ACCEPTED
01-21-00284-CV
FIRST COURT OF APPEALS
HOUSTON, TEXAS
6/16/2023 3:43 PM
DEBORAH M. YOUNG
CLERK OF THE COURT

Cause No. 01-21-00284-CV

GREAT VALUE STORAGE, LLC, and WORLD CLASS CAPITAL GROUP, LLC,	§	IN THE COURT OF APPEALS
	§	
Appellants,	§	
v.	§	FIRST DISTRICT OF TEXAS
PRINCETON CAPITAL CORPORATION,	§	
	§	
Appellee,	§	HOUSTON, TEXAS

FILED IN
1st COURT OF APPEALS
HOUSTON, TEXAS
6/16/2023 3:43:46 PM
DEBORAH M. YOUNG
Clerk of The Court

RECEIVER'S RESPONSE TO APPELLANTS' MOTION FOR REHEARING

TO THE HONORABLE FIRST COURT OF APPEALS:

The Receiver, Mr. Seth Kretzer, respectfully replies to Appellants' Motion for Rehearing. This Court should deny the motion.

I. SUMMARY.

Denying Appellants' motion for rehearing will functionally: (1) end two years of litigation in this Court; (2) provide the way forward for the 165th District Court to dismiss Nate Paul Entities' remaining and recently filed four pleas in intervention, 21 discovery requests, and remaining lawsuit against Receiver; (3) leave the Receivership Order undisturbed, thereby avoiding a cascade of Paul Entities' collateral attacks currently

pending before the Eighth,[1] Third,[2] and Fourteenth[3] Courts of Appeals; (4) prevent Nate Paul Entities' deluge of groundless and carbon-copy pleadings against third-party secured creditors and Receiver in the 165th District Court severed caused number, 2019-18855A; (5) facilitate the U.S. Bankruptcy Court, Northern District of Texas, Dallas Division, which is awaiting a 165th District Court order authorizing release of funds on reserve in the GVS bankruptcy case, the only remaining task for case closure in that federal court; (6) facilitate the release and distribution terms of the global Settlement Agreement executed between Princeton and Nate Paul Entities; and (7) accommodate Appellants' April 10, 2023 request that this Court exercise jurisdiction and issue a merits decision.

Judge Hall's severance order—of Princeton's tort claims from its summary judgment breach of contract claim—did not foreclose appellate jurisdiction over Appellants' June 2, 2021 notice of appeal. The reason is because the Final Judgment was final as to the breach of contract claim, which rested upon its own compartmentalized documents, facts, and legal claim. By contrast, the tort claims stood apart on their own footing, compartmentalized by separate facts and legal theory elements. The Final

---

[1] *See WC 4th & Rio Grande, LP v. La Zona Rio, LLC*, No. 08-22-00225-CV (Tex. App.—El Paso); *WC 4th & Rio Grande, LP v. La Zona Rio, LLC,* No. 08-22-00073-CV (Tex. App.—El Paso).
[2] *World Class Capital Group, LLC and WC 4th and Colorado, LP v. Colorado Third Street, LLC*, No. 03-22-00781-CV (Tex. App.—Austin).
[3] *WC 4th and Colorado, LP v. Colorado Third Street, LLC*, No. 14-22-00764-CV (Tex. App.—Houston [14th Dist.]).

Judgment was unequivocal: "This judgment finally disposes of all claims and parties, and is appealable."[4]

Taken together, the segregation and compartmentalization of distinct and non-overlapping facts and legal recovery theories, combined with unequivocal judgment finality language, precisely fits Texas legal doctrine. The Texas Supreme Court has long held that claims are properly severable if: (1) the controversy involves more than one cause of action; (2) the severed claim is one that would be the proper subject of a lawsuit if independently asserted; and (3) the severed claim is not so interwoven with the remaining action that it involves the same facts and issues.[5] This fits Princeton's litigation posture to a tee: Princeton's damages for the summary breach of contract claim (*i.e.*, non-payment of principal and interest) was totally distinct from the tort claims and underlying facts, which rested on whatever the Defendants did with the trousered money rather than paying Princeton.

---

[4] Final Judgment Order, No. 2019-18855, at 1 (Mar. 4, 2021), CR 350.

[5] *See Guar. Fed. Sav. Bank v. Horseshoe Operating Co.*, 793 S.W.2d 652, 658 (Tex. 1990). A plaintiff "is entitled to pursue all claims against the defendant that arose from the breach of the contract, including those that might also have been brought as independent tort actions absent the contract." *Manzo v. Ford*, 731 S.W.2d 673, 677 (Tex. App.—Houston [14th Dist.] 1987, no writ).

