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01-23-00618-CV
FIRST COURT OF APPEALS
HOUSTON, TEXAS
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DEBORAH M. YOUNG
CLERK OF THE COURT

Cause No. 01-23-00618-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

RECEIVER'S MOTION TO DISMISS FOR WANT OF JURISDICTION

TO THE HONORABLE FIRST COURT OF APPEALS:

The Receiver, Mr. Seth Kretzer, respectfully requests dismissal of this successor appeal for want of jurisdiction.

> "*The Settlement Agreement evidences a business deal among the Parties, ending multiple contentious and expensive litigation proceedings . . . which all carry substantial business risk. . . . thereby ending years' long disputes . . . .*"
>
> — Counsel for Appellee, Princeton, in the Princeton Motion to Approve Settlement, at 11 (Aug. 27, 2022) (No. 21-31121-mvl11).
>
> "*Princeton has been satisfied . . . .*"
>
> — Counsel for Appellants, Appellants' Post-Hearing Submission at 7 (Mar. 10, 2023) (No. 2019-18855).

I. INTRODUCTION

This is a successor appeal by corporate shells owned and controlled by Nate Paul.

There is no jurisdiction:

- *Ground for Dismissal 1*: The Appellants (Great Value Storage, LLC and World Class Capital Group, LLC) and Appellee (Princeton Capital Corporation) settled in 2022. The money has been paid, reported to the SEC, and distributed to shareholders. All claims against Appellee are therefore moot. There is no viable "appellee" in this appeal to assert a case-in-controversy. The Texas Constitution bars appellate courts from issuing advisory opinions.

- *Ground for Dismissal 2*: The Appellants (Great Value Storage, LLC and World Class Capital Group, LLC) are actually attempting an impermissible successor motion for rehearing of this Court's April 20, 2023 Panel Opinion, and July 27, 2023 order denying rehearing, in the Related Appeal: No. 01-21-00284-CV, *Great Value Storage, et al., v. Princeton Capital Corp*. This Court is without jurisdiction to grant rehearing of a decision through a separate appeal by the losing appellants.

- *Ground for Dismissal 3*: Eight other Paul shell companies filed *post-judgment* "pleas in intervention" in the same appealed and decided district court case, 2019-18855, launching collateral attacks on the District Court's receivership order and Receiver's duties, *after* this Court remanded September 22, 2022 in related 01-21-00284-CV to effectuate the Parties' settlement agreement. Having affirmed the receivership order April 20, 2023, and denied rehearing July 27, the doctrines of *law of the case*, *res judicata*, and *collateral attack* bar jurisdiction to any relief or jurisdiction to these shell companies, who assert claims derivative from the 165th District Court Final Judgment, and therefore barred by the Settlement Agreement.

- *Ground for Dismissal 4*: The two other Paul Shell Company Appellants (WC 4th and Rio Grande LP and WC 4th and Colorado, LP) filed *post-judgment* "pleas in intervention" in the same appealed and decided District Court case, 2019-18855, launching collateral attacks on the district court's receivership order and Receiver's duties, *after* this Court remanded September 22, 2022 in 01-21-00284-CV to effectuate the Parties' settlement agreement. Having affirmed the receivership order April 20, 2023, and denied rehearing July 27, the doctrines of

law of the case, *res judicata*, and *collateral attack* bar jurisdiction to any relief or jurisdiction to these shell companies, who assert claims derivative from the 165th District Court Final Judgment, and therefore barred by the Settlement Agreement.

The Court should dismiss this appeal for want of jurisdiction.

II. PROCEDURAL HISTORY.

Identification of Parties

World Class Capital Group, LLC ("WCCG") and Great Value Storage, LLC ("GVS") (hereinafter "Appellants") are empty corporate shells owned by Nate Paul ("Paul").[1] Paul stripped them of assets and accounts years ago.[2] They are Appellants in the related appeal, 01-21-00284-CV (hereinafter "Related Appeal").

WC 4th and Rio Grande LP and WC 4th & Colorado LP (hereinafter "Paul Shell Company Appellants") are empty corporate shells owned by Paul, which he is using to

[1] In Related Appeal No. 01-21-00284-CV, on November 15, 2021, Appellant Great Value Storage, LLC ("GVS") filed the affidavit of Barbie Lee, "bookkeeper," who testified that GVS is insolvent. *See GVS Letter*, Nov. 15, 2021, No. 01-21-00284-CV, Exhibit 1, Declaration of Barbie Lee (**Exhibit 10**). On December 31, 2021, Appellants GVS and World Class Capital Group, LLC ("WCCG") filed affidavits of Ms. Lee and Mr. Paul, who testified that GVS and WCCG are defunct, owning nothing but debts and old furniture. *See* Appellants' *Interim Status Report*, No. 01-21-00284-CV (Dec. 31, 2021), Exhibits H, J and K, *Declarations of Barbie Lee and Natin Paul*; *see also* Declaration of Nate Paul "under penalty of perjury" at 2-3, No. 2019-18855, Dec. 14, 2021; *Exhibit 1*, Image No.: 99431223; *Princeton Capital Corp.'s Motion to Show Cause and Motion for Sanctions*, Image No. 100524048, filed 2/22/22 (supplemental record in related appeal 01-21-00284-CV). On April 18, 2022, in related appeal 01-21-00284-CV, however, Receiver explained why GVS and WCCG no longer have assets, documenting that Paul misappropriated more than $87 million from WCCG and $9 million from GVS. *See Brief of the Receiver*, No. 01-21-00284-CV (Apr. 18, 2022). Barbie Lee's and Nate Paul's affidavits are attached herein at **Exhibits 8, 9, 10**.

[2] *See* Receiver's Report, *supra*, **Exhibit 7**.

delay two secured real estate creditors in the Third,[3] Eighth,[4] and Fourteenth[5] Courts of Appeals and in several Travis County District Courts.[6]

The remaining eight entities[7] are corporate shells owned by Paul (hereinafter also "Paul Shell Company Appellants") which he is using to assert "pleas in intervention" for monetary claims against Receiver, following Receiver's recovery of some of the $93 million fraudulently diverted by Paul from Appellants' bank accounts.[8]

Princeton Capital Corporation ("Princeton") was the unsecured creditor plaintiff below, and Appellee in the Related Appeal. Princeton settled all claims with Appellants in 2022, was paid in full, reported to the Securities and Exchange Commission ("SEC"), and distributed to shareholders last year.[9] It is no longer involved in this appeal or the Related Appeal. Princeton asserts no claims against Appellants, Paul Shell Company Appellants, or Receiver.[10]

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[3] *World Class Capital Group, LLC and WC 4th and Colorado, LP v. Colorado Third Street, LLC*, No. 03-22-00781-CV (Tex. App.—Austin).
[4] *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).
[5] *WC 4th and Colorado, LP v. Colorado Third Street, LLC*, No. 14-22-00764-CV (Tex. App.—Houston [14th Dist.]).
[6] *See ibid* four appeals for district court orders.
[7] World Class Holdings, LLC, World Class Holding Company, LLC, WC 707 Cesar Chavez, LLC, WC Galleria Oaks, LLC (should be "WC Galleria Oaks GP, LLC"), WC Parmer 93, LP, WC Paradise Cove Marina, LP, WC MRP Independence Center, LLC, WC Subsidiary Services, LLC.
[8] *See* Receiver's Report, *supra*, **Exhibit 7**.
[9] *See infra* citations to Princeton SEC reports.
[10] *See infra* Responses by Princeton.

Judgment and Receivership in the District Court

On March 4, 2021, the 165 District Court, Hon. Judge Ursula Hall, rendered a $9.7 final judgment in favor of Princeton.[11] At Princeton's request, Judge Hall appointed Mr. Kretzer as Receiver for the two parent judgment debtors and Appellants, WCCG and GVS. [12] Appellants appealed.[13]

Proceedings in First Court of Appeals

As the Receiver began to search for documents from third parties and to seize transferred assets, Appellants filed in this Court a series of emergency motions and a mandamus action against the receivership order.[14] Appellants did not supersede the judgment.[15] Appellants did, however, file affidavits by Paul and a bookkeeper, Barbie Lee, claiming the companies have no equity at all.[16] They posted a $100 deposit for each company with the clerk, asserting these constituted adequate supersedeas bonds for the two companies and their missing tens of millions of cash and real estate.[17] In one of their

[11] CR 333, 351, Clerk's Record, Related Appeal.
[12] CR.193, Clerk's Record, Related Appeal.
[13] Full procedural history of the Related Appeal appears in *Receiver's Motion to Dismiss Appeal or to Remand for Findings on Validity of Purported Assignment of Interest*, No. 01-21-00284-CV (Sept. 21, 2022), granted by Order, No. 01-21-00284-CV (Sept. 22, 2022).
[14] *See, e.g.,* Order, *In re Great Value Storage, LLC, et al.,* No. 01-21-00672-CV (Dec. 23, 2021) (remanding for bond hearing, which Paul refused to comply).
[15] *See* Order, Related Appeal (Nov. 18, 2021) ("Appellant Great Value has not complied with this Court's order to have the trial court make a determination concerning supersedeas.")
[16] *See supra* (declarations), **Exhibits 8, 9, 10**.
[17] *See* Order, Related Appeal (Nov. 18, 2021) ("Great Value filed a letter stating that they intended to file a nominal $100 bond and attached a declaration by their bookkeeper asserting that Great Value had a negative net worth.").

first such motions, October 5, 2021, Appellants admitted Paul had fraudulently misappropriated $96,000, mere days after Judge Hall signed the receivership order.[18]

On December 23, 2021, this Court, for the second time, ordered Appellants to return to Judge Hall to determine the supersedeas bond.[19] Appellants did not do so, refusing to comply with an order to produce corporate asset records to Princeton for the requisite hearing.[20]

This Court conducted oral argument June 1, 2022. Princeton advocated strongly for the necessity and effectiveness of the receivership.[21]

On September 22, 2022, informed of Appellants' Settlement Agreement with Princeton, this Court remanded with instructions to effectuate the settlement agreement, if possible.[22]

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[18] *See Appellants' Emergency Motion to Stay Appointment of Receiver*, Related Appeal (Oct. 5, 2021), at 3, n.1 ("forcing the judgment debtor [Nate Paul] to remove GVS as a property manager and thereby depriving GVS of revenue from its management role."); *Appellants' Reply to Receiver's Response*, Related Appeal (Oct. 20, 2021) at 17 admitting, "allowing the debtor storage property owners [Nate Paul] to cancel the Property Management Agreement for cause.").

[19] Order*, In re Great Value Storage, LLC, et al.,* No. 01-21-00672-CV (Dec. 23, 2021).

[20] *See Princeton Capital Corp.'s Motion to Show Cause and Motion for Sanctions*, No. 2019-18855, Image No. 100524048, filed 2/22/22 (supplemental record in Related Appeal).

[21] *See, e.g.*, Appellee Princeton Capital Corp. Letter Response to Appellee's June 3, 2022 Post-Argument Letter at 6, No. 1-21-00284-CV (June 10, 2022); Appellee Princeton Capital Corp. Brf., at 48-49, No. 1-21-00284-CV (Nov. 29, 2021); Appellee Princeton Letter to Court of Appeals Clerk, at 1, No. 1-21-00284-CV (Oct. 15, 2021); *Princeton's Opposition to Appellants' Emergency Motion to Stay Appointment of Receiver*, at 3, No. 1-21-00284-CV (Oct. 13, 2021); *Appellee's Response to Appellant's Supplemental Brief Regarding Interlocutory Appeal of Receiver Order*, at 15, No. 1-21-00284-CV (Apr. 15, 2021); *Appellee Princeton Capital Corp. Letter to Court*, at 5, No. 1-21-00284-CV (Nov. 16, 2021).

[22] *Order*, Related Appeal (Sept. 22, 2022).

On March 30, 2023, this Court, formed that Princeton had been fully paid and reported distribution to the SEC, ordered the Parties to show cause whether the appeal should be dismissed for want of jurisdiction as moot.[23] On April 10, 2023, Appellants contended the appeal was not moot.[24] Princeton, having settled, took no position.[25]

<u>This Court's April 2023 Opinion</u>

On April 20, 2023, this Court entered its unanimous opinion in the Related Appeal. The Court ruled:

- Sufficient evidence supported the summary judgment;
- Sufficient evidence and justification supported the District Court's receivership order;
- Appellants' other challenges to the receivership order were procedurally defaulted;[26] and
- Appellants and their lawyers engaged in litigation misconduct.[27]

This Court denied rehearing July 27, 2023. Appellants have filed a motion for extension of time to file their petition for review in the Supreme Court.[28]

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[23] *Order,* Related Appeal (Mar. 30, 2023).
[24] *Appellants' Response to Court's March 30, 2023 Order*, Related Appeal (Apr. 10, 2023).
[25] *Princeton's Response to Court's March 30, 2023 Order*, Related Appeal (Apr. 10, 2023).
[26] Related Appeal *44 ("The second, third, and fourth issues in the appeal from the order appointing a receiver were not presented in the trial court, and thus these arguments do not comport with the complaints made in the trial court. conclude that these issues are waived, and we overrule them.") (citation omitted).
[27] Related Appeal * 7, n.3 (decrying "the litigation tactics employed in the trial court") and at *52 ("Paul refused to appear for deposition. At oral argument, counsel for Great Value and WCCG erroneously argued that they had no obligation to respond…").
[28] *Great Value Storage, LLC, et al. v. Princeton Capital Corporation*, No. 23-0722 (Tex.) (Appellants' PR deadline extended to October 11, 2023).

Multitude of "Pleas in Intervention"

Following this Court's September 22, 2022 remand order to effectuate the Settlement Agreement,[29] Paul ordered his lawyers to file pleas in intervention into 2019-18855 case on behalf of eight shell companies.[30] They argue they were completely independent companies when Receiver seized their bank accounts to claw back money embezzled by Paul. These shell companies intervened, they assert, to get their money back from improper Receiver duties, *ultra vires* from the receivership order.

Next, Paul ordered for two other corporate shells, WC 4th and Rio Grande, LP, and WC 4th and Colorado, LP, to file post-judgment pleas in interventions in the same case, 2019-18855, on the theory that Receiver improperly settled litigation involving these shells nearly two years ago, resulting in two secured creditors recovering two of Paul's commercial real estate properties.[31] Several Travis County District Court's

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[29] *Order*, Related Appeal (Sept. 22, 2022).

[30] The pleas in intervention include: (1) January 10, 2023, "Third Amended Plea in Intervention and Motion to Void Actions of Receiver," purportedly on behalf of 8 Nate Paul-controlled companies: World Class Holdings, LLC, World Class Holding Company, LLC, WC 707 Cesar Chavez, LLC, WC Galleria Oaks, LLC (should be "WC Galleria Oaks GP, LLC"), WC Parmer 93, LP, WC Paradise Cove Marina, LP, WC MRP Independence Center, LLC, and WC Subsidiary Services, LLC, amended April 21, 2023 as "Third Amended Plea in Intervention and Motion to Void Actions of Receiver;" (2) November 1, 2022, "First Amended Plea in Intervention," purportedly on behalf of Nate Paul-controlled entity, World Class Holdings, LLC.

[31] (3) November 29, 2022, "WC 4th and Colorado, LP's Plea in Intervention and Motion to Void Actions of Receiver, amended April 21, 2023 as "WC 4th and Colorado, LP's Amended Plea in Intervention and Motion to Void Actions of Receiver;" (4) October 31, 2022, "WC 4th and Rio Grande, LP's Plea in Intervention," purportedly on behalf of WC 4th and Rio Grande, LP, amended April 21, 2023 as "WC 4th and Rio Grande, LP's Amended Plea in Intervention and Motion to Void Actions of Receiver."

approved Receiver's settlements. The appeals of these two shell companies are currently before the Third,[32] Eighth,[33] and Fourteenth[34] Courts of Appeals. In the present appeal, these two shell companies seek to bring before this Court the same collateral attacks on the receivership order they have pressed in three sister appellate courts.[35]

Additional Notices of Appeal

Following this Court's July 27, 2023 rehearing denial of the Related Appeal, on August 2, 2023, the District Court: (1) approved Receiver's report of his work recovering fraudulently transferred assets; (2) commended the success of the Receiver's efforts, leading to full payment of a judgement creditor, Princeton; (3) authorized payment of Receiver's fees from funds held by U.S. Bankruptcy Court, Northern District of Texas, Dallas Division; and (4) denied all post-judgment, post-remand claims against Receiver by Paul Shell Company Appellants.[36]

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[32] *World Class Capital Group, LLC and WC 4th and Colorado, LP v. Colorado Third Street, LLC*, No. 03-22-00781-CV (Tex. App.—Austin).

[33] *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).

[34] *WC 4th and Colorado, LP v. Colorado Third Street, LLC*, No. 14-22-00764-CV (Tex. App.—Houston [14th Dist.]).

[35] Receiver's investigation revealed there are two reasons Paul files serial, repetitive lawsuits and appeals. First is to bar issuance of title policies. As long as he can keep litigation and appeals going, a title company will not issue title coverage for any of the commercial properties he lost for default to unpaid secured creditors. Consequently, the secured creditors cannot sell the properties to new investors who wish to develop them. Second, Paul uses the court system as a tool to punish perceived enemies with expensive, consuming lawsuits and appeals. *See* Receiver's Report at 21, 24, 25, 91 (**Exhibit 7**).

[36] Order, No. 2019-18855 (Aug. 2, 2023).

On August 21, 2023, Appellants and Paul Shell Company Appellants filed three notices of appeal in district court cause 2019-18855—the same cause affirmed by this Court's on April 20, 2023. These three notices of appeal are now assigned to the present cause number, 01-23-00618-CV.

III. CONTROLLING JURISDICTIONAL JURISPRUDENCE

A. An appellate court determines its jurisdiction.

"[B]efore we can reach the merits of the trial court's challenged rulings, we first must determine whether we have jurisdiction to do so."[37] "In determining whether an appellant has standing, a party's status in the trial court is not controlling. The 'ultimate inquiry is whether the appellant possesses a justiciable interest in obtaining relief from the lower court's judgment.'"[38]

Appellate jurisdiction requires legal standing. This Court most fully explained standing on appeal in the case of *Nephrology Leaders & Assocs. v. Am. Renal Assocs. LLC*:[39]

> In determining whether an appellant has standing, a party's status in the trial court is not controlling. The 'ultimate inquiry is whether the appellant possesses a justiciable interest in obtaining relief from the lower court's judgment.' Specifically, to have standing, an appellant must be personally aggrieved, meaning 'his alleged injury must be concrete and particularized, actual or imminent, not hypothetical.'

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[37] *Lee v. Lee*, 528 S.W.3d 201, 208 (Tex. App.—Houston [14th Dist.] 2017, pet. denied).

[38] *Nephrology Leaders & Assocs. v. Am. Renal Assocs. LLC*, 573 S.W.3d 912, 914 (Tex. App.—Houston [1st Dist.] 2019, no pet.) (citation omitted and quoting *Torrington Co. v. Stutzman*, 46 S.W.3d 829 (Tex. 2000) (appellate standing requires party's own interests prejudiced by alleged error)).

[39] 573 S.W.3d 912, 914 (Tex. App.—Houston [1st Dist.] 2019, no pet.) (citations omitted).

B. Texas Constitution requires an actual injury and a justiciable interest by adverse parties.

"These requirements are not 'judge-made'; they stem from the Texas Constitution's open courts provision, 'which contemplates access to the courts only for those litigants suffering an injury,' . . . ."[40]

Professor Dorsaneo explains: "Texas courts have long recognized constitutional limits on the exercise of judicial power established by the Texas Constitution. One of the primary limits on the exercise of judicial power is the prohibition against the rendition of advisory opinions. It has been repeatedly held that Article 5, § 8 of the Texas Constitution does not empower courts to render advisory opinions."[41]

"The mootness doctrine applies to cases in which a justiciable controversy exists between the parties at the time the case arose, but the live controversy ceases because of subsequent events. It prevents courts from rendering advisory opinions, which are outside the jurisdiction conferred by Texas Constitution article II, section 1."[42]

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[40] *Id.* (quoting *Tex. Ass'n of Bus. v. Tex. Air Control Bd.*, 852 S.W.2d 440, 444 (Tex. 1993) (citing Tex. Const. art. I, § 13)).

[41] Dorsaneo, William, *The Enigma of Standing Doctrine in Texas Courts*, 28 REV. LITIG. 35, 43 (2008).

[42] *Matthews v. Kountze Indep. Sch. Dist.*, 484 S.W.3d 416, 418 (Tex. 2016) (citing *Valley Baptist Med. Ctr. v. Gonzalez*, 33 S.W.3d 821, 822 (Tex. 2000) (*per curiam*).

Professor Dorsaneo also explains, "one important prerequisite to the exercise of judicial power is a requirement of a justiciable controversy—a real controversy between the parties that actually will be resolved in the litigation."[43]

Therefore, an appeal requires both an appellant and an appellee.[44] Appeals by a single party are barred by both mootness and justiciable interest doctrines.[45]

A personal stake in the outcome of a controversy must exist at the beginning of litigation and continue throughout the lawsuit's existence.[46] A case becomes moot if a controversy no longer exists or if the parties lack a legally cognizable interest in the outcome.[47] An appeal is moot when the court's action cannot affect the rights of the parties.[48]

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[43] *Id.* at 44 (citing *Nootsie, Ltd. v. Williamson County Appraisal Dist.*, 925 S.W.2d 659, 662 (Tex. 1996)).
[44] "If a controversy ceases to exist—'the issues presented are no longer 'live' or the parties lack a legally cognizable interest in the outcome'—the case becomes moot." *Williams v. Huff*, 52 S.W.3d 171, 184 (Tex. 2001) (quoting *Murphy v. Hunt*, 455 U.S. 478, 481, 102 S. Ct. 1181 (1982)).
[45] *Williams v. Huff*, 52 S.W.3d 171, 184 (Tex. 2001) ("For a plaintiff to have standing, a controversy must exist between the parties at every stage of the legal proceedings, including the appeal."); *Austin Nursing Ctr., Inc. v. Lovat*o, 171 S.W.3d 845, 849 (Tex. 2005) ("In Texas, the standing doctrine requires that there be (1) "a real controversy between the parties," that (2) "will be actually determined by the judicial declaration sought." The Texas Supreme Court further explained "Implicit in these requirements is that litigants are 'properly situated to be entitled to [a] judicial determination.' 13 Charles Alan Wright, Arthur R. Miller, and Edward H. Cooper, WRIGHT MILLER & COOPER, FEDERAL PRACTICE AND PROCEDURE: JURISDICTION 2D § 3531, at 338–39 (2d ed.1984).".
[46] *See S. Pac. Terminal Co. v. Interstate Commerce Com'n*, 219 U.S. 498, 514-16, 31 S. Ct. 279 (1911); *see also U.S. Parole Comm'n v. Geraghty*, 445 U.S. 388, 394, 398, 404, 100 S. Ct. 1202 (1980).
[47] *Allstate Ins. Co. v. Hallman*, 159 S.W.3d 640, 642 (Tex. 2005).
[48] *VE Corp. v. Ernst & Young*, 860 S.W.2d 83, 84 (Tex. 1993) (per curiam); *see also Trulock v. City of Duncanville*, 277 S.W.3d 920, 923 (Tex. App.—Dallas 2009, no pet.) (case on appeal is moot if there are no live controversies between parties); *accord Arthur v. Raborn*, No. 01-21-00072-CV, 2022 Tex. App. LEXIS 9329 (Tex. App.—Houston [1st Dist.] Dec. 22, 2022, no pet. h.) ("An issue may become moot when a party seeks a ruling on some matter which, when rendered, would not have

C. Appellate jurisdiction is not a collectivist exercise. Claims are analyzed discretely.

"Like the federal courts, we analyze standing 'claim-by-claim,' so as to 'ensure that a particular plaintiff has standing to bring each of his particular claims.'"[49] "We assess standing 'on a claim-by-claim basis,' and 'if a plaintiff lacks standing to assert one of his claims, the court lacks jurisdiction over that claim and must dismiss it.'"[50] "We therefore analyze standing on a claim-by-claim basis."[51]

For appellate jurisdiction to exist an appellant must demonstrate it has suffered some injury perpetrated by an appellee. "Under Texas law, the standing inquiry begins with determining whether the plaintiff has *personally* been injured, that is, 'he must plead facts demonstrating that he, himself (rather than a third party or the public at large), suffered the injury.'"[52]

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any practical legal effect on a then-existing controversy."); *Monakino v. State*, No. 01-14-00361-CR, 2017 Tex. App. LEXIS 11961, *4 (Tex. App.—Houston [1st Dist.] Dec. 21, 2017, no pet.) ("When there has ceased to be a controversy between the litigating parties which is due to events occurring after judgment has been rendered by the trial court, the decision of an appellate court would be a mere academic exercise and the court may not decide the appeal.") (citations omitted).

[49] *Tex. Propane Gas Ass'n v. City of Hous.*, 622 S.W.3d 791, 803 (Tex. 2021) (quoting *Heckman v. Williamson Cty.,* 369 S.W.3d 137, 153 (Tex. 2012)).

[50] *Pike v. Tex. EMC Mgmt., LLC*, 610 S.W.3d 763, 799 (Tex. 2020) (citations omitted).

[51] *Carmichael v. Tarantino Props.*, 604 S.W.3d 469, 474 (Tex. App.—Houston [14th Dist.] 2020, no pet.).

[52] *Meyers v. JDC/Firethorne, Ltd.*, 548 S.W.3d 477, 486 (Tex. 2018) (italics in original).

D. An appellate court evaluates its own jurisdiction *de novo*.

Appellate courts review their appellate jurisdiction *de novo*.[53] Appellate courts may consider jurisdiction at any point, including at the inception, as here.[54] "Matters outside the appellate record that establish justiciability, or the lack thereof, are reviewable by an appellate court."[55]

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[53] *Black v. Wash. Mut. Bank*, 318 S.W.3d 414, 416 (Tex. App.—Houston [1st Dist.] 2010, pet. dism'd w.o.j.) ("Whether a court has subject-matter jurisdiction is a question of law, subject to *de novo* review."), ("Subject-matter jurisdiction is fundamental and may be raised for the first time on appeal.") (Quoting Texas Supreme Court); *see also Badaiki v. Miller*, No. 14-17-00450-CV, 2019 Tex. App. LEXIS 1384, *4 (Tex. App.—Houston [14th Dist.] Feb. 26, 2019, no pet.) ("Lack of subject-matter jurisdiction generally bars a court from doing anything other than dismissing the suit.") (Citing *Fin. Comm'n of Tex. v. Norwood*, 418 S.W.3d 566, 578 (Tex. 2013)); *Ahmad v. State*, 615 S.W.3d 496, 500 (Tex. App.—Houston [1st Dist.] 2020, no pet.) ("Subject matter jurisdiction can be raised at any time. *Alfonso v. Skadden*, 251 S.W.3d 52, 55 (Tex. 2008) (per curiam). Subject matter jurisdiction is a question of law, which we review *de novo*. *Meyers v. JDC/Firethorne, Ltd.*, 548 S.W.3d 477, 486 (Tex. 2018).") (Landau, J., with Justices Peter Kelly and Keyes).

[54] *Allen v. United Servs. Auto. Ass'n*, No. 01-20-00305-CV, 2020 Tex. App. LEXIS 10131, *13 (Tex. App.—Houston [1st Dist.] Dec. 22, 2020, no pet.) (Countiss, J.) ("In fact, "[a] court can—and if in doubt, must—raise standing on its own at any time. And a party may challenge its opponent's standing at any stage of a proceeding.") (Citing *Meyers v. JDC/Firethorne, Ltd.*, 548 S.W.3d 477, 484 (Tex. 2018) and *Tex. Ass'n of Bus. v. Tex. Air Control Bd.*, 852 S.W.2d 440, 443-46 (Tex. 1993) (declaring standing is never presumed, cannot be waived, and may be raised for first time on appeal)).

[55] *Greer v. Janssen*, No. 01-21-00583-CV, 2023 Tex. App. EXIS 3184, at *12 (Tex. App.—Houston [1st Dist.] May 11, 2023, no pet. h.) (stating "[b]ecause the issue of mootness implicates subject-matter jurisdiction, we may take judicial notice of facts outside the record in determining whether the case is moot"); *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).

IV. FIRST GROUND FOR DISMISSAL: ALL CLAIMS PRINCETON CAPITAL MIGHT HAVE HAD AGAINST APPELLANTS WORLD CLASS CAPITAL GROUP, LLC AND GREAT VALUE STORAGE LLC WERE SETTLED PURSUANT TO THEIR GLOBAL SETTLEMENT AGREEMENT. CONSEQUENTLY, THERE IS NO "APPELLEE" IN THIS APPEAL.

This Court has received the complete mutual Settlement Agreement executed between the Parties.[56] The Amended Settlement Agreement includes a global release of all claims Princeton may have against Nate Paul individually, and his collection of corporate entities.[57] 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],"[58] and paid Princeton $11.37 million, for which Appellants declare, "Princeton has been satisfied . . . ."[59] 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."[60]

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

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

[57] 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*"). Another complete copy appears as **Exhibit 1** herein.

[58] *See* Amended Settlement Agreement, at p. 23, **Exhibit 1**.

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

[60] *Princeton's Response to Court's June 1, 2023 Order*, No. 01-21-00284-CV at 2 (June 16, 2023).

federal claims, and all state and federal claims Nate Paul, individually and his Entities, might have against Princeton.[61]

As a result of the Settlement Agreement there was no justiciable case in controversy pending in the District Court.[62] Consequently, Appellants' assertions that Princeton still has viable and meritorious claims against WCCG or GVS, or that Appellants still have derivative claims against Receiver, 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.

A. The words of the Parties provide the most relevant evidence this Court lacks subject matter jurisdiction over this appeal.

The most determinative evidence on the issue of whether this Court lacks subject matter jurisdiction as a result of the Settlement Agreement comes from the words of the Parties in the settlement documents discussed below, and their statements in pleadings, open court, and SEC filings, as set forth below. Attached as **Exhibit 1** hereto is the complete Settlement Agreement, including the mutually signed August 22, 2022

[61] Amended Settlement Agreement at 1, 8, 10, 11.

[62] "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.

"Settlement Term Sheet,"[63] which the parties explicitly integrated into the final settlement agreement, and the September 20, 2022 Amended Settlement Agreement.[64]

The plain words of the Settlement Agreement, and the integrated Settlement Term Sheet, make clear that the intention of the Parties was to provide for the payment in full to Princeton of amounts owed to it by Appellants, from funds set aside in the Dallas Bankruptcy Case: "[T]he settlement provides that Princeton will be paid $11,372,698.89 . . . in exchange for a full mutual release of the settling Defendants, including the Reorganized Debtors and WCH. . . . and provide finality to contentious and prolonged litigation," with the result that "[t]he Settlement Agreement is a clear success for the Defendants and WCH . . . while also permitting Princeton to obtain a recovery without the need for further litigation."[65]

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[63] *See* Settlement Term Sheet, attached as Exhibit 1 to the *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and Reorganized Debtors*, filed by Princeton in *In re: GVS Texas Holdings I, LLC*, Case No. 21-31121, ("Dallas Bankruptcy Case") pending in the U.S. Bankruptcy Court for the Northern District of Texas, Dallas Division ("Dallas Bankruptcy Court"), filed at Doc. No. 1358 on Aug. 27, 2022 ("Princeton Motion to Approve Settlement") (highlights added by Receiver), **Exhibit 1**.

[64] Three settlement documents were ultimately executed by the Parties: (1) the August 22, 2022 Settlement Term Sheet ("Settlement Term Sheet"); (2) the September 2, 2022 Settlement, Assignment and Acceptance Agreement ("Settlement Agreement"); and (3) the September 20, 2022 Amended and Restated Settlement, Assignment and Acceptance Agreement ("Amended Settlement Agreement"). Therefore, the Parties' "Settlement Agreement," as referred to herein, consists of two executed documents: (1) the August 22, 2022 Settlement Term Sheet ("Settlement Term Sheet"), and (2) the September 20, 2022 Amended and Restated Settlement, Assignment and Acceptance Agreement ("Amended Settlement Agreement"), **Exhibits 1, 2**.

[65] *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and Reorganized Debtors*, at 3, *In re: GVS Texas Holdings I, LLC*, No. 21-31121-mvl11, Doc. No. 1358 (Aug. 27, 2022), **Exhibit 1** (highlights added by Receiver). On September 2, 2022, Paul-Controlled Reorganized Debtors filed in the Dallas

On August 27, 2022, Princeton told the Dallas Bankruptcy Court, "The Settlement Term Sheet serves as the basis for the forthcoming Settlement Agreement."[66] Princeton proclaimed, "The Settlement Agreement is a clear success for the Defendants and WCH . . . while also permitting Princeton to obtain a recovery without the need for further litigation."[67] "[T]he settlement provides that Princeton will be paid $11,372,698.89 . . . in exchange for a full mutual release of the settling Defendants, including the Reorganized Debtors and WCH. . . . and provide finality to contentious and prolonged litigation."[68] "As a result, Princeton asserts that the consideration for the settlement is fair, reasonable, ... [and for] the benefit of all parties and the interest of all stakeholders involved, ..."[69] "WCH and Princeton have engaged in good faith, and ultimately, successful settlement discussions, which culminated in the execution of that certain *Settlement Term Sheet* on August 22, 2022. . . . The Settlement Term Sheet is binding . . . ."[70] "$11,372,698.89 . . . will be used to fund

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Bankruptcy Case its *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors*, Doc. No. 1383, **Exhibit 2** (highlights added by Receiver) ("Debtors Motion to Approve Settlement"). This motion was approved by the Dallas Bankruptcy Court in the *Order Granting Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors* on September 20, 2022, at Doc. 1422 ("Order Approving Settlement with Princeton"). The Receiver filed an appeal from the Order Approving Settlement with Princeton. That appeal is presently inactive.

[66] Princeton Motion to Approve Settlement, at n.2, **Exhibit 1** herein (highlights added by Receiver).

[67] *Id.* at 3.

[68] *Id.*

[69] *Id.* at 4.

[70] *Id.* at 7.

the settlement of the Judgment."[71] "The Settlement Agreement evidences a business deal among the parties, ending multiple contentious and expensive litigation proceedings, . . . which all carry substantial business risk . . . . thereby ending years long disputes . . . ."[72]

B. The Settlement Agreement explicitly incorporated the Settlement Term Sheet, in which the Parties mutually pledged—in return for full payment to Princeton and full release of Appellants—that Princeton would file pleadings in several state and federal courts, including this Court, supporting Appellants' opposition to the Receiver.

The Parties explicitly integrated their mutually signed Settlement Term Sheet into the Settlement Agreement. The Settlement Agreement contains the following provisions incorporating the Settlement Term Sheet, "which shall remain in force and effect."[73]

> **WHEREAS**, on August 22, 2022, Princeton and the Great Value Parties executed that certain settlement term sheet providing for the resolution of claims and issues between such parties and separately contemplated the negotiation and execution of a note purchase agreement in furtherance of that resolution. The terms and conditions in this Agreement are the culmination of the negotiations over such note purchase agreement and is new and separate from the settlement agreement discussed in the term sheet;

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[71] *Id.* at 8.

[72] *Id.* at 11.

[73] *See* Amended Settlement Agreement, at 3, 12, **Exhibit 1** herein and Exhibit 1 to the Order Approving Princeton Settlement (highlights added by Receiver); *see also* Debtors Sept. 20, 2022 Motion to Approve Settlement, Doc. No. 1383, at 3, 18 **Exhibit 2** (highlights added by Receiver); *see also* Settlement Term Sheet, at 4, Exhibit 1 to Princeton Motion to Approve Settlement, **Exhibit 1** herein (highlights added by Receiver).

c. No failure or delay by any party hereto in exercising any right, power, or privilege hereunder or under that settlement term sheet dated August 22, 2022 (the "Settlement Term Sheet") shall operate as a waiver thereof, with all such rights, powers or privileges being expressly preserved, and any waiver of any breach of the provisions of this Agreement shall be without prejudice to any rights with respect to any other or further breach thereof or under the Settlement Term Sheet, which shall remain in force and effect.

Mr. Paul and Princeton signed and executed the Settlement Term Sheet:[74]

The foregoing is agreed to by the Parties as of August 22, 2022.

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Princeton Capital Corporation

010-9429-4541/15/AMERICAS

GVS Texas Holdings I, LLC and its related entities

The foregoing is agreed to by the Parties as of August 22, 2022.

Princeton Capital Corporation

GVS Texas Holdings I, LLC and its related entities

World Class Holdings I, LLC

[74] *See* Settlement Term Sheet, Exhibit 1 to Princeton Motion to Approve Settlement, **Exhibit 1** herein (highlights added by Receiver).

Upon payment, the Settlement Term Sheet required Princeton to file a motion in Hon. Judge Ursula Hall's court to terminate the receivership:[75]

> 4. Following the release of the Settlement Amount to Princeton in accordance with the Order, Princeton agrees to file a motion (the "Princeton Receiver Termination Motion") in *Princeton Capital Corporation vs Great Value Storage LLC, et al* pending in the 165th District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Lawsuit") seeking the immediate termination of the order appointing Seth Kretzer as Receiver (the
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> "Receivership Order"), and the receivership in accordance with Texas state law and a determination of the amounts to be paid to Seth Kretzer (the "Receiver"), if any, under the Receivership Order. Nothing herein or the Order shall prevent the World Class Entities, defined below, from opposing any payments to Kretzer. Princeton agrees to litigate such motion in good faith and on an expedited basis. Unless compelled to do so by the court, Princeton agrees it will make no statement regarding the amount of fees to be awarded. Further, for the avoidance of doubt, the failure of the court that appointed the Receiver to act quickly on the request to terminate the receivership shall not constitute a default under this Agreement.

Upon payment, the Settlement Term Sheet also required Princeton to "support motions by World Class Entities" to block Receiver's discovery motions and subpoenas in the 15 pending bankruptcy cases involving entities ultimately owned by Paul, pending in the U.S. Bankruptcy Court for the Western District of Texas, Austin Division ("Austin Bankruptcy Cases"), in which all but one of Paul's debtor entities were facing

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[75] *See* Settlement Term Sheet, pp. 1-2, Exhibit 1 to Princeton Motion to Approve Settlement, and p. 9 of Princeton Motion to Approve Settlement, **Exhibit 1** herein (highlights added by Receiver).

so called "death penalty" sanctions[76] for failing to produce documents[77] in response to Receiver's subpoenas:[78]

> 6. Princeton agrees to have its counsel support motions by World Class Entities to temporarily abate all pending discovery in connection with the Receiver's claims in the bankruptcy cases of World Class Entities pending in the Bankruptcy Court for the Western District of Texas and make a representation at the August 22, 2022 hearing before Judge Davis confirming that the Parties have executed a Settlement Term Sheet which is subject to the execution of a formal settlement agreement and the approval of the Bankruptcy Court for the Northern District of Texas, and the funding of the settlement, and that Princeton supports temporary abatement of the pending actions and discovery until the Closing of this settlement and the funding of the Settlement Amount to Princeton.

Upon payment, the Settlement Term Sheet also required Princeton to "support the Judgment Debtors (World Class Capital Group, LLC and Great Value Storage, LLC) . . . and any related or affiliated entities (collectively the 'World Class Entities') in their efforts to abate all actions by the Receiver . . . to compel the Receiver to cease exercising authority over all World Class Entities and to compel the Receiver to return properties and money taken or transferred by Receiver . . . .":[79]

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[76] *See* Tr. Motions Hearing ("Austin Bankruptcy Court Show Cause Hearing"), at 12, *In re: 6th and San Jacinto, LLC*, No. 21-10942-tmd (Aug. 22, 2022), U.S. Bankruptcy Court, Western District of Texas, Austin Division ("The Austin Bankruptcy Court"), **Exhibit 5** (highlights by Receiver). Among the purposes for the hearing was for the Court to address the continued refusal of Nate Paul to produce relevant financial documents and records ordered for months, leading to contemplated so called "death penalty" sanctions. (Court: "I'm going to make available the entire range of sanctions that are available, including the death penalty sanction, which is to say that Mr. Paul is not going to get a penny out of any of these estates, ...").

[77] The Court will find nine *Orders to Show Cause* by Austin Bankruptcy Court attached as Exhibit 1 to Receiver's September 21, 2022 Opposition Response to Princeton's Rule 29.3 Emergency Motion for a Temporary Stay of the Receivership, Related Appeal, No. 01-21-00284-CV.

[78] *See* Settlement Term Sheet, at 2, Exhibit 1 to Princeton Motion to Approve Settlement, **Exhibit 1** (highlights added by Receiver).

[79] *See* Settlement Term Sheet, pp. 2-3, Exhibit 1 to Princeton Motion to Approve Settlement, and p. 10 of that motion, **Exhibit 1** herein (highlights added by Receiver).

> 9. After the Closing and Princeton's receipt of the Settlement Amount, Princeton will support the Judgment Debtors (World Class Capital Group LLC and Great Value Storage LLC), the Great Value Parties and any related or affiliated entities (collectively the "World Class Entities") in their efforts to abate all actions by the Receiver, including all discovery in all actions, to obtain the withdrawal of all the Receiver's proofs of claims, to compel the Receiver to cease exercising authority over all World Class Entities, to stop or reverse the Receiver's dismissals of lawsuits on behalf of World Class Entities and to compel the Receiver to return properties and money taken or transferred by the Receiver purportedly
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> in connection with the Receiver's collection of the Princeton Judgment. The term "support" as used in this paragraph shall be limited to jointly filing pleadings seeking such relief with the appropriate World Class Entities and attending hearings on such pleadings to announce its support of the relief sought. Princeton reserves all rights to review, revise, or reject any pleading to which its name will be attached as a movant. If the parties cannot agree on the form of a pleading, the World Class Entities are not entitled to invoke Princeton's name as a movant on such pleading.

This ongoing obligation of cooperation and support by Princeton is why this Court never received a motion to dismiss appeal in 01-21-00284-CV by Princeton, and likely will not receive a motion to dismiss by any of the Parties in this present appeal. Princeton, however, has informed this Court, "Princeton is no longer a party to the Note Purchase Agreement that is the subject of the trial court's judgment and appeal, . . . issues related to Appellants, . . . and the Receiver, ... will not have any effect on Princeton or its final settlement."[80] In other words, Princeton is not an Appellee in this appeal with any justiciable interest for this Court to adjudicate.

[80] Princeton's Response to Court's June 1, 2023 Order, Related Appeal (June 16, 2023), at 1-2.

C. Princeton also informed the Securities and Exchange Commission that it "entered into a settlement," and later "closed the settlement and received $11,372,699," by which it "received payment in full."

In its June 30, 2022 Form 10-Q Report and its September 2, 2022 Form 8-K Report, Princeton informed the SEC it had executed a settlement agreement in return for full payment and resolution. On page 28 of its June 30, 2022 report, filed August 12, 2022, Princeton Capital's Chief Executive Officer reported, "On June 30, 2021, the Company filed a Motion for Post-Judgment Receivership to appoint a receiver to the court ***to collect the judgment on our behalf***. On September 8, 2021, the court granted the appointment of a receiver."[81] Princeton Capital assigned a fair value to its note in this case of $4,854,720.[82]

Only 28 days later, on page 1 of its September 2, 2022 report, Princeton's CFO reported to the SEC, "On September 2, 2022, the Company, Natin Paul (on behalf of himself individually and on behalf of all entities that he either owns or controls), . . . (including certain Promissory Notes) ***that were the subject of the State Litigation***, entered

[81] Princeton Capital Corp, Form 10-Q, Filed 08/12/22 for the Period Ending 06/30/22, Securities and Exchange Commission (Wash. D.C.) at 28 (signed by Mr. Mark S. DiSalvo, Interim Chief Executive Officer) (Emphasis added). The report is available at: https://ir.princetoncapitalcorp.com/all-sec-filings/content/0001213900-22-047395/0001213900-22-047395.pdf.
[82] *Id.* at 8.

into a ***settlement***, assignment and acceptance agreement . . . pursuant to which, . . . the Assignee will pay to the Company the amount of $11,372,698.89."[83]

And on March 30, 2023, Princeton filed its Annual Report (Form 10-K) with the SEC.[84] Princeton informed the SEC, "On October 7, 2022, the Company ***closed the settlement and received $11,372,699***."[85] "The Company ***received payment in full*** on October 7, 2022."[86]

D. Appellants also told the Dallas Bankruptcy Court that "The Settlement Agreement is the product of extensive negotiations between Defendants and Princeton," and "provides immediate certainty and finality with respect to the outcome of contentious and expensive litigation with Princeton."

Appellants explained to the Dallas Bankruptcy Court that they had settled with Princeton. Attorney Sheena Paul testified both as counsel for her client and brother, Nate Paul, and for Appellant, WCCG.[87] Significantly, the same law firm (Squire Patton Boggs)

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[83] Princeton Capital Corp, Form 8-K, Filed 09/09/22 for the Period Ending 09/02/22, Securities and Exchange Commission (Wash. D.C.) at 1 (signed by Mr. Gregory J. Cannella, Chief Financial Officer) (emphasis added). Available at: https://ir.princetoncapitalcorp.com/all-sec-filings/content/0001213900-22-055043/0001213900-22-055043.pdf.

[84] 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 1 (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.

[85] *Id.* at 20, F-34 (emphasis added).

[86] *Id.* at 26 (emphasis added).

[87] Declaration of Sheena Paul (filed in the Dallas Bankruptcy Case), *In re: GVS Texas Holdings I, LLC*, No. 21-31121-mvl11, Doc. No. 1406, at 2 (Sept. 13, 2022) ("Declaration of Sheena Paul"), **Exhibit 3** (highlights added by Receiver); *See* Transcript of Deposition of Sheena Paul ("Sheena Paul Depo."), **Exhibit 4**, at 7:18 – 10:7; 14:21 – 15:24.

represents Appellants and various Paul-controlled entities.[88] The law firm perceives no conflict of interest because they are all owned and controlled by Paul.

Ms. Paul told the Dallas Bankruptcy Court, "The Settlement Agreement is the product of extensive negotiations between Defendants and Princeton," and "provides immediate certainty and finality with respect to the outcome of contentious and expensive litigation with Princeton."[89] "[T]his ensures that Princeton -- there are – there's no further litigation, or no further actions that need to be taken by Princeton to resolve the open litigation or no matters between the Reorganized Debtors debts and Princeton."[90] "And, so, over the course of several weeks of negotiation, this was the deal the parties were able to reach."[91]

Appellants, through Paul-controlled entities, further told the Dallas Bankruptcy Court, "For years, Princeton and the Defendants have disputed whether Princeton is entitled to a pecuniary recovery . . . spawning litigation in several courts including before this Court. . . . The Settlement Agreement is a testament to the Parties' determination and discipline to put aside their differences and negotiate a mutually agreeable settlement."[92] "The Settlement Agreement is a clear success for the Reorganized Debtors, Princeton, the

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[88] **Exhibit 4**, Sheena Paul Depo. at 13:16-22.
[89] Declaration of Sheena Paul, at 6 (Sept. 13, 2022), **Exhibit 3** (highlights added by Receiver).
[90] **Exhibit 4**, Sheena Paul Depo. at 64:14-18.
[91] **Exhibit 4**, Sheena Paul Depo. at 68:18-21.
[92] Debtors Motion to Approve Settlement, at 3, **Exhibit 2** (highlights added by Receiver).

Defendants, and WCH . . . permitting Princeton to obtain a recovery without the need for further extensive and expensive litigation."[93] "Settlement Term Sheet. . . . shall remain in force and effect."[94]

The Parties should be taken at their words in court and to the SEC. The Parties negotiated and signed an enforceable settlement agreement, containing a binding Settlement Term Sheet, and paid and received $11.37 million, the full amount owed, to bring the litigation to a close.

E. The Texas Supreme Court—and this Court—prohibit attempts to manufacture standing and continue litigation when there no longer remains any justiciable appellate controversy.

"The parties may not create a justiciable interest by agreement."[95]

Disregarding the principle that parties cannot collusively manufacture standing where none exists, Appellants seek to name settled Princeton as "Appellee" as means to fix the obvious mootness deficiency.[96] In other words, Appellants are trying to advance a

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[93] *Id.*

[94] *Id.* at 18. The Debtors Motion to Approve the Settlement Agreement, with the Settlement Term Sheet incorporated, was filed by the law firm Squire Patton Boggs, which also represents Appellants before this Court. The law firm evidently believes there is no conflict of interest because all of the Appellant entities involved are ultimately owned and controlled by Paul.

[95] 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)).

[96] *See* Docket Sheet, No. 01-23-0068-CV (designating Princeton as "Appellee" per Appellants' appeal notices). The Parties signed the Settlement Agreement on September 2, 2022, and the revised version, with terms imposed by the Dallas Bankruptcy Court, on September 20, 2022. *See* **Exhibit 4**, Sheena Paul Depo. at 47:1-11.

position in which the Appellee (Princeton) has no standing—because it has been satisfied in full. Appellants assert standing on a debt that no longer exists.

The Texas Supreme Court holds such faux standing attempts to be illegal:

> The requirement in this State that a plaintiff have standing to assert a claim derives from the Texas Constitution's separation of powers among the departments of government, which denies the judiciary authority to decide issues in the abstract, and from the Open Courts provision, which provides court access only to a "person for an injury done him". A court has no jurisdiction over a claim made by a plaintiff without standing to assert it. For standing, a plaintiff must be personally aggrieved; his alleged injury must be concrete and particularized, actual or imminent, not hypothetical.[97]

"Texas courts have long held that an appealing party may not complain of errors that do not injuriously affect it or that merely affect the rights of others."[98]

The hallmark case from this Court is *Salazar v. HPA Tex. Sub 2016-1, LLC*,[99] a doctrinal case quoting from the Fourteenth Court of Appeals' decision in *Alarcon v. Velazquez*:[100]

> "Only the party whose primary legal right has been breached may seek redress for the injury." *Alarcon v. Velazquez*, 552 S.W.3d 354, 359 (Tex. App.—Houston [14th Dist.] 2018, pet. denied). "Without a breach of a legal right belonging to a specific party, that party has no standing to litigate." *Id.*

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[97] *DaimlerChrysler Corp. v. Inman*, 252 S.W.3d 299, 304-05 (Tex. 2008) (citations omitted).

[98] *Torrington Co. v. Stutzman*, 46 S.W.3d 829, 843 (Tex. 2000).

[99] No. 01-19-00330-CV, 2020 Tex. App. LEXIS 10279, *10 (Tex. App.—Houston [1st Dist.] Dec. 29, 2020, pet. denied).

[100] 552 S.W.3d 354, 359 (Tex. App.—Houston [14th Dist.] 2018, pet. denied); *accord Morlock, L.L.C. v. Bank of N.Y.*, 448 S.W.3d 514, 520 (Tex. App.—Houston [1st Dist.] 2014, no pet.) ("It is a fundamental rule of law that only the person whose primary legal right has been breached may seek redress for an injury.").

None of Appellants' current notices of appeal can overcome an unchangeable circumstance: Paul signed a settlement agreement, 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 controlled by Paul],"[101] and paid Princeton $11.37 million, for which Appellants declare, "Princeton has been satisfied . . . ."[102]

F. Appellants cannot swap Receiver in place of Princeton as Appellee to manufacture jurisdiction.

Appellants (GVS and WCCG) cannot swap Receiver in place of Princeton and establish justiciability, mootness, or case-in-controversy. They have already told this Court the Receiver is not a party to this litigation:[103]

> This Court did not invite the Receiver—a non-party who has been subject to a stay order since October 6, 2022—to file any of these pleadings. Rather, the Court ordered **the parties** to file a response to the March 30, 2023 Order **indicating why this Court should not dismiss the appeal for want of jurisdiction**. Likewise, the Court ordered **the parties** to file quarterly status reports. Despite clear orders from the Court, non-party Receiver filed a response brief in support of dismissing the appeal . . . .

For purpose of this appeal, Receiver is neither appellant nor appellee and cannot be swapped for Princeton to manufacture jurisdiction.[104]

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[101] *See* Amended Settlement, at p. 23, **Exhibit 1**.
[102] Appellants / Defendants' *Post-Hearing Submission* at 7, No. 2019-18855 (Mar. 10, 2023).
[103] *Appellant's Motion to Strike*, Related Appeal (Apr. 13, 2023), at 2 (emphases in original).
[104] *Accord Trump v. Clinton*, 626 F. Supp. 3d 1264, 1319 (S.D. Fla. 2022) ("At its core, the problem with Plaintiff's Amended Complaint is that Plaintiff is not attempting to seek redress for any legal

Further, Judge Hall's August 2, 2023 order does not prescribe—or proscribe—any conduct by either Appellant. "[F]or a party of record to have standing on appeal, its interests must be prejudiced by the trial court's decision."[105] Since the August 2, 2023 order does not require either former judgment debtor to do anything, neither Appellant can demonstrate standing in this Court.

V. SECOND GROUND FOR DISMISSAL: PAUL IS ATTEMPTING A DISGUISED AND IMPERMISSIBLE MOTION FOR REHEARING OF THIS COURT'S APRIL 20, 2023 PANEL OPINION, AND JULY 27, 2023 ORDER DENYING REHEARING, IN THE RELATED APPEAL: NO. 01-21-00284-CV. AN APPELLATE COURT HAS NO JURISDICTION TO GRANT REHEARING OF A DECISION BY MEANS OF A SEPARATE APPEAL FILED BY THE LOSING APPELLANTS.

In the Related Appeal, this Court affirmed the final judgment and receivership order. This Court found justification for the receivership and that the remaining challenges to the receiver's fees and duties were procedurally defaulted:

> [T]hey argue that the trial court abused its discretion by setting the receiver's fees in advance in the order appointing a receiver and without requiring evidence to establish the reasonableness of the fee.[106]
>
> The second, third, and fourth issues in the appeal from the order appointing a receiver were not presented in the trial court, and thus these arguments do not comport with the complaints made in the trial court. We conclude that these issues are waived, and we overrule them.[107]

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harm; instead, he is seeking to flaunt a two-hundred-page political manifesto outlining his grievances against those that have opposed him, and this Court is not the appropriate forum.").

[105] *Gore Family Ltd. P'ship, Ltd. v. Gore*, No. 01-17-00165-CV, 2018 Tex. App. LEXIS 5269, *5 (Tex. App.—Houston [1st Dist.] July 12, 2018, no pet.) (citing *NXCESS Motor Cars, Inc. v. JPMorgan Chase Bank, N.A.*, 317 S.W.3d 462, 465-466 (Tex. App.—Houston [1st Dist.] 2010, pet. denied).

[106] Related Appeal at 43 (citation omitted).

[107] *Id.* at *44.

The Court denied rehearing July 27, 2023. On August 21, 2023 Appellants filed another notice of appeal, from the same judgment and receivership order, challenging the same issues already rejected by this Court. In effect, Appellants seek another motion for rehearing.

The jurisdictional problem is that the Receiver's fee is based on a sum of money that Appellants chose to pay by way of settlement. "Usually, when a judgment debtor voluntarily pays and satisfies a judgment rendered against him, the cause becomes moot."[108] "'This rule is intended to prevent a party who voluntarily pays a judgment from later changing his mind and seeking the court's aid in recovering payment.'"[109] By paying the judgment in full via the Settlement Agreement, Appellants are barred by the mootness doctrine from challenging Receiver's fees, which are entirely derivative of: (1) the affirmed judgment and receivership order, and (2) the amount of the judgment paid.

Appellants explained precisely this point to the Dallas Bankruptcy Court, seeking approval of the Settlement Agreement, assuring that Princeton would be paid in full, and the Receiver would be derivatively fully compensated in accordance with Judge Hall's order:

> "The receiver's fee is **25%** of what's recovered. **What will be recovered is $11.3 million**.

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[108] *Riner v. Briargrove Park Prop. Owners, Inc.*, 858 S.W.2d 370, 370 (Tex. 1993) (per curiam) (citing *Highland Church of Christ v. Powell*, 640 S.W.2d 235, 236 (Tex. 1982)).
[109] *J & J Container Mfg., Inc. v. Cintas-R. U.S., L.P.,* No. 01-14-00933-CV, 2015 Tex. App. LEXIS 10330, *4 (Tex. App.—Houston [1st Dist.] Oct. 6, 2015, no pet.) (quoting *Riner,* 858 S.W.2d at 370).

. . .
"In addition, the receiver is fully empowered by Judge Hall to do the work that it needs to do to recover its fees and has been doing that work.[110]

In other words, not only did Appellants moot the case by choosing to make full settlement payment, but they also specifically urged the same rationale as to the derivative calculation of Receiver's fees to the Bankruptcy Judge who approved the settlement, assuring her that Judge Hall's receivership order will not be affected by the Settlement Agreement. Yet now Appellants seek to contradict, through the same law firm (Squires Patton), precisely the rationale presented to the Bankruptcy Court, means of appealing, yet again, to this Court, against the receivership order.

Moreover, Texas Rule of Appellate Procedure 49 bars a second disguised rehearing motion.[111] This Court denied Appellants' motion for rehearing July 27 without modifying its judgment or opinion. Rehearing is therefore at an end.[112] The law of the case doctrine narrows the issues in successive stages of the litigation, achieving uniformity of decision as well as judicial economy and efficiency.[113]

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[110] Hon. Ms. Sarah K. Rathke, Squire Patton Boggs, Defendant Counsel, Dallas Bankruptcy, Tr. Aug. 29, 2022, at 49 (emphasis added), **Exhibit 6**.

[111] Tex. R. App. P. 49.4 ("After a court decides a motion for rehearing, a further motion for rehearing may be filed within 15 days of the court's action if the court: (a) modifies its judgment; (b) vacates its judgment and renders a new judgment; or (c) issues a different opinion.").

[112] *In re Roberts*, Nos. 01-21-00561-CV, 01-21-00562-CR, 2021 Tex. App. LEXIS 10150, *2 (Tex. App.—Houston [1st Dist.] Dec. 28, 2021, no pet. h.) (quoting *Mapco, Inc. v. Forrest*, 795 S.W.2d 700, 702 (Tex. 1990) ("A second motion for rehearing is not authorized by the rules and is a nullity. . .") (internal quotations marks omitted).

[113] *See Briscoe v. Goodmark Corp.*, 102 S.W.3d 714, 716 (Tex. 2003) (Explaining the law of the case doctrine, whereby courts of appeals are ordinarily bound by their prior decisions if there is a

VI. THIRD GROUND FOR DISMISSAL: THE COURT LACKS JURISDICTION OVER THE POST-JUDGMENT, POST-SETTLEMENT, CLAIMS BY EIGHT OTHER PAUL SHELL COMPANY APPELLANTS AGAINST RECEIVER'S DUTIES OR FEES.

This ground for dismissal pertains to the notice of appeal filed by eight other Paul Shell Company Appellants, purported "Bank Account Intervenors."[114]

A. To establish jurisdiction for their post-judgment, post-settlement, post-remand, interventions, Paul Shell Company Appellants would have to prove this Court: (1) reversed Princeton's judgment, or (2) vacated the receivership order. Neither occurred.

After issuing 120 subpoenas for banking, corporate, and tax records, Receiver's investigation revealed Paul and his aides embezzled and siphoned tens of millions of dollars through hundreds of shell companies and bank accounts by more than 60,000 undocumented wire transfers.[115] Receiver recovered a portion of these fraudulently transferred funds from these eight Paul Shell Company Appellants. After this Court's September 22, 2022 remand in the Related Appeal, Paul ordered his lawyers to file "pleas

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subsequent appeal in the case. The doctrine is based on public policy aimed at putting an end to litigation. The doctrine mandates that the ruling of the appellate court on a question of law that is raised on appeal will be regarded as the law of the case in all subsequent proceedings unless clearly erroneous.) (Citation to quoted treatise omitted). "Under this doctrine, a court of appeals will ordinarily be bound by its initial decision if there is a subsequent appeal in the case." *Brown & Brown of Tex., Inc. v. Omni Metals, Inc.*, 317 S.W.3d 361, 373 (Tex. App.—Houston [1st Dist.] 2010, pet. denied).

[114] World Class Holdings, LLC, World Class Holding Company, LLC, WC 707 Cesar Chavez, LLC, WC Galleria Oaks, LLC (should be "WC Galleria Oaks GP, LLC"), WC Parmer 93, LP, WC Paradise Cove Marina, LP, WC MRP Independence Center, LLC, and WC Subsidiary Services, LLC.

[115] Receiver's Report, *supra*.

in intervention" for these shells against Receiver to seek these funds. Judge Hall dismissed.[116]

The Court lacks jurisdiction to consider these post-judgment pleas in intervention. "[A] plea in intervention comes too late if filed after judgment and may not be considered unless and until the judgment has been set aside."[117]

The judgment has not been set aside. Princeton successfully defeated appellate challenges to liability and damages on appeal.[118] Paul waited to direct his subsidiary companies to "intervene" only after settlement, payment, and remand. The interventions are moot.

These front companies cannot have "independent" claims against the Receiver, who recovered fraudulently transferred money during the receivership. Any such claims are derivative of Princeton's judgment enforcement claims against Appellants WCCG and GVS, now settled. This Court has explained the consequence of settlement is to end litigation.[119]

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[116] Order, No. 2019-18855 (Aug. 2, 2023) at 4.
[117] *First Alief Bank v. White*, 682 S.W.2d 251, 252 (Tex. 1984).
[118] Memorandum Opinion, Related Appeal, *3 and *53 ("We affirm both the trial court's judgment and the order appointing a receiver.").
[119] *J & J Container Mfg., Inc. v. Cintas- R. U.S., L.P.*, No. 01-14-00933-CV, 2015 Tex. App. LEXIS 10330, *4 (Tex. App.—Houston [1st Dist.] Oct. 6, 2015, no pet.) ("Usually, when a judgment debtor voluntarily pays and satisfies a judgment rendered against him, the cause becomes moot." *Riner v. Briargrove Park Prop. Owners, Inc.*, 858 S.W.2d 370, 370 (Tex. 1993) (per curiam) (*citing Highland Church of Christ v. Powell*, 640 S.W.2d 235, 236 (Tex. 1982)). 'This rule is intended to prevent a party who voluntarily pays a judgment from later changing his mind and seeking the court's aid in recovering payment.' *Id.*".

Breazeale v. Casteel is the lead case that post-judgment intervention is timely when the intervenor *does not* seek to attack the substance of the final judgment.[120] In *Breazeale,* a judgment creditor filed a turnover motion against the judgment debtor after he obtained a judgment against an insurance company in an unrelated lawsuit.[121] Assignees of the debtor's interest in the judgment filed petitions to intervene in the creditor's lawsuit. *Breazeale* held that "intervention is not necessarily barred after the trial court has rendered final judgment where the intervenor does not attack the substance of the judgment itself, but merely seeks to protect his interest in property that is the subject of a turnover motion."[122]

By contrast, Paul Shell Company Appellants, all controlled by Paul, directly attack the receivership order, now affirmed, by claiming the receivership order violates due process, impermissibly permitting Receiver's recovery of fraudulently transferred funds from Paul shells. Faced with this Court's opinion upholding that order, no rule of jurisdiction permits Paul Shell Company Appellants to reenter by some back door post-settlement, post-judgment, post-remand, "plea in intervention" and challenge the merits of the receivership order again.

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[120] 4 S.W.3d 434 (Tex. App.--Austin 1999, pet. denied)
[121] *Id.* at 435
[122] *Id.* at 437.

In *In re Abira Med. Labs., LLC*, the Fourteenth Court of Appeals explained, "Because the trial court did not have subject matter jurisdiction over the pleas in intervention, the orders . . are void."[123]

The Dallas Court of Appeals dismissed similar appeals by post-judgment "intervenors" without standing because *Breazeale* did not apply.[124]

The Dallas Court of Appeals reached the same result in *Gore v. Peck*: "Because appellant did not timely file his plea in intervention and the trial court did not set aside the judgment, he was not a party to the suit and does not have standing to pursue this appeal."[125]

Similar is the El Paso Court of Appeals holding in *Attorney General v. Casner*:[126]

The Paul Shell Company Appellants cannot seek coercive or declaratory relief against Receiver for return of funds.[127] Indeed, a declaratory judgment granting any of

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[123] No. 14-17-00841-CV, 2018 Tex. App. LEXIS 1383, *5 (Tex. App.—Houston [14th Dist.] Feb. 22, 2018, no pet.) (citation omitted).
[124] 182 S.W.3d 465, 469 (Tex. App.--Dallas 2005, no pet.) (dismissing appeal) ("Unlike the intervenors in *Breazeale*, and contrary to Hampton's argument, Malone sought to alter the underlying judgment in this case . . . .").
[125] 191 S.W.3d 927, 929 (Tex. App.—Dallas 2006, no pet.). Other cases reach the same jurisdictional result: *Storck v. Tres Lagos Prop. Owners Ass'n*, No. 06-16-00001-CV, 2016 Tex. App. LEXIS 10984, *9 (Tex. App.—Texarkana Oct. 7, 2016, no pet.) (dismissing appeal "[b]ecause Wright's petition for intervention was filed after the trial court's plenary power expired, and because the *Breazeale/Lerma* exception does not apply…").
[126] 224 S.W.3d 216, 221 (Tex. App.—El Paso 2004, no pet.) (petition in intervention 183 days after rendition of its final judgment) (petition in intervention 183 days after final judgment).
[127] *State ex rel. McKie v. Bullock*, 491 S.W.2d 659, 660 (Tex. 1973) (per curiam) (Because it was procedurally impossible for the trial court to award any of these intervenors any "suitable coercive relief," it would be "improper for the trial court to grant declaratory relief.").

the declarations they prayed for would be an unconstitutional advisory opinion because a suit seeking only a "naked declaration," unaccompanied by a request for any other injunctive or legal relief, "is clearly not within the jurisdiction of a Texas court sitting in equity."[128]

Succinctly, Paul Shell Company Appellants could obtain jurisdiction only if they were genuinely independent third-party entities, and this Court had: (1) reversed Princeton's judgment, or (2) reversed the receivership order. As this Court did neither, there is no jurisdiction to consider Paul Shell Company Appellants' intervention claims.

B. The Settlement Agreement bars Paul's Shell Company Appellants from asserting claims against Receiver which are derivative from Princeton's settled claims against Appellants.

Moreover, any such claims are derivative of Princeton's claims against Appellants WCCG and GVS, which have been settled and paid. A consequence of settlement is to end litigation. Judge Hall's receivership order served one purpose only: to enforce her final judgment requiring Appellants to pay Princeton. "Under receivership law generally, a receiver is an officer of the court, the medium through which the court acts."[129] Appellants seek an order nominally directed at Judge Hall's Receiver but substantively aimed at reversing the Court's opinion and rehearing denial in the Related Appeal. This

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[128] *State v. Morales*, 869 S.W.2d 941, 942 (Tex. 1994).
[129] *M&E Endeavours LLC v. Air Voice Wireless LLC*, Nos. 01-18-00852-CV, 01-19-00180-CV, 2020 Tex. App. LEXIS 690, *12 (Tex. App.—Houston [1st Dist.] Aug. 27, 2020, no pet.).

is precisely why, September 22, 2022, this Court remanded for two—and only two—unequivocal tasks: "We abate this appeal and remand this case to the trial court [1] to allow the parties to effectuate, if possible, the parties' settlement agreement and [2] to wind down the receivership, as necessary."[130] Paul Shell Company Appellants' "pleas in intervention" are designed to block those two tasks.[131] Nevertheless, the District Court's August 2, 2023 order accomplished these two objectives. There is no appellate jurisdiction for any action by Appellants other than to file their petition for review in the Related Appeal, which they have initiated.[132]

VII. FOURTH GROUND FOR DISMISSAL: THE COURT LACKS JURISDICTION OVER ANY CLAIMS BY PAUL SHELL COMPANY APPELLANTS WC 4TH AND RIO GRANDE, LP AND WC 4TH AND COLORADO, LP, SEEKING TO INVALIDATE RECEIVER'S SETTLEMENT AGREEMENTS WITH SECURED CREDITORS.

This ground for dismissal pertains to the notice of appeal filed by the remaining two empty Paul Shell Company Appellants called WC 4th and Rio Grande, LP and WC 4th and Colorado, LP. They are encompassed in the Settlement Agreement. The above arguments are incorporated.

[130] Order, Related Appeal (Sept. 22, 2022) at 1.
[131] Appellants' ongoing attacks against the receivership order have forced Princeton to continue to inform the SEC that its litigation continues, notwithstanding settlement and payment. Princeton Capital Corp., Form 10-Q, n.8 at 28 (June 30, 2023) (https://ir.princetoncapitalcorp.com/all-sec-filings#document-699-0001213900-23-065650).
[132] *Great Value Storage, LLC, et al. v. Princeton Capital Corporation*, No. 23-0722 (Tex.) (Appellants' PR deadline extended to October 11, 2023).

These two shell companies owned by Paul also filed post-judgment, post-settlement, post-remand "pleas in intervention" in lower cause 2019-18855, launching collateral attacks on the District Court's receivership order and Receiver's duties.

What distinguishes claims of these two Paul Shell Company Appellants from the other eight is that, instead of seeking recovery of cash, these two entities seek to nullify two litigation settlement agreements Receiver executed two years ago with two secured creditors. Details appear in Receiver's Report.[133] These two Paul Shell Company Appellants largely cut and pasted arguments from their briefs presently before the Third, Eighth, and Fourteenth Courts of Appeals,[134] making precisely the same challenges against Receiver's duties and the now-affirmed receivership order.

Following the Parties' Settlement Agreement, and affirmation of the final judgment and receivership order in the Related Appeal, the doctrines of mootness and collateral attack[135] bar jurisdiction to any relief whatsoever to these Paul Shell Company Appellants.

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[133] Receiver's Report at 92, **Exhibit 7**.

[134] *See* citations *supra*.

[135] Texas courts have routinely rejected collateral attacks on receivership orders. For example, in *Davis v. West*, 317 S.W.3d 301, 308-10 (Tex. App.— Houston [1st Dist.] 2009, no pet.), this Court held that a judgment debtor's claim in a Brazoria County suit that a receiver's "powers exceed[ed] that allowed by the statute" constituted an impermissible "collateral attack on the turnover order" that appointed the receiver in a prior Harris County suit. Similarly, in *Sun Tec Computer, Inc. v. Recovar Group, LLC*, No. 05-14-00257-CV, 2015 WL 5099191, at *2-4 (Tex. App.—Dallas Aug. 31, 2015, no pet.) (mem. op.), the court held that a judgment debtor could not attack "actions taken by the receiver" pursuant to a turnover order or assert that the "turnover order" appointing the receiver was void in a separate lawsuit because doing so constituted a collateral attack on that order. Mr. Paul's lawyers surely know all of this, because they have tried it unsuccessfully against a different receivers. "[W]hen a party initiates a separate lawsuit to attack a trial court's order that is otherwise appealable, the lawsuit constitutes an impermissible 'collateral attack' on the order." *1st &Trinity*

VIII. CONCLUSION.

Receiver respectfully asks the Court to dismiss this appeal for want of jurisdiction.

Respectfully submitted this 11 day of September 2023,

/s/ *Seth Kretzer*

____

SETH KRETZER
SBN: 24043764

917 Franklin Street
Sixth Floor
Houston, TX 77002
(713) 775-3050 (office)
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

Super Majority, LLC v. Milligan, No. 08-20-00230-CV, 2022 WL 2759049, at *8 (Tex. App.—El Paso July 14, 2022, no pet.) (citing *Browning v. Prostok*, 165 S.W.3d 336, 345-346 (Tex. 2005)).

CERTIFICATE OF CONFERENCE

I hereby certify that before filing this motion I sent a letter September 7, 2023 to the four counsel for Appellants to determine their position on this motion to dismiss Appellants' notices of appeal for want of jurisdiction. Two of the attorneys indicated they oppose the Receiver's motion to dismiss.

/s/ *James W. Volberding*

JAMES W. VOLBERDING

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this document has been delivered this September 11, 2023 (by court electronic filing only) to all counsel of record in cause 01-23-00618-CV.

/s/ *James W. Volberding*

JAMES W. VOLBERDING

CERTIFICATE OF COMPLIANCE

As required by Texas Rule of Appellate Procedure 9.4, I certify that the number of words in this pleading is 10,679, with approximately 800 words 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

AFFIDAVIT OF SETH KRETZER

THE STATE OF TEXAS '
'
COUNTY OF HARRIS '

Mr. Seth Kretzer, on oath, swears that the following facts are true:

"I swear and affirm, subject to penalties of perjury, and pursuant to Texas Civil Practice and Remedies Code § 132.001(a), (c), that I have personal knowledge of all of the information stated in this affidavit, notice and exhibits and that it is true. My Texas Bar number is 24043764. My date of birth is on file with the State Bar.

"I am the court appointed receiver (the "Receiver") for *Great Value Storage, LLC* and *World Class Capital Group, LLC.*

"As such, I have personal knowledge of the facts deposed to in this affidavit and stated in this pleading, which case I believe to be true and correct.

"The exhibits attached and filed with this motion are true and correct copies of the original orders, pleadings, and transcripts filed in the cases identified in those documents."

"Texas law permits a Receiver to acquire personal knowledge through relevant sources. Under Texas law, an affiant's position or job responsibilities may demonstrate the basis of her or his personal knowledge. *Valenzuela v. State & Cnty. Mut. Fire Ins. Co.*, 317 S.W.3d 550, 553 (Tex. App. — Houston [14th Dist.] 2010, no pet.); *Hernandez v. W-S Indus. Servs.*, No. 13-14-00404-CV, 2015 Tex. App. LEXIS 9196, 2015 WL 5136771, at *3 (Tex. App. — Corpus Christi Aug. 31, 2015, no pet.). The personal knowledge requirement may be satisfied if the affidavit sufficiently describes the relationship between the affiant and the case so that it may be reasonably assumed that the affiant has personal knowledge of the facts stated in the affidavit. *Stucki v. Noble*, 963 S.W.2d 776, 780 (Tex. App. — San Antonio 1998, pet. denied); *see also Core v. Citibank, N.A.*, No. 13-12-00648-CV, 2015 Tex. App. LEXIS 3439, 2015 WL 1631680, at *3 (Tex. App.—Corpus Christi Apr. 9, 2015, pet. denied).

"Under Texas law, review of the pertinent records may also establish an affiant's personal knowledge in some situations. *See In re EI DuPont de Nemours & Co.*, 136 S.W.3d 218, 224 (Tex. 2004) (orig. proceeding) (per curiam); *Ortega v. Cach, LLC*, 396 S.W.3d 622, 628 (Tex. App. — Houston [14th Dist.] 2013, no pet.) (holding that a bank officer could testify that an account was transferred based on personal knowledge acquired from bank's records, and he was not required to provide supporting documentation); *Nat'l Health Res. Corp. v. TBF Fin., LLC*, 429 S.W.3d 125, 131 (Tex. App. — Dallas 2014, no pet.) (same, *citing Ortega,* 396 S.W.3d at 628); *see also Asshauer v. Glimcher Realty Trust*, 228 S.W.3d 922, 926-27 (Tex. App. — Dallas 2007, no pet.); *Noriega,* 925 S.W.2d at 265 ("Although reading . . . records does not lead to 'personal knowledge' in the truest sense of the [term], in [some situations] it is the only means by which" to gain personal knowledge).[136]

"My electronic signature below is intended to be enforceable pursuant to the Electronic Signatures in Global and National Commerce Act ("ESIGN Act") of 2000, 15 U.S.C. chapter 96, and the Texas Uniform Electronic Transactions Act (UETA), Tex. Bus. & Com. Code §§ 302.007, 302.011 (2017).

"This completes my affidavit. This affidavit was signed September 11, 2023."

/s/ Seth Kretzer

SETH KRETZER

[136] These paragraphs are quoted verbatim from *Rogers v. RREF II CB Acquisitions, LLC*, 533 S.W.3d 419 (Tex. App. — Corpus Christi 2016, no pet.).

Exhibit 1

Executed Settlement Term Sheet

Note to Court and Parties: To facilitate review, the August 22, 2022 Settlement Term Sheet is presented first, followed by the file-marked August 27, 2022 motion to which the Settlement Term Sheet was attached. The highlights of selected text are by Receiver. Following the motion, Receiver presents the September 20, 2022 Bankruptcy Court Order, containing the Parties' Settlement Agreement ("Amended and Restated Settlement, Assignment and Acceptance Agreement").

EXECUTION VERSION

Settlement Term Sheet between Debtors in *In re GVS Texas Holdings I, LLC* in the United States Bankruptcy Court for the Northern District of Texas -Dallas Division Case No. 21-31121-MVL (the "GVSH Case") and World Class Holdings I, LLC, (such parties collectively referred to as the "Great Value Parties"), on the one hand, and Princeton Capital Corporation ("Princeton"), on the other (the "Parties").

The Great Value Parties and Princeton will enter into a written settlement agreement (the "Settlement Agreement") consistent with, and including, the following terms:

1. $11,372,698.89 (the "Settlement Amount") of GVSH funds currently held in reserve for Princeton in ***In re GVS Texas Holdings I, LLC* in the United States Bankruptcy Court for the Northern District of Texas -Dallas Division Case No. 21-31121-MVL** (the "Princeton Reserve") will be used to fund the settlement of the judgment in favor of Princeton in *Princeton Capital Corporation vs Great Value Storage LLC, et al* pending in the 165th District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Judgment"), subject to the satisfaction of all conditions below.[1]

2. This Agreement, the execution of which shall occur no later than 2 p.m. CDT, Monday, August 22, 2022, is conditioned upon the execution of the Settlement Agreement and the entry of an order (the "Order") by the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court") approving the Settlement Agreement.[2] The Parties agree to jointly seek approval on an expedited basis. If the bankruptcy court denies the requested relief, the Agreement will become void and of no effect.

3. The Order must authorize the release of the Settlement Amount from the Princeton Reserve and direct the title company holding the Princeton Reserve to release such funds upon entry of the Order. After entry of the Order, the Settlement Amount shall be immediately released from the Princeton Reserve to Princeton in accordance with any instructions in the Order and any balance in the Princeton reserve shall be released to WCHI. As part of the Settlement Agreement, the Parties shall draft written escrow instructions (the "Escrow Instructions") addressed to the title company holding the Princeton Reserve indicating how the Settlement Amount shall be released. The Escrow Instructions shall be included in the Order.

4. Following the release of the Settlement Amount to Princeton in accordance with the Order, Princeton agrees to file a motion (the "Princeton Receiver Termination Motion") in *Princeton Capital Corporation vs Great Value Storage LLC, et al* pending in the 165th District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Lawsuit") seeking the immediate termination of the order appointing Seth Kretzer as Receiver (the

[1] The Parties shall, in good faith, negotiate with each other, before closing, the terms of a Note Purchase Agreement under which the WCHI or Great Value parties will purchase the Princeton Note, subject to indemnification of Princeton agreeable to all parties. However, if no such agreement is reached, the transactions described in this Settlement Term Sheet will close as currently contemplated in this Settlement Term Sheet.

[2] Except that paragraphs 5 and 6 shall be enforceable upon execution of this Settlement Term Sheet.

"Receivership Order"), and the receivership in accordance with Texas state law and a determination of the amounts to be paid to Seth Kretzer (the "Receiver"), if any, under the Receivership Order. Nothing herein or the Order shall prevent the World Class Entities, defined below, from opposing any payments to Kretzer. Princeton agrees to litigate such motion in good faith and on an expedited basis. Unless compelled to do so by the court, Princeton agrees it will make no statement regarding the amount of fees to be awarded. Further, for the avoidance of doubt, the failure of the court that appointed the Receiver to act quickly on the request to terminate the receivership shall not constitute a default under this Agreement.

5. Upon the execution of this Settlement Term Sheet, the Parties agree to file a motion in the GVSH Case (and any cases in which there is a pending claim for Princeton's judgment and for which notice of such request is provided by one of the Great Value Parties) seeking a temporary abatement of the adversary proceeding between them during the pendency of the bankruptcy court's review and approval of the Settlement Agreement.

6. Princeton agrees to have its counsel support motions by World Class Entities to temporarily abate all pending discovery in connection with the Receiver's claims in the bankruptcy cases of World Class Entities pending in the Bankruptcy Court for the Western District of Texas and make a representation at the August 22, 2022 hearing before Judge Davis confirming that the Parties have executed a Settlement Term Sheet which is subject to the execution of a formal settlement agreement and the approval of the Bankruptcy Court for the Northern District of Texas, and the funding of the settlement, and that Princeton supports temporary abatement of the pending actions and discovery until the Closing of this settlement and the funding of the Settlement Amount to Princeton.

7. The Settlement Amount can only be funded upon delivery of the Order and Escrow Instructions jointly by Princeton and WCHI to the title company holding the Princeton Reserve, along with a certified copy of the Order approving the Settlement Agreement.

8. After the title company holding the Princeton Reserve has received the Order and Escrow Instructions from Princeton, the following will occur at closing ("Closing"):
   a. Princeton will be paid the Settlement Amount from the Princeton Reserve.
   b. The balance of the Princeton Reserve will be paid to WCHI.
   c. Princeton will dismiss its adversary proceeding with prejudice and withdraw its claims in GVSH case and cease all further collection actions on those claims.
   d. The mutual releases described in paragraph 10 will become effective.

9. After the Closing and Princeton's receipt of the Settlement Amount, Princeton will support the Judgment Debtors (World Class Capital Group LLC and Great Value Storage LLC), the Great Value Parties and any related or affiliated entities (collectively the "World Class Entities") in their efforts to abate all actions by the Receiver, including all discovery in all actions, to obtain the withdrawal of all the Receiver's proofs of claims, to compel the Receiver to cease exercising authority over all World Class Entities, to stop or reverse the Receiver's dismissals of lawsuits on behalf of World Class Entities and to compel the Receiver to return properties and money taken or transferred by the Receiver purportedly

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in connection with the Receiver's collection of the Princeton Judgment. The term "support" as used in this paragraph shall be limited to jointly filing pleadings seeking such relief with the appropriate World Class Entities and attending hearings on such pleadings to announce its support of the relief sought. Princeton reserves all rights to review, revise, or reject any pleading to which its name will be attached as a movant. If the parties cannot agree on the form of a pleading, the World Class Entities are not entitled to invoke Princeton's name as a movant on such pleading.

10. The Settlement Agreement will include mutual releases between Princeton, its borrowers, Nate Paul, and all entities owned, affiliated, or managed by Nate Paul, including but not limited to all World Class Entities and all Great Value Entities, including those named as defendants in the Princeton adversary proceeding, but not the Receiver or his agents, attorneys, or representatives. However, such releases will only become effective when Princeton has received the Settlement Amount.

11. This Term Sheet reflects the entire agreement of the Parties and shall be effectuated subject to Bankruptcy Court approval of the Settlement Agreement.

[Signature Page Follows]

The foregoing is agreed to by the Parties as of August 22, 2022.

Princeton Capital Corporation

____

GVS Texas Holdings I, LLC and its related entities

____

World Class Holdings I, LLC

____

[Signature Page to the Settlement Term Sheet by and among Princeton Capital Corporation and the Great Value Parties (as defined herein)]

The foregoing is agreed to by the Parties as of August 22, 2022.

Princeton Capital Corporation	GVS Texas Holdings I, LLC and its related entities
______________________________	______________________________
	World Class Holdings I, LLC
	______________________________

[Signature Page to the Settlement Term Sheet by and among Princeton Capital Corporation and the Great Value Parties (as defined herein)]

Exhibit 2

Escrow Instructions

__________, 2022

VIA HAND DELIVERY

Fidelity National Title Insurance Company
Attn: Larry Boes
485 Lexington Ave., 18th Floor
New York, New York 10017
Larry.Boes@fnf.com

Re: Title No. 58349 (In re Great Value Storage) – Disbursement Instruction Letter Regarding Princeton Reserve

Mr. Boes:

As you may be aware, Ross & Smith, PC ("R&S") is counsel for Princeton Capital Corporation ("Princeton") and Squire Patton Boggs (US) LLP ("Squire") is counsel for World Class Holdings I, LLC ("WCH"), 36 non-debtor defendants (collectively, the "Non-Debtor Defendants") in the case styled *Princeton Capital Corporation v. GVS Texas Holdings I, LLC, et al.*, Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "Princeton Proceeding"), and the fifteen reorganized debtors (collectively, the "Reorganized Debtors" and together with WCH and the Non-Debtor Defendants, the "World Class Entities") in chapter 11 bankruptcy proceedings in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"), which cases are pending as *In re GVS Texas Holdings I, LLC*, *et al.*, main Case No. 21-31121-MVL (Bankr. N.D. Tex. 2021) (the "Bankruptcy Cases").

Pursuant to Paragraphs 3 and 4 of the *Order Granting Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise between Princeton Capital Corporation and the Reorganized Debtors* [AP Docket No. _] (the "Settlement Order") entered in the Princeton Proceeding, and Paragraph 4(b) of the *Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors* [Docket No. 1329] (the "Reinstatement Order") entered in the Bankruptcy Cases, Fidelity National Title Insurance Company (the "Title Company") must disburse the $15 million being held by the Title Company (the "Princeton Reserve") on account of certain claims held by Princeton against certain of the World Class Entities in accordance with the instructions contained in this letter (the "Escrow Instructions"), a substantially identical copy of which is attached as Exhibit 2 to the Settlement Order.

A certified copy of the Settlement Order is physically attached to this letter as Exhibit A. A certified copy of the Reinstatement Order is physically attached to this letter as Exhibit B.

In addition to being approved by the Bankruptcy Court, the Escrow Instructions have been jointly drafted by counsel for Princeton and the World Class Entities. Lawyers from both R&S and Squire have signed the Escrow Instructions, as directed by the Bankruptcy Court.

As further directed by the Bankruptcy Court via the Settlement Order and Reinstatement Order, the Escrow Instructions hereby direct the Title Company to perform the following:

The Title Company is directed to disburse the following amounts of the Princeton Reserve by wire transfer to Princeton, on one hand, and Horizon Bank (the "1031 Agent"), on the other hand, from Account No. ******1018 (the "Princeton Reserve Account") no later than one (1) business day after receiving the Escrow Instructions from counsel for Princeton via hand delivery, in accordance with paragraph 4 of the Settlement Order:

1. Princeton: $11,372,698.89; and
2. 1031 Agent: $[____].[1]

Immediately upon receipt of the hand delivered Escrow Instructions from counsel for Princeton, the Title Company shall notify counsel for Princeton and the World Class Entities that the hand delivered Escrow Instructions comply with paragraph 4 of the Settlement Order. Counsel for Princeton and the World Class Entities, on behalf of the 1031 Agent, shall then immediately provide the Title Company with their respective wire instructions in separate emails, along with a phone number that the Title Company shall call to confirm the wire instructions for Princeton and 1031 Agent, respectively, before making any disbursements from the Princeton Reserve.

Neither R&S nor Squire will be confirming those wire transfer instructions by telephone, however, I am counsel of record in the Bankruptcy Court for Princeton and am available to confirm the authenticity of this correspondence by telephone at (214-377-8659). Likewise, counsel of record in the Bankruptcy Court for the World Class Entities, Jeffrey N. Rothleder, is available to confirm the authenticity of this correspondence by telephone at (202-457-6462).

Sincerely,

/s/ DRAFT
Judith W. Ross
Partner, Ross & Smith, PC
Counsel for Princeton Capital Corporation

-and-

[1] The funds that remain in the Princeton Reserve following the initial disbursement directed herein, $[____] shall be held by the Title Company and shall be disbursed only upon submission thereto of joint written instructions executed by counsel for Princeton and the World Class Entities, approved by a future order of the bankruptcy court.

