provide unfruitful, the Receiver intends to push this case to final judgment. The Receiver's counsel is working with DSI to investigate 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. 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 it is believed the guarantors hold property and have twice attempted to re-open gold coin shops under different names.

To date, the guarantors have also sought to evade service for collection on the judgments. The guarantors did provide an alleged original Picasso painting, albeit a print, which the Receiver has obtained and is storing in a secured climate-controlled facility. The Receiver's counsel is working with local counsel and reviewing relevant documents to determine the origins and authenticity of the Picasso. In addition, the Receiver is consulting with forensic financial professionals to investigate the guarantor's assets, in order to advise the Receiver on whether collection efforts will prove fruitful.

- ***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)***

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 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.

Since that time, Alliance Holdco, the owner of two parcels of land in Sunrise and Lauderdale Lakes on which Broward Collision was a tenant, brought eviction actions against TCA Broward Collision. Atlantic Collision and Lease Corp. also brought actions against tenant Broward Collision to repossess auto-body paint equipment and on a lien for services. The Receiver's counsel has been in contact with counsel for the landlord and for these entities, in an effort to resolve these claims amiably and without incurring financial harm to the Receivership Entities and their subsidiaries. Lease Corp. filed a Motion for Relief from Blanket Stay, seeking to repossess its paint room and equipment, which TCA Broward Collision had previously leased and remained on the Sunrise property. The Receiver agreed to permit Lease Corp. to recover its property, as the Receivership Entities have no legal interest in that equipment.

On October 19, 2018, the Master Fund brought an action against the guarantors and their related entities, seeking \$2,756,097.50 in unpaid principal, fees and interest. The Master Fund dismissed its claims against Renee Petron based upon sworn statements that Keith Petron forged her signature on the loan agreements. Keith Petron filed an answer, affirmative defenses and counterclaims, including a usury claim. On January 9, 2020, the court struck all of Mr. Petron's affirmative defenses and his counterclaim, without prejudice. Mr. Petron has not filed an amended pleading, to date. The Receiver's counsel is also working with DSI to investigate the guarantor's

assets, and to proceed with pushing this matter to final judgment, should assets be available to satisfy the judgment.

- ***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 seeking \$4,892,386.20 against the borrower and guarantors, based on their defaults on a loan under a series of complex transactions and circumstances, whereby the Master Fund allegedly arranged to have a current borrower assist Groupe Mercator, a Canadian freight-forwarding firm, secure financing to purchase other entities.

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 the existing broker 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 Statute¹⁶. The Master Fund also retained local counsel in Canada to bring an action on the underlying loan agreements in Canada. (*TCA Global Credit Master Fund LP v. 8894132 Canada Inc. and 8895791 Canada Inc.* (Superior Court no. 500-17-100853-178) (BLG: 297554-000004); *TCA Global Credit Master Fund, LP v. 8894132 Canada Inc., 8895791 Canada Inc. and Jean-Pierre Apelian* (Superior Court no. 500-17-099260-179). After a dismissal and a successful appeal, those actions continue.

In the Broward action, the Master Fund has a motion to dismiss defendants' counterclaim currently pending, but the matter is now stayed. Substantial discovery disputes also remain pending. Counsel for Donna Silverman recently withdrew, and the court set a case management conference for September 9, 2020. The Receiver's counsel is currently analyzing the complex

¹⁶ The controlling loan documents require the application of Nevada law.

issues in this proceeding, including defendants' claims regarding excessive interest. The parties previously engaged in settlement negotiations, which the Receiver will consider continuing, after legal and forensic analysis is complete.

- ***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***

The Master Fund retained Canadian counsel to institute an involuntary bankruptcy proceeding against two of the *Groupe Mercator* defendants. Defendants opposed the bankruptcy proceedings, and a hearing was set for March 31, 2020. The proceedings have been delayed due to the current pandemic. Local counsel is also pursuing a collection action against a South African, Semafo, for its apparent failure to remit \$300,000 in funds owed to the *Groupe Mercator* defendants in bankruptcy. The court stayed that proceeding indefinitely at the end of 2019, after a local terrorist attack in South Africa.

Since that time, the Master Fund has intervened and trial is set for December 2020. As with the other matters involving defaulted borrowers and guarantors, Receiver's counsel is working with forensic financial professionals to investigate the guarantor's assets, to fully advise the Receiver to determine whether to seek final judgment and/or to open settlement negotiations with these defendants.