II. FACTS RELEVANT TO THE REHEARING MOTION.

Following the district court's January 22, 2021 grant of Princeton Capital Corporation's ("Princeton") motion for summary judgment,[6] Princeton filed a motion to enter final judgment on January 29, 2021.[7] It also filed a motion to sever its claims against Nate Paul individually, and Princeton's remaining claims against World Class Capital Group, LLC ("World Class") and Great Value Storage, LLC ("Great Value").[8]

On March 4, 2021, the district court rendered the Final Judgment: "The Court further has granted Princeton's motion to sever its remaining claims from this cause."[9] This order was unequivocable on finality:

> 2. This Judgment finally disposes of all claims and all parties, and is appealable.
>
> Signed ____________________, 2021.

> The Honorable Ursula Hall

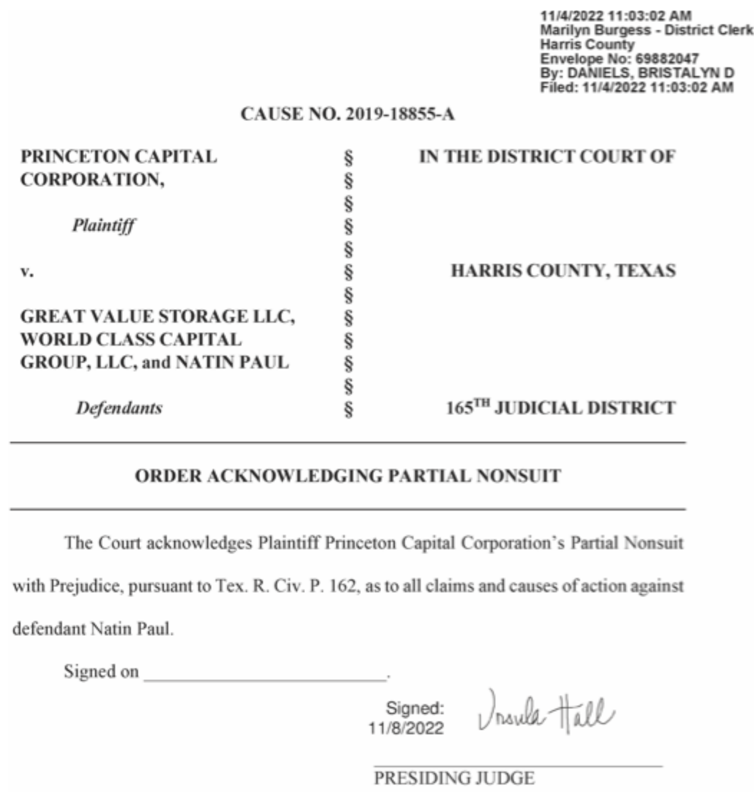
On March 9, 2021, the district court signed an order severing Princeton's remaining claims against World Class, Great Value, and Nate Paul.[10]

---

[6] CR 333.
[7] 2nd Supp. CR 5.
[8] CR 334.
[9] Final Judgment Order, No. 2019-18855, at 1 (Mar. 4, 2021), CR 350.
[10] Order Granting Motion to Sever Claims, No. 2019-18855, at 1 (Mar. 9, 2021), 1st Supp. CR 126-28.

Per the severance order, the district clerk assigned Princeton's petition claims against Nate Paul, individually, and remaining World Class and Great Value claims, a new cause number: 2019-18855A.[11]

On November 4, 2022, following their Settlement Agreement, Princeton filed an agreed order of partial nonsuit in the severed cause, which the district court signed November 8, 2022:[12]


11/4/2022 11:03:02 AM
Marilyn Burgess - District Clerk
Harris County
Envelope No: 69882047
By: DANIELS, BRISTALYN D
Filed: 11/4/2022 11:03:02 AM

CAUSE NO. 2019-18855-A

PRINCETON CAPITAL CORPORATION, *Plaintiff*	§	**IN THE DISTRICT COURT OF**
v.	§	**HARRIS COUNTY, TEXAS**
GREAT VALUE STORAGE LLC, WORLD CLASS CAPITAL GROUP, LLC, and NATIN PAUL *Defendants*	§	**165TH JUDICIAL DISTRICT**

ORDER ACKNOWLEDGING PARTIAL NONSUIT

The Court acknowledges Plaintiff Princeton Capital Corporation's Partial Nonsuit with Prejudice, pursuant to Tex. R. Civ. P. 162, as to all claims and causes of action against defendant Natin Paul.

Signed on _______________________.

Signed: 11/8/2022

PRESIDING JUDGE

---

[11] Docket Sheet, No. 2019-18855A, Harris County District Clerk.

[12] *See* Order of Partial Non-Suit, No. 2019-18855A, Harris County District Clerk; Docket Sheet, No. 2019-18855A, Harris County District Clerk. "Matters outside the appellate record that establish justiciability, or the lack thereof, are reviewable by an appellate court." *Jay Kay Bear Ltd. v. Martin*, No. 04-14-00579-CV, 2015 Tex. App. LEXIS 11377, *10-11 (Tex. App.—San Antonio, Nov. 4, 2015, pet. denied).