/s/ DRAFT

Jeffrey N. Rothleder
Partner, Squire Patton Boggs (US) LLP
Counsel for the World Class Entities

Judith W. Ross
State Bar No. 21010670
Jessica L. Voyce Lewis`
State Bar No. 24060956
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Email: jessica.lewis@judithwross.com

COUNSEL FOR PRINCETON CAPITAL CORPORATION

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	Chapter 11
GVS TEXAS HOLDINGS I, LLC, et al.[1]	Case No. 21-31121-MVL
Reorganized Debtors.	(Jointly Administered)

EMERGENCY MOTION PURSUANT TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

AN EXPEDITED HEARING HAS BEEN REQUESTED ON THIS MATTER. IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT PRIOR TO THE HEARING DATE. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THIS EMERGENCY MOTION; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

[1] The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

Princeton Capital Corporation ("Princeton") files this *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors* (the "Emergency Motion"), and hereby moves for entry of two orders: one substantially in the form attached hereto as **Exhibit A** (the "Proposed Order"), approving (a) that certain forthcoming settlement agreement[2] (the "Settlement Agreement") by and among Princeton, the above-captioned reorganized debtors (the "Reorganized Debtors"), the 36 Non-Debtor Defendants[3] in *Princeton Capital Corp. v. GVS Texas Holdings I, LLC*, Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "Adversary Proceeding"), and World Class Holdings I, LLC ("WCH" and together with the Reorganized Debtors and Non-Debtor Defendants, the "Defendants") (collectively, Princeton and the Defendants shall be referred to herein as the "Parties"), and (b) the escrow instructions letter[4] (the "Escrow Instructions") drafted by Princeton directing Fidelity National Title Insurance Company (the "Title Company") to disburse the $15 million being held in Account No. ******1018 by the Title Company (the "Princeton Reserve"); and an order substantially in the form attached hereto as **Exhibit B** (the "Order of Dismissal"), dismissing the Adversary Proceeding after entry of the Proposed Order. In support of the Emergency Motion, Princeton respectfully states as follows:

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[2] The executed Settlement Term Sheet (as defined below) is attached to the Proposed Order as **Exhibit 1**. The Settlement Term Sheet serves as the basis for the forthcoming Settlement Agreement, which has not yet been finalized by the Parties. The final form of the Settlement Agreement will be provided to the Court as soon as practicable.

[3] "Non-Debtor Defendants" means, collectively, World Class Capital Group, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC; WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC Las Vegas Storage GP, LLC; World Class Real Estate LLC; WC Memphis Storage, LP; WC 7116 S IH 35, L.P.; WC 10013 RR 620 N, LP; WC 13825 FM 306, L.P.; and WC Kansas City Storage GP, LLP.

[4] The Escrow Instructions proposed by Princeton are attached to the Proposed Order as **Exhibit 2**.

PRELIMINARY STATEMENT

1. For nearly a decade, the Defendants have disputed whether Princeton is entitled to a pecuniary recovery against certain entities indirectly owned by Natin Paul. Although Princeton is confident that it will prevail, the Parties have agreed that the time has come to settle the various claims and grant one another mutual releases. The Settlement Agreement is a testament to the Parties' determination and discipline to put aside their differences and negotiate a mutually agreeable settlement.

2. The Settlement Agreement is a clear success for the Defendants and WCH because it reflects the resolution of one of the last remaining disputes before this Court related to these chapter 11 cases, while also permitting Princeton to obtain a recovery without the need for any further litigation. Not only does the Settlement Agreement result in the direct resolution of the Adversary Proceeding, but it also provides finality with respect to Princeton's proofs of claim filed in these cases against the Reorganized Debtors, while also providing a significant recovery to the Reorganized Debtors and equity holder.

3. As detailed herein, the settlement provides that Princeton will be paid $11,372,698.89 from the Princeton Reserve (the "Settlement Amount") in exchange for a full mutual release of the settling Defendants, including the Reorganized Debtors and WCH. In reaching this Settlement Agreement, the Parties, after good faith and hard-fought negotiations, agreed to terms that will obviate the need for the Reorganized Debtors, the Parties, and this Court to expend any further time and resources on the Adversary Proceeding, and provide finality to contentious and prolonged litigation. Indeed, this resolution brings these cases to the brink of conclusion and removes one of the last obstacles to obtaining a final decree.

4. As a result, Princeton asserts that the consideration for the settlement is fair, reasonable, and certainly falls above the lowest point in the range of reasonableness. Thus, given the benefit to all parties and the interest of all stakeholders involved, the Settlement Agreement should be approved. That said, as explained more fully in the *Request to Expedite Consideration* (the "Request") filed concurrently with this Emergency Motion, Princeton warns the Court that the Defendants do not support the current form of the Emergency Motion. Together, the Parties worked hard—and continue to work hard—to resolve the issues between the Parties and reduce to writing a final Settlement Agreement in keeping with the Settlement Term Sheet executed by the Parties. However, the Defendants are refusing to join the filing of this Emergency Motion because a final Settlement Agreement has not yet been reached even though a binding Settlement Term Sheet has been executed. Because such resolution has not been reached, and because Princeton believes time is of the essence to set this matter before the Court by September 2, 2022 (the date mutually contemplated by the Parties), Princeton now files the Emergency Motion with the expectation that the final Settlement Agreement will be filed early next week, along with a final motion signed by the Reorganized Debtors. In the meantime, as described in the Request, Princeton asks that this Court set this matter, along with Reorganized Debtors' forthcoming motion, for hearing on September 2, 2022.

JURISDICTION AND VENUE

5. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). This Court has constitutional authority to enter final orders with respect to the relief requested herein. Princeton confirms its consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), to the entry of a final order by this Court related to the Emergency Motion. Venue is proper before

this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory bases for the relief requested herein are section 1129 of title 11 of the United States Code (the "Bankruptcy Code"), Bankruptcy Rule 9019, and rule 9019-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Northern District of Texas (the "Local Rules").

BACKGROUND

I. Texas District Court Judgment

6. Between July 31, 2012 and November 12, 2014, Great Value Storage, LLC ("GVS") and/or World Class Capital Group, LLC ("WCCG," together with GVS, the "Judgment Entities") executed three senior secured promissory notes for a total of $5.6 million (the "Promissory Notes") with Capital Point Partners II, LP pursuant to that certain Note Purchase Agreement dated November 12, 2014 (as amended on November 12, 2014 and May 19, 2016, the "NPA"). The NPA was subsequently assigned to Princeton.

7. On March 14, 2019, Princeton sued GVS, WCCG, and Natin Paul with respect to the Promissory Notes in the case styled *Princeton Capital Corporation vs Great Value Storage LLC, et al.* pending in the 165th District Court of Harris County, Texas (the "Texas District Court"), Case No. 2019-18855. On March 9, 2021, the Texas District Court ordered that the Judgment Entities were liable to Princeton for contract damages of $9,759,713.84 and attorneys' fees of $150,887.50 (the "Judgment"). To date, there has been no judgment found or assessed against Natin Paul.

8. The Judgment Entities have appealed the Judgment in Texas state court.

II. Princeton Proofs of Claim and Related Objections

9. On January 21, 2022, Princeton filed the following amended proofs of claim in the Reorganized Debtors' bankruptcy cases (the "Bankruptcy Cases"):

a) Proof of Claim No. 119-8 filed against GVS Portfolio I B, LLC;

b) Proof of Claim No. 120-4 filed against GVS Portfolio I, LLC;

c) Proof of Claim No. 121-78 filed against GVS Texas Holdings I, LLC;

d) Proof of Claim No. 122-32 filed against GVS Texas Holdings II, LLC;

e) Proof of Claim No. 123-12 filed against GVS Ohio Holdings I, LLC;

f) Proof of Claim No. 124-10 filed against GVS Ohio Holdings II, LLC;

g) Proof of Claim No. 125-10 filed against WCH Mississippi Storage Portfolio I, LLC;

h) Proof of Claim No. 126-6 filed against GVS Nevada Holdings I, LLC;

i) Proof of Claim No. 127-7 filed against GVS Missouri Holdings I, LLC;

j) Proof of Claim No. 128-9 filed against New York Holdings I, LLC;

k) Proof of Claim No. 129-8 filed against GVS Indiana Holdings I, LLC;

l) Proof of Claim No. 130-7 filed against GVS Illinois Holdings I, LLC;

m) Proof of Claim No. 131-13 filed against GVS Tennessee Holdings I, LLC;

n) Proof of Claim No. 132-7 filed against GVS Colorado Holdings I, LLC; and

o) Proof of Claim No. 164-2 filed against GVS Portfolio I C, LLC (collectively, the "Princeton Proofs of Claim").

10. On March 15, 2022 and April 7, 2022, WCH and the Reorganized Debtors, respectively [Docket Nos. 841 and 925], filed objections to the Princeton Proofs of Claim in the Bankruptcy Cases (separately the "WCH Claim Objection" and the "Reorganized Debtors' Claim Objection" and collectively, the "Claim Objections").

III. Adversary Proceeding

11. On April 27, 2022, Princeton filed an eight-count *Complaint* [AP Docket No. 1], commencing the Adversary Proceeding.

12. On May 18, 2022, the Court entered the *Stipulation and Order Regarding*

Resolution by and between World Class Holdings I, LLC, Princeton Capital Corporation, and the Reorganized Debtors Regarding Motion to Consolidate Princeton Claims and Related Objections into Adversary Proceeding [Docket No. 1090], which, *inter alia*, consolidated the Princeton Proofs of Claim and Claim Objections into the Adversary Proceeding.

13. On June 21, 2022, the Non-Debtor Defendants moved to dismiss the Complaint [Docket Nos. 13, 14]. Later, on August 17, 2022, Princeton responded to the motion to dismiss [Docket No. 27]. No hearing has yet occurred on the motion to dismiss.

IV. Settlement Term Sheet

14. Over the last several weeks, WCH and Princeton have engaged in good faith, and, ultimately, successful settlement discussions, which culminated in the execution of that certain *Settlement Term Sheet* on August 22, 2022 (the "Settlement Term Sheet"), attached as **Exhibit 1** to the Proposed Order. The Settlement Term Sheet is binding and requires, *inter alia*, that the Parties (a) execute the Settlement Agreement, which reflects the terms in the Settlement Term Sheet, and (b) file this Emergency Motion requesting that the Court approve the Proposed Order, *i.e.*, the Settlement Agreement and Escrow Instructions. The form of the Escrow Instructions has largely been agreed to by the Parties and is attached as **Exhibit 2** to the Proposed Order. The Parties continue to work in good faith to negotiate the Settlement Agreement and will submit it to the Court as soon as practicable.

V. The Settlement Agreement

15. Princeton believes that the Parties will soon enter into the Settlement Agreement, which will resolve all pending disputes between the Parties, including the Adversary Proceeding. The Parties will provide the final form of the Settlement Agreement to the Court as soon as practicable. In the meantime, the Parties have agreed to abate all hearings and deadlines in the

Adversary Proceeding pending this Court's consideration of the Emergency Motion. The material terms of the Settlement Agreement, which is currently evidenced by the Settlement Term Sheet attached as **Exhibit 1** to the Proposed Order, are set forth below.[5]

Settlement Amount	$11,372,698.89 of the $15,000,000 of the Princeton Reserve currently held by the Title Company in the Bankruptcy Cases will be used to fund the settlement of the Judgment, subject to the satisfaction of all other conditions in the Settlement Agreement. The payment of the Settlement Amount shall be paid in cash from the Princeton Reserve. The Parties have agreed to attempt to negotiate a Note Purchase Agreement whereby WCH, the Reorganized Debtors, or an affiliate or designee thereof, shall acquire the Promissory Notes and Judgment for the Settlement Amount pursuant to a mutually agreeable Note Purchase Agreement, including full indemnities. However, the failure to reach agreement on the terms of a Note Purchase Agreement will not prevent this transaction from closing.
Expedited Basis	The Defendants shall seek approval of the Settlement Agreement on an expedited basis. If the bankruptcy court denies the requested relief, the Settlement Agreement will become void and of no effect.
Escrow Instructions	The Proposed Order must authorize the release of the Settlement Amount from the Princeton Reserve and direct the Title Company holding the Princeton Reserve to release such funds upon entry of the Proposed Order. After entry of the Proposed Order, the Settlement Amount shall be immediately released from the Princeton Reserve to Princeton in accordance with any instructions in the Proposed Order and any balance in the Princeton Reserve, shall be released to the Reorganized Debtors. As part of the Settlement Agreement, the Parties shall draft the Escrow Instructions addressed to the Title Company holding the Princeton Reserve indicating how the Settlement Amount shall be released.

[5] In the event of any inconsistency between this Emergency Motion and the Settlement Agreement, the Settlement Agreement shall control.

Princeton Receiver Termination Motion in Texas District Court, Related Assistance Against Receiver	Following the release of the Settlement Amount to Princeton in accordance with the Proposed Order, Princeton agrees to file a motion (the "Princeton Receiver Termination Motion") in *Princeton Capital Corporation vs Great Value Storage LLC, et al* pending in the 165th District Court of Harris County, Texas, Case No. 2019-18855 (the "Princeton Lawsuit") seeking (1) immediate termination of the order appointing the Receiver (the "Receivership Order"), and also the receivership, in accordance with Texas state law, and (2) a determination of the amounts to be paid the Receiver, if any, under the Receivership Order. Nothing in the Settlement Agreement or the Proposed Order shall prevent the World Class Entities, as defined in the Settlement Term Sheet, from opposing any payments to the Receiver. Princeton agrees to litigate the Princeton Receiver Termination Motion in good faith and on an expedited basis. Unless compelled to do so by the Texas District Court presiding over the Receivership, Princeton agrees it will make no statement regarding the amount of fees to be awarded.
Stipulation to Abate Adversary Proceeding Hearings and Deadlines	Upon the execution of the Settlement Term Sheet, the Parties agree to file a motion in the Bankruptcy Cases seeking a temporary abatement of the Adversary Proceeding during the pendency of this Court's review and approval of the Settlement Agreement.
Support for Abatement of Receiver Discovery Requests	Princeton agrees to have its counsel support motions by the World Class Entities, as defined in the Settlement Term Sheet, to temporarily abate all pending discovery in connection with the Receiver's claims in the bankruptcy cases of World Class Entities pending in the Bankruptcy Court for the Western District of Texas.
Title Company Disbursement Requirements	The Settlement Amount can only be funded upon delivery of the entered Proposed Order and Escrow Instructions drafted by Princeton and WCH to the Title Company holding the Princeton Reserve, along with a certified copy of the executed Proposed Order approving the Settlement Agreement.
Effect of Closing	After the Title Company holding the Princeton Reserve has received the entered Proposed Order and Escrow Instructions from Princeton, the following will occur at closing ("Closing"):

	a. Princeton will be paid the Settlement Amount from the Princeton Reserve. b. The balance of the Princeton Reserve will be paid to the Reorganized Debtors. c. Princeton will dismiss the Adversary Proceeding with prejudice and withdraw its proofs of claim in the Bankruptcy Cases and cease all further collection actions on those claims. d. The mutual releases in the Settlement Agreement will become effective.
Princeton Post-Closing/Post-Payment Support	After the Closing and Princeton's receipt of the Settlement Amount, Princeton will support the World Class Entities, as defined in the Settlement Term Sheet, in their efforts to abate all actions by the Receiver, including all discovery in all actions, to obtain the withdrawal of all the Receiver's proofs of claims, to compel the Receiver to cease exercising authority over all World Class Entities, to stop or reverse the Receiver's dismissals of lawsuits on behalf of World Class Entities and to compel the Receiver to return properties and money taken or transferred by the Receiver purportedly in connection with the Receiver's collection of the Judgment. The term "support" as used in this paragraph shall be limited to jointly filing pleadings seeking such relief with the appropriate World Class Entities and attending hearings on such pleadings to announce its support of the relief sought. Princeton reserves all rights to review, revise, or reject any pleading to which its name will be attached as a movant. If the Parties cannot agree on the form of a pleading, the World Class Entities are not entitled to invoke Princeton's name as a movant on such pleading.
Mutual Releases	The Settlement Agreement includes customary mutual releases between Princeton, its borrowers, Natin Paul, and all entities owned, affiliated, or managed by Natin Paul, including but not limited to all World Class Entities and all Great Value Entities, as those terms are defined in the Settlement Term Sheet, including those named as defendants in the Adversary Proceeding, but not the Receiver or his agents, attorneys, or representatives. However, such releases will only become effective when Princeton has received the Settlement Amount.

RELIEF REQUESTED

16. By this Emergency Motion, Princeton respectfully requests entry of the Proposed Order approving the Settlement Agreement pursuant to Bankruptcy Rule 9019 and the related Escrow Instructions to the Title Company, and thereafter, once Princeton has been paid the Settlement Amount, for the Court to enter the Order of Dismissal.

BASIS FOR RELIEF

17. Through this Emergency Motion, Princeton requests this Court's approval of the Settlement Agreement which will be filed with the Court. The Settlement Agreement evidences a business deal among the Parties, ending multiple contentious and expensive litigation proceedings, including the Adversary Proceeding, which all carry substantial business risk. The Settlement Agreement will contemplate the resolution of all disputes among the Parties, thereby ending years' long disputes among Princeton and various of the Defendants.

18. Bankruptcy Rule 9019 authorizes bankruptcy courts to approve compromises and settlements. Ultimately, a compromise must be "fair, equitable, and in the best interest of the estate."[6] The decision to approve a compromise lies within the sound discretion of the bankruptcy court.[7] The Fifth Circuit has recognized that compromises are a "normal part of the process of reorganization . . . oftentimes desirable and wise methods of bringing to a close proceedings otherwise lengthy, complicated, and costly."[8]

19. In determining the reasonableness of a settlement, courts in the Fifth Circuit consider the following three factors: (a) "[t]he probability of success in [litigating the claim subject

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[6] *In re Roqumore*, 393 B.R. 474, 479 (Bankr. S.D. Tex. 2008) (citation omitted).

[7] *See In re AWECO, Inc.*, 725 F.2d 293, 297 (5th Cir. 1984).

[8] *In re Jackson Brewing Co.*, 624 F.2d 599, 602 (5th Cir. 1980) (emphasis added) (citing *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424–25 (1968)).

to settlement,] with due consideration for the uncertainty in fact and law; (b) [t]he complexity and likely duration of litigation and any attendant expense, inconvenience, and delay; and (c) [a]ll other factors bearing on the wisdom of the compromise."[9]

20. Factors "bearing on the wisdom of the compromise" include: (a) the paramount interest of creditors, with proper deference to their reasonable views; and (b) the extent to which the settlement is truly the product of arms-length bargaining, and not of fraud or collusion.[10]

21. Princeton bears the burden of establishing that the balance of the above factors leads to a fair and equitable compromise vis-à-vis the Settlement Agreement.[11] "The burden is not high"; rather, Princeton "need only show that [their] decision falls within the 'range of reasonable litigation alternatives.'"[12]

22. Weighing the foregoing factors overwhelmingly demonstrates that the Settlement Agreement is reasonable and supports finding that the Parties' entry into and performance under the Settlement Agreement is in the best interests of creditors and other stakeholders. Accordingly, this Court should grant the Emergency Motion, and authorize the Parties to enter into and perform under the Settlement Agreement.

A. Probability of Success

23. In examining the probability of success in the litigation being compromised, courts look to the legal and evidentiary obstacles to litigating each claim.[13] The probability of success is measured against the "definitive, concrete and immediate benefit" that a settlement provides

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[9] *In re Cajun Elec. Power Coop.*, 119 F.3d 349, 356 (5th Cir. 1997); *Jackson Brewing*, 624 F.2d at 602.

[10] *See In re Foster Mortg. Corp.*, 68 F.3d 914, 917-18 (5th Cir. 1995).

[11] *See In re Allied Properties, LLC*, 2007 WL 1849017, at *4 (citing *In re Lawrence & Erausquin, Inc.*, 124 B.R. 37, 38 (Bankr. N.D. Ohio 1990)); *see also In re GHR Companies, Inc.*, 50 B.R. 925, 931 (Bankr. D. Mass. 1985).

[12] *In re Allied Properties, LLC*, 2007 WL 1849017, at *4 (emphasis added) (citing *In re W.T. Grant Co.*, 699 F.2d 599, 608 (2d Cir. 1983)); *see also In re Heritage Org., L.L.C.*, 375 B.R. 230, 282 (Bankr. N.D. Tex. 2007).

[13] *Hicks, Muse & Co. v. Brandt In re Healthco Int'l, Inc.*, 136 F.3d 45, 50 (1st Cir. 1998); *see also In re Allied Properties*, 2007 WL 1849017 at *4.

against the uncertainty and delay of litigation.[14] In deciding the probability of success in the litigation, the court is not required to conduct a "mini-trial" and decide the merits of the litigation, but rather to assess whether the settlement is within the range of reasonableness.[15]

24. In negotiating and considering the merits of the Settlement Agreement, the Parties considered all material disputes between Princeton and various Defendants in both the Adversary Proceeding and Texas District Court. If the Parties are permitted to prosecute their causes of action in the Adversary Proceeding, the Parties will incur significant expense to complete extensive discovery, retain expert witnesses, and prepare for a potentially long and contentious trial. And, while the Parties are confident in their positions, there is no certainty in the outcome.

25. Finally, any litigation has a high likelihood of appeal considering the amount-in-controversy at stake and issues involved, which would only further delay the Parties' ability to obtain relief. By entering into the Settlement Agreement, the Parties avoid the risk of not prevailing on their claims in the Adversary Proceeding, as well as potentially significant legal expenses.

B. Complexity of Litigation Involved and the Attendant Expense, Inconvenience, and Delay

26. As explained above, the Parties' likelihood of success in connection with the Adversary Proceeding is uncertain due to the complexity of the myriad factual and legal issues involved in both proceedings, which have been previewed in the Complaint, the Non-Debtor Defendants' motion to dismiss the Complaint, and Princeton's response to that motion. For example, the Complaint lists five different types of allegedly fraudulent transfers that purportedly occurred over the course of nearly a decade. Unraveling the allegations will be an expensive,

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[14] *See In re Yacovi*, 411 F. App'x. 342, 346-47 (1st Cir. 2011) (citing *Healthco Int'l*, 136 F.3d at 50).
[15] *See In re Roqumore*, 393 B.R. at 480.

lengthy, and document-intensive process. The contemplated Settlement Agreement avoids such attendant expense and delay.

27. Indeed, in the absence of settlement, continued litigation of the Adversary Proceeding will take years to reach a final resolution, after accounting for the time necessary to reach decisions on the merits and to work through any challenge or appellate processes. Such delay will subject the Parties to the economic overhang of these disputes and hinder the final resolution of these cases while generating significant legal expenses and continue the uncertainty regarding whether Princeton will recover its Judgment from the Defendants. This sort of delay and uncertainty is unnecessary given the favorable settlement. For these reasons, the cost of the Settlement Agreement to each Party, especially the Defendants, is far outweighed by the benefit realized by ending this continuing contentious and expensive litigation and gaining certainty regarding the Defendants' exposure to Princeton.

C. Other Factors Bearing on the Benefits of the Compromise

(1) *Interests of the Creditors*

28. The terms of the Settlement Agreement are fair, reasonable, and in the best interests of creditors and other stakeholders. The creditors that have unresolved claims in the Bankruptcy Cases are Princeton and the Receiver.[16] Through the Settlement Agreement, only the Receiver will remain. The Title Company is holding $3.5 million, plus an additional $822,000.00 of funds related to the Receiver's proofs of claim and administrative expense claim, in an escrow account pending the resolution of the Receiver's adversary proceeding, administrative expense claim, and/or proofs of claim. As a result, the Receiver is adequately insulated from any outcome related

[16] Nothing herein shall be an admission that the Receiver is a creditor or has any interest in these cases.

to how the Princeton Reserve is disbursed.

29. With respect to the other stakeholders, the Defendants and WCH, the Settlement Agreement provides immediate certainty with respect to the outcome of contentious and expensive litigation. The Settlement Agreement also permits the Defendants and WCH to reallocate the resources they were dedicating to the Adversary Proceeding toward the Receiver's adversary proceeding and concluding these chapter 11 cases. At bottom, this resolution inures to the benefit of all parties and stakeholders.

(2) *Arms-Length Bargaining*

30. The Settlement Agreement is the product of extensive negotiations between the Defendants, WCH, and Princeton. Each of the Parties has been represented by experienced professionals throughout the Settlement Agreement negotiations and has acted in its own economic self-interest.[17] Consequently, this factor also weighs in favor of approving the Settlement Agreement.

PRAYER

31. For the foregoing reasons, Princeton respectfully requests this Court enter the Proposed Order attached hereto as **Exhibit A** approving the Settlement Agreement and Escrow Instructions, subject to providing this Court with a copy of the definitive signed Settlement Agreement once the parties sign and upload it. Once the Settlement Amount has been disbursed from the Princeton Reserve to Princeton, Princeton further requests that this Court enter the Order of Dismissal attached hereto as **Exhibit B**. Finally, Princeton requests that this Court grant

[17] *See In re Chemtura Corp.*, 439 B.R. 561, 608 (Bankr. S.D.N.Y. 2010) (settlement met this factor, where "[n]o argument ha[d] been made, nor could any argument be made, that counsel who put the Settlement together were anything less than highly skilled in their craft…."); *see also In re Drexel Burnham Lambert Grp., Inc.*, 960 F.2d 285, 292-93 (2d Cir. 1992) (approving complex, multi-party settlement agreement where many parties were "trying to maximize their own recovery," through extensive arms-length negotiations").

Princeton such other and further relief as may be just and proper.

RESERVATION OF RIGHTS

32. Princeton reserves the right to supplement or modify this Emergency Motion and to request additional relief or assert such further arguments as are, or may later become, available or apparent. Further, Princeton will continue to negotiate the terms of the final Settlement Agreement, at which point such agreement will be provided to the Court and all properties in interest.

NOTICE

33. Notice of this Emergency Motion has been provided via ECF/CM to: (a) the Office of the U.S. Trustee for the Northern District of Texas; (b) the Defendants, or counsel thereto; (c) the Receiver, or counsel thereto; (d) the United States Attorney's Office for the Northern District of Texas; (e) the Internal Revenue Service; (f) the state attorneys general for states in which the Debtors conducted business; (g) the Purchaser, or counsel thereto; and (h) any party that has requested notice pursuant to Bankruptcy Rule 2002. Princeton submits that, in light of the nature of the relief requested, no other or further notice need be given.

[*Remainder of page intentionally left blank.*]

WHEREFORE, for the reasons set forth herein, Princeton respectfully requests that the Court enter the Proposed Order.

Dated: August 26, 2022
Dallas, Texas

/s/ Judith W. Ross
Judith W. Ross
State Bar No. 21010670
Jessica L. Voyce Lewis`
State Bar No. 24060956
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COUNSEL FOR PRINCETON CAPITAL CORPORATION

CERTIFICATE OF CONFERENCE

This will certify that Princeton has conferred with counsel for the Defendants, who do not consent to the filing or form of the Emergency Motion without the Final Settlement Agreement attached.

/s/ Judith W. Ross
Judith W. Ross

CERTIFICATE OF SERVICE

I hereby certify that on August 26, 2022, I caused a true and correct copy of the foregoing to be filed and served through ECF notification upon all parties who receive notice in this matter pursuant to the Court's CM/ECF filing system.

/s/ Judith W. Ross
Judith W. Ross

CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

THE DATE OF ENTRY IS ON
THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed September 20, 2022

United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	Chapter 11
GVS TEXAS HOLDINGS I, LLC, et al.[1]	Case No. 21-31121-MVL
Reorganized Debtors.	(Jointly Administered)

ORDER GRANTING EMERGENCY MOTION
PURSUANT TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN
ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN
PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

Upon consideration of the *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and*

[1] The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

the Reorganized Debtors (the "Emergency Motion")[2] requesting that the Court approve the Settlement Agreement[3] pursuant to Bankruptcy Rule 9019 and the related Escrow Instructions[4] to the Title Company, the Court (1) having considered the Emergency Motion and the objections filed by Seth Kretzer, Receiver (the "Receiver") for World Class Capital Group LLC ("WCCG") and Great Value Storage, LLC ("GVS"); (2) finding that (a) notice of the Emergency Motion was good and sufficient upon the particular circumstances and that no other or further notice need be given, (b) the Emergency Motion is a core proceeding under 28 U.S.C. § 157(b), (c) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and (d) venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409; (3) finding that the Movants demonstrated both (a) good, sufficient, and sound business purposes and justifications for the Settlement Agreement and the transactions, compromises, and releases provided therein, and (b) compelling circumstances for approval of the Settlement Agreement pursuant to Bankruptcy Rule 9019; (4) finding that the terms of the Settlement Agreement are fair and reasonable, falling above the lowest point in the range of reasonableness, and are in the best interests of the Settling Parties and the Reorganized Debtors' stakeholders as a whole; (5) having weighed the probability of success in litigation, the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending to it,

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[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Emergency Motion or Settlement Agreement, as applicable. "Movants" means the Reorganized Debtors, the Non-Debtor Defendants and WCH. The "Settling Parties" means Movants and Princeton, but not including any party in receivership (including, without limitation, WCCG and GVS) or in a bankruptcy proceeding (including, without limitation, the debtors in In re WC South Congress Square LLC, Case No. 20-11107-TMD; In re WC 3rd and Trinity, LP, Case No. 21-10252-TMD; In re WC 511 Barton Blvd, LLC, Case No. 21-10943-TMD; In re WC Met Center, LLC, Case No. 21-10698-TMD; In re WC 717 N Harwood Property LLC, Case No. 21-10630-TMD; In re 6th and San Jacinto, LLC, Case No. 21-10942-TMD; In re WC Braker Portfolio, LLC, Case No. 22-10293-TMD; In re Arboretum Crossing LLC, Case No. 21-10546-TMD; In re WC Manhattan Place Property, LLC, Case No. 22-10047-TMD; In re WC Alamo Industrial Center, LP, Case No. 22-10026-TMD; and In re WC Culebra Crossing SA, LP, Case No. 21-10360-TMD, all pending in the United States Bankruptcy Court for the Western District of Texas, Austin Division (J. Davis, presiding).

[3] The Settlement Agreement is attached hereto as **Exhibit 1**.

[4] The Escrow Instructions are attached hereto as **Exhibit 2**.

and taken into account the paramount interest of alleged creditors and, based on all of the foregoing, the Court has determined that the relief requested in the Emergency Motion is fair and equitable, in the best interests of the Parties, and should be approved in all respects; (6) finding that (a) in the absence of the Settlement Agreement, the Defendants face considerable litigation expense, risk, and delay, (b) the disputes between the Settling Parties involve numerous legal and factual issues, and judicial resolution of these disputes will require additional, extensive and costly briefing and discovery, (c) even if the Defendants were successful in litigating against any claims, a judgment obtained may be subject to appeal with no guarantee as to the ultimate outcome, (d) there is no doubt that the Settling Parties' combined legal expenditures during a protracted litigation process would be substantial and further forestall any disbursement of the Princeton Reserve to any of the parties to the Adversary Proceeding, and (e) the Settlement Agreement resolves the Parties' disputes now without the need for additional costly, uncertain litigation; and good and sufficient cause appearing therefor; and having issued an oral bench ruling on the record on September 16, 2022, which is incorporated herein for all purposes,

IT IS HEREBY ORDERED THAT:

1. The Emergency Motion is hereby **GRANTED** as set forth herein.

2. The Settlement Agreement is approved as set forth herein.

3. Notwithstanding anything to the contrary in the *Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors* [Docket No. 1377] (the "Reinstatement Order"), including, but not limited to, paragraph 5(b) thereof, on the Effective Date, the Title Company shall wire (a) the Settlement Amount of $11,372,698.89 from the Princeton Reserve to Princeton and (b) $2,627,301.11 from the Princeton Reserve to the entity or party designated by the Defendants pursuant to this Order and the Escrow Instructions in a form substantially similar to the form attached hereto as **Exhibit**

2. The remainder of the Princeton Reserve, in the amount of $1 million, shall be distributed in accordance with those certain instructions annexed as **Exhibit A**[5] to the Settlement Agreement (the "Indemnity Security Escrow Release Instructions"). For the avoidance of any doubt, this Order shall be deemed a final order for purposes of paragraph 5(b) of the Reinstatement Order.

4. The Escrow Instructions attached hereto as Exhibit 2 are approved by this Court, and the Title Company shall comply with this Order and the Escrow Instructions no later than one (1) business day after receipt of the Escrow Instructions sent to the Title Company by counsel for Princeton. The Escrow Instructions shall be signed digitally by Judith W. Ross, counsel for Princeton. The electronically delivered Escrow Instructions shall be signed digitally on behalf of the Defendants. The electronically delivered Escrow Instructions shall be substantially identical to the Escrow Instructions attached to this Order as **Exhibit 2**. The electronically delivered Escrow Instructions shall include copies of this Order and the Reinstatement Order, entered in the chapter 11 cases, both attached to the Escrow Instructions. If any of the requirements of this Paragraph 4 are not fully satisfied, then the Title Company is directed by this Court to disburse no funds from the Princeton Reserve; *provided, however*, that the Indemnity Security Escrow Release Instructions shall not be subject to this Paragraph 4. In the event that all requirements of this Paragraph 4 are fully satisfied, then immediately upon receipt of the Escrow Instructions, the Title Company shall notify counsel for Princeton, the Defendants and the Receiver via email (at email addresses included in the Escrow Instructions) that the Title Company received the Escrow Instructions in compliance with this Paragraph 4, and counsel for Princeton and Defendants shall then immediately provide the Title Company with their respective wire instructions via email in accordance with the Escrow Instructions.

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[5] The Indemnity Security Escrow Release Instructions are attached thereto as **Exhibit A** to **Exhibit 1**.

5. Notwithstanding anything in the Reinstatement Order to the contrary, it is hereby ordered that Mr. Natin Paul, any family member of Mr. Natin Paul, any affiliate of Mr. Natin Paul, and any person acting at Mr. Natin Paul's direction, shall not seek removal of or to remove from the Title Company the Remaining Reserves (as defined in the Reinstatement Order) (exclusive of the Princeton Reserve that is to be released pursuant to the term of this Order) until further Order of this Court.

6. Notwithstanding the foregoing, if the Receiver consents to this Paragraph 6 (which such consent shall be memorialized by filing a notice of consent on the docket in the above-captioned chapter 11 cases at any time), the funds reserved for the Receiver Claims may be disbursed upon (1) the filing in this Court of a final, non-appealable order of the Texas state district court in the *Princeton Capital Corporation vs Great Value Storage LLC, et. al.* pending in the 165th District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Lawsuit") awarding the Receiver fees and expenses pursuant to the Order Appointing Receiver in the Princeton Lawsuit (the "Receiver Award") and (2) a subsequent final, non-appealable Order of this Court directing the Title Company to disburse funds in the amount of the Receiver Award to the Receiver less any amounts that the Receiver has collected that the state court approves the Receiver to apply to his total fees and expenses in connection with the Princeton Lawsuit. The Reinstatement Order shall remain in full force and affect except as modified herein.

7. Notwithstanding anything to the contrary in the Settlement Agreement, WCCG and GVS shall not be parties to the Settlement Agreement for all purposes, including the release provisions set forth in Paragraphs 6 and 7 thereof. For the avoidance of any doubt, this Paragraph 7 shall not affect or otherwise modify the indemnification provisions as set forth in the Settlement Agreement and Princeton shall be indemnified under the Settlement Agreement if they are sued

by the Receiver acting as WCCG or GVS.

8. This Order does not herein address the enforceability of any release given by a non-Debtor party. To the extent any entity lacks the authority to give a release due to the fact that it is in receivership, in bankruptcy or for any other reason, all parties' rights are reserved in any subsequent enforcement litigation to argue same.

9. This Order shall have no effect on existing litigation or claims filed by the Receiver in this Court. Such litigation shall not be stayed or modified in any way by virtue of this Order unless and until such receivership is terminated or modified by a court of competent jurisdiction or the parties otherwise agree to stay any such litigation. This Order does not act to terminate or modify the Receiver's rights and duties under the Receivership Order. Furthermore, the $3.5 million reserve for the Receiver Claims as defined in this Court's Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors (Dkt. No. 1377) shall remain in place pending further Order of the Court.

10. Except as it may pertain to disputes regarding this Order which the Court retains jurisdiction to consider, this Order shall have no effect on existing claims, litigation or appeals between and among the Receiver and any non-Debtor party outside of this Court. Such litigation shall not be stayed, modified, or otherwise affected in any way by virtue of this Order.

11. Notice of the Emergency Motion as provided therein shall be deemed good and sufficient notice of such Emergency Motion under the circumstances and the requirements of the Bankruptcy Rules and the Local Rules are satisfied by such notice.

12. Notwithstanding the applicability of any Bankruptcy Rules, the terms and conditions of this Order shall not be stayed and shall be immediately effective and enforceable upon its entry.

13. Except as may be expressly contrary to the relief afforded herein, the Defendants are authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.

14. This Court shall retain jurisdiction over all matters arising from or related to the interpretation or implementation of this Order.

 # # # END OF ORDER # # #

Exhibit 1

This is the Parties' September 20, 2022 Amended Settlement Agreement. Highlights by Receiver.

Settlement Agreement

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AMENDED AND RESTATED
SETTLEMENT, ASSIGNMENT AND ACCEPTANCE AGREEMENT

This AMENDED AND RESTATED SETTLEMENT, ASSIGNMENT AND ACCEPTANCE AGREEMENT (the "Agreement") is made as of this 15th day of September 2022 (the "Execution Date"), by and between (i) Natin Paul, (ii) the Reorganized Debtors (as defined below), (iii) World Class Holdings I, LLC ("WCH") (iv) the Adversary Defendants (as defined below), (v) Princeton Capital Corporation ("Princeton" or "Assignor"), and (vi) Phoenix Lending, LLC (the "Assignee"). Natin Paul, the Reorganized Debtors, WCH and the Adversary Defendants are referred to collectively as the "Great Value Parties"), The Great Value Parties and Princeton are referred to collectively as the "Settlement Parties" and the Assignor and the Assignee are referred to collectively as the "Assignment Parties," together with the Settlement Parties, the "Parties."

RECITALS

WHEREAS, Capital Point Partners II, L.P. ("CPP"), a predecessor-in-interest to the Assignor, Great Value Storage, LLC ("Great Value"), and World Class Capital Group, LLC ("WCCG") are parties to that certain Note Purchase Agreement, dated July 31, 2012, as amended from time to time (so amended, the "Note Purchase Agreement");

WHEREAS, pursuant to the Note Purchase Agreement, Great Value issued to CPP (a) that certain Senior Secured Promissory Note, dated July 31, 2012 ("Note A") in the principal amount of $2,000,000, (b) that certain Senior Secured Promissory Note, dated July 31, 2012 ("Note B") in the principal amount of $500,000 and (c) that certain Senior Secured Promissory Note, dated November 12, 2014 ("Note C" and together with Note A and Note B, the "Notes") in the principal amount of $3,100,000. The Note Purchase Agreement, the Notes and each other document, agreement, instrument or certificate executed in connection therewith or pursuant thereto are hereinafter referred to as the "Transaction Documents."

WHEREAS, pursuant to that certain Assignment and Acceptance Agreement, dated March 13, 2015, CPP assigned all of its rights to and obligations under the Transaction Documents to Princeton.

WHEREAS, Princeton asserted a default under the Transaction Documents and on March 14, 2019, commenced an action styled as *Princeton Capital Corporation vs Great Value Storage LLC, et al.* pending in the 165th District Court of Harris County, Texas (the "Texas District Court"), Case No. 2019-18855 (the "State Action").

WHEREAS, the defendants in the State Action are Great Value and WCCG (the "State Defendants"), along with Natin Paul in his individual capacity;

WHEREAS, Princeton alleged causes of action against the State Defendants in the State Action for, among other things, breach of the Notes (the "State Claims");

WHEREAS, on March 4, 2021, the Texas District Court ordered that Great Value and World Class were liable to Assignor for contract damages of $9,759,713.84 and attorneys' fees of $150,887.50 (the "Judgment").

WHEREAS, certain of the parties against whom the Judgment was entered have appealed the Judgment.

WHEREAS, after the entry of the Judgment, Princeton obtained the appointment of Seth Kretzer, as receiver for GVS and WCCG (the "Receiver"); however, as of the Execution Date, the Receiver has made no distribution to Princeton on account of the Judgment.

WHEREAS, on June 17, 2021 and June 23, 2021, GVS Texas Holdings I, LLC and certain of its affiliates (collectively, the "Reorganized Debtors")[1] each filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court");

WHEREAS, the Reorganized Debtors' bankruptcy cases are being jointly administered under Case No. 21-31121-MVL (the "Bankruptcy Cases");

WHEREAS, in connection with the Promissory Notes and the Judgment, Princeton filed the following proofs of claim in the Bankruptcy Cases: (i) Claim No. 119-8 filed against GVS Portfolio I B, LLC; (ii) Claim No. 120-4 filed against GVS Portfolio I, LLC; (iii) Claim No. 121-78 filed against GVS Texas Holdings I, LLC; (iv) Claim No. 122-32 filed against GVS Texas Holdings II, LLC; (v) Claim No. 123-12 filed against GVS Ohio Holdings I, LLC; (vi) Claim No. 124-10 filed against GVS Ohio Holdings II, LLC; (vii) Claim No. 125-10 filed against WCH Mississippi Storage Portfolio I, LLC; (viii) Claim No. 126-6 filed against GVS Nevada Holdings I, LLC; (ix) Claim No. 127-7 filed against GVS Missouri Holdings I, LLC; (x) Claim No. 128-9 filed against New York Holdings I, LLC; (xi) Claim No. 129-8 filed against GVS Indiana Holdings I, LLC; (xii) Claim No. 130-7 filed against GVS Illinois Holdings I, LLC; (xiii) Claim No. 131-13 filed against GVS Tennessee Holdings I, LLC; (xix) Claim No. 132-7 filed against GVS Colorado Holdings I, LLC; and (xx) Claim No. 164-2 filed against GVS Portfolio I C, LLC (collectively, the "Princeton Proofs of Claim");

WHEREAS, WCH and the Reorganized Debtors each filed objections to the Princeton Proofs of Claim in the Bankruptcy Cases (collectively the "Claim Objections");

WHEREAS, on April 27, 2022, Princeton commenced an adversary proceeding in the Bankruptcy Court captioned *Princeton Capital Corporation v. GVS Texas Holdings I, LLC, et al*, Adv. Proceeding No. 22-03043 (the "Adversary Proceeding") alleging causes of action against the

[1] The Reorganized Debtors in the chapter 11 cases are: GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I B, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I, LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; and GVS Colorado Holdings I, LLC.

Adversary Defendants[2] (defined below) for, among other things, fraudulent transfer and breach of contract, (together with all causes of action in the Adversary Proceeding, the "AP Claims");

WHEREAS, certain of the Adversary Defendants have moved to dismiss the Complaint filed by Princeton that commenced the Adversary Proceeding due to, *inter alia*, the failure to state a claim upon which relief can be granted and the lack of jurisdiction of the Bankruptcy Court over the matter;

WHEREAS, recognizing the dispute between Princeton, the Reorganized Debtors and the other Adversary Defendants, pursuant to the *Stipulation and Agreed Order with World Class Holdings I, LLC* [Docket No. 873-B] filed in the Bankruptcy Cases, the Reorganized Debtors established a $15 million reserve for Princeton's outstanding claims (the "Princeton Reserve"), which is held in trust by Fidelity National Title (the "Title Company") pursuant to an escrow agreement and an Order of the Bankruptcy Court that does not permit disbursement of the Princeton Reserve absent a final, non-appealable order of the Bankruptcy Court or another court of competent jurisdiction;

WHEREAS, on August 22, 2022, Princeton and the Great Value Parties executed that certain settlement term sheet providing for the resolution of claims and issues between such parties and separately contemplated the negotiation and execution of a note purchase agreement in furtherance of that resolution. The terms and conditions in this Agreement are the culmination of the negotiations over such note purchase agreement and is new and separate from the settlement agreement discussed in the term sheet;

WHEREAS, the Parties have agreed to resolve, settle, and compromise all claims, demands, and differences between them, including, but not limited to, relating to the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, and the Claim Objections pursuant to the terms of this Agreement.

WHEREAS, as part of the resolution of the claims set forth in this Agreement, Princeton wishes to assign all of its rights to and obligations under the Transaction Documents and the Judgment to the Assignee on the terms and subject to the conditions set forth herein and the

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[2] The defendants in the Adversary Proceeding are GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I B, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I, LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; GVS Colorado Holdings I, LLC; World Class Capital Group, LLC; Great Value Storage, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC; WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC Las Vegas Storage GP, LLC; World Class Real Estate LLC; WC Memphis Storage, LP; WC 7116 S IH 35, L.P.; WC 10013 RR 620 N, LP; WC 13825 FM 306, L.P.; WC Kansas City Storage GP, LLP; and John Does (collectively, the "Adversary Defendants").

Assignee wishes to accept assignment of such rights and to assume such obligations from the Assignor on such terms and subject to such conditions.

NOW THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the Parties agree as follows:

1. **Note and Judgment Assignment and Acceptance**.

a. Agreement of Assignor and Assignee.

i. Upon the receipt by Assignor of the Settlement Payment in good funds, the Assignor hereby sells, transfers, conveys and assigns to the Assignee, and the Assignee hereby purchases, accepts, assumes, and undertakes from the Assignor all right and title to all rights, benefits, obligations, liabilities, and indemnities of the Assignor under and in connection with the (i) the Note Purchase Agreement, (ii) the Notes and (iii) the Judgment.

ii. Upon the receipt by Assignor of the Settlement Payment in good funds, the Assignor hereby sells, transfers, conveys and assigns to the Assignee and the Assignee hereby accepts, assumes, and undertakes from the Assignor (i) all right and title to all rights, benefits, obligations, liabilities, and indemnities of the Assignor under and in connection with the other Transaction Documents and the Judgment, and (ii) except to the extent released pursuant to the provisions of this Agreement, all claims, suits, causes of action, and any other right of the Assignor against any person, whether known or unknown, arising under or in connection with any or each of the Transaction Documents, including, but not limited to, the Judgment and any and all contract claims, commercial tort claims, malpractice claims, statutory claims, and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above. For the avoidance of doubt, the parties hereto acknowledge and agree that the Assignor's right and title to all rights and benefits under the Final Judgment Order signed by Judge Ursula Hall on March 4, 2021 in *Princeton Capital Corporation v. Great Value Storage, LLC, World Class Capital Group, LLC and Natin Paul* are included in item (ii) of the foregoing.

iii. With effect on and after the Effective Date (as defined below), the Assignee shall be party to the Transaction Documents and succeed to all of the rights and be obligated to perform all of the obligations of the Assignor under the Transaction Documents and the Judgment. The Assignee agrees that on and after the Effective Date it will perform all obligations which by the terms of the

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Transaction Documents are required to be performed by it thereunder.

b. Representations, Warranties and Covenants of Assignee and Assignor.

i. The Assignor represents, warrants and covenants as of the Execution Date and the date when this Agreement becomes effective pursuant to section 3 herein (the "Effective Date") that:

(a) it is the legal and beneficial owners of the interests being assigned by the Assignor hereunder and that such interests are free and clear of any lien or other adverse claim;

(b) it is duly organized and existing and it has the full power and authority to take, and have taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by the Assignor in connection with this Agreement and to fulfill its obligations hereunder;

(c) no notices to, or consents, authorizations, or approvals of, any person are required (other than any already given or obtained and still in full force and effect) for its due execution, delivery, and performance of this Agreement, and apart from any agreements or undertakings or filings required by the Transaction Documents, no further action by, or notice to, or filing with, any person is required for such execution, delivery, or performance;

(d) this Agreement has been duly executed and delivered by the Assignor and constitutes the legal, valid, and binding obligation of the Assignor, enforceable against the Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization, and other laws of general application relating to or affecting creditors' rights and to general equitable principles;

(e) the Assignor has received no distributions or payments in satisfaction of the Judgment from the Receiver, is not a party to or beneficiary of any agreements made with or by the Receiver and, after the Execution Date and the Assignor shall not accept any distributions or payments in satisfaction of the Judgment or make any other agreements with the Receiver in satisfaction of the Judgment or in relation to any fees or expenses that may be determined payable to the Receiver, unless otherwise agreed to by the Parties;

(f) unless compelled to do so by a court of competent jurisdiction, the Assignor agrees it will make no statement regarding (i) any motion by the Assignee to terminate the receivership or (ii) the amount of fees to be awarded to the Receiver;

(g) the Assignor shall not take or support any action adverse to the World Class Release Parties in the Bankruptcy Court or any other court related to this Agreement, the Judgment or the settlement of disputes between the Settlement Parties unless such action relates to the enforcement of this Agreement including any provision hereof; and

(h) the Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition, or statements of any party to the Notes, or the performance or observance by any party to the Notes of any of its obligations under the Transaction Documents or any other instrument or document furnished in connection therewith.

ii. The Assignee represents, warrants and covenants as of the Execution Date and the Effective Date that:

(a) it is duly organized and existing and has full power and authority to take, and has taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by it in connection with this Agreement, and to fulfill its obligations hereunder;

(b) no notices to, or consents, authorizations, or approvals of, any person are required (other than any already given or obtained and still in full force and effect) for its due execution, delivery, and performance of this Agreement; and apart from any agreements or undertakings or filings required by the Transaction Documents, no further action by, or notice to, or filing with, any person is required of them for such execution, delivery, or performance;

(c) this Agreement has been duly executed and delivered by the Assignee and constitutes the legal, valid, and binding obligation of the Assignee, enforceable against the Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium,

reorganization, and other laws of general application relating to or affecting creditors' rights and to general equitable principles;

(d) the Assignee has been advised that none of the Notes have been registered under the Securities Act of 1933, as amended (the "Securities Act") or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available;

(e) the Assignee is aware that the Assignor is under no obligation to effect any such registration with respect to the Notes or to file for or comply with any exemption from registration;

(f) the Assignee is receiving the Notes from the Assignor for its own account and not with a view to, or for resale in connection with, the distribution thereof in violation of the Securities Act; and

(g) the Assignee has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of an investment in the Notes, is able to incur a complete loss of such investment in the Notes and to bear the economic risk of such investment for an indefinite period of time.

c. Subject to the indemnification provisions in section 1.e, Assignee does not assume any liability or responsibility for any action taken by Assignor in connection with the Notes, the Transaction Documents or the Judgment taken prior to the Effective Date, with all such liabilities and responsibilities remaining with the Assignor.

d. The Assignor and the Assignee hereby agree to promptly execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Agreement, which may be required in connection with this Agreement under the Transaction Documents.

e. Assignee and the Reorganized Debtors hereby indemnify and hold Assignor harmless from any and all of the following, which only arise out of the assignment of the Note and assignment of the Judgment as set forth in section 1 hereof: (i) all claims, liabilities, damages, judgments, fines and penalties asserted by the Receiver or Great Value Parties, including the Adversary Defendants, including any litigation by the Receiver acting as WCCG or Great Value Storage ("Losses") that are determined by entry of a final, non-appealable order by the Bankruptcy Court or a court of competent jurisdiction to be Losses, except to the extent the same shall have

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been finally adjudicated in a court of competent jurisdiction to have been directly caused by Assignor's gross negligence, fraud or willful misconduct; and (ii) reasonable expenses, including out-of-pocket, incidental expenses and reasonable legal fees and expenses incurred in connection with Losses ("Expenses" and together with the Losses, the "Indemnification Obligation"). The Indemnification Obligation shall be secured by $1 million dollars of the funds retained in the Princeton Reserve after payment of the Settlement Amount to Princeton, as contemplated by this Agreement (the "Indemnification Security").[3] The Indemnification Security shall be held by the Title Company and shall be disbursed either (i) upon submission thereto of joint written instructions executed by Princeton and the Great Value Parties, a form of which is attached hereto as Exhibit A or (ii) submission to the Title Company of a final, non-appealable order of the Bankruptcy Court authorizing and directing payment of all or portions of the Indemnification Obligation. Notwithstanding anything to the contrary in this section 1.e, the Indemnification Obligation shall not be applicable or enforceable against the Assignee or any Great Value Party to the extent any of the Indemnification Obligation is incurred as a result of the consent, acquiescence or other affirmative action of the Assignor. Notwithstanding anything to the contrary in this section 1.e, Princeton may periodically seek payment on account of an Expenses by filing a request for such payment to the Bankruptcy Court; *provided, however,* Assignor and the Great Value Parties reserve all rights with respect to any such request. For the avoidance of any doubt, the Receiver cannot assert any benefits under nor seek to obtain any benefits from this section 1.e.

f. Assignor will be provided copies of all statements prepared by the Title Company when generated by the Title Company.

2. **Settlement Payment**. As consideration for the sale, assignment and transfer of the Notes and the Judgment and the in exchange for the dismissal of the actions described in section 4 and the releases described in sections 6 and 7 of this Agreement, upon the Effective Date, Assignee shall pay, or cause to be paid, to Princeton the amount of $11,372,698.89 (the "Settlement Amount") from funds currently held in the Princeton Reserve. Within three (3) business after the Effective Date, the Title Company shall effectuate the Escrow Instructions and the date upon which the Title Company remits payment to Princeton shall be the "Payment Date."

3. **Settlement Effective Date**. This Agreement shall become effective on the first day upon which all of the following conditions have been satisfied (the "Effective Date"):

a. the execution of this Agreement by all Parties;

b. the filing of a motion, mutually acceptable to the Parties, seeking the approval of this Agreement and directing the Title Company to release the Settlement Amount from the Princeton Reserve (the "Settlement Motion")

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[3] For the avoidance of doubt, should a court of competent jurisdiction find that entry into this Agreement shall be deemed to be gross negligence, fraud or willful misconduct against the Receiver, no exclusion for such gross negligence, fraud or willful misconduct shall be applicable.

c. The entry of a final, non-appealable Order[4] by the Bankruptcy Court, mutually acceptable to the Parties, approving the Motion (including, without limitation the provisions contained in paragraph 5 of the order attached as Exhibit B) and Escrow Instructions, a form of which is attached hereto as Exhibit B (the "Settlement Order");

d. Princeton and the Reorganized Debtors have delivered to the Title Company the Settlement Order and the Escrow Instructions, a copy of which is attached hereto as Exhibit C; along with Escrow Instructions to the Title Company, which will leave the Indemnity Security Escrow on deposit with the Title Company; and

e. Delivery to Title Company of the documents and evidence set forth in section 4 hereof.

f. Any of the foregoing provisions set forth in sections 3.a, 3.b, 3.c, 3.d, 3.e hereof may be waived upon the mutual written agreement of the Parties.

4. **Conditions Precedent to Effective Date**.

a. Unless otherwise agreed to by the Parties in writing, on or before September 9, 2022, Princeton shall deliver to the Title Company:

i. duly endorsed promissory notes (or lost note affidavits) as applicable, and other Transaction Documents (including official correspondence and further documents delivered pursuant to the terms of the Transaction Documents), the transactions related thereto and the Judgment, along with information showing calculation of the Judgment, but only insofar as any of such information is available to Princeton;

ii. notices of dismissal with prejudice in the Adversary Proceeding substantially in the form attached hereto as Exhibit D, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date;

iii. notices of the assignment of the Notes and Judgment and substitutions of parties in any and all actions pending in any court (including actions against Natin Paul in his individual capacity) as such relate to the enforcement of the Notes or collection of the Judgment, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date, the form of which is attached hereto as Exhibit E; and

iv. notices withdrawing the Princeton Proofs of Claim with prejudice which the Great Value Parties or the Assignee, as applicable, may

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[4] For the avoidance of doubt, no Party hereto will appeal the Settlement Order so long as this Agreement is approved by the Bankruptcy Court as drafted and executed.

EXECUTION VERSION

file after the Effective Date, the form of which is attached hereto as Exhibit F.

b. The Title Company shall provide notice to the Parties of its receipt of the items set forth in section 4.a hereof.

5. **Further Assurances**. In addition to the requirements of section 1.d hereof, the Parties shall cooperate reasonably with each other and with the other's respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information reasonably requested by the Assignee from time to time for the purposes of enforcing its rights under the Transaction Documents and the Judgment; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as any other Party may reasonably request for the purpose of carrying out the transactions contemplated by this Agreement, including but not limited to, with respect to the Escrow Instructions. The Parties shall cooperate with each other as necessary to obtain all consents and authorizations of third-parties, if any, to make all filings with and give all notices to third-parties which may be necessary or reasonably required in order to carry out the intent of this Agreement and the transactions contemplated hereby.

6. **Release by the Great Value Parties**. Effective upon the Payment Date, except as provided in Paragraph 8 or herein, Natin Paul, on behalf of himself as well as any persons he controls and any entities that he either owns or controls (in whole or in part), the Great Value Parties, and all of their respective officers, directors, members, managers, employees, insurers, advisory board members, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (the "World Class Release Parties") hereby forever release Princeton, and each of its officers, directors, owners, members, managers, shareholders, subsidiaries, investment funds employees, insurers, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (the "Princeton Released Parties") from any and all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, damages, judgments, executions, and demands whatsoever, in law or equity, whether known or unknown, liquidated or unliquidated, which the World Class Releasee Parties ever had, now have or hereafter can, shall or may have against any of the Princeton Released Parties for any matter, cause, thing, or reason whatsoever as of the Effective Date, including but not limited to, for or arising out of, or related to, the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, the Claim Objections, and other actual or potential claims that were or could have been asserted in the State Action, Adversary Proceeding, or the Princeton Proofs of Claim*; provided, however,* the foregoing release shall not (i) apply to any claim or cause of action against any third-party, including the Receiver (excluding the Princeton Released Parties) seeking damages or the return or recovery of monies, properties or assets otherwise taken, seized, transferred, conveyed or otherwise removed from such party's possession or control in connection with the efforts of any party to collect the Judgment on behalf of Princeton or (ii) result in the dismissal of any pending action or appeal of any action in which Princeton is a named party related to the Judgment (the "Appeal Actions"); *provided, further, however,* the World Class Release Parties shall not and shall be prohibited and enjoined from seeking any recovery (monetary or otherwise) from Princeton in connection with an Appeal Action.

7. **Release by Princeton**. Effective upon the Payment Date, except as provided in Paragraph 8, Princeton on behalf of itself and on behalf of each of the Princeton Released Parties, each hereby forever release and discharge Natin Paul, on behalf of himself as well as any persons he controls and any entities that he either owns or controls (in whole or in part), the Great Value Parties, the Adversary Defendants and their respective officers, directors, members, managers, employees, insurers, advisory board members, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (collectively, the "World Class Released Parties") from any and all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, damages, judgments, executions, and demands whatsoever, in law or equity, whether known or unknown, liquidated or unliquidated, which the Princeton Released Parties ever had, now have or hereafter can, shall or may have against any of the World Class Released Parties for any matter, cause, thing, or reason whatsoever as of the Effective Date, including but not limited to, for or arising out of, or related to, the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, the Claim Objections, and other actual or potential claims that were or could have been asserted in the State Action, Adversary Proceeding, or the Princeton Proofs of Claim save and except for the Indemnification Obligation.

8. **Exceptions to Releases**. Notwithstanding any language to the contrary in sections 6, and 7 hereof, or any other provision of this Agreement, the Parties agree and acknowledge that this Agreement and the releases provided herein does not release or waive: (a) any obligation of a Party arising under or created by this Agreement; (b) the Indemnification Obligation; or (c) any present or future claim, appeal or litigation by the Great Value Parties against the Receiver or its agents, attorney, or representatives.

9. **Fees and Costs**. Each Party and Assignment Party shall bear its own fees and costs in connection with the Adversary Proceeding, the Settlement Motion and this Agreement. For the avoidance of doubt there shall be no other cost and expenses due to Princeton whatsoever other than the Settlement Amount, except any amounts that may be due under the Indemnification Obligation.

10. **Consultation with Counsel**. Each of the Parties has freely and voluntarily entered into this Agreement after an adequate opportunity and sufficient period of time to review, analyze and discuss all terms and conditions of this Agreement and all factual and legal matters relevant hereto with its counsel. Each of the Parties further acknowledges that it has actively and with full understanding participated in the negotiation of this Agreement and that this Agreement has been negotiated, prepared and executed without fraud, duress, undue influence or coercion of any kind or nature whatsoever having been exerted by or imposed upon any party to this Agreement.

11. **No Assignment**. No Party has assigned any of its claims, rights, and/or remedies arising under or relating in any way to the litigation being resolved hereby or associated property to any third party.

12. **No Admission of Wrongdoing**. This Agreement constitutes a compromise of disputes between the Parties. Nothing contained herein shall constitute or be deemed to be an admission by any Party as to any matter unless specifically stated herein. Nothing in this

Agreement, nor any of the negotiations or proceedings connected with the Agreement, nor any of the documents or statements contained or referred to therein shall be offered or received against any Party in any litigation as evidence of, or be construed as or be deemed to be evidence of, any concession or admission by any Party with respect to the truth of any fact alleged by any Party against the other or the validity of any claim or defense that has been or could have been asserted in any proceeding or litigation involving the Parties.

13. **Time is of the Essence.** Time is of the essence for all dates and/or time described in this this Agreement.

14. **Remedies**. The Parties agree that irreparable damage would occur in the event of a breach of any provision of this Agreement that would result in the failure of the Effective Date and Payment Date to occur and that money damages or other legal remedies would not be an adequate remedy for any such damages. Accordingly, the Parties acknowledge and agree that in the event of any breach or threatened breach of the covenants, agreements and obligations set forth in this Agreement, each Party shall be entitled to any injunction or injunctions to prevent or restrain breaches or threatened breaches of this Agreement, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations under this Agreement (including those conditions precedent set forth in section 4 hereof), in addition to any other remedy to which such party is entitled at law or in equity. Each Party hereby agrees not to raise any objections to the availability of specific performance to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations under this Agreement. Each Party hereby waives (i) any defenses in any action for specific performance, including the defense that a remedy at law would be adequate and (ii) any requirement under any law to post a bond or other security as a prerequisite to obtaining equitable relief.

15. **Miscellaneous**.

a. Each of the Parties acknowledges, represents, and agrees that no promise, inducement or consideration has been offered or promised to any Party except as expressly set forth herein.

b. This Agreement is executed without reliance upon any statement or representation by any other Party or other Party's attorneys or representatives concerning the nature and extent of any claims and/or damages or legal liability therefor.

c. No failure or delay by any party hereto in exercising any right, power, or privilege hereunder or under that settlement term sheet dated August 22, 2022 (the "Settlement Term Sheet") shall operate as a waiver thereof, with all such rights, powers or privileges being expressly preserved, and any waiver of any breach of the provisions of this Agreement shall be without prejudice to any rights with respect to any other or further breach thereof or under the Settlement Term Sheet, which shall remain in force and effect.

d. All payments made hereunder shall be made without any set-off or counterclaim.

EXECUTION VERSION

e. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of this Agreement by telefacsimile, electronic mail, or by any other electronic form of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Signatures exchanged by email or facsimile transmission shall be deemed original signatures for all purposes and shall indicate and evidence such Party's final and fully-enforceable agreement to the terms of this Agreement.

f. This Agreement constitutes the final and fully-integrated agreement of the Parties concerning the subject matter hereof and supersedes all prior or contemporaneous oral and written statements, understandings, and agreements between them or their counsel regarding the subject matter hereof. If any provision of this Agreement is determined to be invalid, illegal, or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect.

Savings Clause.

g. This Agreement shall be governed by the laws of the State of Texas without regard to any choice of law analysis that might call for application of some different law. The Parties each irrevocably submits to the non-exclusive jurisdiction and venue of the United States Bankruptcy Court for the Northern District of Texas, Dallas Division over any suit, action, or proceeding arising out of or relating to any dispute and irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such court. Each party to this Agreement hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding.

h. This Agreement may not be modified except in a writing signed by each of the Parties and no Party shall be entitled to rely on any other manner of attempted modification, which shall be void (and not merely voidable).

i. No Party has assigned or purported to assign any claim that otherwise would be released or discharged by this Agreement.

j. The captions of Sections herein are intended for convenience only and shall not be used in any way to interpret the contents of such Section.

k. In the event of any dispute between the parties arising out of, under, or in connection with this Agreement, the Transaction Documents, any related documents and agreements, or any course of conduct, course of dealing, or statements (whether oral or written) (collectively, the "Disputes"), the prevailing party shall be entitled to recover all of its reasonable costs and attorneys' fees incurred in such dispute, in addition to all other sums that it may be entitled.

l. This Agreement is enforceable regardless of whether or not the Appeal Actions are decided in favor of any or all of the Great Value Parties.

m. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHTS EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON ANY DISPUTE.

EXECUTION VERSION

16. **Authority**. Each Party and each signatory below represents that the signatory has all necessary authority to enter into the terms of this Agreement on behalf of the Party for which she or he is signing and to bind that Party to the terms of this Agreement. The Parties acknowledge that the other Party is specifically relying on these representations in entering into this Agreement and that the Parties' respective signatories have apparent and inherent authority to bind the Parties to the terms of this Agreement.

[Signature Pages to Follow]

EXECUTION VERSION

IN WITNESS WHEREOF, the Parties have hereunto signed their names on the dates indicated.

NATIN PAUL, ON BEHALF OF ALL ENTITIES THAT HE EITHER OWNS OR CONTROL (IN WHOLE OR IN PART) FOR WHOM HE HAS ACTUAL AUTHORITY and specifically excluding, without limitation, WCCG, GVS and the Austin Debtors[5]

____
Name: Natin Paul
Title: Authorized Representative
Date: September 19, 2022

[5] "Austin Debtors" means the debtors in In re WC South Congress Square LLC, Case No. 20-11107-TMD; In re WC 3rd and Trinity, LP, Case No. 21-10252-TMD; In re WC 511 Barton Blvd, LLC, Case No. 21-10943-TMD; In re WC Met Center, LLC, Case No. 21-10698-TMD; In re WC 717 N Harwood Property LLC, Case No. 21-10630-TMD; In re 6th and San Jacinto, LLC, Case No. 21-10942-TMD; In re WC Braker Portfolio, LLC, Case No. 22-10293-TMD; In re Arboretum Crossing LLC, Case No. 21-10546-TMD; In re WC Manhattan Place Property, LLC, Case No. 22-10047-TMD; In re WC Alamo Industrial Center, LP, Case No. 22-10026-TMD; and In re WC Culebra Crossing SA, LP, Case No. 21-10360-TMD, all pending in the United States Bankruptcy Court for the Western District of Texas, Austin Division (J. Davis, presiding).

EXECUTION VERSION

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

NATIN PAUL

____
Name: Natin Paul
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

SHEENA PAUL

Name: Sheena Paul
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

BARBARA LEE

Barbara Lee

Name: Barbara Lee
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

JASON ROGERS

Name: Jason Rogers
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC OHIO STORAGE PORTFOLIO I, LP

____

Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC TEXAS STORAGE PORTFOLIO I, LP

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC TEXAS STORAGE PORTFOLIO II, GP, LLC

____

Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC MEMPHIS STORAGE II, LP

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC OHIO STORAGE PORTFOLIO I GP, LLC

____

Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC OHIO STORAGE PORTFOLIO II TIC, LLC

____

Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC OHIO STORAGE PORTFOLIO II EQUITY, LLC

____

Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC TEXAS STORAGE PORTFOLIO III MM, LLC

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC MISSISSIPPI STORAGE PORTFOLIO I MM, LLC

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC ILLINOIS STORAGE PORTFOLIO I, LLC

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC ILLINOIS STORAGE PORTFOLIO TIC, LLC

____

Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC 4641 PRODUCTION MM, LLC

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC NEW YORK STORAGE PORTFOLIO I, LLC

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC 4641 PRODUCTION, LLC

____

Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC TSPIGP, LLC

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC TEXAS STORAGE PORTFOLIO II, LP

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC TEXAS STORAGE PORTFOLIO III PROPERTY, LLC

____

Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC TEXAS STORAGE PORTFOLIO III, LLC

____

Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC SAN BENITO STORAGE, LP

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC SAN BENITO GP, LLC

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC MEMPHIS STORAGE GP, LLC

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC MEMPHIS STORAGE II GP, LLC

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC LAS VEGAS STORAGE, LP

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC KANSAS CITY STORAGE, LP

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC LAS VEGAS STORAGE GP, LLC

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WORLD CLASS REAL ESTATE LLC

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC MEMPHIS STORAGE, LP

____

Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC 7116 S IH 35, L.P.

____

Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC 10013 RR 620 N, LP

____
Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC 13825 FM 306, L.P.

____

Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WC KANSAS CITY STORAGE, LLP

____

Name: Natin Paul
Title: Authorized Representative
Date: September 15, 2022

IN WITNESS WHEREOF, the Parties have hereunto signed their names on the date indicated.

NATIN PAUL, ON BEHALF OF THE REORGANIZED DEBTORS

____

Name: Natin Paul
Title: Manager
Date: September 15, 2022

IN WITNESS WHEREOF, the Party hereunto has signed their name on the date indicated.

WORLD CLASS HOLDINGS I, LLC

____

Name: Natin Paul
Title: Manager
Date: September 15, 2022

IN WITNESS WHEREOF, the Parties have hereunto signed their names on the date indicated.

PRINCETON CAPITAL CORPORATION ON BEHALF OF ITSELF AND THE PRINCETON RELEASED PARTIES

____
Name: Mark S. DiSalvo
Title: Chief Executive Officer
Date: September 15, 2022

IN WITNESS WHEREOF, the Parties have hereunto signed their names on the dates indicated.

PHOENIX LENDING, LLC

Name: Mickey Altman
Title: Vice President
Date: September15, 2022

Exhibit A

Form of Indemnity Security Escrow Release Instructions

__________, 2022

VIA HAND DELIVERY

Fidelity National Title Insurance Company
Attn: Larry Boes
485 Lexington Ave., 18th Floor
New York, New York 10017
Larry.Boes@fnf.com

Re: Title No. 58349 (In re Great Value Storage) – Indemnity Security Escrow Release Instructions Regarding Indemnification Security

Mr. Boes:

As you are aware, Ross & Smith, PC ("R&S") is counsel for Princeton Capital Corporation ("Princeton") and Squire Patton Boggs (US) LLP ("Squire") is counsel for World Class Holdings I, LLC ("WCH"), 36 non-debtor defendants (collectively, but excluding World Class Capital Group LLC and Great Value Storage, LLC, while under Receivership, the "Non-Debtor Defendants") in the closed-case styled *Princeton Capital Corporation v. GVS Texas Holdings I, LLC, et al.,* Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "Princeton Proceeding"), and the fifteen reorganized debtors (collectively, the "Reorganized Debtors" and together with WCH and the Non-Debtor Defendants, the "World Class Entities") in chapter 11 bankruptcy proceedings in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"), which cases are pending as *In re GVS Texas Holdings I, LLC, et al.,* main Case No. 21-31121-MVL (Bankr. N.D. Tex. 2021) (the "Bankruptcy Cases").

Pursuant to Paragraph 3 of the *Order Granting Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise between Princeton Capital Corporation and the Reorganized Debtors* [AP Docket No.__] (the "Settlement Order") entered in the Princeton Proceeding, and Paragraph 5(b) of the *Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors* [Docket No. 1377] (the "Reinstatement Order") entered in the Bankruptcy Cases, Fidelity National Title Insurance Company (the "Title Company") must disburse the $1 million dollars being held by the Title Company (the "Indemnification Security") in accordance with the instructions contained in this letter (the "Indemnity Security Escrow Release Instructions"), a substantially identical copy of which is attached as Exhibit A to that certain Settlement, Assignment and Acceptance Agreement, which is Exhibit 1 of the Settlement Order.

Plaza of the Americas 700 N. Pearl Street Suite 1610 Dallas, TX 75201
main 214.377.7879 fax 214.377.9409 judithwross.com

The Indemnification Security is in the amount of $1 million dollars that is being held by Fidelity National Title Company.

In addition to being approved by the Bankruptcy Court, the Indemnity Security Escrow Release Instructions have been jointly drafted by counsel for Princeton and the World Class Entities. Lawyers from both R&S and Squire have signed the Indemnity Security Escrow Release Instructions, as directed by the Bankruptcy Court.

As further directed by the Bankruptcy Court via the Settlement Order and Reinstatement Order, and upon entry of a final, non-appeal order determining the allowance of fees and expenses of Seth Kretzer, as receiver, or other final, non-appealable order settling such issue, along with a) proof from the Title Company that the Receiver has been paid the amounts provided by such final non-appealable order, if any, and b) a certification by Princeton that it has been paid all amounts it is owed under paragraph 1(e) of that certain Settlement, Assignment and Acceptance Agreement dated September 2, 2022, the Indemnity Security Escrow Release Instructions hereby direct the Title Company to perform the following:

The Title Company is directed to disburse the Indemnification Security by wire transfer to Horizon Bank (the "1031 Agent"), or such other account as designated by the World Class Entities, from Account No. ******1018 no later than one (1) business day after receiving these Indemnity Security Escrow Release Instructions from counsel for the World Class Entities and Princeton via email.

Immediately upon receipt of these Indemnity Security Escrow Release Instructions, the Title Company shall notify counsel for Princeton, the World Class Entities and Seth Kretzer, the Receiver for World Class Capital Group LLC and Great Value Storage, LLC (c/o Lynnette Warman at lwarman@cm.law) via email that it has received the Indemnity Security Escrow Release Instructions and shall request that the wire instructions be emailed to the Title Company by counsel for the World Class Entities. In response, counsel for the World Class Entities shall then immediately provide the Title Company with the wire instructions in a separate email, without copying counsel for Princeton, along with a phone number that the Title Company shall call to confirm the wire instructions.

Squire will not be confirming the wire transfer instructions by telephone, however, counsel of record in the Bankruptcy Court for the World Class Entities, Jeffrey N. Rothleder, is available to confirm the authenticity of this correspondence by telephone at (202-457-6462). I am counsel of record in the Bankruptcy Court for Princeton and am available to confirm the authenticity of this correspondence by telephone at (214-377-8659).

Sincerely,

/s/ DRAFT
Judith W. Ross
Partner, Ross & Smith, PC
Counsel for Princeton Capital Corporation

/s/ DRAFT
Jeffrey N. Rothleder
Partner, Squire Patton Boggs (US) LLP
Counsel for the World Class Entities

Plaza of the Americas 700 N. Pearl Street Suite 1610 Dallas, TX 75201
main 214.377.7879 fax 214.377.9409 judithwross.com

Exhibit B

Form of Settlement Order

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	Chapter 11
GVS TEXAS HOLDINGS I, LLC, et al.[1]	Case No. 21-31121-MVL
Reorganized Debtors.	(Jointly Administered)

ORDER GRANTING EMERGENCY MOTION PURSUANT TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

Upon consideration of the *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and*

[1] The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

the Reorganized Debtors (the "Emergency Motion")[2] requesting that the Court approve the Settlement Agreement[3] pursuant to Bankruptcy Rule 9019 and the related Escrow Instructions[4] to the Title Company, the Court (1) having considered the Emergency Motion and the objections filed by Seth Kretzer, Receiver (the "Receiver") for World Class Capital Group LLC ("WCCG") and Great Value Storage, LLC ("GVS"); (2) finding that (a) notice of the Emergency Motion was good and sufficient upon the particular circumstances and that no other or further notice need be given, (b) the Emergency Motion is a core proceeding under 28 U.S.C. § 157(b), (c) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and (d) venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409; (3) finding that the Movants demonstrated both (a) good, sufficient, and sound business purposes and justifications for the Settlement Agreement and the transactions, compromises, and releases provided therein, and (b) compelling circumstances for approval of the Settlement Agreement pursuant to Bankruptcy Rule 9019; (4) finding that the terms of the Settlement Agreement are fair and reasonable, falling above the lowest point in the range of reasonableness, and are in the best interests of the Settling Parties and the Reorganized Debtors' stakeholders as a whole; (5) having weighed the probability of success in litigation, the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending to it,

---

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Emergency Motion or Settlement Agreement, as applicable. "Movants" means the Reorganized Debtors, the Non-Debtor Defendants and WCH. The "Settling Parties" means Movants and Princeton, but not including any party in receivership (including, without limitation, WCCG and GVS) or in a bankruptcy proceeding (including, without limitation, the debtors in In re WC South Congress Square LLC, Case No. 20-11107-TMD; In re WC 3rd and Trinity, LP, Case No. 21-10252-TMD; In re WC 511 Barton Blvd, LLC, Case No. 21-10943-TMD; In re WC Met Center, LLC, Case No. 21-10698-TMD; In re WC 717 N Harwood Property LLC, Case No. 21-10630-TMD; In re 6th and San Jacinto, LLC, Case No. 21-10942-TMD; In re WC Braker Portfolio, LLC, Case No. 22-10293-TMD; In re Arboretum Crossing LLC, Case No. 21-10546-TMD; In re WC Manhattan Place Property, LLC, Case No. 22-10047-TMD; In re WC Alamo Industrial Center, LP, Case No. 22-10026-TMD; and In re WC Culebra Crossing SA, LP, Case No. 21-10360-TMD, all pending in the United States Bankruptcy Court for the Western District of Texas, Austin Division (J. Davis, presiding).

[3] The Settlement Agreement is attached hereto as **Exhibit 1**.

[4] The Escrow Instructions are attached hereto as **Exhibit 2**.

and taken into account the paramount interest of alleged creditors and, based on all of the foregoing, the Court has determined that the relief requested in the Emergency Motion is fair and equitable, in the best interests of the Parties, and should be approved in all respects; (6) finding that (a) in the absence of the Settlement Agreement, the Defendants face considerable litigation expense, risk, and delay, (b) the disputes between the Settling Parties involve numerous legal and factual issues, and judicial resolution of these disputes will require additional, extensive and costly briefing and discovery, (c) even if the Defendants were successful in litigating against any claims, a judgment obtained may be subject to appeal with no guarantee as to the ultimate outcome, (d) there is no doubt that the Settling Parties' combined legal expenditures during a protracted litigation process would be substantial and further forestall any disbursement of the Princeton Reserve to any of the parties to the Adversary Proceeding, and (e) the Settlement Agreement resolves the Parties' disputes now without the need for additional costly, uncertain litigation; and good and sufficient cause appearing therefor; and having issued an oral bench ruling on the record on September 16, 2022, which is incorporated herein for all purposes,

IT IS HEREBY ORDERED THAT:

1. The Emergency Motion is hereby **GRANTED** as set forth herein.

2. The Settlement Agreement is approved as set forth herein.

3. Notwithstanding anything to the contrary in the *Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors* [Docket No. 1377] (the "Reinstatement Order"), including, but not limited to, paragraph 5(b) thereof, on the Effective Date, the Title Company shall wire (a) the Settlement Amount of $11,372,698.89 from the Princeton Reserve to Princeton and (b) $2,627,301.11 from the Princeton Reserve to the entity or party designated by the Defendants pursuant to this Order and the Escrow Instructions in a form substantially similar to the form attached hereto as **Exhibit**

2. The remainder of the Princeton Reserve, in the amount of $1 million, shall be distributed in accordance with those certain instructions annexed as **Exhibit A**[5] to the Settlement Agreement (the "Indemnity Security Escrow Release Instructions"). For the avoidance of any doubt, this Order shall be deemed a final order for purposes of paragraph 5(b) of the Reinstatement Order.

4. The Escrow Instructions attached hereto as Exhibit 2 are approved by this Court, and the Title Company shall comply with this Order and the Escrow Instructions no later than one (1) business day after receipt of the Escrow Instructions sent to the Title Company by counsel for Princeton. The Escrow Instructions shall be signed digitally by Judith W. Ross, counsel for Princeton. The electronically delivered Escrow Instructions shall be signed digitally on behalf of the Defendants. The electronically delivered Escrow Instructions shall be substantially identical to the Escrow Instructions attached to this Order as **Exhibit 2**. The electronically delivered Escrow Instructions shall include copies of this Order and the Reinstatement Order, entered in the chapter 11 cases, both attached to the Escrow Instructions. If any of the requirements of this Paragraph 4 are not fully satisfied, then the Title Company is directed by this Court to disburse no funds from the Princeton Reserve; *provided, however*, that the Indemnity Security Escrow Release Instructions shall not be subject to this Paragraph 4. In the event that all requirements of this Paragraph 4 are fully satisfied, then immediately upon receipt of the Escrow Instructions, the Title Company shall notify counsel for Princeton, the Defendants and the Receiver via email (at email addresses included in the Escrow Instructions) that the Title Company received the Escrow Instructions in compliance with this Paragraph 4, and counsel for Princeton and Defendants shall then immediately provide the Title Company with their respective wire instructions via email in accordance with the Escrow Instructions.

[5] The Indemnity Security Escrow Release Instructions are attached thereto as **Exhibit A** to **Exhibit 1**.

5. Notwithstanding anything in the Reinstatement Order to the contrary, it is hereby ordered that Mr. Natin Paul, any family member of Mr. Natin Paul, any affiliate of Mr. Natin Paul, and any person acting at Mr. Natin Paul's direction, shall not seek removal of or to remove from the Title Company the Remaining Reserves (as defined in the Reinstatement Order) (exclusive of the Princeton Reserve that is to be released pursuant to the term of this Order) until further Order of this Court.

6. Notwithstanding the foregoing, if the Receiver consents to this Paragraph 6 (which such consent shall be memorialized by filing a notice of consent on the docket in the above-captioned chapter 11 cases at any time), the funds reserved for the Receiver Claims may be disbursed upon (1) the filing in this Court of a final, non-appealable order of the Texas state district court in the *Princeton Capital Corporation vs Great Value Storage LLC, et. al.* pending in the 165th District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Lawsuit") awarding the Receiver fees and expenses pursuant to the Order Appointing Receiver in the Princeton Lawsuit (the "Receiver Award") and (2) a subsequent final, non-appealable Order of this Court directing the Title Company to disburse funds in the amount of the Receiver Award to the Receiver less any amounts that the Receiver has collected that the state court approves the Receiver to apply to his total fees and expenses in connection with the Princeton Lawsuit. The Reinstatement Order shall remain in full force and affect except as modified herein.

7. Notwithstanding anything to the contrary in the Settlement Agreement, WCCG and GVS shall not be parties to the Settlement Agreement for all purposes, including the release provisions set forth in Paragraphs 6 and 7 thereof. For the avoidance of any doubt, this Paragraph 7 shall not affect or otherwise modify the indemnification provisions as set forth in the Settlement Agreement and Princeton shall be indemnified under the Settlement Agreement if they are sued

by the Receiver acting as WCCG or GVS.

8. This Order does not herein address the enforceability of any release given by a non-Debtor party. To the extent any entity lacks the authority to give a release due to the fact that it is in receivership, in bankruptcy or for any other reason, all parties' rights are reserved in any subsequent enforcement litigation to argue same.

9. This Order shall have no effect on existing litigation or claims filed by the Receiver in this Court. Such litigation shall not be stayed or modified in any way by virtue of this Order unless and until such receivership is terminated or modified by a court of competent jurisdiction or the parties otherwise agree to stay any such litigation. This Order does not act to terminate or modify the Receiver's rights and duties under the Receivership Order. Furthermore, the $3.5 million reserve for the Receiver Claims as defined in this Court's Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors (Dkt. No. 1377) shall remain in place pending further Order of the Court.

10. Except as it may pertain to disputes regarding this Order which the Court retains jurisdiction to consider, this Order shall have no effect on existing claims, litigation or appeals between and among the Receiver and any non-Debtor party outside of this Court. Such litigation shall not be stayed, modified, or otherwise affected in any way by virtue of this Order.

11. Notice of the Emergency Motion as provided therein shall be deemed good and sufficient notice of such Emergency Motion under the circumstances and the requirements of the Bankruptcy Rules and the Local Rules are satisfied by such notice.

12. Notwithstanding the applicability of any Bankruptcy Rules, the terms and conditions of this Order shall not be stayed and shall be immediately effective and enforceable upon its entry.

13. Except as may be expressly contrary to the relief afforded herein, the Defendants are authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.

14. This Court shall retain jurisdiction over all matters arising from or related to the interpretation or implementation of this Order.

 # # # END OF ORDER # # #

Exhibit C

Form of Settlement Payment Escrow Release Instructions

September , 2022

VIA EMAIL

Fidelity National Title Insurance Company
Attn: Larry Boes
485 Lexington Ave., 18th Floor
New York, New York 10017
Larry.Boes@fnf.com

Re: Title No. 58349 (In re Great Value Storage) – Disbursement Instruction Letter Regarding Princeton Reserve

Mr. Boes:

As you may be aware, Ross & Smith, PC ("R&S") is counsel for Princeton Capital Corporation ("Princeton") and Squire Patton Boggs (US) LLP ("Squire") is counsel for World Class Holdings I, LLC ("WCH"), 36 non-debtor defendants (collectively, but excluding World Class Capital Group LLC and Great Value Storage, LLC, while under Receivership, the "Non-Debtor Defendants") in the case styled *Princeton Capital Corporation v. GVS Texas Holdings I, LLC, et al.*, Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "Princeton Proceeding"), and the fifteen reorganized debtors (collectively, the "Reorganized Debtors" and together with WCH and the Non-Debtor Defendants, the "World Class Entities") in chapter 11 bankruptcy proceedings in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"), which cases are pending as *In re GVS Texas Holdings I, LLC*, *et al.*, main Case No. 21-31121-MVL (Bankr. N.D. Tex. 2021) (the "Bankruptcy Cases").

Pursuant to Paragraphs 3 and 4 of the *Order Granting Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise between Princeton Capital Corporation and the Reorganized Debtors* [AP Docket No.] (the "Settlement Order") entered in the Princeton Proceeding, and Paragraph 5(b) of the *Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors* [Docket No. 1377] (the "Reinstatement Order") entered in the Bankruptcy Cases, Fidelity National Title Insurance Company (the "Title Company") must disburse the $15 million being held by the Title Company (the "Princeton Reserve") on account of certain claims held by Princeton against certain of the World Class Entities in accordance with the instructions contained in this letter (the "Escrow Instructions"), a substantially identical copy of which is attached as Exhibit 2 to the Settlement Order.

A copy of the Settlement Order is attached to this letter as Exhibit A. A copy of the Reinstatement Order is attached to this letter as Exhibit B.

In addition to being approved by the Bankruptcy Court, the Escrow Instructions have been jointly drafted by counsel for Princeton and the World Class Entities. Lawyers from both R&S and Squire have signed the Escrow Instructions, as directed by the Bankruptcy Court.

As further directed by the Bankruptcy Court via the Settlement Order and Reinstatement Order, the Escrow Instructions hereby direct the Title Company to perform the following:

The Title Company, upon receipt of these instruction and certification from counsel for Princeton and the World Class Entities via email, that Princeton has complied with its obligations, including those set forth in Section 4 of the Settlement Agreement, is directed to disburse the following amounts of the Princeton Reserve by wire transfer to Princeton, on one hand, and Horizon Bank (the "1031 Agent") or such other account as designated by the World Class Entities, on the other hand, from Account No. ******1018 (the "Princeton Reserve Account") no later than one (1) business day after receiving the Escrow Instructions from counsel for Princeton, in accordance with paragraph 4 of the Settlement Order:

1. Princeton: $11,372,698.89; and
2. 1031 Agent: $2,627,301.11.[1]

Immediately upon receipt of the emailed Escrow Instructions from counsel for Princeton and World Class, the Title Company shall notify counsel for Princeton, the World Class Entities that the delivered Escrow Instructions comply with paragraph 4 of the Settlement Order and Seth Kretzer, Receiver for World Class Capital Group LLC and Great Value Storage, LLC c/o Lynnette Warman at lwarman@cm.law. Counsel for Princeton and Sheena Paul for the World Class Entities, on behalf of the 1031 Agent, shall then immediately provide the Title Company with their respective wire instructions in separate emails, along with a phone number that the Title Company shall call to confirm the wire instructions for Princeton and 1031 Agent, respectively, upon the delivery of the Escrow Instructions to the Title Company.

Neither R&S nor Squire will be confirming those wire transfer instructions by telephone, however, I am counsel of record in the Bankruptcy Court for Princeton and am available to confirm the authenticity of this correspondence by telephone at (214-377-8659). Likewise, counsel of record in the Bankruptcy Court for the World Class Entities, Jeffrey N. Rothleder, is available to confirm the authenticity of this correspondence by telephone at (202-457-6462).

[1] The funds that remain in the Princeton Reserve in the amount of $1 million following the initial disbursement directed herein shall be held by the Title Company and shall be disbursed only upon submission thereto of joint written instructions executed by counsel for Princeton and the World Class Entities, a form of which is attached to this letter as Exhibit C, or submission to the Title Company of a final, non-appealable order of the Bankruptcy Court authorizing and directing payment of all or portions of the $1 million.