- ***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 a guarantor and that case was dismissed.

On May 1, 2018, the Court entered a default judgment against 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 Master Fund has been in settlement negotiations with Brown in exchange for his shares in Champion Pain Care Corp., which Receiver's counsel intends to pursue, after reviewing Brown's potential assets with DSI.

- ***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 period of motion practice and discovery, and after entry of an order finding defendants in contempt for discovery failure, the borrower's counsel withdrew on October 21, 2019.

Thereafter, Receiver's counsel understands that the parties actively engaged in settlement negotiations with regard to the monies owed. The Master Fund's former counsel voluntarily dismissed the action without prejudice on April 20, 2020. It does not appear that borrower or guarantor possesses any assets that could be used to satisfy its obligations. However, the Receiver's counsel is working with forensic financial professionals to investigate the borrower's and guarantor's assets in order to advise the Receiver on whether reopening the matter and pressing for a final judgment will allow for recovery of these funds.

- ***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. The Master Fund was advised by former counsel that none of the borrowers or guarantors were solvent. In addition, the Master Fund has obtained a final judgment against the same or related entities in a related proceeding (below). The Master Fund has not pursued a final judgment in this action, however the Receiver's counsel is working with forensic financial professionals to investigate the borrower's and guarantor's assets in order to fully advise the Receiver if there is any potential for recovery.

- ***TCA Global Credit Master Fund, L.P. v. Unittiv, 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. According to the Master Fund's former counsel, the Master Fund declined to vigorously pursue collection efforts, due to defendants' post-judgment discovery responses and other impediments to recovery. However, the Receiver's counsel is working with forensic financial professionals to investigate the borrower's and guarantor's assets in order to advise the Receiver as to whether borrower and guarantors have any assets available for collection on this judgment.

- ***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. The loan was guaranteed by the parent of the borrower. After the borrower defaulted, Gary Grim, a shareholder of Kat Corporation, 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.

Kat Corporation also brought suit against Roswell Jeep Eagle, Inc. The borrower alleges it wired \$1 million to Roswell in connection with its purchase of Roswell's assets—collateral in which the Master Fund has a secured interest. On November 16, 2015, the Master Fund, through local counsel, filed suit against Roswell seeking an immediate writ of possession for the collateral vehicles securing the Master Fund's loan. Defendants demanded arbitration, and the Georgia court stayed the litigation. The arbitration panel ultimately entered an award finding Roswell partially liable to the Master Fund, under certain conditions. The Receiver's counsel is currently in discussions with the Master Fund's former local counsel to determine the best course of action to recover on this loan and award.

- ***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, Master Fund filed suit to recover \$986,065.48 plus interest 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 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 also retained local counsel in Georgia to initiate actions against the guarantors. 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 to \$846,593.54 after partial payment to the Master Fund. The Master Fund's former counsel domesticated the Georgia judgments in Florida, but was unable to secure service on the guarantors. The Receiver's counsel is currently considering whether it is feasible to efficiently pursue execution on these judgments. The Receiver's counsel is working with forensic financial professionals to investigate the guarantor's assets, in order to fully advise the Receiver as to whether continued collection efforts will prove fruitful.

- ***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 guarantors for \$1,122,563.70, plus interest, costs, and attorney's fees, for breach of a credit agreement and revolving note. Defendants filed a motion to dismiss, which was denied on November 13, 2017. The Master Fund was then awarded discovery sanctions on a motion to compel, with which defendants failed to comply. The parties eventually executed a forbearance agreement, under which defendants waived all defenses and claims 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. With local counsel in California, the Receiver's counsel is currently pursuing execution on the judgment, but efforts to lien any real property or to obtain discovery as to the guarantor's bank accounts have been on hold

due to the pandemic. With the courts reopening, the Receiver's counsel is consulting with former local counsel and forensic financial professionals to determine if continued collection efforts will prove fruitful.

- ***TCA Global Credit Master Fund, L.P. v. Cityworks Construction LLC, Carl Nurse, Martha Gucovschi, and Noe 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, Noe 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. Borrower currently owes a total of \$2.59 million on the original \$1.275 million loan. While we continue to investigate potential avenues for recovery, it does not currently appear that this judgment is collectible against borrower or the guarantors.