Nothing has occurred since in the severed cause. Here is the docket sheet:[13]

Chronological Case History

Style	PRINCETON CAPITAL CORPORATION vs. GREAT VALUE STORAGE LLC				
Case Number	201918855A	**Case Status**	Ready Docket	**Case Type**	Debt/Contract - Debt/Contract
File Court	165	**File Date**	3/14/2019	**Next Setting**	N/A

Date	Type	Description
3/14/2019	DOCUMENT	SEVERANCE **COURT:** 165 **ATTORNEY:** NOEBELS, ABIGAIL CLAIRE **PERSON FILING:** PRINCETON CAPITAL CORPORATION
4/15/2019	DOCUMENT	ANSWER ORIGINAL PETITION **COURT:** 165 **ATTORNEY:** ELLIOTT, BRIAN JOHN **PERSON FILING:** GREAT VALUE STORAGE LLC
4/15/2019	DOCUMENT	ANSWER ORIGINAL PETITION **COURT:** 165 **ATTORNEY:** ELLIOTT, BRIAN JOHN **PERSON FILING:** WORLD CLASS CAPITAL GROUP LLC
4/15/2019	DOCUMENT	ANSWER ORIGINAL PETITION **COURT:** 165 **ATTORNEY:** ELLIOTT, BRIAN JOHN **PERSON FILING:** PAUL, NATIN
11/8/2022	ORDER	ORDER OF PARTIAL NONSUIT SIGNED **COURT:** 165 **PGS.** 1
12/19/2022	ACTIVITY	MOTION TO REMOVE TRIAL READY STATUS GRANTED **COURT:** 165
6/7/2023	DOCUMENT	NOTICE APPEARANCE **COURT:** 165 **ATTORNEY:** PRICE, AMANDA DODDS **PERSON FILING:** GREAT VALUE STORAGE LLC
6/7/2023	DOCUMENT	NOTICE APPEARANCE **COURT:** 165 **ATTORNEY:** PRICE, AMANDA DODDS **PERSON FILING:** WORLD CLASS CAPITAL GROUP LLC
6/7/2023	DOCUMENT	NOTICE APPEARANCE **COURT:** 165 **ATTORNEY:** WEHRER, GREG R. **PERSON FILING:** GREAT VALUE STORAGE LLC
6/7/2023	DOCUMENT	NOTICE APPEARANCE **COURT:** 165 **ATTORNEY:** WEHRER, GREG R. **PERSON FILING:** WORLD CLASS CAPITAL GROUP LLC

III. RESPONSE TO FIRST GROUND: JURISDICTION.

In their first ground for rehearing, Appellants assert, "This appeal should be dismissed for lack of jurisdiction" because the lower court's final judgment severed Princeton Capital's motions and claims against World Class and Great Value into a different cause number, which remain pending.[14] Appellants contend "that all tort claims between the parties remain pending in the trial court."[15] Consequently, Appellants argue, "This court must dismiss the appeal for lack of jurisdiction 'even if the trial court severed the disposed claims into a new cause.'"[16]

[13] Docket Sheet, No. 2019-18855A, Harris County District Clerk (as of June 7, 2023) (Receiver filed appearance June 9, 2023).
[14] Motion for Rehearing at 5.*Id.* at 4.
[15] *Id.* at 5.
[16] *Id.* at 6 (*quoting Davati v. McElya*, 530 S.W.3d 265, 267 (Tex. App.—Houston [1st Dist.] 2017, no pet.)).

In other words, after two years of asking this Court for receivership stays, continuances, emergency relief, mandamus relief, oral argument, reinstatement of appeal, and decision on the merits, Appellants now flip their position and contend this Court lacked appellate jurisdiction all along. And they say this is so because the district court severed Princeton's remaining tort claims against World Class and Great Value into a separate cause number, and those separate claims remain pending before the district court. And because Princeton's claims against these two entities remain live and unresolved before the district court, they say, the district court's March 4, 2021 judgment was never final, merely interlocutory, and therefore, this Court lacks subject matter jurisdiction over their June 2, 2021 notice of appeal.

A. Appellants procedurally defaulted this ground for rehearing.

In its Memorandum Opinion, this Court concluded Appellants procedurally defaulted challenge to the district court's severance order.[17] This Court correctly applied controlling authority for preservation and waiver of error.

[17] Mem. Op., No. 01-21-00284-CV, at 18-20 (Apr. 20, 2023).

B. This Court possesses jurisdiction over the district court's March 4, 2021 Final Judgment and Appellants' June 2, 2021 notice of appeal.