Sincerely,

/s/

Judith W. Ross
Partner, Ross & Smith, PC
Counsel for Princeton Capital Corporation

/s/

Jeffrey N. Rothleder
Partner, Squire Patton Boggs (US) LLP
Counsel for the World Class Entities

Exhibit D

Form of Notice of Dismissal of Adversary Proceeding

Judith W. Ross
State Bar No. 21010670
Jessica L. Voyce Lewis
State Bar No. 24060956
ROSS & SMITH, PC
700 N. Pearl Street, Suite 1610
Dallas, TX 75201
Phone: 214-377-7879
Fax: 214-377-9409
Email: judith.ross@judithwross.com
Email: jessica.lewis@judithwross.com

COUNSEL FOR PRINCETON CAPITAL CORPORATION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	§	**Chapter 11**
	§	
GVS TEXAS HOLDINGS I, LLC, *et al.*,[1]	§	**Case No. 21-31121-MVL**
	§	
Debtors.	§	**(Jointly Administered)**
	§	
	§	
PRINCETON CAPITAL CORPORATION,	§	
	§	**Adv. No. 22-03043**
Plaintiff,	§	
	§	
v.	§	
	§	
GVS TEXAS HOLDINGS I, LLC, *et al.*,[2]	§	

[1] The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408) (collectively, the "Reorganized Debtors"). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

[2] The Defendants in this adversary proceeding are: GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I B, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I, LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; GVS Colorado Holdings I, LLC; World Class Capital Group, LLC; Great Value Storage, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC;

	§
Defendants.	§
	§
WORLD CLASS HOLDINGS I, LLC	§
	§
Intervenor.	§
	§

NOTICE OF DISMISSAL WITH PREJUDICE

PLEASE TAKE NOTICE THAT Princeton Capital Corporation, by its undersigned attorneys, in the above-captioned adversary proceeding (this "Adversary Proceeding"), dismisses this Adversary Proceeding with prejudice as ordered by the Court in the *Order of Dismissal of Adversary Proceeding* [Docket No. ___].

DATED: _________, 2022
Dallas, Texas

Respectfully submitted,

/s/ DRAFT
Judith W. Ross
State Bar No. 21010670
Jessica L. Voyce Lewis
State Bar No. 24060956
ROSS & SMITH, PC
700 N. Pearl Street, Suite 1610
Dallas, TX 75201
Phone: 214-377-7879
Fax: 214-377-9409
Email: judith.ross@judithwross.com
Email: jessica.lewis@judithwross.com

COUNSEL FOR PRINCETON CAPITAL CORPORATION

WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC Las Vegas Storage GP, LLC; World Class Real Estate LLC; WC Memphis Storage, LP; WC 7116 S IH 35, L.P.; WC 10013 RR 620 N, LP; WC 13825 FM 306, L.P.; WC Kansas City Storage GP, LLP; and John Does.

CERTIFICATE OF SERVICE

I hereby certify that on this __________, 2022, I caused a true and correct copy of the foregoing to be filed and served through ECF notification upon all parties who receive notice in this matter pursuant to the Court's CM/ECF filing system.

/s/ DRAFT
Judith W. Ross

Exhibit E

Form of Notice of Assignment of Judgment and Substitution of Parties

PHOENIX LENDING, LLC

NOTICE OF ASSIGNMENT

September [__], 2022

[NAME]
[TITLE]
Princeton Capital Corporation
800 Turnpike Street, Suite 300
North Andover, MA 01845

Dear [NAME]:

Your (i) Senior Secured Promissory Note, dated July 31, 2012 ("Note A") in the principal amount of $2,000,000, (ii) Senior Secured Promissory Note, dated September 27, 2012 ("Note B") in the principal amount of $500,000, (iii) Senior Secured Promissory Note, dated November 12, 2014 ("Note C" and together with Note A and Note B, the "Notes") in the principal amount of $3,100,000 (each of (i), (ii), and (iii) delivered to Capital Point Partners II, L.P. and thereafter assigned to you), (iv) Note Purchase Agreement, dated July 31, 2012 (the "Note Purchase Agreement"), by and among Capital Point Partners II, L.P. (your predecessor-in-interest), Great Value Storage, LLC ("Great Value") and World Class Capital Group, LLC ("World Class"), and (v) order of judgment by the Texas District Court that Great Value and World Class were liable to you for contract damages of $9,759,713.84 and attorneys' fees of $150,887.50 (the "Judgment"), will be pledged and assigned by you to Phoenix Lending, LLC, a Delaware limited liability company ("Phoenix") in connection with that certain Settlement Agreement, dated as of September 2, 2022, in exchange for $11,372,698.89 (the "**Payment**")paid by Phoenix to you in accordance with the terms of the Settlement Agreement.

You are hereby directed to make payment of any future installments or payments you receive (save and except for the Payment that you receive under the Notes and the Judgment directly to Phoenix, or to such account or entity as Phoenix shall designate.

This Notice of Assignment may be revoked, amended, modified or amended only by a writing signed and delivered to you by Phoenix.

Phoenix requests that you confirm the amount of each Note by signing and returning to Phoenix a copy of the attached acknowledgement.

Please feel free to contact [NAME] and [PHONE NUMBER] if you have any questions regarding this Notice of Assignment.

Sincerely,

PHOENIX LENDING, LLC

By: ______________________________
Name: ______________________________
Title: ______________________________

ACKNOWLEDGEMENT

The undersigned hereby acknowledges to Phoenix Lending, LLC, a Delaware limited liability company ("Phoenix") the contents of the Notice of Assignment and confirms that it executed the Notes in the amounts as set forth in the Notice of Assignment and agreed to such terms as are set forth in the Notes. The undersigned acknowledges that the Notes are valid, binding and enforceable obligations, that the undersigned will not amend, modify or terminate the Notes without the written consent of Phoenix or its successors and assigns, and that it will make payments in accordance with the terms of the Notes and deliver payments in accordance with the directions in the Notice of Assignment.

PRINCETON CAPITAL CORPORATION

By:____________________________________
Name: __________________________________
Title:___________________________________

No. 01-21-00284-CV

IN THE FIRST COURT OF APPEALS
HOUSTON, TEXAS

GREAT VALUE STORAGE LLC and
WORLD CLASS CAPITAL GROUP LLC,
Appellants,

V.

PRINCETON CAPITAL CORPORATION,
Appellee.

On Appeal from the 165th District Court of Harris County, Texas
Trial Court Cause No. 2019-18855
The Honorable Ursula Hall, Judge Presiding

APPELLEE'S UNOPPOSED MOTION FOR
SUBSTITUTION OF PARTIES

Plaintiff Princeton Capital Corporation ("Princeton") moves this Court, pursuant to Tex. R. App. P. 7.1(b), to substitute Phoenix Lending, LLC as appellee in place of Princeton pursuant an assignment of the promissory notes that are the basis of this appeal. Phoenix is hereby substituting in as Post Judgment Creditor and Plaintiff only, and not as a Defendant in the Declaratory Action filed by Seth Kretzer.

Respectfully submitted,

SUSMAN GODFREY L.L.P.

Mark L.D. Wawro
State Bar No. 20988275
mwawro@susmangodfrey.com
Abigail C. Noebels
State Bar No. 24083578
anoebels@susmangodfrey.com
1000 Louisiana Street, Suite 5100
Houston, Texas 77002-5096
Telephone: (713) 651-9366
Fax: (713) 654-6666
Attorneys for Princeton Capital Corporation

CERTIFICATE OF CONFERENCE

As required by Tex. R. App. P. 10.1(a)(5), I conferred with appellants' counsel about the merits of this motion and appellants do not oppose this motion.

____
Abigail C. Noebels

CERTIFICATE OF SERVICE

I served the foregoing document on all counsel by electronic filing in accordance with Tex. R. App. P. 9.5(e) on September 18, 2022.

____
Abigail C. Noebels

CAUSE NO. 2019-18855

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

PRINCETON'S UNOPPOSED MOTION TO SUBSTITUTE PARTIES

Plaintiff Princeton Capital Corporation ("Princeton") moves this Court pursuant to Tex. R. Civ. P. 37 for substitution of Phoenix Lending, LLC as plaintiff in place of Princeton, pursuant to an assignment of the promissory notes that are the basis of this suit. This motion for substitution of Princeton as the plaintiff is not intended to delay this action and does not prejudice the defendants. Princeton asks this Court to sign the attached order granting this substitution. Phoenix is hereby substituting in as Post Judgment Creditor and Plaintiff only, and not as a Defendant in the Declaratory Action filed by Seth Kretzer.

Respectfully submitted,

SUSMAN GODFREY L.L.P.

____

Mark L.D. Wawro
State Bar No. 20988275
mwawro@susmangodfrey.com
Abigail C. Noebels
State Bar No. 24083578
anoebels@susmangodfrey.com
1000 Louisiana Street, Suite 5100
Houston, Texas 77002-5096
Telephone: (713) 651-9366
Fax: (713) 654-6666
Attorneys for Princeton Capital Corporation

CERTIFICATE OF CONFERENCE

I certify that I conferred with defendants' counsel about the merits of this motion and defendants do not oppose this motion.

____
Abigail C. Noebels

CERTIFICATE OF SERVICE

On September 18, 2022, I served the foregoing document to all counsel of record, in accordance with Texas Rules of Civil Procedure 21 and 21a, by service via the court's electronic filing system.

____
Abigail C. Noebels

CAUSE NO. 2019-18855

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

ORDER GRANTING SUBSTITUTION OF PARTIES

The Court grants Plaintiff Princeton Capital Corporation's Motion for Substitution of Parties pursuant to Tex. R. Civ. P. 37 and ORDERS that Phoenix Lending, LLC is substituted as plaintiff in place of Princeton. Phoenix is hereby substituting in as Post Judgment Creditor and Plaintiff only, and not as a Defendant in the Declaratory Action filed by Seth Kretzer.

Signed on ___________________________.

____
PRESIDING JUDGE

CAUSE NO. 2019-18855-A

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

PRINCETON'S UNOPPOSED MOTION TO SUBSTITUTE PARTIES

Plaintiff Princeton Capital Corporation ("Princeton") moves this Court pursuant to Tex. R. Civ. P. 37 for substitution of Phoenix Lending, LLC is substituted as plaintiff in place of Princeton, pursuant to an assignment of the promissory notes that are the basis of this suit. This motion for substitution of Princeton as the plaintiff is not intended to delay this action and does not prejudice the defendants. Princeton asks this Court to sign the attached order granting this substitution. Phoenix is hereby substituting in as Post Judgment Creditor and Plaintiff only, and not as a Defendant in the Declaratory Action filed by Seth Kretzer.

Respectfully submitted,

SUSMAN GODFREY L.L.P.

____
Mark L.D. Wawro
State Bar No. 20988275
mwawro@susmangodfrey.com
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1000 Louisiana Street, Suite 5100
Houston, Texas 77002-5096
Telephone: (713) 651-9366
Fax: (713) 654-6666
Attorneys for Princeton Capital Corporation

CERTIFICATE OF CONFERENCE

I certify that I conferred with defendants' counsel about the merits of this motion and defendants do not oppose this motion.

____
Abigail C. Noebels

CERTIFICATE OF SERVICE

On September 18, 2022, I served the foregoing document to all counsel of record, in accordance with Texas Rules of Civil Procedure 21 and 21a, by service via the court's electronic filing system.

____
Abigail C. Noebels

CAUSE NO. 2019-18855-A

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

ORDER GRANTING SUBSTITUTION OF PARTIES

The Court grants Plaintiff Princeton Capital Corporation's Motion for Substitution of Parties pursuant to Tex. R. Civ. P. 37 and ORDERS that Phoenix Lending, LLC is substituted as plaintiff in place of Princeton. Phoenix is hereby substituting in as Post Judgment Creditor and Plaintiff only, and not as a Defendant in the Declaratory Action filed by Seth Kretzer.

Signed on ___________________________.

____
PRESIDING JUDGE

Exhibit F

Form of Notice of Withdrawal of Proofs of Claim

Judith W. Ross
State Bar No. 21010670
Jessica L. Voyce Lewis
State Bar No. 24060956
ROSS & SMITH, PC
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COUNSEL FOR PRINCETON CAPITAL CORPORATION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	Chapter 11
GVS TEXAS HOLDINGS I, LLC, et al.[1]	Case No. 21-31121-MVL
Reorganized Debtors.	(Jointly Administered)

NOTICE OF WITHDRAWAL OF PROOFS OF CLAIM

PLEASE TAKE NOTICE THAT Princeton Capital Corporation ("Princeton"), by its undersigned attorneys, in the above-captioned jointly administered bankruptcy cases, respectfully withdraws with prejudice the following amended proofs of claim filed by Princeton on January 21, 2022:

[1] The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

i. Proof of Claim No. 119-8 filed against GVS Portfolio I B, LLC;[2]

ii. Proof of Claim No. 120-4 filed against GVS Portfolio I, LLC;[3]

iii. Proof of Claim No. 121-78 filed against GVS Texas Holdings I, LLC;[4]

iv. Proof of Claim No. 122-32 filed against GVS Texas Holdings II, LLC;[5]

v. Proof of Claim No. 123-12 filed against GVS Ohio Holdings I, LLC;[6]

vi. Proof of Claim No. 124-10 filed against GVS Ohio Holdings II, LLC;[7]

vii. Proof of Claim No. 125-10 filed against WC Mississippi Storage Portfolio I, LLC;[8]

viii. Proof of Claim No. 126-6 filed against GVS Nevada Holdings I, LLC;[9]

ix. Proof of Claim No. 127-7 filed against GVS Missouri Holdings I, LLC;[10]

x. Proof of Claim No. 128-9 filed against GVS New York Holdings I, LLC;[11]

xi. Proof of Claim No. 129-8 filed against GVS Indiana Holdings I, LLC;[12]

xii. Proof of Claim No. 130-7 filed against GVS Illinois Holdings I, LLC;[13]

xiii. Proof of Claim No. 131-13 filed against GVS Tennessee Holdings I, LLC;[14]

xiv. Proof of Claim No. 132-7 filed against GVS Colorado Holdings I, LLC;[15] and

---

[2] Amends Proof of Claim No. 119-5.

[3] Amends Proof of Claim No. 120-2.

[4] Amends Proof of Claim No. 121-62.

[5] Amends Proof of Claim No. 122-24.

[6] Amends Proof of Claim No. 123-7.

[7] Amends Proof of Claim No. 124-5.

[8] Amends Proof of Claim No. 125-4.

[9] Amends Proof of Claim No. 126-3.

[10] Amends Proof of Claim No. 127-4.

[11] Amends Proof of Claim No. 128-5.

[12] Amends Proof of Claim No. 129-4.

[13] Amends Proof of Claim No. 130-3.

[14] Amends Proof of Claim No. 131-9.

[15] Amends Proof of Claim No. 132-3.

xv. Proof of Claim No. 164-2 filed against GVS Portfolio I C, LLC.[16]

DATED: _________, 2022
Dallas, Texas

Respectfully submitted,

/s/ DRAFT
Judith W. Ross
State Bar No. 21010670
Jessica L. Voyce Lewis
State Bar No. 24060956
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COUNSEL FOR PRINCETON CAPITAL CORPORATION

[16] Amends Proof of Claim No. 164-1.

CERTIFICATE OF SERVICE

I hereby certify that on this __________, 2022, I caused a true and correct copy of the foregoing to be filed and served through ECF notification upon all parties who receive notice in this matter pursuant to the Court's CM/ECF filing system.

/s/ DRAFT
Judith W. Ross

Exhibit 2

Escrow Instructions

September , 2022

VIA EMAIL

Fidelity National Title Insurance Company
Attn: Larry Boes
485 Lexington Ave., 18th Floor
New York, New York 10017
Larry.Boes@fnf.com

Re: Title No. 58349 (In re Great Value Storage) – Disbursement Instruction Letter Regarding Princeton Reserve

Mr. Boes:

As you may be aware, Ross & Smith, PC ("R&S") is counsel for Princeton Capital Corporation ("Princeton") and Squire Patton Boggs (US) LLP ("Squire") is counsel for World Class Holdings I, LLC ("WCH"), 36 non-debtor defendants (collectively, but excluding World Class Capital Group LLC and Great Value Storage, LLC, while under Receivership, the "Non-Debtor Defendants") in the case styled *Princeton Capital Corporation v. GVS Texas Holdings I, LLC, et al.*, Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "Princeton Proceeding"), and the fifteen reorganized debtors (collectively, the "Reorganized Debtors" and together with WCH and the Non-Debtor Defendants, the "World Class Entities") in chapter 11 bankruptcy proceedings in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"), which cases are pending as *In re GVS Texas Holdings I, LLC*, *et al.*, main Case No. 21-31121-MVL (Bankr. N.D. Tex. 2021) (the "Bankruptcy Cases").

Pursuant to Paragraphs 3 and 4 of the *Order Granting Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise between Princeton Capital Corporation and the Reorganized Debtors* [AP Docket No. __] (the "Settlement Order") entered in the Princeton Proceeding, and Paragraph 5(b) of the *Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors* [Docket No. 1377] (the "Reinstatement Order") entered in the Bankruptcy Cases, Fidelity National Title Insurance Company (the "Title Company") must disburse the $15 million being held by the Title Company (the "Princeton Reserve") on account of certain claims held by Princeton against certain of the World Class Entities in accordance with the instructions contained in this letter (the "Escrow Instructions"), a substantially identical copy of which is attached as Exhibit 2 to the Settlement Order.

A copy of the Settlement Order is attached to this letter as Exhibit A. A copy of the Reinstatement Order is attached to this letter as Exhibit B.

In addition to being approved by the Bankruptcy Court, the Escrow Instructions have been jointly drafted by counsel for Princeton and the World Class Entities. Lawyers from both R&S and Squire have signed the Escrow Instructions, as directed by the Bankruptcy Court.

As further directed by the Bankruptcy Court via the Settlement Order and Reinstatement Order, the Escrow Instructions hereby direct the Title Company to perform the following:

The Title Company, upon receipt of these instruction and certification from counsel for Princeton and the World Class Entities via email, that Princeton has complied with its obligations, including those set forth in Section 4 of the Settlement Agreement, is directed to disburse the following amounts of the Princeton Reserve by wire transfer to Princeton, on one hand, and Horizon Bank (the "1031 Agent") or such other account as designated by the World Class Entities, on the other hand, from Account No. ******1018 (the "Princeton Reserve Account") no later than one (1) business day after receiving the Escrow Instructions from counsel for Princeton, in accordance with paragraph 4 of the Settlement Order:

1. Princeton: $11,372,698.89; and
2. 1031 Agent: $2,627,301.11.[1]

Immediately upon receipt of the emailed Escrow Instructions from counsel for Princeton and World Class, the Title Company shall notify counsel for Princeton, the World Class Entities that the delivered Escrow Instructions comply with paragraph 4 of the Settlement Order and Seth Kretzer, Receiver for World Class Capital Group LLC and Great Value Storage, LLC c/o Lynnette Warman at lwarman@cm.law. Counsel for Princeton and Sheena Paul for the World Class Entities, on behalf of the 1031 Agent, shall then immediately provide the Title Company with their respective wire instructions in separate emails, along with a phone number that the Title Company shall call to confirm the wire instructions for Princeton and 1031 Agent, respectively, upon the delivery of the Escrow Instructions to the Title Company.

Neither R&S nor Squire will be confirming those wire transfer instructions by telephone, however, I am counsel of record in the Bankruptcy Court for Princeton and am available to confirm the authenticity of this correspondence by telephone at (214-377-8659). Likewise, counsel of record in the Bankruptcy Court for the World Class Entities, Jeffrey N. Rothleder, is available to confirm the authenticity of this correspondence by telephone at (202-457-6462).

[1] The funds that remain in the Princeton Reserve in the amount of $1 million following the initial disbursement directed herein shall be held by the Title Company and shall be disbursed only upon submission thereto of joint written instructions executed by counsel for Princeton and the World Class Entities, a form of which is attached to this letter as Exhibit C, or submission to the Title Company of a final, non-appealable order of the Bankruptcy Court authorizing and directing payment of all or portions of the $1 million.

Sincerely,

/s/ ______________________
Judith W. Ross
Partner, Ross & Smith, PC
Counsel for Princeton Capital Corporation

/s/ ______________________
Jeffrey N. Rothleder
Partner, Squire Patton Boggs (US) LLP
Counsel for the World Class Entities

EXHIBIT 2

SQUIRE PATTON BOGGS (US) LLP

Travis A. McRoberts (Bar No. 24088040)
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Email: peter.morrison@squirepb.com
Email: janine.little@squirepb.com

Jeffrey N. Rothleder (admitted *pro hac vice*)
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Facsimile: (202) 457-6315
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Counsel for Non-Debtor Defendants, Reorganized Debtors, and World Class Holdings I, LLC

Debtors Motion to Approve Settlement. Highlights by Receiver.

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	Chapter 11
GVS TEXAS HOLDINGS I, LLC, et al.[1]	Case No. 21-31121-MVL
Reorganized Debtors.	(Jointly Administered)

EMERGENCY MOTION
PURSUANT TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

[1] The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

AN EXPEDITED HEARING HAS BEEN REQUESTED ON THIS MATTER. IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT PRIOR TO THE HEARING DATE. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THIS EMERGENCY MOTION; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

The above-captioned reorganized debtors (the "Reorganized Debtors"), together with the 36 Non-Debtor Defendants[2] in *Princeton Capital Corp. v. GVS Texas Holdings I, LLC*, Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "Adversary Proceeding") and World Class Holdings I, LLC (WCH" and together with the Reorganized Debtors and Non-Debtor Defendants, the "Defendants"), by and through their undersigned counsel, file this *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors* (this "Emergency Motion"), and hereby move for entry of two orders: (1) one substantially in the form attached hereto as **Exhibit A** (the "Proposed Order"), approving (a) that certain Settlement, Assignment and Acceptance Agreement[3] (the "Settlement Agreement"), by and among certain Defendants and Princeton Capital Corporation ("Princeton" and together with the Defendants, the "Parties"), and (b) the

[2] "Non-Debtor Defendants" means, collectively, World Class Capital Group, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC; WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC Las Vegas Storage GP, LLC; World Class Real Estate LLC; WC Memphis Storage, LP; WC 7116 S IH 35, L.P.; WC 10013 RR 620 N, LP; WC 13825 FM 306, L.P.; and WC Kansas City Storage GP, LLP.

[3] A copy of the Settlement Agreement is attached to the Proposed Order as **Exhibit 1**.

escrow instructions letter[4] (the "Escrow Instructions") drafted jointly by the Parties directing Fidelity National Title Insurance Company (the "Title Company") to disburse the $15 million being held in Account No. ******1018 by the Title Company (the "Princeton Reserve"), as more fully set forth in the Escrow Instructions; and (2) another order substantially in the form attached hereto as **Exhibit B** (the "Order of Dismissal"), dismissing the Adversary Proceeding after entry of the Proposed Order. Princeton supports the relief sought by this Emergency Motion in all respects. In support of the Emergency Motion, the Defendants respectfully state as follows:

PRELIMINARY STATEMENT

1. For years, Princeton and the Defendants have disputed whether Princeton is entitled to a pecuniary recovery against certain entities party to the NPA (as defined herein), spawning litigation in several courts including before this Court. Although each party is confident that its position will prevail, the Parties have agreed that the time has come to settle the various claims and grant one another mutual releases. The Settlement Agreement is a testament to the Parties' determination and discipline to put aside their differences and negotiate a mutually agreeable settlement.

2. The Settlement Agreement is a clear success for the Reorganized Debtors, Princeton, the Defendants, and WCH because it reflects the resolution of one of the last remaining disputes before this Court related to these chapter 11 cases while permitting Princeton to obtain a recovery without the need for further extensive and expensive litigation. Not only does the Settlement Agreement result in the resolution of the Adversary Proceeding, but also provides finality with respect to Princeton's proofs of claim filed in these cases while providing a significant

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[4] The Escrow Instructions are attached to the Proposed Order as **Exhibit 2**.

recovery to the Reorganized Debtors and equity holder in time for its 1031 exchange deadline on September 19, 2022.

3. As detailed herein, the settlement provides that Princeton will be paid $11,372,698.89 from the Princeton Reserve (the "Settlement Amount") in exchange for a full mutual release of the settling Defendants, including the Reorganized Debtors and WCH. The Settlement Agreement facilitates the purchase of the Promissory Notes and payment to Princeton, which will provide Princeton with a clean break from all litigation and liabilities related to and associated with the Defendants and their related entities. And, the Settlement Agreement will bring finality to this dispute and Princeton's involvement with these chapter 11 cases. In reaching this Settlement Agreement, the Parties, after good faith and hard-fought negotiations, agreed to terms that will obviate the need for the Reorganized Debtors, the Parties, and this Court to expend any further time and resources, and provide finality to contentious and prolonged litigation. Indeed, this resolution brings these cases to the brink of conclusion and removes one of the last obstacles to obtaining a final decree.

4. As a result, the Defendants assert that the consideration for the settlement is fair, reasonable, and certainly falls above the lowest point in the range of reasonableness. Thus, given the benefit to all parties and the interest of all stakeholders involved, the Settlement Agreement should be approved.

JURISDICTION AND VENUE

5. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334.

6. This is a core proceeding pursuant to 28 U.S.C. § 157(b). This Court has constitutional authority to enter final orders with respect to the relief requested herein. The Defendants confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy

Procedure (the "Bankruptcy Rules"), to the entry of a final order by this Court related solely to this Emergency Motion and Proposed Order.

7. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

8. The statutory bases for the relief requested herein are section 1129 of title 11 of the United States Code (the "Bankruptcy Code"), Bankruptcy Rule 9019, and rule 9019-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Northern District of Texas.

BACKGROUND

I. Texas District Court Judgment

9. Between July 31, 2012 and November 12, 2014, Great Value Storage, LLC ("GVS") and/or World Class Capital Group, LLC ("WCCG," together with GVS, the "Judgment Entities") executed three senior secured promissory notes for a total of $5.6 million (the "Promissory Notes") with Capital Point Partners II, LP pursuant to that certain Note Purchase Agreement dated November 12, 2014 (as amended on November 12, 2014 and May 19, 2016, the "NPA"). The NPA was subsequently assigned to Princeton.

10. On March 14, 2019, Princeton sued GVS, WCCG, and Natin Paul with respect to the Promissory Notes in the case styled *Princeton Capital Corporation vs Great Value Storage LLC, et al.* pending in the 165th District Court of Harris County, Texas (the "Texas District Court"), Case No. 2019-18855. On March 9, 2021, the Texas District Court ordered that the Judgment Entities were liable to Princeton for contract damages of $9,759,713.84 and attorneys' fees of $150,887.50 (the "Judgment"). To date, there has been no judgment found or assessed against Natin Paul.

11. The Judgment Entities have appealed the Judgment in Texas state court.

II. Princeton Proofs of Claim and Related Objections

12. On January 21, 2022, Princeton filed the following amended proofs of claim in the Reorganized Debtors' bankruptcy cases (the "Bankruptcy Cases"):

a) Proof of Claim No. 119-8 filed against GVS Portfolio I B, LLC;

b) Proof of Claim No. 120-4 filed against GVS Portfolio I, LLC;

c) Proof of Claim No. 121-78 filed against GVS Texas Holdings I, LLC;

d) Proof of Claim No. 122-32 filed against GVS Texas Holdings II, LLC;

e) Proof of Claim No. 123-12 filed against GVS Ohio Holdings I, LLC;

f) Proof of Claim No. 124-10 filed against GVS Ohio Holdings II, LLC;

g) Proof of Claim No. 125-10 filed against WCH Mississippi Storage Portfolio I, LLC;

h) Proof of Claim No. 126-6 filed against GVS Nevada Holdings I, LLC;

i) Proof of Claim No. 127-7 filed against GVS Missouri Holdings I, LLC;

j) Proof of Claim No. 128-9 filed against New York Holdings I, LLC;

k) Proof of Claim No. 129-8 filed against GVS Indiana Holdings I, LLC;

l) Proof of Claim No. 130-7 filed against GVS Illinois Holdings I, LLC;

m) Proof of Claim No. 131-13 filed against GVS Tennessee Holdings I, LLC;

n) Proof of Claim No. 132-7 filed against GVS Colorado Holdings I, LLC; and

o) Proof of Claim No. 164-2 filed against GVS Portfolio I C, LLC (collectively, the "Princeton Proofs of Claim").

13. On March 15, 2022 and April 7, 2022, WCH [Docket No. 841] and the Reorganized Debtors [Docket No. 925], respectively, filed objections to the Princeton Proofs of Claim in the Bankruptcy Cases (separately the "WCH Claim Objection" and the "Reorganized Debtors' Claim Objection," and collectively the "Claim Objections").

III. Adversary Proceeding

14. On April 27, 2022, Princeton filed an eight-count *Complaint* [AP Docket No. 1]

commencing the Adversary Proceeding.

15. On May 18, 2022, the Court entered the *Stipulation and Order Regarding Resolution by and between World Class Holdings I, LLC, Princeton Capital Corporation, and the Reorganized Debtors Regarding Motion to Consolidate Princeton Claims and Related Objections into Adversary Proceeding* [Docket No. 1090], which, *inter alia*, consolidated the Princeton Proofs of Claim and Claim Objections into the Adversary Proceeding.

16. On June 21, 2022, the Non-Debtor Defendants moved to dismiss the Complaint [Docket Nos. 13, 14]. Later, on August 17, 2022, Princeton responded to the motion to dismiss [Docket No. 27]. No hearing has yet occurred on the motion to dismiss.

IV. The Settlement Agreement

17. Over the last several weeks, the Reorganized Debtors, Defendants, and Princeton have engaged in good faith, and, ultimately, successful settlement discussions, which culminated in the execution of the Settlement Agreement, which requires the Defendants to file this Emergency Motion requesting that the Court approve the Proposed Order, *i.e.*, the Settlement Agreement and Escrow Instructions. The Parties entered into the Settlement Agreement on September 2, 2022, which resolves all pending disputes among the Parties, including the Adversary Proceeding. The material terms of the Settlement Agreement are set forth below.[5]

Purchase of NPA, Promissory Notes, and Judgment	1. Upon the receipt by Princeton (the "Assignor") of the Settlement Payment (as defined below) in good funds, Phoenix Lending, LLC (the "Assignee") hereby sells, transfers, conveys and assigns to the Assignee, and the Assignee hereby purchases, accepts, assumes, and undertakes from the Assignor all right and title to all rights, benefits, obligations, liabilities, and indemnities of the Assignor under and in connection with the (i) the

[5] In the event of any inconsistency between this Emergency Motion and the Settlement Agreement, the Settlement Agreement shall control.

	Note Purchase Agreement, (ii) the Notes and (iii) the Judgment. 2. Upon the receipt by Assignor of the Settlement Payment in good funds, the Assignor hereby sells, transfers, conveys and assigns to the Assignee and the Assignee hereby accepts, assumes, and undertakes from the Assignor (i) all right and title to all rights, benefits, obligations, liabilities, and indemnities of the Assignor under and in connection with the other Transaction Documents and the Judgment, and (ii) except to the extent released pursuant to the provisions of the Settlement Agreement, all claims, suits, causes of action, and any other right of the Assignor against any person, whether known or unknown, arising under or in connection with any or each of the Transaction Documents, including, but not limited to, the Judgment and any and all contract claims, commercial tort claims, malpractice claims, statutory claims, and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above. For the avoidance of doubt, the parties hereto acknowledge and agree that the Assignor's right and title to all rights and benefits under the Final Judgment Order signed by Judge Ursula Hall on March 4, 2021 in *Princeton Capital Corporation v. Great Value Storage, LLC, World Class Capital Group, LLC and Natin Paul* are included in item (ii) of the foregoing. 3. With effect on and after the Effective Date (as defined below), the Assignee shall be party to the Transaction Documents and succeed to all of the rights and be obligated to perform all of the obligations of the Assignor under the Transaction Documents and the Judgment. The Assignee agrees that on and after the Effective Date it will perform all obligations which by the terms of the Transaction Documents are required to be performed by it thereunder.
Assignor Representations and Warranties	The Assignor represents, warrants and covenants as of the Execution Date and the date when the Settlement

	Agreement becomes effective pursuant to section 3 of the Settlement Agreement (the "Effective Date") that: a. it is the legal and beneficial owners of the interests being assigned by the Assignor hereunder and that such interests are free and clear of any lien or other adverse claim; b. it is duly organized and existing and it has the full power and authority to take, and have taken, all action necessary to execute and deliver the Settlement Agreement and any other documents required or permitted to be executed or delivered by the Assignor in connection with the Settlement Agreement and to fulfill its obligations in the Settlement Agreement; c. no notices to, or consents, authorizations, or approvals of, any person are required (other than any already given or obtained and still in full force and effect) for its due execution, delivery, and performance of this Agreement, and apart from any agreements or undertakings or filings required by the Transaction Documents, no further action by, or notice to, or filing with, any person is required for such execution, delivery, or performance; d. the Settlement Agreement has been duly executed and delivered by the Assignor and constitutes the legal, valid, and binding obligation of the Assignor, enforceable against the Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization, and other laws of general application relating to or affecting creditors' rights and to general equitable principles; e. the Assignor has received no distributions or payments in satisfaction of the Judgment from the Receiver, is not a party to or beneficiary of any agreements made with or by the Receiver and, after the Execution Date and the Assignor shall not accept any distributions or payments in satisfaction of the Judgment or make any other agreements

	with the Receiver in satisfaction of the Judgment or in relation to any fees or expenses that may be determined payable to the Receiver, unless otherwise agreed to by the Parties; f. unless compelled to do so by a court of competent jurisdiction, the Assignor agrees it will make no statement regarding (i) any motion by the Assignee to terminate the receivership or (ii) the amount of fees to be awarded to the Receiver; g. the Assignor shall not take or support any action adverse to the World Class Released Parties in the Bankruptcy Court or any other court related to this Agreement, the Judgment or the settlement of disputes between the Settlement Parties unless such action relates to the enforcement of the Settlement Agreement including any provision in the Settlement Agreement; h. the Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition, or statements of Great Value or World Class, or the performance or observance by Great Value or World Class, of any of its obligations under the Transaction Documents or any other instrument or document furnished in connection therewith.
Assignee Representations and Warranties	The Assignee represents and warrants as of the Execution Date and the Effective Date that: a. it is duly organized and existing and has full power and authority to take, and has taken, all action necessary to execute and deliver the Settlement Agreement and any other documents required or permitted to be executed or delivered by it in connection with the Settlement Agreement, and to fulfill its obligations thereunder; b. no notices to, or consents, authorizations, or approvals of, any person are required (other than any already given or obtained and still in full force and effect) for its due execution, delivery, and performance of the Settlement Agreement; and apart from any agreements or undertakings or

	filings required by the Transaction Documents, no further action by, or notice to, or filing with, any person is required of them for such execution, delivery, or performance; c. the Settlement Agreement has been duly executed and delivered by the Assignee and constitutes the legal, valid, and binding obligation of the Assignee, enforceable against the Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization, and other laws of general application relating to or affecting creditors' rights and to general equitable principles; d. the Assignee has been advised that none of the Notes have been registered under the Securities Act of 1933, as amended (the "Securities Act") or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available; e. the Assignee is aware that the Assignor is under no obligation to effect any such registration with respect to the Promissory Notes or to file for or comply with any exemption from registration; f. the Assignee is receiving the Notes from the Assignor for its own account and not with a view to, or for resale in connection with, the distribution thereof in violation of the Securities Act; and g. the Assignee has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of an investment in the Promissory Notes, is able to incur a complete loss of such investment in the Promissory Notes and to bear the economic risk of such investment for an indefinite period of time.
Assignee's Liability Exclusion	Subject to the indemnification provisions in section 1.e of the Settlement Agreement, Assignee does not assume any liability or responsibility for any action taken by Assignor

	in connection with the Promissory Notes, the Transaction Documents or the Judgment taken prior to the Effective Date, with all such liabilities and responsibilities remaining with the Assignor.
Assignee Indemnification	Assignee and the Reorganized Debtors hereby indemnify and hold Assignor harmless from any and all of the following, which only arise out of the assignment of the Note and assignment of the Judgment as set forth in section 1 of the Settlement Agreement: (i) all claims, liabilities, damages, judgments, fines and penalties asserted by the Receiver or Great Value Parties, including the Adversary Defendants ("Losses") that are determined by entry of a final, non-appealable order by the Bankruptcy Court or a court of competent jurisdiction to be Losses, except to the extent the same shall have been finally adjudicated in a court of competent jurisdiction to have been directly caused by Assignor's gross negligence, fraud or willful misconduct; and (ii) reasonable expenses, including out-of-pocket, incidental expenses and reasonable legal fees and expenses incurred in connection with Losses ("Expenses" and together with the Losses, the "Indemnification Obligation"). The Indemnification Obligation shall be secured by $1 million dollars of the funds retained in the Princeton Reserve after payment of the Settlement Amount to Princeton, as contemplated by the Settlement Agreement (the "Indemnification Security").[6] The Indemnification Security shall be held by the Title Company and shall be disbursed either (i) upon submission thereto of joint written instructions executed by Princeton and the Great Value Parties, a form of which is attached to the Settlement Agreement as Exhibit A or (ii) submission to the Title Company of a final, non-appealable order of the Bankruptcy Court authorizing and directing payment of all or portions of the Indemnification Obligation. Notwithstanding anything to the contrary in section 1.e of the Settlement Agreement, the Indemnification Obligation shall not be applicable or enforceable against the Assignee or any Great Value Party to the extent any of the Indemnification Obligation is incurred as a result of the consent, acquiescence or other affirmative action of the Assignor. Notwithstanding anything to the contrary in section 1.e of the Settlement Agreement, Princeton may periodically seek

[6] For the avoidance of doubt, should a court of competent jurisdiction find that entry into the Settlement Agreement shall be deemed to be gross negligence, fraud or willful misconduct against the Receiver, no exclusion for such gross negligence, fraud or willful misconduct shall be applicable.

	payment on account of its Expenses by filing a request for such payment to the Bankruptcy Court; *provided, however,* Assignor and the Great Value Parties reserve all rights with respect to any such request.
Settlement Payment	As consideration for the sale, assignment and transfer of the Promissory Notes and the Judgment and the in exchange for the dismissal of the actions described in section 4 and the releases described in sections 6 and 7 of this Settlement Agreement, upon the Effective Date, Assignee shall pay, or cause to be paid, to Princeton the amount of $11,372,698.89 (the "Settlement Amount") from funds currently held in the Princeton Reserve. Within three (3) business after the Effective Date, the Title Company shall effectuate the Escrow Instructions and the date upon which the Title Company remits payment to Princeton shall be the "Payment Date."
Settlement Effective Date	The Settlement Agreement shall become effective on the first day upon which all of the following conditions have been satisfied (the "Effective Date"): a. the execution of the Settlement Agreement by all Parties; b. the filing of a motion, mutually acceptable to the Parties, seeking the approval of the Settlement Agreement and directing the Title Company to release the Settlement Amount from the Princeton Reserve (the "Settlement Motion"); c. The entry of a final, non-appealable order[7] by the Bankruptcy Court, mutually acceptable to the Parties, approving the Settlement Motion (including, without limitation the provisions contained in paragraph 5 of the order attached as Exhibit B to the Settlement Agreement) and Escrow Instructions and inclusive of paragraph 6 thereof, a form of which is attached thereto as Exhibit B (the "Settlement Order"); d. Princeton and the Reorganized Debtors have delivered to the Title Company the Settlement Order and the Escrow Instructions, a copy of which

[7] For the avoidance of doubt, no Party to the Settlement Agreement will appeal the Settlement Order so long as the Settlement Agreement is approved by the Bankruptcy Court as drafted and executed.

	is attached hereto as Exhibit C; along with Escrow Instructions to the Title Company, which will leave the Indemnity Security Escrow on deposit with the Title Company; and e. Delivery to Title Company of the documents and evidence set forth in section 4 of the Settlement Agreement. f. Any of the foregoing provisions set forth in sections 3.a, 3.b, 3.c, 3.d, and 3.e of the Settlement Agreement may be waived upon the mutual written agreement of the Parties.
Conditions Precedent to Effective Date	1. Unless otherwise agreed to by the Parties in writing, on or before September 9, 2022, Princeton shall deliver to the Title Company: a. duly endorsed promissory notes (or lost note affidavits) as applicable, and other Transaction Documents (including official correspondence and further documents delivered pursuant to the terms of the Transaction Documents), the transactions related thereto and the Judgment, along with information showing calculation of the Judgment, but only insofar as any of such information is available to Princeton; b. notices of dismissal with prejudice in the Adversary Proceeding substantially in the form attached as Exhibit D to the Settlement Agreement, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date; c. notices of the assignment of the Promissory Notes and Judgment and substitutions of parties in any and all actions pending in any court (including actions against Natin Paul in his individual capacity) as such relate to the enforcement of the Promissory Notes or collection of the Judgment, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date, the form of

	which is attached to the Settlement Agreement as Exhibit E; and; d. notices withdrawing the Princeton Proofs of Claim with prejudice, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date, the form of which is attached to the Settlement Agreement as Exhibit F. 2. The Title Company shall provide notice to the Parties of its receipt of the items set forth in section 4.a hereof.
Further Assurances	In addition to the requirements of section 1.d in the Settlement Agreement, the Parties shall cooperate reasonably with each other and with the other's respective representatives in connection with any steps required to be taken as part of their respective obligations under the Settlement Agreement, and shall (a) furnish upon request to each other such further information reasonably requested by the Assignee from time to time for the purposes of enforcing its rights under the Transaction Documents and the Judgment; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as any other Party may reasonably request for the purpose of carrying out the transactions contemplated by the Settlement Agreement, including but not limited to, with respect to the Escrow Instructions. The Parties shall cooperate with each other as necessary to obtain all consents and authorizations of third-parties, if any, to make all filings with and give all notices to third-parties which may be necessary or reasonably required in order to carry out the intent of the Settlement Agreement and the transactions contemplated thereby.
Release by Great Value Parties	Effective upon the Payment Date, except as provided in Paragraph 8 of the Settlement Agreement, Natin Paul, on behalf of himself as well as any persons he controls and any entities that he either owns or controls (in whole or in part), the Great Value Parties, WCCG, GVS and all of their respective officers, directors, members, managers, employees, insurers, advisory board members, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (the "World Class Release Parties") hereby forever release

	Princeton, and each of its officers, directors, owners, members, managers, shareholders, subsidiaries, investment funds employees, insurers, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (the "Princeton Released Parties") from any and all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, damages, judgments, executions, and demands whatsoever, in law or equity, whether known or unknown, liquidated or unliquidated, which the World Class Released Parties ever had, now have or hereafter can, shall or may have against any of the Princeton Released Parties for any matter, cause, thing, or reason whatsoever as of the Effective Date, including but not limited to, for or arising out of, or related to, the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, the Claim Objections, and other actual or potential claims that were or could have been asserted in the State Action, Adversary Proceeding, or the Princeton Proofs of Claim*; provided, however,* the foregoing release shall not (i) apply to any claim or cause of action against any third-party, including the Receiver (excluding the Princeton Released Parties) seeking damages or the return or recovery of monies, properties or assets otherwise taken, seized, transferred, conveyed or otherwise removed from such party's possession or control in connection with the efforts of any party to collect the Judgment on behalf of Princeton or (ii) result in the dismissal of any pending action or appeal of any action in which Princeton is a named party related to the Judgment (the "Appeal Actions"); *provided, further, however,* the World Class Release Parties shall not and shall be prohibited and enjoined from seeking any recovery (monetary or otherwise) from Princeton in connection with an Appeal Action.
Release by Princeton	Effective upon the Payment Date, except as provided in Paragraph 8 of the Settlement Agreement, Princeton on behalf of itself and on behalf of each of the Princeton Released Parties, each hereby forever release and discharge Natin Paul, on behalf of himself as well as any persons he controls and any entities that he either owns or controls (in whole or in part), the Great Value Parties, WCCG, GVS, the State Defendants, the Adversary Defendants and their respective officers, directors, members, managers, employees, insurers,

	advisory board members, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (collectively, the "World Class Released Parties") from any and all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, damages, judgments, executions, and demands whatsoever, in law or equity, whether known or unknown, liquidated or unliquidated, which the Princeton Released Parties ever had, now have or hereafter can, shall or may have against any of the World Class Released Parties for any matter, cause, thing, or reason whatsoever as of the Effective Date, including but not limited to, for or arising out of, or related to, the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, the Claim Objections, and other actual or potential claims that were or could have been asserted in the State Action, Adversary Proceeding, or the Princeton Proofs of Claim save and except for the Indemnification Obligation.
Exceptions to Releases	Notwithstanding any language to the contrary in sections 6 and 7 of the Settlement Agreement, or any other provision of the Settlement Agreement, the Parties agree and acknowledge that the Settlement Agreement and the releases provided therein do not release or waive: (a) any obligation of a Party arising under or created by the Settlement Agreement; (b) the Indemnification Obligation; or (c) any present or future claim, appeal or litigation by the Great Value Parties against the Receiver or its agents, attorney, or representatives.
Fees and Costs	Each Party and Assignment Party shall bear its own fees and costs in connection with the Adversary Proceeding, the Settlement Motion and the Settlement Agreement. For the avoidance of doubt there shall be no other cost and expenses due to Princeton whatsoever other than the Settlement Amount, except any amounts that may be due under the Indemnification Obligation.
Time is of the Essence	Time is of the essence for all dates and/or time described in the Settlement Agreement.
Remedies	The Parties agree that irreparable damage would occur in the event of a breach of any provision of the Settlement Agreement that would result in the failure of the Effective Date and Payment Date to occur and that money damages or

	other legal remedies would not be an adequate remedy for any such damages. Accordingly, the Parties acknowledge and agree that in the event of any breach or threatened breach of the covenants, agreements and obligations set forth in the Settlement Agreement, each Party shall be entitled to any injunction or injunctions to prevent or restrain breaches or threatened breaches of the Settlement Agreement, and to specifically enforce the terms and provisions of the Settlement Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations under the Settlement Agreement (including those conditions precedent set forth in section 4 thereof), in addition to any other remedy to which such party is entitled at law or in equity. Each Party hereby agrees not to raise any objections to the availability of specific performance to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations under the Settlement Agreement. Each Party hereby waives (i) any defenses in any action for specific performance, including the defense that a remedy at law would be adequate and (ii) any requirement under any law to post a bond or other security as a prerequisite to obtaining equitable relief.
Settlement Term Sheet	No failure or delay by any party to the Settlement Agreement in exercising any right, power, or privilege thereunder or under that settlement term sheet dated August 22, 2022 (the "Settlement Term Sheet") shall operate as a waiver thereof, with all such rights, powers or privileges being expressly preserved, and any waiver of any breach of the provisions of the Settlement Agreement shall be without prejudice to any rights with respect to any other or further breach thereof or under the Settlement Term Sheet, which shall remain in force and effect.

RELIEF REQUESTED

18. By this Emergency Motion, the Defendants respectfully request entry of the Proposed Order approving the Settlement Agreement pursuant to Bankruptcy Rule 9019 and the related Escrow Instructions to the Title Company, and thereafter for the Court to enter the Order

of Dismissal.

BASIS FOR RELIEF

19. Through this Emergency Motion, the Defendants request this Court's approval of the Settlement Agreement. The Settlement Agreement evidences a business deal among the Parties, ending multiple contentious and expensive litigation proceedings, including the Adversary Proceeding, which all carry substantial business risk. The Settlement Agreement contemplates the resolution of all disputes among the Parties, thereby ending years' long disputes among Princeton and various Defendants.

20. Bankruptcy Rule 9019 authorizes bankruptcy courts to approve compromises and settlements. Ultimately, a compromise must be "fair, equitable, and in the best interest of the estate."[8] The decision to approve a compromise lies within the sound discretion of the bankruptcy court.[9] The Fifth Circuit has recognized that compromises are a "normal part of the process of reorganization . . . oftentimes desirable and wise methods of bringing to a close proceedings otherwise lengthy, complicated, and costly."[10]

21. In determining the reasonableness of a settlement, courts in the Fifth Circuit consider the following three factors: (a) "[t]he probability of success in [litigating the claim subject to settlement,] with due consideration for the uncertainty in fact and law; (b) [t]he complexity and likely duration of litigation and any attendant expense, inconvenience, and delay; and (c) [a]ll other factors bearing on the wisdom of the compromise."[11]

22. Factors "bearing on the wisdom of the compromise" include: (a) the paramount

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[8] *In re Roqumore*, 393 B.R. 474, 479 (Bankr. S.D. Tex. 2008) (citation omitted).

[9] *See In re AWECO, Inc.*, 725 F.2d 293, 297 (5th Cir. 1984).

[10] *In re Jackson Brewing Co.*, 624 F.2d 599, 602 (5th Cir. 1980) (emphasis added) (citing *Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424–25 (1968)).

[11] *In re Cajun Elec. Power Coop.*, 119 F.3d 349, 356 (5th Cir. 1997); *Jackson Brewing*, 624 F.2d at 602.

interest of creditors, with proper deference to their reasonable views; and (b) the extent to which the settlement is truly the product of arms-length bargaining, and not of fraud or collusion.[12]

23. The Defendants bear the burden of establishing that the balance of the above factors leads to a fair and equitable compromise vis-à-vis the Settlement Agreement.[13] "The burden is not high"; rather, the Defendants "need only show that [their] decision falls within the 'range of reasonable litigation alternatives.'"[14]

24. Weighing the foregoing factors overwhelmingly demonstrates that the Settlement Agreement is reasonable and supports finding that the Parties' entry into and performance under the Settlement Agreement is in the best interests of creditors and other stakeholders. Accordingly, this Court should grant the Emergency Motion, and authorize the Parties to enter into and perform under the Settlement Agreement.

A. Probability of Success

25. In examining the probability of success in the litigation being compromised, courts look to the legal and evidentiary obstacles to litigating each claim.[15] The probability of success is measured against the "definitive, concrete and immediate benefit" that a settlement provides against the uncertainty and delay of litigation.[16] In deciding the probability of success in the litigation, the court is not required to conduct a "mini-trial" and decide the merits of the litigation,

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[12] *See In re Foster Mortg. Corp.*, 68 F.3d 914, 917-18 (5th Cir. 1995).

[13] *See In re Allied Properties, LLC*, 2007 WL 1849017, at *4 (citing *In re Lawrence & Erausquin, Inc.*, 124 B.R. 37, 38 (Bankr. N.D. Ohio 1990)); *see also In re GHR Companies, Inc.*, 50 B.R. 925, 931 (Bankr. D. Mass. 1985).

[14] *In re Allied Properties, LLC*, 2007 WL 1849017, at *4 (emphasis added) (citing *In re W.T. Grant Co.*, 699 F.2d 599, 608 (2d Cir. 1983)); *see also In re Heritage Org., L.L.C.*, 375 B.R. 230, 282 (Bankr. N.D. Tex. 2007).

[15] *Hicks, Muse & Co. v. Brandt In re Healthco Int'l, Inc.*, 136 F.3d 45, 50 (1st Cir. 1998); *see also In re Allied Properties*, 2007 WL 1849017 at *4.

[16] *See In re Yacovi*, 411 F. App'x. 342, 346-47 (1st Cir. 2011) (citing *Healthco Int'l*, 136 F.3d at 50).

but rather to assess whether the settlement is within the range of reasonableness.[17]

26. In negotiating and considering the merits of the Settlement Agreement, the Parties considered all material disputes between Princeton and various Defendants in both the Adversary Proceeding and Texas District Court. If the Parties are permitted to prosecute their causes of action in the Adversary Proceeding, the Parties will incur significant expense to complete extensive discovery, retain expert witnesses, and prepare for a potentially long and contentious trial. And, while the Parties are confident in their positions, there is no certainty in the outcome.

27. Finally, even when one of the Parties ultimately prevails on the merits of their claims, any litigation has a high likelihood of appeal considering the amount-in-controversy at stake and issues involved, which would only further delay the Parties' ability to obtain relief. By entering into the Settlement Agreement, the Parties avoid the risk of not prevailing on their claims in the Adversary Proceeding, as well as potentially significant legal expenses.

B. Complexity of Litigation Involved and the Attendant Expense, Inconvenience, and Delay

28. As explained above, the Parties' likelihood of success in connection with the Adversary Proceeding is uncertain due to the complexity of the myriad factual and legal issues involved in both proceedings, which have been previewed in the Complaint, the Non-Debtor Defendants' motion to dismiss the Complaint, and Princeton's response to that motion. For example, the Complaint lists five different types of allegedly fraudulent transfers that purportedly occurred over the course of nearly a decade. Unraveling the allegations will be an expensive, lengthy, and document-intensive process. The settlement avoids such attendant expense and delay.

29. Indeed, in the absence of settlement, continued litigation of the Adversary

[17] *See In re Roqumore*, 393 B.R. at 480.

Proceeding will take years to reach a final resolution, after accounting for the time necessary to reach decisions on the merits and to work through any challenge or appellate processes. Such delay will subject the Parties to the economic overhang of these disputes and hinder the final resolution of these cases while generating significant legal expenses, and continue the uncertainty regarding whether Princeton will recover its Judgment from the Defendants. This sort of delay and uncertainty is unnecessary given the favorable settlement. For these reasons, the cost of the Settlement Agreement to each Party, especially the Defendants, is far outweighed by the benefit realized by ending this continuing contentious and expensive litigation, and gaining certainty regarding the Defendants' exposure to Princeton.

C. Other Factors Bearing on the Benefits of the Compromise

(1) *Interests of the Creditors*

30. The terms of the Settlement Agreement are fair, reasonable, and in the best interests of creditors and other stakeholders. The only potential creditors that have unresolved claims in the Bankruptcy Cases are Princeton and Seth Kretzer, the receiver (the "Receiver") for Great Value Storage, LLC and World Class Capital Group LLC.[18] But, through the Settlement Agreement, only one alleged creditor will remain – the Receiver. The Title Company is holding $3.5 million, plus an additional $822,000.00 of funds related to the Receiver's proofs of claim and administrative expense claim, in an escrow account pending the resolution of the Receiver's adversary proceeding, administrative expense claim, and/or proofs of claim. For the avoidance of doubt, nothing in the Settlement Agreement precludes or prevents the Receiver from seeking approval of his fees and expenses in the state court, which is the appropriate forum for the Receiver to seek approval of such fees and expenses. Indeed, as part of the resolution with Princeton, which

[18] Nothing herein shall be an admission that the Receiver is a creditor or has any interest in these cases.

will bring the receivership to a close, the Reorganized Debtors and WCH have agreed that should the Receiver agree to withdraw his proofs of claim and dismiss his adversary proceeding, the Reorganized Debtors and WCH agree that the funds being held by the Title Company on account of the Receiver's claims (*i.e.*, the $3.5 million) shall be expanded to be made available to satisfy any fee award in favor of the Receiver that is not otherwise satisfied in the underlying state court case, when such fee is determined by a final, non-appealable order in the Texas District Court that appointed the Receiver.[19] As a result, the Receiver is adequately insulated from any outcome related to how the Princeton Reserve is disbursed. The Defendants and all applicable parties reserve all rights as to any fee application and approval from the state court forum, and the expansion of the availability of the reserve moots any need for the Receiver to continue pursuing fraudulent transfer claims in this Court and any other court.

31. With respect to the other stakeholders, the Defendants and WCH, the Settlement Agreement provides immediate certainty with respect to the outcome of contentious and expensive litigation. The Settlement Agreement also permits the Defendants and WCH to reallocate the resources they were dedicating to the Adversary Proceeding toward the Receiver's adversary proceeding and concluding these chapter 11 cases. At bottom, this resolution inures to the benefit of all parties and stakeholders.

(2) *Arms-Length Bargaining*

32. The Settlement Agreement is the product of extensive negotiations between the Defendants, WCH, and Princeton. Each of the Parties has been represented by experienced professionals throughout the Settlement Agreement negotiations and has acted in its own economic

[19] WCH is the only party that could possibly be adversely affected by the expansion of the $3.5 million reserve, and WCH and the other Defendants consent to the same.

self-interest.[20] Consequently, this factor also weighs in favor of approving the Settlement Agreement.

33. Therefore, for the following reasons, the relief requested herein should be granted.

RESERVATION OF RIGHTS

34. The Defendants reserve their right to supplement or modify this Emergency Motion and to request additional relief or assert such further arguments as are, or may later become, available or apparent.

NOTICE

35. Notice of this Emergency Motion has been provided via ECF/CM to: (a) the Office of the U.S. Trustee for the Northern District of Texas; (b) Princeton, or counsel thereto; (c) the Receiver, or counsel thereto; (d) the United States Attorney's Office for the Northern District of Texas; (e) the Internal Revenue Service; (f) the state attorneys general for states in which the Debtors conducted business; (g) the Purchaser, or counsel thereto; and (h) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Defendants submit that, in light of the nature of the relief requested, no other or further notice need be given.

[*Remainder of Page Intentionally Left Blank*]

[20] *See In re Chemtura Corp.*, 439 B.R. 561, 608 (Bankr. S.D.N.Y. 2010) (settlement met this factor, where "[n]o argument ha[d] been made, nor could any argument be made, that counsel who put the Settlement together were anything less than highly skilled in their craft…."); *see also In re Drexel Burnham Lambert Grp., Inc.*, 960 F.2d 285, 292-93 (2d Cir. 1992) (approving complex, multi-party settlement agreement where many parties were "trying to maximize their own recovery," through extensive arms-length negotiations").

WHEREFORE, for the reasons set forth herein, the Defendants respectfully request that the Court enter the Proposed Order and thereafter the Order of Dismissal.

DATED: September 2, 2022
Dallas, Texas

Respectfully submitted,
SQUIRE PATTON BOGGS (US) LLP

/s/ Jeffrey N. Rothleder

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Counsel for Non-Debtor Defendants, Reorganized Debtors, and World Class Holdings I, LLC

CERTIFICATE OF CONFERENCE

This will certify that the Defendants have conferred with counsel for the United States Trustee regarding this Emergency Motion beginning on August 26, 2022, and that the United States Trustee reserves all rights with respect to this Emergency Motion. On September 2, 2022, the Defendants notified the Receiver before filing the Emergency Motion that, as discussed during the September 1, 2022 status conference, the Defendants would be filing the Emergency Motion and requesting the hearing schedule set by the Court—the Defendants have not yet received a response back from the Receiver. The Defendants have also conferred with counsel for Princeton, who has agreed to the filing of the Emergency Motion and the Court granting the relief requested therein.

/s/ Jeffrey N. Rothleder
Jeffrey N. Rothleder

CERTIFICATE OF SERVICE

I hereby certify that on this 2nd day of September, 2022, I caused a true and correct copy of the foregoing to be filed and served through ECF notification upon all parties who receive notice in this matter pursuant to the Court's CM/ECF filing system.

/s/ Jeffrey N. Rothleder
Jeffrey N. Rothleder

EXHIBIT A

Proposed Order

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	Chapter 11
GVS TEXAS HOLDINGS I, LLC, et al.[1]	Case No. 21-31121-MVL
Reorganized Debtors.	(Jointly Administered)

ORDER GRANTING EMERGENCY MOTION PURSUANT TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

Upon consideration of the *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and*

[1] The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

the Reorganized Debtors (the "Emergency Motion")[2] requesting that the Court approve the Settlement Agreement[3] pursuant to Bankruptcy Rule 9019 and the related Escrow Instructions[4] to the Title Company, the Court (1) having considered the Emergency Motion; (2) finding that (a) notice of the Emergency Motion was good and sufficient upon the particular circumstances and that no other or further notice need be given, (b) the Emergency Motion is a core proceeding under 28 U.S.C. § 157(b), (c) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and (d) venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409; (3) finding that the Parties demonstrated both (a) good, sufficient, and sound business purposes and justifications for the Settlement Agreement and the transactions, compromises, and releases provided therein, and (b) compelling circumstances for approval of the Settlement Agreement pursuant to Bankruptcy Rule 9019; (4) finding that the terms of the Settlement Agreement are fair and reasonable, falling above the lowest point in the range of reasonableness, and are in the best interests of the Parties and the Reorganized Debtors' stakeholders as a whole; (5) having weighed the probability of success in litigation, the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending to it, and taken into account the paramount interest of alleged creditors and, based on all of the foregoing, the Court has determined that the relief requested in the Emergency Motion is fair and equitable, in the best interests of the Parties, and should be approved in all respects; (6) finding that (a) in the absence of the Settlement Agreement, the Defendants face considerable litigation expense, risk, and delay, (b) the disputes between the Parties involve numerous legal and factual issues, and judicial resolution of these disputes will

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[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Emergency Motion or Settlement Agreement, as applicable.

[3] The Settlement Agreement is attached hereto as **Exhibit 1**.

[4] The Escrow Instructions are attached hereto as **Exhibit 2**.

require additional, extensive and costly briefing and discovery, (c) even if the Defendants were successful in litigating against any claims, a judgment obtained may be subject to appeal with no guarantee as to the ultimate outcome, (d) there is no doubt that the Parties' combined legal expenditures during a protracted litigation process would be substantial and further forestall any disbursement of the Princeton Reserve to any of the Parties, and (e) the Settlement Agreement resolves the Parties' disputes now without the need for additional costly, uncertain litigation; and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Emergency Motion is hereby **GRANTED**.

2. The Settlement Agreement is approved in its entirety.

3. Notwithstanding anything to the contrary in the *Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors* [Docket No. 1377] (the "Reinstatement Order"), including, but not limited to, paragraph 5(b) thereof, on the Effective Date, the Title Company shall wire (a) the Settlement Amount of $11,372,698.89 from the Princeton Reserve to Princeton and (b) $2,627,301.11 from the Princeton Reserve to the entity or party designated by the Defendants pursuant to this Order and the Escrow Instructions in a form substantially similar to the form attached hereto as **Exhibit 2**. The remainder of the Princeton Reserve, in the amount of $1 million, shall be distributed in accordance with those certain instructions annexed as **Exhibit A**[5] to the Settlement Agreement (the "Indemnity Security Escrow Release Instructions"). For the avoidance of any doubt, this Order shall be deemed a final, non-appealable order for purposes of paragraph 5(b) of the Reinstatement Order.

[5] The Settlement Agreement that will be attached to the final order shall have the final version of the Indemnity Security Escrow Release Instructions attached thereto as **Exhibit A**.

4. The Escrow Instructions attached hereto as Exhibit 2 are approved by this Court, and the Title Company shall comply with this Order and the Escrow Instructions no later than one (1) business day after receipt of the Escrow Instructions sent to the Title Company by counsel for Princeton via hand delivery. The hand delivered Escrow Instructions shall be signed by the hand of Judith W. Ross or Frances Smith, counsel for Princeton. The hand delivered Escrow Instructions shall be signed digitally on behalf of the Defendants. The hand delivered Escrow Instructions shall be substantially identical to the Escrow Instructions attached to this Order as **Exhibit 2**. The hand delivered Escrow Instructions shall include copies of this Order and the Reinstatement Order, entered in the chapter 11 cases, both physically attached to the hand delivered Escrow Instructions. If any of the requirements of this Paragraph 4 are not fully satisfied, then the Title Company is directed by this Court to disburse no funds from the Princeton Reserve; *provided, however*, that the Indemnity Security Escrow Release Instructions shall not be subject to this Paragraph 4. In the event that all requirements of this Paragraph 4 are fully satisfied, then immediately upon receipt of the hand delivered Escrow Instructions, the Title Company shall notify counsel for Princeton and the Defendants via email (at email addresses included in the Escrow Instructions) that the Title Company received the hand delivered Escrow Instructions in compliance with this Paragraph 4, and counsel for Princeton and Defendants shall then immediately provide the Title Company with their respective wire instructions via email in accordance with the Escrow Instructions.

5. Notwithstanding anything in the Reinstatement Order to the contrary, it is hereby ordered that Mr. Natin Paul, any family member of Mr. Natin Paul, any affiliate of Mr. Natin Paul, and any person acting at Mr. Natin Paul's direction, shall not seek removal of or to remove from the Title Company the Remaining Reserves (as defined in the Reinstatement Order) (exclusive of

the Princeton Reserve that is to be released pursuant to the term of this Order) until further Order of this Court.

6. Notwithstanding the foregoing, the funds reserved for the Receiver Claims may be disbursed upon (1) the filing in this Court of a final, non-appealable order of the Texas state district court in the *Princeton Capital Corporation vs Great Value Storage LLC, et. al.* pending in the 165th District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Lawsuit") awarding the Receiver fees and expenses pursuant to the Order Appointing Receiver in the Princeton Lawsuit (the "Receiver Award") and (2) a subsequent final, non-appealable Order of this Court directing the Title Company to disburse funds in the amount of the Receiver Award to the Receiver less any amounts that the Receiver has collected that the state court approves the Receiver to apply to his total fees and expenses in connection with the Princeton Lawsuit; *provided, however*, that this paragraph shall only be effective if the Receiver files a motion to dismiss adversary proceeding in this Case, with prejudice and files a notice of withdrawal of any proofs of claims with prejudice the seek to collect the Receiver Award, within three business days of the entry of this Order. The Reinstatement Order shall remain in full force and affect except as modified herein.

7. Notice of the Emergency Motion as provided therein shall be deemed good and sufficient notice of such Emergency Motion under the circumstances and the requirements of the Bankruptcy Rules and the Local Rules are satisfied by such notice.

8. Notwithstanding the applicability of any Bankruptcy Rules, the terms and conditions of this Order shall not be stayed and shall be immediately effective and enforceable upon its entry.

9. The Defendants are authorized to take all such actions as are necessary or

appropriate to implement the terms of this Order.

10. This Court shall retain jurisdiction over all matters arising from or related to the interpretation or implementation of this Order.

 # # # END OF ORDER # # #

Exhibit 1

Settlement Agreement

EXECUTION VERSION

SETTLEMENT, ASSIGNMENT AND ACCEPTANCE AGREEMENT

This SETTLEMENT, ASSIGNMENT AND ACCEPTANCE AGREEMENT (the "Agreement") is made as of this 2nd day of September 2022 (the "Execution Date"), by and between (i) Natin Paul, (ii) the Reorganized Debtors (as defined below), (iii) World Class Holdings I, LLC ("WCH") (iv) the Adversary Defendants (as defined below), (v) Princeton Capital Corporation ("Princeton" or "Assignor"), and (vi) Phoenix Lending, LLC (the "Assignee"). Natin Paul, the Reorganized Debtors, WCH and the Adversary Defendants are referred to collectively as the "Great Value Parties"), The Great Value Parties and Princeton are referred to collectively as the "Settlement Parties" and the Assignor and the Assignee are referred to collectively as the "Assignment Parties," together with the Settlement Parties, the "Parties."

RECITALS

WHEREAS, Capital Point Partners II, L.P. ("CPP"), a predecessor-in-interest to the Assignor, Great Value Storage, LLC ("Great Value"), and World Class Capital Group, LLC ("WCCG") are parties to that certain Note Purchase Agreement, dated July 31, 2012, as amended from time to time (so amended, the "Note Purchase Agreement");

WHEREAS, pursuant to the Note Purchase Agreement, Great Value issued to CPP (a) that certain Senior Secured Promissory Note, dated July 31, 2012 ("Note A") in the principal amount of $2,000,000, (b) that certain Senior Secured Promissory Note, dated July 31, 2012 ("Note B") in the principal amount of $500,000 and (c) that certain Senior Secured Promissory Note, dated November 12, 2014 ("Note C" and together with Note A and Note B, the "Notes") in the principal amount of $3,100,000. The Note Purchase Agreement, the Notes and each other document, agreement, instrument or certificate executed in connection therewith or pursuant thereto are hereinafter referred to as the "Transaction Documents."

WHEREAS, Pursuant to that certain Assignment and Acceptance Agreement, dated March 13, 2015, CPP assigned all of its rights to and obligations under the Transaction Documents to Princeton.

WHEREAS, Princeton asserted a default under the Transaction Documents and on March 14, 2019, commenced an action styled as *Princeton Capital Corporation vs Great Value Storage LLC, et al.* pending in the 165th District Court of Harris County, Texas (the "Texas District Court"), Case No. 2019-18855 (the "State Action").

WHEREAS, the defendants in the State Action are Great Value, WCCG and Natin Paul, in his individual capacity (the "State Defendants");

WHEREAS, Princeton alleged causes of action against the State Defendants in the State Action for, among other things, breach of the Notes (the "State Claims");

WHEREAS, on March 9, 2021, the Texas District Court ordered that Great Value and World Class were liable to Assignor for contract damages of $9,759,713.84 and attorneys' fees of $150,887.50 (the "Judgment").

WHEREAS, certain of the parties against whom the Judgment was entered have appealed the Judgment.

WHEREAS, after the entry of the Judgment, Princeton obtained the appointment of Seth Kretzer, as receiver for GVS and WCCG (the "Receiver"); however, as of the Execution Date, the Receiver has made no distribution to Princeton on account of the Judgment.

WHEREAS, on June 17, 2021 and June 23, 2021, GVS Texas Holdings I, LLC and certain of its affiliates (collectively, the "Reorganized Debtors")[1] each filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court");

WHEREAS, the Reorganized Debtors' bankruptcy cases are being jointly administered under Case No. 21-31121-MVL (the "Bankruptcy Cases");

WHEREAS, in connection with the Promissory Notes and the Judgment, Princeton filed the following proofs of claim in the Bankruptcy Cases: (i) Claim No. 119-8 filed against GVS Portfolio I B, LLC; (ii) Claim No. 120-4 filed against GVS Portfolio I, LLC; (iii) Claim No. 121-78 filed against GVS Texas Holdings I, LLC; (iv) Claim No. 122-32 filed against GVS Texas Holdings II, LLC; (v) Claim No. 123-12 filed against GVS Ohio Holdings I, LLC; (vi) Claim No. 124-10 filed against GVS Ohio Holdings II, LLC; (vii) Claim No. 125-10 filed against WCH Mississippi Storage Portfolio I, LLC; (viii) Claim No. 126-6 filed against GVS Nevada Holdings I, LLC; (ix) Claim No. 127-7 filed against GVS Missouri Holdings I, LLC; (x) Claim No. 128-9 filed against New York Holdings I, LLC; (xi) Claim No. 129-8 filed against GVS Indiana Holdings I, LLC; (xii) Claim No. 130-7 filed against GVS Illinois Holdings I, LLC; (xiii) Claim No. 131-13 filed against GVS Tennessee Holdings I, LLC; (xix) Claim No. 132-7 filed against GVS Colorado Holdings I, LLC; and (xx) Claim No. 164-2 filed against GVS Portfolio I C, LLC (collectively, the "Princeton Proofs of Claim");

WHEREAS, WCH and the Reorganized Debtors each filed objections to the Princeton Proofs of Claim in the Bankruptcy Cases (collectively the "Claim Objections");

WHEREAS, on April 27, 2022, Princeton commenced an adversary proceeding in the Bankruptcy Court captioned *Princeton Capital Corporation v. GVS Texas Holdings I, LLC, et al*, Adv. Proceeding No. 22-03043 (the "Adversary Proceeding") alleging causes of action against the Adversary Defendants[2] (defined below) for, among other things, fraudulent transfer and breach of

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[1] The Reorganized Debtors in the chapter 11 cases are: GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I B, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I, LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; and GVS Colorado Holdings I, LLC.

[2] The defendants in the Adversary Proceeding are GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I B, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I,

contract, (together with all causes of action in the Adversary Proceeding, the "AP Claims");

WHEREAS, certain of the Adversary Defendants have moved to dismiss the Complaint filed by Princeton that commenced the Adversary Proceeding due to, *inter alia*, the failure to state a claim upon which relief can be granted and the lack of jurisdiction of the Bankruptcy Court over the matter;

WHEREAS, recognizing the dispute between Princeton, the Reorganized Debtors and the other Adversary Defendants, pursuant to the *Stipulation and Agreed Order with World Class Holdings I, LLC* [Docket No. 873-B] filed in the Bankruptcy Cases, the Reorganized Debtors established a $15 million reserve for Princeton's outstanding claims (the "Princeton Reserve"), which is held in trust by Fidelity National Title (the "Title Company") pursuant to an escrow agreement and an Order of the Bankruptcy Court that does not permit disbursement of the Princeton Reserve absent a final, non-appealable order of the Bankruptcy Court or another court of competent jurisdiction;

WHEREAS, on August 22, 2022, Princeton and the Great Value Parties executed that certain settlement term sheet providing for the resolution of claims and issues between such parties and separately contemplated the negotiation and execution of a note purchase agreement in furtherance of that resolution. The terms and conditions in this Agreement are the culmination of the negotiations over such note purchase agreement and is new and separate from the settlement agreement discussed in the term sheet;

WHEREAS, the Parties have agreed to resolve, settle, and compromise all claims, demands, and differences between them, including, but not limited to, relating to the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, and the Claim Objections pursuant to the terms of this Agreement.

WHEREAS, as part of the resolution of the claims set forth in this Agreement, Princeton wishes to assign all of its rights to and obligations under the Transaction Documents and the Judgment to the Assignee on the terms and subject to the conditions set forth herein and the Assignee wishes to accept assignment of such rights and to assume such obligations from the Assignor on such terms and subject to such conditions.

LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; GVS Colorado Holdings I, LLC; World Class Capital Group, LLC; Great Value Storage, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC; WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC Las Vegas Storage GP, LLC; World Class Real Estate LLC; WC Memphis Storage, LP; WC 7116 S IH 35, L.P.; WC 10013 RR 620 N, LP; WC 13825 FM 306, L.P.; WC Kansas City Storage GP, LLP; and John Does (collectively, the "Adversary Defendants").

NOW THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the Parties agree as follows:

1. **<u>Note and Judgment Assignment and Acceptance</u>**.

a. Agreement of Assignor and Assignee.

i. Upon the receipt by Assignor of the Settlement Payment in good funds, the Assignor hereby sells, transfers, conveys and assigns to the Assignee, and the Assignee hereby purchases, accepts, assumes, and undertakes from the Assignor all right and title to all rights, benefits, obligations, liabilities, and indemnities of the Assignor under and in connection with the (i) the Note Purchase Agreement, (ii) the Notes and (iii) the Judgment.

ii. Upon the receipt by Assignor of the Settlement Payment in good funds, the Assignor hereby sells, transfers, conveys and assigns to the Assignee and the Assignee hereby accepts, assumes, and undertakes from the Assignor (i) all right and title to all rights, benefits, obligations, liabilities, and indemnities of the Assignor under and in connection with the other Transaction Documents and the Judgment, and (ii) except to the extent released pursuant to the provisions of this Agreement, all claims, suits, causes of action, and any other right of the Assignor against any person, whether known or unknown, arising under or in connection with any or each of the Transaction Documents, including, but not limited to, the Judgment and any and all contract claims, commercial tort claims, malpractice claims, statutory claims, and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above. For the avoidance of doubt, the parties hereto acknowledge and agree that the Assignor's right and title to all rights and benefits under the Final Judgment Order signed by Judge Ursula Hall on March 4, 2021 in *Princeton Capital Corporation v. Great Value Storage, LLC, World Class Capital Group, LLC and Natin Paul* are included in item (ii) of the foregoing.

iii. With effect on and after the Effective Date (as defined below), the Assignee shall be party to the Transaction Documents and succeed to all of the rights and be obligated to perform all of the obligations of the Assignor under the Transaction Documents and the Judgment. The Assignee agrees that on and after the Effective Date it will perform all obligations which by the terms of the

Transaction Documents are required to be performed by it thereunder.

b. Representations, Warranties and Covenants of Assignee and Assignor.

i. The Assignor represents, warrants and covenants as of the Execution Date and the date when this Agreement becomes effective pursuant to section 3 herein (the "Effective Date") that:

(a) it is the legal and beneficial owners of the interests being assigned by the Assignor hereunder and that such interests are free and clear of any lien or other adverse claim;

(b) it is duly organized and existing and it has the full power and authority to take, and have taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by the Assignor in connection with this Agreement and to fulfill its obligations hereunder;

(c) no notices to, or consents, authorizations, or approvals of, any person are required (other than any already given or obtained and still in full force and effect) for its due execution, delivery, and performance of this Agreement, and apart from any agreements or undertakings or filings required by the Transaction Documents, no further action by, or notice to, or filing with, any person is required for such execution, delivery, or performance;

(d) this Agreement has been duly executed and delivered by the Assignor and constitutes the legal, valid, and binding obligation of the Assignor, enforceable against the Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization, and other laws of general application relating to or affecting creditors' rights and to general equitable principles;

(e) the Assignor has received no distributions or payments in satisfaction of the Judgment from the Receiver, is not a party to or beneficiary of any agreements made with or by the Receiver and, after the Execution Date and the Assignor shall not accept any distributions or payments in satisfaction of the Judgment or make any other agreements with the Receiver in satisfaction of the Judgment or in relation to any fees or expenses that may be determined payable to the Receiver, unless otherwise agreed to by the Parties;

(f) unless compelled to do so by a court of competent jurisdiction, the Assignor agrees it will make no statement regarding (i) any motion by the Assignee to terminate the receivership or (ii) the amount of fees to be awarded to the Receiver ;

(g) the Assignor shall not take or support any action adverse to the World Class Release Parties in the Bankruptcy Court or any other court related to this Agreement, the Judgment or the settlement of disputes between the Settlement Parties unless such action relates to the enforcement of this Agreement including any provision hereof;

(h) the Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition, or statements of Great Value or World Class, or the performance or observance by Great Value or World Class, of any of its obligations under the Transaction Documents or any other instrument or document furnished in connection therewith.

ii. The Assignee represents, warrants and covenants as of the Execution Date and the Effective Date that:

(a) it is duly organized and existing and has full power and authority to take, and has taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by it in connection with this Agreement, and to fulfill its obligations hereunder;

(b) no notices to, or consents, authorizations, or approvals of, any person are required (other than any already given or obtained and still in full force and effect) for its due execution, delivery, and performance of this Agreement; and apart from any agreements or undertakings or filings required by the Transaction Documents, no further action by, or notice to, or filing with, any person is required of them for such execution, delivery, or performance;

(c) this Agreement has been duly executed and delivered by the Assignee and constitutes the legal, valid, and binding obligation of the Assignee, enforceable against the Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium,

reorganization, and other laws of general application relating to or affecting creditors' rights and to general equitable principles;

(d) the Assignee has been advised that none of the Notes have been registered under the Securities Act of 1933, as amended (the "Securities Act") or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available;

(e) the Assignee is aware that the Assignor is under no obligation to effect any such registration with respect to the Notes or to file for or comply with any exemption from registration;

(f) the Assignee is receiving the Notes from the Assignor for its own account and not with a view to, or for resale in connection with, the distribution thereof in violation of the Securities Act; and

(g) the Assignee has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of an investment in the Notes, is able to incur a complete loss of such investment in the Notes and to bear the economic risk of such investment for an indefinite period of time.

c. Subject to the indemnification provisions in section 1.e, Assignee does not assume any liability or responsibility for any action taken by Assignor in connection with the Notes, the Transaction Documents or the Judgment taken prior to the Effective Date, with all such liabilities and responsibilities remaining with the Assignor.

d. The Assignor and the Assignee hereby agree to promptly execute and deliver such other instruments, and take such other action, as either party may reasonably request in connection with the transactions contemplated by this Agreement, including the delivery of any notices or other documents or instruments to Great Value and World Class, which may be required in connection with this Agreement under the Transaction Documents.

e. Assignee and the Reorganized Debtors hereby indemnify and hold Assignor harmless from any and all of the following, which only arise out of the assignment of the Note and assignment of the Judgment as set forth in section 1 hereof: (i) all claims, liabilities, damages, judgments, fines and penalties asserted by the Receiver or Great Value Parties, including the Adversary Defendants ("Losses") that are determined by entry of a final, non-appealable order by the Bankruptcy Court or a court of competent jurisdiction to be Losses, except to the extent the

same shall have been finally adjudicated in a court of competent jurisdiction to have been directly caused by Assignor's gross negligence, fraud or willful misconduct; and (ii) reasonable expenses, including out-of-pocket, incidental expenses and reasonable legal fees and expenses incurred in connection with Losses ("Expenses" and together with the Losses, the "Indemnification Obligation"). The Indemnification Obligation shall be secured by $1 million dollars of the funds retained in the Princeton Reserve after payment of the Settlement Amount to Princeton, as contemplated by this Agreement (the "Indemnification Security").[3] The Indemnification Security shall be held by the Title Company and shall be disbursed either (i) upon submission thereto of joint written instructions executed by Princeton and the Great Value Parties, a form of which is attached hereto as Exhibit A or (ii) submission to the Title Company of a final, non-appealable order of the Bankruptcy Court authorizing and directing payment of all or portions of the Indemnification Obligation. Notwithstanding anything to the contrary in this section 1.e, the Indemnification Obligation shall not be applicable or enforceable against the Assignee or any Great Value Party to the extent any of the Indemnification Obligation is incurred as a result of the consent, acquiescence or other affirmative action of the Assignor. Notwithstanding anything to the contrary in this section 1.e, Princeton may periodically seek payment on account of an Expenses by filing a request for such payment to the Bankruptcy Court; *provided, however,* Assignor and the Great Value Parties reserve all rights with respect to any such request.

f. Assignor will be provided copies of all statements prepared by the Title Company when generated by the Title Company.

2. **Settlement Payment**. As consideration for the sale, assignment and transfer of the Notes and the Judgment and the in exchange for the dismissal of the actions described in section 4 and the releases described in sections 6 and 7 of this Agreement, upon the Effective Date, Assignee shall pay, or cause to be paid, to Princeton the amount of $11,372,698.89 (the "Settlement Amount") from funds currently held in the Princeton Reserve. Within three (3) business after the Effective Date, the Title Company shall effectuate the Escrow Instructions and the date upon which the Title Company remits payment to Princeton shall be the "Payment Date."

3. **Settlement Effective Date**. This Agreement shall become effective on the first day upon which all of the following conditions have been satisfied (the "Effective Date"):

a. the execution of this Agreement by all Parties;

b. the filing of a motion, mutually acceptable to the Parties, seeking the approval of this Agreement and directing the Title Company to release the Settlement Amount from the Princeton Reserve (the "Settlement Motion")

c. The entry of a final, non-appealable Order[4] by the Bankruptcy Court, mutually acceptable to the Parties, approving the Motion (including, without limitation the

[3] For the avoidance of doubt, should a court of competent jurisdiction find that entry into this Agreement shall be deemed to be gross negligence, fraud or willful misconduct against the Receiver, no exclusion for such gross negligence, fraud or willful misconduct shall be applicable.

[4] For the avoidance of doubt, no Party hereto will appeal the Settlement Order so long as this Agreement is approved by the Bankruptcy Court as drafted and executed.

provisions contained in paragraph 5 of the order attached as Exhibit B) and Escrow Instructions, a form of which is attached hereto as Exhibit B (the "Settlement Order");

d. Princeton and the Reorganized Debtors have delivered to the Title Company the Settlement Order and the Escrow Instructions, a copy of which is attached hereto as Exhibit C; along with Escrow Instructions to the Title Company, which will leave the Indemnity Security Escrow on deposit with the Title Company; and

e. Delivery to Title Company of the documents and evidence set forth in section 4 hereof.

f. Any of the foregoing provisions set forth in sections 3.a, 3.b, 3.c, 3.d, 3.e hereof may be waived upon the mutual written agreement of the Parties.

4. **Conditions Precedent to Effective Date**.

a. Unless otherwise agreed to by the Parties in writing, on or before September 9, 2022, Princeton shall deliver to the Title Company:

i. duly endorsed promissory notes (or lost note affidavits) as applicable, and other Transaction Documents (including official correspondence and further documents delivered pursuant to the terms of the Transaction Documents), the transactions related thereto and the Judgment, along with information showing calculation of the Judgment, but only insofar as any of such information is available to Princeton;

ii. notices of dismissal with prejudice in the Adversary Proceeding substantially in the form attached hereto as Exhibit D, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date;

iii. notices of the assignment of the Notes and Judgment and substitutions of parties in any and all actions pending in any court (including actions against Natin Paul in his individual capacity) as such relate to the enforcement of the Notes or collection of the Judgment, which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date, the form of which is attached hereto as Exhibit E; and

iv. notices withdrawing the Princeton Proofs of Claim with prejudice which the Great Value Parties or the Assignee, as applicable, may file after the Effective Date, the form of which is attached hereto as Exhibit F.

b. The Title Company shall provide notice to the Parties of its receipt of the items set forth in section 4.a hereof.

5. **Further Assurances**. In addition to the requirements of section 1.d hereof, the Parties shall cooperate reasonably with each other and with the other's respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information reasonably requested by the Assignee from time to time for the purposes of enforcing its rights under the Transaction Documents and the Judgment; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as any other Party may reasonably request for the purpose of carrying out the transactions contemplated by this Agreement, including but not limited to, with respect to the Escrow Instructions. The Parties shall cooperate with each other as necessary to obtain all consents and authorizations of third-parties, if any, to make all filings with and give all notices to third-parties which may be necessary or reasonably required in order to carry out the intent of this Agreement and the transactions contemplated hereby.

6. **Release by the Great Value Parties**. Effective upon the Payment Date, except as provided in Paragraph 8 or herein, Natin Paul, on behalf of himself as well as any persons he controls and any entities that he either owns or controls (in whole or in part), the Great Value Parties, WCCG, GVS and all of their respective officers, directors, members, managers, employees, insurers, advisory board members, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (the "World Class Release Parties") hereby forever release Princeton, and each of its officers, directors, owners, members, managers, shareholders, subsidiaries, investment funds employees, insurers, and each of their successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (the "Princeton Released Parties") from any and all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, damages, judgments, executions, and demands whatsoever, in law or equity, whether known or unknown, liquidated or unliquidated, which the World Class Released Parties ever had, now have or hereafter can, shall or may have against any of the Princeton Released Parties for any matter, cause, thing, or reason whatsoever as of the Effective Date, including but not limited to, for or arising out of, or related to, the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, the Claim Objections, and other actual or potential claims that were or could have been asserted in the State Action, Adversary Proceeding, or the Princeton Proofs of Claim*; provided, however,* the foregoing release shall not (i) apply to any claim or cause of action against any third-party, including the Receiver (excluding the Princeton Released Parties) seeking damages or the return or recovery of monies, properties or assets otherwise taken, seized, transferred, conveyed or otherwise removed from such party's possession or control in connection with the efforts of any party to collect the Judgment on behalf of Princeton or (ii) result in the dismissal of any pending action or appeal of any action in which Princeton is a named party related to the Judgment (the "Appeal Actions"); *provided, further, however,* the World Class Release Parties shall not and shall be prohibited and enjoined from seeking any recovery (monetary or otherwise) from Princeton in connection with an Appeal Action.

7. **Release by Princeton**. Effective upon the Payment Date, except as provided in Paragraph 8, Princeton on behalf of itself and on behalf of each of the Princeton Released Parties, each hereby forever release and discharge Natin Paul, on behalf of himself as well as any persons he controls and any entities that he either owns or controls (in whole or in part), the Great Value Parties, WCCG, GVS, the State Defendants, the Adversary Defendants and their respective officers, directors, members, managers, employees, insurers, advisory board members, and each of their

successors, predecessors, beneficiaries, assigns, agents, attorneys, accountants, advisors, and representatives (collectively, the "World Class Released Parties") from any and all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, damages, judgments, executions, and demands whatsoever, in law or equity, whether known or unknown, liquidated or unliquidated, which the Princeton Released Parties ever had, now have or hereafter can, shall or may have against any of the World Class Released Parties for any matter, cause, thing, or reason whatsoever as of the Effective Date, including but not limited to, for or arising out of, or related to, the Bankruptcy Cases, the State Action, the State Claims, the Judgment, the Adversary Proceeding, the AP Claims, the Princeton Proofs of Claims, the Claim Objections, and other actual or potential claims that were or could have been asserted in the State Action, Adversary Proceeding, or the Princeton Proofs of Claim save and except for the Indemnification Obligation.

8. **Exceptions to Releases**. Notwithstanding any language to the contrary in sections 6, and 7 hereof, or any other provision of this Agreement, the Parties agree and acknowledge that this Agreement and the releases provided herein does not release or waive: (a) any obligation of a Party arising under or created by this Agreement; (b) the Indemnification Obligation; or (c) any present or future claim, appeal or litigation by the Great Value Parties against the Receiver or its agents, attorney, or representatives.

9. **Fees and Costs**. Each Party and Assignment Party shall bear its own fees and costs in connection with the Adversary Proceeding, the Settlement Motion and this Agreement. For the avoidance of doubt there shall be no other cost and expenses due to Princeton whatsoever other than the Settlement Amount, except any amounts that may be due under the Indemnification Obligation.

10. **Consultation with Counsel**. Each of the Parties has freely and voluntarily entered into this Agreement after an adequate opportunity and sufficient period of time to review, analyze and discuss all terms and conditions of this Agreement and all factual and legal matters relevant hereto with its counsel. Each of the Parties further acknowledges that it has actively and with full understanding participated in the negotiation of this Agreement and that this Agreement has been negotiated, prepared and executed without fraud, duress, undue influence or coercion of any kind or nature whatsoever having been exerted by or imposed upon any party to this Agreement.

11. **No Assignment**. No Party has assigned any of its claims, rights, and/or remedies arising under or relating in any way to the litigation being resolved hereby or associated property to any third party.