- ***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 Master Fund's former counsel made efforts to

settle this matter, but those efforts provide futile. Defendants' former counsel informed the Master Fund that defendants were unable to agree to even a nominal payment arrangement. The Receiver's counsel is working with forensic financial professionals to investigate the borrower's and guarantor's assets in order to fully advise the Receiver as to the prospects for recovering on this loan.

- ***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. The Receiver is continuing his investigation as to the status and disposition of these properties.

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 March 13, 2018, the federal court remanded the matter to state court. On September 17, 2018, the parties entered a settlement agreement, which defendants' breached before the parties dismissed the matter. On November 7, 2018, 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 to pursue collection. The Master Fund's post-judgment discovery in the California proceedings remains pending due to the pandemic. Recently, however, the Receiver's counsel had been in contact with local counsel in California, to determine whether and how vest

to proceed to collect on this judgment.

- ***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 and by Mr. Hallaniff. The guarantors provided a subordinated mortgage in the amount of \$2,000,000.00 on property they owned at 1200 Wolcott Street in Waterbury, Connecticut. Based upon tax claims, superior mortgage liens, and other liens, the mortgage is in fourth position.

The Master Fund eventually filed suit to foreclose on the mortgage. After defendants evaded service, the Master Fund, on November 28, 2018, served all defendants by publication. On or about September 23, 2019, the Master Fund moved for summary judgment against the defendants, including on their usury defense. The summary judgment motion remains pending, as the Master Fund sought to settle the matter with the defendants, to no avail.

In a related case, the Savings Bank of Danbury commenced its own mortgage foreclosure action against the defendants on its first mortgage loan. The defendants have appeared in that action. According to local counsel, all parties have an interest in settling, but those interests are conflicted, and there appears to be little equity in the property. Defendants have also indicated that the property owner may file for bankruptcy. The Receiver's counsel is in contact with local counsel, and is working with forensic financial professionals to investigate this asset to determine the most efficient course of action.

- ***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 in unpaid principal, interest, costs and fees due to the borrower's breach of a May 2014 amended credit agreement and default on a replacement note. The Master Fund sued for breach of the credit agreement and note, to foreclose on security, and for breach of the individual guaranties. In November 2016, the court entered an order striking Defendants' pleadings and entering a judgment of liability against the Defendants. The parties thereafter litigated the entry of the default judgment and the issue of damages. On June 29, 2018, the Master Fund moved for summary judgment on damages.

Thereafter, the parties entered a settlement agreement, but the court retained jurisdiction to enforce its terms. On or about March 16, 2020, the parties executed an Amended Settlement Agreement, varying the payment terms and amounts. Under the settlement agreement, the Master Fund's rights under the amended credit agreement and note are further secured by a mortgage on property in Half Moon Bay, CA. The total amount owed to the Master Fund, is \$610,873.63, and the borrower remains current on its settlement payments. Should the borrower enter into a future default under the settlement agreement, the Receiver will seek entry of a final consent judgment in the amount of \$2 million, as provided by that agreement, and seek to foreclose on the mortgage.

- ***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 revolving note. After motion practice on defendant's motion to dismiss the complaint and several discovery disputes, the court eventually entered an order to

show cause and sanctioned defendants for discovery violations. 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. The Receiver's counsel understands that several prior attempts at settlement with the guarantors were made, but were unsuccessful. The Receiver's counsel is working with forensic financial professionals to investigate the guarantor's assets to advise the Receiver as to whether efforts to recover the loaned funds will prove fruitful.

- ***Big Rhino Corporation, Iteknik Holding Corporation v. TCA Global Credit MasterFund, LP, Case No. CV2017-003585 (Superior Court of Arizona, Maricopa County)***

The Master Fund acquired all of the assets of a company called Arrowhead Advertising through a UCC foreclosure sale. In December 2016, the Master Fund entered into an asset purchase agreement to sell all of Arrowhead Advertising's assets to Big Rhino Corp., a Georgia digital video production company, financed by debentures to the Master Fund totaling \$6 million, guaranteed by Big Rhino, its property, and its parent company's property. Despite defaulting on the debentures, in April 2017, Big Rhino filed suit against the Master Fund in Arizona alleging fraudulent inducement into the debentures. Master Fund counterclaimed against the guarantors for the outstanding balance due.

In June 2019, the parties entered into a settlement agreement, but the Master Fund was forced to move to enforce it. On January 9, 2020, the court entered a judgment in favor of the Master Fund for approximately \$5.7 million in principal and \$3.6 million in interest, plus attorneys' fees. On March 30, 2020, the Master Fund completed a UCC foreclosure sale of its lien on defendants' assets, which the Master Fund acquired for \$510,000.