The Court's application of horizontal *stare decisis*[18] does not foreclose jurisdiction over the district court's March 4, 2021 Final Judgment and Appellants' June 2, 2021 notice of appeal.

1. The Two-Prong Lehmann Test.

The Texas Supreme Court has instructed that a judgment is final for purposes of appeal if it either:

> 1. "actually disposes of all claims and parties then before the court, regardless of its language," or,
>
> 2. states with "unmistakable clarity" that it is intended as a final judgment as to all claims and all parties.[19]

The language of the appealed judgment in the case *sub judice*—and the separate order granting severance—clearly and unequivocally indicates finality that Judge Hall expressly intended to impart. Given that "*Lehmann*'s two-pronged test applies to 'an order or judgment,'"[20] the finality phrase in the order here "would leave no doubt about the court's intention." Judge Hall was clarion: "This judgment finally disposes of all

---

[18] *Blomstrom v. Altered Images Hair Studio*, No. 01-19-00456-CV, 2020 WL 6065437, at *1 (Tex. App.—Houston [1st Dist.] Oct. 15, 2020, no pet.) (J. Kelly, concurring); *see also Mitschke v. Borromeo*, 645 S.W.3d 251, 256 (Tex. 2022) ("[H]orizontal stare decisis," by contrast, addresses "the respect that [a] [c]ourt owes to its own precedents,"…") (citing cases).
[19] *Lehmann v. Har-Con Corp*., 39 S.W.3d 191, 205 (Tex. 2001).
[20] *Lehmann*, 39 S.W.3d at 205.

claims and parties, and is appealable."[21] This declaration of finality, combined with proper compartmentalization and segregation of Princeton's remaining facts and legal recovery claims, satisfied Supreme Court requirements.

2. Recent Authority from Texas Supreme Court.

In *In re Elizondo*, the Texas Supreme Court adopted a "rigid" bright-line rule that clear-and-unequivocal language in a judgment indicating finality renders it final-regardless of whether it was erroneous or unintentional.[22] *Elizondo* stressed that reviewing courts can look at the record to determine finality "only if the order [i]s not clear and unequivocal."[23]

Recent cases go farther. When the order contains sufficient finality language, any "failure to actually dispose of all claims and parties renders the order erroneous but not interlocutory."[24] So too, *Bella Palma* declared, "***irrespective of its legal completeness or correctness, the . . . judgment was final and appealable because there was no question the trial court intended it to be so. If the final judgment is deficient, the remedy comes by appeal, not by the deprivation of appellate jurisdiction***."[25]

Both this Court and the Fourteenth Court of Appeals agree.[26]

---

[21] Final Judgment Order, No. 2019-18855, at 1 (Mar. 4, 2021), CR 350.
[22] 544 S.W.3d 824, 828-29 (Tex. 2018).
[23] *Id.* at 828.
[24] *In re Guardianship of Jones*, 629 S.W.3d 921, 924 (Tex. 2021).
[25] *Bella Palma, LLC v. Young*, 601 S.W.3d 799, 802 (Tex. 2020) (emphasis added).
[26] *See In re Henry consol. with Henry v. Masson*, 388 S.W.3d 719, 725-26 (Tex. App.—Houston [1st Dist.]

3. The Doctrinal Structure of __Duke__ and __Blostrom__.

Appellants cite this Court's decisions in *Blomstrom v. Altered Images Hair Studio*,[27] *Duke v. Am. W. Steel, LLC*,[28] and *Sealy Emergency Room, L.L.C. v. Free Standing Emergency Room Managers of Am., L.L.C.*,[29] that "Severance does not make an interlocutory judgment final and appealable if the judgment disposes of only a subset of the claims among the severed parties."[30]

Blostrom cited to *Van Duren*, *Davati*, and *Duke*.[31] *Van Duren* cited to *Davati* and *Duke*. *Davati* cited to *Duke* and added three new cases, *Alaniz*, *Gonzales*, and *Cryogenic*

2012, orig. proceeding and appeal) ("This severance order, whether proper or improper, finalized Masson's claim against Henry [despite the pendency claims between these same parties in the other part of the case] [and] created a final judgment, from which Henry could, and did, appeal immediately to change the propriety of the severance order."); *Pilgrim Enters., Inc. v. Md. Cas. Co.*, 24 S.W.3d 488, 491 (Tex. App.—Houston [1st Dist.] 2000, no pet.) (affirming severance of summary judgment for one insurer on duty-to-defend from remaining claims in suit, including duty-to-indemnify claim between same parties); *see id.* at 493 ("[A]n improper severance does not rob [the] court of jurisdiction to consider whether the severance was itself proper."); *Pletta v. ORO AII Commerce, LLC*, No. 01-19-00966-CV, 2021 Tex. App. LEXIS 9684, *21 (Tex. App.—Houston [1st Dist.] Dec. 7, 2021, pet. denied) ("In sum, the final judgment in this severed case is the May 7 sanctions order against Pletta, which became final and appealable when the county court subsequently signed the severance order on July 24."); *Tilger v. Samson Homes, Inc.*, No. 14-97-0361-CV, 1999 WL 160995, at *2 (Tex. App.—Houston [14th Dist.] Mar. 25, 1999, pet. denied) (not designated for publication) (not mentioning jurisdiction, but reversing severance-created appealed judgment because severance was erroneous).