12. **No Admission of Wrongdoing**. This Agreement constitutes a compromise of disputes between the Parties. Nothing contained herein shall constitute or be deemed to be an admission by any Party as to any matter unless specifically stated herein. Nothing in this Agreement, nor any of the negotiations or proceedings connected with the Agreement, nor any of the documents or statements contained or referred to therein shall be offered or received against any Party in any litigation as evidence of, or be construed as or be deemed to be evidence of, any concession or admission by any Party with respect to the truth of any fact alleged by any Party

against the other or the validity of any claim or defense that has been or could have been asserted in any proceeding or litigation involving the Parties.

13. **Time is of the Essence.** Time is of the essence for all dates and/or time described in this this Agreement.

14. **Remedies**. The Parties agree that irreparable damage would occur in the event of a breach of any provision of this Agreement that would result in the failure of the Effective Date and Payment Date to occur and that money damages or other legal remedies would not be an adequate remedy for any such damages. Accordingly, the Parties acknowledge and agree that in the event of any breach or threatened breach of the covenants, agreements and obligations set forth in this Agreement, each Party shall be entitled to any injunction or injunctions to prevent or restrain breaches or threatened breaches of this Agreement, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations under this Agreement (including those conditions precedent set forth in section 4 hereof), in addition to any other remedy to which such party is entitled at law or in equity. Each Party hereby agrees not to raise any objections to the availability of specific performance to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations under this Agreement. Each Party hereby waives (i) any defenses in any action for specific performance, including the defense that a remedy at law would be adequate and (ii) any requirement under any law to post a bond or other security as a prerequisite to obtaining equitable relief.

15. **Miscellaneous**.

a. Each of the Parties acknowledges, represents, and agrees that no promise, inducement or consideration has been offered or promised to any Party except as expressly set forth herein.

b. This Agreement is executed without reliance upon any statement or representation by any other Party or other Party's attorneys or representatives concerning the nature and extent of any claims and/or damages or legal liability therefor.

c. No failure or delay by any party hereto in exercising any right, power, or privilege hereunder or under that settlement term sheet dated August 22, 2022 (the "Settlement Term Sheet") shall operate as a waiver thereof, with all such rights, powers or privileges being expressly preserved, and any waiver of any breach of the provisions of this Agreement shall be without prejudice to any rights with respect to any other or further breach thereof or under the Settlement Term Sheet, which shall remain in force and effect.

d. All payments made hereunder shall be made without any set-off or counterclaim.

e. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of this Agreement by telefacsimile, electronic mail, or by any other electronic form of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement.

Signatures exchanged by email or facsimile transmission shall be deemed original signatures for all purposes and shall indicate and evidence such Party's final and fully-enforceable agreement to the terms of this Agreement.

f. This Agreement constitutes the final and fully-integrated agreement of the Parties concerning the subject matter hereof and supersedes all prior or contemporaneous oral and written statements, understandings, and agreements between them or their counsel regarding the subject matter hereof. If any provision of this Agreement is determined to be invalid, illegal, or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect.

g. This Agreement shall be governed by the laws of the State of Texas without regard to any choice of law analysis that might call for application of some different law. The Parties each irrevocably submits to the non-exclusive jurisdiction and venue of the United States Bankruptcy Court for the Northern District of Texas, Dallas Division over any suit, action, or proceeding arising out of or relating to any dispute and irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such court. Each party to this Agreement hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding.

h. This Agreement may not be modified except in a writing signed by each of the Parties and no Party shall be entitled to rely on any other manner of attempted modification, which shall be void (and not merely voidable).

i. No Party has assigned or purported to assign any claim that otherwise would be released or discharged by this Agreement.

j. The captions of Sections herein are intended for convenience only and shall not be used in any way to interpret the contents of such Section.

k. In the event of any dispute between the parties arising out of, under, or in connection with this Agreement, the Transaction Documents, any related documents and agreements, or any course of conduct, course of dealing, or statements (whether oral or written) (collectively, the "Disputes"), the prevailing party shall be entitled to recover all of its reasonable costs and attorneys' fees incurred in such dispute, in addition to all other sums that it may be entitled.

l. This Agreement is enforceable regardless of whether or not the Appeal Actions are decided in favor of any or all of the Great Value Parties.

m. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHTS EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON ANY DISPUTE.

16. **Authority**. Each Party and each signatory below represents that the signatory has all necessary authority to enter into the terms of this Agreement on behalf of the Party for which she or he is signing and to bind that Party to the terms of this Agreement. The Parties acknowledge that the other Party is specifically relying on these representations in entering into this Agreement and that the

Parties' respective signatories have apparent and inherent authority to bind the Parties to the terms of this Agreement.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the Parties have hereunto signed their names on the dates indicated.

NATIN PAUL, ON BEHALF OF HIMSELF INDIVIDUALLY AND ON BEHALF OF ALL ENTITIES THAT HE EITHER OWNS OR CONTROL (IN WHOLE OR IN PART)

____

Name: Natin Paul
Title: Authorized Representative
Date: September 2 , 2022

IN WITNESS WHEREOF, the Parties have hereunto signed their names on the dates indicated.

NATIN PAUL, ON BEHALF OF HIMSELF INDIVIDUALLY AND ON BEHALF OF ALL ADVERSARY DEFENDANTS

____
Name: Natin Paul
Title: Authorized Representative
Date: September 2, 2022

IN WITNESS WHEREOF, the Parties have hereunto signed their names on the dates indicated.

NATIN PAUL ON BEHALF OF THE REORGANIZED DEBTORS

____

Name: Natin Paul
Title: Manager
Date: September 2, 2022

IN WITNESS WHEREOF, the Parties have hereunto signed their names on the dates indicated.

WORLD CLASS HOLDINGS I, LLC

____

Name: Natin Paul
Title: Manager
Date: September 2, 2022

IN WITNESS WHEREOF, the Parties have hereunto signed their names on the dates indicated.

PRINCETON CAPITAL CORPORATION ON BEHALF OF ITSELF AND THE PRINCETON RELEASED PARTIES

By: Mark S. DiSalvo
Title: Chief Executive Officer
Dated: September 2, 2022

IN WITNESS WHEREOF, the Parties have hereunto signed their names on the dates indicated.

PHOENIX LENDING, LLC

Name: Mickey Altman
Title: Vice President
Date: September 2, 2022

Exhibit A

Form of Indemnity Security Escrow Release Instructions

[To Be Submitted By Parties]

Exhibit B

Form of Settlement Order

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	Chapter 11
GVS TEXAS HOLDINGS I, LLC, et al.[1]	Case No. 21-31121-MVL
Reorganized Debtors.	(Jointly Administered)

ORDER GRANTING EMERGENCY MOTION PURSUANT TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

[1] The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

Upon consideration of the *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors* (the "Emergency Motion")[2] requesting that the Court approve the Settlement Agreement[3] pursuant to Bankruptcy Rule 9019 and the related Escrow Instructions[4] to the Title Company, the Court (1) having considered the Emergency Motion; (2) finding that (a) notice of the Emergency Motion was good and sufficient upon the particular circumstances and that no other or further notice need be given, (b) the Emergency Motion is a core proceeding under 28 U.S.C. § 157(b), (c) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and (d) venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409; (3) finding that the Parties demonstrated both (a) good, sufficient, and sound business purposes and justifications for the Settlement Agreement and the transactions, compromises, and releases provided therein, and (b) compelling circumstances for approval of the Settlement Agreement pursuant to Bankruptcy Rule 9019; (4) finding that the terms of the Settlement Agreement are fair and reasonable, falling above the lowest point in the range of reasonableness, and are in the best interests of the Parties and the Reorganized Debtors' stakeholders as a whole; (5) having weighed the probability of success in litigation, the complexity of the litigation involved, and the expense, inconvenience, and delay necessarily attending to it, and taken into account the paramount interest of alleged creditors and, based on all of the foregoing, the Court has determined that the relief requested in the Emergency Motion is fair and equitable, in the best interests of the Parties, and should be approved in all respects; (6) finding that (a) in the absence of the Settlement Agreement, the

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Emergency Motion or Settlement Agreement, as applicable.

[3] The Settlement Agreement is attached hereto as **Exhibit 1**.

[4] The Escrow Instructions are attached hereto as **Exhibit 2**.

Defendants face considerable litigation expense, risk, and delay, (b) the disputes between the Parties involve numerous legal and factual issues, and judicial resolution of these disputes will require additional, extensive and costly briefing and discovery, (c) even if the Defendants were successful in litigating against any claims, a judgment obtained may be subject to appeal with no guarantee as to the ultimate outcome, (d) there is no doubt that the Parties' combined legal expenditures during a protracted litigation process would be substantial and further forestall any disbursement of the Princeton Reserve to any of the Parties, and (e) the Settlement Agreement resolves the Parties' disputes now without the need for additional costly, uncertain litigation; and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Emergency Motion is hereby **GRANTED**.

2. The Settlement Agreement is approved in its entirety.

3. Notwithstanding anything to the contrary in the *Amended Order Granting World Class Holdings I, LLC's Motion to Confirm Reinstatement of Natin Paul as Sole Officer of the Reorganized Debtors* [Docket No. 1377] (the "Reinstatement Order"), including, but not limited to, paragraph 5(b) thereof, on the Effective Date, the Title Company shall wire (a) the Settlement Amount of $11,372,698.89 from the Princeton Reserve to Princeton and (b) $2,627,301.11 from the Princeton Reserve to the entity or party designated by the Defendants pursuant to this Order and the Escrow Instructions in a form substantially similar to the form attached hereto as **Exhibit 2**. The remainder of the Princeton Reserve, in the amount of $1 million, shall be distributed in accordance with those certain instructions annexed as **Exhibit A**[5] to the Settlement Agreement (the "Indemnity Security Escrow Release Instructions"). For the avoidance of any doubt, this

[5] The Settlement Agreement that will be attached to the final order shall have the final version of the Indemnity Security Escrow Release Instructions attached thereto as **Exhibit A**.

Order shall be deemed a final, non-appealable order for purposes of paragraph 5(b) of the Reinstatement Order.

4. The Escrow Instructions attached hereto as Exhibit 2 are approved by this Court, and the Title Company shall comply with this Order and the Escrow Instructions no later than one (1) business day after receipt of the Escrow Instructions sent to the Title Company by counsel for Princeton via hand delivery. The hand delivered Escrow Instructions shall be signed by the hand of Judith W. Ross or Frances Smith, counsel for Princeton. The hand delivered Escrow Instructions shall be signed digitally on behalf of the Defendants. The hand delivered Escrow Instructions shall be substantially identical to the Escrow Instructions attached to this Order as **Exhibit 2**. The hand delivered Escrow Instructions shall include copies of this Order and the Reinstatement Order, entered in the chapter 11 cases, both physically attached to the hand delivered Escrow Instructions. If any of the requirements of this Paragraph 4 are not fully satisfied, then the Title Company is directed by this Court to disburse no funds from the Princeton Reserve; *provided, however*, that the Indemnity Security Escrow Release Instructions shall not be subject to this Paragraph 4. In the event that all requirements of this Paragraph 4 are fully satisfied, then immediately upon receipt of the hand delivered Escrow Instructions, the Title Company shall notify counsel for Princeton and the Defendants via email (at email addresses included in the Escrow Instructions) that the Title Company received the hand delivered Escrow Instructions in compliance with this Paragraph 4, and counsel for Princeton and Defendants shall then immediately provide the Title Company with their respective wire instructions via email in accordance with the Escrow Instructions.

5. Notwithstanding anything in the Reinstatement Order to the contrary, it is hereby ordered that Mr. Natin Paul, any family member of Mr. Natin Paul, any affiliate of Mr. Natin Paul,

and any person acting at Mr. Natin Paul's direction, shall not seek removal of or to remove from the Title Company the Remaining Reserves (as defined in the Reinstatement Order) (exclusive of the Princeton Reserve that is to be released pursuant to the term of this Order) until further Order of this Court.

6. Notwithstanding the foregoing, the funds reserved for the Receiver Claims may be disbursed upon (1) the filing in this Court of a final, non-appealable order of the Texas state district court in the *Princeton Capital Corporation vs Great Value Storage LLC, et. al.* pending in the 165th District Court of Harris County, Texas, case no. 2019-18855 (the "Princeton Lawsuit") awarding the Receiver fees and expenses pursuant to the Order Appointing Receiver in the Princeton Lawsuit (the "Receiver Award") and (2) a subsequent final, non-appealable Order of this Court directing the Title Company to disburse funds in the amount of the Receiver Award to the Receiver less any amounts that the Receiver has collected that the state court approves the Receiver to apply to his total fees and expenses in connection with the Princeton Lawsuit; *provided, however*, that this paragraph shall only be effective if the Receiver files a motion to dismiss adversary proceeding in this Case, with prejudice and files a notice of withdrawal of any proofs of claims with prejudice the seek to collect the Receiver Award, within three business days of the entry of this Order. The Reinstatement Order shall remain in full force and affect except as modified herein.

7. Notice of the Emergency Motion as provided therein shall be deemed good and sufficient notice of such Emergency Motion under the circumstances and the requirements of the Bankruptcy Rules and the Local Rules are satisfied by such notice.

8. Notwithstanding the applicability of any Bankruptcy Rules, the terms and conditions of this Order shall not be stayed and shall be immediately effective and enforceable

upon its entry.

9. The Defendants are authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.

10. This Court shall retain jurisdiction over all matters arising from or related to the interpretation or implementation of this Order.

 # # # END OF ORDER # #

Exhibit C

Form of Settlement Payment Escrow Release Instructions

[To Be Submitted By Parties]

Exhibit D

Form of Notice of Dismissal of Adversary Proceeding

Judith W. Ross
State Bar No. 21010670
Jessica L. Voyce Lewis
State Bar No. 24060956
ROSS & SMITH, PC
700 N. Pearl Street, Suite 1610
Dallas, TX 75201
Phone: 214-377-7879
Fax: 214-377-9409
Email: judith.ross@judithwross.com
Email: jessica.lewis@judithwross.com

COUNSEL FOR PRINCETON CAPITAL CORPORATION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Chapter 11**
	§	
GVS TEXAS HOLDINGS I, LLC, *et al.*,[1]	§	**Case No. 21-31121-MVL**
	§	
Debtors.	§	**(Jointly Administered)**
	§	
	§	
PRINCETON CAPITAL CORPORATION,	§	
	§	**Adv. No. 22-03043**
Plaintiff,	§	
	§	
v.	§	
	§	
GVS TEXAS HOLDINGS I, LLC, *et al.*,[2]	§	

[1] The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408) (collectively, the "Reorganized Debtors"). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

[2] The Defendants in this adversary proceeding are: GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I B, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I, LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; GVS Colorado Holdings I, LLC; World Class Capital Group, LLC; Great Value Storage, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC;

Defendants.	§ §
WORLD CLASS HOLDINGS I, LLC	§ §
Intervenor.	§ § §

NOTICE OF DISMISSAL WITH PREJUDICE

PLEASE TAKE NOTICE THAT Princeton Capital Corporation, by its undersigned attorneys, in the above-captioned adversary proceeding (this "Adversary Proceeding"), dismisses this Adversary Proceeding with prejudice as ordered by the Court in the *Order of Dismissal of Adversary Proceeding* [Docket No. ___].

DATED: _________, 2022
Dallas, Texas

Respectfully submitted,

/s/ DRAFT

Judith W. Ross
State Bar No. 21010670
Jessica L. Voyce Lewis
State Bar No. 24060956
ROSS & SMITH, PC
700 N. Pearl Street, Suite 1610
Dallas, TX 75201
Phone: 214-377-7879
Fax: 214-377-9409
Email: judith.ross@judithwross.com
Email: jessica.lewis@judithwross.com

COUNSEL FOR PRINCETON CAPITAL CORPORATION

WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC Las Vegas Storage GP, LLC; World Class Real Estate LLC; WC Memphis Storage, LP; WC 7116 S IH 35, L.P.; WC 10013 RR 620 N, LP; WC 13825 FM 306, L.P.; WC Kansas City Storage GP, LLP; and John Does.

CERTIFICATE OF SERVICE

I hereby certify that on this __________, 2022, I caused a true and correct copy of the foregoing to be filed and served through ECF notification upon all parties who receive notice in this matter pursuant to the Court's CM/ECF filing system.

/s/ DRAFT
Judith W. Ross

Exhibit E

Form of Notice of Assignment of Judgment and Substitution of Parties

[To Be Submitted By Parties]

Exhibit F

Form of Notice of Withdrawal of Proofs of Claim

Judith W. Ross
State Bar No. 21010670
Jessica L. Voyce Lewis
State Bar No. 24060956
ROSS & SMITH, PC
700 N. Pearl Street, Suite 1610
Dallas, TX 75201
Phone: 214-377-7879
Fax: 214-377-9409
Email: judith.ross@judithwross.com
Email: jessica.lewis@judithwross.com

COUNSEL FOR PRINCETON CAPITAL CORPORATION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	Chapter 11
GVS TEXAS HOLDINGS I, LLC, et al.[1]	Case No. 21-31121-MVL
Reorganized Debtors.	(Jointly Administered)

NOTICE OF WITHDRAWAL OF PROOFS OF CLAIM

PLEASE TAKE NOTICE THAT Princeton Capital Corporation ("Princeton"), by its undersigned attorneys, in the above-captioned jointly administered bankruptcy cases, respectfully withdraws with prejudice the following amended proofs of claim filed by Princeton on January 21, 2022:

[1] The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

i. Proof of Claim No. 119-8 filed against GVS Portfolio I B, LLC;[2]

ii. Proof of Claim No. 120-4 filed against GVS Portfolio I, LLC;[3]

iii. Proof of Claim No. 121-78 filed against GVS Texas Holdings I, LLC;[4]

iv. Proof of Claim No. 122-32 filed against GVS Texas Holdings II, LLC;[5]

v. Proof of Claim No. 123-12 filed against GVS Ohio Holdings I, LLC;[6]

vi. Proof of Claim No. 124-10 filed against GVS Ohio Holdings II, LLC;[7]

vii. Proof of Claim No. 125-10 filed against WC Mississippi Storage Portfolio I, LLC;[8]

viii. Proof of Claim No. 126-6 filed against GVS Nevada Holdings I, LLC;[9]

ix. Proof of Claim No. 127-7 filed against GVS Missouri Holdings I, LLC;[10]

x. Proof of Claim No. 128-9 filed against GVS New York Holdings I, LLC;[11]

xi. Proof of Claim No. 129-8 filed against GVS Indiana Holdings I, LLC;[12]

xii. Proof of Claim No. 130-7 filed against GVS Illinois Holdings I, LLC;[13]

xiii. Proof of Claim No. 131-13 filed against GVS Tennessee Holdings I, LLC;[14]

xiv. Proof of Claim No. 132-7 filed against GVS Colorado Holdings I, LLC;[15] and

---

[2] Amends Proof of Claim No. 119-5.

[3] Amends Proof of Claim No. 120-2.

[4] Amends Proof of Claim No. 121-62.

[5] Amends Proof of Claim No. 122-24.

[6] Amends Proof of Claim No. 123-7.

[7] Amends Proof of Claim No. 124-5.

[8] Amends Proof of Claim No. 125-4.

[9] Amends Proof of Claim No. 126-3.

[10] Amends Proof of Claim No. 127-4.

[11] Amends Proof of Claim No. 128-5.

[12] Amends Proof of Claim No. 129-4.

[13] Amends Proof of Claim No. 130-3.

[14] Amends Proof of Claim No. 131-9.

[15] Amends Proof of Claim No. 132-3.

xv. Proof of Claim No. 164-2 filed against GVS Portfolio I C, LLC.[16]

DATED: _________, 2022
Dallas, Texas

Respectfully submitted,

/s/ DRAFT

Judith W. Ross
State Bar No. 21010670
Jessica L. Voyce Lewis
State Bar No. 24060956
ROSS & SMITH, PC
700 N. Pearl Street, Suite 1610
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Email: jessica.lewis@judithwross.com

COUNSEL FOR PRINCETON CAPITAL CORPORATION

[16] Amends Proof of Claim No. 164-1.

CERTIFICATE OF SERVICE

I hereby certify that on this __________, 2022, I caused a true and correct copy of the foregoing to be filed and served through ECF notification upon all parties who receive notice in this matter pursuant to the Court's CM/ECF filing system.

/s/ DRAFT
Judith W. Ross

<u>Exhibit 2</u>

Escrow Instructions

[To Be Submitted By Parties]

EXHIBIT B

Order of Dismissal

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	**Chapter 11**
	§	
GVS TEXAS HOLDINGS I, LLC, *et al.*,[1]	§	**Case No. 21-31121-MVL**
	§	
Debtors.	§	**(Jointly Administered)**
	§	
	§	
PRINCETON CAPITAL CORPORATION,	§	
	§	**Adv. No. 22-03043**
Plaintiff,	§	
	§	
v.	§	
	§	
GVS TEXAS HOLDINGS I, LLC, *et al.*,[2]	§	

[1] The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408) (collectively, the "Reorganized Debtors"). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

[2] The Defendants in this adversary proceeding are: GVS Texas Holdings I, LLC; GVS Texas Holdings II, LLC; GVS Portfolio I, LLC; GVS Portfolio I B, LLC; GVS Portfolio I C, LLC; WC Mississippi Storage Portfolio I, LLC; GVS Nevada Holdings I, LLC; GVS Ohio Holdings I, LLC; GVS Missouri Holdings I, LLC; GVS New York Holdings I, LLC; GVS Indiana Holdings I, LLC; GVS Tennessee Holdings I, LLC; GVS Ohio Holdings II, LLC; GVS Illinois Holdings I, LLC; GVS Colorado Holdings I, LLC; World Class Capital Group, LLC; Great Value Storage, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC;

Defendants.	§
	§
WORLD CLASS HOLDINGS I, LLC	§
	§
Intervenor.	§
	§
	§

ORDER OF DISMISSAL OF ADVERSARY PROCEEDING

Upon consideration of *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors* (the "Emergency Motion")[3] requesting, in part, that the Court dismiss the Adversary Proceeding upon entering the Proposed Order attached to the Emergency Motion, as described in the Emergency Motion, the Court (1) having considered the Emergency Motion and (2) finding that (a) notice of the Emergency Motion was good and sufficient upon the particular circumstances and that no other or further notice need be given, (b) the Emergency Motion is a core proceeding under 28 U.S.C. § 157(b), (c) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and (d) venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The relief sought in the Emergency Motion related to the dismissal of the Adversary Proceeding is hereby **GRANTED**, subject to the terms contained in this Order.

WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC Las Vegas Storage GP, LLC; World Class Real Estate LLC; WC Memphis Storage, LP; WC 7116 S IH 35, L.P.; WC 10013 RR 620 N, LP; WC 13825 FM 306, L.P.; WC Kansas City Storage GP, LLP; and John Does.

[3] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Emergency Motion.

2. Upon payment of the Settlement Amount of $11,372,698.89 to Princeton and $2,627,301.11 to the entity or party designated by the Defendants, the Adversary Proceeding is dismissed with prejudice.

3. Notice of the Emergency Motion as provided therein shall be deemed good and sufficient notice of such Emergency Motion under the circumstances and the requirements of the Bankruptcy Rules and the Local Rules are satisfied by such notice.

4. Notwithstanding the applicability of any Bankruptcy Rules, the terms and conditions of this Order shall not be stayed and shall be immediately effective and enforceable upon its entry.

5. The Defendants are authorized to take all such actions as are necessary or appropriate to implement the terms of this Order.

6. This Court shall retain jurisdiction over all matters arising from or related to the interpretation or implementation of this Order.

 # # # END OF ORDER # # #

EXHIBIT 3

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	Chapter 11
GVS TEXAS HOLDINGS I, LLC, et al.[1]	Case No. 21-31121-MVL
Reorganized Debtors.	(Jointly Administered)

DECLARATION OF SHEENA PAUL IN SUPPORT OF EMERGENCY MOTION PURSUANT TO BANKRUPTCY RULE 9019 FOR ENTRY OF AN ORDER APPROVING A SETTLEMENT AND COMPROMISE BETWEEN PRINCETON CAPITAL CORPORATION AND THE REORGANIZED DEBTORS

I, SHEENA PAUL, pursuant to 28 U.S.C. § 1746, hereby declare, under penalty of perjury that the foregoing is true and correct:

1. I am in house counsel to World Class Holdings I, LLC ("WCH"), which directly or indirectly owns, controls, employs, and/or is affiliated with the above-captioned reorganized debtors (the "Reorganized Debtors") and the 36 Non-Debtor Defendants[2] (together with WCH and

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[1] The Reorganized Debtors in these chapter 11 cases, along with the last four digits of each Reorganized Debtor's federal tax identification number, as applicable, are: GVS Texas Holdings I, LLC (7458); GVS Texas Holdings II, LLC (1225); GVS Portfolio I, LLC (6441); GVS Portfolio I B, LLC (7171); GVS Portfolio I C, LLC (3093); WC Mississippi Storage Portfolio I, LLC (0423); GVS Nevada Holdings I, LLC (4849); GVS Ohio Holdings I, LLC (6449); GVS Missouri Holdings I, LLC (5452); GVS New York Holdings I, LLC (5858); GVS Indiana Holdings I, LLC (3929); GVS Tennessee Holdings I, LLC (5909); GVS Ohio Holdings II, LLC (2376); GVS Illinois Holdings I, LLC (9944); and GVS Colorado Holdings I, LLC (0408). The location of the Reorganized Debtors' service address is: 814 Lavaca Street, Austin, Texas 78701.

[2] "Non-Debtor Defendants" means, collectively, World Class Capital Group, LLC; Natin Paul; Sheena Paul; Barbara Lee; Jason Rogers; WC Ohio Storage Portfolio I, LP; WC Texas Storage Portfolio I, LP; WC Texas Storage Portfolio II, GP, LLC; WC Memphis Storage II, LP; WC Ohio Storage Portfolio I GP, LLC; WC Ohio Storage Portfolio II TIC, LLC; WC Ohio Storage Portfolio II Equity, LLC; WC Texas Storage Portfolio III MM, LLC; WC Mississippi Storage Portfolio I MM, LLC; WC Illinois Storage Portfolio I, LLC; WC Illinois Storage Portfolio TIC, LLC; WC 4641 Production MM, LLC; WC New York Storage Portfolio I, LLC; WC 4641 Production, LLC; WC TSPIGP, LLC; WC Texas Storage Portfolio II, LP; WC Texas Storage Portfolio III Property, LLC; WC Texas Storage Portfolio III, LLC; WC San Benito Storage, LP; WC San Benito GP, LLC; WC Memphis Storage GP, LLC; WC Memphis Storage II GP, LLC; WC Las Vegas Storage, LP; WC Kansas City Storage, LP; WC Las Vegas Storage GP, LLC; World Class Real Estate LLC; WC Memphis Storage, LP; WC 7116 S IH 35, L.P.; WC 10013 RR 620 N, LP; WC 13825 FM 306, L.P.; and WC Kansas City Storage GP, LLP.

the Reorganized Debtors, the "Defendants") in *Princeton Capital Corp. v. GVS Texas Holdings I, LLC*, Adv. Case No. 22-03043 (Bankr. N.D. Tex. 2022) (the "Adversary Proceeding"). I have served in this role with WCH since 2017. I also appeared as the authorized representative of the Reorganized Debtors and Phoenix Lending, LLC in connection with the September 9, 2022 deposition conducted by the Receiver in connection with this matter.

2. I submit this Declaration in support of the *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors* (the "9019 Motion"),[3] including that certain settlement agreement (the "Settlement Agreement"), by and among certain Defendants in the Adversary Proceeding and Princeton Capital Corporation ("Princeton" and together with the Defendants, the "Parties")

3. Except as otherwise indicated herein, all statements set forth in this Declaration are based on my personal knowledge, as I was personally involved in the negotiations that led to the Settlement Agreement. I am over the age of eighteen and authorized to submit this Declaration on behalf of the Reorganized Debtors and other Defendants. If called upon to testify, I would testify competently to the facts set forth herein.

The Settlement Agreement Should Be Approved

4. I understand that courts in the Fifth Circuit may consider the following factors before approving settlements and compromises:

a) The probability of success litigating the claims subject to the settlement;

b) The complexity and likely duration and the associated expense, inconvenience, and delay; and

[3] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Emergency Motion or Settlement Agreement, as applicable.

c) The wisdom of the settlement, which include (i) the interest of creditors and (ii) whether the settlement is a product of arms-length bargaining.

I understand from reviewing the 9019 Motion that it sufficiently demonstrates why each of these factors weigh in favor of the Court approving the Settlement Agreement.

I. Probability of Success

5. It is my belief that in negotiating and considering the merits of the Settlement Agreement, the Parties considered all material disputes between Princeton and the Reorganized Debtors as well as the various other Defendants in both the Adversary Proceeding and Texas District Court. If Princeton is permitted to prosecute their causes of action in the Adversary Proceeding, the Reorganized Debtors will incur significant expense to complete extensive discovery, retain expert witnesses, and prepare for a potentially long and contentious trial. And, while it is my understanding that the Reorganized Debtors and the other Defendants are confident in their positions, there is no certainty in the outcome.

6. Finally, even when one of the Parties ultimately prevails on the merits of their claims, any litigation has a high likelihood of appeal considering the amount-in-controversy and issues involved, which would only further delay the Parties' ability to obtain relief. By entering into the Settlement Agreement, the Parties avoid the risk of not prevailing on their claims in the Adversary Proceeding, as well as potentially significant legal expenses.

II. Complexity of Litigation Involved and the Attendant Expense, Inconvenience, and Delay

7. The Parties' likelihood of success in connection with the Adversary Proceeding is uncertain due to the complexity of the myriad factual and legal issues involved in both proceedings, which have been previewed in the Complaint, the Non-Debtor Defendants' motion to dismiss, and Princeton's response to that motion. For example, the Complaint lists five different types of

allegedly fraudulent transfers that purported occurred over the course of nearly a decade. Unraveling the allegations will be an expensive, lengthy, and document-intensive process. The settlement avoids such attendant expense and delay to the Reorganized Debtors and the other Parties.

8. Indeed, in the absence of settlement, continued litigation of the Adversary Proceeding will take years to reach a final resolution, after accounting for the time necessary to reach decisions on the merits and to work through any challenge or appellate processes. Such delay will subject the Parties to the economic overhang of these disputes and hinder the final resolution of these cases while generating significant legal expenses, and continue the uncertainty regarding whether Princeton will recover its Judgment from the Reorganized Debtors, and will prevent the Reorganized Debtors from obtaining a final decree in what has been a long and complex chapter 11 cases. This sort of delay and uncertainty is unnecessary given the settlement. For these reasons, the cost of the Settlement Agreement to each Party, especially the Reorganized Debtors, is far outweighed by the benefit realized by ending this continuing contentious and expensive litigation, and gaining certainty regarding the Reorganized Debtors' exposure to Princeton.[4]

III. Wisdom of Settlement

9. Based on my business judgment, I believe that the terms of the Settlement Agreement are fair, reasonable, and in the best interests of the Reorganized Debtors, its remaining creditors, if any, and other stakeholders. The only potential creditors that have unresolved claims in the Bankruptcy Cases are Princeton and the Receiver. But, through the Settlement Agreement, only one alleged creditor will remain – the Receiver. The Settlement Agreement also paves the

[4] Indeed, to the extent any party is disadvantaged by the proposed settlement, it is WCH, as the equity holder of the Reorganized Debtors and WCH consents to its treatment in the proposed settlement and wholly supports its approval.

way for a final resolution of the Receiver's alleged claim because it calls for the Title Company to hold $3.5 million related to the Receiver's proofs of claim and administrative expense claim in an escrow account pending the resolution of the Receiver's fee application in state court, or other resolution of the adversary proceeding, administrative expense claim, and/or proofs of claim. For the avoidance of doubt, nothing in the Settlement Agreement precludes or prevents the Receiver from seeking approval of his fees and expenses in the state court, which is the only forum in which the Receiver can seek approval of such fees and expenses. More specifically, as part of the resolution with Princeton, the Reorganized Debtors and WCH have agreed that should the Receiver agree to withdraw his proofs of claim, administrative expense claim and dismiss his adversary proceeding, the Reorganized Debtors will seek to make the funds being held by the Title Company on account of the Receiver's claims (*i.e.*, the $3.5 million) available to satisfy any fee award in favor of the Receiver that is not otherwise satisfied in the underlying state court case, when such fee is determined by a final, non-appealable order in the Texas District Court that appointed the Receiver. As a result, the Receiver is adequately insulated from any outcome related to how the Princeton Reserve is disbursed. The parties reserve all rights as to any fee application and approval from the state court forum, and the expansion of the availability of the reserve moots any need for the Receiver to continue pursuing fraudulent transfer claims in this Court and any other court.

10. Further, the Receiver is not prejudiced by the Settlement Agreement because, as discussed above, the purchase of the Notes does not preclude the Receiver's right to seek approval of his fees and expenses (if any) from the Texas District Court. Rather, the note purchase by Phoenix Lending, LLC, a duly formed Delaware limited liability company,[5] is designed to provide

[5] *See* Exhibit C [Docket No. 1396].

the Reorganized Debtors, the others Defendants and Princeton with finality. Moreover, since Phoenix Lending, LLC is acquiring the Notes and the Judgment from Princeton pursuant to the Settlement Agreement, the Judgment will remain outstanding and Phoenix will, at the appropriate time, in the Texas District Court, (i) move for a termination of the receivership including seeking an accounting and final report from the receiver and (ii) seek a determination of the fees and expenses, if any, owed to the Receiver.

11. With respect to the other stakeholders, the Reorganized Debtors, the Defendants and WCH, the Settlement Agreement provides immediate certainty and finality with respect to the outcome of contentious and expensive litigation with Princeton. The Settlement Agreement also permits the Reorganized Debtors, Defendants and WCH to reallocate the resources they were dedicating to the Adversary Proceeding toward the Receiver's adversary proceeding and concluding these chapter 11 cases. At bottom, this resolution inures to the benefit of all parties and stakeholders.

12. The Settlement Agreement is the product of extensive negotiations between the Defendants and Princeton. Each of the Parties has been represented by experienced professionals throughout the Settlement Agreement negotiations and has acted in its own economic self-interest.

13. Accordingly, I believe that the Court should approve the Settlement Agreement and enter the Proposed Order and Order of Dismissal.

Executed this 13th day of September 2022.

<u>/s/ Sheena Paul</u>
Sheena Paul
Authorized Representative

EXHIBIT 4

1 IN THE UNITED STATES BANKRUPTCY COURT
2 NORTHERN DISTRICT OF TEXAS
3 DALLAS DIVISION
4
5 IN RE:) CHAPTER 11
6)
7 GVS TEXAS HOLDINGS I, LLC, et al,) CASE NO.
8) 21-31121-MVL
9 DEBTORS)
10) (Jointly
11) Administered)
12
13
14 Zoom deposition of SHEENA PAUL, duly
15 sworn, was taken on Friday, September 9, 2022
16 between the times of approximately 2:05 p.m. CST
17 and 4:55 p.m. CST, before Noelle R. Nevius,
18 Professional Stenographer, reported by machine
19 shorthand, after which time the Zoom deposition
20 was reduced to writing and set forth as follows:
21
22
23
24
25

1 A P P E A R A N C E S:
2
3
4 FOR THE RECEIVER:
5 CULHANE MEADOWS, PLLC
6 BY: CHERYL DIAZ, ESQUIRE
7 BY: LYNNETTE WARMAN, ESQUIRE
8 BY: DANA LIPP, ESQUIRE
9 1301 Preston Road, Suite 110-1593
10 Dallas, Texas 75240
11 214-693-6525
12
13
14 FOR THE DEFENDANTS:
15 SQUIRE PATTON BOGGS
16 BY: JANINE LITTLE, ESQUIRE
17 BY: PETER MORRISON, ESQUIRE
18 BY: JEFFREY ROTHLEDER, ESQUIRE
19 1000 Key Tower, 127 Public Square
20 Cleveland, Ohio 44114
21 216-479-8500
22
23
24 Also Present: Seth Kretzer, Receiver
25

1 I N D E X
2
3
4 EXAMINATION OF SHEENA PAUL PAGE
5 Ms. Diaz 5
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10 Witness Read and Sign 112
11 Stenographer's Certification 115
12
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1 E X H I B I T S
2
3
4 EXHIBIT NO. DESCRIPTION PAGE
5
6
7 Exhibit 1 9/8/22 Receiver's 30(b)(6) 8
8 Notice to Defendants
9
10
11 Exhibit 2 9/8/22 Receiver's 30(b)(6) 10
12 Notice to Phoenix Lending
13
14
15 Exhibit 3 Settlement Agreement 33
16
17
18 Exhibit 4 Term Sheet 51
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1 - - -
2 SHEENA PAUL was called as a
3 witness, and after having been duly
4 sworn to tell the truth, testified as
5 follows:
6 (Witness sworn.)
7 - - -
8 DIRECT EXAMINATION
9 - - -
10 BY MS. DIAZ:
11 Q. Good afternoon, Ms. Paul. My name is Cheryl
12 Diaz. I represent Seth Kretzer in his capacity as
13 the receiver for World Class Capital World, LLC and
14 Great Value Storage, LLC.
15 I'm here today to ask you some questions in
16 connection with an Emergency Motion for Entry of an
17 Order Approving a Settlement in the Dallas
18 Bankruptcy case. You're familiar with that case
19 and why we are here; correct?
20 A. I am.
21 Q. And I gather you have given a deposition
22 before?
23 A. I have.
24 Q. Okay. I won't spend a lot of time then on
25 any kind of rules, but since we are doing this

1 remotely please be sure to answer verbally in
2 response to my questions, avoid gesturing. And if
3 you will do your best and let me get my question
4 out before you answer, I'll do my best to extend
5 you that same courtesy; okay?
6 A. Sounds good.
7 Q. All right. Before we get started, let me
8 ask you if you happen to have with you, where you
9 are today, a copy of the Settlement Agreement that
10 we are here to discuss.
11 A. I do. I have closed all of my folders and
12 everything on my computer so I can't access them,
13 but I don't have a hard copy or anything with me.
14 Q. All right. That's okay. We can share the
15 screen if necessary. I just thought it would be
16 faster if you had a hard copy.
17 I'm going to be referring to some parties
18 and some things that are defined in the Settlement
19 Agreement today. For example, when I speak about
20 the Reorganized Debtor defendants, I'm going to be
21 speaking about the parties that are identified in
22 footnote 1 of the proposed Settlement Agreement.
23 Are you familiar with those parties and the
24 way they are defined in the Settlement Agreement?
25 A. I am.

1 Q. So if I use that term, you'll understand
2 what I am talking about?
3 A. I will.
4 Q. I will also refer to non-debtors defendants
5 or the Adversary defendants as the parties defined
6 in footnote 2 of the Settlement Agreement. You are
7 familiar with that definition; correct?
8 A. I am.
9 Q. So you will understand what I'm speaking
10 about?
11 A. I will.
12 Q. Okay. There is an entity that's been
13 identified, who was also a party to the settlement
14 agreement notice, Phoenix Lending, LLC. May I
15 refer to that entity as Phoenix, will you
16 understand if I do that?
17 A. I will.
18 Q. My understanding is that you are appearing
19 here today as the designated representative of
20 several of the parties to that settlement
21 agreement; correct?
22 A. That's correct.
23 Q. Have you had an opportunity to review some
24 deposition notices that were provided to your
25 counsel yesterday afternoon?

1 A. I did.
2 Q. Okay. Let me pull up the notice of intent
3 to take the oral deposition of the Reorganized
4 Debtors, the non-debtor defendants and World Class
5 Holdings I, LLC. I'm going to ask the court
6 reporter to mark as Exhibit 1.
7 (Exhibit No. 1 was marked for
8 identification.)
9 BY MS. DIAZ:
10 Q. Are you able to see my screen?
11 A. I am.
12 Q. And did you have an opportunity to review
13 this after it was served on your counsel?
14 A. I did just about an hour ago.
15 Q. Okay. Did you review the list of subject
16 matters identified in Exhibit A?
17 A. I did. To both notices, yes.
18 MS. LITTLE: Ms. Diaz, sorry to
19 interrupt. Are you intending to show
20 the notice right now? Because I'm just
21 seeing your file folder.
22 MS. DIAZ: Oh, yes. Hold on. Are
23 you seeing it now? Or are you still
24 seeing my folder?
25 MS. LITTLE: I see it now. Thank

1 you.
2 MS. DIAZ: Okay. Sorry about that.
3 THE WITNESS: So if it's possible
4 to expand the Adobe screen in the
5 corner, that would be helpful on my end.
6 So if you hit -- yeah. Perfect. Thank
7 you.
8 MS. DIAZ: Okay.
9 BY MS. DIAZ:
10 Q. I'll slowly scroll through this. I'll
11 represent to you this is a true and correct copy of
12 what we sent to your counsel yesterday evening.
13 Have you been authorized to appear today to
14 speak on behalf of the reorganized debtors, the
15 non-debtor defendants and World Class Holdings I,
16 LLC on these subjects?
17 A. That's correct.
18 Q. There is also a second notice that's
19 directed to Phoenix Lending, LLC. Did you have an
20 opportunity to review that prior to the deposition?
21 A. I did.
22 Q. Okay.
23 MS. DIAZ: I will have the court
24 reporter mark that as Exhibit 2 and I'll
25 pull that up for you in a second.

1 (Exhibit No. 2 was marked for
2 identification.)
3 BY MS. DIAZ:
4 Q. Have you been authorized to provide
5 testimony today on behalf of Phoenix in response to
6 the subject matters listed in that notice?
7 A. I have.
8 Q. Okay. Both of the notices requested that
9 the parties that were subject to the notice produce
10 document in connection with the deposition. Have
11 you produced any documents today?
12 A. I'll defer to counsel who handled the
13 document production and review.
14 MS. LITTLE: Ms. Diaz, we reviewed
15 documents and all documents were either
16 nonresponsive, irrelevant or otherwise
17 privileged. So there was no documents
18 to be produced.
19 MS. DIAZ: Okay.
20 Ms. Little, do you have a copy of
21 the notice in front of you?
22 MS. LITTLE: I do. I can pull it
23 up.
24 MS. DIAZ: Well, we can scroll
25 down. I just want to quickly go through

1 the categories to understand what does
2 and does not exist, and what you are
3 making a claim of privilege or otherwise
4 as to a reason for not producing.
5 On Exhibit 1, the Duces Tecum,
6 which is labeled Exhibit B.
7 MS. LITTLE: I don't believe this
8 is an appropriate exercise for this
9 deposition or the best use of the time.
10 I'm not being deposed.
11 MS. DIAZ: Would you be willing to
12 provide a written response and let us
13 know in response to each of these
14 categories whether the documents do or
15 do not exist and the basis for your
16 objection?
17 MS. LITTLE: I believe we have
18 already provided a response that we have
19 reviewed documents in relation to
20 Exhibit B, and that they're all
21 nonresponsive, or otherwise irrelevant
22 or otherwise privileged, but we can get
23 you a response over the weekend with
24 respect to each of these.
25 MS. DIAZ: Right. For example,

1 category number on Exhibit B, the
2 deposition notice to the GVS parties
3 asks for board resolutions authorizing
4 Mr. Paul to execute the Settlement
5 Agreement on their behalf.
6 Are you contending that that's
7 irrelevant?
8 MS. LITTLE: Yeah. No board
9 resolutions are needed in connection
10 with this proceeding, but we can provide
11 you more specific responses regarding
12 each of these over the weekend.
13 MS. DIAZ: Do such board
14 resolutions exist?
15 MS. LITTLE: We can provide you
16 more specific responses over the
17 weekend.
18 MS. DIAZ: Yeah. I'll just make my
19 request on the record that I would like
20 a specific response as to whether the
21 documents do or do not exist, the basis
22 for your objection, and if you are
23 claiming a privilege -- information to a
24 privilege log so we can evaluate it
25 prior to the hearing on Wednesday, and

1 prior to filing our response to the
2 Court on Monday.
3 MS. LITTLE: We can do that.
4 BY MS. DIAZ:
5 Q. Well, I take it, Ms. Paul, that you are
6 going to defer ever to counsel with respect to any
7 documents requested on behalf of Phoenix as well?
8 A. That's correct.
9 MS. DIAZ: And do I understand,
10 Ms. Little, that no documents are being
11 provided on behalf of Phoenix today
12 either?
13 MS. LITTLE: That's correct.
14 MS. DIAZ: We have the same request
15 as to that notice.
16 Does Squire Patton Boggs
17 represent Phoenix Lending?
18 MS. LITTLE: In connection --
19 sorry. Go ahead, Ms. Paul.
20 THE WITNESS: In connection with
21 the 9019 Motion and this Settlement
22 Agreement, yes.
23 BY MS. DIAZ:
24 Q. Ms. Paul, what is your role with respect to
25 the Reorganized Debtors? I understand there are

1 many of them. Are you legal counsel to each and
2 every of the Reorganized Debtors?
3 A. I have provided legal services to the
4 Reorganized Debtors. I'm not an employed
5 professional in a bankruptcy case, but in-house
6 counsel to World Class Holdings I, which is the
7 ultimate equity holder or owner of all three
8 organized debtors.
9 Q. Do you hold any employment positions with
10 any of the Reorganized Debtors?
11 A. I do not.
12 Q. Do you hold any office or board position
13 with either -- with any of the Reorganized Debtors?
14 A. I do not.
15 Q. So your role with respect to those entities
16 is that of legal counsel to World Class Holdings,
17 I. And by virtue of that position, you sometimes
18 provide legal advice and counsel to the Reorganized
19 Debtors; correct?
20 A. That's correct.
21 Q. Without me going through the entire list of
22 the Reorganized Debtors, how was it that that group
23 of entities came to designate you as authorized to
24 provide testimony today on their behalf?
25 A. Yeah. I was the primary authorized person

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1 responsible for negotiating this Settlement
2 Agreement with outside counsel on behalf of the
3 Reorganized Debtors in the -- I think you called
4 them the Non-Debtor defendants. And, so, it was
5 determined that I would be the most knowledgeable
6 to speak about the topics that were noticed for
7 this 30(b)(6) deposition.
8 Q. Who made that determination?
9 A. Those parties and counsel.
10 Q. Was there one person or more than one person
11 who made that determination on behalf of the
12 Reorganized Debtors separate and apart from legal
13 counsel?
14 A. Well, the only ultimate owner of these
15 entities is Mr. Nate Paul. So ultimate 30 rests
16 with him, but he acts on the advice of counsel as
17 well.
18 Q. All right. And Mr. Paul is your brother;
19 correct?
20 A. That's correct.
21 Q. So your brother is, in consultation of
22 counsel, authorized you to sit today on behalf of
23 the Reorganized Debtors; correct?
24 A. Correct.
25 Q. And I think you mentioned you were also

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1 authorized in the same fashion to provide testimony
2 on behalf of the non-debtor defendants; is that
3 true?
4 A. Yes. Hmm-hmm.
5 Q. What is your relationship to World Class
6 Capital Group, LLC?
7 A. I have no former relationship other than the
8 same role as it relates to the rest of the
9 defendants in this litigation. I have at times
10 provided legal counsel to the entity.
11 Q. Let me back up. Talking to the Reorganized
12 Debtors. I understand you have at times provided
13 legal counsel. Have you provided any kind of
14 business counsel or advice to those entities?
15 A. Over the course of time, possibly. But for
16 the purposes of today's deposition in respect to
17 the 9019 Motion, my role was to work with outside
18 counsel in the negotiation of the Settlement
19 Agreement.
20 Q. Were there any nonlawyer representatives --
21 in other words not -- someone other than you and
22 someone from Squire Patton and Boggs who was
23 involved in negotiations of the settlement on
24 behalf of the Reorganized Debtors?
25 A. Pretty much all of the negotiations occurred

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1 between the Reorganized Debtors and all of the --
2 well, between all of the parties (inaudible)
3 between counsel for the parties, including in-house
4 counsel and outside counsel. And then those
5 counsels would consult with their respective
6 clients as well.
7 So, in our case, that would be Mr. Paul on
8 our side as well and then Princeton also has
9 principles on its side.
10 Q. Okay. So to cut to the chase and hopefully
11 get us out of here at a reasonable hour, the
12 nonlawyer on this negotiating table on behalf of
13 the Reorganized Debtors was Mr. Paul?
14 A. I supposed you could say that, but honestly
15 all negotiations happen through counsel. There are
16 counsel discussions through all of that. So if you
17 are asking who is the ultimate authorizing person
18 for those entities, yes, that's correct.
19 Q. Right. And I guess my question is broader
20 than that though. Were there any other individuals
21 other than representatives of Squire Patton and
22 Boggs, and yourself, and Mr. Paul who participated
23 in the negotiations on behalf of the Reorganized
24 Debtors?
25 A. I guess the reason I'm having trouble

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1 answering your question is that the negotiations --
2 when you say participate in the negotiation. So if
3 you are talking about actual negotiations,
4 conversations, training of drafts and things like
5 that, it was only the counsels. Obviously counsels
6 have to get authority from their clients. And in
7 that regard, yes, Mr. Paul participated. But he
8 didn't -- he wasn't involved in any phone calls, or
9 e-mails or things like that with respect to the
10 negotiations with Princeton.
11 Q. Okay. But as far as business
12 decision-making and what was in the best interest
13 of the Reorganized Debtors, that would have been
14 Mr. Paul on behalf of them; correct?
15 A. Yes.
16 MS. LITTLE: Objection.
17 THE WITNESS: Yes. So, yes,
18 Mr. Paul is the ultimate -- I don't
19 think it's any secret to anyone in this
20 case or this court that Mr. Paul is the
21 ultimate decision-maker for these
22 entries.
23 So that is the case where he
24 was acting this -- in making that
25 determination with the advice of

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1 counsel.
2 MS. DIAZ: Right.
3 BY MS. DIAZ:
4 Q. I just want to be sure I understand you.
5 There were no other persons other than him involved
6 in those decisions with the advice of counsel?
7 A. Correct.
8 Q. Okay. With respect to the Non-debtor
9 defendants or the Adversary defendants, was your
10 role as counsel for those parties?
11 A. It was the same as we have discussed. The
12 Non-debtor defendants and the Adversary defendants
13 are one in the same. The Adversary defendants is
14 broader because it includes Reorganized Debtors,
15 but it is all of the same parties.
16 Q. Right. You mentioned you don't have a
17 formal relationship with World Class Capital Group,
18 but that you have at times provided legal counsel
19 to that entity; is that right?
20 A. Yes. World Class Capital Group is a
21 defendant in this -- in that litigation that's
22 being settled in accordance with this settlement
23 agreement. So for purposes of what we are here to
24 discuss today, my role for that entity was the same
25 as for the rest of the entities, which is

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1 facilitating the negotiation settlement of the
2 Adversary proceeding since it's a defendant.
3 Q. Who authorized you to provide those services
4 on behalf of World Class Capital Group?
5 A. You know, I think that's probably a legal
6 question, but I would have to defer to counsel.
7 I'm not sure how to answer that question. I don't
8 think there was ever a formal authorization.
9 Q. Was it Mr. Paul, your brother, who
10 authorized you to act on behalf of World Class
11 Capital Group in connection with the settlement in
12 this case?
13 A. I don't think I'm acting on behalf of that
14 entry. As I mentioned, I was providing legal
15 counsel, and working with outside counsel in the
16 negotiation of this Settlement Agreement. And to
17 the extent that World Class Capital is defendant in
18 that negotiation, it was implicated.
19 Q. Well, did anyone other than you or Squire
20 Patton Boggs make any decisions with regard to the
21 appropriateness of the settlement with respect to
22 World Class Capital group?
23 A. I'm not sure I'm understanding your
24 question.
25 Q. Was your brother involved in authorizing the

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1 settlement on behalf of World Class Capital Group?
2 A. Yes. He was -- as I think I have already
3 answered, he was the ultimate authority for all of
4 the defendants and all of the parties that are
5 related to those defendants that this litigation
6 involved.
7 Q. With respect to Great Value Storage, what
8 was your role with respect to that Settlement
9 agreement?
10 A. It's the same as I just answered for the
11 otherwise. I think those parties are also for your
12 benefit included in the definition of Adversary
13 defendants. I think we're getting a little too
14 duplicative, but I'm happy to answer those
15 questions.
16 Q. And did you have any formal authority to act
17 on behalf of Great Value Storage in connection with
18 these negotiations?
19 A. Yes. I was designated to undertake the role
20 that I did, just as the same as outside counsel and
21 other parties acting in this litigation.
22 Q. Okay. Other than your brother, Mr. Paul,
23 there were no other nonlawyers involved in that
24 decision to involve you; correct?
25 A. That's correct.

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1 MS. LITTLE: Asked and answered,
2 Ms. Diaz. Let's keep it more efficient
3 if we don't go through this repeatedly.
4 BY MS. DIAZ:
5 Q. Are World Class Capital Group and Great
6 Value Storage currently operating businesses?
7 A. I don't know how to answer your question.
8 MS. LITTLE: Ms. Diaz, I'm going to
9 object. That's irrelevant to this
10 proceeding.
11 BY MS. DIAZ:
12 Q. Who authorized World Class Capital Group to
13 employ legal counsel in connection with the
14 Princeton adversary proceeding?
15 A. I don't know.
16 Q. Who authorized the employment of counsel on
17 behalf of Great Value Storage in connection with
18 the Princeton adversary proceeding?
19 MS. LITTLE: Objection. It's
20 irrelevant to the approval under 9019
21 standard.
22 MS. DIAZ: You can answer.
23 THE WITNESS: Same as before. I
24 don't know.
25 BY MS. DIAZ:

1 Q. Is there anyone -- do you know who would
2 know the answer to that question?
3 A. Well, I -- the reason I'm hesitating is that
4 I think I have already said that the ultimate
5 decision-making for those entities is Mr. Paul.
6 And that in this Adversary proceeding which your
7 client has had knowledge and participated in the
8 bankruptcy case, it's been quite some months now
9 that those entities have had counsel.
10 So I just don't know and I'm not even sure
11 who would know it. I would probably just need to
12 talk with counsel to refresh our memory as to when
13 and how they were engaged.
14 Q. But Squire Patton Boggs does, in fact,
15 represent World Class Capital Group and Great Value
16 Storage; correct?
17 A. In connection with the Adversary
18 proceeding?
19 Q. Yes.
20 A. I believe so. I would have to double-check.
21 Q. What is your relationship to Phoenix?
22 A. I'm the designated 30(b)(6) representative
23 for Phoenix for today's deposition.
24 Q. Who designated you in that capacity?
25 A. The governance of Phoenix, which including

1 Mr. Paul and Mr. Altman. And, similar to earlier,
2 because Phoenix is an entity that's involved in
3 this negotiation, I would be the most knowledgeable
4 to speak on Phoenix's behalf.
5 Q. Let me ask you some questions about Phoenix.
6 That is a newly formed entity; correct?
7 A. That's correct.
8 Q. It was formed on August 31, 2022; correct?
9 A. I believe so. I think we have provided the
10 certificate of formation to your colleagues and I
11 think that's the date.
12 Q. Who were the individuals involved in forming
13 that entity?
14 A. Counsel assisted -- I believe counsel Brian
15 Elliott formed the entity.
16 Q. At whose request did he do that?
17 A. Probably mine or Mr. Paul. I just can't
18 remember.
19 Q. Who are the owners of Phoenix?
20 A. Mr. Paul.
21 Q. And who are the officers of Phoenix?
22 A. Mr. Paul is the president and Mickey Altman
23 is the president.
24 Q. Are there any other officers?
25 A. No.

1 Q. Are there any other members?
2 A. No.
3 Q. Is Mr. Altman somebody that Mr. Paul had
4 done business with prior to forming Phoenix?
5 MS. LITTLE: Objection.
6 Foundation.
7 THE WITNESS: I'm also not sure how
8 this is relevant to the 9019 standard or
9 what we are here to discuss, but I
10 believe so.
11 BY MS. DIAZ:
12 Q. Do you know Mr. Altman personally?
13 A. I know him professionally.
14 Q. How do you know him professionally?
15 A. Well, I just spoke to him with connection
16 with this Settlement Agreement. And I don't recall
17 when I first met him, but he's worked in the real
18 estate industry for a long time.
19 Q. Has he ever worked for the any of the World
20 Class entities?
21 MS. LITTLE: Objection. This is
22 all irrelevant to this 9019 proceeding.
23 BY MS. DIAZ:
24 Q. You can answer the question, Ms. Paul.
25 A. He has never been an employee of any of

1 those entities. No. And I think -- by the way, it
2 would help if you could -- any time someone uses
3 the term World Class entities, I don't know what
4 you're referring to. So if you want to be more
5 specific, that would be more helpful.
6 Q. Certainly. Has Mr. Altman provided real
7 estate or consulting services to any of the
8 entities owned directly or indirectly by Mr. Paul?
9 MS. LITTLE: Same objection. This
10 is irrelevant to 9019 Motion. And if we
11 are going to continue this way, it's a
12 waste of time.
13 THE WITNESS: And I believe --
14 Janine, are you instructing me not to
15 answer those questions that are
16 irrelevant?
17 MS. LITTLE: Yeah. If we could,
18 you know, limit the scope to what's
19 relevant and what was noticed for the
20 9019 Motion appropriately, that would be
21 best.
22 MS. DIAZ: Well, this is the
23 subject of the notice and it's the
24 subject of conversation from Judge
25 Larson this week about the formation of

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1 the new assignee. So I would like some
2 background on the entity and that's why
3 I'm asking about Mr. Altman.
4 MS. LITTLE: Well, I'm going to
5 instruct her not to answer to the extent
6 it's irrelevant to the 9019 Motion.
7 THE WITNESS: And I'm happy to
8 answer any questions with the respect to
9 the entity. I just think that -- I
10 don't believe your question was asked
11 with the understanding -- you're asking
12 about Mr. Altman's involvement with
13 other entities, which, in any case, I
14 don't know.
15 BY MS. DIAZ:
16 Q. Is Mr. Altman a lawyer?
17 A. I believe so.
18 Q. Does he live in Houston?
19 A. I'm not sure.
20 Q. Does he practice law in Texas, to your
21 knowledge?
22 MS. LITTLE: Asked and answered.
23 THE WITNESS: I don't know.
24 BY MS. DIAZ:
25 Q. When did you speak with Mr. Altman about

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1 appearing for the deposition today?
2 A. I didn't speak with him about appearing for
3 the deposition today.
4 Q. Oh, that's what I thought I heard you say.
5 You said you know him professionally because you
6 spoke to him.
7 A. In connection with the Settlement Agreement.
8 Q. Well, Mr. Altman signed the Settlement
9 Agreement. So I presume he has seen it; correct?
10 A. That's correct.
11 MS. LITTLE: Objection.
12 Foundation.
13 THE WITNESS: That's correct.
14 BY MS. DIAZ:
15 Q. You mentioned that you were involved in the
16 negotiation of the Settlement. Were you involved
17 in the negotiation of both the Term Sheet and
18 Settlement Agreement?
19 MS. LITTLE: Objection. Form.
20 THE WITNESS: I was.
21 BY MS. DIAZ:
22 Q. When I say Term Sheet, I'll pull this up in
23 a moment. But I'm referring to the Term Sheet that
24 was filed with the Court back on August 27, 2022.
25 When you say you were involved in negotiation, were

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1 you also involved in drafting the documents?
2 A. Squire Patton Boggs was primary drafting
3 counsel. I would review drafts that they had
4 prepared. Yes.
5 Q. And is this same true for the actual
6 Settlement Agreement we are here to discuss?
7 A. Yes.
8 Q. Did you have any role in drafting any of the
9 attachments to the Settlement Agreement?
10 A. Same as the rest of the documents.
11 Q. With respect to World Class Holdings I, did
12 you act in the same role with respect to World
13 Class Holdings I when it came to the negotiating of
14 the settlement with Princeton?
15 A. Yes. I believe that's the question you
16 asked earlier because I think World Class Holdings
17 is included in the definition of Adversary
18 defendants.
19 Q. Do you know who was involved in the
20 negotiations on behalf of Princeton?
21 A. Our primary contact was Ms. Judith Ross.
22 Q. Did you ever have any direct communications
23 with Martha Salvo (ph)?
24 A. I believe there was one or two very
25 preliminary conversations before any drafts have

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1 been traded or things like that where Martha Salvo,
2 counsel, Judith Ross and they may have had one
3 other counsel, Squire Patton Boggs, and myself, and
4 I believe Greg Kanella (ph) of Princeton were also
5 on.
6 But there was -- I think the only times
7 that we spoke directly to their client were very
8 early, maybe one or two phone calls.
9 Q. Did Mr. Altman participate at all in the
10 negotiation of the settlement on --
11 A. He did not.
12 Q. -- behalf of Phoenix?
13 A. He did not.
14 Q. Okay.
15 A. He is the vice president of that entity. So
16 the primary person for -- the president of that
17 entity participated, which is Nate Paul. Mickey
18 Altman had signatory authority, which is why his
19 name is on the settlement agreement, if that's
20 helpful.
21 Q. He said he had signatory authority?
22 A. Yes. Excuse me just a second.
23 Q. Sure.
24 A. I had a lingering allergy cough. Yes. He
25 was given authority to sign the Settlement

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1 Agreement.
2 Q. Okay. Did Mr. Paul give him that
3 authority?
4 A. Yes.
5 Q. We talked about negotiating the settlement.
6 Who actually approved the settlement on behalf of
7 the Reorganized Debtors?
8 A. Well, the settlement is up for approval with
9 the bankruptcy court right now. But if you are
10 asking who approved that it be finalized and filed
11 for court approval, as I said earlier, the ultimate
12 decisionmaker for all of the Adversary defendants
13 and Reorganized debtors is Mr. Paul. He is the
14 only officer. So it would be him.
15 And, again, he relied on and used the
16 advice of counsel in coming to that conclusion.
17 Q. Did Mr. Paul have any meetings with any of
18 the officers, directors or employees of the
19 Reorganized debtors in connection with making that
20 decision?
21 A. The Reorganized debtors don't have any
22 employees or officers other than him.
23 Q. So there are no board resolutions or corp
24 resolutions formally approving the settlement on
25 behalf of the Reorganized debtors?

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1 MS. LITTLE: Objection. That's
2 irrelevant.
3 THE WITNESS: And in any case, it's
4 determined that there aren't any that
5 are necessary.
6 BY MS. DIAZ:
7 Q. So there are none?
8 A. There are none, but that's because they are
9 not necessary.
10 MS. DIAZ: I object to that as
11 nonresponsive.
12 BY MS. DIAZ:
13 Q. Who approved the settlement on behalf of the
14 non-debtor defendants? Was that the same?
15 Mr. Paul?
16 A. Yes. This is going to be the same earlier
17 authority questions.
18 Q. All right. So similarly then with respect
19 to World Class Capital Group and Great Value
20 Storage, Mr. Paul would have been the one who
21 approved the settlements on their behalves;
22 correct? Did you answer? I'm sorry. I couldn't
23 hear.
24 A. I did. I said correct.
25 Q. Sorry. I didn't hear you. The same again

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1 for World Class Holdings I?
2 A. Yes.
3 Q. And also for Phoenix; right?
4 A. Well, yes. He was the ultimate authorizing
5 party and he delegated the signatory for
6 Mr. Altman.
7 Q. Let me -- I'm going to pull up a copy of the
8 Settlement Agreement. And I'm going to ask the
9 court reporter to mark it as Exhibit 3 to your
10 deposition, Ms. Paul.
11 (Exhibit No. 3 was marked for
12 identification.)
13 BY MS. DIAZ:
14 Q. Are you able to see that?
15 MS. LITTLE: No. It's just your
16 file folder once again.
17 MS. DIAZ: Let me try again. Are
18 you seeing Exhibit A?
19 THE WITNESS: I am, just the top of
20 it though.
21 MS. LITTLE: Ms. Diaz, I apologize.
22 Could we break for one moment because
23 one of our -- my colleague dropped off
24 of the call, and he can't get back in
25 and the host needs to let him in.

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1 MR. DIAZ: Oh. Sure.
2 THE WITNESS: I'm going to take a
3 quick restroom break if we are going off
4 the record.
5 (At this time, off the record.)
6 (At this time, back on the record.)
7 BY MS. DIAZ:
8 Q. Okay. Just before the break, Ms. Paul, I
9 was trying to pull up a copy of the Settlement
10 Agreement. Are you all able to see that?
11 A. Yes.
12 Q. And this is what we marked as Exhibit 3.
13 I'm just scrolling down to the bottom. Okay. I
14 wanted to ask you a question about the signature
15 pages. The first signature page your brother,
16 Mr. Paul, signs on behalf of himself, and on behalf
17 of all entities he either owns or controls in whole
18 or in part.
19 Do you see that?
20 A. I do.
21 Q. Can you tell me who Mr. Paul is signing on
22 behalf of, or he signs on behalf of all entities
23 that he either owns or controls in whole or in
24 part?
25 A. Yeah. I think if you go to the recital to

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1 the very top of this agreement, it lists out the
2 relevant entities.
3 Q. Actually, I don't think it does. As a
4 matter of fact, there's many times where it refers
5 to entities that Mr. Paul owns or controls in whole
6 or in part, but it does not specify who those are,
7 and that's what I'm trying to figure out.
8 MS. LITTLE: Objection. Not a
9 question.
10 BY MS. DIAZ:
11 Q. Can you identify as the designated
12 representative of the parties to the Settlement
13 Agreement who this signature is on behalf one?
14 A. Yeah. Can you scroll to page one of the
15 Settlement Agreement?
16 Q. Sure.
17 A. I think that will help me answer your
18 question.
19 Q. That's the first page. I'm happy to scroll
20 down as you need.
21 A. Right there. You can stop there. It's
22 going to be Nate Paul, Reorganized debtors, World
23 Class Holdings Adversary defendants. Those are --
24 and Phoenix. Those are going to the parties that
25 are referenced by that signature block.

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1 Q. So when those entities sign a release in
2 favor of Princeton, the release is only being
3 provided on behalf of the specific entities
4 identified in the first paragraph of the Settlement
5 Agreement. Is that your understanding?
6 MS. LITTLE: Objection. Form.
7 THE WITNESS: Well, the release is
8 -- may be broader. I think the release
9 is -- if you'll go to the release
10 section, we can look at the language
11 together.
12 BY MS. DIAZ:
13 Q. Yeah. We'll go there in a little bit. But
14 I'm just curious because I'm not sure who this
15 particular signature pertains to.
16 A. Yes. I think I just answered the question.
17 So typically, you know, contracts are signed up.
18 The parties to the contract are the signatories.
19 And this -- the reason I went to the beginning of
20 this document is that it lists who the parties to
21 the contract are. And to the extent that it's
22 helpful for you, we can -- you know, we are happy
23 to bring it up, and objection, and we can clarify
24 the signature pages, if necessary.
25 I'm just helping you to understand that in

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1 this preamble one, two, three, four and I guess
2 that's five. One, two, three and six. Sorry.
3 One, two, three, four and six are who we intend to
4 refer to as to that signatories for that block. To
5 the extent of the releases, because those run to
6 Nate, I believe that's the effective -- that's why
7 Nate has to sign for himself for those parties.
8 MS. DIAZ: I'm going to object to
9 that as nonresponsive. We'll talk about
10 the release in a minute. We'll come
11 back to that.
12 BY MS. DIAZ:
13 Q. Okay. And then Mr. Paul, he also signed on
14 behalf of all of the Adversary defendants; right?
15 A. That's right.
16 Q. And on behalf of three Reorganized debtors;
17 correct?
18 A. That's right.
19 Q. And also on behalf of World Class Holdings
20 I; right?
21 A. That's right.
22 Q. And, again, there's no formal authorization.
23 That's just the way he conducts business on behalf
24 of these entities; right?
25 MS. LITTLE: Objection. Form.

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1 Asked and answered.
2 THE WITNESS: I'm not even sure
3 what your question is. All of those
4 entities have their own operating
5 agreements that designate him to make
6 decisions such as this one. So I'm not
7 really sure what you mean by that's just
8 the way he operates business.
9 BY MS. DIAZ:
10 Q. Well, he didn't need to go and obtain formal
11 authorization in order to sign on their behalf, is
12 all I'm getting at; right?
13 MS. LITTLE: Same objection.
14 THE WITNESS: I think it's the same
15 question, I think, that you asked
16 earlier. But if you want to restate it
17 hopefully we can just get a clear record
18 of what you're asking, and I'm happy to
19 re-answer it.
20 BY MS. DIAZ:
21 Q. Sure. All right. Let's switch gears. So
22 you are sitting today on behalf of the Reorganized
23 debtors. Did the Reorganized debtors employ any
24 process to evaluate whether the settlement terms
25 were in their best interest. Was there any kind of

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1 formal process?
2 MS. LITTLE: I just want to get an
3 objection on the record that to the
4 extent you're seeking information that's
5 based on communications between
6 defendants and outside counsel, I'm
7 going to instruct Ms. Paul not to answer
8 that.
9 MS. DIAZ: Yes. I'm not going to
10 be seeking -- forgive me. Let me turn
11 this off.
12 I don't intend my question to
13 ask about attorney/client
14 communications. My question really
15 doesn't ask about communications at all.
16 It just asks if there was any kind of
17 process that the Reorganized debtors
18 went through in order to evaluate the
19 terms of the settlement in respect to
20 their own interests.
21 THE WITNESS: Yes.
22 BY MS. DIAZ:
23 Q. What was that process?
24 A. So the negotiations to come to these terms
25 occurred over the course of months, but really in

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1 most -- I guess in musguesto (ph) after the
2 reorganized debtors, the governments return to
3 Mr. Paul. So for about -- I think that was the
4 second week of August.
5 So I think that -- so during the course of
6 that time frame, there were ongoing and multiple
7 discussions between myself, Squire Patton Boggs,
8 and Mr. Paul to determine whether the overarching
9 terms of this agreement were in the best interest
10 of the Reorganized debtors. In light of this case
11 is coming to a conclusion, the Chapter 11 cases,
12 and this being one of the remaining controversies
13 left in the case.
14 Q. And I gather your determination is that the
15 settlement is in fact in the best interest of the
16 Reorganized Debtors; correct?
17 A. That's correct.
18 Q. Could you explain to me briefly the high
19 points of why you believe that to be true?
20 A. Sure. Absolutely. So for the Reorganized
21 Debtors that they sold primary assets, they have
22 repaid all credits other than the contingent
23 claims, or the controversial claims that are left
24 between Princeton and Seth Kretzer notwithstanding
25 the fact that the Reorganized Debtors were

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1 challenging whether or not those were open -- were
2 actually creditors of their estates. The Adversary
3 proceeding of Princeton and of the receiver are
4 really the only two remaining issues in the Chapter
5 11 cases.
6 So as the Reorganized Debtors looked to
7 that litigation, the complexity that -- I think
8 there are 36 defendants there. The uncertainty
9 that -- the fact that it would involve multiple
10 jurisdictional issues certainly would be lengthy
11 and complex, the likelihood that those things would
12 be challenged on appeal, and the cost and expense
13 related to that made the determination that
14 settling this matter would bring finality to not
15 only the estates, but also to Princeton, which is
16 an open creditor -- or an open -- a party that's
17 claiming to be a creditor to the Reorganized
18 Debtors.
19 So for the Reorganized Debtors to enter
20 into this agreement that leaves only one
21 controversy left in the Chapter 11 cases, which is
22 the pending adversary with Mr. Kretzer.
23 Q. So the ability to essentially bring
24 litigation to a close and not have ongoing
25 litigation was something that the Reorganized

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1 Debtors thought was beneficial to them; right?
2 A. There is a significant amount of cost and
3 expense to the estate in continuing that
4 litigation. So, yes.
5 Q. Did the Reorganized Debtors go through a
6 similar process in evaluating whether the
7 settlement, that we are here to talk about today,
8 was in the best interest of creditors of the
9 estate?
10 A. It did.
11 Q. What was that process?
12 A. All of that process was one in the same. As
13 I mentioned, only the two remaining -- I'm not sure
14 what the correct bankruptcy term is, but Princeton
15 and the receiver are the only two remaining
16 possible creditors to the estate. All of their
17 allowed claims have been paid.
18 And, so, what this settlement does is it
19 brings resolution to one of those two, and it
20 actually paves the way for resolution of the
21 second. And so, this settlement not only provides
22 finality and certainty to the Reorganized Debtors
23 about future costs and litigation risks of the
24 estate, but also provides -- obviously Princeton is
25 in support of this and is a potential creditor.

1 And with the enhanced security that it provides,
2 the receiver, should he ever obtain a fee award
3 that is -- for which it is sufficient funds to make
4 whole, there's also a path for collection for him
5 there.
6 So this settlement is undoubtedly in the
7 best interest of both the estate and any possible
8 remaining creditors.
9 Q. You may have just answered the question I'm
10 about to ask you, but I'm going to ask it to make
11 sure there's not something else of what you just
12 said.
13 My question was directed to what the
14 Reorganized considered when it came to creditors
15 generally. Did the Reorganized Debtors employ any
16 process to specifically consider what was in the
17 best interest of the receiver in this case?
18 A. Yes, it did.
19 Q. What was that process? If it was different
20 from what you just described?
21 A. No. It's all one in the same. The
22 Reorganized Debtors considered the only -- I guess
23 I just want to -- you probably are aware of this,
24 but at this stage in the case, like I mentioned,
25 there are no other creditors or potential creditors

1 other than these two. So they were both taken into
2 account.
3 Q. Okay. Sometimes your counsel refers to
4 Princeton as an alleged creditor. That's why I'm
5 asking specifically -- I mean to the receiver as an
6 alleged creditor. So that's why I want to
7 specifically know if there were any other
8 considerations that were given to the interest of
9 the receiver in evaluating this claim.
10 A. And I do believe that's correct to refer to
11 both Princeton and the receiver as alleged
12 creditors because their proofs of claim are -- one,
13 they have not been allowed and two, they have been
14 objected to. So they are not -- they haven't yet
15 been deemed creditors of the estate.
16 But nonetheless, the Reorganized Debtors
17 did consider both Princeton and the receiver
18 regardless of whether or not they are actually
19 creditors of the estate because they were both open
20 litigation of the estate.
21 Q. Would you agree as a representative of the
22 Reorganized Debtors that protracted an ongoing
23 litigation in the future would not be in the best
24 interest of the receiver?
25 A. I can't speak for the best interest of the

1 receiver.
2 Q. Well, was that considered by the Reorganized
3 Debtors when they were -- in terms of the
4 settlement?
5 A. Yes and -- I'm just -- you might just need
6 to rephrase your question. I'm getting a little
7 confused by what you're asking me. I believe what
8 you're asking me is the 9019 Standard, which is did
9 the Reorganized Debtors in recommending this
10 Settlement Agreement consider both the estates, and
11 the both interest of creditors, and I believe I
12 have answered that.
13 And now you're asking me -- then you asked
14 if I considered Princeton and the receiver
15 regardless of whether they are creditors or not,
16 and I believe I answered that. And now you're
17 asking me if I think that prolonged litigation is
18 in the best interest of the receiver. I don't know
19 that that's a question relevant. But I don't think
20 -- in my personal opinion and of the Reorganized
21 Debtors, prolonged litigation is always an expense
22 of a costly process, and if it can be avoided for
23 terms that make sense to the estate, when you are
24 weighing the balance of that, then I think that's a
25 good thing.

1 Q. Would you also agree then that if the
2 Settlement Agreement, that we marked as Exhibit 3
3 that we are here to talk about today, actually
4 would result in additional litigation for the
5 receiver as opposed to putting off litigation, that
6 that would not be a factor that would weigh in
7 favor in the interest of the receiver?
8 MS. LITTLE: Objection. Form.
9 THE WITNESS: I'm not really sure I
10 understand your question. I'm not aware
11 of any additional litigation or
12 otherwise.
13 And, quite honestly, there's
14 so much litigation cost by the receiver
15 that, you know, we -- the Reorganized
16 Debtors have attempted to resolve things
17 with the Receiver and have not been able
18 to get counsel on the phone to do so in
19 that regard. And so, to the extent of
20 additional litigation for another party,
21 I don't think I'm in a position to speak
22 to that.
23 MS. DIAZ: Objection.
24 Nonresponsive.
25 BY MS. DIAZ:

1 Q. We are looking at what I have marked as
2 Exhibit 3. This is actually part of the Settlement
3 Agreement. This was filed with the Court by Squire
4 Patton Boggs on September 2. And later, there were
5 some additional exhibits that were filed to the
6 Court and provided to us.
7 Does the Settlement Agreement that you
8 are looking at and all of the attachments that are
9 referred to it constitute the entire settlement
10 between these parties and Princeton?
11 A. Yes.
12 Q. Are there any side agreements or separate
13 agreements that reflect additional terms of the
14 settlement?
15 A. No.
16 Q. Are there any documents that still need to
17 be drafted in order to memorialize what the parties
18 have agreed to in connection with the settlement?
19 A. No.
20 Q. Were you at the status conference, by phone
21 at least, this past week with Judge Larson to
22 discuss the settlement?
23 A. I was.
24 Q. You were?
25 A. Yes.

1 Q. During that status conference, one of the
2 Squire Patton Boggs lawyers mentioned that there is
3 a note agreement that's being prepared in
4 connection with the assignment.
5 Do you recall hearing that?
6 A. Yeah. I think that there was some confusion
7 there. The reference was -- and we -- and I'm
8 happy to walk you through this. I think the
9 question at the time was how was the payment being
10 made by Phoenix. And I think counsel misspoke and
11 said there was a loan between the Reorganized
12 Debtors and Phoenix, but that's not accurate.
13 Q. Okay. Well, I am going to ask you about
14 that before we get to that. So there is no
15 additional document that's forthcoming with regard
16 to the settlement in the way of a loan agreement
17 then?
18 A. No. There is no loan agreement necessary
19 between the parties here for the purposes of having
20 the Settlement Agreement approved. Right. We are
21 getting -- the parties submitted this to the Court
22 for purposes of those entities that need the
23 authority to release the reserve, which is the
24 Reorganized Debtors, and settle the proceeding. So
25 all of those documents are included here.

1 Q. Okay. I'm going to ask you about that
2 payment arrangement in a second. So are there any
3 other documents that you are aware of as you sit
4 here today that the parties are undertaking to
5 draft to finalize the Settlement Agreement, should
6 it be approved by the Court?
7 A. Can you clarify when you say parties? Who
8 are you talking about? Because everything between
9 the parties opposite each other here is provided
10 here in this agreement. So there are no other
11 documents that are necessary to effectuate this
12 agreement than those that are -- have been tended
13 to the Court.
14 Q. Okay. Is Princeton receiving any kind of
15 promise or consideration separate and apart from
16 what is being promised in this Settlement
17 Agreement?
18 A. No.
19 Q. In other words, is there any kind of
20 separate business deal or business relationship
21 that are emerging out of the negotiations that are
22 leading up into the -- up to the execution of the
23 Settlement Agreement?
24 A. No. In fact, the purpose of this settlement
25 agreement is to bring finality between -- finality

1 and the end of the relationship between Princeton
2 and the opposite parties indefinitely. There will
3 be no future relationship.
4 Q. Are there any documents that reflect the
5 obligations of Princeton going forward upon
6 assignment of the notes, and judgment and
7 transaction documents to Phoenix?
8 A. They are all attached to this agreement.
9 Princeton's only obligation is -- and there is a
10 section in this agreement that says what Princeton
11 is supposed to do.
12 It tenders certain documents to escrow.
13 And upon payment, those documents are released to
14 counsel for the opposing parties, who will then
15 file the relevant substitutions and whatnot, and
16 Princeton has no further obligations.
17 Q. What about obligations to not take an
18 adverse position from the World Class parties or
19 the GVS parties?
20 A. To the extent that those reps or covenants
21 are required they're also in this agreement. There
22 are no other agreements, or obligations, or
23 covenants, or reps or anything of any sort between
24 Princeton and the opposing parties than what's in
25 this fulsome agreement with the exhibits.

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1 Q. I referred earlier in your deposition to a
2 Term Sheet that was filed with the Court by
3 Ms. Ross back on August 27. I'm happy to mark it
4 as Exhibit 4. I can pull it up for you. But when
5 I say the Term Sheet, do you know what I am talking
6 about?
7 A. I do.
8 (Exhibit No. 4 was marked for
9 identification.)
10 BY MS. DIAZ:
11 Q. Is the Term Sheet that Ms. Ross filed with
12 the Court the final "Term Sheet"?
13 A. I believe so.
14 Q. In other words, there might be other
15 iterations leading up to it, but that's the Term
16 Sheet that stood in place before the Settlement
17 Agreement was executed; correct?
18 A. Yeah. That's the term sheet that was
19 memorialized by the Settlement Agreement. Yes.
20 Q. To your understanding and belief, does the
21 Term Sheet remain in effect?
22 A. Yes.
23 Q. So it stands alone separate and apart from
24 the Settlement Agreement?
25 A. Well, if we want to look at the terms of the

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1 Term Sheet, the Term Sheet calls for the
2 preparation of this Settlement Agreement. That was
3 the purpose of the Term Sheet. I think that's the
4 first paragraph of the Term Sheet. It says, the
5 parties will enter into a settlement agreement that
6 memorializes the following terms.
7 And, so, that was -- the obligation
8 created by Term Sheet was to create the Settlement
9 Agreement and file it with the Court, which the
10 parties did.
11 Q. Right. As I'm sure you know, many times the
12 Term Sheet is superseded and extinguished by a
13 formal settlement agreement, but there's some
14 confusion in my mind about whether that happened
15 here. Let me scroll --
16 A. I can help clarify that for you. The
17 Settlement Agreement is only effective upon
18 approval of the Court. Once the Court gives its
19 approval of the Settlement Agreement, it will
20 supersede, you know, any prior obligations. It's
21 the binding and comprehensive agreement between the
22 parties. And I believe there's an integration
23 clause at the end of the Settlement Agreement that
24 reflects the same.
25 Q. Okay. Well, there are just a couple of

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1 provisions in here that seem to conflict. And so,
2 I appreciate getting your understanding. Let me
3 show you what I am talking about.
4 MS. LITTLE: Objection. That
5 wasn't a question.
6 MS. DIAZ: No. I have not asked
7 the question yet, counsel.
8 MS. LITTLE: Well the commentary
9 was -- I -- I am objecting to the
10 commentary.
11 THE WITNESS: That's all right.
12 I'm following, Ms. Diaz.
13 MS. DIAZ: Yes. I'm just trying to
14 be helpful. So if you want me to shut
15 up, I'm happy to do that.
16 THE WITNESS: If you want to show
17 me what provisions.
18 BY MS. DIAZ:
19 Q. I'm trying to find it. Hang on just one
20 second.
21 Here it is. Okay. It's a paragraph that
22 says, whereas on August 22, '22. Do you see that?
23 A. Yes, I do.
24 Q. And this recital refers to the Term Sheet
25 that you and I were just discussing; right?

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1 A. That's right.
2 Q. And it says here in the last sentence of
3 that recital that the Settlement Agreement, which
4 we marked as Exhibit 3, is a new -- is new and
5 separate from the settlement of the Term Sheet;
6 correct?
7 A. That's right.
8 Q. Okay. Let me now ask you to look at
9 paragraph 15C. In paragraph 15C states the term --
10 very last sentence to the Settlement Term Sheet,
11 which shall remain in force and effect.
12 Do you see that?
13 A. Hmm-hmm.
14 Q. So it's your interpretation and
15 understanding that this agreement -- that once it's
16 approved by the Court, the Term Sheet will be
17 extinguished?
18 A. That's right. I can help illuminate that.
19 So the Term Sheet provided that the parties would
20 memorialize a settlement agreement, a fulsome
21 settlement agreement. I believe that was also
22 discussed with the U.S. trustee and Judge Larson as
23 well that a full -- you know, all of the full terms
24 need to be filed with the Court and any irrelevant
25 parties so they could review that.

1 The Settlement Term Sheet also provided
2 that if the parties sought Court approval and it
3 did not -- the parties did not obtain it, what
4 would happen in that case? And so, you know,
5 you're looking at an agreement that has not yet
6 been approved.
7 And, so, the purpose of the provisions
8 that you're looking at were to show that -- were to
9 indicate that the Settlement Agreement was to be
10 the full and final agreement. And if it was not
11 approved, we revert back to the Term Sheet, which
12 had its own remedies and requirements in the case
13 of the lack of Court approval, including that the
14 parties should negotiate in good faith and things
15 like that.
16 Q. All right. So if the Court does approve
17 this, then no one is going to be harping back to
18 specific provisions of the Term Sheet, for example,
19 that require Princeton to cooperate with the Great
20 Value parties and circumstance?
21 A. That's right. If this agreement is
22 approved, this will be the full and final
23 agreement. And we are happy to make any
24 clarifications that you might require to show that.
25 By, yes, this is the full and final agreement that

1 will control.
2 Q. I'm happy to pull this up. Do you remember
3 the paragraph 5 and 6 in the Term Sheet, which
4 required Princeton to take certain actions with
5 respect to abatement of the bankruptcy proceeding
6 and also providing information to Judge Davis in
7 Austin? Do you recall that?
8 A. I don't. You'll have to pull it up.
9 Q. Yes. Let's do that.
10 A. But, again, just to be clear, the parties
11 aren't seeking approval of the Term Sheet. They're
12 seeking approval of the Settlement Agreement. And
13 so, to the extent of what's relevant for the
14 hearing next week, we are only seeking approval of
15 the Settlement Agreement itself, which tells all of
16 the terms that -- that reflect the terms of the
17 final negotiations between the parties.
18 Q. Excuse me. I'm going to scroll down now to
19 paragraph five and six of the Term Sheet, which we
20 are going to mark as Exhibit 4 to your deposition.
21 A. Yes. I see. No. Princeton will not have
22 these obligations. They didn't -- these
23 obligations did not end up in the final Settlement
24 Agreement because we were able to negotiate the
25 note purchased and complete all of Princeton's

1 obligations.
2 Q. Whose -- was it what's referred to as the
3 Great Value parties in the Term Sheet. Was it the
4 Great Value parties who requested paragraphs five
5 and six of the Term Sheet at the time it was being
6 negotiated?
7 A. I don't recall. But again, the Term Sheet
8 is not the document that we are seeking approval
9 for, just as it is with, you know, lots and lots of
10 transactions. The term sheet is where people put
11 on paper the deal and principal. And then when you
12 negotiate out the fulsome final settlement
13 agreement, some things may get in and some things
14 don't.
15 And so, I don't recall but I don't think
16 it's relevant because it's -- we are not seeking
17 approval of anything related to those two
18 paragraphs.
19 MS. DIAZ: I'm objecting to the
20 answer as nonresponsive.
21 BY MS. DIAZ:
22 Q. Is it your sworn testimony that you don't
23 recall at whose suggestion paragraphs five and six
24 were inserted into the Term Sheet?
25 A. I don't. The reason is because the Term

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1 Sheet -- it wasn't like we requested something and
2 Princeton requested something. It was the product
3 of many, many phone calls and negotiations. So I
4 don't recall exactly how it ended up in here.
5 Q. Do you recall whether any of the parties
6 requested that it be taken out in connection with
7 the Settlement Agreement that was ultimately
8 executed by the parties?
9 A. We did want to clarify, based on Judge
10 Larson's comments the other day, that she has only
11 got authority to order parties to do things in her
12 court. So I recall, you know, that that was taken
13 into consideration.
14 But again, I don't know that these two
15 paragraphs made it in and then were taken out.
16 What I do know is that the parties to keep, to
17 ensure that the requests before Judge Larson were
18 only related to her jurisdiction and her court.
19 Q. Among the attachments to the Settlement
20 Agreement that we recently saw and I believe they
21 were attached as Exhibit E, there were some draft
22 proceedings that had been signed by counsel for
23 Princeton to substitute in Phoenix or Princeton in
24 pending matters.
25 Do you know what I am talking about?