- ***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 approx. \$400,000 (AUS) from the liquidator in that proceeding. Pursuant to the liquidator's contract with the Master Fund, the Master Fund is required to indemnify the liquidator for that cost and fee award. Defendants have contacted local counsel the Receiver's counsel to seek payment of the costs. The Receiver's counsel has been in discussions with local counsel with regard to the Receiver's options in Australia to prevent any accrual of liability.

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 has been in discussions with local counsel to examine the options available to the Receiver to stay these proceedings in Australia, to legally avoid incurring this additional liability.

VII. THE RECEIVER'S PRELIMINARY OBSERVATIONS

This Receivership is complex, with many disparate parts, and involving assets and legal issues of international scope. The Receiver's priorities during these first few months of the Receivership have been to identify, secure and preserve the Receivership Entities' assets, including their offices, monies, data, books and records, loans, personal and real property, and their SPV-businesses. It was also the Receiver's immediate priority to familiarize himself with all ongoing business operations, including the SPV-businesses, and transition quickly to operating the businesses in a manner designed to maximize their profitability and value, including retaining

personnel and professionals well suited to these tasks. It was also an essential immediate priority for the Receiver to open a line of communication with investors, who invested many millions of dollars and needed to be able to make inquiries and remain informed. Lastly, it was a critical priority of the Receiver to determine whether to petition to become a liquidator in the Cayman Islands for the two Receivership Entities registered as Cayman Islands exempted entities (other than Feeder Fund Ltd.), or to take any other steps in the Cayman Islands with respect to Cayman Islands' Receivership Entities, and to attempt to negotiate a protocol with the JOLs that would be in the best interests of the Receivership's stakeholders and could be approved by both U.S. and Cayman Islands courts.

The Receiver is pleased to report success in almost all initial priorities. The Receiver and his team identified and secured the Receivership Entities' offices, their books and records, 1.1 terabytes of data, computers, personal and real property, and importantly all of the known accounts of the Receivership Entities, including accounts in Florida at BB&T/Truist, Morgan Stanley, Oceans Bank, and Butterfield in Guernsey. The Receiver retained experienced professionals well-suited to their tasks, interviewed the Receivership Entities' management, employees, former employees, management/financial advisors of SPVs, visited SPV businesses where necessary, completed an initial analysis of each operating business including preliminary plans for how best to maximize value, and transitioned to effectively managing the operations of this far flung multi-faceted enterprise. Indeed, as discussed above, a sale process is already underway for certain assets that, in the Receiver's opinion, require expedited action to maximize value. Likewise, the Receiver and his professionals have analyzed the Receivership's extensive loan portfolio, including the voluminous current litigation matters, performing, and non-performing loans, in order to evaluate and initiate recovery efforts.

The Receiver established a website and hotline number for taking phone calls from investors, transferred the Receivership Entities' phones and domains to the Receivership hotline and website respectively. The Receiver also worked with the Funds Administrator to obtain contact information for all investors and sent a mass letter informing them of the Receivership, the Receiver's role and goals, as well as the concomitant existence of the joint liquidators for Feeder Fund Ltd. with whom the Receiver also encouraged investors to communicate. The Receiver has been contacted by numerous investors or their representatives, and has maintained a log of such communications and interviews.

The Receiver also attended to the important Cayman Islands matters. The Receiver filed a motion for guidance on whether he might seek appointment as a liquidator in the Cayman Islands over the Receivership Entities in the Cayman Islands (objected to by the SEC), which the Court denied. The Receiver and his professionals attempted to negotiate a comprehensive protocol with the Feeder Fund Ltd. JOLs that would be in the best interests of the Receivership's stakeholders, and could be approved by both the U.S. and Cayman Islands courts. Significant issues raised in those discussions, including whether certain subscribers have valid constructive trust claims, the size of the body of "redemption" creditors who may have priority rights under Cayman Islands law, and the expected outcome should the Receiver and JOLs compete for recognition and authority in a future Chapter 15 bankruptcy proceeding.

VIII. CONTINUING WORK

This Receivership remains in its very early stages. Going forward, the Receiver and his professionals will continue to manage the Receivership's operating businesses, and determine a strategy to maximize their value, and execute on that strategy after obtaining court approval. The same is true of the other Receivership assets including the loan portfolio, on which the Receiver

will continue to pursue loan collections, always in a manner designed to maximize the net benefit to the Receivership Estate, and ultimately to investors.