[27] No. 01-19-00456-CV, 2020 Tex. App. LEXIS 8150 (Tex. App.—Houston [1st Dist.] Oct. 15, 2020, no pet.).

[28] 526 S.W.3d 814 (Tex. App.—Houston [1st Dist.] 2017, no pet.).

[29] No. 01-21-00008-CV, 2022 WL 1216172, at *4 (Tex. App.—Houston [1st Dist.] Apr. 26, 2022, pet. filed).

[30] Appellants' Motion for Rehearing at 5.

[31] 2020 Tex. App. LEXIS 8150, *1.

Vessel Alternatives. *Duke* cited to those same three new cases.[32] The alternative finality rule is therefore predicated on those three cases.

The common element among those three cases is that none of them involved a lawsuit in which all of the severed claims were finally disposed. In *Alaniz*, this Court wrote:

> The parties filed briefing asserting that the severance order created a final and appealable judgment. However, the briefing also demonstrated that the parties disagree regarding whether the summary judgment order encompassed negligence claims that did not require proof of silicosis, such as the claim that the Firm failed to disburse settlements that Silica Defendants had already agreed to pay.[33]

In *Gonzales*, this Court wrote:

> Although the severance order severed all causes of action between Heritage, Terrell, and Gonzales into the new action, it did not dispose of Heritage and Terrell's counterclaim against Gonzales.[34]

In *Cryogenic Vessel Alternatives*, this Court wrote:

> Lily thus requested that the trial court "sever said claim so it can proceed to collection of the judgment and/or foreclosure on the lien." . . . Lily's lien cannot be foreclosed without a trial court judgment foreclosing the lien and ordering that CVA's property be sold. . . . There is no order or judgment by the trial court foreclosing Lily's lien and ordering the property sold.[35]

---

[32] *Duke*, 526 S.W.3d at 816.
[33] *Alaniz v. O'Quinn Law Firm*, No. 01-14-00027-CV, 2015 WL 6755614, at * 4 (Tex. App.—Houston [1st Dist.] Nov. 5, 2015, no pet.).
[34] *Gonzales v. Terrell*, No. 01-14-00711-CV, 2015 WL 1735370, at *1 (Tex. App.—Houston [1st Dist.] Apr. 14, 2015, no pet.).
[35] *Cryogenic Vessel Alternatives, Inc. v. Lily & Yvette Constr., LLC*, No. 01-13-00737-CV, 2015 WL 222135, at *3-4 (Tex. App. - Houston [1st Dist.] Jan. 15, 2015, no pet.).

In each of three cases, the *severed* petitions retained *un*resolved, *un*segregated and *un*-compartmentalized facts and legal recovery theories, which continued to inextricably intertwine with the facts and legal recovery theory of the final judgment. For instance, unlike the plaintiff judgment here, *Alaniz* involved a *defense* partial summary judgment, granting defendant's no-evidence motion that "disposed of only those legal malpractice claims that depended upon proof of medical causation," while leaving "the other legal malpractice claims."[36] Thus, the facts and legal recovery theories between the original petition and severed petition inextricably intertwined.

By contrast, the Texas Supreme Court has long held that the claims are properly severable if: (1) the controversy involves more than one cause of action; (2) the severed claim is one that would be the proper subject of a lawsuit if independently asserted; and (3) the severed claim is not so interwoven with the remaining action that it involves the same facts and issues.[37] This fits Princeton's litigation posture to a tee: Princeton's facts and damages for the breach of contract claim (*i.e.*, non-payment of money due) was totally separate, and completely compartmentalized, from the facts and damages for

---

[36] *Alaniz*, No. 01-14-00027-CV, 2015 WL 6755614, at * 4.
[37] See *Guar. Fed. Sav. Bank v. Horseshoe Operating Co.*, 793 S.W.2d 652, 658 (Tex. 1990). A plaintiff "is entitled to pursue all claims against the defendant that arose from the breach of the contract, including those that might also have been brought as independent tort actions absent the contract." *Manzo v. Ford*, 731 S.W.2d 673, 677 (Tex. App.—Houston [14th Dist.] 1987, no writ).

tort claims about what Defendants did with the money after trousering it rather than paying Princeton.