1 A. I do.
2 Q. Okay. Were there any other documents like
3 that that are currently being drafted or that are
4 anticipated with respect to steps to be taken in
5 litigation involving the Receiver?
6 A. With Princeton? No.
7 Q. What about with Phoenix?
8 A. I don't think that's relevant to the 9019
9 Motion.
10 Q. Well --
11 A. The future litigation strategy of Phoenix,
12 this not -- one, I'm not authorized to -- I think
13 that's attorney/client privilege information with
14 respect to what Phoenix and its outside counsel had
15 discussed. And then two, I don't think it's
16 relevant. I think you are going to need to clarify
17 here.
18 MS. LITTLE: Can you restate your
19 question, Ms. Diaz?
20 THE WITNESS: She asked if there
21 was any litigation papers being drafted
22 with respect to the Receiver after the
23 note purchase.
24 MS. LITTLE: Understood. I'm going
25 to object to it as being irrelevant to

1 the 9019 proceedings, as well as
2 requesting privileged communications
3 with outside counsel.
4 MS. DIAZ: Number one, it's really
5 a yes or no question if documents exist.
6 So it's not asking for privileged
7 communication. And I certainly think
8 when the Court is evaluating the impact
9 of this Settlement Agreement under rule
10 9019, it's fair for us to be able to
11 tell her whether or not additional
12 litigation against the Receiver is being
13 contemplated as part of this settlement.
14 MS. LITTLE: Future litigation is
15 irrelevant to the 9019 Motion.
16 MS. DIAZ: So you're instructing
17 Ms. Paul not to answer?
18 MS. LITTLE: I am instructing
19 Ms. Paul not to answer.
20 MS. DIAZ: Okay.
21 THE WITNESS: I think what might be
22 helpful here too, to the extent that it
23 could be relevant to the Reorganized
24 Debtor, the Reorganized Debtors don't
25 intend to initiate any other litigation

1 in this bankruptcy case. The purpose of
2 this Settlement Agreement is to resolve
3 the open issues in this bankruptcy case.
4 I think that is what is relevant to the
5 estate.
6 BY MS. DIAZ:
7 Q. Are you able now to -- I put the Settlement
8 Agreement back up, Exhibit 3.
9 A. No. You are on your file folder again.
10 Q. Oh. Sorry. Can you see it now?
11 A. Yes.
12 Q. Okay. Give me a second. I'm going to take
13 you to page eight of the agreement, which talks
14 about the payment terms.
15 A. Hmm-hmm.
16 Q. So paragraph two sets forth the terms of the
17 payment to Princeton; correct?
18 A. Yes.
19 Q. And to put it pretty simply, the settlement
20 provides for full payment of the notes; correct?
21 A. That's how the parties -- well, the number
22 that is reflected in the settlement amount was a
23 negotiated number that reflected a lot of different
24 things related to the judgment and the pending
25 litigation.

1 Q. And my question wasn't even meant to be that
2 difficult. But the bottom line is the notes were
3 already paid in full; correct?
4 A. No. That's not true. The notes will remain
5 outstanding because the notes will be held by
6 Phoenix Lending.
7 Q. Well, explain that to me, Ms. Paul. After
8 Princeton receives this $11 million dollars, what
9 monies are still going to be owed on the notes to
10 Princeton?
11 A. Well, the notes are being sold to Phoenix
12 Lending. So, you know, loans trade all of the time
13 in commercial lending. So Princeton will no longer
14 be the lender under the notes. Phoenix Lending
15 will be the lender under the notes. This now
16 reflects the consideration paid to Princeton for
17 selling its note.
18 Q. So if Phoenix Lending decides to turn around
19 and sell the note, how will it set the amount its
20 owed under that instrument?
21 A. Well, the note and instrument speak for
22 itself. They remain as they are. The terms of the
23 note, the terms of the judgment remain as they are.
24 If Phoenix then sells the note to somebody else, I
25 mean that's its own business decision.

1 Q. So you are saying that even though Princeton
2 is getting paid the amount it sought when it filed
3 suit on the notes, and in fact, it's being fully
4 paid in the amount of a judgment; correct?
5 A. Princeton is selling the note. Princeton is
6 not collecting on the note; right? Princeton is
7 selling its position. And the reason for that is
8 that we wanted to give Princeton finality here.
9 The note purchase facilitated Princeton's exit from
10 this dispute, so that it would not have any future
11 obligations that would be necessary in resolving
12 anything related to the note or the judgment.
13 Q. What future obligations did Princeton have
14 related to the note or the judgment?
15 A. Any -- well, let me back up. Whatever those
16 may be because it's no longer the noteholder
17 Princeton -- any of Princeton's rights, or
18 obligations or otherwise under the note seized.
19 Just like people sell notes all of the time.
20 People sell loans all of the time. Banks sell them
21 to each other. They sell them to private lenders.
22 This is a note sale.
23 Q. What about the judgment?
24 A. Yes. The judgment is sold as well. The
25 judgment and the note are not severable; right?

1 The judgment is the memorialization of the
2 obligations and the litigation related to the note.
3 So it's all part of the same.
4 Q. So what is the business reason, as you
5 understand it, why rather than allowing Princeton
6 to be paid in full the balance owed under the note
7 of judgment and then have Princeton release the
8 assignee on the note, how does it benefit Princeton
9 for the notes to be sold? For the judgment to be
10 sold?
11 A. I believe I just answered that question.
12 First of all, Princeton can best speak to its
13 benefits. But from the Reorganized Debtors
14 standpoint, this ensures that Princeton -- there
15 are -- there's no further litigation, or no further
16 actions that need to be taken by Princeton to
17 resolve the open litigation or no matters between
18 the Reorganized Debtors debts and Princeton.
19 Q. Do you mean the open matters between
20 Princeton and the Receiver?
21 A. No. I mean the open matters between the
22 Reorganized Debtors and Princeton.
23 Q. What --
24 A. For example -- so if the note were paid,
25 Princeton still has to wind down the receivership,

1 it still has to get accounting, it still has to
2 dismiss the litigation, it has to deal with all of
3 the appeals. And with Phoenix Lending in that
4 position it can take the necessary actions it needs
5 to wind that down and allow Princeton to move on.
6 Q. So that's what Phoenix's intent is -- is
7 going to be with respect to its acquisition and the
8 judgment then; is that right?
9 A. I can't speak to Phoenix's intentions.
10 Phoenix will make its decision as to what it
11 intends to do with the note that it purchased.
12 Q. Well, that means your brother, Mr. Paul,
13 will make that decision; correct?
14 A. That's right.
15 Q. Okay.
16 A. On behalf of the entity that purchased the
17 note.
18 Q. So on behalf of the entity, Mr. Paul will
19 decide the windup and receivership to get
20 accounting to challenge the receivership fee and
21 will take other actions with respect to the
22 receivership note; correct?
23 A. I don't believe that --
24 MS. LITTLE: Objection. Form.
25 THE WITNESS: I don't think you

1 recounted what I said. Correctly what I
2 said is that the new noteholder will
3 make business decisions as to what it
4 intends to do with the asset it
5 purchased. And those are among
6 possibilities, but, you know, that's
7 irrelevant quite frankly to the
8 resolution between Princeton.
9 You asked the question why it
10 facilitated this way. And in an effort
11 to bring finality to the open disputes
12 between the Reorganized Debtors and
13 Princeton, facilitating Princeton out
14 and the purchase of its note brought all
15 matters between Princeton and these
16 parties to an end.
17 BY MS. DIAZ:
18 Q. Once Princeton receives the balance owed on
19 the judgment and/or notes -- well the notes were
20 merged into the judgment. But once it received
21 those funds, what additional obligations would it
22 have had to the Reorganized Debtors?
23 A. I think you are asking me a hypothetical
24 question so I'm not really sure -- and a legal
25 question. I'm not really sure how to answer it.

1 Q. You brought it up, Ms. Paul. I guess I just
2 don't understand what kind of continuing
3 obligations there would be to the Reorganized
4 Debtors who aren't even parties to the notes, and
5 the judgment or even ongoing obligations to World
6 Class Capital Group or GVS. I'm not seeing why and
7 I'm asking for you to help me understand.
8 A. I think what you are asking me is in the
9 hypothetical world in which Princeton was able to
10 fully collect on its note or judgment, what would
11 its obligations then be. It would need to stop all
12 collection efforts. It would need to wind down any
13 collection efforts that it undertook. It would
14 need to dismiss the underlying litigation. There's
15 a whole host of things that would have to happen to
16 seize any litigations that it commenced in
17 connection with collection of that judgment or
18 note. And that could be a long process.
19 And, so, Princeton probably had to make a
20 determination about whether it wanted to continue
21 in that process or sell its position, which is what
22 a lot of lenders do when they are in this
23 position.
24 Q. And if what you are describing is accurate,
25 what benefit is there to the Reorganized Debtors to

1 alleviate that burden from Princeton?
2 A. That all of this is part and parcel to the
3 Settlement Agreement. This entire arrangement is
4 not severable. In order for the Reorganized
5 Debtors to close its case, it had to come to an
6 agreement, and a settlement as to this open
7 adversary proceeding.
8 So all of that together results in the
9 9019 Motion that we filed and the Settlement
10 Agreement, which resolves litigation to Reorganized
11 Debtors.
12 Q. How specifically then does structuring this
13 as a note in judgment sale benefit the Reorganized
14 Debtors?
15 A. It's all part and parcel of the -- there's
16 no way for me to answer your question because the
17 Settlement Agreement is an entire document and that
18 is a portion of it. And, so, over the course of
19 several weeks of negotiation, this was the deal the
20 parties were able to reach. So if the Reorganized
21 Debtors want the benefit of this deal, this is the
22 structure.
23 MS. DIAZ: Objection.
24 Nonresponsive.
25 BY MS. DIAZ:

1 Q. One of the issues that I do believe will be
2 addressed by the Court is a demonstration that
3 structuring the Settlement Agreement this way is in
4 the best interest of the Reorganized Debtors. So
5 are you unable to answer that question?
6 A. I believe I answered your question directly
7 actually. I said that this was the settlement
8 agreement the parties were able to achieve to
9 resolve the litigation for the Reorganized Debtors.
10 And all of the terms of it are part and parcel of
11 that settlement.
12 Q. So other than the fact that this resolved
13 the litigation with Princeton, there is nothing
14 specific about structuring the transaction as an
15 alleged note judgment sale that specifically
16 benefits the Reorganized Debtors?
17 A. I didn't say that. I don't think you are
18 asking a question. I do believe I have asked and
19 answered this question a couple of time, which is
20 that all terms of this agreement were considered,
21 and negotiated wholistically. And it is the result
22 of those negotiations and the total memorialization
23 that allows us to come to this 9019 settlement.
24 So it's like asking me why, you know, the
25 indemnification provision is the way it is. All of

1 these terms were negotiated wholistically, and
2 arm's length and over the course of a long period
3 of time. So I can't parse out any one particular
4 provision and its impact. You have to look at the
5 thing as a whole. We would not be able to come to
6 another settlement without the terms as we have
7 them here.
8 Q. Why not?
9 A. Because that was the parties' agreement.
10 Q. Who wanted to structure this as a note sale?
11 Which party?
12 A. That parties -- that was the agreement of
13 the parties.
14 Q. Now you had a term sheet that you just told
15 me is enforceable if the Court doesn't approve
16 this. And that agreement, according to the way I
17 read it and the representations made in court by
18 Princeton, is if negotiations fell through on a
19 note purchased, that agreement was going to stand
20 and Princeton would be paid directly. So --
21 A. That's not true. I don't even think you are
22 asking me a question by the way. So it might be
23 helpful to ask questions that I could answer. It
24 sounds like you are paraphrasing or kind of
25 arguing.

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1 Q. Yes. Well, I'm happy to be helpful. I
2 really just need a yes or no answer.
3 Are you able to tell me any specific
4 business benefit that was rendered to the
5 Reorganized Debtors by virtue of the fact that this
6 deal of this alleged note sale, apart from the
7 fulsome and wholesome settlement, is there
8 something specific about that that you think
9 financially or from a business perspective is
10 beneficial to the Reorganized Debtors?
11 A. It is a material term to overall settlement
12 agreement that cannot be parsed out. I feel like I
13 tried to answer that question for you. If there's
14 a better way for me to explain it, I'm happy to do
15 so. But the entire structure of the settlement is
16 wholistic.
17 MS. LITTLE: Ms. Diaz, I think we
18 are going in circles here. I think it's
19 been asked and answered multiple times.
20 MS. DIAZ: Well, I disagree. I'm
21 tired, so I'm going to move on.
22 BY MS. DIAZ:
23 Q. What's the source of funds for the payment
24 reflected in paragraph two of the Settlement
25 Agreement?

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1 A. Sure. So the reserve funds are currently
2 held -- the reserve funds from where this will come
3 are currently the Reorganized Debtors' funds.
4 Those funds will otherwise be distributed to
5 equity, pending the resolution of the restrictions
6 on those funds pursuant to the court order that is
7 currently in place.
8 So with this Settlement Agreement, those
9 funds will be released to World Class Holdings I,
10 who will then make a loan to Phoenix, who will then
11 make the payment to Princeton. Now, as a practical
12 matter, this will all happen simultaneously so that
13 the title company will just direct a payment to
14 Princeton directly at closing.
15 Q. Ms. Paul, let me try to parse out what I
16 think I heard you say, to be sure I leave here
17 understanding it today. So the monies that are
18 going to pay Princeton are coming out of what we
19 call the Princeton reserve, which is on hold with
20 the Court; right?
21 A. It is on hold at title under court order for
22 the benefit of Princeton.
23 Q. Right.
24 A. Yes. So as part of this, the parties are
25 agreeing to release that reserve for this purpose.

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1 Q. Okay. So the money that is being utilized
2 to pay Princeton is coming from the Reorganized
3 Debtors?
4 A. Yes. In the absence of the Princeton
5 holdback, that would be a distribution to equity.
6 So the first piece of the way this is papered is
7 that if those funds do get distributed to equity,
8 World Class Holdings then makes the loan to
9 Phoenix, which is a special-purpose entity for the
10 purposes of holding the note. And Phoenix then
11 pays Princeton.
12 But as a practical matter, because all of
13 the parties are signing onto this agreement, those
14 funds will just be released directly from the title
15 reserve to Princeton at closing.
16 Q. All right. You're saying the money would go
17 to equity. That's step one; right?
18 A. Yes.
19 Q. And then you say the equity, which is
20 Mr. Paul; correct?
21 A. No. It's World Class Holdings I, LLC.
22 Q. So World Class Holdings I, LLC would then
23 make a loan to Phoenix, which is a special-purpose
24 entity; correct?
25 A. That's right.

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1 Q. And then special-purpose entity, meaning
2 Phoenix is created solely for purposes of
3 purchasing the notes in the judgment; correct?
4 A. For holding of the -- for purchasing the
5 notes in the judgment and receiving the asset,
6 which is the note and the judgment. The purpose of
7 the entity is to operate as a noteholder or a
8 lender, you could call it.
9 Q. And then step three after that loan is made,
10 then the money is what?
11 A. Paid and purchased from the note in the
12 judgment.
13 Q. That's paid from Phoenix to Princeton?
14 A. Yes.
15 Q. But I'm confused because the Settlement
16 Agreement says and the escrow instructions say that
17 the money is going to be released from Fidelity,
18 the title company, directly to Princeton?
19 A. That's right. That's the last piece of what
20 I said. I said as a practical matter, because all
21 of this is happening at the same time; it's getting
22 released directly from titles.
23 So what I just told you will be the
24 internal accounting of it, but the funds will
25 actually just go directly from the title reserve to

1 Princeton at closing. The parties are all agreeing
2 to that.
3 Q. And you mentioned in your answer something
4 about that's what's getting papered up?
5 A. I don't think I said that.
6 Q. I thought you said that. Maybe -- I don't
7 know if you meant papered up or internal
8 accounting, but that's my question. Where is all
9 of this going to be documented, if anywhere, with
10 regard to the World Class Holding loan to Phoenix,
11 and then the subsequent funding by pass-through, I
12 guess you could call it, or allusion to Princeton?
13 MS. LITTLE: Objection. Form.
14 THE WITNESS: I don't think I said
15 the word allusion. I don't think that's
16 appropriate. This is all documented in
17 the books and records of those
18 companies.
19 BY MS. DIAZ:
20 Q. Which documents?
21 A. The ones involved in the transaction.
22 Q. Well --
23 (Simultaneous talking.)
24 A. -- Reorganized Debtors, World Class Holdings
25 I, Phoenix Lending. And then Princeton is selling

1 its note to Phoenix Lending, just like this
2 agreement says.
3 Q. Is that information going to be documented
4 in the books and records of World Class Holding I?
5 A. Yes. It will need to be.
6 Q. Is it already there? Or is it something
7 that's going to happen in the future?
8 A. Well, the transaction hasn't happened. So
9 it can't be documented yet.
10 Q. Okay. Similarly then I assume, if you can
11 answer this, that Phoenix doesn't have any kind of
12 internal accounting records that would show the
13 terms of the loan back and forth between World
14 Class Holdings I. Am I correct?
15 A. There is no back-and-forth. It's a loan.
16 And, also, this transaction hasn't happened yet.
17 So when the transaction -- when we get approval and
18 the transaction happens, just like any transaction,
19 if you buy something, sell something, pay
20 something, whatever, it goes in the accounting
21 books when it happens.
22 Q. And has a determination been made, as we sit
23 here today, as to what the terms are going to be
24 between Phoenix and World Class Holdings I with
25 regarding to paying back the money on this loan?

1 A. I don't think that's relevant to the 9019
2 Motion.
3 Q. Well, you don't get to decide that,
4 Ms. Paul. So unless your attorney instructs you
5 not to answer, I would like to know the answer to
6 that question.
7 MS. LITTLE: I'm going to object to
8 it as outside the scope of this
9 proceeding.
10 BY MS. DIAZ:
11 Q. Who is Phoenix -- is Phoenix going to be
12 obligated to pay anyone back once it borrows this
13 money from World Class Holdings I to buy the notes
14 and the judgment?
15 A. Yes. It's obligated to World Class Holdings
16 I.
17 Q. Okay. I'm asking if there are any
18 determined payment terms as to how, when and in
19 what quantities, and what if it doesn't happen,
20 assuming that has been documented or that's going
21 to be decided somewhere down the road.
22 A. I think Ms. Little just responded that
23 that's outside the scope of the 9019 in this
24 Motion.
25 Q. Well --

1 A. But this is between those entities are
2 irrelevant to the 9019 Motion. And in any event,
3 those will be documented at the time of the
4 transaction.
5 Q. But not before the Court approves the
6 settlement?
7 A. It's irrelevant to the approval of the
8 settlement.
9 MS. LITTLE: Ms. Diaz, we should
10 probably move away from this line of
11 questioning to the extent you are going
12 to continue asking about these items
13 that are outside of the scope of the
14 9019 Motion.
15 We are also -- we have been
16 going for about an hour and 45 minutes.
17 And my understanding was that this was
18 only going to be a couple of hours.
19 THE WITNESS: I do have an
20 obligation at (inaudible - background
21 sounds from parties). I was told this
22 would be two hours. You know, I would
23 be happy to stay, and move things if we
24 need to, but I would have to step away
25 and move that.

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1 BY MS. DIAZ:
2 Q. Yes. So in paragraph two to the supplement
3 agreement where it says, the assignee, which is
4 Phoenix, shall pay for costs to be paid to
5 Princeton. What we've just been talking about is
6 what that is supposed to describe; am I correct?
7 MS. LITTLE: Objection. Form.
8 THE WITNESS: The structure I just
9 described to you is the structure of the
10 transaction. Yes.
11 BY MS. DIAZ:
12 Q. So, in other words, stuff that would
13 normally occur in stages, like you have said, this
14 is going to happen contemporaneously?
15 A. I don't think it would normally happen in
16 stages. I think it happens all of the time that
17 transactions close simultaneously.
18 Q. So --
19 A. There's no need for them to happen in stages
20 and I don't think it's normal for them to happen in
21 stages. I think here all of these parties are
22 partied to a Settlement Agreement that's the effect
23 of what's going to happen on the same day.
24 Q. So what financial benefit is there to
25 Reorganized Debtors if their funds are used by

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1 World Class for a single purpose entity loan to
2 acquire notes in a judgment? I mean, can you
3 identify any financial benefit or business benefit
4 to Reorganized Debtors by virtue of those terms?
5 A. Absolutely. So the Reorganized Debtors are
6 currently defendants, along with a lot of other
7 people -- well, a lot of those entities to an
8 adversary proceeding with Princeton, in which it's
9 claiming this amount.
10 As long as that controversy remains open,
11 the debtors cannot obtain a file of decree, and
12 cannot continue to incur costs and expenses related
13 to that litigation. And without finality of that
14 litigation, they face a long and lengthy process,
15 possibly multi-jurisdictional, possibly involving
16 appeals as far as they go, for a very long time.
17 And, so, in any event, the only party who
18 would ostensibly be harmed by any of this would be
19 equity, who is consenting to the settlement. So
20 the creditors are satisfied. Equity is satisfied.
21 The Reorganized Debtors are satisfied. Everybody
22 wins.
23 Q. When you say equity, you mean Mr. Paul;
24 correct?
25 A. I mean World Class Holdings I, LLC, which is

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1 the --
2 Q. Okay.
3 (Simultaneous talking.)
4 A. -- equity company in this bankruptcy
5 proceeding.
6 MS. DIAZ: Let's go off the record
7 a second.
8 THE STENOGRAPHER: Okay. Off the
9 record.
10 (At this time, off the record.)
11 (At this time, back on the record.)
12 BY MS. DIAZ:
13 Q. Okay. Ms. Paul, when one of the provisions
14 in the Assignment Agreement, which we just saw this
15 week, it's Exhibit E of the Settlement Agreement,
16 it requires Princeton to turn over any future
17 payments for installments on the note or judgment
18 to Phoenix for such account for entity as Phoenix
19 may designate.
20 Do you recall that provision?
21 A. Yes. That's just a standard note
22 assignment. Very standard in the industry. It's
23 just basically obligating that since they are no
24 longer the noteholder they shouldn't receive any
25 benefits of the note.

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1 Q. That's my question. There is not really
2 future payments contemplated that are going to be
3 coming into Princeton; correct? Once it's sold?
4 A. There shouldn't be. But if Princeton did
5 get payments for some reason, then it would need to
6 direct those over to Phoenix.
7 Q. And once Phoenix acquires the note, what is
8 the balance going to be reflected as due on that
9 note?
10 A. We take the note documents as they exist.
11 So it will be the principal balance on the note and
12 then any accrued interest, legal fees, et cetera.
13 Everything that Princeton holds right now, Phoenix
14 just step into its shoes. Well, we are to get a
15 final note accounting on the date of closing. I
16 believe it's one of the deliverables.
17 Q. And when the assignment agreement says that
18 Phoenix gets to direct where any funds that come in
19 go, is that including payments on the note from a
20 new purchaser?
21 A. That's right. I mean, again that's just
22 standard note assignment language that you would
23 see in any note sale. Basically, just making clear
24 to the parties that the selling lender does not
25 retain any rights or benefits under the note.

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1 Q. There is a provision in the Settlement
2 Agreement that's termed effective date, but there
3 is no specific provision in the Settlement
4 Agreement, that I can find, that requires closing
5 by a date certainty. Does --
6 A. Yeah. Well, that's because we didn't know
7 what date the Court would set the hearing. I
8 believe the motion indicates that our intention is
9 to close before -- you know, as soon as possible,
10 but before September 19, which is the 1031 exchange
11 deadline.
12 But the reason there is no hard date is
13 that we didn't -- you know, we didn't have control
14 of when this would get heard or otherwise.
15 Q. Okay. There is also some conditions to
16 closing the C and B (ph) waive. Have any of those
17 already been waived?
18 A. Not that I'm aware of.
19 Q. What happens if the Court does not approve
20 of the Settlement Agreement on September 14th when
21 we go back in front of Judge Larson?
22 A. Can you clarify what you mean by what
23 happens?
24 Q. Yeah. I -- it's really sort of
25 intentionally a broad question. I'm trying to

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1 understand, if the Court doesn't approve it, what
2 is your understanding of the position of the
3 parties that you are appearing on behalf of today
4 with respect to what obligations you all have and
5 what obligations Princeton has back to you?
6 A. So I think if the Court doesn't approve the
7 Settlement Agreement, then the settlement Term
8 Sheet controls the rights and obligations of the
9 parties. And within the interpretation, there are
10 decisions that were made inside of that that would
11 probably be attorney/client privilege because I
12 think those clients would then need to talk with
13 their outside counsel about what their next steps
14 might be.
15 Q. Assuming that the Court did not approve the
16 Settlement Agreement and the Term Sheet is, in
17 fact, enforceable and a binding agreement between
18 the parties, what obligations would Princeton have
19 to the parties on your side of the table when it
20 comes to terminating receivership, substituting
21 parties in the appeal and in the Harris County
22 State Court option? What is your understanding of
23 what would happen then?
24 MS. LITTLE: Objection. Form.
25 Asked and answered.

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1 BY MS. DIAZ:
2 Q. You can answer, Ms. Paul.
3 A. There are no obligations with respect of any
4 of those things until a deal is contaminated. A
5 deal can't been contaminated without a court
6 approval.
7 Q. There is an indemnification obligation set
8 forth in paragraph 22, excuse me, paragraph 1E of
9 the Settlement Agreement. I'm happy to pull that
10 up if it will be helpful.
11 A. Yes. I'm familiar with it. But if there's
12 specific language you want me to look at, it may be
13 better to pull it up. But I'm familiar with the
14 provision.
15 Q. So can you explain to me how you understand
16 it in very simple terms? What obligation is
17 Phoenix undertaking to indemnify Princeton?
18 A. Princeton is indemnified -- actually, if you
19 don't mind bringing -- pulling it up because there
20 are so many iterations of this provision. I
21 actually want to actually track the language of
22 this file.
23 Q. Let me see.
24 A. You know, the best thing too is -- you know,
25 the language in the document speaks for itself.

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1 And so, I can kind of paraphrase it for you. But
2 the indemnification obligation is pretty clearly
3 articulated in the agreement.
4 Q. Well, I'm flipping through to find it in
5 here. What consideration does Phoenix get in
6 exchange for assuming the indemnification
7 application?
8 A. It owns the note and the judgment. So it
9 owns an asset.
10 Q. Here we go. It's paragraph E at the bottom
11 of paragraph seven. I'm really interested in
12 what's accepted from the indemnification
13 obligation. I'll let you read it, and I'll scroll
14 when you are ready.
15 A. Okay. You can scroll down. I think if you
16 maximize your screen, I can see the whole provision
17 at once.
18 Q. Does that help?
19 A. You had it maximized and then you made it
20 small again. If you just click it once.
21 Q. Okay.
22 A. And if you will zoom out a little bit.
23 Where it says 106 percent, if you'll make it a
24 little smaller, like, 80 percent I should be able
25 to see the whole thing.

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1 Q. Yeah. Now I lost the whole document. I
2 have to pull it back up. Hang on.
3 I'm interested in the part that begins
4 towards the end of the paragraph that continues on
5 to the page we are looking at. It says,
6 notwithstanding anything to the contrary.
7 A. Can you -- you need to scroll down. There.
8 That's good.
9 Q. Okay. So in this provision, Phoenix is
10 indemnifying Princeton for any obligations or
11 losses it incurs as a result of what? The sale of
12 the notes?
13 A. As a result of -- the indemnification
14 obligations are denied in the first part of this
15 paragraph. It defines losses and expense. And
16 those are the -- that is what is being
17 indemnified.
18 Q. There is a footnote three tied to that
19 section. Let's scroll down to that. It says, for
20 voidance of doubt should a court of competence
21 jurisdiction find that the entry into this
22 agreement shall be deemed to be gross negligence,
23 fraud or willfulness conduct against the Receiver,
24 no exclusion for such gross negligence, fraud or
25 willful misconduct shall be applicable.

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1 What is the purpose for that behavior?
2 A. Well, quite honestly, the Receiver has been
3 incredibly litigious, and the parties in
4 disagreement couldn't imagine why in this
5 circumstance, which benefits him as well,
6 financially and otherwise, he would sue Princeton
7 who he would -- who he was a judgment collector
8 for. But, you know, we all had to contemplate that
9 he may do that.
10 And so, this was just to catch all
11 clarification. There's an expectation to the
12 indemnified obligations that says that if Princeton
13 commits gross negligence, fraud, or willfulness
14 conduct, the indemnification doesn't apply. And
15 this was just clarifying that if this agreement is
16 deemed to be those things that is not an exclusion
17 to the indemnified obligation. So just a
18 clarification.
19 Q. Okay. You mentioned earlier in your
20 testimony that you believe the Settlement Agreement
21 created a path for the receiver. Do you recall
22 saying that?
23 A. I do.
24 Q. Can you explain that?
25 A. Sure. Yes. So, you know, once this

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1 settlement is resolved, the new noteholder will
2 making a determination as to how it wishes to
3 proceed with the collection of the note. There is
4 an iteration which it determines it no longer needs
5 a receiver to collect on the note, and the only
6 thing left then for the receiver to do is to make
7 an application for its fees, which it needs to do
8 either way to collect on those. And the only
9 person who can make that determination would be the
10 state court that appointed him.
11 And, so, the reason this paves a path is
12 that upon that fee application and determination of
13 the amount, if there's a deficiency in the estates
14 left to satisfy that fee award, this settlement
15 actually made available an additional $3.5 million
16 dollars to satisfy any fee-award deficiency.
17 So to the extent that any of the
18 resolution of this is actually held up by the
19 receiver himself, this should give him comfort that
20 in connection with the finalization of the
21 receivership, the fee award and what have you,
22 there's no need to continue to litigate because the
23 funds are available to make a payment of any fee
24 award.
25 Q. Well, let me ask some questions for my own

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1 clarification on that. Given that there seem to be
2 provisions in the Settlement Agreement that permit
3 the Phoenix entity, once it acquires the net and
4 judgment under the Settlement Agreement, to
5 substitute in for World Class Capital and Great
6 Value Storage in both the Harris County action, the
7 appeal that ensued from it and the underlying
8 receiver action --
9 A. No. It wouldn't substitute in for World
10 Class Capital and GVS. It substitutes --
11 Q. I'm sorry. It substitutes from Princeton.
12 A. Princeton. Because it's now the new
13 noteholder. Just like, again, any time a note
14 sells, when Wells Fargo sells a mortgage to a
15 securitization, the new party has -- is the
16 relevant party in those litigations. Yeah.
17 So Princeton no longer has standing in any
18 of that litigation because it's not the noteholder.
19 Q. So I guess it's unclear to me. So is the
20 plan then for Phoenix, once it acquires the note
21 and judgment if the court permits it, to substitute
22 in to proceed to terminate the receivership at that
23 time?
24 A. Phoenix hasn't made a determination yet.
25 Q. Is it the plan of Phoenix to challenge the

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1 receiver's fee in the Harris County action?
2 A. I mean --
3 MS. LITTLE: Objection. It's
4 irrelevant.
5 THE WITNESS: Again, Phoenix can't
6 answer that question because the
7 receiver hasn't made a fee application.
8 So until he does that, we don't know
9 whether it's objectionable or not.
10 BY MS. DIAZ:
11 Q. What happens to the appeal? As I understand
12 your settlement --
13 A. The simple answer is that Phoenix will make
14 the determination to all of the litigation it's a
15 party to at the time that the settlement occurs.
16 I mean, as you know and without divulging
17 settlement communications there's also ongoing
18 settlement communications going on with the
19 Receiver. So we all don't know what's going to
20 happen until this transaction comes to fruition.
21 And it's all of our hope that we can get to a
22 global resolution and not have to worry about any
23 of that.
24 Q. What is the business reason and the
25 settlement for leaving the appeal pending and

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1 permitting Phoenix to step into the shoes of
2 Princeton while the case is pending on appeal?
3 A. Phoenix has to step into the shoes of
4 Princeton in any litigation involving the note and
5 the judgment because it is the -- it will be the
6 noteholder.
7 Q. And who will represent Phoenix in the appeal
8 that's currently substituted in?
9 A. We haven't made that determination yet.
10 Q. As part of the path for the receiver -- is
11 there a path board for the receiver that does not
12 involve multi-various litigation?
13 A. Absolutely. We have actually offered that
14 path. There was a call earlier today that we were
15 trying to advance that path, but there was a
16 conflict with the Receiver's counsel and wasn't
17 able to join. But there are many, many paths that
18 don't involve multi-various litigation.
19 We believe that at this point in the
20 process reasonable people can come to an agreement,
21 but people need to be reasonable.
22 Q. Even though there's not a specific closing
23 date in the Settlement Agreement, you said you were
24 interested in having the settlement approved by
25 September 14 because you mentioned a September 19th

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1 1031 deadline?
2 A. That's correct.
3 Q. Can you explain to me what's at issue with
4 respect to that September 19 deadline?
5 A. Sure. So the one that 1031s work is that
6 you got a certain amount of time, designated time,
7 to effectuate a 1031 transaction. All funds that
8 will be used for a 1031 need to be in exchange and
9 used by September 19.
10 And, so, as part of this, funds will be
11 released into the 1031. The couple million dollars
12 that are going to be -- the delta between the
13 settlement amount, the indemnification reserve and
14 the 15 million that is currently on reserve for
15 Princeton. So a couple more million dollars will
16 come into exchange.
17 As we are finalizing the entirety of the
18 exchange, the ability to use those proceeds before
19 the exchange deadlines offers an enormous tax
20 benefit.
21 Q. Well, this sounds like -- well, September
22 19th is, what, the deadline to fund the exchange?
23 A. To close the exchange. Yes. So any
24 transactions made from exchange of funds has to be
25 completed by the 19th and that's why the 14th is

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1 important. You know, assuming we get approval on
2 the 14th, I believe the parties' intention is to
3 try to close on the 15th, distribute their funds to
4 the exchange and then exchange will close out its
5 exchange for the 19th.
6 Q. And is -- assuming that the court would
7 approve this, is the 1031 on track to be able to
8 close only the 19th?
9 A. Yes.
10 Q. Is there a contract in place with the 1031
11 agent?
12 A. That's not how to works. I think you might
13 be confused between finalizing acquisitions or
14 finalizing the exchange. The exchange documents
15 are entered into day one, the date that the
16 exchange is established.
17 And then you have to do certain things
18 during the exchange period and complete those
19 things by the 19th. And all of those exchanged
20 documents were filed with the sale order, I
21 believe.
22 Q. With the sale order in the bankruptcy court?
23 A. Yes. At the time that we had -- my
24 recollection is that -- in any case, all of this is
25 irrelevant to the 9019 to the extent that -- the

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1 point is that the way 1031 works is that you have
2 to complete all of the 1031 transactions by -- I
3 think it's 180 days from the date the exchange is
4 opened. So that's the governing time frame.
5 Q. I am not by any means an expert on 1031
6 exchanges, but I'm trying to understand if there
7 had been target properties, replacement properties,
8 and all of those things identified and that are
9 ready to go, and it's just a funding issue for the
10 19th. Is that where you are?
11 MS. LITTLE: Objection. Relevancy.
12 THE WITNESS: Yes. I don't think
13 it's relevant. But for purposes of
14 completeness so there aren't any issues
15 here, the 1031 is not a single -- it's
16 not one transaction. There are rolling
17 transactions that you use the funds over
18 the course of that 180 day period.
19 So, for example, we are now in
20 the process of all transactions by the
21 19th. The ability to have those
22 additional funds in the exchange for the
23 19th makes funds available for the tax
24 benefits of the 1031. And the 180 days
25 is an IRS deadline.

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1 BY MS. DIAZ:
2 Q. Okay. If for some reason the funds weren't
3 available on the 19th, is there like a next
4 deadline where they can be utilized for purposes of
5 another one of the exchanges?
6 A. No. That's a hard deadline. It cannot be
7 moved. It's statutory.
8 Q. Is all that's required at this point to
9 complete that particular exchange, the release of
10 funds -- the use of funds from whatever source?
11 A. I don't think that --
12 MS. LITTLE: Objection.
13 Irrelevant.
14 THE WITNESS: I don't think these
15 questions are relevant. And, quite
16 honestly, we are probably getting into
17 business strategy and things like that
18 for the 1031 exchange.
19 But the relevance here is that
20 for the exchange, getting those funds
21 into the exchange -- I don't mean to be
22 disrespectful. I think you might just
23 have a misunderstanding about what it
24 means to close out the exchange.
25 To close out the exchange

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1 means we have to use all of the funds
2 that were in the exchange by that date.
3 So if the monies are not in the
4 exchange, they can't be used. And so,
5 we need to keep all monies in the
6 exchange so that as we close out the
7 exchange, they were all used for that
8 purpose.
9 BY MS. DIAZ:
10 Q. Yes. I'm just trying to understand. That's
11 been part of the reason for exigency being argued
12 in connection with the approval for settlement.
13 And that was the basis for my questions.
14 A. Yes. I think I have answered those
15 questions, which is that the funds that will be put
16 in the exchange will be used by the exchange
17 deadline. That's the purpose of the exigency.
18 Q. Let me ask you a couple quick questions
19 about the releases that the parties are planning to
20 give each other under this agreement if it's
21 approved.
22 On page 10, there's the release by the Great
23 Value parties. I'll put that up on your screen.
24 There is a provision at the bottom. There's an
25 exclusion from the release for any claim or cause

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1 of action against any third party, including the
2 Receiver seeking damages or the return or recovery
3 of monies, properties or assets otherwise take and
4 seize, transferred or conveyed, blah blah blah, and
5 as a result of the dismissal of the pending appeal.
6 What was the business purpose for excluding
7 those two items from the release given by Great
8 Value in this case?
9 A. Can you scroll down?
10 Q. Sure.
11 A. Yes. So, as you are probably aware, there's
12 a ton of litigation that responded of the
13 Receiver's. The impropriety of the Receiver's
14 actions. And the parties here just want to be sure
15 that these releases could not be inadvertently read
16 to waive the right of any parties that were
17 affected by -- any third parties that were affected
18 by the Receiver's actions that are currently
19 subject of other litigation.
20 Q. It talks in here about monies or properties,
21 take and seize, transfers conveyed or otherwise
22 removed from the parties' concession or control
23 presumably on behalf of the Receiver.
24 Are there specific complaints?
25 A. Well, we have asked and Princeton has asked

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1 the Receiver for accounting of those thing, which
2 we have not been able to obtain. So in the absence
3 of that, we took a broad sweep and described
4 everything that could possibly be implicated.
5 Q. Okay. I note that at the very bottom of
6 that paragraph it says, nothing prohibits the World
7 Class release parties from seeking recovery,
8 monetary or otherwise from Princeton in connection
9 with an appeal action. Is that referring to the
10 Harris County appeal?
11 A. I think appeal action is a defined term
12 there in the preceding sentence. So it's the
13 pending action or appeal action which Princeton is
14 a named party related to the judgment. I don't
15 know off the top of my head, but I'm happy to
16 consult with counsel and get back to you.
17 But, again, the point in here was to
18 ensure that none of the parties rights or what
19 litigation would continue after the settlement
20 would be affected.
21 Q. What litigation do you envision continuing
22 on after the settlement?
23 A. Well, there's a lot of litigation that's --
24 all litigation that's currently in place will
25 continue in the absence of resolution of those, but

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1 those don't affect the Reorganized Debtors. So I
2 don't think it's relevant to the 9019. Those are
3 all state court matters.
4 Q. With respect to the appeal in the first
5 district court in Harris County, because it will
6 remain pending if the settlement is approved, do
7 you have an understanding, based upon your
8 familiarity with the Settlement Agreement, what
9 will happen if World Class Capital Group and/or GVS
10 win the appeal?
11 A. Do --
12 MS. LITTLE: Objection.
13 Irrelevant.
14 THE WITNESS: Do you want me to try
15 to answer that? It's getting way
16 outside the bounds of what I think we
17 are here to discuss today in the 9019.
18 But if you guys think it's relevant,
19 then I'm happy to -- I don't --
20 MS. DIAZ: I would --
21 THE WITNESS: Sorry. One moment.
22 Janine, she is asking me for
23 litigation strategy related to state
24 court parties that the Reorganized
25 Debtors are not a party to. So I'm

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1 concerned about getting in that topic
2 area.
3 MS. LITTLE: I'm going to put on
4 the record that we think it's completely
5 irrelevant to the 9019 Motion, but you
6 can answer, Ms. Paul.
7 THE WITNESS: Well, actually I
8 believe Judge Larson also cautioned, you
9 know, not to get into other litigation.
10 So the short answer, Ms. Diaz,
11 is that I don't know. I think that
12 obviously that that will be a
13 determination for the court of appeals.
14 So I don't know.
15 But I do think that we should
16 all be considerate of the fact that
17 there's multiple litigation and multiple
18 jurisdictions for multiple parties, and
19 try to keep this related to the 9019
20 Motion of the Reorganized Debtors if we
21 can.
22 The appeal -- I will just
23 clarify too for purposes of the record
24 and for the Court, should they look at
25 this, is that the appeal and the appeal

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1 action have no bearing on the
2 Reorganized Debtors.
3 BY MS. DIAZ:
4 Q. Thank you. That does clarify.
5 Let me move on to the release that's being
6 given by Princeton here. The first part of this
7 release Princeton releases your brother, Natin
8 Paul, on behalf of himself as well as any persons
9 he controls and any entities that he either owns or
10 controls in whole or in part.
11 This is something I was asking about earlier
12 in the deposition. How do we know who was getting
13 released by Princeton in this particular portion of
14 paragraph seven?
15 A. I think the language is clear. But to the
16 extent there are parties that you are concerned
17 about or irrelevant to you we are happy to help
18 clarify that, whether -- I think this conversation
19 has been going on for a couple of days now. But if
20 there is a particular party, or entity or whatever
21 that you are concerned about, these releases run
22 from Princeton to the parties. So I have no idea
23 how they would implicate your client in any event.
24 Q. I'm just curious that --
25 A. I think this is pretty standard language in

1 releases that are trying to be broad as far as
2 walking away from each other.
3 Q. Okay. Well I am just -- for example, would
4 it be your position, looking at the language of
5 paragraph seven, that this release would release
6 any claims that Princeton has against any of the
7 debtors in the Austin bankruptcy cases?
8 A. Princeton doesn't currently have any claims
9 against those parties. They don't have any claims
10 against those parties that I'm aware of.
11 Q. Well, they may not be pending. But to the
12 extent they have any, do you believe this release
13 is something that released the claims against those
14 Austin debtors?
15 MS. LITTLE: Objection. Form.
16 THE WITNESS: You are asking me a
17 hypothetical question. If Princeton
18 hypothetically had a claim against the
19 western district debtors which it does
20 and has not filed, would it release
21 them? Is that what you are asking me?
22 BY MS. DIAZ:
23 Q. I'm asking you if this release is -- the
24 language that says that Princeton is releasing
25 whatever claims it may have against entities that

1 are owned or controlled, in whole or in part, by
2 Natin Paul, doesn't that necessarily include the
3 Austin debtors?
4 A. It includes everybody, but the reason for
5 that is because Princeton is no longer the
6 noteholder. So the fact that Princeton is choosing
7 to release everyone related to its former borrowers
8 makes perfect sense; right? It's no longer a
9 lender.
10 And just to be very clear on the record,
11 Princeton has not brought any claims in the western
12 district against any of the debtors. So I think
13 it's irrelevant to frame the question that way and
14 ask the question that way. But if there is a
15 relevance or concern you have, we are happy to
16 address that with you.
17 Q. Then in paragraph eight of exceptions to the
18 release of Great Value parties in subpart C
19 reserved any present or future claim appeal
20 litigation by the Great Value parties against the
21 receiver, or its agents attorneys or
22 representatives. Why was that accepted from the
23 release?
24 A. It's part of the terms.
25 Q. What was the business purpose?

1 A. To preserve the rights to those parties
2 against the parties enumerated therein.
3 Q. Does this exception to the release offer any
4 benefit to the Reorganized Debtors?
5 A. Yes. It's part and parcel of the overall
6 9019 agreement that provides a huge benefit to the
7 Reorganized Debtors in the resolution of its
8 Chapter 11 cases and adversary proceeding with
9 finality.
10 Q. The provisions obviously are not in the best
11 interest of the Receiver though, is it?
12 A. I actually --
13 MS. LITTLE: Objection.
14 THE WITNESS: I disagree and I
15 would like to take a moment to clarify
16 that. The Receiver -- whatever
17 potential liability the Receiver has,
18 those exist regardless of this
19 agreement. So this agreement does not
20 create more liabilities or exposures to
21 the Receiver or otherwise. Those exist
22 outside.
23 So you have intimated a lot of
24 times that, you know, this is going to
25 respond additional litigation for the

1 Receiver. So the extent that that is
2 the case, I don't believe that this
3 agreement, you know, exacerbates that or
4 minimizes that. Those facts exist on
5 their own, separate and apart from this.
6 MS. DIAZ: Object to the answer as
7 nonresponsive.
8 BY MS. DIAZ:
9 Q. Isn't the primary purpose of a settlement
10 agreement, Ms. Paul, to bring the receivership to
11 an end to stop ongoing lawsuits, stop further
12 discovery by the Receiver abate proceedings
13 involving the Receiver. Isn't the Receiver a big
14 part of an agreement that he's not a party to?
15 A. No.
16 MS. LITTLE: Objection. Form.
17 BY MS. DIAZ:
18 Q. Okay. If the Settlement Agreement were
19 modified by the Court after the hearing on
20 September 14th to say that she would approve it if
21 all of those preservations of rights against the
22 Receiver and potential impact on litigation,
23 whether forms could be eliminated from it, is that
24 something that, based on your understanding and
25 having participated in the negotiations, something

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1 that the Reorganized Debtors would be willing to
2 entertain?
3 A. I don't think we have discussed the
4 hypothetical situation you are describing so I
5 can't answer your question. It's a vague
6 hypothetical situation in any event. But if the
7 Court makes certain determinations, I think the
8 Reorganized Debtors will consult their counsel at
9 that time and determine how best to proceed.
10 Q. Do you agree that the Settlement Agreement
11 as drafted clearly contemplates additional
12 litigation against the Receiver?
13 A. No.
14 Q. As you sit here today, do you have any basis
15 for telling me what happens to the other pending
16 litigation against the Receiver once Phoenix takes
17 over and steps into Princeton's shoes?
18 MS. LITTLE: Objection. Relevance.
19 Form.
20 THE WITNESS: I think -- there is
21 so much litigation I don't think it's
22 possible to answer your question. But I
23 will broadly answer it by saying that
24 Phoenix will make the determinations as
25 to its rights and obligations and

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1 benefits under the note at that time.
2 And I think a lot of things can change
3 between now and then. So I don't really
4 know how to answer your question.
5 MS. DIAZ: Okay. If you guys would
6 indulge me, I think if we take about a
7 five-minute break I can maybe shorten up
8 how much more I have.
9 THE WITNESS: Sure.
10 MS. LITTLE: Sounds good.
11 THE STENOGRAPHER: All right. Off
12 the record.
13 (At this time, off the record.)
14 (At this time, back on the record.)
15 BY MS. DIAZ:
16 Q. Ms. Paul, are you pretty familiar with the
17 work that the Receiver has done on Princeton's
18 behalf as being appointed as Receiver?
19 A. Yes or no. As I mentioned, we haven't
20 received any receivership report in accounting. So
21 I'm not very familiar because we can't get that
22 information.
23 Q. Do you have any opinion, based on what you
24 do know, as to whether or not Mr. Kretzer has been
25 an effective receiver for Princeton?

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1 A. I don't have an opinion.
2 Q. Do you have an opinion as to whether any of
3 the actions undertaken by him in his capacity as
4 receiver benefited Princeton in the settlement
5 negotiations that led to the agreement that we are
6 here to discuss?
7 A. I don't believe that they did.
8 Q. Are there any actions that you are aware of
9 that have been taken by the receiver that you find
10 objectionable?
11 A. General speaking?
12 Q. Yes.
13 A. Yes.
14 Q. Can you tell me about those please?
15 A. Those are set forth in the various
16 litigations that was found over his actions. I
17 think those pleadings speak for themselves.
18 Q. If the settlement is approved, and Phoenix
19 becomes the holder of the notes and/or judgment and
20 the receivership order is still in place, do you
21 have an opinion as to whether or not Mr. Paul would
22 be interested in having the receiver continue on on
23 behalf of Phoenix?
24 MS. LITTLE: Objection.
25 Irrelevant.

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1 THE WITNESS: Yes. I don't think
2 it's relevant and I don't have an
3 opinion at this time.
4 BY MS. DIAZ:
5 Q. If the Houston Court of Appeals issued a
6 ruling today on the pending appeal and ruled in
7 favor of Great Value Storage and World Class
8 Capital Group, would it be the position of the
9 parties that you are here testifying on behalf of
10 that there would be any obligations currently
11 existing to Princeton?
12 MS. LITTLE: Objection. Irrelevant
13 and calls for speculation.
14 THE WITNESS: And, Janine, I don't
15 think I can answer that question. She
16 is asking about -- I think she is asking
17 about litigation strategy in the pending
18 appeal, which is irrelevant to the 9019.
19 In any event, that would be
20 information that those parties discuss
21 with their outside counsel and we
22 haven't discussed that hypothetical
23 anyway. So I don't know how to answer
24 your question.
25 MS. DIAZ: Okay. Well, with that

1 I'm going to make good on my promise
2 this afternoon and pass the witness, if
3 anyone else is going to be asking
4 questions.
5 MS. LITTLE: No further questions
6 from us.
7 MS. DIAZ: Okay.
8 THE STENOGRAPHER: And expedite for
9 y'all?
10 MS. LITTLE: Yes. As soon as
11 possible please. Thank you.
12 THE STENOGRAPHER: Thank you. And
13 Ms. Diaz?
14 MS. DIAZ: Yes. We will need it
15 expedited quickly as well.
16 THE STENOGRAPHER: Sure. Thanks.
17 Ms. Diaz, can you please e-mail me the
18 four exhibits? I'll get those to our
19 production team today.
20 MS. DIAZ: Yes.
21 - - -
22 (Whereupon, Zoom deposition of
23 SHEENA PAUL concluded at approximately
24 4:55 p.m. CST.)
25 WITNESS CORRECTIONS AND SIGNATURE

1
2 Please indicate changes on this sheet of
3 paper, giving the change, page number, line
4 number and reason for the change. Please sign
5 each page of changes.
6 PAGE/LINE CORRECTION REASON FOR CHANGE
7 ____
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25 ____

1 ____
2
3 ______________________
4 SHEENA PAUL
5
6 I, SHEENA PAUL, have read the foregoing
7 transcript and hereby affix my signature that
8 same is true and correct, except as noted on
9 the previous page(s), and that I am signing
10 this before a Notary Public.
11 __________________________
12 SHEENA PAUL
13 State of Texas)
14 County of _________)
15
16 Before me, ______________________, on this day
17 personally appeared SHEENA PAUL, known to me
18 or proved to me under oath or through
19 _____________________
20 (description of identification card or other
21 document), to be the person whose name is
22 subscribed to the foregoing instrument and
23 acknowledged to me that they executed the same
24 for the purposes and consideration
25 therein expressed.

1 Given under my hand and seal of office on
2 this, the ____ day of ________________, 2022.
3 ________________________________
4 Notary Public for and in
5 The State of Texas
6 Commission Expires _____________
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1 STENOGRAPHER'S CERTIFICATION
TO THE ZOOM DEPOSITION OF
2 SHEENA PAUL
TAKEN ON SEPTEMBER 9, 2022
3
4
I, Noelle R. Nevius, a Professional
5 Stenographer, hereby certify that this
deposition transcript is a true record of the
6 testimony given by the witness named herein.
I further certify that I am neither
7 attorney nor counsel for, related to, nor
employed by any of the parties to the action
8 in which this testimony was taken. Further, I
am not a relative or employee of any attorney
9 of record in this cause, nor do I have a
financial interest in the action.
10 The original deposition transcript was
delivered to the attorney party who asked the
11 first question appearing in the transcript on
September 9, 2022. Ms. Cheryl Diaz, Esquire
12 was the attorney present via Zoom at the time
of taking this deposition.
13
September 12, 2022
14
15
16

17 Noelle R. Nevius, Professional Stenographer
18
19
20
21
22
23
24
25

Page 115

1 September 12, 2022
2 Ms. Sheena Paul,
3 RE: In Re: GVS Texas Holdings I. LLC, Et Al.
4 DEPOSITION OF: Sheena Paul (# 5434030)
5 The above-referenced witness transcript is
6 available for read and sign.
7 Within the applicable timeframe, the witness
8 should read the testimony to verify its accuracy. If
9 there are any changes, the witness should note those
10 on the attached Errata Sheet.
11 The witness should sign and notarize the
12 attached Errata pages and return to Veritext at
13 errata-tx@veritext.com.
14 According to applicable rules or agreements, if
15 the witness fails to do so within the time allotted,
16 a certified copy of the transcript may be used as if
17 signed.
18 Yours,
19 Veritext Legal Solutions
20
21
22
23
24
25

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Federal Rules of Civil Procedure

Rule 30

(e) Review By the Witness; Changes.

(1) Review; Statement of Changes. On request by the deponent or a party before the deposition is completed, the deponent must be allowed 30 days after being notified by the officer that the transcript or recording is available in which:

(A) to review the transcript or recording; and

(B) if there are changes in form or substance, to sign a statement listing the changes and the reasons for making them.

(2) Changes Indicated in the Officer's Certificate. The officer must note in the certificate prescribed by Rule 30(f)(1) whether a review was requested and, if so, must attach any changes the deponent makes during the 30-day period.

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COMPANY CERTIFICATE AND DISCLOSURE STATEMENT

Veritext Legal Solutions represents that the foregoing transcript is a true, correct and complete transcript of the colloquies, questions and answers as submitted by the court reporter. Veritext Legal Solutions further represents that the attached exhibits, if any, are true, correct and complete documents as submitted by the court reporter and/or attorneys in relation to this deposition and that the documents were processed in accordance with our litigation support and production standards.

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EXHIBIT 5

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

IN RE:	)	CASE NO: 21-10942-TMD
	)	CHAPTER 7
	)	
6TH AND SAN JACINTO, LLC,	)	Austin, Texas
	)	
	)	Monday, August 22, 2022
Debtor.	)	
	)	2:49 p.m. to 3:28 p.m.
IN RE:	)	
	)	
WC SOUTH CONGRESS SQUARE, LLC,	)	CASE NO: 20-11107-TMD
WC 3RD AND TRINITY, LP,	)	CASE NO: 21-10252-TMD
WC CULEBRA CROSSING SA, LP,	)	CASE NO: 21-10360-TMD
ARBORETUM CROSSING, LLC,	)	CASE NO: 21-10546-TMD
WC 717 N HARWOOD PROPERTY, LLC,	)	CASE NO: 21-10630-TMD
WC MET CENTER, LLC,	)	CASE NO: 21-10698-TMD
WC 511 BARTON BLVD, LLC,	)	CASE NO: 21-10943-TMD
WC ALAMO INDUSTRIAL CENTER, LP,	)	CASE NO: 22-10226-TMD
WC BRAKER PORTFOLIO, LLC,	)	CASE NO: 22-10293-TMD
	)	
Debtor.	)	

MOTIONS HEARING

BEFORE THE HONORABLE TONY M. DAVIS,
UNITED STATES BANKRUPTCY JUDGE

CALENDARED MOTIONS: See pages 2, 3

APPEARANCES: See page 4

Courtroom Deputy: Jennifer Lopez

Court Reporter [ECRO]: Ren Schoener

Transcribed by: Exceptional Reporting Services, Inc.
P.O. Box 8365
Corpus Christi, TX 78468
361 949-2988

Proceedings recorded by electronic sound recording;
transcript produced by transcription service.

CALENDARED MOTIONS:

6TH AND SAN JACINTO, LLC CASE NO: 21-10942-TMD
STATUS HEARING: OBJECTION TO CLAIMS 5-6/SETH KRETZER WITH NOTICE THEREOF, FOR DEBTOR 6TH AND SAN JACINTO, LLC [DKT.NO.139]

MOTION FOR PROTECTION FOR INTERESTED PARTIES WORLD CLASS HOLDINGS, LLC, NATIN PAUL [DKT.NO.175]

DEBTOR'S OBJECTION TO CLAIM #8 BY NIA, ATX, LLC [DKT.NO.165]

WC BRAKER PORTFOLIO, LLC CASE NO: 22-10293-TMD
STATUS HEARING: OBJECTION TO CLAIM 3/SETH KRETZER WITH NOTICE THEREOF, FOR DEBTOR WC BRAKER PORTFOLIO, LLC [DKT.NO.105]

WC SOUTH CONGRESS SQUARE, LLC CASE NO: 20-11107-TMD
STATUS HEARING: OBJECTION TO CLAIM 6/SETH KRETZER WITH NOTICE THEREOF, FOR DEBTOR WC SOUTH CONGRESS SQUARE, LLC [DKT.NO.260]

MOTION FOR PROTECTION FOR INTERESTED PARTIES NATIN PAUL, WORLD CLASS HOLDINGS VI, LLC, WORLD CLASS HOLDINGS, LLC [DKT.NO.320]

WC 3RD AND TRINITY, LP CASE NO: 21-10252-TMD
STATUS HEARING: OBJECTION TO CLAIM 6/SETH KRETZER WITH NOTICE THEREOF, FOR DEBTOR WC 3RD AND TRINITY, LP [DKT.NO.178]

MOTION FOR PROTECTION FOR INTERESTED PARTIES WORLD CLASS HOLDING COMPANY, LLC, WORLD CLASS HOLDINGS, LLC, WCRE MANAGEMENT, LLC, NATE PAUL MANAGEMENT TRUST, WC 3RD AND TRINITY GP, LP, NATIN PAUL [DKT.NO.234]

WC CULEBRA CROSSING SA, LP CASE NO: 21-10360-TMD
STATUS HEARING: OBJECTION TO CLAIM 11/SETH KRETZER WITH NOTICE THEREOF, FOR DEBTOR WC CULEBRA CROSSING SA, LP [DKT.NO.345]

MOTION FOR PROTECTION FOR INTERESTED PARTIES NATIN PAUL, WC CULEBRA CROSSING SA GP, LP, WORLD CLASS INTERESTS, LLC, WCRE MANAGEMENT, LLC, WORLD CLASS HOLDINGS, LLC [DKT.NO.357]

CALENDARED MOTIONS: (CONTINUED)

ARBORETUM CROSSING, LLC **CASE NO: 21-10546-TMD**
STATUS HEARING: OBJECTION TO CLAIM 7/SETH KRETZER WITH NOTICE THEREOF, FOR DEBTOR ARBORETUM CROSSING, LLC [DKT.NO.144]

MOTION FOR PROTECTION FOR INTERESTED PARTIES NATIN PAUL, ARBORETUM CROSSING EQUITY, LLC, WCRE MANAGEMENT, LLC, WORLD CLASS HOLDINGS, LLC [DKT.NO.158]

WC 717 N. HARWOOD PROPERTY, LLC **CASE NO: 21-10630-TMD**
STATUS HEARING: OBJECTION TO CLAIMS 14-15/SETH KRETZER WITH NOTICE THEREOF, FOR DEBTOR WC 717 N HARWOOD PROPERTY, LLC [DKT.NO.187]

MOTION FOR PROTECTION FOR INTERESTED PARTY WCRE MANAGEMENT, LLC [DKT.NO.233]

WC MET CENTER, LLC **CASE NO: 21-10698-TMD**
STATUS HEARING: OBJECTION TO CLAIMS 10-11/SETH KRETZER WITH NOTICE THEREOF, FOR DEBTOR WC MET CENTER, LLC [DKT.NO.164]

MOTION FOR PROTECTION FOR INTERESTED PARTIES NATIN PAUL, WORLD CLASS PROPERTY COMPANY, LLC, WC MET CENTER EQUITY, LLC, WCRE MANAGEMENT, LLC [DKT.NO.199]

WC 511 BARTON BLVD, LLC **CASE NO: 21-10943-TMD**
STATUS HEARING: MOTION TO WITHDRAW OR STRIKE DOCUMENT [DKT.NO.144]

WC ALAMO INDUSTRIAL CENTER, LP **CASE NO: 22-10226-TMD**
STATUS HEARING: OBJECTION TO CLAIM 5/SETH KRETZER WITH NOTICE THEREOF, FOR DEBTOR WC ALAMO INDUSTRIAL CENTER, LP [DKT.NO.79]

MOTION FOR PROTECTION FOR INTERESTED PARTIES WORLD CLASS PARTNER HOLDINGS X, LLC, WCRE MANAGEMENT, LLC, NATIN PAUL [DKT.NO.99]

APPEARANCES FOR:

6th and San Jacinto:	**TODD B. HEADDEN, ESQ.** **Hayward PLLC** **901 Mopac Expressway South** **Building 1, Suite 300** **Austin, TX 78746**
NIA ATX:	**MORRIS E. "TREY" WHITE, III, ESQ.** **Villa & White** **1100 NW Loop 410** **Suite 802** **San Antonio, TX 78213**
Also present:	**STEPHEN A. ROBERTS, ESQ.** **1400 Marshall Ln.** **Austin, TX 78703** **RICHARD WRIGHT, ESQ.** **MATT BOUSLOG, ESQ.** **STEVE LEMMON, ESQ.** **PHIL KHEZRI, ESQ.** **MARK RALSTON, ESQ.** **MS. ROSS [FNU], ESQ.**
Receiver:	**LYNNETTE R. WARMAN, ESQ.** **Culhane Meadows** **13101 Preston Rd.** **Suite 110-1593** **Dallas, TX 75240**
Trustees:	**JAY ONG, ESQ.** **Munsch Hardt Kopf & Harr** **1717 West 6th Street** **Suite 250** **Austin, TX 78703** **BRIAN CUMINGS, ESQ.** **KEVIN MCCULLOUGH, ESQ.** **NANCY RIBAUDO, ESQ.**

1 **Austin, Texas; Monday, August 22, 2022; 2:49 p.m.**

2 **(Call to Order)**

3 **THE COURT:** Okay, *6th and San Jacinto, LLC*, 21-10942,

4 Debtor's objection to the claim number eight by NIA ATX. And

5 who do we have for the Debtor?

6 **MR. HEADDEN:** Good afternoon, Your Honor, Todd

7 Headden on behalf of the Debtor, 6th and San Jacinto, LLC.

8 **THE COURT:** Okay. And who do we have on behalf of

9 NIA ATX?

10 **MR. WHITE:** Good afternoon, Your Honor, Trey White

11 for NIA ATX, LLC.

12 **THE COURT:** Okay. Well, in the words of that

13 renowned and learned philosopher Yogi Berra, why isn't this

14 *déjà vu* all over again?

15 **MR. WHITE:** Well, Your Honor, I'll be happy to

16 respond to that. But just a few minutes ago we did reach an

17 agreement.

18 **THE COURT:** Oh, okay. Go ahead then, announce the

19 agreement.

20 **MR. WHITE:** Be happy to, Judge. We have agreed to

21 drop the attorney's fees, and the Debtor has agreed to pay the

22 default interest from July 8, 2021.

23 **THE COURT:** Okay. Mr. Headden, is that correct?

24 **MR. HEADDEN:** That is correct, Your Honor.

25 **THE COURT:** Okay. And then how will you memorialize

1 this?

2 **MR. WHITE:** We can do an agreed order.

3 **MR. HEADDEN:** Precisely.

4 **THE COURT:** I think that's fine. Okay. Well I'll

5 look forward to seeing your agreed order. Thank you both.

6 **MR. WHITE:** Thank you, Judge. May I be excused?

7 **THE COURT:** Yes. Okay. Now we have a motion for

8 protection in a bunch of cases and we have an objection to

9 claim by Kretzer in a bunch of cases.

10 And I'm going to hope that Mr. Headden accurately

11 captured those cases in the pleading he filed earlier today

12 that was called Debtor's status report. I'm just going to read

13 those cases because this will be all -- those two sets of

14 matters in all these cases more or less: WC South Congress

15 Square, 20-11107; WC Third and Trinity, 21-10252; WC Culebra

16 Crossing, 21-10360; Arboretum Crossing, 21-10546; WC 717 North

17 Harwood, 21-10630; WC Met Center, 21-10698; 6th and San

18 Jacinto, 21-10942; WC 511 Barton Boulevard, 21-10943; WC Alamo

19 Industrial Center LP, 22-10226; WC Braker Portfolio, 22-10293.

20 Is the Receiver's attorney on the phone?

21 **MR. SPEAKER:** I'm listening (indisc.).

22 **MS. WARMAN:** Yes, Your Honor, Lynnette Warman on

23 behalf of the Receiver.

24 **THE COURT:** Okay. Ms. Warman, have you read the

25 status report and the discussion of this term sheet?

1 **MS. WARMAN:** Yes, Your Honor, I have.
2 **THE COURT:** And?
3 **MS. WARMAN:** Well, Your Honor, I think their big
4 announcement may be great for Princeton and the Debtors. But
5 in my view it's not a get out of jail free card with respect to
6 the Receiver's claims in these cases. And the reason I say
7 that is these claims were filed in these cases by the Receiver
8 seeking to collect both the judgment and the Receiver fees.
9 Princeton never appeared in these cases, didn't file
10 proofs of claim, and so any settlement they may have reached in
11 other cases regarding this Debtor may ultimately have some
12 impact in the amount of the Receiver's claim, but they
13 certainly can't settle it out from under the Receiver.
14 The receivership order that's been presented to this
15 Court on numerous times specifically provides that the
16 Receiver's fees are taxed as costs against the Debtor, which
17 means that the Receiver's authorized to seek and recover 125
18 percent of the judgment, plus expenses.
19 In addition to that, as I understand it, they have a
20 term sheet which is at best preliminary. It has to be
21 documented, it has to be approved by the Bankruptcy Court in
22 Dallas, and it has to be ultimately paid and closed. So there
23 are a number of steps to go through before that proposal or
24 that term sheet actually resolves Princeton's claim.
25 In the meantime, the receivership goes on. Texas law

1 is clear that once a court appoints a receiver, it is no longer
2 the prerogative of the plaintiff to decide whether that
3 receivership should continue.
4 And if it does come to pass that Princeton really is
5 paid pursuant to the terms of the Receiver, it will have -- or,
6 excuse me, pursuant to the terms of its agreement, it will have
7 to go back to the receivership court, make that known, and the
8 receivership court will decide what to do and how best to make
9 sure that the receivership fee is paid if we haven't collected
10 it before that time.
11 So in my view abatement is not appropriate. We've
12 been waiting for these documents now for a long time. And it's
13 not just the Receiver that's waiting. The Trustees have been
14 waiting as well.
15 There were statements in the Debtor's status report
16 that they provided the documents to their lawyers, so it
17 shouldn't be any sort of a burden for the lawyers to give them
18 to us and to the Trustee so that we can complete our analysis.
19 Just this morning we received a copy of a bank
20 statement in the Barton case, for example, that Debtor's
21 counsel had said didn't exist. So we are still gathering our
22 evidence.
23 And we are closer to a position where we could amend
24 our claim if we need to do that. But we certainly would like
25 the information we need to finish filling in the blanks before

1 we do that.

2 So as far as we're concerned, Your Honor, while the

3 announcement is big news, it does not really have much impact

4 in this case. And we would urge this case -- this Court rather

5 to deny their request for an abatement, order them to produce

6 this document, and allow these matters to go forward until and

7 unless they get an order from the receivership court saying

8 that the Receiver should -- the Receiver no longer has

9 authority to act. And right now --

10 **THE COURT:** So --

11 **MS. WARMAN:** -- we are a long way from that.

12 **THE COURT:** Yeah, so ordered. I mean, Ms. Ross

13 certainly has credibility in this court but she has no control

14 over or influence with the individual who ultimately must make

15 the decisions about whether or not to assign the term sheet,

16 sign a settlement agreement pursuant to the term sheet, follow

17 through in that term sheet, fund the settlement, and so on and

18 so on and so on.

19 These documents are long overdue. A term sheet's not

20 going to move me in any way whatsoever. My patience has run

21 out. And an order --

22 **MR. ROBERTS:** (Indisc.)

23 **THE COURT:** -- to show cause is going to issue.

24 **MR. ROBERTS:** Your Honor, Steve Roberts. May I

25 address your points --

1 **THE COURT:** No, not yet. I'll give you your chance,
2 Mr. Roberts, but --
3 **MR. ROBERTS:** Thank you.
4 **THE COURT:** -- I need to run through this first.
5 **MR. SPEAKER:** Oh, (indisc.) wins, it's great.
6 **THE COURT:** If you're not speaking, your phone should
7 be on mute or you'll be disconnected.
8 Okay. We've been talking about eight sets of
9 documents that I felt should have been produced pretty much
10 immediately. Have they been produced?
11 **MR. HEADDEN:** Your Honor, Todd Headden --
12 **MS. WARMAN:** No, Your Honor, they have not been
13 produced.
14 **THE COURT:** Mr. Headden.
15 **MR. HEADDEN:** That is correct that the documents have
16 not been produced (indisc.) --
17 **THE COURT:** Okay. All right. Thank you. Okay. The
18 relevant period, for purposes of responding to the discovery,
19 shall be seven years, except with respect to formation
20 documents and corporate records, which obviously there's no
21 relevant period there. It just goes back to whenever the
22 Debtor was formed.
23 The protective order will be granted. It's pretty
24 much denied across the board.
25 I am going to grant it, though, as to numbers 24, 25,

1 26, and 28. And I guess just in case our numbers don't line
2 up, let me flip to those. Yeah, 24 was all documents reflected
3 in a contract or agreement with the staffing agency; 25, all
4 documents reflected in any PPP loan application; 26 is all
5 documents reflected in any agreements evidencing the employment
6 of any person by you, on your behalf, or by company (indisc.)
7 or other organization in which you own an interest or in which
8 an interest is held on your behalf; and 28 was all documents
9 evidencing the names of your employees and their compensation
10 during the relevant period.
11 Those -- I'm not saying you can never have those.
12 Right now I'm saying, no, I'm going to grant the protective
13 order as to those requests.
14 And then tell me -- and I'm -- we're going to come
15 back to this, all documents reflecting any contract or
16 agreement with Yardi, and I think I know what that is, has to
17 do with that accounting system; all documents reflecting any
18 contract or agreement with SiteLink. And I don't know what
19 that is. Why do you want those documents anyway?
20 **MS. WARMAN:** Your Honor, it's our understanding that
21 those are both accounting systems that are used by some or all
22 of the Debtors, and that's where the relevant information is
23 stored, balance sheets, income statements, how things are
24 allocated among the companies. At least that's our
25 understanding and that's the basis for the request.

1 **THE COURT:** Okay. Well I'm not --

2 **MS. WARMAN:** But at this point I think we were just

3 asking for the contracts to see which Debtors had contracts

4 with Yardi and SiteLink.

5 **THE COURT:** Okay. Then the motion's denied as to

6 both those requests. I've got a bigger issue with all those.

7 But let me get back to my notes here.

8 Yeah. I mean, I'm going to get you the order to show

9 cause.

10 I'm going to make available the entire range of

11 sanctions that are available, including the death penalty

12 sanction, which is to say Mr. Paul's not going to get a penny

13 out of any of these estates, including the ones in which he's

14 actually funded the recovery by bidding at these auctions and

15 the ones I know he didn't close on one a couple days ago but

16 he's -- I guess he's closed on several of them, using money

17 from that case in Dallas. But he's not going to get a penny

18 until this production's completed in some form or fashion.

19 And I -- you know, I don't -- obviously the bank

20 statements you're getting independently. You ought to have

21 gotten them from the Debtors. That's a big problem with me.

22 But the Yardi system, the accounting systems, why

23 haven't the Trustees and the Receiver collaborated, come up

24 with an expert? I mean, and I want this to happen because all

25 these answers are there. Now, if there's some cost issue

1 that's associated with this and the Trustees just don't think
2 they need it, explain that to me.
3 But it seems to me that as I've said many times, this
4 cash sloshed around amongst all these companies where it was
5 needed without regard to the creditors for whom that -- you
6 know, to whom that money arguably belonged.
7 And you're never going to sort out where all that
8 comes out unless you get control of and understand this
9 accounting system. And there are answers there. The attorneys
10 representing the lender in Culebra Crossing came up with a lot
11 of information that they pulled off that system that they
12 compared to the bank statements. And so there's a lot to be
13 had there.
14 And so what I don't -- you know, you tell me why you
15 can't do this and then I'll open up a discussion right now. I
16 mean, there ought to be a collaborative approach pooling, you
17 know, the various estates and then the Receiver in some sense.
18 I don't know how you -- if you do this on a per capita basis,
19 on a size of the estate basis.
20 But some way or another there has to be an agreement
21 to come with an expert that's going to crack open Yardi. And
22 he will be given access. That expert will have full access to
23 Yardi with all passwords and everything else. And if that's a
24 problem, we'll get an even bigger forensic expert and he'll
25 just crack it open.

1 **MS. WARMAN:** Your Honor, from the Receiver's
2 perspective, we have had some conversations with the Trustee.
3 I think everyone was sort of waiting to see if we were going to
4 get some documents before (indisc.) --
5 **THE COURT:** You're not going to get anything. You
6 might as well assume you're not going to get anything.
7 **MS. WARMAN:** But I -- so I'll just say this. The
8 Receiver would be willing to move forward with working with the
9 Trustees on that.
10 **THE COURT:** Mr. Ong.
11 **MR. SPEAKER:** Your Honor, may I be heard for one
12 moment (indisc.) --
13 **THE COURT:** Yeah, you guys will get your turn, you
14 and (indisc.) --
15 **MR. ONG:** Your Honor, --
16 **THE COURT:** Go ahead, Mr. Ong.
17 **MR. ONG:** Jay Ong for Randy Osherow, Trustee of a
18 number of these bankruptcy estates. Your Honor, we have had
19 conversations with Mr. Kretzer's counsel regarding these
20 potential initiatives.
21 I will profess that we have not taken a lead role in
22 these matters, including because we have managed to
23 successfully sell the asset in three of our cases. And as a
24 result of that, that renders the cases reliably, or at least
25 reasonably reliably to be surplus cases, which diminishes the

1 Trustee's interest in --

2 **THE COURT:** (indisc.)

3 **MR. ONG:** -- potential fraudulent transfers.

4 But I understand the Court's admonition. And we do

5 have at least some continuing such matters. And we'll

6 coordinate with the Receiver's counsel, as well as with

7 Debtor's counsel and counsel for the other Trustees.

8 **THE COURT:** Mr. Cumings.

9 **MR. CUMINGS:** Brian Cumings, Your Honor, for Trustee

10 Osherow in one of the cases, and Trustee Lowe in the others.

11 There is at least one of the Mr. Lowe cases which is

12 not at all clear will be a surplus case so we definitely do

13 have an interest in getting into the Yardi system. And like

14 Mr. Ong said for Mr. Osherow, we'll cooperate absolutely with

15 the Receiver's counsel, the Trustee's counsel, to sort out how

16 to allocate the expense of doing that.

17 **THE COURT:** The other Trustee counsel.

18 **MR. MCCULLOUGH:** Your Honor, Kevin McCullough on

19 behalf of Laurie Rea, Trustee in the Arboretum case and the WC

20 717. I've interviewed some of Yardi experts and we've been

21 working on an application to employee one as we speak.

22 **THE COURT:** Okay. Very good. Anybody else?

23 **MS. RIBAUDO:** Yes, Your Honor. This is Nancy Ribaudo

24 with Kelly Hart. I'm counsel for Dawn Ragan who's the Chapter

25 11 Trustee in the WC Braker Portfolio case.

1 I just wanted the Court to be aware, this case is
2 late to join the party, so to speak. The case was only filed
3 in May of this year, Trustee appointed the end of May. I'm
4 still getting up to speed at this point.
5 Unlike the other Debtors, no discovery's been served
6 on this particular Debtor. We've reached out and had
7 conversations with counsel for the Trustee, talking about the
8 role of the Chapter 11 Trustee acting as -- on behalf of the
9 Debtor in these cases. And I believe we're on the same page.
10 But with that said, we certainly have already opened
11 the dialogue with respect to having access to whatever
12 information is obtained by the Receiver and will continue to do
13 so as we move forward in the case.
14 But unlike many other debtors, and this was pointed
15 out in the Receiver's status report that was filed in July, you
16 know, there hasn't been any discovery served in -- against the
17 Debtor in this particular case. I just want to point that out.
18 **THE COURT:** Okay. Thank you. Anybody else?
19 **MR. LEMMON:** Your Honor, Steve Lemmon. I represent
20 Alliance Transportation Group which is an unsecured creditor in
21 the Braker case.
22 I want to make two observations, if the Court will
23 allow me. First is --
24 **THE COURT:** Please.
25 **MR. LEMMON:** -- as somebody who in one of the other

1 cases has had access to Yardi, I can tell everyone that it is
2 not that complicated. Once you have access to it, it doesn't
3 take that long to learn how to walk through it. So there's --
4 there shouldn't be this mystique about the system once you're
5 able to access it.
6 Secondly, as the Court observed, money has flown,
7 flowed, flown all around these Debtors. And unless somebody
8 has full access, as the Court observed, you really can't figure
9 where it came from or why. And somebody needs to do that.
10 I can tell you speaking as a representative of an
11 unsecured creditor in Braker, I am very concerned by the fact
12 that we still do not have all of the bank statements, Your
13 Honor. And really until somebody can see all of those bank
14 statements, it's a problem.
15 And, Judge, I've been watching all of these cases
16 carefully for two and a half years. And my observation, if the
17 Court will permit me to allow -- to offer it is this World
18 Class seeks the protection of the Bankruptcy Court when it is
19 in its interest, and World Class ignores every order issued by
20 any court when it is not in its interest.
21 And while the Court's admonition and statement that
22 it's not going to allow World Class to be paid its equity until
23 it complies is very powerful. I personally believe that we
24 will not see real compliance in any of these cases unless the
25 Court fully enforces its show cause authority (indisc.) against

1 the entity but against the individuals.

2 **THE COURT:** Okay. Thank you. Anybody else on the

3 Trustee or creditor side?

4 **MR. KHEZRI:** Your Honor, Phil Khezri, Lowenstein

5 Sandler on behalf of Sangrill (phonetic) Investments, an equity

6 holder in Third and Trinity. I've spoken before.

7 There are equity holders here with clean hands.

8 We -- my client has become increasingly frustrated here. Legal

9 fees are accruing, Trustee fees are accruing here, for

10 something that should have been turned over by right under the

11 Bankruptcy Code.

12 Nate Paul has not provided documents in this case,

13 has taken money out of these cases. And it doesn't look like

14 anybody has been able to properly investigate.

15 And I don't know if the Court would be open to

16 considering appointing an examiner over all the World Class

17 entities to actually review what happened here. But in the

18 meantime, I don't believe any funds should be transferred in

19 any of these cases to World Class or Nate Paul.

20 And to the extent Nate Paul is looking to purchase

21 any properties, I don't believe free and clear language is

22 appropriate in any of those sale orders.

23 **THE COURT:** Okay. Thank you. Any other creditors or

24 Trustees?

25 **MR. WRIGHT:** Judge, My name is Richard Wright

1 (phonetic), and I'm an unsecured creditor. I'm an equity
2 investor in WC Alamo. And I echo what the gentleman just said.
3 I've --
4 **THE COURT:** Okay.
5 **MR. WRIGHT:** -- been an investor from the beginning.
6 I haven't received any reports, balance sheets, financial
7 statements since 2018. Thank you for the time.
8 **THE COURT:** Thank you. Anybody else?
9 **MR. BOUSLOG:** Matt Bouslog from -- on behalf of ATX
10 Braker in the WC Braker case. We -- at risk of repeating to
11 some extent some comments from some other creditors, we are a
12 creditor and we represent a creditor of the WC Braker estate.
13 We also represent a separate entity which is a mezzanine lender
14 of effectively the equity holder of the Debtor.
15 And while we certainly understand and agree with the
16 Court's and the other parties' sentiments here, we would simply
17 ask that with respect to any OSC or any remedy or enforcement,
18 that to the extent possible it be narrowly tailored as to World
19 Class, the individuals, and not, as other equity holders have
20 said, those that might otherwise benefit from any distributions
21 that might be made in those cases.
22 **THE COURT:** I appreciate your point. I know it's
23 been pointed out before, and it's been on my mind ever since I
24 started considering this notion of sanctions.
25 **MR. BOUSLOG:** Thank you, Your Honor.

1 **THE COURT:** Anybody else on the creditor or Trustee
2 side?
3 (No audible response)
4 Okay. Mr. Roberts, I think it's your turn.
5 **MS. ROSS:** Your Honor.
6 **THE COURT:** Oh, sorry. Go ahead, yes.
7 **MS. ROSS:** Go ahead. I didn't mean to interrupt
8 whoever it was that was on the line. Go ahead.
9 **THE COURT:** Go ahead, Ms. Ross.
10 **MS. ROSS:** Okay, Your Honor. Thank you, Judge. I do
11 consider myself a creditor, even though I'm not a creditor. My
12 client has been of course the -- we are the person that put the
13 -- we are the entity that put the receivership in.
14 I do want to tell the Court a couple of things.
15 We -- it is my -- first of all, I do support the abatement that
16 has been requested and that the Court has now denied. But I
17 wanted to let you know I support it.
18 And part of the reason, Judge, that I support it is
19 because I do intend to immediately turn my head towards trying
20 to negotiate a resolution of the dispute between the Receiver
21 and the entities that have -- that he has taken action against
22 in the bankruptcy proceedings before your Court.
23 The bottom line on this, Judge, is that I don't think
24 anybody benefits from the continuation of this. At this point,
25 the -- Nate Paul has agreed to pay my client in full. And now

1 I want to turn my head towards getting the Receiver into a
2 position where the Receiver can be dismissed and paid.
3 So just letting the Court know that I do still
4 support the abatement. But if the Court is not inclined to
5 grant an abatement of ten days or so, then so be it. Thank
6 you.
7 **THE COURT:** Thank you. Mr. Roberts.
8 **MR. ROBERTS:** Yes, Your Honor. If I can back up a
9 minute, Your Honor, and advise the Court what's happened. And
10 as is often the case, the timing is unfortunate. But timing is
11 often not in control of the Debtor.
12 What has been filed is a motion to abate based on a
13 binding term sheet to reduce to a settlement agreement only
14 consistent and containing the terms of the term sheet so that,
15 for example, (indisc.) language is fleshed out.
16 The funds for paying that are already in reserve in
17 the GVSH (phonetic) bankruptcy case for Princeton's claim. The
18 motion requires the Bankruptcy Court in the Northern District
19 of Texas to approve the settlement. It does not rely on
20 Mr. Paul coming up with funds to fund the settlement. It
21 doesn't really rely on the settlement agreement because what we
22 have is binding. The parties have agreed to go for an
23 expedited hearing to get that approval.
24 As it relates to Mr. Kretzer's claim, Mr. Kretzer has
25 two avenues. One is he's pursuing fraudulent transfers

1 purportedly on behalf of Princeton, which Princeton does not
2 want to pursue and does not need to pursue.
3 As his counsel pointed out, he's also pursuing
4 fraudulent transfer claims on the theory he's entitled to fees.
5 And I would like to address that for just one minute.
6 Under the order, counsel --
7 **THE COURT:** Mr. Roberts.
8 **MR. ROBERTS:** Yes.
9 **THE COURT:** I mean, I think I know where you're
10 going. What you need to understand is that stuff is not being
11 produced. It's long overdue.
12 **MR. ROBERTS:** May I finish, Your Honor? I understand
13 what you're saying but I'd like to make a record here.
14 **THE COURT:** Go ahead.
15 **MR. ROBERTS:** So as to Kretzer's claim, he's not
16 entitled to any fees. He's entitled up to 25 percent of what
17 Princeton gets paid, possibly, depending on what the court in
18 Houston says.
19 Mr. Kretzer's already collected $3 million.
20 Mr. Kretzer can't explain to this Court why he needs to pursue
21 fraudulent transfer claims. And that is the only basis upon
22 which Mr. Kretzer needs these documents.
23 I'll turn to the Trustees in a minute. But I would
24 ask the -- re-urge the Court to just reset this for a week and
25 let the sky clear and let the judge see that you have a

1 settlement, we have a motion, and let Kretzer explain what's
2 left.
3 As to the Trustees, but for one case the elimination
4 of the Kretzer's claim creates solvent estates with surpluses.
5 And I'll get to the exception in a moment. So they --
6 instructing the Trustees to move forward for a investigation
7 going back seven years in a solvent case does not result in any
8 possible causes of action, and the investigations have no
9 purpose.
10 I certainly understand your frustration with the lack
11 of document production. And I would hope you understand that
12 our concerns about providing this information to Mr. Kretzer.
13 Mr. Kretzer's conduct is a matter for the State
14 courts. But as you've seen in your own court, Mr. Kretzer has
15 stepped in at WC Culebra, stopped a sale, cooperated with
16 another lender to give him the property, with no accounting and
17 no money going to Princeton.
18 That's one of many examples. So lots of issues with
19 Mr. Kretzer's use of information that has been produced in
20 other cases. Whether the Court agrees with that concern, it
21 conflicts with their discovery rights, and it's a difficult
22 issue. But as to the Trustees --
23 **THE COURT:** What motion have you filed with respect
24 to that?
25 **MR. ROBERTS:** Filed a motion with respect to what,

1 Your Honor?

2 **THE COURT:** Mr. Kretzer's alleged misbehavior.

3 **MR. ROBERTS:** There -- the receivership order was

4 appealed to the First Court of Appeals in Houston. It's been

5 argued and we're waiting for a decision.

6 **THE COURT:** Right.

7 **MR. ROBERTS:** If the First Court of Appeals strikes

8 that, that has a dramatic effect on Mr. Kretzer's rights.

9 **THE COURT:** And that hasn't happened yet.

10 **MR. ROBERTS:** (Indisc.) happening in State court, the

11 State court is waiting to see.

12 **THE COURT:** So we're just stonewalling in documents

13 until all the other legal avenues are possibly pursued.

14 **MR. ROBERTS:** No. The WC entities have done one more

15 very significant thing. If Mr. Kretzer doesn't have a claim

16 against these estates, if Princeton files under the motion --

17 under the agreement, Princeton's going to file a motion to wind

18 up and terminate the receivership. Mr. Kretzer has to provide

19 an accounting.

20 If Mr. Kretzer has in fact recovered $3 million,

21 there's no basis for a fraudulent transfer claim even on his

22 behalf. He has no standing and no need for these documents.

23 That's what Mr. Kretzer's counsel has not informed you of.

24 As to the Trustees, I think you've had Trustees

25 already say if I have a surplus case, I don't need to go back

1 through all those years of information, I have a surplus case.
2 So one case there's not a surplus case yet --
3 **THE COURT:** Mr. Roberts.
4 **MR. ROBERTS:** I'm sorry.
5 **THE COURT:** This is really simple. If somebody is in
6 good faith responding to a document request, they'll produce
7 some documents. They'll do something. They won't completely
8 thumb their nose at the bankruptcy process by not turning over
9 a single document. Do you see the problem here?
10 **MR. ROBERTS:** I do see the problem, Your Honor. And
11 I think that has something to do with why the case has been
12 settled. And this case has been settled. I'd ask the Court to
13 consider that and put that in perspective.
14 **MS. ROSS:** Your Honor, may I add one thing? This is
15 Ms. Ross. And I don't want to --
16 **THE COURT:** Go ahead.
17 **MS. ROSS:** If the Court doesn't want to hear from me,
18 that's fine. Your Honor, I have (indisc.) for ten days
19 straight to get my client in a position to get its full claim
20 paid. And that is what I have successfully negotiated.
21 And I am now going to turn my head to, in the next
22 ten days, trying to resolve the issues with the Receiver as
23 well, while at the same time asking the Bankruptcy Court in the
24 Northern District of Texas to release the money that was put
25 there on behalf of my client.