Given the overlapping connections that the Receiver and his professionals have identified to date between the Receivership Entities and the affiliated TCA Opportunities Fund and the TCA ICAV, including common employees, management, business location, use of funds, and investors, the Receiver plans to determine quickly whether it is in the best interests of the Receivership Estate to expand the Receivership over those funds, in which case a motion to expand will be filed.

In the next phase, the Receiver will also investigate all possible litigation claims the Receivership may possess, including demands on insurance policies, for recovery under fraudulent transfer laws, in contract, tort and in equity against third parties. In this regard, the Receiver's forensic accountant will continue to work with the Receiver to identify where all Receivership monies have gone. Although it is early in the evaluation process, it is clear that 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. invest and/or not seek redemptions, including by misrepresenting the Funds' value over time. Accordingly, meaningful distributions will require substantial litigation recoveries from third parties.

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

Finally, the Receiver will continue to communicate with the JOLs in the Cayman Islands, in order to ensure the most beneficial and efficient result for stakeholders possible.

Date: August 4, 2020.

Respectfully submitted,

Jonathan E. Perlman, Esq.
Florida Bar No. 773328

CASE NO. 20-CIV-21964-CMA

jperlman@gjb-law.com

Receiver for the Receivership Entities

-and-

GENOVESE JOBLOVE & BATTISTA, P.A.

Gregory M. Garno, Esq.

Florida Bar No. 87505

ggarno@gjb-law.com

Elizabeth G. McIntosh, Esq.

Florida Bar No. 1011555

emcintosh@gjb-law.com

Irina R. Sadovnic

Florida Bar No. 124502

isadovnic@gjb-law.com

Attorneys for Jonathan E. Perlman, Esq.,

Receiver for the Receivership Entities

100 Southeast 2nd Street, 44th Floor

Miami, FL 33131

Tel: (305) 349-2300

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 4th day of August, 2020.

By: /s/ Gregory M. Garno
Gregory M. Garno, Esq.

EXHIBIT A

TCA Activity - Receiver Accounts**Sources and Uses of Funds****Period May 11, 2020 - August 4, 2020**

| | | |
|--------------------------------------|----|---|
| TCA Account Beginning Balance | \$ | - |
| TCA Fund Management Group Corp | \$ | - |
| TCA Global Credit Fund GP, Ltd. | \$ | - |
| TCA Global Credit Master Fund, LP | \$ | - |
| TCA Global Credit Fund, LP | \$ | - |
| TCA Global Credit Fund, Ltd. | \$ | - |

Sources of Funds:

| | | |
|--------------------------------|----|---------------|
| Transfer From Butterfield Bank | \$ | 13,209,223.31 |
| Transfer from BB&T Bank | \$ | 143,992.40 |
| Transfer from Ocean Bank | \$ | 143,690.37 |
| Loan Portfolio Receipts | \$ | 44,091.59 |
| Returned Deposits | \$ | 32,689.88 |
| Interest Income | \$ | 17,749.26 |

| | | |
|---------------|----|----------------------|
| Total Sources | \$ | <u>13,591,436.81</u> |
|---------------|----|----------------------|

Uses of Funds:

| | | |
|------------------------|----|------------|
| Payroll | \$ | 124,599.33 |
| Payroll Taxes | \$ | 9,020.98 |
| Insurance Premium | \$ | 18,620.00 |
| Service Provider | \$ | 16,750.00 |
| Independent Contractor | \$ | 12,571.00 |
| Safe Harbor Payment | \$ | 9,535.42 |
| IT Expense | \$ | 8,958.97 |
| HR Expense | \$ | 1,200.00 |
| Storage | \$ | 50.00 |

| | | |
|------------|----|-------------------|
| Total Uses | \$ | <u>201,305.70</u> |
|------------|----|-------------------|

| | | |
|------------------------|----|-----------------------------|
| Balance as of 8/4/2020 | \$ | <u><u>13,390,131.11</u></u> |
|------------------------|----|-----------------------------|