Broadly, neither *Alaniz* nor *Sealy* involved severed judgments that contained finality language like that which Judge Hall included in the judgment that formed the appeal here. Specifically, *Alaniz* held that severance did not create a final appealable order because the district court only granted summary judgment and severed negligence claims based on a particular theory of liability while leaving other theories intertwined with the same negligence claims live in the original cause. Similarly, *Sealy* held the severed claims were not appealable because non-severed claims "arising out of the same transaction remain pending in the trial court."[38]

For these reasons, therefore, the district court's severance order did not invalidate this Court's jurisdiction over the March 4, 2021 Final Judgment and Appellants' June 2, 2021 notice of appeal.

C. There are two notices of appeal. This Court has jurisdiction over Appellants' appeal of the district court's September 8, 2021 Receivership Order.

This Court has jurisdiction over the district court's September 8, 2021 Receivership Order. Against this order Appellants filed a second notice of appeal September 21, 2021.[39]

---

[38] *Sealy Emergency Room, LLC*, No. 01-21-00008-CV, 2022 WL 1216172, at *4.

[39] Harris Co. Dist. Clerk Notice and Appellant's Notice of Appeal (Sept. 21, 2021), *see* Docket Sheet, No. 01-21-00284-CV (Sept. 23, 2021).

In their April 10, 2023 Response to the Court's March 30, 2023 Order, Appellants confirmed this Court holds jurisdiction over the September 8, 2021 Receivership Order and Appellants' September 21, 2021 notice of appeal: "The Court notes in the first sentence of its Order that this appeal is a consolidation of two notices of appeal. There are separate reasons that each appeal is not moot, and the mootness of one does not mandate the mootness of the other."[40] "Second, the appeal of the Order Appointing Receiver is not moot because the trial court has not signed an order discharging the receiver and dissolving its receivership order."[41] "A ruling on these issues will affect the parties' rights and interests and govern the trial court's further actions."[42]

If the Court concludes jurisdiction is lacking over the first June 2, 2021 notice of appeal of Princeton's judgment, but jurisdiction is present over the second September 21, 2021 notice of appeal of district court's receivership order, then the Court should dismiss the June 2, 2021 notice of appeal, and vacate that portion of its April 20, 2023 Memorandum Opinion upholding Princeton's summary judgment. The Court should then issue a new memorandum opinion upholding the Receivership Order, rejecting Appellants' one preserved error, and holding the remaining three points of error to be waived and procedurally defaulted. Appellants would therefore get exactly what they want:

---

[40] Appellants' Response to Court's March 30, 2023 Order, No. 01-21-00274-CV, at 2 (Apr. 10, 2023).
[41] *Id.* at 3.
[42] *Id.* at 6.

a ruling on their appeal of the Receivership Order and dismissal of the appeal of their settled claims against Princeton—which last year received full payment, distributed to shareholders, and booked as 2022 profits.

Bifurcation of the Court's Memorandum Opinion, however, would trigger chaos in the 165th District Court. Paul will instruct his lawyers to file motions to substitute his fictious "Phoenix Capital," shell in place of Princeton in both 2019-18855 and 2019-198855A. With Paul owning both plaintiff and defendants, and his lawyers representing both sides, Paul will file identical "agreed" motions attacking the Receiver and settlements in each cause, followed by mirror "agreed" third-party actions against the secured creditors with whom Receiver settled. Paul will request "agreed" and "unopposed" advisory opinions from the district court to undo real estate settlement agreements executed by the Receiver. If there were any doubt on that score, Princeton's own SEC filings are clear that it regarded Phoenix as "a newly formed Nate Paul related entity":[43]

> As disclosed in the Company's Form 8-K that was filed on September 9, 2022, on September 2, 2022, the Company entered into a Settlement, Assignment and Acceptance Agreement with Natin Paul and his related parties, whereby the Company would sell its promissory notes from GVS and World Class to Phoenix Lending, LLC, a newly formed Natin Paul related entity, in exchange for a settlement payment of $11,372,699 to be funded out of the $15 million reserve in the bankruptcy court. Further, the GVS affiliated parties agreed to indemnify the Company and retain $1 million on reserve in the bankruptcy court for any future legal fees or claims related to the settlement. On October 7, 2022, the Company closed the settlement and received $11,372,699.

[43] Princeton Capital Corp, Annual Report, Form 10-K, Filed 03/30/23 for the Period Ending 12/31/22, Securities and Exchange Commission (Wash. D.C.) at 20 (signed by Mr. Mark S. DiSalvo, Interim Chief Executive Officer) (emphasis added). Available at: https://ir.princetoncapitalcorp.com/all-sec-filings#document-689-0001213900-23-024619.