1 So the only thing that I would say, Judge, is that I
2 personally will commit to you that if you abate for ten days
3 only, that I will do everything in my power to negotiate and
4 try to get the matters with the Receiver resolved. That's all
5 I can promise. And --
6 **THE COURT:** Go ahead, Mr. Roberts.
7 **MS. ROSS:** -- that's all I have to say, Judge. Thank
8 you.
9 **THE COURT:** What else, Mr. Roberts?
10 **MR. ROBERTS:** Your Honor, I think if you put these
11 two things together, I'm not going to stand before you and
12 argue that the WCC entities have operated, have produced
13 documents as they have -- should have.
14 But you might consider the possibility that's a
15 direct -- rather than produce the documents, rather than expose
16 their businesses to further seizures of bank accounts, seizures
17 of property without proof, rather than expose themselves to
18 further damage, my client's chosen to settle. So there is no
19 reason for Mr. Kretzer to produce the documents.
20 If we have a Trustee that has an insolvent estate
21 that -- and if that particular estate says, I still need that
22 information, we can address that and we can address it in good
23 faith because counsel for the Debtors have the documents.
24 And otherwise, just looking at the number of lawyers
25 on this phone, we (indisc.) --

1 **THE COURT:** All precipitated by your failure to
2 produce the documents.
3 **MR. ROBERTS:** I understand. But what we haven't --
4 **THE COURT:** Mr. Ralston, what have you got?
5 **MR. ROBERTS:** -- failed to do is settle. Thank you.
6 **MR. RALSTON:** Your Honor, just a point. And I don't
7 mean to speak for either Mr. Ong or Mr. Cumings. But we did
8 have last week a 341 meeting held by Mr. Osherow in all of the
9 WC cases that he's handling.
10 And as I think has been stated, Mr. Osherow indicated
11 in that 341 meeting that -- combined 341 meeting as it were,
12 because he's handling numerous cases -- that apart from
13 Mr. Kretzer's claims, he views the estates that he's involved
14 with as being solvent and that he is trying to limit the
15 administrative expenses as a result of that.
16 And I think what the -- as I understand this
17 agreement between I believe the GVS entities and Princeton
18 Capital, although it is a binding settlement agreement, it's
19 not just a -- it's not an agreement to agree, as I understand
20 it, but it is a settlement agreement laying out binding
21 terms --
22 **THE COURT:** I've been -- I was informed of it, what,
23 at noon today?
24 **MR. RALSTON:** Your Honor, I think there was -- I
25 think the parties, Mr. Ross and I believe the Mr. Morrison, who

1 represents GVS, I think he is on the call, I think they were
2 still working out terms today. I don't think it was -- and it
3 certainly was not anything intentional on the part of those
4 parties. But I think they were working feverishly to get
5 something done.
6 And they could speak to that, Your Honor. I'm
7 Debtor's counsel. I'm not counsel for GVS. That would be the
8 World Class entity that would -- as I understand it would be
9 funding the settlement.
10 So, Your Honor, I think we're in a position with a
11 short abatement, which should not prejudice Mr. Kretzer,
12 especially if Ms. Ross is able to achieve a resolution,
13 would -- of ten days is not going to prejudice anyone.
14 And it may just create an opportunity where
15 Mr. Kretzer and Princeton are paid off, that -- with the
16 exception, as I understand it, of one estate -- the remaining
17 estates are solvent and these cases can be wrapped up
18 expeditiously.
19 **THE COURT:** Well, I'm all in favor of Princeton being
20 paid, let me say that.
21 **MR. KHEZRI:** Your Honor, --
22 **THE COURT:** (Indisc.) wholeheartedly -- I
23 wholeheartedly encourage that that settlement get funded and
24 approved. And I can't say enough -- and I will consider that
25 when I conduct a hearing on the show cause order.

1 **MR. KHEZRI:** Your Honor, Phil Khezri for --
2 **THE COURT:** And the comments -- excuse me.
3 **MR. KHEZRI:** Sorry.
4 **THE COURT:** The comments made about how many of these
5 estates are solvent and maybe only one is insolvent, that's
6 helpful. It's kind of just information that's floating out
7 there. If somebody were to put together a chart, a pretty
8 simple chart, and demonstrate that, that would be helpful, too.
9 But otherwise it's --
10 **MS. SPEAKER:** Your Honor, --
11 **THE COURT:** -- full speed ahead. Mr. --
12 **MS. SPEAKER:** Your Honor, --
13 **THE COURT:** -- Khezri I think wanted to talk.
14 **MR. KHEZRI:** Yes, Your Honor. Thank you so much.
15 Phil Khezri, Lowenstein Sandler again, representing Sangrill
16 Investments, an equity holder in Third and Trinity.
17 Even if Third and Trinity is solvent, those books and
18 records must have been turned over to the Trustee. That is
19 required under the Bankruptcy Code. The Trustee should have
20 possession of all the books and records. There's no exception
21 for the estate being solvent here. There are equity holders
22 who likely have been defrauded here.
23 So even if the Receiver is paid off, those books and
24 records should be turned over to the Trustee. And equity
25 holders and creditors have a right to review what happened

1 prebankruptcy. There are causes of action here, possibly even
2 subordination of Nate Paul's equity interest or other World
3 Class equity interests in the estate.
4 So I don't think that argument that these estates are
5 solvent is grounds for not turning over books and records that
6 are required under the Bankruptcy Code. These entities availed
7 themselves of bankruptcy protections. They have obligations
8 that go with that. And they are picking and choosing which
9 rules apply to them going forward in this bankruptcy case.
10 **THE COURT:** Okay.
11 **MR. HEADDEN:** Your Honor, Todd Headden, if I may just
12 briefly (indisc.) finish up some of this. I do want to go back
13 and address some of the points that have been made in regards
14 to a chart for solvency or surplus cases. That is something
15 that the Debtor certainly can put together and would be happy
16 to do so.
17 There is a pretty big difference between providing
18 documents to the Trustees, all of whom are court-appointed
19 fiduciaries, and turning over documents to Kretzer, given the
20 history that I think has been laid out and the Court is well
21 aware of. I'm not going to belabor that point. But that is
22 obviously the sticking point for the Debtors. We don't frankly
23 trust the Receiver and what they would do with the additional
24 information.
25 So the Debtors are trying to wrap these cases up in

1 good faith. As has been indicated here, a number of these
2 cases are (indisc.) surplus cases. And we're moving as quickly
3 as we can into the settlement and trying to get that motion
4 filed on an expedited basis, both of the -- of I-35 and after
5 that settlement is entered by Judge Larson, then they can take
6 it down to State Court in Houston. Thank you.
7 **THE COURT:** Okay. The motion to abate's denied. The
8 motion for protective order is denied except as to document
9 categories 24, 25, 26, and 28.
10 We're going to reset all this stuff to Monday,
11 September 26th. There will be a show cause hearing on that
12 day.
13 I will consider whether or not (indisc.) gets paid
14 off, what effect that might have on Kretzer. I do want to take
15 into account the interest of equity holders who are not part of
16 the Nate Paul group of entities or companies.
17 Some actual production of documents would be helpful,
18 would be very helpful --
19 **MR. LEMMON:** Your Honor, --
20 **THE COURT:** -- because even if Kretzer magically
21 disappears, even if, the failure to produce is going to be
22 considered.
23 **MR. HEADDEN:** Your Honor, is there a time on the
24 26th?
25 **THE COURT:** Two forty-five.

1 **MR. LEMMON:** Your Honor, may I speak briefly?

2 **THE COURT:** Briefly.

3 **MR. LEMMON:** Could I just ask that the Court include

4 any order that Mr. Paul personally appear before the Court?

5 **THE COURT:** Yes. Thank you. All right. We're

6 adjourned.

7 **(This proceeding was adjourned at 3:28 p.m.)**

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CERTIFICATION

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

______________________________	August 27, 2022
Signed	Dated

TONI HUDSON, TRANSCRIBER

EXHIBIT 6

1 IN THE UNITED STATES BANKRUPTCY COURT
2 FOR THE NORTHERN DISTRICT OF TEXAS
3 DALLAS DIVISION

4 GVS TEXAS HOLDINGS I, LLC, § CASE NO. 21-31121-mvl11
5 § DALLAS, TEXAS
§ MONDAY, AUGUST 29, 2022
DEBTOR. §
6 --------------------------------§
SETH H. KRETZER, AS RECEIVER §
7 FOR GREAT VALUE STORAGE LLC §
AND WORLD CLASS CAPITAL §
8 GROUP LLC, §
Plaintiff, § ADV. CASE NO. 22-03057-mvl
9 § DALLAS, TEXAS
- vs - §
10 §
GVS COLORADO HOLDINGS I, LLC § MONDAY, AUGUST 29, 2022
11 ET AL., §
Defendants. §
12 §
----
13 PRINCETON CAPITAL CORPORATION,§
Plaintiff, § ADV. CASE NO. 22-03043-mvl
14 § DALLAS, TEXAS
- vs - §
15 §
GVS TEXAS HOLDINGS I, LLC §
16 ET AL., § MONDAY, AUGUST 29, 2022
Defendant. §
17 --------------------------------
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MOTIONS HEARINGS
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BEFORE THE HONORABLE MICHELLE V. LARSON,
21 UNITED STATES BANKRUPTCY JUDGE
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23
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25 Proceedings recorded by electronic sound recording;
transcript produced by transcription service.

1 APPEARANCES:

2

3 FOR CBRE WWG STORAGE PARTNERS JV III, LLC (PURCHASER)	STEVE PEZANOSKY, ESQ. IAN PECK, ESQ. JORDAN CHAVEZ, ESQ. HAYNES AND BOONE 2323 Victory Avenue Suite 700 Dallas, TX 75219
7 FOR PRINCETON CAPITAL CORP:	JUDITH ROSS, ESQ. CHARLES COWDEN, ESQ. ROSS & SMITH, PC 700 N. Pearl Street Suite 1610 Dallas, TX 75201 (214)593-4971
11 FOR THE DEFENDANTS:	JEFFREY NEIL ROTHLEDER, ESQ. SQUIRE PATTON BOGGS LLP 2250 M Street, NW Washington, DC 20037 (202)457-6424
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21 FOR SETH KRETZER, RECEIVER:	LYNETTE R. WARMAN, ESQ. CHERYL DIAZ, ESQ. CULHANE MEADOWS PLLC 13101 Preston Road Suite 110-1593 Dallas, TX 75240 (214)693-6525

25

APPEARANCES, continued:

FOR PRINCETON CAPITAL CORP:	JUDY ROSS, ESQ. CHARLES COWDEN, ESQ. ROSS & SMITH, PC 700 N. Pearl Street Suite 1610 Dallas, TX 75201 (214)593-4971
FOR THE U.S. TRUSTEE:	LIZ ZIEGLER YOUNG, ESQ. ASHER BUBLICK, ESQ. U.S. DEPARTMENT OF JUSTICE OFFICE OF THE U.S. TRUSTEE 1100 Commerce Street Room 976 Dallas, TX 75242
ALSO:	James Volberding Dana Lipp
COURT RECORDER:	HSJ Clerk's Office U.S. Bankruptcy Court 501 W. 10th Street Fort Worth, TX 76102-3643
TRANSCRIPTION SERVICE:	ACORN TRANSCRIPTS, LLC 3572 Acorn Street North Port, FL 34286 info@acornfla.com

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1 C A L E N D A R

2

3 Kretzer v GVS Colorado Holdings I, LLC et al.
22-03057-mvl

4 Motion to dismiss adversary proceedings Non-Debtor
Defendants' Motion to Dismiss Complaint (14)

5

6 GVS Texas Holdings I, LLC, 21-31121-mvl11

7 Expedited Motion to Reconsider (related documents 1329 Order
on motion for leave) Purchaser's Motion to Reconsider Order
8 Granting World Class Holdings I, LLC's Motion to Confirm
Reinstatement of Natin Paul as Sole Officer of the
9 Reorganized Debtors Filed by Creditor The William Warren
Group, Inc. (1345)

10 Expedited Motion to Reconsider (related documents 1329 Order
on motion for leave) Filed by Jointly Administered
11 Party/Debtor GVS Colorado Holdings I, LLC, GVS Illinois
Holdings I, LLC, GVS Indiana Holdings I, LLC, GVS New York
12 holdings I, LLC, GVS Ohio Holdings II, LLC, GVS Portfolio I,
LLC, GVS Portfolio I B, LLC; GVS Portfolio I C, LLC, GVS
13 Tennessee Holdings I, LLC, GVS Texas Holdings II, LLC, GVS
Missouri Holdings I, LLC, GVS Nevada Holdings I, LLC, GVS
14 Ohio Holdings I, LLC, WC Mississippi Storage Portfolio I,
LLC, Debtor GVS Texas Holdings I, LLC, Interested Party
15 World Class Holdings I, LLC (1351)

16

17 Princeton Capital Corporation vs. GVS Texas Holdings I, LLC,
et al., 22-03043-mvl

18 Motion to Dismiss Adversary Proceeding Non-Debtor
Defendants' Motion to Dismiss complaint (13)

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1 DALLAS, TEXAS; MONDAY, AUGUST 29, 2022
2 (Call to Court)
3 THE COURT: Please be seated. Good morning,
4 everyone.
5 It appears I've come out with everything but a
6 docket, but I think I know why I'm here. I think -- I got
7 it -- thank you very much, Ms. Jeng. I was going to wing
8 it.
9 All right. We have two matters on our 9:30 docket
10 this morning. I think that I'm going to call them in
11 reverse order, and I'm going to start with Case No. 21-
12 31121, GVS Texas Holdings I, LLC, the main case. And I'll
13 take appearances for the record. I'll start with those in
14 the courtroom.
15 MR. PEZANOSKY: Good morning, Your Honor. Steve
16 Pezanosky with Haynes and Boone. Also appearing with me is
17 Ian Peck and Jordan Chavez, also of Haynes and Boone. We
18 represent, and I have to write it down so I can read it,
19 CBRE WWG Storage Partners JV III, LLC, which we'll just call
20 the "Purchaser" from now on. It'll be a little bit easier.
21 Thank you, Your Honor.
22 THE COURT: I'm sure that I have slaughtered it in
23 every way possible, Mr. Pezanosky, so fair enough.
24 MS. WARMAN: So many acronyms and so little time.
25 Lynette Warman on behalf of Seth Kretzer, receiver for Great

1 Value Storage and World Class Capital Group. With me today
2 is my partner, Cheryl Diaz. Also in the courtroom are Mr.
3 James Volberding and Dana Lipp, who are state court
4 litigators for the receiver.
5 THE COURT: Good morning to you all.
6 MS. YOUNG: Good morning, Your Honor. Liz Ziegler
7 Young for the U.S. Trustee. I believe Mr. Asher Bublick is
8 appearing via WebEx as well.
9 THE COURT: All right. Good morning. Nice to see
10 you.
11 All right. Now, I'll take appearances on WebEx.
12 MR. ROTHLEDER: Good morning, Your Honor. Jeffrey
13 Rothleder of Squire Patton Boggs on behalf of the -- now on
14 behalf of the reorganized debtors, World Class Holdings I,
15 and what we'll term the "Defendants."
16 With me today is my partner, Sarah Rathke, and my
17 colleague, Kyle Arendsen.
18 THE COURT: Good morning. Nice to see you.
19 MR. ROTHLEDER: Good morning.
20 THE COURT: Is there anyone else who wishes to
21 make an appearance on WebEx?
22 MS. ROSS: Yes, Your Honor. Good morning. Judith
23 Ross on behalf of Princeton Capital Corporation.
24 THE COURT: Good morning, Ms. Ross.
25 MS. ROSS: Good morning.

1 THE COURT: Any other appearances? All right.
2 Again, we're going to start with the pleadings
3 that were filed in the main case, primarily two,
4 essentially, motions to reconsider: one filed by the William
5 Warren Group at Docket 1345; and the other filed by the
6 Reorganized Debtors and World Class Holdings I at Docket
7 1351.
8 Unless folks tell me otherwise, I think it might
9 make sense to hear those together.
10 MR. PEZANOSKY: I totally agree, Your Honor. What
11 I would propose -- again, Steve Pezanosky on behalf of the
12 purchaser, the William Warren Group.
13 What I would propose is the motion for -- our
14 motion for reconsideration and their motion to clarify --
15 the World Class Holdings' motion to clarify are, you know,
16 very related. I would suggest we do a consolidated record
17 on both of those motions.
18 And what I would suggest, unless the Court has
19 other thoughts, I would do just a brief opening statement
20 and then make an evidentiary record by moving for the
21 admission of all of our exhibits. I don't think there are
22 any factual disputes, frankly, and I don't think there are
23 any disputes that are exhibits. I sent an email asking
24 about that yesterday. I didn't get any responses, except
25 for Ms. Warman.

1 seen you in my courtroom.
2 All right. It is 10:36. We're going to take a
3 very brief recess to see if I could get the temperature in
4 this room adjusted, and I'll be back on the bench at 10:45.
5 THE CLERK: All rise.
6 (Recess at 10:36 a.m.; reconvened at 10:46 a.m.)
7 THE CLERK: All rise.
8 THE COURT: Please be seated. Thank you all for
9 your patience. All right. We're going to go back on the
10 record and at this point I'm going to call the adversary --
11 MR. ROTHLEDER: Your Honor, sorry to interrupt, if
12 I may. We filed an amended agenda, this is Jeff Rothleder.
13 Before we call the adversary, there's a one-off again item
14 regarding the Princeton settlement.
15 THE COURT: Okay.
16 MR. ROTHLEDER: If Your Honor would have, we would
17 like to quickly discuss with the Court. I don't think it
18 should take more than three or four minutes --
19 THE COURT: All right.
20 MR. ROTHLEDER: -- before switching to the
21 adversaries.
22 THE COURT: Okay. I'm ready.
23 MR. ROTHLEDER: As Your Honor may be aware, we are
24 pleased to report that we have reached agreement and signed
25 a settlement term sheet with Princeton to resolve their

1 claim in full. In fact, they will be receiving payment,
2 $11.3 million which is the full amount of their calculated
3 claim. We are in the process of filing, just documenting
4 the fulsome settlement agreement that we hope to have
5 finalized. We've worked through the weekend to get that.
6 We've worked, well, through to last week to get it done.
7 It's a complex document as you may imagine and we want to
8 get it done and get it done right for Your Honor.
9 On Friday evening, and Ms. Ross can speak for
10 herself, Princeton filed a 9019 motion seeking approval.
11 They've asked for an expedited hearing on that. We are
12 working to get the documents done so that we can get an
13 expedited hearing. But I will turn it over to Ms. Ross if
14 Your Honor's okay for her to address her motion and then
15 respond to any comments or positions.
16 MS. ROSS: Yes, Your Honor, I took the unusual
17 step of filing our own motion because we did not get it on
18 file. And I leave, God willing, I leave for a trip to
19 Greece on the 6th of September in honor of my sixty-fifth
20 birthday, which nobody outside this courtroom needs to
21 mention to anybody. In any event --
22 THE COURT: Motion to strike that number for the
23 record.
24 MS. ROSS: In any event, so I filed -- we are --
25 Mr. Rothleder is correct, we are working very hard to get

1 everything done.
2 Let me if can explain just for two seconds the
3 issue. I'd like to go ahead and get, try to get whatever
4 motion it is that Mr. Rothleder ultimately files set for the
5 2nd, I know that seems a little odd. But I'd like to go
6 ahead and get the hearing on the Court's radar so that we
7 can get everything done before I leave the United States.
8 Now, that may not -- the Court may conclude that
9 if we don't, you know, that there's not enough time, but I'm
10 not sure who's going to object to this. I think most people
11 are going to be relieved that it's over.
12 So I just want to mention, Judge, that that's why
13 I did what I did. They're -- I'm hoping we're going to get
14 everything done tonight and the motion will be filed, the
15 formal motion that has been filed by the reorganized debtors
16 will be filed tomorrow as well.
17 THE COURT: Okay. Thank you very much, Ms. Ross.
18 Is there anyone else who wishes to be heard with
19 respect to the Princeton settlement?
20 Ms. Warman?
21 MS. WARMAN: Your Honor, Lynnette Warman on behalf
22 of Seth Kretzer. All we'd like to say is that the receiver
23 may end up having to object to the settlement. There are
24 terms and conditions in the term sheet which have
25 ramifications involving the receiver which far exceed just a

1 simple payment of money between the two parties, the
2 Princeton and whatever group is paying them.
3 And so the receiver wouldn't object to a hearing
4 on Friday, but we'd just like to make sure that we have an
5 opportunity to file an objection prior to the hearing. So
6 that would be my only request, Your Honor.
7 THE COURT: All right. Thank you very much,
8 Ms. Warman.
9 MR. ROTHLEDER: Your Honor, from the defendants
10 and reorganized debtors' position is, we fully respect Ms.
11 Ross' trial schedule. We've been working, everyone's been
12 working and we hope -- we want everyone to be able to go on
13 their trips, trust me.
14 We just want to make sure we get the documents
15 done and right, and we actually have spoken with the U.S.
16 Trustee's office as required by the local rules and they've
17 expressed an interest in making sure that the settlement
18 agreement gets reviewed. As Ms. Ross said, we hope to get
19 it done tonight or first thing tomorrow. I think we are
20 close unless Ms. Ross tells me otherwise, but we can do that
21 offline.
22 We just want to make sure that there's flexibility
23 should the Court set something in case things go sideways
24 here. But --
25 MS. ROSS: Judge, I don't know how anything could

1 go sideways. We had -- we attached our agreement with the
2 term sheet, which is a binding term sheet to what we sent
3 out, so Ms. Warman has full information about the terms of
4 the agreement.
5 The only thing that remains is that we agreed, my
6 client agreed to negotiate in good faith with respect to one
7 issue. We have until closing to continue to negotiate on
8 that, and so -- which we will continue to do. So our view
9 is that we're either going to get that part of it negotiated
10 tonight and proceed. We're going to proceed with the new
11 negotiated agreement or we're not, and we're going to
12 proceed with the original one.
13 So that's our view and I think let's not worry
14 about it too much, because Mr. Rothleder and I will do our
15 jobs and try to get it all resolved today.
16 THE COURT: Okay. And so, Ms. Ross, how long will
17 you be gone?
18 MS. ROSS: Unfortunately there's an extended
19 period. I will be gone until the 22nd of September.
20 THE COURT: Okay. So I've got --
21 MS. ROSS: Of course, I had to -- excuse me,
22 Judge.
23 THE COURT: Oh, no, no, go ahead.
24 MS. ROSS: I didn't mean to interrupt.
25 THE COURT: No, go ahead.

1 MS. ROSS: Let me look at my calendar here, just
2 one minute, because it's possible I might be here on the 6th
3 - yeah, no, I have to leave.
4 THE COURT: Well, the Court's not available on the
5 6th anyway.
6 MS. ROSS: Yeah, that's over the Labor Day
7 weekend, yeah. Judge, I get back on the --
8 THE COURT: Well, actually I'm available on the
9 afternoon of the 6th. I'm not available in the morning.
10 I'm looking at my calendar.
11 MS. ROSS: Okay. Well, I return -- I'll be back
12 in the office on the 22nd, Your Honor.
13 THE COURT: Right. Okay. Well, I'll --
14 MR. ROTHLEDER: And, Your Honor --
15 THE COURT: Please, go ahead.
16 MR. ROTHLEDER: -- from our perspective we want to
17 get this done. As Your Honor is well aware, the 1031
18 deadline is September 19th, which is one reason for moving
19 expeditiously.
20 THE COURT: No, I understand. I do understand
21 that. It's just obviously, we are where we are --
22 MR. ROTHLEDER: Yeah.
23 THE COURT: -- in terms of the calendar. And --
24 MR. ROTHLEDER: Understood, Your Honor.
25 THE COURT: -- we're looking to take a 33-day

1 motion and compress it to what appears to be six or seven
2 days. All right. I mean obviously all parties' rights are
3 reserved. I'm not taking a position on either expedition or
4 the supplement approval. I haven't had an opportunity to
5 review the 9019 motion at all. I did understand from review
6 of the pleadings relative to the matters on for today that
7 essentially there was a settlement. And that at least from
8 World Class and the reorganized debtors' perspective, that
9 they believe that it either moots or is grounds for a stay
10 or abstention that much I know.
11 All right. So let's go ahead. Anything else with
12 respect to the open hand item as Mr. Rothleder explained it?
13 MR. ROTHLEDER: Nothing, Your Honor, from us.
14 THE COURT: Okay. Thank you.
15 So I'm going to go ahead and call Adversary No.
16 22-3057. Is there anyone who wishes to make an appearance
17 that has not already done so?
18 (No audible response)
19 THE COURT: Okay. Hearing none I think the gang's
20 all here. One thing that I have to say, Mr. Rothleder, is
21 this is an adversary proceeding, and our general order is
22 clear that adversary proceedings are in person proceedings.
23 And so if there was going to be a request to
24 appear via WebEx, that should have been a request that was
25 made by counsel. So I expected to come in to live

1 litigants. I'll hear you guys today, but please recognize
2 in the future that our adversary rules, in fact, our Chapter
3 11 rules are -- I routinely do give the privilege of WebEx
4 to litigants, but adversaries are a different animal.
5 MR. ROTHLEDER: We apologize for that, Your Honor.
6 We did not realize that nuance and we will make sure to note
7 it going forward.
8 THE COURT: Okay.
9 MR. ROTHLEDER: With respect to the adversary, I'm
10 going to turn the virtual podium, if Your Honor permits,
11 over to my partner Ms. Rathke.
12 THE COURT: Of course. Ms. Rathke.
13 MS. RATHKE: Thank you, Your Honor.
14 And we are here today on the matter of the non-
15 debtor's defendant's motion to dismiss the receiver's
16 adversary complaint. So that would be Docket No. 15, the
17 receiver's response or opposition is 19. And then the brief
18 in support of the receiver's response is 20 and our reply
19 brief is 29.
20 Now, I'm aware that the receiver has filed what it
21 terms a surreply yesterday, not sure what the docket number
22 is on that.
23 THE COURT: I do have --
24 MS. RATHKE: I guess what I --
25 THE COURT: -- each of the substantive motions.

1 Thank you very much. Appreciate it.
2 MS. RATHKE: Wonderful. So the Court rules and
3 customs permit this Court to act in a manner that's
4 consistent with common sense to ensure a reasonable
5 resolution of this Chapter 11 bankruptcy and all associated
6 matters. And this is an instance where especially as the
7 passage of time has shown, it does not make sense for the
8 Court to entertain this adversary proceeding.
9 So we've moved pursuant to a number of bases to
10 dismiss or abate this proceeding for now. Now, the
11 receiver's claims have always been known and termed by this
12 Court to be derivative of the Princeton claim.
13 Of Princeton and W -- World Class Holdings has now
14 come to an agreement to settle that claim, thus the receiver
15 seeks to vindicate a derivative right to a multi-month
16 adversary proceeding process, where there's now agreement
17 that the underlying right has been satisfied.
18 Now, what happens with regard to Princeton's claim
19 going forward, pursuant to the term sheet that this Court
20 has in the record, is as follows: The Princeton --
21 Princeton will move to terminate the receivership and then
22 the receiver court, District Court of Texas, Judge Hall,
23 will determine first what the receiver's appropriate fee is.
24 And second, will examine what it's already collected
25 pursuant to recovery of that fee.

1 Now, as a reminder, the receiver has been at work
2 and during our May 12th, 2022 hearing before this Court, the
3 receiver represented on the record that as of that date it
4 had collected $2,114,085.29 which after taking out costs and
5 fees and expenses, it reported left a balance for the
6 receiver of nearly $1 million.
7 The receiver's fee is 25 percent of what's
8 recovered. What will be recovered is $11.3 million.
9 Therefore, without knowing, and the receiver's been coy
10 about what it's recovered since the May hearing. We don't
11 know in this court, and it will be determined by another
12 court, what the receiver is entitled to recover and what it
13 has recovered.
14 In addition, the receiver is fully empowered by
15 Judge Hall to do the work that it needs to do to recover its
16 fees and it has been doing that work.
17 THE COURT: Ms. Rathke --
18 MS. RATHKE: Therefore --
19 THE COURT: -- Ms. Warman has risen with an
20 objection, just one moment.
21 MS. WARMAN: Your Honor, I object, I'm not exactly
22 sure what Ms. Rathke is arguing. This doesn't sound like
23 the arguments that were made in the motion to dismiss or the
24 response that was filed by the receiver in connection with
25 it. It sounds like it's some combination of their motions

1 to -- motion to compromise and other motions that might have
2 been filed even in other courts. But it doesn't seem to
3 relate to the motion to the dismiss. So I object to that
4 extent. I don't believe any of this was in their motion to
5 dismiss or our response.
6 THE COURT: Ms. Rathke? Ms. Rathke, response?
7 MS. RATHKE: Yes. There certainly was in our
8 reply brief in the introductory section where we discussed
9 the impact of the Princeton settlement on what the receiver
10 is -- what it makes sense for the Court to do.
11 In addition, the third basis in which we argue our
12 motion to dismiss is based on the idea of abstention. And
13 these developments, though they're relatively new, pertain
14 directly to that.
15 Abstention is a doctrine of common sense that
16 takes into account the status of the proceedings, the status
17 of any related proceedings in state court, parallel
18 proceedings, the prevalence of state court questions over
19 bankruptcy related questions, and basically to bottom line
20 it, what makes sense to do under the circumstances.
21 And this Court and in the main proceeding that is
22 before this Court, the Court is empowered to take judicial
23 (audio cuts out) any other notice that it wants or no notice
24 at all of where this case finds itself in the overall
25 posture.

1 This has been a hard-fought case on a variety of
2 fronts. The receiver came in, as this Court will recall,
3 not -- it hasn't been the case that the receiver has been in
4 the case since the beginning patiently waiting its turn to
5 be -- for its claim to be handled. Rather, the receiver
6 appeared in this case --
7 MS. WARMAN: Your Honor, again, this is way beyond
8 the scope of anything that's in her reply. And, in fact,
9 the receiver filed a notice of appearance in this case on
10 September 30th of 2021 which was a couple of months after
11 the case was filed, which I admit the Court could take
12 judicial notice of, but then let's take judicial notice of
13 the right date.
14 But again, if what they're doing is arguing their
15 reply brief, they should be limited to what they alleged in
16 the reply brief. And all of the testimony from May 12th was
17 not in the reply brief, and was not mentioned at all and is
18 really not relevant to what's going on here today. That's
19 the basis of my objection.
20 THE COURT: Okay. Thank you, Ms. Warman.
21 I mean obviously there has been an intervening set
22 of circumstances given the settlement. I do believe that
23 World Class has repeatedly argued again for abstention.
24 Some of this will go to that. Some of this obviously is new
25 and goes to the settlement itself. So I'm going to give Ms.

1 Rathke a little bit of rope here, but I mean, I do agree
2 with Ms. Warman, we're here on the motion to dismiss. I'll
3 allow you to argue abstention. I won't hear anything with
4 respect to withdrawal of the reference today because that
5 actually wasn't properly teed up pursuant to 5011. But
6 please, continue.
7 MS. RATHKE: Thank you, Your Honor.
8 I don't think we're required to ignore recent
9 developments on this Court's docket and I don't think that
10 would make any sense for us to do.
11 The receiver did not file its claim in this court
12 until June 2022, which of course, is after the claim
13 deadline had passed and after it became clear that there
14 would be equity money in the estate.
15 Now, granted this Court held that the receiver's
16 delay was excusable neglect, but it is a late filed claim
17 all the same, and one that's been filed since and parallel
18 to the state court case, in which many developments have
19 occurred that we have some understanding of and perhaps some
20 not understanding of.
21 The receiver wants as many fora as possible for
22 reasons that are obviously in its interests. But that does
23 not mean that it's in the interests of this Court or for the
24 efficient administration of justice to schedule and pursue a
25 late fee litigation matter in this court that this Court

1 will have to oversee, while it is most likely that most of
2 the issues pertinent to the receiver will be determined by
3 Judge Hall.
4 And again, those are what the receiver is entitled
5 to recover and how much is left to do that. I think it
6 makes the most sense in the world to allow that court and to
7 defer to that court and hold off or dismiss the receiver's
8 complaint, late filed complaint in this case.
9 So let me begin by talking about some of the
10 abstention factors in particularity. First, the efficient
11 administration of the estate. Now, as part of the
12 settlement terms agreed to by the defendants and Princeton,
13 Princeton will next take steps to terminate the receiver
14 order in the Texas District Court.
15 At that point, the receiver's rights will be
16 determined and should be determined in that court. That
17 will have an impact on what goes on here. And we don't know
18 what that impact will be, but it doesn't make sense for this
19 Court to oversee, monitor and compel complex litigation in
20 the face of the fact that we all know that this is going to
21 be a parallel proceeding that will likely impact scope of
22 what this Court is able to do, perhaps the receiver's rights
23 and, you know, it perhaps may be the case that there's not
24 even enough recovery for the receiver still to achieve and
25 it makes sense to allow a separate proceeding in this court.

1 In addition, there's the Texas Appeals Court which
2 is deciding the scope of the receivership order now and is
3 due to issue a decision. That also may well impact what we
4 do here.
5 THE COURT: But that order, there's no stay in
6 place, correct?
7 MS. WARMAN: Correct.
8 MS. RATHKE: There's not.
9 THE COURT: Okay.
10 MS. RATHKE: This Court and these parties have for
11 months worked and labored and done their duties with regard
12 to the Chapter 11 case before it, which is complex and
13 multi-faceted and which is now, thank goodness, nearing a
14 full resolution, except for this late filed claim. We are
15 so close to being done and we should be done.
16 Second abstention factor I'd like to discuss is
17 whether state law issues predominate over bankruptcy issues.
18 This is just a matter of math. The receiver's adversary
19 proceeding claims are all state law claims with the
20 exception of its novel Section 549 claim, which the receiver
21 even concedes that it has no traditional standing to assert,
22 and that the Court should nevertheless allow it to assert
23 owing to quote/unquote extraordinary circumstances. This is
24 a state law claim.
25 And while the receiver argues that it is routine

1

2 R U L I N G S

3 PAGE

4 Kretzer v GVS Colorado Holdings I, LLC et al.
Adv. 22-03057-mvl
5
Motion to dismiss adversary proceedings
6 Non-Debtor Defendants' Motion to Dismiss
Complaint (14) - **TAKEN UNDER ADVISEMENT** 83
7
GVS Texas Holdings I, LLC, 21-31121-mvl11
8
Expedited Motion to Reconsider
9 (related documents 1329 Order on motion
for leave) Purchaser's Motion to Reconsider
10 Order Granting World Class Holdings I, LLC's
Motion to Confirm Reinstatement of
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14 Filed by Jointly Administered Party/Debtor
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15 Holdings I, LLC, GVS Indiana Holdings I, LLC,
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16 Holdings II, LLC, GVS Portfolio I, LLC,
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17 LLC, GVS Tennessee Holdings I, LLC, GVS
Texas Holdings II, LLC, GVS Missouri Holdings
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1
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5 court-approved transcriptionist, hereby certify that the
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Cause No. 2019-18855

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

RECEIVER'S REPORT DOCUMENTING DEFENDANTS' NON-COMPLIANCE WITH THIS COURT'S RECEIVERSHIP ORDER

Seth Kretzer (hereinafter "Receiver"), Receiver for Great Value Storage LLC and World Class Capital Group LLC (the "Judgment Debtors"), respectfully submits his report documenting Defendants' non-compliance with this Court's September 8, 2021 receivership order and furthermore discussing the results of the receivership.

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RECEIVER'S REPORT

I. EXECUTIVE SUMMARY

Natin "Nate" Paul is the head of an enterprise which will be referred to as the "Nate Paul Organization." Paul borrowed millions from investors and lenders to purchase commercial real estate along the I-35 corridor. These properties are under the corporate name *World Class*. In addition, with money from investors and lenders, he acquired 69 self-storage units in 11 states, under 16 corporate shells. These are under the corporate name *Great Value Storage*.

Paul created hundreds of corporate shells—passing money among them without documentation, corporate formalities, or legitimate purpose. Some shells hold a single real estate property. Some hold nothing but are merely paper companies he uses to transfer funds from one entity to another through the guise of "contracts," or "consulting fees." To obscure the purposes of these organizations and to conceal and transfer funds, he deliberately created an opaque, complex, and largely undocumented web of corporate shells, with his apex entity, *World Class Capital Group*, at the top of the pyramid, over all or most the subsidiaries, real estate and accounts, and himself as sole owner of *World Class Capital Group*.

In 2018, Paul's debt load exceeded his ability to make debt payments from properties' cash flow. He began defaulting on loans. Creditors, such as Princeton Capital, began demanding payment and initiating foreclosure or lawsuits. Through thousands of undocumented wire transfers, Paul frantically transferred investor and creditor funds from

bank to bank, out of his corporate shells, to conceal funds from seizure. Paul filed frivolous lawsuits against creditors, attempting to block or slow foreclosure. It appears that every single presiding state district judge rejected his lawsuits. Paul took a dozen properties into Austin bankruptcy court. Paul also filed 16 bankruptcies in Dallas for his corporate shells that held the 69 self-storage units.

In 2012, Paul borrowed $5.6 million from a company named Capital Point Partners II, LLP ("Capital Point"). This money was used to purchase storage units and other real estate. Paul used a corporate shell called *Great Value Storage, LLC* to make the loan and purchases. Paul promised, through the loan documents, to provide regular and accurate accounting records. Paul promised to keep cash and real estate in the company. Paul kept none of these promises. Nate Paul and *World Class Capital Group, LLC* co-signed and guaranteed payment.

In 2016, Paul defaulted on the Capital Point loan to *Great Value Storage, LLC*. Princeton Capital Corp. ("Princeton") purchased the loan from Capital Point. Princeton refinanced the loan for Paul. Again, Paul promised to supply accurate accounting and records and to keep the cash and real estate in the company. Yet again, he did not.

In 2019, Princeton filed suit in this Court. Paul refused to provide any routine financial discovery documents, such as records, accounting, or payments. Paul refused to comply with this Court's orders to turn over documents. Princeton filed a summary judgment motion. Paul still refused to provide documents and records. The Court granted Princeton's summary judgment motion, and later final entered judgment for $9.9 million against *Great Value Storage, LLC* and *World Class Capital Group, LLC*.

By that time, however, Paul had stripped the two companies—*Great Value Storage, LLC* and *World Class Capital Group, LLC*—of all cash and assets. In a 16-month period from 2018 to 2020, Paul transferred at least $94.7 million out of the *Great Value Storage, LLC* and *World Class Capital Group, LLC* accounts, moving the money through his network of entities without any documentation. Paul and his putative "bookkeeper" filed affidavits in this Court and in the First Court of Appeals, swearing under oath that the companies no longer owned anything more than old office furniture. Paul and his bookkeeper provided no supporting records. They refused to explain the disappearance of millions of cash and real estate.

Paul refused to provide post-judgment discovery documents. Realizing Paul had looted the companies and was stalling, Princeton moved this Court to appoint a Receiver for *Great Value Storage, LLC* and *World Class Capital Group, LLC* to take control of the companies, and their subsidiaries, cash and assets. Princeton asked the Court to appoint Mr. Seth Kretzer, an experienced Receiver. Princeton asked the Court to pay Mr. Kretzer 25% of funds recovered, plus expenses. If Mr. Kretzer failed, he would get nothing. It would be a huge risk for Mr. Kretzer. Princeton disclosed appointment of the Receiver in its public filings with the Securities and Exchange Commission.

This Court granted Princeton's request and appointed Mr. Kretzer as Receiver over the two apex Nate Paul companies. The Court directed its Receiver to seize all cash and real estate, control all subsidiaries, block all fraudulent transfers by Paul, identify and respond to any detected criminal activity, and find sufficient assets to enforce this Court's final judgment and get Princeton fully paid, plus his Receivership fees and expenses. Mr. Kretzer accepted the

appointment on these terms. He filed his oath, affirming he would "faithfully perform and discharge the duties of receiver in this cause and will obey the orders of the Court."

The foundational receivership case by the Texas Supreme Court is the 1976 decision of *First Southern Properties*.[1] When a court signs a receivership order, all of the non-exempt property of the judgment debtor becomes subject to the exclusive control of the court under a concept called *custodia legis,* that is, "in the custody of the law." As corporations do not have exempt property, 100% of the corporation's property, whether real, tangible, intangible, cash, or subsidiaries, including claims for recovery of misappropriated funds, becomes part of the *custodia legis* receivership estate solely controlled by the court. The court appoints a receiver as the court's sole agent to control, manage, and liquidate as necessary the receivership estate. No one, not even a good faith purchaser for value, may transfer property from the receivership estate without permission of the court or the court's designated receiver, and especially not an insider such as a corporate owner or officer. If such transfer of cash or assets occur, it is void. Not merely voidable, but entirely void. The receiver not only can, but must, claw back money and property misappropriated by the corporate officers.

This Court's receivership has been an unalloyed success. This month, Paul finally paid Princeton $11,372,698.89, full payment of the Court's final judgment, plus legal fees. Over 13 months of intensive, daily, contentious litigation up against Paul's 20+ lawyer strike force and unlimited budget, your Receiver confronted the Nate Paul Organization at every turn. Your Receiver:

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[1] *First Southern Properties, Inc. v. Vallone*, 533 S.W.2d 339 (Tex. 1976).

- Filed a bankruptcy proof of claim for this Court's judgment and receivership fees in the Dallas bankruptcy court (which consolidated the 16 bankruptcy cases involving the 69 self-storage units);

- Filed 11 bankruptcy proofs of claim for this Court's judgment and receivership fees in the Austin bankruptcy court (involving 11 commercial real estate properties);

- Traced tens of millions of cash transfers by Paul and his organization through hundreds of bank accounts, with some 60,000 wire transfers, not a one of them documented;

- Traced undocumented and unauthorized transfers of corporate real estate by Paul;

- Filed pleadings in the First Court of Appeals responding to attacks by the Nate Paul Organization on this Court's final judgment and receivership order;

- Filed pleadings in the First Court of Appeals responding to Paul's mandamus action against the Court's receivership order;

- Settled two frivolous delaying lawsuits filed by Paul against two secured creditors, easing the burden on Travis County District Courts;

- Non-suited a frivolous lawsuit filed by Paul in Travis County against a secured creditor. The Travis County District Court agreed, twice, your Receiver possessed this authority;

- Sought dismissal of appeal by Paul in the El Paso Court of Appeals against a secured creditor;

- Sought dismissal of appeal and a mandamus by Paul in the Austin Court of Appeals against a secured creditor;

- Filed a lawsuit in the Dallas bankruptcy case against Paul and his conspirators and corporate shells, seeking recovery of this Court's judgment for Princeton;

- Rebuffed Paul's frivolous Travis County lawsuits against a secured creditor involving commercial real estate. Four Travis County District Courts agreed your Receiver possessed this authority;

- Defeated a lawsuit Paul filed against your Receiver. The second lawsuit is still pending in this Court, awaiting Rule 91a dismissal given Receiver's derived judicial immunity.

- Issued 120 subpoenas for corporate and tax records.

Here is a timeline of the Receiver's efforts and results:

Date	Event	Receiver / Paul	Princeton
2015		Paul refinances with Princeton.	
2018		Paul defaults. Princeton seeks payment.	
2016 - 2022		Paul strips companies of cash and real estate; hides and destroys all documents.	
2019		Princeton sues.	
Mar. 4, 2021	**Court renders judgment, $9.9 million**		
June 2021		Paul refuses discovery. Paul files 15 bankruptcies in Dallas and number in Austin.	
Sept. 8, 2021	**Court appoints Receiver**		Princeton files just 1 POC (Dallas) None in Austin
Dec. 23, 2021	**1COA lifts stay**		
Mar. 2022		Receiver files 12 POCs (Austin), blocks funds to Paul.	
Apr. 27, 2022			Princeton files adversary action (Dallas)
Oct 2021 – May 2022		Receiver finds bank accounts and transfers	
Jun 6, 2022		Receiver files adversary action against Paul conspirators (Dallas).	Princeton fails to conduct any discovery
Jun. 27, 2022	**J. Davis orders records from Paul**		
July 2022		Receiver serves 120 subpoenas for banks and CPAs (Austin).	
Aug 22, 2022	**J. Davis orders show cause contempt on 9 Paul bankruptcies holding >$150M**		
Aug. – Sept. 2022		Receiver informs J. Davis of Paul discovery obstruction.	Paul frantically negotiates payment to Princeton (Dallas)
Sept. 7, 2022			Paul signs settlement. (Dallas)
Sept. 26, 2022	J. Davis delays show cause because of settlement.		
Oct. 7, 2022			Paul agrees to $11.37 million wire to Princeton.

Blocked at nearly every turn, the defeated Paul finally decided to pay this Court's judgment in full and end the receivership. But he had a problem. He wanted to circumvent this Court because he did not want this Court's interference or control. Paul wanted to avoid the *custodia legis* effect of the receivership. Paul's contemplated plan would be void if he did not get permission from this Court or its Receiver. His reason for such a plan? Paul wanted to pay the judgment but only in such a way that he could still undermine the two settlement agreements signed last year by your Receiver involving two Austin commercial properties. If Paul simply settled and paid the Court's judgment in the normal way, his attacks on the Receiver would become moot because, once the judgment was paid, the receivership would be over. He would not be able to continue to file frivolous lawsuits against the two secured creditors, blocking their ability to get clean title policies.

So, what did Paul do? Paul hatched a plan to circumvent this Court. He proposed a plan to the U.S. Bankruptcy Court in Dallas and to Princeton. He proposed to create a new corporate shell named *Phoenix Lending, LLC* ("Phoenix"). Phoenix would be a paper company without any capitalization, solely controlled by Paul. Through Phoenix, Paul would sign a document purporting to "purchase" from Princeton the original 2016 note payable agreement which Princeton originally purchased from Capital Point, as well as this Court's March 4, 2021 final judgment. The amount of the full payment, $11.37 million, would be moved from the Bankruptcy Court controlled reserve fund account, consisting of money held back from the **$580 million** bankruptcy sale of the 69 storage units. This money, which belongs to the 16 bankrupt companies that once owned the storage units, would be transferred to another shell

company owned by Paul called *World Class Holdings I, LLC*. From there, the money would be transferred through a loan to a new account set up for Phoenix, then wired to Princeton's account. The money would go completely around this Court. By these means:

- Nate Paul would gain sole control over this Court's final judgment;
- Paul would become both the plaintiff and the defendants in this Court, substituting Phoenix Lending for Princeton Capital, and without informing the Court that both were solely controlled by Paul;
- Paul would be able to get Princeton and Phoenix to "agree" or "not oppose" his motions to stay, dismiss, challenge, attack your Receiver, and better, try to undo the Receiver's two settlement agreements last year for the two Austin commercial real estate properties;
- Paul would become both the appellants and the appellee in the First Court of Appeals, allowing him to file "agreed" and "unopposed" motions attacking this Court's receivership order and the two settlement agreements by your Receiver;
- By pretending in the First Court of Appeals there was a legal dispute between *Phoenix* (replacing Princeton as appellee) and *Great Value Storage, LLC* and *World Class Capital Group, LLC* (the appellants), he would ask the Court of Appeals to issue opinions that this Court's receivership order was incorrect in some way and try to undo last year's two settlement agreements by Receiver. These are called advisory opinions and prohibited. All courts require a genuine case in controversy between unrelated parties for jurisdiction.
- Paul would therefore completely circumvent this Court and its Receiver. This Court would not be able to review or approve this agreement. This Court would not be able to control the $11.37 million as part of the *custodia legis* receivership estate.
- Paul would claim that he did not have to pay the 25% ($2.84 million) receivership fees. Paul would argue that the Court's judgment was never technically satisfied, merely re-assigned.

The U.S. Bankruptcy Court approved this settlement agreement proposed by Paul and Princeton. While acknowledging the agreement was unorthodox and fraught with issues, the Court approved it under the bankruptcy factors applicable to Federal Rule of Bankruptcy Procedure 9019. The Court authorized release of $11.37 million from the bankruptcy-controlled reserve account directly to Princeton. Princeton is now fully paid. In substance and reality, this Court's March 4, 2021 final judgment is now fully satisfied. While holding the Receiver's pending proofs of claims and adversary actions in the Austin and Dallas Bankruptcy Courts in place until the process is completed, it is therefore time to wind down the receivership and order payment of the $2.84 million receivership fees to Mr. Kretzer. $3.5 million is already set aside in the Dallas Bankruptcy Court reserve funds for these fees and expenses. All that is required is an order by this Court approving Mr. Kretzer's fees. Then the Bankruptcy Judge will release funds from the reserve account. Therefore, after four years of refusing to pay Princeton, defying the discovery orders of this Court, ignoring this Court's receivership document turnover order, rejecting this Court's final judgment, the Court is in a position to close this case on terms that are proper and just. Princeton and the Receiver will be fully paid. The money is already paid to Princeton and set aside for Receiver. The cost of litigation will fall on the person who caused it, Paul.

The Federal Bureau of Investigation ("FBI") searched Paul's home and office in August 2019, pursuant to a search warrant signed by a U.S. Magistrate who found probable cause to believe the locations contained evidence of criminal activity.

The Nate Paul Organization, headed by Paul and his sister and *aide-de-camp*, Sheena Paul, is a coast-to-coast conspiracy to defraud, hinder, and delay investors, lenders, and creditors and mislead judges. The remainder of this report and the supporting exhibits support your Receiver's conclusions.

II. PROCEDURAL HISTORY

Mr. Nate Paul created hundreds of corporate shells to hold commercial real estate across the state. Tens of millions of dollars are missing and unaccounted. Mr. Kretzer is the court-appointed Receiver for the parent entity, *World Class Capital Group, LLC* and a related entity, *Great Value Storage, LLC.*

A. Harris County District Judge Ursula Hall appointed Mr. Kretzer as Receiver for the parent company over Paul's real estate enterprise.

Following a March 4, 2021 $9.9 final judgment in the 165th District Court in Houston in favor of Princeton Capital, the Honorable District Judge Ursula Hall appointed Mr. Kretzer as Receiver for the two parent judgment debtors, *World Class Capital Group, LLC*, and *Great Value Storage, LLC.*[2]

Leading up to the judgment, Princeton Capital, a real estate creditor whose predecessor loaned Nate Paul's entities $5.6 million,[3] owned a *Note Payable Agreement* signed by Great Value Storage, LLC and World Class Capital Group, LLC and guaranteed by Nate Paul. When the Defendants defaulted on Princeton's Note Payable Agreement, Princeton filed suit in 2019 in this Court to enforce the agreement and obtain a judgment against the Defendants.

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[2] CR 193 of Clerk's Record in First Court of Appeals cause number 01-21-00284-CV.
[3] CR 5-14.

Princeton served the two Nate Paul Entities with routine discovery for garden variety financial records, such as transaction documents, payments, communication, and clear understanding of Paul's transactions.[4] The Nate Paul Entities obstructed all discovery. They delivered no documents or answers whatsoever.[5] They made specious objections ungrounded in Texas law or the facts of the loan transaction.[6]

In the summer of 2021, Princeton Capital served the Nate Paul Entities with routine post-judgment financial document discovery. Paul and his attorneys refused to provide any documents, objecting to every request a for a total of 57 objections, and without providing a single page of financial records.

On September 8, 2021, this Court appointed Mr. Kretzer as Receiver for *World Class Capital Group, LLC*, and *Great Value Storage, LLC*.[7] The Receivership Order also provides that the Receiver is entitled to recover a 25% fee and his expenses.[8]

Since that date, for the last 13 months, Receiver has been performing his duties pursuant to the Receivership Order. Receiver has recovered funds on behalf of the receivership estate and therefore Princeton. Receiver has also incurred significant expenses as a result of approximately 25 state court lawsuits, state court appeals and mandamus actions, and bankruptcy petitions,

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[4] *See* CR 14.
[5] *See* CR 38-39.
[6] *See* CR 44-59, *also* 18, 21, 27.
[7] CR 193.
[8] *Id.* at 9 ("the Receiver is authorized to seek and recover 125% of the judgment plus expenses.").

involving the Judgment Debtors and their various affiliates and subsidiaries, including lawsuits where the Nate Paul Organization sued your Receiver and his counsel directly.[9]

B. Merger of Princeton's Note Payable Agreement with the Court's March 4, 2021 Judgment.

As mentioned, this case began because the Defendants defaulted on a $5.6 million Note Payable Agreement owed to Princeton Capital. For later purposes, it is important to pause here and discuss the legal consequences of the Court's March 4, 2021 judgment on Princeton's note payable agreement.

Under Texas law, it is well established that upon entry of a judgment, the contractual relationship between the parties that gave rise to the debt merges into the judgment.[10] Res judicata serves the public goals of affording full respect to prior judgments and relieving courts from repetitious litigation, and the private goal of "repose"—to be finally free from the cost and hassle of litigation.[11]

The doctrine of merger is a specific application of *res judicata*, and operates with the same principles.[12] Under the doctrine, "if a plaintiff prevails in a lawsuit, his cause of action

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[9] *See WC 4th and Colorado, LP, et al. v. Seth Kretzer, Receiver, et al.*, No. 2021-77945 (165th Dist. Crt., Harris County, Tex.); *World Class Holdings, LLC v. Seth Kretzer, Receiver*, No. 2022-16833 (125th Dist. Crt., Harris County, Tex.).

[10] *Puga v. Donna Fruit Co.*, 634 S.W.2d 677, 679 (Tex. 1982).

[11] CHARLES ALAN WRIGHT & ARTHUR R. MILLER, 18 FEDERAL PRACTICE AND PROCEDURE § 4403, 23-27
(2d ed. 2012).

[12] *Puga v. Donna Fruit Co.*, 634 S.W.2d 677, 679 (Tex. 1982) ("The doctrine of res judicata deals generally with the conclusive effects of judgments, encompassing the separate judicial doctrines of merger, bar and collateral estoppel."); *see also Jeanes v Henderson*, 688 S.W.2d 100, 103 (Tex. 1985).

merges into the judgment and the cause of action dissolves."[13] "[I]n Texas, the doctrine of merger holds that all rights under a contract are extinguished by and merged into the terms of a judgment."[14]

Therefore, applying these long-standing principles, when the Court issued final judgment March 4, 2021 in favor of Princeton Capital and against the Defendants, the underlying Note Payable Agreement on which Princeton Capital filed suit *merged* into the final judgment. On that date, Princeton Capital no longer possessed interests in the note payable agreement as the Note Payable Agreement functionally ceased to exist. There was therefore no longer any Note Payable Agreement between the parties which could be sold or assigned by Princeton Capital to anyone. Any attempt by Princeton to sell or assign the Note Payable Agreement would constitute a legal nullity. Nor could Princeton, or anyone else, file a new lawsuit against the Defendants under the Note Payable Agreement. Such a suit would be barred by the doctrine of *res judicata*.

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[13] *Jeanes v. Henderson*, 688 S.W.2d 100, 103 (Tex. 1985).

[14] Memorandum Opinion by Hon. Bankruptcy Judge Davis, *In re Russell Allen Graves, Carol L. Graves*, Case No. 14-11240-tmd (Bankr. W.D. Tex. 2016), *see* n.49. *See also Bynum v. Shatto*, 514 S.W.2d 808, 810 (Tex. App.—Corpus Christi, 1974, writ ref'd) (affirming holding that the "plaintiff's cause of action on the note had merged in the Harris County judgment"); *Krauss v.* West, 123 S.W.2d 946, 948 (Tex. App.—El Paso 1938, writ dism'd) ("[W]hen appellee brought suit on the first note and secured a judgment thereon … her note and deed of trust lien were merged into the first judgment."); *Standard Sav. & Loan Ass'n v. Miller*, 114 S.W.2d 1201, 1208 (Tex. Civ. App.—Fort Worth 1938, no writ.) ("Plaintiffs' original right for … judgment on the note executed by them … were all merged in the judgment.").

C. The Nate Paul Entities Appealed to the First Court of Appeals.

The Nate Paul Entities appealed Princeton Capital's judgment and Judge Hall's receivership order to the First Court of Appeals. Both notices of appeal were assigned to cause number, 01-21-00284-CV.

The parties filed briefs. The Nate Paul Entities also filed a brief challenging Judge Hall's receivership order. Receiver filed a reply brief.

The Court conducted oral argument June 1, 2022. At oral argument, Princeton's counsel informed the Court of the necessity and effectiveness of the Receiver's work.[15]

As the Receiver began to search for documents and records from third parties and to seize assets, the Paul Entities filed a series of emergency motions and a mandamus action against the receivership order. The Paul Entities did not supersede the judgment. The Paul Entities did, however, file self-serving affidavits by Paul and a bookkeeper, claiming the companies have no equity at all. They posted a $100 deposit for each company with the clerk, asserting these constitute adequate supersedeas bonds for the two companies and their tens of millions of real estate. Their affidavits contradict corporate records supplied earlier indicating both entities held millions in cash and assets. Paul and the bookkeeper were vague and equivocating when asked where the assets and cash went.[16]

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[15] See Oral Args., June 1, 2022, no. 01-21-00284-CV.

[16] *See* Declaration of Barbara "Barbie" Lee for World Class Capital Group, LLC (12/3/21), Image No.: 99259552; Declaration of Natin Paul (12/14/21), Image No.: 99431223; *Princeton Capital Corp.'s Motion to Show Cause and Motion for Sanctions*, Image No. 100524048, filed 2/22/22 (supplemental record).

In one of their first motions in First Court of Appeals, October 5, 2021, the Paul Entities admitted Paul had fraudulently transferred $96,000 **mere days** after this Court signed the receivership order.[17]

On December 23, 2021, the Court, for the second time, ordered Paul to return to this Court and create a record to demonstrate the proper amount of the supersedeas bond:

> Because appellants did not comply with this Court's order, the order of October 26, 2021 was withdrawn, the abatement was lifted, the appeal was reinstated on the active docket, and the temporary grant of appellants' motion for emergency relief was withdrawn and the motion for emergency relief was denied. This ruling stated that it did not prevent appellants from obtaining suspension of enforcement of the judgment by obtaining the trial court's approval of a good and sufficient bond. *See* TEX. R. APP. P. 24.1(a),(b)(2). To date, appellants have not sought approval from the trial court of their nominal cash deposit.
>
> Appellants also filed an original proceeding in appellate cause number 01-21-00672-CV challenging the trial court and the receiver's actions in enforcing the judgment after appellants filed a nominal cash deposit. This Court issued an order on December 6, 2021, granting the motion for temporary relief, and stayed the trial court's order appointing the receiver. Today, we **withdraw that order and lift that stay**.

See Order, Dec. 23, 2021, No. 01-21-00284-CV.

Paul did not do so. He refused to comply with this Court's order to provide corporate asset documents and records to Princeton Capital in preparation for the bond hearing.[18] In response, the Court cancelled the January 28, 2022 supersedeas bond hearing.

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[17] *See Appellants' Emergency Motion to Stay Appointment of Receiver*, Oct. 5, 2021, at 3, n.1 ("forcing the judgment debtor [Nate Paul] to remove GVS as a property manager and thereby depriving GVS of revenue from its management role."); *Appellants' Reply to Receiver's Response*, Oct. 20, 2021, at 17 admitting, "allowing the debtor storage property owners [Nate Paul] to cancel the Property Management Agreement for cause.").

[18] *See Princeton Capital Corp.'s Motion to Show Cause and Motion for Sanctions*, 165th District Court, no. 2019-18855, Image No. 100524048, filed 2/22/22 (supplemental record).

D. This Court imposed a temporary injunction to prevent asset transfers.

This Court, concerned that Paul would continue to transfer assets, issued, *sua sponte*, a temporary injunction January 17, 2022, barring Paul from transferring any assets until she decides the supersedeas bond question:[19]

> ORDERED, ADJUDGED, and DECREED that Great Value Storage, LLC ("GVS") and World Class Capital Group, LLC ("WCCG") are ENJOINED from dissipating or transferring assets to avoid satisfaction of the judgment, until a ruling is entered resolving the Contest, pursuant to Tex. R. App. P. 24.2(c)(2), currently set to be heard on January 28, 2022.
>
> Signed January 17, 2022
>
> Ursula Hall
>
> Hon. URSULA A. HALL
> Judge, 165th District Court

[19] *See* Order, 165th District Court, Jan. 17, 2022 (supplemental record requested).

E. Paul Persistently Abuses the Legal System by Filing Frivolous Lawsuits Against Court and Government Officials Who are Merely Doing Their Jobs.

> [Federal Judge to Nate Paul's Attorney, Mr. Perry]: There is not one single -- there is not a shred of evidence to support its existence, not a shred. I told you that the other day. I told you your burden was to come up with something that shows me that this didn't materialize out of thin air in the last couple -- month or so.
> MR. PERRY: And we --
> THE COURT: And I got nothing out of your brief. ***You prevaricated*** about the way they asked the question about the tax forms. I didn't ask a bad question. I said show me anything –
> . . .
> MR. PERRY: There isn't, Your Honor. We provided the K-1 to the GP which shows that the GP has no interest in the --
> THE COURT: ***You're still prevaricating.***
>
> — Hon. U.S. Bankruptcy Judge Tony M. Davis, speaking to Nate Paul's attorney, Mr. Perry, *In re: WC Culebra Crossing SA, LP*, No. 21-10360-TMD (W. Dist. Bankr. December 22, 2021 (the day before this Court's December 23 order) (Emphases added).

Your Receiver found a persistent pattern by Paul to abuse the legal system with frivolous lawsuits and appeals using his collection of corporate shells as fronts. Underneath parent company *World Class Capital Holding, LLC* are hundreds of interrelated and interlocking shell companies, some holding real estate, some holding contractual rights of one sort or another, some simply a mystery.

Paul's World Class entities are frequent litigants in Texas and federal courts. Many of the World Class entities are in bankruptcy. A number of these entities, like these this parent entity for which Mr. Kretzer has been appointed as Receiver, have defaulted on commercial loans held by lenders across Texas. All of these entities are controlled by Paul.[20] Paul also

[20] *See, e.g.*, Edgar Walters, *Who is Nate Paul, the Real Estate Investor Linked to Abuse-of-Office Allegations*

recently sued a series of public officials, including the FBI agents who searched his office and residence August 2019 pursuant to a search warrant signed by a federal magistrate judge.[21] On September 23, 2022 a U.S. Magistrate Judge recommended to the District Court that Paul's suit against FBI be dismissed with prejudice against filing again.[22]

In a related case, Paul sued the other Receiver in a related case, Mr. Greg Milligan (and his attorneys), appointed by Hon. Travis County District Judge Jan Soifer.[23]

Your Receiver has not been exempted from Paul's personal and legal attacks. On November 30, 2021, Paul, through two subsidiary shell companies, sued your Receiver and his law firm.[24] The petition is peppered with personal attacks. *See* Image No.: 99176066 (*e.g.*, "Seth Kretzer has gone mad," p. 1, "self-aggrandizing," p. 2, "delusions of grandeur," p. 9.). The case was promptly transferred to the 165th District Court, awaiting dismissal on Receiver's Rule 91a dismissal motion.

Weeks later, March 31, 2022, Paul sued your Receiver again, through another shell company.[25] Again, Paul leveled invectives. *See* Image No.: 101316689 ("bully," p. 3, "rogue," p. 4.).

Against Texas Attorney General Ken Paxton?, TEXAS TRIBUNE (Oct. 7, 2020), https://www.texastribune.org/2020/10/07/nate-paul-ken-paxton/.

[21] *See Paul v. Sabban et al.*, Civil Action No. 1:21-CV-00954 (W.D. Tex. Oct. 21, 2021).

[22] *See Paul v. Sabban et al.*, Civil Action No. 1:21-CV-00954 (W.D. Tex. Oct. 21, 2021), Report and Recommendations of the United States Magistrate Judge, Sept. 23, 2022 (docket number 29).

[23] *See 1st and Trinity Super Majority, LLC, et al. v. Gregory S. Milligan, Receiver, et al.*, no. D-1-GN-20-003550 (250th Dist. Crt., Travis Co.).

[24] *WC 4th and Colorado, LP, et al. v. Seth Krezer, Receiver, et al.*, no. 2021-77945 (133rd Dist. Crt. Harris Co.).

[25] *See World Class Holdings, LLC v. Seth Kretzer, Receiver*, no. 2022-16833 (165th Dist. Crt., Harris Co.). Paul later dismissed the case in the face of Receiver's Rule 91a motion to dismiss.

> *"The Court further finds that Plaintiffs' First Amended Petition [against Receiver] is groundless and brought in bad faith for the purpose of harassment as used in Tex. R. Civ. P. 13, and there is good cause for imposing sanctions on the attorney who signed it, Michael Wynne."*
>
> District Judge Jan Soifer, *1st and Trinity Super Majority, LLC, et al., v. Gregory S. Milligan, Receiver, et al.,* no. D-1-GN-20-003550 (Oct. 9, 2020) (sanctioning Nate Paul Entities and his lawyer $259,000 for suing Austin court-appointed Receiver).

Unsurprisingly, Paul—and some of his lawyers—have been sanctioned and criticized by numerous courts for misconduct, including filing frivolous lawsuits.[26]

- *See* Order, *In re: WC Culebra Crossing SA, LP*, no. 21-10360-TMD (Ch. 11), Order (W.D. Tex. Dec. 22, 2021) (finding Nate Paul debtor entity in contempt, effectively concluding that Paul lied about transfers of assets and construction of back dated documents);

- *See* Order, *Gibson, Dunn & Crutcher, LLP v. World Class Capital Group, LLC*, no. D-1-GN-20-007513 (Tex. D.C. 53rd Travis Co.) ("Judgment Debtor World Class Capital Group, LLC ("WCCG") is found to be in contempt of Court.");

- *WC 1st & Trinity, LP v. Roy F. & JoAnn Cole Mitte Foundation*, Nos. 03-19-00709-CV, 03-19-00905-CV, 2021 Tex. App. LEXIS 8016 * 11, 31 (Tex. App. – Austin, Sept. 30, 2021, no pet. hist.) ("The district court could reasonably conclude that the [Nate Paul Entities] General Partners misrepresented that the Properties had been sold to avoid the receivership and so that Mitte would accept less than the true value of its interest in the Limited Partnerships.") ("The attachments to the motion reflect that the district court has ordered appellants and Paul to pay Milligan $105,346 in sanctions for failure to comply with the district court's orders.").

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[26] *See, e.g.*, *WC 1st & Trinity, LP v. Roy F. & JoAnn Cole Mitte Foundation*, no. 03-19-00905-CV, 2021 Tex. App. LEXIS 8016 (Tex. App. – Austin, Sept. 30, 2021, pet. denied); *In re World Class Capital Group, LLC*, no. 03-22-00064-CV (Tex. App. – Austin, Feb. 16, 2022), *denied* (Tex. Feb. 22, 2022, no. 22-0123); *1st and Trinity Super Majority LLC v. Gregory S. Milligan, Receiver*, no. 08-20-00230-CV (Tex. App. – El Paso, July 14, 2022, no pet. filed).

- *See In re WC 1st and Trinity v. The Roy F. and JoAnn Cole Mitte Foundation*, LP, no. 03-19-00905-CV (Tex. App.—Austin November 30, 2021) ("Appellant's Emergency Motion for Stay of Alienation in Trial Court and to Review Further Trial Court Order or, Alternatively, to Require Trial Court to Set Appropriate Security and Allow for Supersedeas was denied by this Court on the date noted above.");

- *See* Final Judgment, *1st and Trinity Super Majority, LLC, et al. v. Gregory S. Milligan, Receiver*, No. D-1-GN-20-003550 (250th Dist. Crt., Travis Co., Oct. 12, 2020) (dismissing baseless suit against Austin appointed Receiver and imposing **$259,000 sanctions** on attorney for Nate Paul Entities).

Paul and his Organization appear undeterred by such sanctions.

III. PAUL AND HIS COMPANIES REFUSED TO COMPLY WITH ANY ORDER BY THIS COURT TO PRODUCE FINANCIAL DOCUMENTS AND RECORDS.

> [Mr. Matt Parks, counsel for Nate Paul Entities]: And in closing words from me, Your Honor, I know and understand, and this will not be the only case we are hearing where we are accused of delay and obstruction. I get it. ***Paul, frankly, may be detestable. I don't know.*** I don't have a personal opinion about it yet.
>
> [The Court]: Is he what? I'm sorry.
>
> [Mr. Parks]: ***I said he may be detestable. I really don't know***.
>
> — January 5, 2022 hearing transcript at 88-89, No. 19-18855, 165th District Court, Harris County. Comments by Mr. Parks counsel for Paul, regarding his client.

Displaying shocking mendacity and disrespect to this Court, Paul never complied with the Court's September 8, 2021 order to deliver routine financial records and documents to your Receiver. To this date, Paul has not delivered a single meaningful financial record or document to Receiver. Receiver was forced to obtain all financial records from third parties.

Nor did Paul comply with this Court's January 24, 2022 order to produce records to Princeton to prepare for the Court's January 28, 2022 supersedeas bond hearing, which the Court cancelled for his lack of compliance.

Nor did Paul comply with subpoenas served by Receiver on him and his entities in the Austin Bankruptcy cases seeking routine financial records and documents.[27]

IV. PAUL AND HIS COMPANIES REFUSED TO COMPLY WITH MORE THAN 30 ORDERS OF OTHER COURTS TO PRODUCE FINANCIAL DOCUMENTS AND RECORDS.

> *"Because [Nate Paul Entities] appellants did not comply with this Court's order, the order of October 26, 2021 was withdrawn, the [receivership] abatement was lifted, ... To date, appellants have not sought approval from the trial court of their nominal cash deposit."*
>
> *Great Value Storage, LLC, et al. v. Princeton Capital Corp.*, no. 01-21-00284-CV, First Court of Appeals, Houston (December 23, 2021).

Paul, individually and through his entities, has defied or forced orders by federal and state judges across Texas: (1) ordering production of corporate financial documents, (2) finding in contempt, (3) removing him from corporate control, (4) imposing final judgment with prejudice, against which Paul nevertheless refiled litigation, (5) imposing injunctions, (6) striking affidavit, (7) ordering show cause, (8) documenting fraudulent transfers and misappropriation, and (9) appointing chapter 11 trustees upon discovery that Paul misappropriated money from debtor in possession accounts:

[27] *See* Receiver's Index of Exhibits Supporting Receiver's Motion to Approve Receivership Fees, Subpoenas Served by Receiver, filed contemporaneously with this Report. The index contains copies of the subpoenas served, or attempted, on Paul and his entities. Paul refused to accept many of the subpoenas from his gated home residence.

Court	Date	Order	Exhibit
126th District Court, Travis County, No. D-1-GN-18-007636	June 8, 2020	Supplemental Order Regarding Receivership and Compelling Compliance with Receivership Order	1
250th District Court, Travis County, No. D-1-GN-20-003550	October 12, 2020	Final Judgment, *1st and Trinity Super Majority, LLC, et al. v. Gregory S. Milligan, Receiver*, (dismissing baseless suit against Austin appointed Receiver and imposing $259,000 sanctions on attorney for Nate Paul Entities)	2
126th District Court, Travis County, No. D-1-GN-20-004259	July 1, 2021	Temporary Restraining Order (disruptive behavior by Paul at foreclosure)	3
165th District Court, Harris County, Texas, cause 2019-18855	September 8, 2021	Order Appointing Receiver and Compelling Discovery (turnover order ignored)	4
345th District Court, Travis County, Texas, cause D-1-GN-20-007513	September 10, 2021	Order (on Judgment Creditor Gibson, Dunn & Crutcher LLP's Motion for Contempt)	5
First Court of Appeals, Houston, No. 01-21-00284-CV	October 26, 2021	Order (directing Paul to return to district court and create record for appeal bond adequacy)	6
U.S. Bankruptcy Court, Western District of Texas, Austin Division, No. 21-10360-tmd	November 1, 2021	Order Granting Timber Culebra, LLC's Motion for Relief from Automatic Stay [ECF 71] (In response to compliance refusal by Nate Paul.)	7
U.S. Bankruptcy Court, Northern District of Texas, Dallas Division, No. 21-31121-mvl	November 10, 2021	Governance Order Paul removed by Court from debtor companies.	8
First Court of Appeals, Houston, No. 01-21-00284-CV	November 18, 2021	Order (finding Paul did not comply with October 26, 2021 order and reinstating receivership)	9
345th District Court, Travis County, Texas, cause D-1-GN-20-007513	November 18, 2021	Order on Gibson Dunn's Renewed Motion for Contempt	10
U.S. Bankruptcy Court, Northern District of Texas, Dallas Division, No. 21-31121-mvl	December 9, 2021	Order in Furtherance of the Governance Order Directing Access to Diligence Items (docket number 410) ("GVS means Paul.)	11
U.S. Bankruptcy Court, Western District of Texas, Austin Division, No. 21-10360-tmd	December 11, 2021	Order Granting Motion to Compel Rule 2004 Document Production	12

Court	Date	Order	Exhibit
U.S. Bankruptcy Court, Western District of Texas, Austin Division, No. 21-10360-tmd	December 11, 2021	Order Granting Motion to Compel Rule 2004 Document Production	13
U.S. Bankruptcy Court, Western District of Texas, Austin Division, No. 21-10360-tmd	December 13, 2021	Order Granting Motion to Compel Rule 2004 Document Production	14
345th District Court, Travis County, Texas, cause D-1-GN-20-007177	December 20, 2021	Agreed Final Order Granting Joint Motion to Dismiss with Prejudice	15
U.S. Bankruptcy Court, Western District of Texas, Austin Division, No. 21-10360-tmd	December 22, 2021	Order Regarding Motion for Civil Contempt and Sanctions	16
First Court of Appeals, Houston, No. 01-21-00284-CV	December 23, 2021	Order (finding failure by Paul to comply with prior order)	17
U.S. Bankruptcy Court, Northern District of Texas, Dallas Division, No. 21-31121-mvl	January 6, 2022	Order Enforcing the Governance and Diligence Orders	18
165th District Court, Harris County, Texas, cause 2019-18855	January 17, 2022	Order (denying approval of Paul's proposed $100 appeal bonds and imposing temporary injunction sua sponte).	19
165th District Court, Harris County, Texas, cause 2019-18855	January 24, 2022	Order Granting Princeton's Second Motion to Compel	20
53rd District Court, Travis County, Texas cause D-1-GN-20-007513	February 1, 2022	Order on Motions for Contempt	21
U.S. District Court, Western District, San Antonio Division, cause A-20-CV-947-RP	February 4, 2022	Order Setting Hearing on Show Cause for Contempt	22
345th and 419th District Court, Travis County, cause number D-1-GN-22-000195	February 16, 2022	Order Denying Motion to Show Authority (and striking affidavit of Nate Paul Entities' attorney)	23

Court	Date	Order	Exhibit
Supreme Court of New York, No. 650728/2020	March 2, 2022	Decision and Order on Motion (dismissing Nate Paul's seriatim affirmative defenses as groundless) ("defenses asserted are wholly without merit")	24
U.S. Bankruptcy Court, Western District of Texas, Austin Division, No. 21-10360-tmd	March 7, 2022	Converting chapter 11 bankruptcy to chapter 7 and appointing Trustee (upon learning that Nate Paul misappropriated $251,000 from the debtor in possession account).	25
	March 7, 2022	Order Granting Lender's Motion for Relief (ordering the company controlled by Nate Paul to pay 100% of secured lenders attorney's fees following Paul's obstruction and misappropriation).	26
	March 7, 2022	Order Granting Lender's Motion to Enforce Settlement Agreement (following Paul's refusal to comply with settlement order and allowing lender immediately to obtain all personal property on real estate).	27
U.S. Bankruptcy Court, Western District of Texas, Austin Division, No. 21-10360-tmd	March 8, 2022	Order to Show Cause (one of six orders to show cause why Nate Paul entities should not be converted from chapter 11 to chapter 7 and Trustee appointed upon learning Paul misappropriated $251,000 from the debtor in possession account).	28
	March 8, 2022	Order to Show Cause	29
	March 8, 2022	Order to Show Cause	30
	March 8, 2022	Order to Show Cause	31
	March 8, 2022	Order to Show Cause	32
	March 8, 2022	Order to Show Cause	33
Court of Chancery of the State of Delaware, no. 2022-0218	March 10, 2022	TRO by Delaware State Court imposing barring transfers of Nate Paul Entities.	34
American Arbitration Association, No. 01-19-0000-5347	February 8, 2021	Arbitration award finding Nate Paul violated fiduciary duties, alter ego violations and liability against Paul, wrongful charges, actual fraud by Paul	35

Court	Date	Order	Exhibit
Third Court of Appeals, No. 03-19-00799-CV	September 30, 2021	Concluding evidence Paul committed fraudulent transfers, fraud, illegal conduct.	36
U.S. Bankruptcy Court, Western District of Texas, Austin Division *Orders upon learning Nate Paul misappropriated money from bankruptcy debtor in possession accounts.*	March 27, 2022	Order appointing chief restructuring officer (thereby removing Nate Paul)	37
	March 27, 2022	Order appointing chief restructuring officer (thereby removing Nate Paul)	38
	March 29, 2022	Order appointing chapter 11 trustee	39
	March 29, 2022	Order appointing chapter 11 trustee	40
	March 29, 2022	Order appointing chapter 11 trustee	41
	March 29, 2022	Order appointing chapter 11 trustee	42
U.S. Bankruptcy Court, Western District of Texas, Austin Division	June 27, 2022	Order by U.S. Bankruptcy Court to deliver financial records and documents to Trustees and Receiver. *See* Transcript, Hearing, June 27, 2022.	
	July 25, 2022	Order by U.S. Bankruptcy Court to deliver financial records and documents to Trustees and Receiver. *See* Transcript, Hearing, July 25, 2022.	

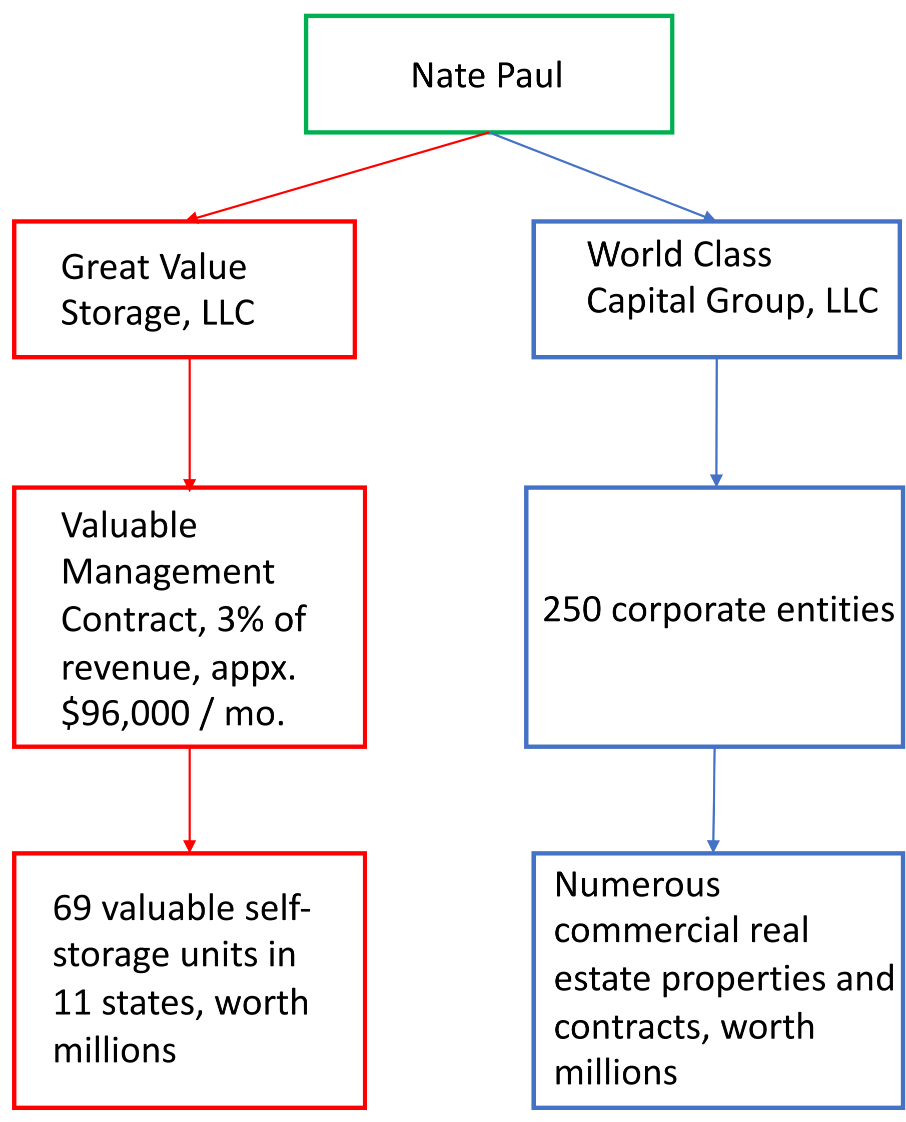
V. NATE PAUL AND HIS ORGANIZATION MISAPPROPRIATED TENS OF MILLIONS OF CASH AND REAL ESTATE.

Following thorough review of bank statements, transaction documents, transcripts, and pleadings, your Receiver determined that Paul and his organization misappropriated tens of millions of dollars of cash and real estate. He stripped *World Class Capital Group, LLC* and *Great Value Storage, LLC* of cash and real estate. He transferred money and property to personal accounts, purchased luxury items, and traveled lavishly. He transferred money and property to other shell companies he owns. Although it is perfectly acceptable and common to place a single real estate property in a single LLC, many of these other shells conduct no

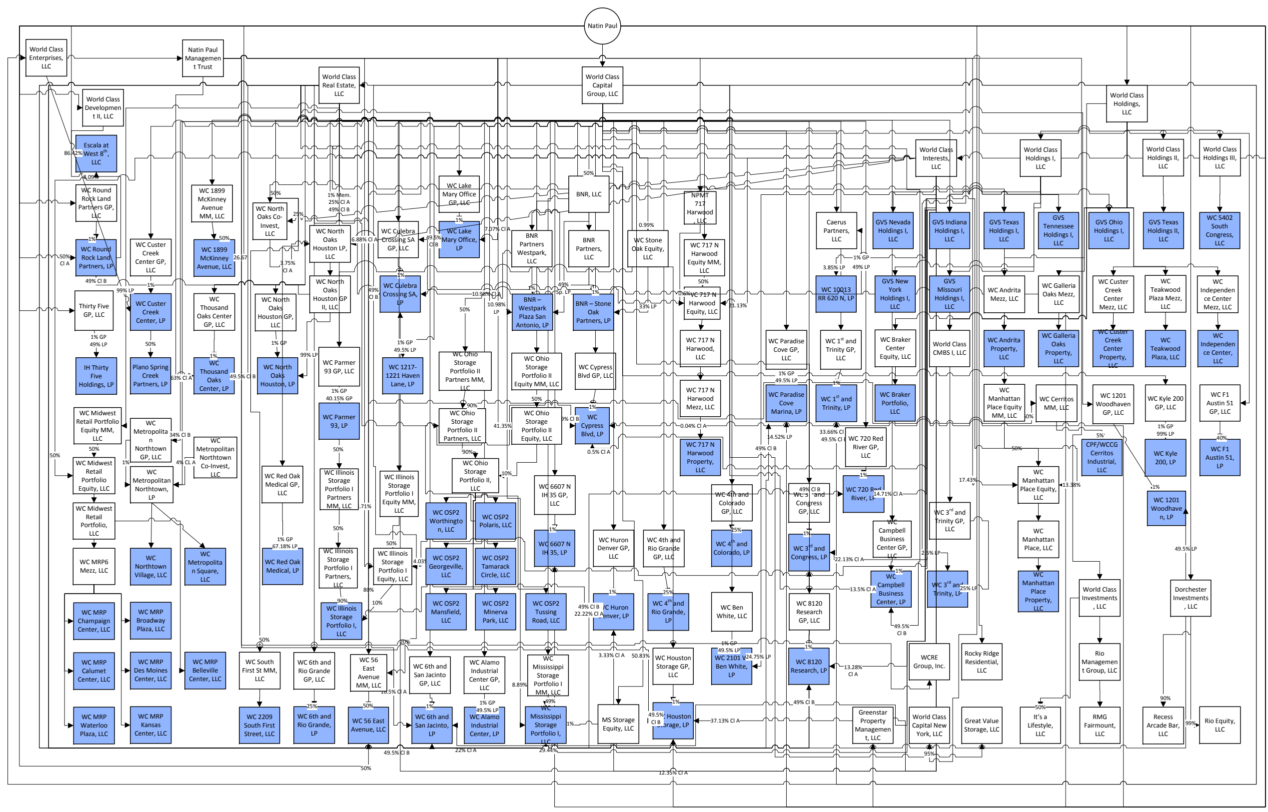
legitimate commercial business. They are merely shells to conceal and transfer assets. Receiver has found no evidence Paul has filed any federal tax return since 2017. His CPA, Julia Clark, refused to respond to five federal subpoenas served on her by your Receiver.

A. ***Paul created a dense web of corporate shells to disguise and conceal misappropriation of cash and real estate from courts, receivers, trustees, creditors and investors.***

This Court's decision to appoint a receiver *World Class Capital Group, LLC* and *Great Value Storage, LLC* was prescient. Underneath parent company *World Class Capital Group, LLC* are hundreds of interrelated and interlocking shell companies, some holding real estate, some holding contractual rights of one sort or another, some simply a mystery. Here is an overview diagram of the World Class entity:


Nate Paul
Great Value Storage, LLC
World Class Capital Group, LLC
Valuable Management Contract, 3% of revenue, appx. $96,000 / mo.
250 corporate entities
69 valuable self-storage units in 11 states, worth millions
Numerous commercial real estate properties and contracts, worth millions

Here is an internal Paul organizational chart obtained by Receiver:



The chart is nearly incomprehensible in both intent and design. Paul creates corporate shells as a means of disguising, camouflaging, and concealing fraudulent transfers or assets and cash. Paul possesses no corporate documents justifying this structure. There is no legitimate business or tax purpose for such a complicated and undocumented corporate structure.

The Court will please observe that beneath one Appellant, *World Class Capital Group, LLC*, are subsidiary companies and assets. The second Appellant, *Great Value Storage, LLC* (see bottom right of organization chart), has assets in the form of management contracts with

Great Value Storage facilities, the management fees of which, as discussed, the Paul Entities admitted fraudulently transferring. Princeton's summary judgment motion contained signed agreements by Paul attesting that *World Class Capital Group, LLC* wholly owned *Great Value Storage, LLC*, which wholly owned 23 valuable real estate storage units.[28]

The record contains a list of the 278 corporate shells created by Nate Paul, each holding real estate or contractual rights of one sort or another, or used as vehicles for fraudulent transfers and concealment.[29] The reason Nate Paul's organizational chart is confusing is because he intended it to be.

Your Receiver discovered a tax filing Paul was under order to turn over but did not. It is the June 15, 2021 Texas Franchise Tax Extension Request he signed and filed for *World Class Capital Group, LLC*, just last year, after he closed the Wells Fargo Bank accounts.[30]

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[28] CR 78, 225 and 91, 238, No. 01-21-00284-CV.
[29] *See Receiver's Response to Appellants' Rule 29.3 Motion for Temporary Orders*, Oct. 13, 2021, Exhibit 19 (list), No. 01-21-00284-CV.
[30] *See Receiver's Notice of Records Filing 2, Texas Comptroller Records*, Feb. 23, 2022.

In his report to the Texas Comptroller, Paul listed dozens of corporate entities he controls which are affiliated under *World Class Capital Group, LLC*. This report completely contradicts Paul's declaration that *World Class Capital Group, LLC* does not have any assets. Here is an excerpt:

Signature

Name:NATIN PAUL; **Title:** MANAGING MEMBER;

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Texas Franchise Tax Extension Affiliate List **Form 05-165** **Tcode: 13298 - Annual**		
Reporting entity taxpayer number 32033047294	**Reporting entity taxpayer name** WORLD CLASS CAPITAL GROUP LLC	**Report Year** 2021

LEGAL NAME OF AFFILIATE.	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	BLACKEN CIRCLE IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
WC 1ST AND TRINITY GP LLC	32048408051	No
WC 1ST AND TRINITY LP	32048408044	No
WC 3RD AND CONGRESS GP LLC	32049843991	No
WC 3RD AND CONGRESS LP	32049822607	No
WC 3RD AND TRINITY GP LLC	32045959999	No
WC 3RD AND TRINITY LP	32045959841	No
WC 4TH AND COLORADO GP LLC	32044399437	No
WC 4TH AND RIO GRANDE GP LLC	32045059139	No
WC 5TH AND WALLER LLC	32064486643	No

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In the same report, Paul designated *World Class Holdings, LLC*, one of his paymaster accounts and the designation for much of the WCCG misappropriated funds:

2/3/22, 5:12 PM TX Franchise Data - - 32033047294 - - 00056597527 - 6-17-2021 -.htm

Texas Franchise Tax Extension Request
Form 05-164
Tcode: 13258 - Annual

Taxpayer number	Taxpayer name	Report Year	Due Date
32033047294	WORLD CLASS CAPITAL GROUP LLC	2021	06/15/2021

US Mailing address
814 LAVACA STREET, AUSTIN, TX, 78701
USA

Secretary of State file number or Comptroller file number
0800822937

Signature
Name:NATIN PAUL; **Title:** MANAGING MEMBER;

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Texas Franchise Tax Extension Affiliate List
Form 05-165
Tcode: 13298 - Annual

Reporting entity taxpayer number	Reporting entity taxpayer name	Report Year
32033047294	WORLD CLASS CAPITAL GROUP LLC	2021

LEGAL NAME OF AFFILIATE.	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	BLACKEN CIRCLE IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
WORLD CLASS HOLDINGS IV LLC	32067627771	No
WORLD CLASS HOLDINGS MANAGEMENT LLC	32063679503	No
WORLD CLASS HOLDINGS V LLC	32067627805	No
WORLD CLASS HOLDINGS VI LLC	32067626229	No
WORLD CLASS HOLDINGS LLC	32064013710	Yes

WORLD CLASS CAPITAL GROUP, LLC
CONTROLS AND / OR OWNS
WORLD CLASS HOLDINGS, LLC

Last summer, Mr. Paul declared to Texas Comptroller that *World Class Holdings, LLC* is an affiliate under *World Class Capital Group, LLC.*

See Receiver Exhibit 2, pp. 285, 296.