Balance by Account

| | | |
|---|-----------|-----------------------------|
| TCA Fund Management Group Corp | \$ | 255,271.88 |
| TCA Global Credit Fund GP, Ltd. | \$ | - |
| TCA Global Credit Master Fund, LP | \$ | 8,863,289.18 |
| TCA Global Credit Fund, LP | \$ | 9,014.77 |
| TCA Global Credit Fund, Ltd. | \$ | 4,262,555.28 |
| Sum of Account Balances as of 8/4/2020 | \$ | <u>13,390,131.11</u> |

EXHIBIT B

This document is a supplement (the “**Supplement**”) to the offering memorandum dated January 2018 (the “**Memorandum**”) of TCA Global Credit Fund, LP (the “**Partnership**”). The contents of this document supplement and amend the Memorandum as appropriate. This Supplement must be read in conjunction with the Memorandum and is subject to the confidentiality obligations, disclaimers and terms set forth in the Memorandum. Capitalized terms used but not defined in this Supplement shall have the same meanings as set forth in the Memorandum.

TCA Global Credit Fund, LP

Supplement No. 3 to the Offering Memorandum

March 2019

With effect from the date of this Supplement:

The following language under “Directory – Investment Manager” and under “Summary of Offering and Partnership Terms – Address for Inquiries” is modified as follows:

TCA FUND MANAGEMENT GROUP CORP.
19950 WEST COUNTRY CLUB DRIVE
SUITE 101
AVENTURA, FLORIDA 33180
ATTENTION: ~~BOB PRESS~~ **ALYCE SCHREIBER**
TELEPHONE: (786) 323-1650
FACSIMILE: (786) 323-1651
EMAIL: ~~BPRESS@TCAGLOBALFUND.COM~~ **ASCHREIBER@TCACAP.COM**

The following language under “Overview – Description of Interests and Structure” and “Summary of Offering and Partnership Terms – Management and Related Information” is modified as follows:

Effective as of February 10, 2019, Alyce Schreiber was appointed as acting chief executive officer of the Investment Manager. However, the Investment Manager continues to be controlled and majority-owned by Robert Press (“Principal”) (through one or more affiliated entities).

The Principal ~~is the chief executive officer of the Investment Manager and~~ also serves as a director of the General Partner.

The following language under “Summary of Offering and Partnership Terms – Determination of Net Asset Value” is modified as follows:

The Partnership’s investments and potential investments are valued on a monthly basis. All positions, payment histories, collateral, both direct and indirect, guarantees, status of pending and outstanding litigation, discovery within same and settlement discussions, as well as other elements of both loan compliance and substitution or sale of such loans to third parties and potential recovery amounts are evaluated pursuant to the Memorandum and valuation framework. After taking into account some or all of these factors, a determination is made as to whether an investment should

be deemed impaired. ~~The Principal will review and sign off on the foregoing, followed by the review and approval of the independent directors of the General Partner and confirmation by an outside accounting firm that the Memorandum and valuation framework was adhered to. The development of the monthly valuation report includes discussions by and amongst the Investment Manager's senior management, followed by the review and approval of the independent directors of the General Partner and confirmation by an outside accounting firm that the Memorandum and valuation framework was adhered to.~~ Any initial or subsequent impairments to an already impaired asset are delivered with a board resolution to the Administrator with each monthly set of valuation inputs. A copy of the Partnership's and the Master Fund's current valuation policy and framework is available upon request from the Investment Manager.

The following language under "Management - Background of the General Partner and the Investment Manager" is modified as follows:

Effective as of February 10, 2019, Alyce Schreiber was appointed as acting chief executive officer of the Investment Manager. The Investment Manager **continues to be** controlled and majority-owned by Robert Press (through one or more affiliated entities); however, the Board of Directors of the General Partner is comprised of a majority of independent directors. The Principal ~~is the chief executive officer of the Investment Manager and~~ also serves as a director of the General Partner.

The following language under "Risk Factors and Conflicts of Interest - Conflicts of Interest" is modified as follows:

Conflicting Duties. The Principal is a director of the General Partner **and both controls and owns a majority interest in the Investment Manager** ~~as well as the chief executive officer of the Investment Manager.~~ The fiduciary duty of the directors the General Partner may compete with or be different from the interests of the Investment Manager and its affiliates. The directors of the General Partner and the service providers may have conflicts of interest in relation to their duties to the Partnership. However, each shall, at all times, pay regard to its obligation to act in the best interests of the Partnership, and the directors of the General Partner will attempt to ensure that all such potential conflicts of interest are resolved fairly and in the interests of Limited Partners.