For these reasons, therefore, if the Court concludes it lacks jurisdiction over Appellants' June 2, 2021 notice of appeal against the Final Judgment, the Court nevertheless possesses jurisdiction over the September 8, 2021 Receivership Order and Appellants' September 21, 2021 notice of appeal.

D. All remaining severed claims Princeton Capital might have had against World Class and Great Value were settled pursuant to their global Settlement Agreement, which encompasses all purported claims in the severed cause.

This Court has received the complete mutual Settlement Agreement executed between the Parties.[44] The Amended Settlement Agreement includes a broad, global release of all claims Princeton may have against Nate Paul individually, and his collection of corporate entities.[45] The settlement agreement with Princeton was signed, by "Nate Paul, ***on behalf of himself individually*** and ***on behalf all entities that he either owns or control*** (in whole or in part) [excluding the two present parent company judgment debtors—World Class and Great Value—controlled by Paul],"[46] and paid Princeton $11.37 million, for which Appellants declare, "Princeton has been satisfied . . . ."[47]

---

[44] Appellee Princeton Capital and Appellants are referred to as the "Parties."

[45] A complete copy of the Settlement Agreement, including the integrated Settlement Term Sheet, appears in the Court's record, in *Receiver's Reply to Appellants' and Appellee's Responses to Court's March 30, 2023 Order*, No. 01-21-00284-CV (Apr. 10, 2023) (*Exhibit 1* to the Reply) (hereinafter, "*Receiver's April 10, 2023 Reply*").

[46] *See* Amended Settlement Agreement, at p. 23, *Exhibit 1* to *Receiver's April 10, 2023 Reply*.

[47] Appellants / Defendants' *Post-Hearing Submission* at 7, No. 2019-18855 (Mar. 10, 2023).

Princeton's June 16, 2023 filing in this Court correctly informs, "The motion for rehearing . . . will not have any effect on Princeton or its final settlement."[48]

Moreover, the Amended Settlement Agreement granted Nate Paul, individually and all his entities he "controls," the broadest possible release from all of Princeton's state and federal claims, and all state and federal claims Nate Paul, individually and his Entities, might have against Princeton.[49]

In Receiver's April 10, 2021 *Reply to Appellants' and Appellee's Responses to Court's March 30, 2023 Order*, Receiver explained why there is no justiciable case in controversy pending in the district court, either in the primary cause, 2019-18855, or the severed cause, 2019-18855A.[50] Consequently, Appellants' assertions that Princeton still has viable and meritorious claims against World Class or Great Value in the district court that invalidate jurisdiction in this Court over the district court's March 4, 2021 Final Judgment are untenable. Princeton released every conceivable claim against Paul and his Entities, in return for full payment of the final judgment, which Princeton promptly reported to the SEC and distributed to shareholders.

---

[48] Princeton's Response to Court's June 1, 2023 Order, No. 01-21-00284-CV at 2 (June 16, 2023).
[49] Amended Settlement Agreement at 1, 8, 10, 11.
[50] "The parties may not create a justiciable interest by agreement." Adele Hedges, 1 TEX. PRAC. GUIDE CIVIL PRETRIAL § 2:16 (*citing Holland v. Taylor*, 153 Tex. 433, 435, 270 S.W.2d 219, 220 (1954)). Full explanation and authority of justiciability and case in controversy appear in Receiver's April 10, 2023 Response to the Court's March 30, 2023 Order.

Therefore, the Court could decide that the Parties' subsequent Settlement Agreement rendered the March 9, 2021 *severance order* moot, which is why the Parties lost interest in the dormant severed cause, and why Appellants argued April 10, 2023 that jurisdiction fully vested in this Court.

Similarly, the Court could decide that the Parties' Settlement Agreement mooted Appellants' June 2, 2021 notice of appeal from the March 4, 2021 Final Judgment, but does not moot jurisdiction over the September 8, 2021 Receivership Order and Appellant's September 21, 2021 notice of appeal. Under those circumstances, the Court should uphold the Receivership Order.

IV. GROUND FOR REHEARING THREE: SUMMARY JUDGMENT.

In its Memorandum Opinion, this Court properly analyzed Princeton's summary judgment motion, found sufficient evidence, and reached the correct conclusion.[51] The rehearing motion offers nothing new or compelling.

V. GROUND FOR REHEARING FOUR: RECEIVERSHIP ORDER.

Similarly, this Court concluded Appellants procedurally defaulted three challenges to the district court's receivership order.[52] This Court correctly applied controlling authority for preservation and waiver of error.

---

[51] Mem. Op., No. 01-21-00284-CV, at 18-39 (Apr. 20, 2023).
[52] *Id.* at 40-41.

VI. CONCLUSION.

The Court should deny Appellants' motion for rehearing.