Paul filed the report for *World Class Capital Group, LLC* as a "combined group." Under the Texas Tax Code, a "combined group" is defined as "Taxable entities that are part of an **affiliated group** engaged in a **unitary business** and that are required to file a group report under [Tax Code] Section 171.1014."[31]

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"Affiliated group" means, "Entities in which a controlling interest is owned by a common owner, either corporate or noncorporate, or by one or more of the member entities."[32]

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[31] Tex. Admin. Code § 3.590(b)(2) (2019).
[32] Tex. Admin. Code § 3.590(b)(1) (2019); Tex. Tax Code § 171.0001(1) (2019).

Such commonly owned entities are affiliated regardless of whether they are engaged in a unitary business. "Controlling interest" means, for a corporation, either more than 50 percent, owned directly or indirectly, of the total combined voting power of all classes of stock of the corporation, or more than 50 percent, owned directly or indirectly, of the beneficial ownership interest in the voting stock of the corporation.[33]

All affiliated entities are presumed to be engaged in a unitary business:

> A "unitary business" means a single economic enterprise that is made up of separate parts of a single entity or of a commonly controlled group of entities that are sufficiently interdependent, integrated, and interrelated through their activities so as to provide a synergy and mutual benefit that produces a sharing or exchange of value among them and a significant flow of value to the separate parts. In determining whether a unitary business exists, the comptroller shall consider any relevant factor, including (A) whether:
>
> > (i) the activities of the group members are in the same general line, such as manufacturing, wholesaling, retailing of tangible personal property, insurance, transportation, or finance;
> >
> > (ii) the activities of the group members are steps in a vertically structured enterprise or process, such as the steps involved in the production of natural resources, including exploration, mining, refining, and marketing; or
> >
> > (ii) the members are functionally integrated through the exercise of strong centralized management, such as authority over purchasing, financing, product line, personnel, and marketing.[34]

This is tedious tax code language, but the point is that all of the corporate entities listed[35] by Nate Paul form a single unitary operation, all controlled by Nate Paul, all falling

[33] Tex. Admin. Code § 3.590(b)(4) (2019).
[34] Tex. Admin. Code § 3.590(b)(6) (2019).
[35] *See Receiver's Notice of Records Filing 2, Texas Comptroller Records*, Feb. 23, 2022.

under the control or ownership of *World Class Capital Group, LLC*. Your Receiver, therefore, has properly exercised control over the subsidiary entities.

B. Wells Fargo Bank Records Reveal $87 million of Unaccounted Transfers by Nate Paul in One Account Alone.

Throughout the pervasive litigation, including in this Court, Paul refused to provide any bank records from the hundreds of accounts at Wells Fargo Bank. Your Receiver obtained, and filed in this Court, 16 months of bank statements for a single Wells Fargo account, for *World Class Capital Group, LLC*, the parent company for Paul's pyramid of real estate entities, and for *Great Value Storage, LLC*, an entity related to the collection of some 69 self-storage units in 11 states.[36]

These bank records for just this one account, *World Class Capital Group, LLC*, for a brief 16-month window, reveal that Paul transferred ***<u>$87 million</u>*** in cash back and forth to his various entities, and to unknown individuals and companies. Millions were transferred just before and just after the August 14, 2019 U.S. Magistrate Court authorized the FBI search of Paul's home and office for evidence of criminal activity.[37] Paul drained the accounts completely in January and February 2020. He treated the millions as personal money, moving money between insider individuals and corporations without regard for any corporate fiduciary formalities or segregation responsibilities.

Based on the bank statements, here is a list of transfers in and out of the *World Class Capital Group, LLC*'s Wells Fargo account for the 16-month period, from October 2018 until

---

[36] *See Receiver's Notice of Records Filing 2, Texas Comptroller Records*, Feb. 23, 2022.

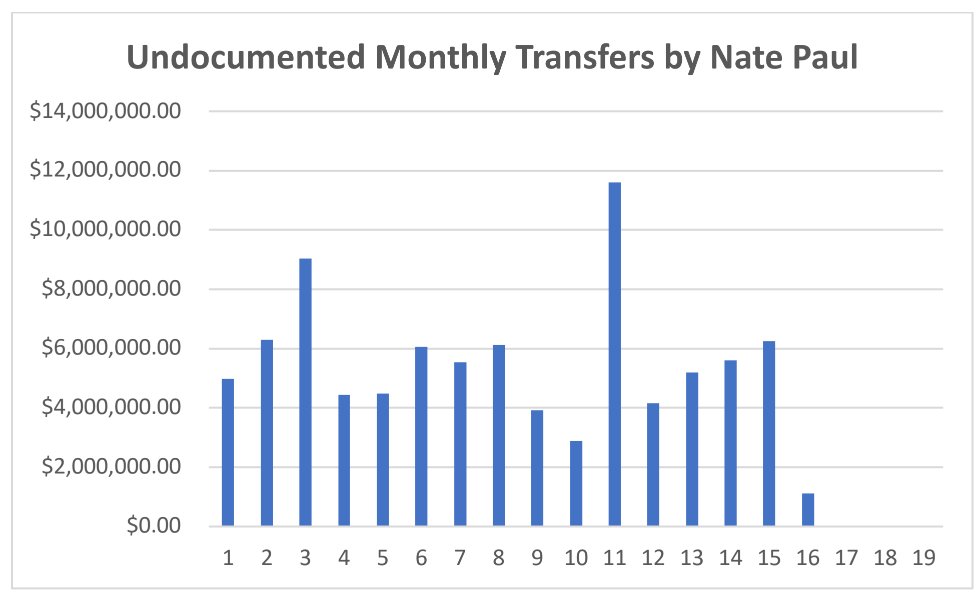
[37] *See* CR 289, 292, No. 01-21-00284-CV.

Paul drained the account in January 2020. The Court will observe that Paul transferred the largest amount of money, more than $11 million, in the days before and after the August 2019 FBI search of his home and office.[38]

Bank Statement Date	Beginning Balance	Total Credits (Deposits)	Disbursements (Transfers)	Checks Paid (Disbursements)	Total Transfers (Withdrawals)	Ending Balance
10/31/2018	$3,358.92	$4,967,225.19	($4,866,784.53)	($100,734.51)	($4,967,519.04)	$3,065.07
11/30/2018	$3,065.07	$6,291,499.01	($6,265,514.27)	($23,712.90)	($6,289,227.17)	$5,336.91
12/31/2018	$5,336.91	$9,035,095.33	($8,911,208.12)	($125,537.14)	($9,036,745.26)	$3,686.98
01/31/2019	$3,686.98	$4,471,139.57	($4,410,564.68)	($21,900.55)	($4,432,465.23)	$42,361.32
02/28/2019	$42,361.32	$4,454,241.28	($4,472,387.85)	($3,496.31)	($4,475,884.16)	$20,718.44
03/31/2019	$20,718.44	$6,037,038.72	($6,045,588.00)	($11,754.66)	($6,057,342.66)	$414.50
04/30/2019	$414.50	$5,545,898.55	($5,536,201.67)	($5,994.34)	($5,542,196.01)	$4,117.04
05/31/2019	$4,117.04	$6,115,272.86	($6,082,028.42)	($36,584.62)	($6,118,613.04)	$776.86
06/30/2019	$776.86	$3,932,056.24	($3,899,167.11)	($26,541.66)	($3,925,708.77)	$7,124.33
07/31/2019	$7,124.33	$2,906,752.75	($2,857,123.47)	($26,427.77)	($2,883,551.24)	$30,325.84
08/31/2019	**$30,325.84**	**$11,574,097.77**	**($11,590,809.18)**	**($11,010.72)**	**($11,601,819.90)**	**$2,603.71**
09/30/2019	$2,603.71	$4,296,517.64	($4,144,159.99)	($19,010.91)	($4,163,170.90)	$135,950.45
10/31/2019	$135,950.45	$5,093,583.13	($5,164,223.10)	($25,352.59)	($5,189,575.69)	$39,957.89
11/30/2019	$39,957.89	$5,592,614.59	($5,610,627.46)	($3,464.72)	($5,614,092.18)	$18,480.30
12/31/2019	$18,480.30	$6,392,314.54	($6,246,473.75)	($711.60)	($6,247,185.35)	$163,609.49
01/31/2020	$163,609.49	$943,821.05	($1,107,430.54)	$0.00	($1,107,430.54)	$0.00
02/29/2020	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
03/31/2020	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
04/30/2020	$0.00	$0.00	$0.00	$0.00	($12,121.58)	($12,121.58)
Totals		**$87,649,168.22**	**($87,210,292.14)**	**($442,235.00)**	**($87,652,527.14)**	**($12,121.58)**

[38] *See* CR 289, 292.

Here is a graph showing the same monthly transfers:



In November, December, and finally in January, Paul drained the account completely, transferring the money as fast as it arrived to a collection of individuals and entities. Paul has never turned over documents revealing to whom he transferred this cash, or why.

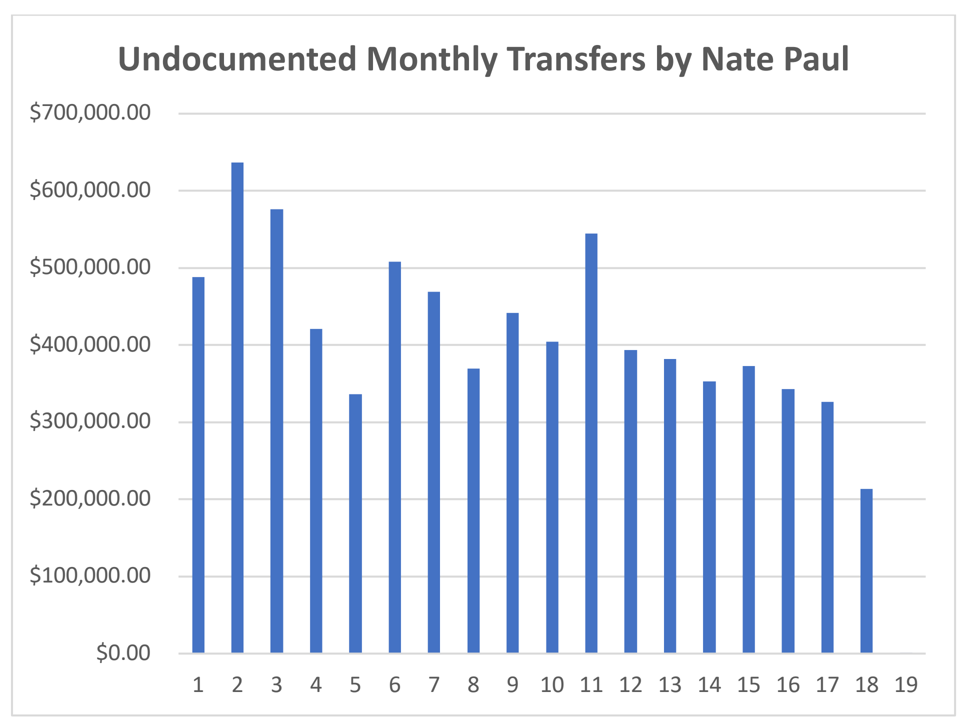
C. Wells Fargo Bank Records Reveal $7.4 million of Unaccounted Transfers by Nate Paul in Another Account.

Similarly, the Wells Fargo statements for *Great Value Storage, LLC* reveal Paul transferred $7.4 million from the company. Again, he transferred sharply more money just before and just after the August 2019 FBI search.[39] Again, he drained the account to points unknown in February and March 2020. To be more precise, he redirected regular monthly storage unit payments away from *Great Value Storage, LLC*, to another unknown corporate entity he will not reveal, thereby stripping *Great Value Storage, LLC* of cash and accounts receivable. Here is a summary:

[39] *See* CR 289, 292.

Bank Statement Date	Beginning Balance	Total Credits (Deposits)	Disbursements (Transfers)	Checks Paid (Disbursements)	Total Transfers (Withdrawals)	Ending Balance
10/31/2018	$239.63	$488,265.76	($394,361.59)	($93,534.26)	($487,895.85)	$609.54
11/30/2018	$609.54	$644,522.00	($602,635.57)	($34,403.49)	($637,039.06)	$8,092.48
12/31/2018	$8,092.48	$569,852.07	($521,955.32)	($53,922.93)	($575,878.25)	$2,066.30
01/31/2019	$2,066.30	$423,624.00	($388,750.48)	($31,898.34)	($420,648.82)	$5,041.48
02/28/2019	$5,041.48	$467,392.00	($307,414.67)	($28,545.30)	($335,959.97)	$136,473.51
03/31/2019	$136,473.51	$372,744.71	($497,759.87)	($10,021.19)	($507,781.06)	$1,437.16
04/30/2019	$1,437.16	$468,704.43	($418,873.17)	($50,348.33)	($469,221.50)	$920.09
05/31/2019	$920.09	$368,374.23	($330,581.41)	($38,550.57)	($369,131.98)	$162.34
06/30/2019	$162.34	$442,314.34	($429,848.01)	($11,728.01)	($441,576.02)	$900.66
07/31/2019	$900.66	$405,853.12	($400,502.93)	($3,478.47)	($403,981.40)	$2,772.38
08/31/2019	$2,772.38	**$551,861.22**	**($544,214.48)**	**($324.63)**	**($544,539.11)**	$10,094.49
09/30/2019	$10,094.49	$384,897.82	($390,608.61)	($3,372.93)	($393,981.54)	$1,010.77
10/31/2019	$1,010.77	$381,624.22	($380,336.61)	($2,023.08)	($382,359.69)	$275.30
11/30/2019	$275.30	$352,817.61	($343,221.92)	($9,588.23)	($352,810.15)	$282.76
12/31/2019	$282.76	$372,946.35	($373,225.59)	$0.00	($373,225.59)	$3.52
01/31/2020	$3.52	$343,474.63	($341,361.67)	($1,555.29)	($342,916.96)	$561.19
02/29/2020	$561.19	$326,187.74	($324,940.51)	($1,617.67)	($326,558.18)	$190.75
03/31/2020	$190.75	$212,291.59	($207,982.44)	($5,452.75)	($213,435.19)	($952.85)
04/30/2020	($952.85)	$2,000.00	($1,047.15)	$0.00	($1,047.15)	$0.00
Totals		**$7,365,456.25**	**($6,990,592.41)**	**($374,912.72)**	**($7,365,505.13)**	**$0.00**

Here is a chart showing monthly undocumented transfers from the *Great Value Storage, LLC* account:



D. Bank records reveal the story of staggering misappropriation.

Paul claimed not to have any records.[40] For an enterprise with nearly one billion dollars in assets, hundreds of millions in revenue, hundreds of corporate shells, he does not have any records. No bank statements. No payable vouchers, no invoices, no receipts, no payroll, no account reconciliations, no balance sheets, no profit and loss statements, no tax returns, no contracts, no agreements, no deeds, no company board of director minutes, no records documenting transfers of assets or money, no records for the purchase or sale of his Bentley, Lamborghini, or Porsche.[41]

The Wells Fargo bank records separately filed are only for 16 months, from 2018 to 2020, until Paul drained the accounts, during the months following the FBI search of his home and office. Paul could easily have provided these in response to any of the compel orders by logging in to Wells Fargo and pressing download. Moreover, these records are only for two accounts. Paul had *more than four hundred accounts* at Wells Fargo.

[40] *See Receiver's Notice of Intent to File Response and Notice of Prior Court Orders Involving Nate Paul*, Mar. 31, 2022, 01-21-00284-CV (attaching 42 orders by state and federal judges seeking to control and compel Paul to provide documents and otherwise comply); *accord* CR 297, 321 (Appellants provided not a single corporate record to refute Princeton's summary judgment motion); *also Princeton's Notice of Judgment Debtors' Non-Compliance with this Court's January 24, 2022 Order*, Jan. 27, 2022), Image No.: 100077941.

[41] *See Receiver's Amended Motion for Turnover of Bentley Mulsanne, Lamborghini, Porsche, Land Rover, and Other Luxury Automobiles*, Jan. 19, 2022 (supplemental record requested and pending) (Paul depreciated the Bentley on *World Class Capital Group, LLC*'s 2017 tax return, the last tax return he later testified he ever filed).

Here is the story these snapshot documents tell us:

- For more than 200 pages, the Court will see line after line of wire transfers for hundreds, thousands, tens of thousands, hundreds of thousands, and millions of dollars;

- Paul does not have, or will not reveal, a single page, not a single email, documenting the propriety of any of these cash transfers;

- There are thousands of transfers back and forth between the hundreds of Great Value Storage and World Class entities. Paul moved money between entities at whim or need or interest, disregarding all Texas and IRS imposed fiduciary duties as corporate officer to segregate each entity's cash, assets, books, accounts, activity, and to maintain records, with each entity standing on its own;

- $87 million is missing or unaccounted from the World Class Capital Wells Fargo account, just in this 16-month period;

- $7.4 million is missing or unaccounted from the Great Value Storage Wells Fargo account.

- Other account bank statements for other Paul controlled corporate shells reviewed by Receiver reveal similar unexplained and undocumented transfers between shells and to insiders and to Paul personal accounts.

- The hundreds of other Wells Fargo accounts likely tell a similar tale of fraudulent transfers.[42]

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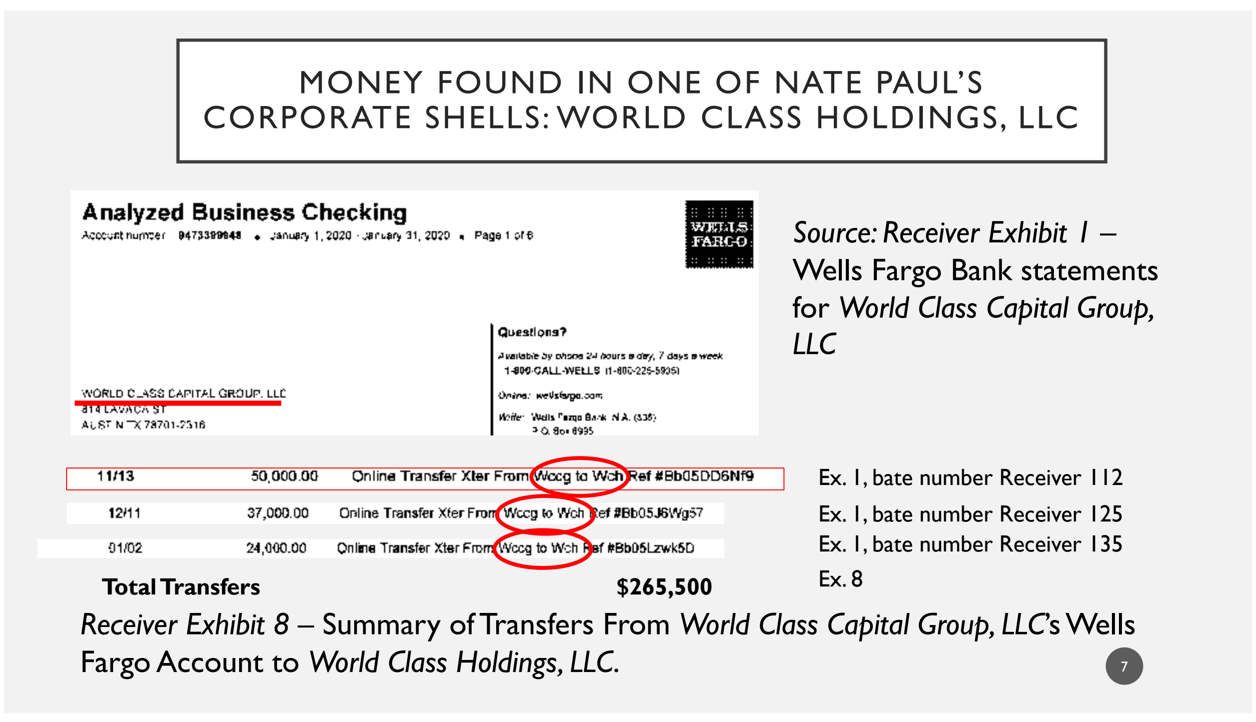
[42] *See* Receiver's Notice of Business Records No. 1, Image No.: 100497493, Wells Fargo Statements, 2018 – 2020, filed Feb. 21, 2022, 165th District Court, docket number 2019-18855.



To give perspective, here is an excerpt from two seemingly ordinary days in November 2018, from the WCCG account.[43] Not a single one of these transactions are documented or explained. Almost all are to Paul Organization insiders and shells:

[43] *See* Receiver's Notice of Business Records No. 1, Image No.: 100497493, Wells Fargo Statements, 2018 – 2020, filed Feb. 21, 2022, 165th District Court, docket number 2019-18855.

11/28	32,000.00	Online Transfer Wccg to Braker Ref #Bb05Gchjrg
11/28	21,000.00	Online Transfer Wccg to North Oaks Ref #Bb05Gc73Tj
11/28	9,000.00	Online Transfer Xter From Wccg to Wcre Ref #Bb05Gbwxw5
11/28	2,000.00	Online Transfer Xter From Wccg to North Oaks Ref #Bb05Gbvzjl
11/28	2,000.00	Online Transfer Xter From Wccg to Gvs Ref #Bb05Gbwygq
11/28	4,419.29	Bambora Bf10000009 181127 43201983 World Class Capital Gr
11/28	549.36	Bambora Bf10000008 181127 43199651 World Class Capital Gr
11/28	95.00	Citi Payment Payment 181127 202814680331671 Paul,Nathan
11/28	54.98	City of Austin/A Utilities 181127 7088327768 7088327768
11/29	50,000.00	Online Transfer Xter From Wccg to Harwood Atx Ref #Bb05Gh97Hj
11/29	15,000.00	Online Transfer Wccg to Harwood Ref #Bb05Ghpxtf
11/29	10,000.00	Online Transfer Xter From Wccg to 6607 N Ih 35 Ref #Bb05Gg7Nhn
11/29	8,000.00	Online Transfer Xter From Wccg to Rio Operating Ref #Bb05Gh93Qc
11/29	5,000.00	Online Transfer Xter From Wccg to Wcre Mgmt Ref #Bb05Gh9H5M
11/29	2,000.00	Online Transfer Xter From Wccg to Wchii Ref #Bb05Gg7P7V
11/29	23,000.00	WT Fed#08157 Independent Bank /Ftr/Bnf=Wc Paradise Cove Marina, Lp Srf# Gw00000020778976 Trn#181129072862 Rfb# 4320
11/29	8,123.70	NW Trust Contrib 857-80061 World Class Capital Gr
11/29	6,107.54	Bambora Bf10000010 181128 43248124 World Class Capital Gr
11/30	26,500.00	Online Transfer Xter From Wccg to 1899 McKinney Corp Ref #Bb05Gnl5RC
11/30	20,000.00	Online Transfer Wccg to Wchiii Ref #Bb05Gps353
11/30	15,000.00	Online Transfer Xter From Wccg to Gvs Ref #Bb05Gr6Vq4
11/30	3,000.00	Online Transfer Wccg to Champaign Ref #Bb05Gn8Dsm
11/30	3,000.00	Online Transfer Xter From Wccg to Wchi Ref #Bb05Gnkfd7
11/30	1,500.00	Online Transfer Xter From Wccg to Mrp Belleville Ref #Bb05Gnk8Zl
11/30	1,000.00	Online Transfer Xter From Wccg to Wchii Ref #Bb05Gnkhls
11/30	1,000,000.00	WT Fed#00463 Jpmorgan Chase Ban /Ftr/Bnf=Rastegar Holding Company, LLC Srf# Gw00000020857847 Trn#181130253016 Rfb# 4331
11/30	450,000.00	WT Fed#09623 Banc of California /Ftr/Bnf=Harvey A Bookstein Trust Account Srf# Gw00000020857435 Trn#181130250797 Rfb# 4330
11/30	232,050.00	WT Fed#00105 Banc of California /Ftr/Bnf=Har-3M, LLC Srf# Gw00000020856889 Trn#181130249932 Rfb# 4328
11/30	205,416.87	WT Fed#01052 Jpmorgan Chase Ban /Ftr/Bnf=Rastegar Income Fund, Lp Srf# Gw00000020858219 Trn#181130255145 Rfb# 4335
11/30	197,741.38	WT Fed#01161 Jpmorgan Chase Ban /Ftr/Bnf=Rategar Income Fund II, Lp Srf# Gw00000020858285 Trn#181130256061 Rfb# 4336
11/30	196,015.56	WT Fed#00719 Jpmorgan Chase Ban /Ftr/Bnf=Rastegar Value Fund, Lp Srf# Gw00000020859001 Trn#181130257119 Rfb# 4338

Here are just a couple of the transfers to Nate Paul and his domestic partner, Summer Burns:[44]

***Electronic debits/bank debits** (continued)*

Effective date	*Posted date*	*Amount*	*Transaction detail*
	11/01	15,000.00	WT Fed#03514 Compass Bank /Ftr/Bnf=Natin Paul Srf# Gw00000020165846

***Electronic debits/bank debits** (continued)*

Effective date	*Posted date*	*Amount*	*Transaction detail*
	11/05	4,000.00	WT Seq#84862 Summer N Burns /Bnf=Summer Burns Srf#
	11/30	79,805.34	American Express ACH Pmt 181130 W9168 Natin Paul
	11/30	21,479.68	American Express ACH Pmt 181130 W2718 Natin Paul
	11/30	21,070.42	American Express ACH Pmt 181130 W0800 Natin Paul

Here is a total of transfers to Paul and family members from the WCCG account for just a 16-month period:

MISAPPROPRIATION OF CASH

- $3.9 million Nate Paul's American Express (only 16 months)
- $639,000 transfers to Nate Paul directly
- $531,000 to personal investment trust account
- $43,000 Sheena Paul's AMEX
- $33,000 to Nate Paul Management Trust
- $22,000 to Ford Motor Credit, probably for the Super Duty F250
- $20,000 to his Summer Burns Domestic partner
- $9,000 to his father's credit card

[44] *See* Receiver's Notice of Business Records No. 1, Wells Fargo Statements, 2018 – 2020, filed Feb. 21, 2022, 165th District Court, docket number 2019-18855.

The breach of fiduciary duty causes of action against Paul and his organization constitute a form of intangible personal property which Receiver can and did litigate on behalf of WCCG and GVS to claw back misappropriated money, thereby fulfilling the Court's final judgment and receivership order.[45]

VI. THE NATE PAUL ORGANIZATION IS A COAST-TO-COAST CONSPIRACY DESIGNED TO DEFRAUD CREDITORS AND INVESTORS.

A. Overview of the Nate Paul Organization.

Nate Paul has created and masterminds a coast-to-coast conspiracy of opportunists designed to defraud creditors and investors. In this report, Receiver limits himself to civil conspiracy and civil law misconduct.

The individuals and entities part of this organization include:

Nate Paul is the founder and owner of World Class Capital Group, LLC (WCCG), and Great Value Storage, LLC (GVS). Paul has created numerous business entities, more than 250, including, but not limited to:

World Class Holding Company, LLC
World Class Holdings, LLC
World Class Holdings I, LLC
World Class Development, LLC
World Class Real Estate, LLC
Westlake Industries

The Paul Organization includes numerous business entities created by, or at the behest of, Paul. A recent review of the records of the Texas Secretary of State disclosed that there

[45] *See infra*; *see also Ritchie v. Rupe*, 443 S.W.3d 856, 868 (Tex. 2014); *Gearhart Indus, Inc. v. Smith Int'l, Inc.*, 741 F.2d 707, 719-721 (5th Cir. 1984); *FDIC v. Harrington*, 844F. Supp. 300, 306 (N.D. Tex. 1994); *Resolution Trust Corp. v. Norris*, 830 F. Supp. 351 (S.D. Tex. 1993)).

were 212 entries for business entities created with Paul listed as an officer or manager. Another list identifies 278 entities as of the date of the September 2021 receivership order. The Paul Organization created business entities in Texas, Ohio, Delaware and elsewhere that had business operations in Texas, Ohio, Mississippi, Nevada, New York, Missouri and elsewhere, during 2012 to 2022.

A review of federal and state judicial records disclosed numerous lawsuits against various entities in the Paul Organization surrounding a common theme:

- The entities in the Paul Organization are not independent. Paul and his co-conspirators treat all the entities as a single enterprise and without regard for any required corporate formalities.

- Assets are transferred between entities without regard for the contractual obligations the Paul Organization has made with creditors or investors.

- Many of these transfers are to Paul, Paul's family members and insiders.

- This scheme creates a complex web intended to thwart the legitimate efforts of creditors and investors to recoup the funds which Paul has taken from these investors through a documented series of fraudulent promises and contracts that Paul made, and never kept, nor intended to keep.

- In Receiver's opinion, Paul continuously misled and enticed others to invest their funds with Paul and the Paul Organization in order to enrich himself, family members and insiders unlawfully.

In Receiver's opinion, Paul appears to have been assisted in his operation of the Paul Organization as a national enterprise engaged in the civil violation conduct described herein by the following parties:

- Sheena Paul, his chief lieutenant, the Chief Operating Officer of WCCG, lawyer for the Paul Organization, and Nate Paul's sister.

- Barbara "Barbie" Lee, the Vice President of Accounting at WCCG, who admits that WCCG provides accounting services to several of the entities at the heart of the Paul Organization at all relevant times.

- Jason Rogers, the Controller at WCCG, who according to Barbie Lee, provides accounting services to several of the entities at the heart of the Paul Organization at all relevant times.

- Jeremy Stoler, a key accounting employee at WCCG, who according to Barbie Lee, provides accounting services to several of the entities at the heart of the Paul Organization at all relevant times.[46]

- Love Paul, the father of Nate Paul and Sheena Paul, and a recipient of fraudulent transfers of assets from the Paul Organization.

- Summer Burns, Paul's domestic partner, the mother of his children, and a recipient of fraudulent transfers of assets from the Paul Organization.

- Julia Clark, a Dallas CPA who provided tax and other accounting services to the Paul Organization and who is believed to have provided substantial assistance with the fraudulent scheme outlined below. (As mentioned, your Receiver served Ms. Clark in July with five subpoenas for production of tax records and returns pertaining to the Nate Paul Organization entities. She did not comply with the subpoenas or contact your Receiver.)

- Narsimha Raju Sagiraju, aka Raj Kumar, a convicted felon, who was convicted of fraud in Santa Clara County, California in 2016,[47] and who is a recipient of fraudulent transfers from the Paul Organization through various entities including Cupertino Builders and Kadari, Inc.[48]

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[46] Mr. Stoler has a lawsuit pending against Nate Paul and related entities. *Stoler v. Paul, et al.*, no D-1-GN-22-002204 (345th Dist. Crt., Travis Cty., Tex.). Receiver filed a counter claim against Mr. Stoler but non-suited approximately one month later. Receiver's June 6, 2022 adversary action in the GVS bankruptcy case named Mr. Stoler as a defendant and included causes of action against him.

[47] Sagiraju was convicted in 2017 in Santa Clara County, California of 3 felony counts of securities fraud and 3 felony counts of grand theft. Bay City News, "Ex-Tech Executive to be Sentenced to Jail for Gambling $417K of Friends' Investments," (July 17, 2017). *See also Soma Capital Fund I Partners, LLC, et al. v. Narsimharaju Sagiraju et al.,* Santa Clara County, California Superior Court, cause no. xxxx1321, filed June 5, 2017.

[48] According to the Sidley Austin 549 Report in the GVS bankruptcy case, *see supra*, Paul directed fraudulent transfer payments to Cupertino Builders.

- Surik M. Torosyan,[49] an associate of Sagiraju who apparently operates Veheal, Inc.,[50] a documented recipient of millions of dollars' worth of financial transfers from the Paul Organization.

- Jacob Armendariz, a convicted felon, who was convicted of theft and fraud in Potter and Deaf Smith Counties in Texas on multiple occasions, and an employee of the Paul Organization.[51] Armendariz operates at least two companies, West Texas Stone Solutions, and Hernandez Remodeling, which were used in efforts to receive fraudulent transfers of assets from the Paul Organization.

This list is not meant to be exhaustive or all inclusive. Nor do I assert that it includes all the individuals who were involved in the operations of the Paul Organization, or that I have identified all the roles or involvement each party had with the Paul Organization. Again, I do not address any possible criminal violations by any person or entity in this report, only civil law violations.

B. *Evaluation of the Nate Paul Organization misappropriation and concealment in the underlying Capital Point Partners II, LLP / Princeton Capital note payable agreement as exemplar of misconduct.*

The underlying lawsuit by Princeton Capital against two Paul Organization entities has been completed. Nevertheless, what occurred is a suitable example of how the Paul

[49] *See American Express National Bank v. Surik Torosyan*, no. 21CV3870088 (Santa Clara County, Cal. Superior Crt.) (unpaid AMEX of $17,299.69).
[50] California chartered company, 1249 Rosalia Avenue, San Jose, CA 95117. Chartered 2017.
[51] TDC Offense Date 04/16/2008 Sentence Date 06/04/2009 Theft more than $500 less than $1500.
TDC Offense Date 05/05/2009 Sentence Date 09/30/2009 Theft More than $1500 less than $20,000.
Case Filed Date 09/30/2009 Deaf Smith County Offense Not specified. Convicted 10/14/2009.
2 Probation Violations in Deaf Smith County filed on 02/26/2009 and disposed of by conviction on 06/03/2009.
Case Filed Date 4/13/2009 Randall County Theft Crimes against property, Fraud Convicted 3/16/2011.
Case Filed Date 9/06/2013 Potter County Theft, crimes against property, Fraud Convicted 3/06/2014.
Case Filed Date 01/31/2014 Potter County Theft, crimes against property, Fraud. Convicted 02/13/2014.
Case Filed Date 1/10/2017 Potter County Theft by check disposition not reported.

Organization operates, as it contains the majority of the documentary evidence available to me that I have been able to corroborate independently.

The scheme began on or before the period of time when Capital Point Partners II, LLP (Capital Point) entered into a Note Purchase Agreement ("NPA") with Paul. On July 31, 2012, Paul signed the NPA on behalf of Great Value Storage, LLC ("GVS") and World Class Capital Group, LLC ("WCCG"), two entities in the Paul Organization, and now subject of the receivership. A man named Kevin Smith signed on behalf of Capital Point.

The NPA is over 80 pages long with the included addendums. The agreement is complex and detailed and is merely generally summarized:

- The NPA called for GVS to sell senior secured promissory notes to CP. The first note was for a face value of $2,000,000.
- A second note, which was signed on September 27, 2012, was for a face value of $500,000.
- GVS agreed to pay interest at 14% per annum on these notes.
- GVS agreed not to make distributions of the proceeds to equity holders, to provide information and documents required by the agreement, to execute, and maintain a "deposit control agreement" at GVS' bank, which was Wells Fargo at that time.

Exhibit B to the NPA lists certain storage facility properties owned by GVS and WCCG at the time. This list includes storage facilities in Texas, Tennessee, and Missouri.

The NPA has the following mandatory repayment covenants in section 1.4 (C) that Paul agreed to abide by:

- <u>Change in Control</u>. If there is any event that produces a change in control of GVS the NPA calls for the Notes to be prepaid in full.

- Issuance of Equity Securities. On the date of receipt of cash proceeds from the sale of equity securities or equivalents, GVS is to prepay the Notes in full.

- Issuance of Debt. On the date of receipt of any cash proceeds from the incurrence of any other debt than is listed in attached schedule 3.1 (which is none or zero) GVS is to prepay the Notes in full.

- Asset Disposition. No later than the first business day after the receipt of net proceeds from the disposition of the assets of GVS of WCCG the Notes are to be paid in full in the amount of the net asset disposition proceeds.

- Insurance Condemnation.

- Change in General Partner. If WCCG shall cease to be the General Partner, or cease to own directly or indirectly, a majority of the voting equity securities of any person who owns a storage facility, the Notes must be repaid.

Some of the affirmative covenants in section 2 of the NPA to which Paul was required to comply were:

- Compliance with the Contract and Laws.

- Maintain the Properties. Ensure they are insured.

- Inspection. Each note holder can inspect the facilities and financial records of WCCG and GVS, to make copies of the records, to speak with the officers and CPAs of GVC and WCCG regarding the finances and business operations of GVS and WCCG.

- Organizational Existence and Conduct of Business Books and Records. Paul agrees to: (i) maintain the legal existence of WCCG and GVS, (ii) maintain the leases, privileges, franchises, qualifications and rights that are necessary for the operation of GVS and WCCG's business; (iii) continue to qualify to do business in each state or jurisdiction as required; (iv) conduct GVS and WCCG business as it is presently conducted in an orderly and efficient manner with good business practices; (v) maintain copies of accurate books and records regarding the business operations of GVS and WCCG, as well as meetings of shareholders, Boards of Directors, and partners.

- Board of Director Kevin Smith has certain rights. He has observation rights to all Board of Directors meetings for GVS. The company (GVS) agrees that all

matters concerning strategy, financing, financial health, performance, financings, budget, fundamental changes to the business, including sales or disposition of all or a substantial portion of any business, changes in the business, or business activities of the company or the facilities or the offering of securities with respect to GVS, shall be decided by the Board and Smith (the Capital Point Representative).

Some of the negative covenants in section 3 of the NPA that Paul is responsible for complying with are:

- Indebtedness. Paul agrees not to incur more than $150,000 in additional indebtedness for GVS and lists the companies' other debts as -0- in schedule 3.1.

- Liens. GVS will not incur or allow liens on the properties.

- No Negative Pledges.

- Modification to the Management Agreements. GVS and WCCG will not terminate, assign, or enter into any amendment or modification of any Management Contract which would have a material adverse effect as determined by the Holder of the notes at the Holder's sole discretion.

- Investments. Certain investments are prohibited.

- Contingent Obligations. Certain contingent Obligations are prohibited.

- Restriction on Fundamental Changes. GVS and WCCG are prohibited from: amending, modifying, or waiving any term of their organizational documents; entering into any transaction merger or consolidation without providing at least 5 days written notice to the holders of the notes; liquidating the company (GVS and WCCG); acquiring by purchase all or part of the business or assets of another entity.

- Disposal of Assets or Subsidiary Equity Securities. GVS will not convey, sell, lease, transfer or otherwise dispose of its property, business, or assets in one transaction or a series of transactions.

- Transactions with Affiliates. GVS will not enter into any transaction including, purchase, lease, sale, exchange of property or the rendering of any management, consulting, investment banking, advisory or other similar services with any

affiliate or any director, officer or employee of WCCG for more than $5000.00 in one year.

In the NPA, the first interest payment on the notes issued by GVS and WCCG to Capital Point was due on December 31, 2012. Interest only payments were to be paid quarterly thereafter. The principal sum was due on July 31, 2017.

In section 4.2 and 5. 6 of the NPA, Paul commits that all financial statements produced by GVC and WCCG to induce Capital Point to invest with the Paul Organization have been prepared using Generally Accepted Accounting Principles (GAAP) and that the financial statements that have been or will be prepared on behalf of GVS and WCCG will fairly and accurately represent the financial condition of both companies. Section 4.2 (A) discusses monthly financial statements that would be prepared according to GAAP. Section 4.2 (E) discusses GVS and WCCG providing copies of all significant reports prepared by the companies' firm of Certified Public Accountants (CPA).

WCCG issued a press release in August 2012 claiming it had acquired a dozen storage properties in Houston and Dallas, Texas. In February 2014 WCCG issued a press release stating it had acquired 6 additional storage properties in Houston and claimed this was the 4th portfolio acquisition for WCCG in the last 18 months. Sheena Paul is listed as the Vice President of WCCG in this press release and is quoted as saying, "We continue to be agile and opportunistic in our storage acquisitions."

My review indicates that at least some of the GVS storage facility properties may have had mortgage financing, possibly from federally insured financial institutions. There are open-source records indicating that: C-III Commercial Mortgage, LLC, of Irving, Texas; Mortgage

Research Center, LLC, of Missouri; Smartbank, of Salt Lake City, Utah; Morgan Stanley Mortgage Capital Holdings, LLC, of New York; and Compass Bank, Pittsburgh, Pennsylvania may have recorded liens against several of the pertinent self-storage properties. I found no indication that this debt was disclosed to Capital Point or Princeton Capital, in an apparent possible violation of the NPA. I found no positive indication that the Paul Organization disclosed its sales of promissory notes to these companies.

On November 12, 2014, The NPA was amended for a third promissory note, in the amount of $3,100,000 to be sold by GVS and WCCG to Capital Point.

From my review of available information, including depositions of Paul and Lee, I note that Paul caused GVS and WCCG repeatedly to breach the NPA by failing to comply with their covenants and obligations in the NPA. As one example, the NPA obligates Paul to use Generally Accepted Accounting Principles (GAAP) to create monthly financial statements and provide the same to Capital Point. Paul and Lee each make statements in separate depositions indicating GAAP was never used to prepare financial statements for the Paul Organization or its various entities, including GVS and WCCG, a clear violation of the NPA, in my opinion. In their depositions, Lee, and Paul both acknowledged that everything done in the Paul Organization is done at the direction of Paul, and with Paul's knowledge.

It appears to me that the CPA for Paul and the Paul Organization during the relevant time period was Julia Clark. In July 2022, I served Ms. Clark with five federal subpoenas for relevant tax returns and records. She did not deliver the documents by the date required. She

did not contact me. I suspect she was instructed by the Nate Paul Organization not to comply with the subpoena.

Court records indicate that in 2012, 2014, 2015, 2018 Paul, with and through communications from Sheena Paul, Barbara Lee and Jason Rogers, each claiming to be operating on behalf of WCCG and the "World Class Enterprise," represented to Capital Point and its successor in interest in the NPA, Princeton Capital Corp that GVS had an ownership interest in storage facilities and the GVS financial statements provided to Capital Point and Princeton Capital included a balance sheet entry indicating $5,000,000 in "Investment in Real Estate" on the balance sheets provided to Capital Point and Princeton Capital in 2014, 2015, and 2018.

Open-source documentation of Uniform Commercial Code (UCC) filings indicates that in 2011, WCCG pledged its receivables as collateral to Amegy Bank National Association of Houston, Texas, (Amegy) in what appears to be a factoring agreement that expired in 2016. These same records also indicate that WCCG financed its computer equipment, software and peripherals with Webbank of Salt Lake City, Utah (Webbank). These debt arrangements and pledges of assets/receivables do not appear to have been disclosed to Capital Point, or to Princeton Capital, by WCCG, in apparent violation of the NPA.

On March 13, 2015, Capital Point sold the Notes discussed here to Princeton Capital pursuant to an Assignment and Acceptance Agreement in exchange for shares of common stock in Princeton Capital.

Princeton Capital Corporation is a publicly traded company registered with the Securities and Exchange Commission (SEC), SEC CIK #0000845385. Princeton Capital has offices in North Andover Massachusetts and is incorporated in Maryland. Princeton Capital stock trades on the Over the Counter (OTC) market (OTC Pink) under the symbol PIAC.

For the time period of July 1, 2015 – March 31, 2016, GVS defaults under the NPA. GVS fails to make the required quarterly interest payments under the NPA. GVS and WCCG request deferral of the past due interest and payments until December 31, 2018. Princeton Capital agrees and on May 19, 2016, GVS and Princeton Capital enter a second amendment to the NPA extending the maturity date of the notes from July 31, 2017, to December 31, 2018.

During the time period of August 2016 – November 2018, and unbeknownst to Princeton Capital, within months of signing this second amendment to the NPA, Paul initiated a plan to remove all the real estate assets from WCCG ownership by forming a new line of entities owned and controlled by Paul. Following formation of the new entities, Paul commenced the transfer of deeded real estate assets owned by GVS and WCCG to these entities, for little or no value, without informing Princeton Capital in any way. This was a well-planned, obvious, and intentional series of transfers in blatant violation of the NPA. This series of transfers took a significant amount of planning, time, effort, numerous documents,

and multiple financial and real estate transactions to accomplish, and would have required coordination and determined work by the civil conspirators and insiders of the Nate Paul Organization.

There is no evidence that any consideration, other than nominal consideration was given in exchange for the granted properties. The properties were deeded for little or no value. The real property transferors were left insolvent following the title transfers for little or no consideration, unbeknownst to Princeton Capital, and in violation of the NPA.

As these transfers were not disclosed to Princeton Capital at the time they occurred, they remained unknown to Princeton Capital until late 2021 when Paul and his representatives admitted in court documents that GVS and WCCG previously held real estate assets, and/or interests in entities owning the real estate assets but ceased holding such assets following Paul's purported "restructuring" of WCCG and GVS, resulting in divestment of WCCG and GVS of such real estate interests. Again, this is a clear violation of the NPA, in my opinion.

Sheena Paul, Barbara Lee, Jeremy Stoler, Jason Rogers, and others worked in close coordination with Paul to accomplish the real property transfers and to conceal them from Princeton Capital and possibly other creditors of WCCG and GVS, in violation of the NPA, in my opinion.

On November 16, 2018, pursuant to the NPA and amendments, Princeton Capital delivered to GVS a Notice of Acceleration demanding payment in full of the debt. At that time, payment in full would have been $7,122,607.95. This consisted of $6,783,671.33 in unpaid principal and unpaid interest of $338,936.62. The Notice of Acceleration states that

unpaid interest accrues at the default rate of 17%, as specified in the NPA, until the debt is paid in full.

From 2018 to 2020, following the implementation of the well-planned divesture of assets and implementation of a new organizational structure created for WCCG and GVS by the business interest transfers and real property transfers, which were then undisclosed to Princeton Capital in violation of the NPA, Paul caused entities in the Paul Organization to enter into new property management agreements with each of the entities managing the GVS portfolio of storage facilities. Paul signed these agreements for both sides of the transactions. In my opinion, all of this was another well planned, coordinated, violation of the NPA, for the benefit of Paul, and that involved multiple transactions over an extended period to accomplish by Paul, civil conspirators and insiders. The resulting substantial change in the business operations of the Paul Organization was intentional and was also intentionally not disclosed to Princeton Capital, in violation of the NPA, with intent to harm Princeton Capital by thwarting Princeton Capital's efforts to collect on the promissory notes, that Paul had already defaulted on, in my opinion.

The apparent goal of these business interest and real property transfers was for WCCG and GVS to transfer within the Paul Organization, for little or no consideration, the rights to receive revenue from the operation of the self-storage facilities. These rights were given to the newly formed entities created by the Paul Organization. GVS and WCCG were left insolvent at the time of these revenue transfers. The motive for this scheme appears to have been to defraud Princeton Capital and thwart Princeton Capital's future efforts to collect funds owed

to Princeton Capital by the Paul Organization since the Paul Organization never had any intention of paying the principal owed to Princeton Capital under the NPA and had never actually fully complied with the NPA, in my opinion. While these transfers may have stripped GVS and WCCG of assets, cash and revenue streams, such assets, cash and revenue streams were merely transferred to the newly formed entities created by and for the benefit of the Paul Organization.

In my opinion, the transparently fraudulent nature of the business interest and real property transfer scheme is highlighted by the fact that following the removal of the interests in the storage facilities from the WCCG and GVS ownership hierarchy, WCCG and GVS continued to make payments on behalf of the storage facilities.

I do not have access to all the banking records for the Paul Organization, however, it would seem the Paul Organization apparently did not create and use a separate bank account for each new entity, another instance of disregard of corporate separateness and lack of observance of corporate formalities. Bank account records for the GVS Wells Fargo account ending in 5854 show that between October 2018 and January 2020, WCCG deposited millions of dollars into GVS' account. These and other funds were quickly transferred out of the account to, or for, the benefit of the new entities, with little or no consideration given back to WCCG or GVS. The transfers were made to taxing authorities, vendors and service providers to the storage facilities, to payroll, and staffing companies for the GVS employees operating the storage facilities, to the storage facilities' utility providers, and other entities to satisfy the storage facilities' obligations.

My opinion, based upon the information I have been provided, information that I have acquired independently, and which I, or someone working under my supervision, have reviewed, is that the transfers described above were orchestrated and accomplished by Paul, Sheena Paul, Barbara Lee, Jeremy Stoler, Jason Rogers and others, and concealed from Princeton Capital by these same parties. These transfers left WCCG and GVS insolvent. Based on representations made by Paul under oath, he was aware of that.

The potential civil causes of action based upon these transfers include:

- Fraudulent Transfer Under the Texas Business and Uniform Commerce Code section 24.005. The transfers described above exhibit the badges of actual fraud:
    - The transfers were each to an insider.
    - The transfers were concealed.
    - The transfers were of substantially all the assets of the applicable defendant transferors.
    - The transferors removed or concealed assets; and
    - The applicable transferors were insolvent or became insolvent shortly after the applicable transfers were made.
- Breach of Fiduciary Duty. Breach of fiduciary duty by Paul because Paul owed Capital Point and Princeton Capital the following duties: (1) care, (2) loyalty, (3) accountability, (4) confidentiality, (5) full disclosure, (6) fairness, and (7) good faith and, which duties Paul breached, resulting in damages to Princeton Capital.
    - The others participating in this scheme conspired with Paul to make these fraudulent transfers.
    - In my opinion, as Paul knowingly breached his fiduciary duty, those assisting him conspired with him to assist him in doing so.

On January 16, 2019, Princeton Capital delivered a payoff letter to GVS demanding payment of $7,348,564.00, which payment Princeton Capital did not receive. Litigation ensued shortly thereafter.

As discussed, in 2021 Paul and Barbie Lee filed affidavits in this Court and the First Court of Appeals revealing for the first time their contention that WCCG and GVS were now insolvent entities and that Paul had orchestrated the transfer of each entities assets to other entities owned by Paul during the 2016 to 2018 time period, in violation of the NPA, in my opinion. The clear intent of this contention would appear to be to thwart Princeton Capital's efforts to collect on the judgement Princeton Capital has just received, in my opinion.

C. Example of Nate Paul Organization fraudulent activity in Austin U.S. Bankruptcy Court by misappropriating Debtor in Possession funds.

Earlier this year, late February 2022, a U.S. Bankruptcy Court in Austin discovered that Paul had misappropriated more than $1 million in several Chapter 11 bankruptcy cases from the Debtor in Possession ("DIP") accounts at Metropolitan Bank. This is a serious matter because in a Chapter 11 bankruptcy proceeding for reorganization of corporations, the corporate officers remain in charge of the company. They are authorized to pay bills and disburse funds, but only with permission of the Bankruptcy Judge, the Bankruptcy Chapter 11 Trustee, or in some instances secured creditors. Transferring funds from a DIP account without approval is a serious violation of the U.S. Bankruptcy Code.[52]

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[52] *See, e.g.,* 18 U.S.C. § 152 (2022) (bankruptcy fraud); 18 U.S.C. § 1956 (money laundering).

For several months Paul delayed filing mandatory financial reports, including bank account activity. When he finally filed reports months late, the Bankruptcy Court learned why: Paul had misappropriated large amounts of cash from the DIP accounts. The Court promptly removed Paul from control of the companies and replaced him with Trustees. The Court then converted the cases from Chapter 11 (corporate reorganization) to Chapter 7 (liquidation).

The magnitude of the Paul's misappropriation of DIP funds is brazen, right under the gaze of a Federal Judge. Your Receiver obtained bank records. The misappropriated DIPs were traced to see what Paul did with the money.

During the period of November 17, 2021 to March 30, 2022, Natin Paul transferred more than **$5.1 million** from six of the pending debtor in possession accounts to other Natin Paul affiliated entities or on their behalf.[53]

On March 29 and 30, 2022, after the mandated conversion to Chapter 7, Natin Paul deposited just over $2.9 million back into the various DIP accounts following the closing of the sale of properties in the GVS cases pending in Dallas. A shortfall of about **$2 million** remains.[54]

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[53] The cases identified to date by the Receiver include WC South Congress Square, LLC, WC 3d & Trinity, LP, WC Culebra Crossing SA, LP, Arboretum Crossing LLC, WC 717 Harwood Property LLC and WC Met Center, LLC.

[54] On information and belief, the Trustee in *WC Culebra Crossing* has already recovered the $571,417.39 payment from the recipient, which was the secured creditor in the *WC Manhattan Place LLC* case.

Here is an analysis of how the Nate Paul Organization misappropriated the Metropolitan Bank DIP funds from under the Bankruptcy Court. Each of the companies listed is controlled by Nate Paul:

METROPOLITAN COMMERICAL BANK DIP ACCOUNTS

Date	Affiliate	Transaction Description	Withdrawals Debits	Deposit Credits
20-11107-tmd WC South Congress Square LLC - Metropolitan Commerical Bank Account xxxxxx0302				
02/22/22	Westlake Industries LLC	Wire To Westlake Industries LLC	8,935.00	
02/23/22	Hernandez Remodeling	Wire To Hernandez Remodeling	7,315.00	
03/02/22	Hernandez Remodeling	Wire To Hernandez Remodeling	11,050.00	
03/07/22	Hernandez Remodeling	Wire To Hernandez Remodeling	2,900.00	
03/11/22	Hernandez Remodeling	Wire To Hernandez Remodeling	8,315.00	
03/14/22	Hernandez Remodeling	Wire To Hernandez Remodeling	5,795.00	
03/18/22	Hernandez Remodeling	Wire To Hernandez Remodeling	9,450.00	
		WC South Congress Square, LLC Totals	**53,760.00**	**-**
21-10252-tmd WC 3rd and Trinity, LP - Metropolitan Commerical Bank Account xxxxxx4309				
02/18/22	Hernandez Remodeling	Wire To Hernandez Remodeling	8,920.00	
02/23/22	Hernandez Remodeling	Wire To Hernandez Remodeling	5,350.00	
03/01/22	Wells Fargo Commercial Mortgage Servicing	Wire To Wells Fargo Commercial Mortgage Servicing	252,566.20	
03/01/22	World Class Holdings LLC	Wire To World Class Holdings LLC	40,000.00	
03/14/22	World Class Holding Company LLC	Wire To World Class Holding Company, LLC	50,000.00	
03/29/22	Natin Paul	Wire From Natin Paul		342,566.20
		WC 3rd And Trinity, LP Total	**356,836.20**	**342,566.20**

METROPOLITAN COMMERICAL BANK DIP ACCOUNTS

Date	Affiliate	Transaction Description	Withdrawals Debits	Deposit Credits
21-10360-tmd WC Culebra Crossing SA, LP - Metropolitan Commerical Bank Account xxxxxx1518				
11/30/21	WC Subsidiary Services LLC	Wire To WC Subsidiary Services LLC	29,400.00	
11/30/21	Westlake Industries LLC	Wire To Westlake Industries LLC	44,205.00	
12/02/21	Westlake Industries LLC	Wire To Westlake Industries LLC	29,642.30	
01/21/22	World Class Holding Company LLC	Wire To World Class Holding Company, LLC	75,000.00	
01/31/22	Westlake Industries LLC	Wire To Westlake Industries LLC	73,575.00	
02/01/22	World Class Holdings LLC	Wire To World Class Holdings LLC	55,000.00	
02/15/22	Hernandez Remodeling	Wire To Hernandez Remodeling	3,455.00	
02/16/22	Westlake Industries LLC	Wire To Westlake Industries LLC	33,426.00	
02/18/22	Hernandez Remodeling	Wire To Hernandez Remodeling	8,855.00	
02/24/22	World Class Holdings LLC	Wire To World Class Holdings LLC	100,000.00	
02/25/22	Hernandez Remodeling	Wire To Hernandez Remodeling	29,360.00	
03/01/22	Wells Fargo Commercial Mortgage Servicing	Wire To Wells Fargo Commercial Mortgage Servicing	571,417.39	
		WC Culebra Crossing SA, LP Total	**1,053,335.69**	**-**

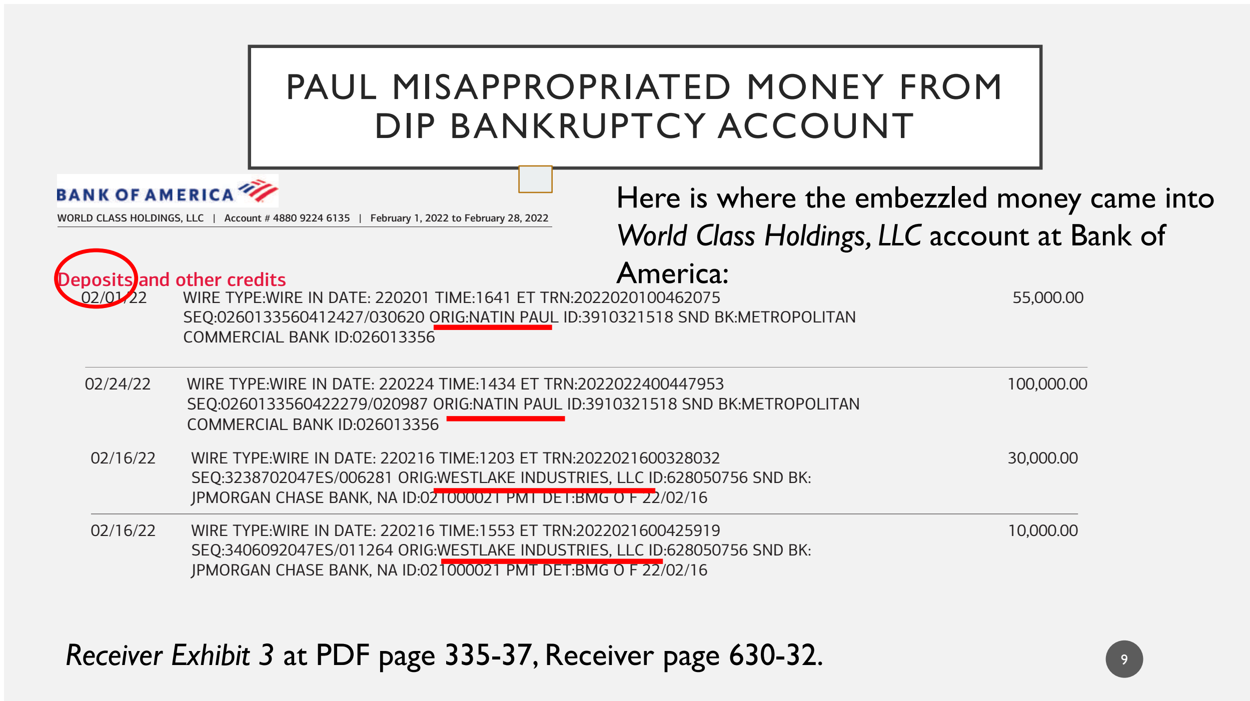
METROPOLITAN COMMERICAL BANK DIP ACCOUNTS

Date	Affiliate	Transaction Description	Withdrawals Debits	Deposit Credits
21-10546-tmd Arboretum Crossing LLC - Metropolitan Commerical Bank Account xxxxxx0461				
11/17/21	Westlake Industries LLC	Wire To Westlake Industries LLC	30,821.00	
11/17/21	World Class Holdings LLC	Wire To World Class Holdings LLC	19,373.00	
11/30/21	Westlake Industries LLC	Wire To Westlake Industries LLC	5,193.00	
12/02/21	Westlake Industries LLC	Wire To Westlake Industries LLC	25,730.00	
12/03/21	Westlake Industries LLC	Wire To Westlake Industries LLC	68,370.00	
12/07/21	World Class Holding Company LLC	Wire To World Class Holding Company, LLC	400,000.00	
01/21/22	World Class Holding Company LLC	Wire To World Class Holding Company, LLC	75,000.00	
01/31/22	Hernandez Remodeling	Wire To Hernandez Remodeling	19,882.50	
02/01/22	World Class Holdings LLC	Wire To World Class Holding Company, LLC	75,000.00	
02/16/22	Westlake Industries LLC	Wire To Westlake Industries LLC	17,736.00	
02/18/22	Hernandez Remodeling	Wire To Hernandez Remodeling	8,665.00	
02/22/22	Westlake Industries LLC	Wire To Westlake Industries LLC	6,425.00	
03/01/22	World Class Holdings LLC	Wire To World Class Holdings LLC	900,000.00	
03/02/22	Hernandez Remodeling	Wire To Hernandez Remodeling	13,000.00	
03/09/22	Hernandez Remodeling	Wire To Hernandez Remodeling	8,665.00	
03/09/22	Westlake Industries LLC	Wire To Westlake Industries LLC	6,425.00	
03/30/22	Natin Paul	Wire From Natin Paul		900,000.00
		Arboretum Crossing LLC Total	**1,680,285.50**	**900,000.00**
21-10630-tmd WC 717 N Harwood Property LLC - Metropolitan Commerical Bank Account xxxxxx6192				
02/07/22	Westlake Industries LLC	Wire To Westlake Industries LLC	8,365.00	
02/08/22	Westlake Industries LLC	Wire To Westlake Industries LLC	39,470.00	
02/10/22	World Class Holdings LLC	Wire To World Class Holdings LLC	90,000.00	
02/18/22	Westlake Industries LLC	Wire To Westlake Industries LLC	9,843.25	
03/01/22	World Class Holdings LLC	Wire To World Class Holdings LLC	885,000.00	
03/21/22	Hernandez Remodeling	Wire To Hernandez Remodeling	8,620.00	
03/30/22	Natin Paul	Wire From Natin Paul		885,000.00
		WC 717 N Harwood Property LLC Total	**1,041,298.25**	**885,000.00**

METROPOLITAN COMMERICAL BANK DIP ACCOUNTS

Date	Affiliate	Transaction Description	Withdrawals Debits	Deposit Credits
21-10698-tmd WC Met Center, LLC - Metropolitan Commerical Bank Account xxxxxx8781				
11/26/21	Westlake Industries LLC	Wire To Westlake Industries LLC	41,735.28	
01/31/22	Hernandez Remodeling	Wire To Hernandez Remodeling	14,345.50	
01/31/22	Hernandez Remodeling	Wire To Hernandez Remodeling	6,330.00	
01/31/22	Westlake Industries LLC	Wire To Westlake Industries LLC	5,976.76	
02/01/22	World Class Holdings LLC	Wire To World Class Holdings LLC	800,000.00	
02/07/22	Hernandez Remodeling	Wire To Hernandez Remodeling	21,160.00	
02/07/22	Westlake Industries LLC	Wire To Westlake Industries LLC	5,976.76	
02/11/22	Hernandez Remodeling	Wire To Hernandez Remodeling	30,731.00	
03/02/22	Hernandez Remodeling	Wire To Hernandez Remodeling	15,000.00	
03/11/22	Hernandez Remodeling	Wire To Hernandez Remodeling	14,975.00	
03/11/22	Westlake Industries LLC	Wire To Westlake Industries LLC	5,976.76	
03/14/22	Hernandez Remodeling	Wire To Hernandez Remodeling	5,846.00	
03/18/22	Hernandez Remodeling	Wire To Hernandez Remodeling	7,730.00	
03/30/22	Natin Paul	Wire From Natin Paul		800,000.00
		WC Met Center, LLC Total	**975,783.06**	**800,000.00**
		Grand Total	**5,161,298.70**	**2,927,566.20**

Here are examples of Paul's misappropriation, directly from the bank statements:



D. Example of Nate Paul Organization fraudulent activity in Dallas U.S. Bankruptcy Court by misappropriating Debtor in Possession funds.

As mentioned, Paul's collection of 69 self-storage units in 11 states were held in a collection of corporate shells under the name of *Great Value Storage.*

On June 17, 2021, the Paul Organization filed for bankruptcy in the Northern District of Texas at Dallas, Texas, cause number 21-31121-MVL on behalf of the following entities within the Paul Organization. Each one held one or more self-storage properties:

GVS Texas Holdings I, LLC
GVS Portfolio I, LLC
GVS Portfolio I B, LLC
GVS Portfolio I C, LLC
GVS Texas Holdings II, LLC
GVS Ohio Holdings I, LLC
GVS Ohio Holdings II, LLC
WX Mississippi Storage Portfolio I, LLC

GVS Nevada Holdings I, LLC
GVS Missouri Holdings I, LLC
GVS New York Holdings I, LLC
GVS Indiana Holdings I, LLC
GVS Illinois Holdings I, LLC
GVS Tennessee Holdings I, LLC
GVS Colorado Holdings I, LLC

There is a procedure in bankruptcy court for investigating alleged misappropriation of funds by the operators of a company in Chapter 11 bankruptcy. This is called a "Section 549 Investigation." On July 22, 2022, the law firm of Sidley Austin, which represented the 16 GVS companies in Chapter 11 bankruptcy, filed its supplemental Section 549 Investigation report, called "Reorganized Debtors' Report on Investigation of Post-Petition Transactions."[55] which summarized its investigation into misappropriation of funds by the Nate Paul Organization. First, the law firm explained the Nate Paul Organization's obstruction into providing documents and information, a characteristic Receiver observed repeatedly by members of the Nate Paul Organization:[56]

> 2. The ability to conduct the 549 Investigation was hampered by a lack of reliable records by the Debtors, the fact that the Debtors' records were in the control of an affiliate non-Debtor management company, Great Value Storage, LLC ("Great Value" or the "Property Manager"), and, most significantly, because of a lack of cooperation by parties with relevant information.[21] In addition, inconsistent testimony from various parties hindered the work of the Debtors' professionals.

[55] *In re: GVS Texas Holdings I, LLC, et al.,* no. 21-31121-mvl, "Reorganized Debtors' Report on Investigation of Post-Petition Transactions," docket no. 1273, July 22, 2022.
[56] *In re: GVS Texas Holdings I, LLC, et al.,* no. 21-31121-mvl, "Reorganized Debtors' Report on Investigation of Post-Petition Transactions," docket no. 1273, July 22, 2022, at 6.

[21] The extent of the lack of cooperation is not described fully in this Final Report, as the record before the Court is replete with instances detailing the difficulties encountered by the Debtors' professionals over the course of these Chapter 11 Cases and the 549 Investigation. Meticulously listing every effort to frustrate and hinder the Debtors' information-gathering process would require an appendix so voluminous as to render it entirely useless.

3. Despite these handicaps, the Reorganized Debtors have been able to determine that prior to the entry of the Governance Order:

i. **Debtor funds were used to pay expenses of non-Debtor affiliates on multiple occasions;[22]**

ii. **At least $1,051,821.38 of Debtor funds were transferred to suspect vendors or to insiders and affiliates of the Debtors without Court approval or disclosure;[23]**

iii. **Among these transfers, at least two payments of $96,000 each that had been authorized to be paid to the Property Manager pursuant to court order were intentionally diverted to other World Class entities in an effort to avoid having those monies deposited into bank accounts controlled by the Property Manager's receiver;[24]**

iv. **Cupertino Builders—a construction and maintenance company owned by a friend of Mr. Paul that received 12 post-petition transfers worth $297,045.00—ceased all operations within days of the entry of the Governance Order and never again billed the Debtors for services;[25]**

v. **Management initially failed to disclose to the Debtors' professionals or the Court multiple operating bank accounts, which resulted in the filing of a materially misleading Cash Management Motion at the outset of these Chapter 11 Cases;[26] and**

vi. **Overwhelmingly due to the difficulty the Debtors and their professionals faced in obtaining timely and complete records from the Property Manager, the Debtors' Schedules and Statements of Financial Affairs and Monthly Operating Reports, as originally filed, were materially incomplete and inaccurate and required significant amendments once control of the Debtors' bank accounts were transferred to Getzler Henrich.[27]**

Translated, Nate Paul and his organization:

- Concealed documents and blocked Sidley Austin's investigation;
- Fraudulently transferred money from Debtor in Possession (DIP) accounts to other Nate Paul Organization entities without permission of the Bankruptcy Court or Trustee;
- Fraudulently transferred $1,051,000 out of the DIP accounts to other Nate Paul Organization entities;

- Fraudulently transferred two $96,000 contract payments in an effort to keep Receiver from seizing and collecting those funds. (The final amount was more than $800,000.);
- Fraudulently transferred $297,000 to a friend of Nate Paul;
- Fraudulently concealed cash in other accounts.

These actions in the Dallas GVS bankruptcy case by the Nate Paul Organization are consistent with the overall civil conspiracy, led by Nate Paul, to defraud and hinder creditors your Receiver found.

E. Misappropriation of funds by the Nate Paul Organization transferred to insiders of the organization.

In the same Dallas U.S. Bankruptcy case, I filed an adversary action against the Nate Paul Organization, naming Paul and other members of his conspiracy.[57] This is one of only two lawsuits I have filed in this receivership action. (I non-suited the second one, against a Paul associate.[58]) The Receivership Order authorized such lawsuits:[59]

> may be situated, and to review and obtain copies of all documents related to same, and 13) file any lawsuit necessary to seize or recover any non-exempt assets from any third parties who have acquired possession or control.

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[57] *In re: GVS Texas Holdings I, LLC, et al.,* no. 21-31121-mvl, Document Number 1140.
[58] *Jeremy Stoler v. Natin Paul, et al.,* no. D-1-GN-22-002204 (345th Dist. Crt., Travis Cty.) Receiver non-suited his counterclaim against Mr. Stoler in June 2022.
[59] September 8, 2021 Receivership Order, 165th Dist. Crt., at 6.

1. Luxury travel and purchases charged to American Express.

During the 16-month period September 1, 2018, to December 31, 2019, Paul and his conspirators transferred $3.9 million from the Wells Fargo account of WCCG to American Express National Bank by means of payments on American Express cards in the name of World Class Capital Group, LLC, but used by Paul and other members of the Paul Organization. Upon information and belief, all or most of these purchases were for luxury travel and personal luxuries that had nothing to do with the business or operations of WCCG. During this 16-month period, Paul charged $3,886,272.90 at an average rate of $242,900 per month. Paul and the conspirators did not maintain records of these purchases or internal documentation explaining the benefit of these expenses to the corporation. These card purchases with company money were means by which the conspirators transferred corporate funds to themselves, in violation of the fiduciary duties to the company and its subsidiaries.

2. Payments to Paul's domestic partner, Summer Burns.

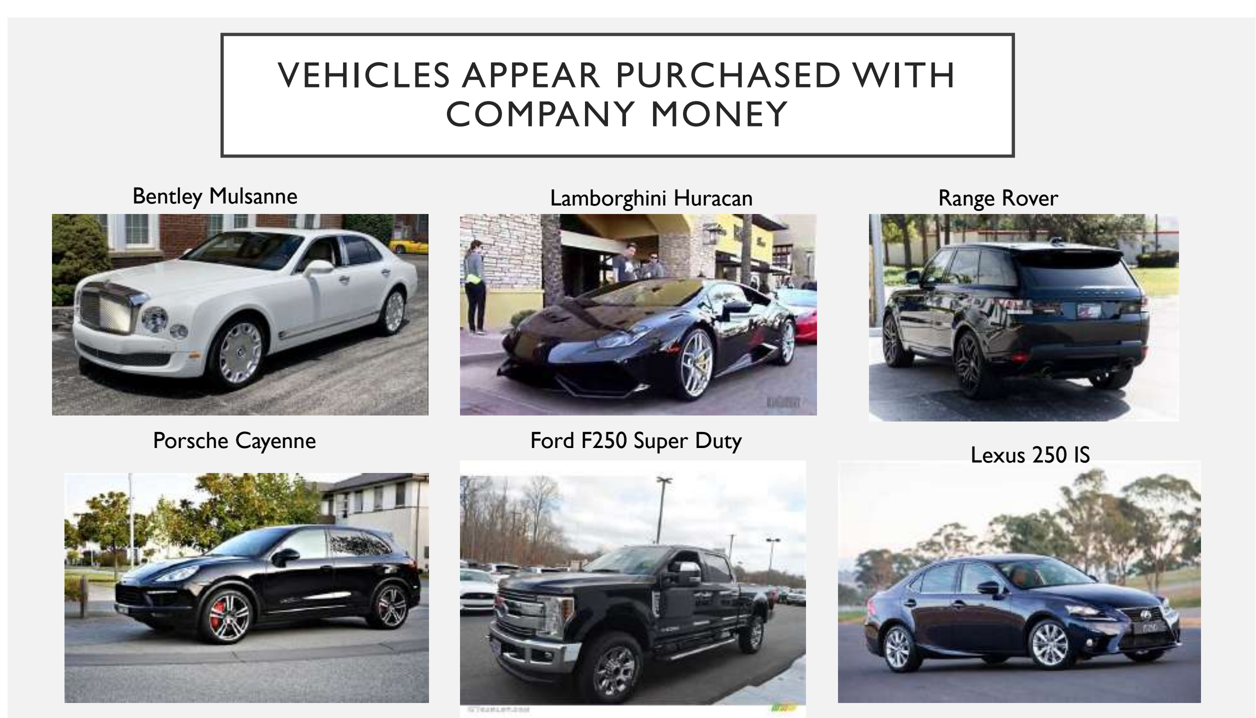
According to the Wells Fargo bank statements, between September 1, 2018, through August 31, 2020, Paul and his conspirators transferred cash from the WCCG Wells Fargo account in the amount of $20,500 to Paul's domestic partner and mother of his children, Summer Burns.

3. Luxury Vehicles.

Paul obtained a 2014 or 2015 Bentley Mulsanne, VIN: SCBBB7ZH5EC019799, purchased by Paul with WCCG funds. The vehicle is or was owned by WCCG. Julia Clark and

Julia Clark Associates, P.C. compiled WCCG's property depreciation list for its 2017 corporate tax return and listed the car as a company-owned depreciable asset.

The Bentley belongs or belonged to WCCG and is therefore by definition property of the receivership estate. Paul cannot claim the personal vehicle exemption of Texas Property Code § 42.001 because this car is a company asset, not his own. It is likely Paul sold the Bentley on or about February 13, 2021, to an unrelated third party. It was then registered in the name of a Montana dealership. Upon information and belief, Paul deposited the proceeds of the sale into a personal account or account he solely controlled. He did not deposit the proceeds into an account owned or controlled by WCCG. The sale of the company owned Bentley thereby constitutes a fraudulent transfer.



4. Payments to Sheena Paul.

According to the Wells Fargo bank statements, between September 1, 2018, through August 31, 2020, Paul and his conspirators transferred cash from the WCCG Wells Fargo account in the amount of $43,222.71 to Sheena Paul Burns, paid through an entity called American Realty. The transferred cash belongs or belonged to WCCG and is therefore by definition property of the receivership estate.

5. Payments to Nate and Sheena's father, Love Paul.

According to the bank statements, between September 1, 2018, through August 31, 2020, Paul and his conspirators transferred cash from the WCCG Wells Fargo account in the amount of 9,135.13 to his father, Dr. Love D. Paul, paid through Dr. Paul's Citibank credit card, and $130.55 to his CW credit card, and $2,832.53 for State Farm Insurance.

6. Payments to Nate Paul individually.

According to the bank statements, between September 1, 2018 through August 31, 2020, Paul and his conspirators transferred cash from the WCCG Wells Fargo account in the amount of $30,956.10 to Paul's Bank of America credit card, $2,690.00 and $29,903.48 to the "Natin Paul Management Trust" through Capital Farm Credit FLCA, $65,14.40 to a Visa card, $593,627.93 to personal loan accounts of Paul, $45,000 to Paul's personal checking account (no. 0551), and $22,000 to Ford Motor Credit, likely for Paul's Super Duty Ford F250 truck.

7. Conspirator activity.

Paul, Sheena Paul, Barbara Lee, Jeremy Stoler, and Jason Rogers, all employees of the Companies and related entities, on information and belief, conspired to move the Companies'

assets out of the reach of its creditors, including by transferring all the Companies' interests in LLCs and LPs to other entities wholly owned by Natin Paul and by transferring $87 million and $7.4 million out of the WCCG and GVS Accounts.

Paul, Sheena Paul, Barbara Lee, Jeremy Stoler, and Jason Rogers participated in a civil conspiracy to transfer fraudulently the Companies' assets, violate Natin Paul's fiduciary duties, and delay and frustrate its creditors, including Princeton, from collecting the debts owed by the Companies.

8. Questionable transfers to others by Paul.

Certain additional questionable transactions have also come to light because of the bankruptcy proceedings.

Cupertino Builders (Cupertino) and Kadari, LLC (Kadari) have received transfers from the Paul Organization during the bankruptcy proceedings. Cupertino is registered to Narsimha Raju Sagiraju (Sagiraju) aka Raj Kumar with the Texas Secretary of State. Kadari operates H & R Grocery, a gas station with a convenience store, a liquor license, and a check cashing operation in Austin, Texas that has been in business since 1996.

Sagiraju is a convicted felon. Sagiraju was convicted of three counts of securities fraud in Santa Clara County, California. Sagiraju defrauded his business partners and investors, some of whom were high school friends, of more than $400,000. [60] Sagiraju pled guilty to the felony

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[60] Bay City News, "Ex-Tech Executive to be Sentenced to Jail for Gambling $417K of Friends' Investments," (July 17, 2017). *See also Soma Capital Fund I Partners, LLC, et al. v. Narsimharaju Sagiraju et al.,* Santa Clara County, California Superior Court, cause no. xxxx1321, filed June 5, 2017.

fraud charges filed in Santa Clara County and admitted spending the proceeds of his fraud scheme on gambling junkets to Las Vegas, Monte Carlo, and Dubai.

Available information indicates that Sagiraju is an aassociate of Nate Paul, has an email address associated with the Paul Organization, and has received transfers of at least $297,045.00 through Cupertino and Kadari between July 22, 2021, and November 4, 2021.

Cupertino was created on October 19, 2020, according to Texas Secretary of State records. I was unable to find a website for Cupertino Builders, a license, or any indication Cupertino has employees or revenue through the Texas Department of Licensing and Registration or the Texas Comptroller of Public Accounts office.

One document filed in the bankruptcy proceedings states plainly that, regarding the bankruptcy proceeding, Kadari is merely a "pass through shell entity" used to transfer money from the debtors in the bankruptcy proceeding (The Paul Organization) to Cupertino. These transfers were made from accounts controlled by entities of the Paul Organization that filed for bankruptcy, and the transfers occurred after the bankruptcy was filed. There are no invoices or other supporting documentation that justify these transfers, which, in my opinion, is a hallmark of the operations of the Paul Organization.

Jacob Armendariz is another convicted felon who appears closely associated with Paul and is reportedly an employee of the Paul Organization. Entities associated with Armendariz began requesting transfers from the Paul Organization entities in the bankruptcy proceeding because Armendariz filed proofs of claim with the bankruptcy trustee, which claims were initially filed after the transfers to Kadari and Cupertino were cut off.

Armendariz was convicted of fraud on multiple occasions in Potter County and Deaf Smith Counties in Texas. Armendariz has been to the Texas Department of Corrections for his crimes. My review of available data indicate that Armendariz is listed as an owner of West Texas Stone Solutions, 5206 Orsini Bluffs, Round Rock, Texas 78665, and has claimed to be the registered manager of Hernandez Remodeling. I was unable to verify either company is licensed to operate or registered in Texas with the Texas Secretary of State.

From review of the invoices filed by Armendariz in the bankruptcy proceeding, West Texas Stone Solutions shares an address with the Hernandez Remodeling entity listed on the above referenced proof of claim, 5206 Orsini Bluffs, Round Rock, Texas 78665. This address is associated with Armendariz' Texas Driver's License, which was issued on July 13, 2021. West Texas Stone Solutions submitted proof of claim forms in the relevant bankruptcy case for $186,543.19. The claim forms were signed by Armendariz, who ultimately abandoned his claims after they met with objections from the debtors' representatives.

Hernandez Remodeling requested payments of $205,044 from the Paul Organization between December 10, 2021, and February 14, 2022. Hernandez Remodeling initially refused to provide any documents about these transfers, then provided incomplete documentation. I was unable to locate any indication that Armendariz or Hernandez Remodeling/West Texas Stone Solutions have any licenses to operate, employees, or revenue through the Texas Department of Licensing and Registration or the Texas Comptroller of Public Accounts offices.

Surik Torosyan, who has a listed residential address in common with Sagiraju, 811 East 11th Street, Austin, Texas, 78702, operates a company called Veheal, Inc. (Veheal) Open-source records indicate that Veheal is in the software field, has been in business for 5 years, employs 4 people and generates approximately $17,105 in annual revenues. Torosyan had a civil suit filed against him in Santa Clara County, California on August 11, 2021, for an unpaid American Express bill in the amount of $17,299.

Despite these facts we have determined that Veheal has received $2,012,829.84 in transfers from the Paul Organization between September 30, 2018, and February 21, 2022, according to the bank records available for our review. I would expect that there are no invoices or other documentation retained by the Paul Organization that would justify these financial transfers to Veheal, in my opinion.

This indicates to me that, in my opinion, there is a strong likelihood that Torosyan and his company were not the ultimate recipient of $2 million from the Paul Organization. If Torosyan was the actual recipient of the $2 million from the Paul Organization, in my opinion, it is unlikely he would have difficulty paying a $17,000 Amex bill, for example. In my experience, this situation is likely an indicator that Torosyan may be a strawman for the Paul Organization's fraudulent transfer operation.

9. Fraudulent transfers to World Class Holdings.

My review in the GVS bankruptcy proceeding indicates that World Class Holdings is a top tier entity the Paul Organization listed in its corporate structure in the bankruptcy proceeding, with Paul being the ultimate owner of World Class Holdings and the other debtors

in the bankruptcy proceeding. There are numerous, substantial payments from the entities of the Paul Organization that are in bankruptcy proceedings to *World Class Holdings*, a corporate shell controlled by Paul. These payments are not substantiated by documentation. These transfers amount to $532,358 between July 23, 2021, and November 4, 2021.

One pleading by the Paul Organization in the bankruptcy proceeding indicates that two payments, one of $96,000 on October 21, 2021, and one of $96,000 on November 14, 2021, were diversions of management fees due the GVS property manager likely from storage facilities. The document notes that these diversions appear to have been done specifically to avoid the Receiver's right to collect those payments.[61]

VII. PUBLISHED MEDIA ACCOUNTS DOCUMENTED QUESTIONABLE ACTIVITIES OF THE NATE PAUL ORGANIZATION.

Reporters from credible news organizations have raised questions about the Nate Paul Organization, discussing concerns with improper influence of a public official,[62] whistle

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[61] *See also Appellants' Emergency Motion to Stay Appointment of Receiver*, Oct. 5, 2021, at 3, n.1 ("forcing the judgment debtor [Nate Paul] to remove GVS as a property manager and thereby depriving GVS of revenue from its management role."); *Appellants' Reply to Receiver's Response*, Oct. 20, 2021, at 17 admitting, "allowing the debtor storage property owners [Nate Paul] to cancel the Property Management Agreement for cause.").

[62] *See, e.g.*, Edgar Walters, *Who is Nate Paul, the Real Estate Investor Linked to Abuse-of-Office Allegations Against Texas Attorney General Ken Paxton?*, TEXAS TRIBUNE (Oct. 7, 2020), https://www.texastribune.org/2020/10/07/nate-paul-ken-paxton/.
Platoff, Emma, "FBI is investigating Texas Attorney General Ken Paxton, AP report says," *Texas Tribune*, November 17, 2020 (on-line October 9, 2021) (https://www.texastribune.org/2020/11/17/texas-ken-paxton-fbi/).

blower complaints by government employees,[63] fraud documented by an arbitrator,[64] and disruption of scheduled foreclosures.[65]

VIII. TEXAS RECEIVERSHIP LAW IS WELL DEVELOPED.

A. Foundational case law supports receivership to enforce court judgements and recover misappropriated assets.

For more than a century under Texas law, the power of a receivership derives from the doctrine of *custodia legis*. Once a turnover order is signed, all of the judgment debtor's nonexempt property becomes property in *custodia legis*, or "in the custody of the law."[66] The judgment debtor's property is considered to be in the constructive possession of the court. During the pendency of a receivership, the receiver has exclusive possession and custody of the judgment debtor's property to which the receivership relates.[67] As far back as 1852, the U.S. Supreme Court has held that when a court appoints a receiver to hold property, "the sale under the judgment, pending the equity suit and while the court [through receiver] was in possession of the estate without the leave of court, was illegal and void."[68]

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[63] Platoff, Emma & Shannon Najmabadi, "In new email, senior aides say Ken Paxton used power of his office to benefit political donor Nate Paul," *Texas Tribune*, October 8, 2020 (on-line October 9, 2021) (https://www.texastribune.org/2020/10/08/ken-paxton-texas-document/).
[64] Thompson, Paul, "Arbitrator: Nate Paul Defrauded Mitte Foundation," Austin Business Journal (Feb. 9, 2021).
[65] *See* Paul Thompson, Mob tries to thwart foreclosure sales of prime Austin land controlled by World Class: 'I was scared', Austin Business Journal, June 1, 2021.
[66] *First Southern Properties, Inc. v. Vallone*, 533 S.W.2d 339, 343 (Tex. 1976).
[67] *First S. Props.*, 533 S.W.2d at 343; *Ellis v. Vernon Ice Co. & Water Co.*, 86 Tex. 109, S.W. 858 (**1893**).
[68] *Wiswall v. Sampson*, 55 U.S. 52, 67 (**1852**).

Custodia Legis occurs immediately upon the appointment of the receiver, even prior to his or her qualifying by filing the bond and oath of office.[69] The judgment debtor's property is considered to be in the constructive possession of the court.

During the pendency of a receivership, the receiver has exclusive possession and custody of the judgment debtor's property to which the receivership relates.[70] No one, not even a lien holder with a deed of trust, can sell property held in *custodia legis* by a duly appointed receiver.[71] Any unauthorized transfer of property in the custody of a receiver is not merely voidable, it is void.[72] Any conveyance of property in the custody of a receiver without approval by the court has no effect upon the receivership and the accomplishment of its purposes.[73] Therefore, any payment of money after the turnover and receivership order was signed is void and can be called back by the receiver and enforced by contempt if necessary.[74]

B. The Texas Legislature authorizes and favors receiverships.

The Texas turnover statute is a procedural device to assist judgment creditors in post-judgment collection. A judgment creditor is entitled to receive aid from a court in order to reach property to obtain satisfaction on a judgment "if the judgment debtor owns property . . . that: is not exempt from attachment, execution, or seizure for the satisfaction of liabilities."[75]

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[69] *Cline v. Cline*, 323 S.W.2d 276, 282 (Tex. Civ. App. – Houston 1959, writ ref'd, n.r.e.).
[70] *First S. Props.*, 533 S.W.2d at 343; *Ellis v. Vernon Ice Co. & Water Co.*, 86 Tex. 109, S.W. 858 (1893).
[71] *First S. Props.* at 533 S.W.2d at 341; *Huffmeyer v. Mann*, 49 S.W.3d 554, 560 (Tex. Civ. App. – Corpus Christi, 2001).
[72] *First S. Props.*, 533 S.W.2d at 341.
[73] *T.H. Neelv. W.L. Fuller*, 557 S.W2d 73, 76 (Tex. 1977).
[74] *See Beaumont Bank, N.A. v. Buller*, 806 S.W.2d 223, 226 (Tex. 1991).
[75] TEX. CIV. PRAC. & REM. CODE § 31.002(a) (2019).

The statute empowers courts to order a judgment debtor to turn over nonexempt property that is in the debtor's possession or subject to the debtor's control, including present or future rights to property.[76] It also allows a court to appoint a receiver "with the authority to take possession of the nonexempt property, sell it and pay the proceeds to the judgment creditor to the extent to satisfy the judgment."[77] The trial court is not required to identify in the order the specific property subject to turnover.[78] In addition, the trial court may enforce the turnover order by contempt proceedings.[79]

Texas Civil Practice & Remedies Code § 64.001 permits receiver appointment "(2) in an action by a creditor to subject any property or fund to his claim" and "(6) in any other case in which a receiver may be appointed under the rules of equity."[80]

C. The Receiver alone controls the corporation's legal claims, affairs, and legal representation.

Although the Texas Supreme Court has not spoken to the issue, there is analogous federal authority by the U.S. Supreme Court that a receiver accedes to control of the legal affairs of the corporate entity.[81] Consequently, Receiver controls the legal affairs of *Great Value Storage, LLC* and *World Class Capital Holdings, LLC.*

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[76] *Id.* § 31.002 (b)(1).
[77] *Id.* § 31.002(b)(3).
[78] *Id.* § 31.002(h).
[79] *Id.* § 31.002(c); *Davis v. West,* 317 S.W.3d 301, 309, 2009 Tex. App. LEXIS 9921, 14-15 (Tex. App. --- Houston [1st Dist.] 2009, pet. denied).
[80] TEX. CIV. PRAC. & REM. CODE § 64.001(a)(2), (6) (2019). Princeton's receivership motion identified chapter 64 as a basis for appointment. CR 148, 149. Paul Entities waived challenge under chapter 64 by not raising in their response, CR 167, or their brief.
[81] *See Commodity Futures Trading Comm'n*, 471 U.S. 343, 348 (1985) (bankruptcy trustee alone controls the corporate attorney-client privilege, not the former corporate officer); *see, e.g., United States v.*

D. A Receiver possesses judicial immunity against financial damages and discovery.

As Receiver, Mr. Kretzer receives derived judicial immunity, coextensive with a district judge, from all claims and discovery.[82] Consequently, the Nate Paul Appellants are not permitted to seek damages, costs, attorney's fees or even discovery against the Receiver.