Respectfully submitted this 16th day of June 2023,

/s/ Seth Kretzer

____

SETH KRETZER
SBN: 24043764

917 Franklin Street
Sixth Floor
Houston, TX 77002
(713) 775-3050 (Office)
(713) 929-2019) (Fax)
Email: seth@kretzerfirm.com

RECEIVER

/s/ James W. Volberding

By: ______________________________

JAMES W. VOLBERDING
SBN: 00786313

KRETZER & VOLBERDING P.C.
Plaza Tower
110 North College Avenue
Suite 1850
Tyler, Texas 75702
(903) 597-6622 (Office)
(903) 913-7130 (Fax)
email: jamesvolberding@gmail.com

ATTORNEY FOR RECEIVER

<u>CERTIFICATE OF SERVICE</u>

I hereby certify that a true and correct copy of this document has been delivered this June 16, 2023 (by court electronic filing only) to all counsel of record for Appellants and Appellee.

/s/ James W. Volberding

JAMES W. VOLBERDING

<u>CERTIFICATE OF COMPLIANCE</u>

As required by Texas Rule of Appellate Procedure 9.4, I certify that the number of words in this pleading is 3,974, plus an estimated 400 words contained in PDF excerpts measured from page one through the conclusion, according to Word. This pleading was prepared with Microsoft Word for Apple, version 16.51.

/s/ James W. Volberding

JAMES W. VOLBERDING

Automated Certificate of eService

This automated certificate of service was created by the efiling system. The filer served this document via email generated by the efiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

James Volberding
Bar No. 00786313
jamesvolberding@gmail.com
Envelope ID: 76714777
Filing Code Description: Response
Filing Description: RECEIVER'S RESPONSE TO APPELLANTS MOTION FOR REHEARING
Status as of 6/16/2023 3:48 PM CST

Associated Case Party: Seth Kretzer, Receiver

Name	BarNumber	Email	TimestampSubmitted	Status
Seth Kretzer	24043764	seth@kretzerfirm.com	6/16/2023 3:43:46 PM	SENT

Associated Case Party: Great Value Storage, LLC

Name	BarNumber	Email	TimestampSubmitted	Status
James Wesley Volberding	786313	jamesvolberding@gmail.com	6/16/2023 3:43:46 PM	SENT
Ann Kennon		akennonassistant@gmail.com	6/16/2023 3:43:46 PM	SENT
Shawn Johnson		shawn@sajlawpllc.com	6/16/2023 3:43:46 PM	SENT
Daniel Wilson		dwilson@susmangodfrey.com	6/16/2023 3:43:46 PM	SENT
Jesseca Wilson		jesseca@kretzerfirm.com	6/16/2023 3:43:46 PM	SENT

Associated Case Party: World Class Capital Group, LLC

Name	BarNumber	Email	TimestampSubmitted	Status
Robert R. Burford	3371700	rburford@burfordperry.com	6/16/2023 3:43:46 PM	SENT
Shawn Johnson	24097056	shawn@sajlawpllc.com	6/16/2023 3:43:46 PM	SENT
Matt E.Parks		mparks@burfordperry.com	6/16/2023 3:43:46 PM	SENT
Greg R.Wehrer		greg.wehrer@squirepb.com	6/16/2023 3:43:46 PM	SENT
Michael Merrick	24041474	mmerrick77@gmail.com	6/16/2023 3:43:46 PM	SENT
Brent Clark Perry	15799650	bperry@burfordperry.com	6/16/2023 3:43:46 PM	SENT
Burford Perry Service		service@burfordperry.com	6/16/2023 3:43:46 PM	SENT
Michael J.Merrick		mmerrick@world-class.com	6/16/2023 3:43:46 PM	SENT

Associated Case Party: Princeton Capital Corporation

Automated Certificate of eService

This automated certificate of service was created by the efiling system. The filer served this document via email generated by the efiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

James Volberding
Bar No. 00786313
jamesvolberding@gmail.com
Envelope ID: 76714777
Filing Code Description: Response
Filing Description: RECEIVER'S RESPONSE TO APPELLANTS MOTION FOR REHEARING
Status as of 6/16/2023 3:48 PM CST

Associated Case Party: Princeton Capital Corporation

Name	BarNumber	Email	TimestampSubmitted	Status
Mark L. D. Wawro	20988275	mwawro@susmangodfrey.com	6/16/2023 3:43:46 PM	SENT
Abigail Noebels	24083578	anoebels@susmangodfrey.com	6/16/2023 3:43:46 PM	SENT
Taylor Biddle		tbiddle@susmangodfrey.com	6/16/2023 3:43:46 PM	SENT
Moustapha El-Hakam		melhakam@susmangodfrey.com	6/16/2023 3:43:46 PM	ERROR
Rachel Solis		rsolis@susmangodfrey.com	6/16/2023 3:43:46 PM	SENT