It is well established that judges are absolutely immune from liability for judicial acts.[83] When judges delegate their authority or appoint others to perform services for the court, the judicial immunity that attaches to the judge follows the delegation or appointment.[84] "In Texas, judicial immunity applies to officers of the court who are integral parts of the judicial process, such as court clerks, law clerks, bailiffs, constables issuing writs, **court-appointed receivers** and trustees."[85] This type of absolute immunity is referred to as "derived judicial immunity."[86]

Plache, 913 F.2d 1375, 1381 (9th Cir. 1990) (the privilege passed when the receiver was appointed by the court); *FDIC v. Cherry, Bekaert & Holland*, 129 F.R.D. 188, 190-93 (M.D. Fla. 1989), *motion for reconsideration granted in part,* 131 F.R.D 202 (M.D. Fla. 1990) (FDIC as receiver obtained control of attorney-client privilege).

[82] *Davis v. West*, 317 S.W.2d 301 (Tex. App. --- Houston [1st Dist.] 2009, no pet.); *also Rehabworks, LLC v. Flanagan*, No. 03-07-00552-CV, 2009 Tex. App. LEXIS 1394 (Tex. App. --- Austin, Feb. 26, 2009, no pet.); *Dallas County v. Hasley*, 87 S.W.3d 552, 554 (Tex. 2002).

[83] *Turner v. Pruitt*, 161 Tex. 532, 342 S.W.2d 422, 423 (1961).

[84] *Byrd v. Woodruff,* 891 S.W.2d 689, 707 (Tex. App.—Dallas 1994, writ denied).

[85] *Id.* (emphasis added); *see also Clements v. Barnes*, 834 S.W.2d 45, 46 (Tex.1992) (bankruptcy trustee); *Davis v. West*, 317 S.W.3d 301 (Tex. App.—Houston [1st Dist.] 2009) (court-appointed receiver); *Delcourt v. Silverman,* 919 S.W.2d 777, 781 (Tex. App.—Houston [14th Dist.] 1996, writ denied) (court-appointed psychologist and guardian ad litem); *Conner v. Guemez,* Case No. 02-10-00211-CV, 2010 WL 4812991 (Tex. App.—Fort Worth, Nov. 24, 2010) (court-appointed receiver); *Manning v. Jones*, Case No. 05-18-01140-CV, 2019 WL 6522183 (Tex. App.—Dallas Dec. 4, 2019) (court-appointed receiver); *Jones v. Sherry*, 2019 WL 2707968 (court-appointed child custody evaluator).

[86] *See Clements,* 834 S.W.2d at 46.

"When a person is entitled to derived judicial immunity, he or she receives the same absolute immunity from liability for acts performed within the scope of his or her jurisdiction as that of a judge."[87]

Additionally, as other courts have pointed out, derived judicial immunity provides broad protection:

> [O]nce an individual is cloaked with derived judicial immunity because of a particular function being performed for a court, every action taken with regard to that function—whether good or bad, honest or dishonest, well-intentioned or not—is immune from suit.... Once applied to the function, the cloak of immunity covers all acts, both good and bad.... The whole either is protected or it is not.[88]

The policy underlying derived judicial immunity that protects participants in judicial and other adjudicatory proceedings is sound. Not only does the policy guarantee an independent, disinterested decision-making process, these immunities prevent the harassment and intimidation that might otherwise result if disgruntled litigants could vent their anger by suing the person carrying out the charge of the court. Texas has adopted a functional approach in determining whether a party is entitled to absolute immunity.[89] Under the functional approach, courts determine whether the activities of the party seeking immunity are intimately associated with the judicial process.[90]

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[87] *Jones v. Sherry*, 2019 WL 2707968 at *2.

[88] *B.W.D. v. Turnage*, 05-13-01733-CV, 2015 WL 869289, at *6 (Tex. App.—Dallas Mar. 2, 2015, pet. denied) quoting *B.K. v. Cox*, 116 S.W.3d 351, 357 (Tex. App.–Houston [14th Dist.] 2003, no pet.) (citations omitted); *Rehabworks, LLC v. Flanagan*, No. 03–07–00552–CV, 2009 WL 483207, at *2 n. 5 (Tex.App.–Austin Feb. 26, 2009, pet. denied) (mem. op.); *Ramirez v. Burnside & Rishebarger, LLC*, No. 04–04–00160–CV, 2005 WL 1812595, at *2 (Tex. App.–San Antonio Aug. 3, 2005, no pet.) (mem. op.).

[89] *Davis v. West*, 317 S.W.3d at 307.

[90] *Id.*

"Like a court-appointed bankruptcy trustee acting within his authority as trustee, a court-appointed receiver acts as an arm of the court and is immune from liability for actions grounded in his conduct as receiver."[91] In *Davis*, much like the present case, the party subject to the receivership order (Davis) sued the party moving for appointment of receiver and its attorney, and the receiver (Radoff). Davis argued that Radoff was not protected by derived judicial immunity because (1) the Texas Civil Practice & Remedies Code specifically allows suits against receivers, (2) the receivership order was invalid, and (3) Radoff's actions violated the receivership order. *Id.* at 306-308. The court rejected issues one and three without much consideration finding that the receivership order was extremely broad and gave Radoff the explicit power to perform the acts that form the basis of Davis' complaints and holding that Tex. Civ. Prac. & Rem. Code § 64.052 "does not enlarge or restrict causes of action that may be asserted against a receiver, nor does it abrogate a receiver's derived judicial immunity for acts taken within the scope of his receivership."[92]

In this case, every act by Mr. Kretzer was by, under, and approved by Court order. Immunity applies completely, including against discovery.

E. The Receiver owes no fiduciary duties to the parties.

As is clearly supported by decades of legal authority, a post-judgment receiver, appointed by the court to enforce the court's judgment order, has no fiduciary duties to anyone, especially not the judgment creditor or debtor.[93] This is why a receiver has derived

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[91] *Davis v. West*, 317 S.W.3d at 307, quoting *Rehabworks,* 2009 WL 483207 at *2.
[92] *Id.* at 308.
[93] *See Glasstex, Inc. v. Arch Aluminum and Glass Co., Inc.*, No. 13-07-00483-CV, 2016 WL 747893 (Tex.

judicial immunity, because the receiver has no fiduciary duty to anyone. The concepts are two sides of the same coin. Either one has immunity, and therefore no fiduciary duty liability, or one has fiduciary duties, and therefore no immunity.

The only time a receiver gets entangled with fiduciary duties is when the receiver *also* assumes non-receivership duties such as trustee of a trust for the benefit of beneficiaries, or as the executor of an estate, which likewise has beneficiaries.[94]

Nor does a receiver has any fiduciary duty to judgment debtors or third parties, here, *World Class Capital Group, LLC* and *Great Value Storage, LLC*, their subsidiaries, or other individuals or entities controlled by the Nate Paul Organization. Texas Appellate Courts have long held that "[i]t is the primary duty of a receiver to preserve the assets under its control."[95]

Your Receiver has one role and one role only, to enforce this Court's March 2021 judgment order. He is not Princeton's or Paul's agent, trustee, or executor.[96]

App.—Corpus Christi, Feb. 25, 2016, no pet.); *Logsdon v. Owens*, No. 02-15-00254-CV, 2016 WL 3197953 (Tex. App.—Fort Worth, June 9, 2016); *Conner v. Guemez*, No. 02-10-00211-CV, 2010 WL 4812991 (Tex. App.—Fort Worth, Nov. 24, 2010, no pet.); *Rehabworks, LLC v. Flanagan*, No. 03-07-00552-CV 2009 WL 483207 (Tex. App.—Austin 2009, pet. denied); *Alpert v. Gerstner*, 232 S.W.3d 117 (Tex. App.—Houston [1st Dist.] 2006, pet. denied); *Ramirez v. Burnside & Rishebarger, LLC*, No. 04-04-00160-CV, 2005 WL 1812595 (Tex. App.—San Antonio, Aug. 3, 2005, no pet.); *also Raggio – 2204 Jesse Owens v. Hattaway*, No. A-19-CV-00697-JRN, 2020 WL 13441620 (W.D. Tex. 2020) (J. Nowlin).

[94] *Compare Alpert v. Gerstner*, 232 S.W.3d 117 (Tex. App.—Houston [1st Dist.] 2006, pet. denied), *with Ramirez v. Burnside & Rishebarger, LLC*, No. 04-04-00160-CV, 2005 WL 1812595 (Tex. App.—San Antonio, Aug. 3, 2005, no pet.).

[95] *FDIC v. American Home Assur. Co.*, 585 S.W.2d 756, 760 (Tex. Civ. App.—Houston [1st Dist.] 1979, writ ref' d n.r.e.); *see also Prince v. Forman*, 119 S.W.2d 102, 105 (Tex. Civ. App.—Dallas 1938, writ dism'd)(discussing a receiver's obligation to follow the court's orders, even if erroneous); *Spigener v. Wallis*, 80 S.W.3d 174 (Tex. App.—Waco 2002) (receiver is agent of trial court, not of owners of property subject to receivership).

[96] *See Neel v. Fuller,* 557 S.W.2d 73, 76 (Tex. 1977); *Pratt v. Amrex*, 354 S.W.3d 502 (Tex. App. – San Antonio 2011, pet. denied).

IX. YOUR RECEIVER SUCCEEDED. NATE PAUL PAID $11.37 MILLION TO PRINCETON CAPITAL, MORE THAN 100 CENTS ON THE DOLLAR OF THE COURT'S JUDGMENT.

Princeton has now received $11,372,698.89 in cash after the Nate Paul Organization had previously ignored this Court's final judgment and discovery orders for two years, and after Nate Paul and his bookkeeper filed affidavits *in this Court* declaring that the judgment debtors no longer had anything more than old furniture, and demanding their $100 clerk deposits be counted as their supersedeas bonds. The money was wired to Princeton October 7, 2022 from the reserve account controlled by a Dallas Bankruptcy Court.[97] Here is the October 10, 2022 email by Princeton's bankruptcy counsel to Judge Davis, informing that the transaction had been paid October 7:

[97] Email by counsel for Princeton Capital, Ms. Judith Ross, dated October 12, 2022, to U.S. Bankruptcy Court, Austin Division.

From: **Judith Ross** Judith.Ross@judithwross.com
Subject: Case numbers listed below
Date: October 10, 2022 at 4:40 PM
To: sarah_wood@txwb.uscourts.gov, jack_eiband@txwb.court
Cc: jong@munsch.com, bcumings@gdhm.com, rosherow@hotmail.com, pat.lowe.law@gmail.clm, nancy.ribaudo@kellyhart.com, michael.mcconnell@kellyhart.com, dawn.ragan@cr3partners.com, Stephen Roberts sroberts@srobertslawfirm.com, Casey.Roy@usdoj.gov, Jason.Cohen@bracewell.com jason.cohen@bracewell.com, anguyen@munsch.com, Mark Ralston mralston@fjrpllc.com, Jennifer_Lopez@txwb.uscourts.gov, Lynnette R. Warman lwarman@cm.law, Richard G. Grant rgrant@cm.law, James Volberding james@volberdinglawfirm.com, lrea@forsheyprostok.com, kdm@romclaw.com, sthomas@romclaw.com

JR

Re:

WC 511 Barton Blvd., LLC; Case No.21-10943-tmd
Sixth & San Jacinto, LLC; Case No. 21-10942-tmd
WC Alamo Industrial Center, LP; Case No. 22-10047-tmd
WC Braker Portfolio, LLC; Case 22-10293-tmd
WC 717 Harwood Property LLC; Case No. 21-10630-tmd
WC Met Center, LLC; Case No. 21-10698-tmd
WC Culebra Crossing SA, LP; Case No. 21-10360-tmd
WC South Congress Square, LLC; Case No. 20-11107-tmd
WC 3rd and Trinity, LP; Case No. 21-10252-tmd
Arboretum Crossing, LLC; Case No. 21-10546-tmd

Good afternoon. Please advise Judge Davis that the settlement between Princeton Capital Corporation and the Great Value Storage entities was successfully funded on October 7, 2022. If the Court has any questions, please let me know.

Regard,

Judith W. Ross
Ross & Smith, PC
700 North Pearl Street, Suite 1610
Dallas, TX 75201

Likewise, here is where Nate Paul's bankruptcy counsel informed Hon. Judge Michelle Larson, U.S. Bankruptcy Court, Dallas Division, and this Court, that the money has been paid:[98]

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> 1. On September 20, 2022, Judge Larson, in Case No. 21-31121; *In re GVS Texas Holdings I, LLC, et al.*; In the United States Bankruptcy Court for the Northern District of Texas, approved a settlement between Princeton and the GVS bankruptcy debtors by which Princeton will sell and assign the promissory notes and final judgment at issue in this action for $11.37 million to Phoenix Lending, LLC ("Settlement and Note Sale"). Exhibit 2 (Order Approving Settlement).
>
> 2. That settlement was funded and closed effective October 7, 2022, with Princeton receiving its settlement funds and assigning its rights under the Notes that underlie this litigation to Phoenix Lending, LLC, who will be shortly substituted for Princeton as plaintiff in this action.

The Court should note the words, "by which Princeton will sell and assign the promissory notes and final judgment at issue [Judge Hall's March 4, 2021 final judgment] in this action for $11.37 million to Phoenix Lending, LLC." Phoenix Lending is the newly formed uncapitalized entity created August 31, 2022 by Nate Paul. By separate motion, your Receiver contends this purported assignment violates Texas law and requires a declaratory judgment so holding.

[98] Preliminary Objection to Plaintiff's Motion to Establish Procedure, *In re: GVS Texas Holdings I, LLC, et al.*, no. 21-31121-mvl, Exhibit A, Defendants' [Nate Paul Entities] October 10, 2022, Amended Emergency Motion to Stay Receiver, at 2.

In its most recent 8K filing with the Securities and Exchange Commission ("SEC"), Princeton trumpeted it received over $11 million for an asset it has previously carried on its books at only $4.8 million:[99]

Item 1.01. Entry into a Material Definitive Agreement.

Settlement Agreement

As previously disclosed in Princeton Capital Corporation's (the "Company") prior filings with the Securities and Exchange Commission (the "SEC"), on March 14, 2019, the Company filed a lawsuit (the "State Litigation") in the 165th District Court of Harris County, Texas (the "Texas District Court") against Great Value Storage, LLC ("GVS"), World Class Capital Group, LLC ("World Class"), and Natin Paul. GVS is one of the Company's portfolio companies. The State Litigation is captioned as *Princeton Capital Corporation v. Great Value Storage, et al.*, Case No. 2019-18855. On March 9, 2021, the Texas District Court ordered that GVS and World Class were liable to the Company for contract damages of $9,759,713.84 and attorneys' fees of $150,887.50 (the "Judgment"). On September 8, 2021, the court granted the appointment of a receiver.

As also previously disclosed in the Company's prior filings with the SEC, certain affiliated parties of GVS, including GVS Texas Holdings I, LLC, have filed a voluntary petition for relief (the "Bankruptcy Cases") under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Court"). On April 27, 2022, the Company commenced an adversary proceeding in the Bankruptcy Court captioned *Princeton Capital Corporation v. GVS Texas Holdings I, LLC, et al,* Adv. Proceeding No. 22-03043 (the "Adversary Proceeding") alleging causes of action against certain related parties for, among other things, fraudulent transfer and breach of contract.

On September 2, 2022, the Company, Natin Paul (on behalf of himself individually and on behalf of all entities that he either owns or controls), Natin Paul (on behalf of all adversary defendants in the Adversary Proceeding), Natin Paul (on behalf of the reorganized debtors in the Bankruptcy Cases), World Class Holdings I, LLC, and Phoenix Lending, LLC, as the Assignee of the Transaction Documents (including certain Promissory Notes) that were the subject of the State Litigation, entered into a settlement, assignment and acceptance agreement (the "Settlement Agreement") pursuant to which, pending approval by the Bankruptcy Court and certain other conditions precedent, the Assignee will pay to the Company the amount of $11,372,698.89 within three (3) days after the Bankruptcy Court's approval and the completion of certain other conditions precedent set forth in the Settlement Agreement, in exchange for (i) duly endorsed Transaction Documents, (ii) notices of dismissal with prejudice in the Adversary Proceeding, (iii) notices of the assignment of the Promissory Notes and Judgment, and (iv) notices withdrawing certain claims by the Company.

The foregoing description of the Settlement Agreement does not purport to be complete and is qualified in its entirety by the text of the agreement, a copy of which is expected to be filed as an exhibit to the Company's Form 10-Q for the quarter ended September 30, 2022.

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[99] Separately, Receiver will file as exhibits all of Princeton's SEC filings. Princeton's SEC filings are admissible under Texas Rules of Evidence 801(e)(1) (prior statement of witness), 801(e)(2) (admission by party opponent); 803(14) (records of documents affecting an interest in property); 803(15) (statements in documents affecting an interest in property; 902(2) (domestic public documents not under seal).

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, as amended, the Company has duly caused this report to be signed on its behalf by the undersigned hereto duly authorized.

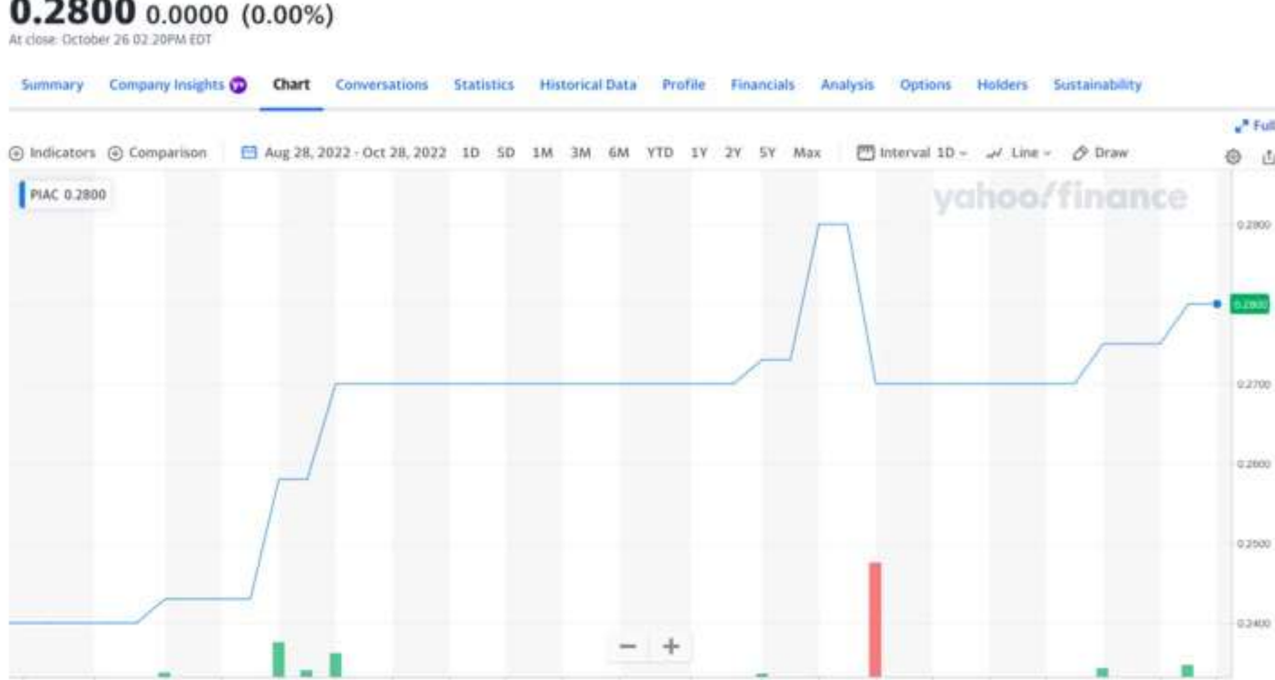
Dated: September 9, 2022

PRINCETON CAPITAL CORPORATION

By: /s/ Gregory J. Cannella
Name: Gregory J. Cannella
Title: Chief Financial Officer

Comparing Princeton's SEC filings over the course of this lawsuit and receivership, here is a chart that shows the huge financial value your Receiver has bestowed on Princeton:

Princeton's share price surged 17 percent from 24 cents to 29 cents on October 7, when Princeton received the $11.37 million wire transfer:



The hope of precisely this success impelled Princeton to ask this Court last year, and the First Court of Appeals this year, to keep your Receiver in place. Princeton fought tooth and nail for your Receiver—in opposition to Nate Paul's motions to stay the receivership last Fall, again in Princeton's appellate brief, again at oral argument on June 1, 2022, and yet again in its post-argument submission filed in mid-June:

> "[]Appellants [Nate Paul] are unhappy that ***the Receiver is, in fact, acting pursuant to his authority to secure the judgment debtors' assets***. . . . This Court's close attention to Appellants' actions in this regard is important and Princeton looks forward to the opportunity to fully brief the legal and factual merits supporting trial court's entry of the Receivership Order and the necessity

for such order, should Appellants ultimately file an appellate brief on this issue."[100]

"There is an ***emergency need for the Receiver*** to take action to prevent Appellants from contributing to removing assets outside of the reach of the properly-appointed Receiver, and of Princeton Capital Corporation ("Princeton") as the judgment creditor."[101]

"All parties are best protected during this appeal with the turnover Order securely in place and the contested assets ***under careful oversight of the court-appointed Receiver***."[102]

"Respectfully, Princeton has experienced much of the same pattern of behavior from Appellants in this dispute and shares the same concern that Appellants' assets will be lost, removed, or materially injured ***if not protected by the trial court's Order appointing the Receiver***."[103]

"As set out in the Receiver's Opposition to Appellants' Motion to Stay, ***the Receiver already located non-exempt assets*** of the judgment debtors that are available to satisfy the judgment, and which Appellants had failed to disclose in response to any discovery requests and the trial court's Order."[104]

"***Allowing the Receiver to secure the Appellants' assets during the pendency of the appeal is the only way*** to ensure that any assets that remain are not improperly transferred out of the companies to avoid the judgment."[105]

"Last, despite the significant obstacles created by the Judgment Debtors, the Receiver has developed a factual record showing that Debtors have misrepresented information about assets and engaged in fraudulent transfers of funds and properties to avoid the liability to Princeton and others. ***The Receiver's work is sorely needed to shine the light on what has occurred and unwind the complex financial transactions*** in order to secure Princeton's judgment from the Debtors' fraud."[106]

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[100] Appellee Princeton Capital Corp. Brf., Nov. 29, 2022 at 48, 49 (emphasis added).
[101] Letter of Ms. Noebels to Court of Appeals Clerk, Oct. 15, 2021 at 1 (emphasis added).
[102] Princeton's Opposition to Appellants' Emergency Motion to Stay Appointment of Receiver, Oct. 13, 2021 at 3 (emphasis added).
[103] *Ibid* at 9 (emphasis added).
[104] *Ibid* at 15 (emphasis added).
[105] *Ibid* at 20-21 (emphasis added).
[106] Appellee's Response to Appellant's Supplemental Brief Regarding Interlocutory Appeal of

"***[T]he Receiver is taking steps to locate valuable real estate assets*** that the Debtors' own and that are housed within wholly-owned subsidiary entities."[107]

The reason this graph shoots up rapidly during the last 60 days is because that is when your Receiver successfully blocked all exits for Nate Paul to leave bankruptcy court and state district courts without paying Princeton Capital this Court's judgment. The Court will recall that in January of this year it *sua sponte* issued an injunction against the Nate Paul Entities (he ignored) and compelled him to deliver financial records to Princeton for Paul's deposition (he likewise ignored). So, after three years of disrespect of this Court, of ignoring this Court's discovery orders, of refusing to pay this Court's judgment, of misappropriating more than $94 million of cash and real estate *during the litigation*, he finally had no choice but to pay Princeton 100% because your Receiver challenged him at every turn.

X. PAUL FILED TWO HARASSMENT LAWSUITS AGAINST YOUR RECEIVER.

Using corporate shells, Paul filed two harassment lawsuits against your Receiver, seeking injunctions and alleging misconduct.[108] Paul dismissed one of the lawsuits in the face of your Receiver's Rule 91a motion to dismiss. The other was assigned to Judge McFarland, who transferred it at Receiver's request to this Court. Receiver respectfully asks the Court to dismiss it.

Receiver Order, Apr. 15, 2021 at 15 (emphasis added).

[107] *Ibid* at 21 (emphasis added).

[108] *See WC 4th and Colorado, LP, et al. v. Seth Kretzer, Receiver, et al.*, No. 2021-77945 (133rd Dist. Crt., Harris County, Tex.); *World Class Holdings, LLC v. Seth Kretzer, Receiver, et al.*, No. 2022-16833 (125th Dist. Crt., Harris County, Tex.).

XI. Settlement of pending subsidiary litigation with two secured creditors.

Your Receiver settled lawsuits between two subsidiaries of World Class Capital Group, LLC and two secured creditors. Settlement was in the best interest of the receivership estate.

A. Receiver's settlement of the WC 4th and Colorado, LP litigation.

Using three Nate Paul controlled entities under *World Class Capital Group, LLC*, Paul borrowed money and purchased a commercial property located at the intersection of 4th Street and Colorado Street in Austin. Title was held by a subsidiary, *WC 4th and Colorado, LP*.

The debt on World Class's 4th and Colorado property ("Property") matured on December 31, 2019 (prior to COVID). WC 4th and Colorado, LP ("Borrower") failed to pay its debt so Colorado Third Street, LLC ("Lender") pursued foreclosure of the collateral.

During July 2020, Borrower (*i.e.*, Paul) sought a temporary injunction to avoid foreclosure of the Property. After a full evidentiary hearing, Travis County District Judge Guerra Gamble denied that injunction request.[109]

On the morning of the August 4, 2020, foreclosure sale, Borrower filed for Chapter 11 bankruptcy, automatically staying the foreclosure sale.[110] For the ensuing 10 months, Borrower and Lender disputed in bankruptcy.

On June 3, 2021, federal bankruptcy Judge Hon. Tony Davis lifted the automatic stay so that Lender could pursue its foreclosure remedies. Judge Davis lifted the stay after Borrower (*i.e.*,

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[109] *Colorado Third Street, LLC v. WC 4th and Colorado, LP*, No. D-1-GN-20-002781 (Tex. Dist. Ct., Travis Cty. May 22, 2020); *Colorado Third Street LLC v. Natin Paul, World Class Capital Group LLC*, No. D-1-GN-20-004259 (Tex. Dist. Ct., Travis Cty. Aug. 17, 2020).

[110] *In re WC 4th and Colorado, LP*, No. 20-10881 (TMD) (Bankr. W.D. Tex. Aug. 4, 2020).

Paul) attempted to confirm four different restructuring plans, each time promising that refinancing funds were forthcoming, but they never were. After the stay was lifted by the Bankruptcy Court so that Lender could again pursue foreclosure, Borrower continued obstructionist attempts to avoid foreclosure.

On July 1, 2021, Nate Paul and *World Class Capital Group, LLC* filed a new lawsuit, without merit, seeking another temporary restraining order, attempting to enjoin the foreclosure sale that had been ripe since January 2020. After a hearing, the Travis County District Court denied the request for TRO.

On July 5, 2021, Borrower (again, Paul) filed its own request for TRO, again seeking to enjoin the foreclosure sale. Travis County District Judge Cantú Hexsel saw through the ruse and denied that request as well.

On July 6, 2021, a non-judicial foreclosure sale finally occurred with respect to the Property. Colorado Third Street, LLC, the Lender, was the only qualified bidder at the foreclosure sale. As the only qualified bidder, Lender offered the high bid with a credit bid of $8,760,000. The sale was completed in less than 20 minutes and the Property was awarded to Lender.

On November 18, 2021, the Receiver filed a notice of appearance and entered into a Settlement Agreement with Colorado Third Street, LLC, the Lender, to settle the litigation. The terms are subject to a bilateral confidentiality clause.

B. Receiver's settlement of the WC 4th and Rio Grande, LP property litigation.

Another subsidiary, *WC 4th and Rio Grande, LP* ("Borrower"), owned a fee simple interest in commercial real property located in Austin (the "Property"). On July 29, 2014, Borrower (*i.e.*,

Paul) executed a Promissory Note (the "Note"), evidencing a $4,250,000 commercial real estate loan (the "Loan") in favor of Inter National Bank and its successor in interest, Vantage Bank Texas (collectively "Original Lender"). If Borrower failed to make payments as they "bec[a]me due and payable," the Note permitted Original Lender "to foreclose any liens and security interests securing payment" and to exercise its rights "under any other Loan Document." The Note also contained an express waiver of Borrower's "right[] to the benefits of … redemption." The parties memorialized the Loan in a Loan Agreement (the "Loan Agreement"), which included a ten-day cure period for "Monetary Defaults.

The Loan is secured by the Property. The Deed of Trust stated that the "Loan Documents," including the Note, "constitute[d] the legal, valid, and binding obligations" of the Borrower as "Grantor" and Nate Paul as "Guarantor."

In July 2020, Borrower (*i.e.*, Paul) stopped making payments on the Note. This constituted a Monetary Default under the Loan Documents, as Borrower had "fail[ed], refus[ed] or neglect[ed] … to pay when due any part of the Indebtedness or to comply with and discharge any of the Obligations." It also permitted Original Lender—and subsequent owners and holders of the Note—to "declare the entire unpaid balance of the Indebtedness immediately due and payable, and upon such declaration, the entire, unpaid balance of the Indebtedness shall be immediately due and payable."

Consequently, on July 29, 2020, Original Lender sent a Notice of Default and Intent to Accelerate to Borrower (*i.e.*, Paul), notifying Borrower that it was in default and that it had a contractual right to cure its default and redeem the Property within ten days of receipt of the

notice. Borrower failed to cure its default. So on August 10, 2020, Original Lender exercised its contractual remedy of acceleration and sought payment of the total amounts due to Original Lender. Borrower never formally responded to any of this correspondence or denied that it was in default under the Note. Borrower also did not cure its default or redeem the Property within the contractual time period.

Nonetheless, Borrower (*i.e.*, Paul) filed a lawsuit on November 27, 2020 to prevent Lender from foreclosing on the property, and to enjoin the December 1, 2020 foreclosure sale.[111] The Court denied the TRO. Borrower amended its petition, adding a claim for equitable redemption based on the same meritless allegations it has asserted all along. Borrower then moved for summary judgment on that claim as well as its claim for declaratory relief.

On September 2, 2021, the Court heard Plaintiff's Second Amended Motion for Partial Summary Judgment. After considering the motion, response, pleadings, evidence presented, and the arguments of counsel, the Court denied Plaintiff's Second Amended Motion for Partial Summary Judgment on September 10, 2021.

On November 18, 2021, the Receiver filed a notice of appearance and entered into a Settlement Agreement with La Zona Rio LLC, the Lender, to settle the litigation.

Paul filed another identical lawsuit January 12, 2022 against the secured Lender.[112] Your Receiver non-suited the lawsuit. Travis County District Judge Catherine Mauzy twice ruled that

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[111] *WC 4th and Rio Grande, LP v. La Zona Rio, LLC*, No D-1GN-20-007177 (Tex. Dist. Ct., Travis Cty. Nov. 30, 2020).
[112] *WC 4th and Rio Grande, LP v. La Zona Rio, LLC*, No D-1-GN-22-000195 (Tex. Dist. Ct., Travis Cty. Jan. 12, 2022.

your Receiver properly exercised his authority. Paul has now appealed, pending before the Eight Court of Appeals.[113]

C. Receiver applied appropriate business judgment.

Receiver applied sound business judgment to resolve litigation affecting property held by the receivership estate. Settlement of the pending litigation involving these two subsidiaries was appropriate:

- Settlement terminated questionable litigation with little or no likelihood of success;
- Settlement eliminated continuing costs of litigation for the receivership estate as well as for Borrower's attorneys' fees, and costs of trial or appeal;
- Settlement satisfied debt and eliminated continuing accrual of interest and liability for Lender's attorneys' fees;
- Settlement released liability for claims asserted by Lender for breach of contract and demands for indemnification;
- Settlement elimination of Lender claims of fraudulent conveyances by Borrower for transfers to World Class Capital Group, LLC, and its affiliates, claims that could potentially diminish the value of the receivership estate;
- Settlement provided control over the amount, certainty, and timing of payment from Lender of settlement proceeds to the receivership estate;
- Settlement eliminated necessity for summary judgment, trial and an appeals process that can take years.

For these reasons, therefore, Receiver properly settled the pending litigation involving subsidiaries.

[113] *WC 4th and Rio Grande, LP v. La Zona Rio, LLC*, No. 08-22-00225-CV (Tex. App.—El Paso).

XII. ALL FUNDS HAVE BEEN PROPERLY ACCOUNTED THROUGH A DEDICATED IOLTA AT CADENCE BANK.

To account for all funds, your Receiver opened a dedicated IOLTA for the receivership at Cadence Bank. All receipts and expenses were deposited into and disbursed from this account.

Receipts came from two sources: (1) litigation settlement agreements with two commercial secured creditors, and (2) claw back of fraudulently transferred funds.

Expenses largely consisted of legal fees to law firms for 13 months of litigation:

- *Culhane Meadows, PLLC.* Three lawyers from this firm represented your Receiver in the Austin and Dallas bankruptcy cases and adversary action.[114]
- *Dana E. Lipp Law Firm, PLLC.* Ms. Lipp, also a CPA, represents your Receiver in state court litigation.
- *Kretzer & Volberding, P.C.* Receiver hired his law firm to represent him. Charges are only by Mr. Volberding, also a CPA, and his legal assistant. Mr. Volberding appeared in all the state and federal litigation and wrote and filed most of the pleadings. Mr. Kretzer did not bill any time.[115]
- Two small law firms conducted supporting legal research.

The balance of expenses consisted of court reporter charges by *Veritex, LLC* to depose Ms. Sheena Paul, process service of subpoenas by *Special Delivery Service, Inc.*, filing fees, consulting fees, bank fees for document production and exhibits.

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[114] Culhane Meadows holds a $70,000 retainer in its IOLTA.

[115] A receiver, like a trustee, may hire the receiver's own law firm for representation. *Cf.* 11 U.S.C. § 327(d); Bankr. R. 2014; "Overall, 'retention of the trustee's own firm has been a very effective method of providing quality representation of the bankruptcy estates....'" *In re Kusler*, 224 B.R. 180, 193 (Bankr. N.D. Okla.1998). "As is true for any client, a trustee has wide latitude in selecting the legal counsel he wishes to employ...." *In re Gem Tire & Service Co.*, 117 B.R. 874, 874 (Bankr. S.D. Tex. 1990); *In re Interamericas, Ltd.*, 321 B.R. 830, 834 (Bankr. S.D. Tex. 2005).

Collections to Receivership Estate	$2,533,700.50
Legal Fees, Culhane Meadows	($1,047,754.24)
Legal Fees, Lipp Law Firm	($254,588.71)
Legal Fees, Kretzer & Volberding	($762,833.68)
Legal Fees, Research law firms	($17,050.10)
Litigation Expenses	($238,763.25)

Net to Receivership Estate In IOLTA	**$212,710.52**
	============

Given the intensity of Nate Paul Organization opposition, Receivership expenses are relatively low.

XIII. RECEIVER'S SUPPORTING EXHIBITS.

Separately, your Receiver has filed supporting exhibits, incorporated herein by reference. These include the exhibits that will be filed contemporaneously with this report. The exhibits also include the Court's judicial notice of its file pursuant to Rule of Evidence 202, and the business records affidavits and statements filed throughout the case. Your Receiver respectfully requests admission of these exhibits.

XIV. CONCLUSION.

Seth Kretzer (your "Receiver"), Receiver for Great Value Storage LLC and World Class Capital Group LLC (the "Judgment Debtors"), respectfully approval of this report documenting Nate Paul Organization's non-compliance with this Court's September 8, 2021 receivership order and discussing the results of the receivership.

XV. RECOMMENDATIONS.

Your Receiver recommends that the Court authorize him to hold the proofs of claim and adversary action pending in the Dallas and Austin Bankruptcy Courts. This is necessary to provide a second means of paying the Receiver's fees if Paul seeks to obstruct payment with additional lawsuits and appeals. The Court is requested to sign an order:

1. Approving your Receiver's Report;
2. Admitting your Receiver's supporting exhibits;
3. Granting your Receiver's September 16, 2022 motion for declaratory judgment relief;
4. Declaring the purported assignment of judgment and note payable agreement from Princeton Capital to the newly created entity solely controlled by Paul as violative of Texas law and policy, and therefore invalid;
5. Approving payment of $2,843,174.70 as Receiver's fee, the designated 25% fee, per the Court's September 8, 2021 receivership order;
6. Requesting immediate payment of the receivership fees from the reserve fund held by the Dallas Bankruptcy Court, plus any additional expenses incurred to respond to appeals and lawsuits by Nate Paul Entities;
7. Denying Nate Paul Entities' attempts at discovery;
8. Overruling Nate Paul Entities' objections;
9. Reporting to the First Court of Appeals that the Court has complied with its September 21, 2022 order to evaluate the purported settlement agreement.

Your Receiver has filed a proposed order to this effect.

Respectfully submitted this 30 day of October 2022,

Seth Kretzer

____

SETH KRETZER
KRETZER & VOLBERDING, P.C.
SBN: 24043764

9119 South Gessner Street
Suite 105
Houston, TX 77074
(713) 775-3050 (office)
Email: seth@kretzerfirm.com

RECEIVER

James W. Volberding
By: ______________________________
JAMES W. VOLBERDING
SBN: 00786313

KRETZER & VOLBERDING P.C.
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110 North College Avenue
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(866) 398-6883 (Fax)
email: jamesvolberding@gmail.com

ATTORNEY FOR RECEIVER

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing document has been forwarded to all counsel of record pursuant to the Texas Rules of Civil Procedure on October 30, 2022.

/s/ *James Volberding*
James 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.

Dana Lipp on behalf of Dana Lipp
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Dana Lipp on behalf of Dana Lipp
Bar No. 24050935
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Status as of 10/31/2022 11:26 AM CST

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EXHIBIT 8

CAUSE NO. 2019-18855

PRINCETON CAPITAL CORPORATION, Plaintiffs,	§ § §	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

NOTICE OF DECLARATION
OF WORLD CLASS CAPITAL GROUP, LLC

Defendant World Class Capital Group, LLC gives notice of filing the Declaration of Natin Paul pursuant to Tex. R. Civ. P. 24.2(c)(1) attached as Exhibit 1. This Declaration supersedes and replaces the earlier filed Declaration of Barbara Lee filed on December 4. The trial court clerk must receive and file a net worth affidavit tendered by a judgment debtor.

Respectfully submitted,

BURFORD PERRY LLP

/s/ Robert R. Burford

____

Robert R. Burford
State Bar No.: 03371700
Brent C. Perry
State Bar No.: 15799650
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Attorneys for Defendants Great Value Storage LLC, World Class Capital Group LLC, and Natin Paul

CERTIFICATE OF SERVICE

I served on December 14, 2021, the foregoing document on all counsel of record, in accordance with the Tex. R. Civ. P. 21 and 21 a via the court's electronic filing system.

/s/ Brent C. Perry

____

Brent C. Perry

CAUSE NO. 2019-18855

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

DECLARATION OF NATIN PAUL

My name is Natin ("Nate") Paul, and I am over the age of 18 years old and competent to make this declaration., My business address is 814 Lavaca Street, Austin, Texas 78701. I declare under penalty of perjury that the facts stated in this document are true and correct.

I am the sole manager for World Class Capital Group, LLC ("WCCG"). In that role, I have personal knowledge of the matters set forth herein.

WCCG was originally formed in May 2007 primarily to manage certain commercial real estate investments. Starting in 2016, WCCG was restructured for the company to solely provide real-estate or administrative services to certain entities on a go-forward basis. As a result, WCCG no longer held any membership interests in any entities, and transitioned solely to be a service provider to real-estate-owning entities. WCCG currently has no ownership interest in any other entity, and it owns no real property.

WCCG's assets comprise entirely of: (i) a single bank account at Security State Bank (the "WCCG Bank Account"); the account, and any funds therein (last known balance was $24,136) are currently inaccessible to WCCG due to a judgment hold by Gibson Dunn discussed

below; and (ii) $103,191.20 in furniture, fixtures, and equipment ("FF&E") on a depreciated basis. A true and correct copy of a current screenshot of the WCCG Bank Account is attached hereto as Exhibit 1. A true and correct copy of WCCG's FF&E schedule as of October 31, 2021, showing the cost and depreciated basis of each asset is attached hereto as Exhibit 2. FF&E consists of old, unused equipment and furniture bought several years ago. The fair market value of WCCG's FFE is negligible and less than its depreciated basis, but for conservative estimates the full depreciated basis is listed on the WCCG statement of net worth. In total, WCCG has assets in the amount of $127,327.

WCCG's liabilities are substantial. WCCG is judgment co-debtor of Gibson, Dunn & Crutcher, LLP, joint and severally, pursuant to a July 28, 2020 judgment in Index No. 650318/2020 in the Supreme Court of the State of New York (the "New York Judgment"). A true and correct copy of the New York Judgment is attached hereto as Exhibit 3. The amount of the judgment is $924,584.37, plus post-judgment interest at 9% ($227.98 per day), totaling $1,039,486.14 as of December 14, 2021. The New York Judgment brings WCCG's net worth down to a negative $912,159.14 (when taking into account post judgement interest).

WCCG also owes an additional $86,390.98 in accounts payable. A true and correct copy of WCCG's accounts payable schedule as of October 31, 2021 is attached hereto as Exhibit 4. The accounts payable schedule includes the New York Judgment and a judgment debt held by Civil & Environmental Consultants, Inc. A true and correct copy of an abstract of judgment of the Civil & Environmental Consultants, Inc. is attached hereto as Exhibit 5. True and correct copies of additional supporting invoices for the amounts on the accounts payable schedule are attached hereto as Exhibits 6 through 16. The outstanding accounts payable owed by WCCG brings the company's net worth down to a negative $998,550.12.

WCCG also owes an unpaid balance on a loan in the amount of $250,000. The lender of this loan to WCCG is its President, Mr. Natin Paul. This unpaid balance further reduces WCCG's net worth to a negative $1,248,550.12.

The document attached as Exhibit 17 is an accurate, true and correct copy of WCCG's Statement of Assets and Liabilities as of October 31, 2021. Exhibit 17 accurately identifies the assets and liabilities of WCCG as of October 31, 2021, using generally accepted accounting principles on an accrual basis by subtracting accrued liabilities from assets to establish WCCG's net worth. In sum, as of December 14, 2021, WCCG has a negative net worth of $1,248,550.12.

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Travis County, Texas, on the 14th day of December 2021.

____

Natin Paul, Declarant

SECURITY STATE BANK & TRUST

Sign Off

All | Accounts | Activity | Transfer | Bill Pay | External Transfer | Documents | Personal Finance | More

Account Activity

Change Account

Print

World Class Capital Group , *5356

$-999,975,864.40

Account information

Available balance

Current balance: $24,135.59

Last 60 Days	All Recent	Year To Date	Last Year	Search

All transactions for the last 60 days

Show scheduled transactions

There are no transactions to display for the date range selected.

Have questions?

Please contact us at electronicbanking@ssbtexas.com or 800.880.0649.

MEMBER

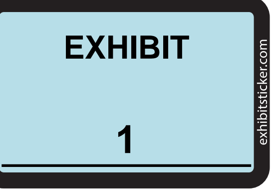


EXHIBIT 2

	Asset List	Cost Basis	Est. Depreciation Remaining	Market Value
1	Furniture & Fixtures	13,259	20%	2,651.80
2	Furniture & Fixtures	1,000	20%	200.00
3	Furniture & Fixtures	7,101	20%	1,420.20
4	Furniture & Fixtures	4,725	20%	945.00
5	Furniture & Fixtures	2,425	20%	485.00
6	Furniture & Fixtures	2,700	20%	540.00
7	Furniture & Fixtures	542	20%	108.40
8	Furniture & Fixtures	1,205	20%	241.00
9	Furniture & Fixtures	3,814	20%	762.80
10	Furniture & Fixtures	2,425	20%	485.00
11	Furniture & Fixtures	1,084	20%	216.80
12	Furniture & Fixtures	7,269	20%	1,453.80
13	Furniture & Fixtures	1,180	20%	236.00
14	Furniture & Fixtures	4,980	20%	996.00
15	Furniture & Fixtures	648	20%	129.60
16	Furniture & Fixtures	700	20%	140.00
17	Furniture & Fixtures	6,182	20%	1,236.40
18	Computer Equipment	325	20%	65.00
19	Computer Equipment	357	20%	71.40
20	Computer Equipment	1,428	20%	285.60
21	Computer Equipment	8,162	20%	1,632.40
22	Computer Equipment	1,001	20%	200.20
23	Computer Equipment	1,632	20%	326.40
24	Computer Equipment	1,071	20%	214.20
25	Computer Equipment	1,378	20%	275.60
26	Computer Equipment	4,898	20%	979.60
27	Computer Equipment	3,859	20%	771.80
28	Computer Equipment	1,334	20%	266.80
29	Computer Equipment	238	20%	47.60
30	Computer Equipment	162	20%	32.40
31	Computer Equipment	1,633	20%	326.60
32	Computer Equipment	55	20%	11.00
33	Computer Equipment	345	20%	69.00
34	Computer Equipment	167	20%	33.40
35	Computer Equipment	969	20%	193.80
36	Computer Equipment	21	20%	4.20
37	Computer Equipment	969	20%	193.80
38	Computer Equipment	1,633	20%	326.60
39	Computer Equipment	1,229	20%	245.80
40	Computer Equipment	273	20%	54.60
41	Computer Equipment	1,633	20%	326.60
42	Computer Equipment	3,944	20%	788.80
43	Computer Equipment	989	20%	197.80
44	Computer Equipment	244	20%	48.80
45	Computer Equipment	1,000	20%	200.00
46	Computer Equipment	5,852	20%	1,170.40

47	Computer Equipment	979	20%	195.80
48	Computer Equipment	191	20%	38.20
49	Computer Equipment	1,888	20%	377.60
50	Computer Equipment	82	20%	16.40
51	Computer Equipment	479	20%	95.80
52	Computer Equipment	168	20%	33.60
53	Computer Equipment	258	20%	51.60
54	Computer Equipment	476	20%	95.20
55	Computer Equipment	203	20%	40.60
56	Computer Equipment	2,002	20%	400.40
57	Computer Equipment	1,334	20%	266.80
58	Computer Equipment	167	20%	33.40
59	Computer Equipment	993	20%	198.60
60	Computer Equipment	1,191	20%	238.20
61	Computer Equipment	406	20%	81.20
62	Computer Equipment	1,667	20%	333.40
63	Computer Equipment	4,053	20%	810.60
64	Computer Equipment	1,862	20%	372.40
65	Computer Equipment	123	20%	24.60
66	Computer Equipment	167	20%	33.40
67	Computer Equipment	104	20%	20.80
68	Computer Equipment	3,724	20%	744.80
69	Computer Equipment	1,873	20%	374.60
70	Computer Equipment	1,862	20%	372.40
71	Computer Equipment	1,862	20%	372.40
72	Computer Equipment	162	20%	32.40
73	Computer Equipment	277	20%	55.40
74	Computer Equipment	824	20%	164.80
75	Computer Equipment	824	20%	164.80
76	Computer Equipment	826	20%	165.20
77	Computer Equipment	826	20%	165.20
78	Computer Equipment	824	20%	164.80
79	Computer Equipment	193	20%	38.60
80	Computer Equipment	826	20%	165.20
81	Computer Equipment	826	20%	165.20
82	Computer Equipment	193	20%	38.60
83	Computer Equipment	824	20%	164.80
84	Computer Equipment	6,706	20%	1,341.20
85	Computer Equipment	1,131	20%	226.20
86	Computer Equipment	292	20%	58.40
87	Computer Equipment	5,225	20%	1,045.00
88	Computer Equipment	960	20%	192.00
89	Computer Equipment	1,889	20%	377.80
90	Computer Equipment	404	20%	80.80
91	Computer Equipment	5,900	20%	1,180.00
92	Computer Equipment	1,470	20%	294.00
93	Computer Equipment	663	20%	132.60

94	Computer Equipment	6	20%	1.20
95	Computer Equipment	2,953	20%	590.60
96	Computer Equipment	3,025	20%	605.00
97	Computer Equipment	170	20%	34.00
98	Computer Equipment	2,953	20%	590.60
99	Computer Equipment	1,821	20%	364.20
100	Computer Equipment	520	20%	104.00
101	Computer Equipment	9,376	20%	1,875.20
102	Computer Equipment	2,100	20%	420.00
103	Computer Equipment	1,540	20%	308.00
104	Computer Equipment	2,100	20%	420.00
105	Computer Equipment	10,118	20%	2,023.60
106	Computer Equipment	9,596	20%	1,919.20
107	Computer Equipment	6,299	20%	1,259.80
108	Computer Equipment	350	20%	70.00
109	Computer Equipment	6	20%	1.20
110	Computer Equipment	1,429	20%	285.80
111	Computer Equipment	3	20%	0.60
112	Computer Equipment	1,440	20%	288.00
113	Computer Equipment	660	20%	132.00
114	Computer Equipment	5,081	20%	1,016.20
115	Computer Equipment	250	20%	50.00
116	Computer Equipment	6,179	20%	1,235.80
117	Computer Equipment	2,060	20%	412.00
118	Computer Equipment	7,920	20%	1,584.00
119	Computer Equipment	480	20%	96.00
120	Computer Equipment	1,140	20%	228.00
121	Computer Equipment	60	20%	12.00
122	Computer Equipment	2,620	20%	524.00
123	Computer Equipment	3	20%	0.60
124	Computer Equipment	3	20%	0.60
125	Computer Equipment	700	20%	140.00
126	Computer Equipment	2,878	20%	575.60
127	Computer Equipment	360	20%	72.00
128	Computer Equipment	3	20%	0.60
129	Computer Equipment	3,550	20%	710.00
130	Computer Equipment	1,439	20%	287.80
131	Computer Equipment	3	20%	0.60
132	Computer Equipment	2,981	20%	596.20
133	Computer Equipment	170	20%	34.00
134	Computer Equipment	358	20%	71.60
135	Computer Equipment	8,432	20%	1,686.40
136	Computer Equipment	5,163	20%	1,032.60
137	Computer Equipment	2,981	20%	596.20
138	Computer Equipment	518	20%	103.60
139	Computer Equipment	712	20%	142.40
140	Computer Equipment	5,158	20%	1,031.60

141	Computer Equipment	1,182	20%	236.40
142	Computer Equipment	3	20%	0.60
143	Computer Equipment	3	20%	0.60
144	Computer Equipment	2,456	20%	491.20
145	Computer Equipment	8,159	20%	1,631.80
146	Computer Equipment	3	20%	0.60
147	Computer Equipment	10,460	20%	2,092.00
148	Computer Equipment	212	20%	42.40
149	Computer Equipment	3	20%	0.60
150	Computer Equipment	3	20%	0.60
151	Computer Equipment	3	20%	0.60
152	Computer Equipment	568	20%	113.60
153	Computer Equipment	3	20%	0.60
154	Computer Equipment	1,960	20%	392.00
155	Computer Equipment	3	20%	0.60
156	Computer Equipment	8,159	20%	1,631.80
157	Computer Equipment	109	20%	21.80
158	Computer Equipment	338	20%	67.60
159	Computer Equipment	2,082	20%	416.40
160	Computer Equipment	8,233	20%	1,646.60
161	Computer Equipment	560	20%	112.00
162	Computer Equipment	319	20%	63.80
163	Furniture & Fixtures	2,896	20%	579.20
164	Furniture & Fixtures	1,595	20%	319.00
165	Furniture & Fixtures	990	20%	198.00
166	Furniture & Fixtures	720	20%	144.00
167	Furniture & Fixtures	463	20%	92.60
168	Furniture & Fixtures	3,126	20%	625.20
169	Furniture & Fixtures	39,653	20%	7,930.60
170	Furniture & Fixtures	37,670	20%	7,534.00
171	Furniture & Fixtures	498	20%	99.60
172	Computer Equipment	1,801	20%	360.20
173	Computer Equipment	1,363	20%	272.60
174	Computer Equipment	1,352	20%	270.40
175	Computer Equipment	821	20%	164.20
176	Computer Equipment	5,951	20%	1,190.20
177	Computer Equipment	1,634	20%	326.80
178	Computer Equipment	1,790	20%	358.00
179	Computer Equipment	8,987	20%	1,797.40
180	Computer Equipment	2,577	20%	515.40
181	Computer Equipment	908	20%	181.60
182	Computer Equipment	11,141	20%	2,228.20
183	Computer Equipment	5,308	20%	1,061.60
184	Computer Equipment	11,194	20%	2,238.80
185	Computer Equipment	8,470	20%	1,694.00
186	Computer Equipment	3,038	20%	607.60
187	Computer Equipment	3,389	20%	677.80

188	Software	24,800	20%	4,960.00
189	Furniture & Fixtures	3,114	20%	622.80
	Total	**$ 515,956.00**		**$ 103,191.20**

EXHIBIT
3

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

GIBSON, DUNN & CRUTCHER LLP, Petitioner, v. WORLD CLASS CAPITAL GROUP, LLC and WORLD CLASS ACQUISITIONS, LLC, Respondents.	Index No. 650318/2020 IAS Part 48 Justice Masley ~~PROPOSED~~ JUDGMENT

WHEREAS, Petitioner Gibson, Dunn & Crutcher LLP ("Petitioner") filed a Verified Petition in this matter on January 14, 2020 against World Class Capital Group, LLC and World Class Acquisitions, LLC ("Respondents"), and moved to confirm the November 18, 2019 final arbitration award ("final award") against Respondents; and

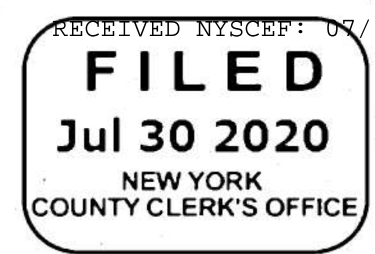
WHEREAS, Respondents cross-moved for dismissal, pursuant to CPLR 3211(a)(8), or to vacate the award or modify it, pursuant to CPLR 7511; and

WHEREAS, the Court (Masley, A.) dispensed with oral argument on the Verified Petition and marked it as fully submitted on March 16, 2020; and

WHEREAS, the Supreme Court, New York County, Part 48 (Masley, A.) rendered a Decision and Order, signed on June 9, 2020, and entered in the office of the Clerk of the Court on June 10, 2020:

(1) ORDERING and ADJUDGING that the petition and motion are granted and Petitioner shall have judgment against Respondents;

(2) ORDERING that Petitioner's request for pre- and post-judgment interest running on the amount awarded from the date of the final award until the date of payment is granted; and



(3) ORDERING that the cross motion is denied.

Now, it is hereby:

ADJUDGED, that the Petitioner Gibson, Dunn & Crutcher LLC, 200 Park Avenue, New York, New York 10166, have judgment against Respondents World Class Capital Group, LLC and World Class Acquisitions, LLC, 767 Fifth Avenue, New York, New York, in the amount of $870,633.63, plus $53,950.74 in pre-judgment interest at the statutory rate (9% per annum), accruing from the date of the final award (November 18, 2019) until the date of this Judgment,

X **for a total of $924,584.37**

with post-judgment interest at the statutory rate (9% per annum) to be taxed by the clerk on the date of payment, and that the Petitioner have execution thereon.

Judgment signed and entered this 28th day of July, 2020.

Hon. Justice Masley

30 th Jul. 2020

Milton Adair Tingling

Clerk

GIBSON DUNN & CRUTCHER LLP

200 Park Avenue 47th Floor, New York, NY 10166

212-351-3827

JUDGMENT

1-2
FILED AND DOCKETED
Jul 30 2020
AT 11:42 A M
N.Y. CO. CLK'S OFFICE

WCCG-GVS0011

EXHIBIT
4

Account Payable

As of 10/31/2021

Payee Name	Current Owed
Gibson Dunn	924,584.37
Partner Engineering and Science	18,000.00
Arnold & Placek, P.C.	519.00
HIRERIGHT, Inc.	205.45
Armanino LLP	2,644.75
AtlasX, Inc.	5,700.00
National Property Consulting Group, LLC	16,214.70
STG Desgin	9,504.50
Civil & Environmental Consultants Inc.	23,452.58
Boundary Boys, LLC	10,150.00
Total	**1,010,975.35**

Notes Payable	
Other Note Payable	250,000.00
Total Notes Payable	**250,000.00**

EXHIBIT 5

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

ABSTRACT OF JUDGMENT

In the County Court at Law No. 1 at Travis County, Texas, on August 31, 2020, in a cause entitled CIVIL & ENVIRONMENTAL CONSULTANTS, INC. v. WORLD CLASS CAPITAL GROUP, LLC, Cause No. C-1-CV-19-007431 on the docket of the Court, judgment was rendered in favor of Civl & Environmental Consultants, Inc., the details of which are as follows:

1. The names of the judgment creditor is Civil & Environmental Consultants, Inc. The judgment creditor's address is c/o Doran Peters and Eric Dowdy, HAJJAR | PETERS, LLP, 3144 Bee Caves Road, Austin, Texas 78746.

2. The name, address, and telephone number of the attorney for the plaintiff-in-judgment is the law firm of HAJJAR | PETERS, LLP, located at 3144 Bee Caves Road, Austin, Texas 78746. The phone number of the attorney for plaintiff-in-judgment is 512-637-4956, and the fax number is 512-637-4958.

3. The names of the judgment-defendant is World Class Capital Group, LLC, whose last known address is 401 Congress Ave. 33Fl., Austin, Texas; and whose attorney's last known address is Maryann Norwood, WORLD CLASS CAPITAL GROUP, LLC, 814 Lavaca Street, Austin, Texas 78701;

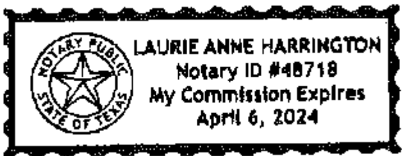
4. The judgment against World Class Capital Group, LLC was rendered for the sum of \$26,457.50, costs of court, and post-judgment interest on the damages at the rate of 5% per annum from the date of the judgment. The balance still due is \$225,000, costs of court, and 5% interest from August 31, 2020.

SIGNED on this the 23rd day of September 2020.

Eric C. Dowdy
HAJJAR | PETERS, LLP

BEFORE ME, the undersigned Notary Public, on this date personally appeared Eric C. Dowdy, who, being by me duly sworn upon oath, said that he has read and signed the foregoing Abstract of Judgment and that all the facts stated in it are within his personal knowledge and are true and correct.

TO CERTIFY WHICH, witness my hand and official seal on the 23rd day of September, 2020.



Notary Public ★ State of Texas

After recording, return to:

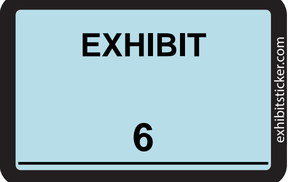
Eric C. Dowdy
HAJJAR | PETERS, LLP
3144 Bee Caves Rd.
Austin, Texas 78746

THE STATE OF TEXAS
COUNTY OF HAYS

I hereby certify that this instrument was FILED on the date and the time stamped hereon by me and was duly RECORDED in the Records of Hays County, Texas.

20042480 ABSTRACT
09/24/2020 02:36:51 PM Total Fees: $30.00

Elaine H. Cárdenas, MBA, PhD,County Clerk
Hays County, Texas



Arnold & Placek, P.C.
203 E. Main Street
Suite 201
Round Rock, TX 78664

Ph: 512-341-7044 Fax: 512-341-7921

World Class Capital Group, LLC
814 Lavaca Street
Austin, TX
78701

December 5, 2019

File #: WCCG-Gen
Inv #: 11538

Attention: Maryann Norwood

RE:

DATE	**DESCRIPTION**	**HOURS**		**LAWYER**
Nov-13-19		0.60		JLC
				MJF
	Totals	2.10	$519.00	

Total Fee & Disbursements	**$519.00**
Previous Balance	1,477.85
Previous Payments	1,477.85
Balance Now Due	**$519.00**

TAX ID Number 20-0258111

WCCG-GVS0016

PAYMENT DETAILS

Mar-26-18	Check #1654; Invoice #10180	1,477.85
	Total Payments	**$1,477.85**

FEE SUMMARY

LAWYER	HOURS	RATE	AMOUNT
Jon Chaltain	0.60	$240.00	$144.00

LAWYER	HOURS	RATE	AMOUNT
Matt J. Foerster	1.50	$250.00	$375.00

Balance Now Due **$519.00**

421 8th Ave #8493
New York, NY 10116 US
646.504.3430
https://www.AtlasX.co

ATLASX

EXHIBIT 7

Invoice

BILL TO
World Class Capital Group, LLC
401 Congress Avenue, 33rd Fl
Austin, TX 78701

INVOICE # 1068
DATE 03/29/2019

TERMS Due on receipt

ACTIVITY	DESCRIPTION	AMOUNT
Credit	Service credit for inactive user (1) for the period of January 28 - March 27, 2019	-300.00
Pipeline Software Licenses	Software service for the period of March 28, 2019 - June 27, 2019 6 User licenses as of March 29, 2019	2,700.00

Please make checks payable to:
AtlasX, Inc.

BALANCE DUE **$2,400.00**

AUG 07 2019

Or wire to:
AtlasX, Inc.
Routing: 021000021
Account: 858960185
Chase Bank
60 Great Neck Rd
Great Neck, NY 11021

AUG 07 2019

Call to pay by credit card: 646.504.3430

We appreciate your prompt payment.

421 8th Ave #8493
New York, NY 10116
646.504.3430
https://www.AtlasX.co

INVOICE

BILL TO
World Class Capital Group
401 Congress Avenue, 33rd Fl
Austin, TX 78701

INVOICE # 1054
DATE 01/09/2019

TERMS Due on receipt

ACTIVITY	DESCRIPTION	AMOUNT
Pipeline Software	Software service for 1 additional user license for the period of November 27, 2018 - December 27, 2018	150.00
Pipeline Software	Software service for the period of December 28, 2018 - March 27, 2019 7 User licenses as of January 9, 2019	3,150.00

Please make checks payable to:
AtlasX, Inc.

BALANCE DUE **$3,300.00**

Or wire to:
AtlasX, Inc.
Routing: 021000021
Account: 858960185
Chase Bank
60 Great Neck Rd
Great Neck, NY 11021

Call to pay by credit card: 646.504.3430

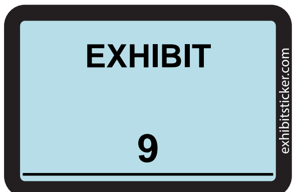
We appreciate your prompt payment.

Invoice

Boundary Boys, LLC

Firm No.: 10194189
P.O. Box 2441
Harker Heights, TX 76548

Date	Invoice #
6/4/2019	1WCG0104



Bill To
World Class Capital Group Jeremy Stoler 401 Congress Ave, 33rd Floor Austin, TX 78701

Description	Amount
Survey - 7211 Circle S Road, 7415 Circle S Road, and 509 Corral Lane, Austin, TX	3,350.00
Attn - John Kaschak	**Total** $3,350.00

WCCG-GVS0020

Boundary Boys, LLC

Firm No.: 10194189
P.O. Box 2441
Harker Heights, TX 76548

Invoice

Date	Invoice #
4/6/2019	1WCG0102

EXHIBIT
10
exhibitsticker.com

Bill To
World Class Capital Group Jeremy Stoler 401 Congress Ave, 33rd Floor Austin, TX 78701

Description	Amount
1719 E 2nd St, Austin, TX	2,000.00

Attn - John Kaschak	**Total** $2,000.00

WCCG-GVS0021

Boundary Boys, LLC

Firm No.: 10194189
P.O. Box 2441
Harker Heights, TX 76548

Invoice

Date	Invoice #
7/12/2019	1WCG0105

EXHIBIT
11
exhibitsticker.com

Bill To
World Class Capital Group Jeremy Stoler 401 Congress Ave, 33rd Floor Austin, TX 78701

Description	Amount
ALTA Survey: 3707 S 2nd St, Austin, TX	2,400.00

Attn - John Kaschak	**Total** $2,400.00

Boundary Boys, LLC

Firm No.: 10194189
P.O. Box 2441
Harker Heights, TX 76548

Invoice

Date	Invoice #
7/30/2019	1WCG0106

EXHIBIT
12
exhibitsticker.com

Bill To
World Class Capital Group Jeremy Stoler 401 Congress Ave, 33rd Floor Austin, TX 78701

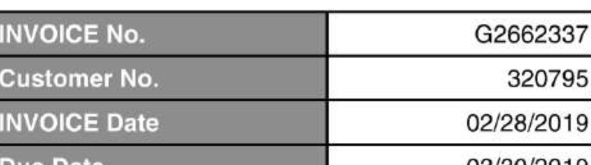
Description	Amount
ALTA Survey: 712 E Huntland Drive, Austin, TX	2,400.00

Attn - John Kaschak	**Total** $2,400.00

WCCG-GVS0023

World Class Capital Group, LLC
Billbox #00-v0003053-10002
PO Box 209298
Austin, TX 78720-9298

**** INVOICE ****



INVOICE No.	G2662337
Customer No.	320795
INVOICE Date	02/28/2019
Due Date	03/30/2019

Bill To:

Attn: Brenda Doherty
World Class Capital Group, LLC
401 Congress Avenue, FL 33
Austin, TX 78701
Telephone: (502) 605-6647
Email: bdoherty@world-class.com

Remit To:

Address: HireRight, LLC
PO Box 847891
Dallas, TX 75284-7891

Overnight: Lockbox 847891
1950 N. Stemmons Fwy Suite 5010
Dallas, TX 75207

ACH / Wiring Info

Beneficiary Bank: Bank of America
Account Title: HireRight, LLC
ABA: 111000012
Account Nbr: 4427151774

Tax ID #: 47-4901546
Dun #: 79-234-8021

EXHIBIT
13
exhibitsticker.com

Billing Period	Terms	PO Number	Secondary Account No.
02/01/19 - 02/28/19	NET 30		

Description	Total Due
Click here for Invoice Details...	
Background Screening Services	192.75
Surcharges	0.00

INVOICE Subtotal	192.75
Sales Tax	12.70
Total Amount Due	**205.45 USD**

Have an inquiry? Click here: http://www.hireright.com/billing-faq

WCCG-GVS0024

Date: **August 7, 2017**

EXHIBIT 14

Paul Horwitz phorwitz@wccapitalgroup.com
World Class Capital Group LLC
401 Congress Avenue
33rd Fllor
Austin , TX 78701

Invoice Number: **17-192690-1**

FOR PROFESSIONAL SERVICES RENDERED:

Client Reference: **192690**
Project Name : **500 S. Congress Avenue**
Address : **500 S. Congress Avenue**
AUSTIN , TX 78704 UNITED STATES
Partner Contact : **Melissa Dahl**
Partner Project # : **17-192690.1**

ALTA/NSPS Land Title Survey **$8,300.00**

This is an invoice for professional services and is due and payable upon presentation.
Reference invoice number 17-192690-1 on payment.

Wiring Instructions	
Beneficiary Name	Partner Assessment Corp.
Beneficiary Account Number	157503216424
Bank Routing Number	122235821
Bank Routing/ Swift Code	USBKUS44IMT
Receiving Bank Name	U.S. Bank
Receiving Bank Address	Los Angeles, CA 90071

FEIN 20-8264379
A charge of 1.5% per month will be added to the total amount due 30 days after invoic

Invoice Total:	**$8,300.00**
Deposit:	
Payment:	
Amount Due:	**$8,300.00**

PLEASE NOTE NEW REMIT TO ADDRESS
Please make check payable to Partner Engineering & Science, Inc. and mail to:
Partner Assessment Corporation
PO Box 953568, St Louis, MO 63195-3568
Telephone 310-615-4500 Facsimile 310-615-4544
www.partneresi.com - AR@partneresi.com

WCCG-GVS0025

Date: **August 7, 2017**

Paul Horwitz phorwitz@wccapitalgroup.com
World Class Capital Group LLC
401 Congress Avenue
33rd Fllor

Austin , TX 78701

Invoice Number: **17-192690-2**

FOR PROFESSIONAL SERVICES RENDERED:

Client Reference: **192690**
Project Name : **510 S. Congress Avenue**
Address : **510 S. Congress Avenue**
AUSTIN , TX 78704 UNITED STATES
Partner Contact : **Melissa Dahl**
Partner Project # : **17-192690.2**

ALTA/NSPS Land Title Survey **$4,700.00**

This is an invoice for professional services and is due and payable upon presentation.
Reference invoice number 17-192690-2 on payment.

Wiring Instructions	
Beneficiary Name	Partner Assessment Corp.
Beneficiary Account Number	157503216424
Bank Routing Number	122235821
Bank Routing/ Swift Code	USBKUS44IMT
Receiving Bank Name	U.S. Bank
Receiving Bank Address	Los Angeles, CA 90071

FEIN 20-8264379

A charge of 1.5% per month will be added to the total amount due 30 days after invoic

Invoice Total:	**$4,700.00**
Deposit:	
Payment:	
Amount Due:	**$4,700.00**

PLEASE NOTE NEW REMIT TO ADDRESS

Please make check payable to Partner Engineering & Science, Inc. and mail to:

Partner Assessment Corporation
PO Box 953568, St Louis, MO 63195-3568
Telephone 310-615-4500 Facsimile 310-615-4544
www.partneresi.com - AR@partneresi.com

WCCG-GVS0026

Date: **August 7, 2017**

EXHIBIT
16
exhibitsticker.com

Paul Horwitz phorwitz@wccapitalgroup.com
World Class Capital Group LLC
401 Congress Avenue
33rd Fllor
Austin , TX 78701

Invoice Number: **17-192690-3**

FOR PROFESSIONAL SERVICES RENDERED:

Client Reference: **192690**
Project Name : **105 W. Riverside Drive**
Address : **105 W. Riverside Drive**
AUSTIN , TX 78704 UNITED STATES
Partner Contact : **Melissa Dahl**
Partner Project # : **17-192690.3**

ALTA/NSPS Land Title Survey **$5,000.00**

This is an invoice for professional services and is due and payable upon presentation.
Reference invoice number 17-192690-3 on payment.

Wiring Instructions	
Beneficiary Name	Partner Assessment Corp.
Beneficiary Account Number	157503216424
Bank Routing Number	122235821
Bank Routing/ Swift Code	USBKUS44IMT
Receiving Bank Name	U.S. Bank
Receiving Bank Address	Los Angeles, CA 90071

FEIN 20-8264379

A charge of 1.5% per month will be added to the total amount due 30 days after invoic

Invoice Total:	**$5,000.00**
Deposit:	
Payment:	
Amount Due:	**$5,000.00**

PLEASE NOTE NEW REMIT TO ADDRES

Please make check payable to Partner Engineering & Science, Inc. and mail to:

Partner Assessment Corporation
PO Box 953568, St Louis, MO 63195-3568
Telephone 310-615-4500 Facsimile 310-615-4544
www.partneresi.com - AR@partneresi.com

WCCG-GVS0027

EXHIBIT
17

World Class Capital Group, LLC

Statement of Assets and Liabilities

As of 10/31/2021

	10/31/2021
ASSETS	
Cash and Cash Equivalents	24,136
Accounts Receivable	-
Furniture, Fixtures, and Equipment	103,191
TOTAL ASSETS	***127,327***
LIABILITIES	
Accounts Payable	1,010,975
Notes Payable	250,000
TOTAL LIABILITIES	***1,260,975***
NET ASSET/LIABILITY VALUE	**(1,133,649)**

EXHIBIT 9

11/23/2021 8:58 PM
Marilyn Burgess - District Clerk Harris County
Envelope No. 59450833
By: jessica stanton
Filed: 11/23/2021 8:58 PM

CAUSE NO. 2019-18855

PRINCETON CAPITAL CORPORATION, Plaintiffs,	§	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

NOTICE OF DECLARATION
OF WORLD CLASS CAPITAL GROUP, LLC

Defendant World Class Capital Group, LLC gives notice of filing the Declaration of Barbara Lee pursuant to Tex. R. Civ. P. 24.2(c)(1) attached as Exhibit 1. The trial court clerk must receive and file a net worth affidavit tendered by a judgment debtor.

Respectfully submitted,

BURFORD PERRY LLP

/s/ Robert R. Burford

____

Robert R. Burford
State Bar No.: 03371700
Brent C. Perry
State Bar No.: 15799650
Shawn A. Johnson
State Bar No. 24097056
State Bar No.: 15799650
909 Fannin St., Suite 2630
Houston, Texas 77010
Telephone: (713) 401-9790
Facsimile: (713) 993-7739
rburford@burfordperry.com
bperry@burfordperry.com
sjohnson@burfordperry.com

Attorneys for Defendants Great Value Storage LLC, World Class Capital Group LLC, and Natin Paul

CERTIFICATE OF SERVICE

I served on November 23, 2021, the foregoing document on all counsel of record, in accordance with the Tex. R. Civ. P. 21 and 21 a via the court's electronic filing system.

/s/ Brent C. Perry

____

Brent C. Perry

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.

Brent Perry on behalf of Brent Perry
Bar No. 15799650
bperry@burfordperry.com
Envelope ID: 59450833
Status as of 11/24/2021 8:35 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Seth Kretzer	24043764	seth@kretzerfirm.com	11/23/2021 8:58:04 PM	SENT
Manfred Sternberg	19175775	manfred@msternberg.com	11/23/2021 8:58:04 PM	SENT
Michael Merrick	24041474	mmerrick77@gmail.com	11/23/2021 8:58:04 PM	SENT
Brian Elliott		belliott@world-class.com	11/23/2021 8:58:04 PM	SENT
Brian Elliott		brian@scalefirm.com	11/23/2021 8:58:04 PM	SENT
Michael J.Merrick		mmerrick@world-class.com	11/23/2021 8:58:04 PM	SENT
Brian Elliott		brian@scalefirm.com	11/23/2021 8:58:04 PM	SENT
Robert R.Burford		rburford@burfordperry.com	11/23/2021 8:58:04 PM	SENT
Brent C.Perry		bperry@burfordperry.com	11/23/2021 8:58:04 PM	SENT
Burford Perry Service		service@burfordperry.com	11/23/2021 8:58:04 PM	SENT
Shawn A.Johnson		sjohnson@burfordperry.com	11/23/2021 8:58:04 PM	SENT
Seth Kretzer		seth@kretzerfirm.com	11/23/2021 8:58:04 PM	SENT
Jesseca Wilson		jesseca@kretzerfirm.com	11/23/2021 8:58:04 PM	SENT
James Volberding		jamesvolberding@gmail.com	11/23/2021 8:58:04 PM	SENT
Mark L. D. Wawro	20988275	mwawro@susmangodfrey.com	11/23/2021 8:58:04 PM	SENT
Abigail Noebels	24083578	anoebels@susmangodfrey.com	11/23/2021 8:58:04 PM	SENT
Taylor Biddle		tbiddle@susmangodfrey.com	11/23/2021 8:58:04 PM	SENT
Kristi Davis		kdavis@susmangodfrey.com	11/23/2021 8:58:04 PM	SENT
Moustapha El-Hakam		melhakam@susmangodfrey.com	11/23/2021 8:58:04 PM	SENT
Ann Kennon		ann@kretzerfirm.com	11/23/2021 8:58:04 PM	SENT

12/3/2021 5:18 PM
Marilyn Burgess - District Clerk Harris County
Envelope No. 59706538
By: Bristalyn Daniels
Filed: 12/3/2021 5:18 PM

CAUSE NO. 2019-18855

PRINCETON CAPITAL CORPORATION, Plaintiffs,	§	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

Note by Receiver: The 12/3/2021 file stamp of this affidavit postdates the preceding 11/23/2021 notice filing in the district court. The affidavit, dated 11/23/2021 was later also filed 12/3/2021 as a stand alone document by Paul's counsel.

DECLARATION OF BARBARA LEE FOR WORLD CLASS CAPITAL GROUP, LLC

My name is Barbara Lee. My date of birth is July 22, 1964. My business address is 814 Lavaca Street, Austin, Texas 78701.

I declare under penalty of perjury that the following is within in my personal knowledge and is true and correct.

I am a bookkeeper for World Class Capital Group, LLC ("WCCG") and have personal knowledge of the financial records of the company. WCCG prepared the statement of assets and liabilities, accounts payable report, and equipment listing attached as Exhibit 1. The statement of assets and liabilities identifies the assets and liabilities of GVS and is a true and correct statement of the net worth of WCCG as of October 31, 2021. WCCG has supporting documents for the schedule of assets and liabilities.

WCCG has a negative net worth of ($1,133,649) as of October 31, 2021. WCCG's assets are generally described as cash in a bank account and depreciated furniture, fixtures, and equipment as represented in Exhibit 1. WCCG's liabilities are an unpaid final judgment liability to Gibson, Dunn & Crutcher, LLP and various accounts payable to the listed vendor.

Signed on November 23, 2021 in Austin, Travis County, Texas.

Barbara Lee

Barbara Lee

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.

Lisa Harris on behalf of Brent Perry
Bar No. 15799650
lharris@burfordperry.com
Envelope ID: 59706538
Status as of 12/6/2021 8:57 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Robert R.Burford		rburford@burfordperry.com	12/3/2021 5:18:45 PM	SENT
Brent C.Perry		bperry@burfordperry.com	12/3/2021 5:18:45 PM	SENT
Mark L. D. Wawro	20988275	mwawro@susmangodfrey.com	12/3/2021 5:18:45 PM	SENT
Abigail Noebels	24083578	anoebels@susmangodfrey.com	12/3/2021 5:18:45 PM	SENT
Seth Kretzer	24043764	seth@kretzerfirm.com	12/3/2021 5:18:45 PM	SENT
Manfred Sternberg	19175775	manfred@msternberg.com	12/3/2021 5:18:45 PM	SENT
Taylor Biddle		tbiddle@susmangodfrey.com	12/3/2021 5:18:45 PM	SENT
Kristi Davis		kdavis@susmangodfrey.com	12/3/2021 5:18:45 PM	SENT
Moustapha El-Hakam		melhakam@susmangodfrey.com	12/3/2021 5:18:45 PM	SENT
Brian Elliott		belliott@world-class.com	12/3/2021 5:18:45 PM	SENT
Brian Elliott		brian@scalefirm.com	12/3/2021 5:18:45 PM	SENT
Michael J.Merrick		mmerrick@world-class.com	12/3/2021 5:18:45 PM	SENT
Michael Merrick	24041474	mmerrick77@gmail.com	12/3/2021 5:18:45 PM	SENT
Burford Perry Service		service@burfordperry.com	12/3/2021 5:18:45 PM	SENT
Brian Elliott		brian@scalefirm.com	12/3/2021 5:18:45 PM	SENT
Shawn A.Johnson		sjohnson@burfordperry.com	12/3/2021 5:18:45 PM	SENT
Seth Kretzer		seth@kretzerfirm.com	12/3/2021 5:18:45 PM	SENT
Jesseca Wilson		jesseca@kretzerfirm.com	12/3/2021 5:18:45 PM	SENT
James Volberding		jamesvolberding@gmail.com	12/3/2021 5:18:45 PM	SENT
Ann Kennon		ann@kretzerfirm.com	12/3/2021 5:18:45 PM	SENT

EXHIBIT 1

World Class Capital Group, LLC

Statement of Assets and Liabilities

As of 10/31/2021

	10/31/2021
ASSETS	
Cash and Cash Equivalents	24,136
Accounts Receivable	-
Furniture, Fixtures, and Equipment	103,191
TOTAL ASSETS	***127,327***
LIABILITIES	
Accounts Payable	1,010,975
Notes Payable	250,000
TOTAL LIABILITIES	***1,260,975***
NET ASSET/LIABILITY VALUE	**(1,133,649)**

	Asset List	Cost Basis	Est. Depreciation Remaining	Market Value
1	Furniture & Fixtures	13,259	20%	2,651.80
2	Furniture & Fixtures	1,000	20%	200.00
3	Furniture & Fixtures	7,101	20%	1,420.20
4	Furniture & Fixtures	4,725	20%	945.00
5	Furniture & Fixtures	2,425	20%	485.00
6	Furniture & Fixtures	2,700	20%	540.00
7	Furniture & Fixtures	542	20%	108.40
8	Furniture & Fixtures	1,205	20%	241.00
9	Furniture & Fixtures	3,814	20%	762.80
10	Furniture & Fixtures	2,425	20%	485.00
11	Furniture & Fixtures	1,084	20%	216.80
12	Furniture & Fixtures	7,269	20%	1,453.80
13	Furniture & Fixtures	1,180	20%	236.00
14	Furniture & Fixtures	4,980	20%	996.00
15	Furniture & Fixtures	648	20%	129.60
16	Furniture & Fixtures	700	20%	140.00
17	Furniture & Fixtures	6,182	20%	1,236.40
18	Computer Equipment	325	20%	65.00
19	Computer Equipment	357	20%	71.40
20	Computer Equipment	1,428	20%	285.60
21	Computer Equipment	8,162	20%	1,632.40
22	Computer Equipment	1,001	20%	200.20
23	Computer Equipment	1,632	20%	326.40
24	Computer Equipment	1,071	20%	214.20
25	Computer Equipment	1,378	20%	275.60
26	Computer Equipment	4,898	20%	979.60
27	Computer Equipment	3,859	20%	771.80
28	Computer Equipment	1,334	20%	266.80
29	Computer Equipment	238	20%	47.60
30	Computer Equipment	162	20%	32.40
31	Computer Equipment	1,633	20%	326.60
32	Computer Equipment	55	20%	11.00
33	Computer Equipment	345	20%	69.00
34	Computer Equipment	167	20%	33.40
35	Computer Equipment	969	20%	193.80
36	Computer Equipment	21	20%	4.20
37	Computer Equipment	969	20%	193.80
38	Computer Equipment	1,633	20%	326.60
39	Computer Equipment	1,229	20%	245.80
40	Computer Equipment	273	20%	54.60
41	Computer Equipment	1,633	20%	326.60
42	Computer Equipment	3,944	20%	788.80
43	Computer Equipment	989	20%	197.80
44	Computer Equipment	244	20%	48.80
45	Computer Equipment	1,000	20%	200.00
46	Computer Equipment	5,852	20%	1,170.40

47	Computer Equipment	979	20%	195.80
48	Computer Equipment	191	20%	38.20
49	Computer Equipment	1,888	20%	377.60
50	Computer Equipment	82	20%	16.40
51	Computer Equipment	479	20%	95.80
52	Computer Equipment	168	20%	33.60
53	Computer Equipment	258	20%	51.60
54	Computer Equipment	476	20%	95.20
55	Computer Equipment	203	20%	40.60
56	Computer Equipment	2,002	20%	400.40
57	Computer Equipment	1,334	20%	266.80
58	Computer Equipment	167	20%	33.40
59	Computer Equipment	993	20%	198.60
60	Computer Equipment	1,191	20%	238.20
61	Computer Equipment	406	20%	81.20
62	Computer Equipment	1,667	20%	333.40
63	Computer Equipment	4,053	20%	810.60
64	Computer Equipment	1,862	20%	372.40
65	Computer Equipment	123	20%	24.60
66	Computer Equipment	167	20%	33.40
67	Computer Equipment	104	20%	20.80
68	Computer Equipment	3,724	20%	744.80
69	Computer Equipment	1,873	20%	374.60
70	Computer Equipment	1,862	20%	372.40
71	Computer Equipment	1,862	20%	372.40
72	Computer Equipment	162	20%	32.40
73	Computer Equipment	277	20%	55.40
74	Computer Equipment	824	20%	164.80
75	Computer Equipment	824	20%	164.80
76	Computer Equipment	826	20%	165.20
77	Computer Equipment	826	20%	165.20
78	Computer Equipment	824	20%	164.80
79	Computer Equipment	193	20%	38.60
80	Computer Equipment	826	20%	165.20
81	Computer Equipment	826	20%	165.20
82	Computer Equipment	193	20%	38.60
83	Computer Equipment	824	20%	164.80
84	Computer Equipment	6,706	20%	1,341.20
85	Computer Equipment	1,131	20%	226.20
86	Computer Equipment	292	20%	58.40
87	Computer Equipment	5,225	20%	1,045.00
88	Computer Equipment	960	20%	192.00
89	Computer Equipment	1,889	20%	377.80
90	Computer Equipment	404	20%	80.80
91	Computer Equipment	5,900	20%	1,180.00
92	Computer Equipment	1,470	20%	294.00
93	Computer Equipment	663	20%	132.60

94	Computer Equipment	6	20%	1.20
95	Computer Equipment	2,953	20%	590.60
96	Computer Equipment	3,025	20%	605.00
97	Computer Equipment	170	20%	34.00
98	Computer Equipment	2,953	20%	590.60
99	Computer Equipment	1,821	20%	364.20
100	Computer Equipment	520	20%	104.00
101	Computer Equipment	9,376	20%	1,875.20
102	Computer Equipment	2,100	20%	420.00
103	Computer Equipment	1,540	20%	308.00
104	Computer Equipment	2,100	20%	420.00
105	Computer Equipment	10,118	20%	2,023.60
106	Computer Equipment	9,596	20%	1,919.20
107	Computer Equipment	6,299	20%	1,259.80
108	Computer Equipment	350	20%	70.00
109	Computer Equipment	6	20%	1.20
110	Computer Equipment	1,429	20%	285.80
111	Computer Equipment	3	20%	0.60
112	Computer Equipment	1,440	20%	288.00
113	Computer Equipment	660	20%	132.00
114	Computer Equipment	5,081	20%	1,016.20
115	Computer Equipment	250	20%	50.00
116	Computer Equipment	6,179	20%	1,235.80
117	Computer Equipment	2,060	20%	412.00
118	Computer Equipment	7,920	20%	1,584.00
119	Computer Equipment	480	20%	96.00
120	Computer Equipment	1,140	20%	228.00
121	Computer Equipment	60	20%	12.00
122	Computer Equipment	2,620	20%	524.00
123	Computer Equipment	3	20%	0.60
124	Computer Equipment	3	20%	0.60
125	Computer Equipment	700	20%	140.00
126	Computer Equipment	2,878	20%	575.60
127	Computer Equipment	360	20%	72.00
128	Computer Equipment	3	20%	0.60
129	Computer Equipment	3,550	20%	710.00
130	Computer Equipment	1,439	20%	287.80
131	Computer Equipment	3	20%	0.60
132	Computer Equipment	2,981	20%	596.20
133	Computer Equipment	170	20%	34.00
134	Computer Equipment	358	20%	71.60
135	Computer Equipment	8,432	20%	1,686.40
136	Computer Equipment	5,163	20%	1,032.60
137	Computer Equipment	2,981	20%	596.20
138	Computer Equipment	518	20%	103.60
139	Computer Equipment	712	20%	142.40
140	Computer Equipment	5,158	20%	1,031.60

141	Computer Equipment	1,182	20%	236.40
142	Computer Equipment	3	20%	0.60
143	Computer Equipment	3	20%	0.60
144	Computer Equipment	2,456	20%	491.20
145	Computer Equipment	8,159	20%	1,631.80
146	Computer Equipment	3	20%	0.60
147	Computer Equipment	10,460	20%	2,092.00
148	Computer Equipment	212	20%	42.40
149	Computer Equipment	3	20%	0.60
150	Computer Equipment	3	20%	0.60
151	Computer Equipment	3	20%	0.60
152	Computer Equipment	568	20%	113.60
153	Computer Equipment	3	20%	0.60
154	Computer Equipment	1,960	20%	392.00
155	Computer Equipment	3	20%	0.60
156	Computer Equipment	8,159	20%	1,631.80
157	Computer Equipment	109	20%	21.80
158	Computer Equipment	338	20%	67.60
159	Computer Equipment	2,082	20%	416.40
160	Computer Equipment	8,233	20%	1,646.60
161	Computer Equipment	560	20%	112.00
162	Computer Equipment	319	20%	63.80
163	Furniture & Fixtures	2,896	20%	579.20
164	Furniture & Fixtures	1,595	20%	319.00
165	Furniture & Fixtures	990	20%	198.00
166	Furniture & Fixtures	720	20%	144.00
167	Furniture & Fixtures	463	20%	92.60
168	Furniture & Fixtures	3,126	20%	625.20
169	Furniture & Fixtures	39,653	20%	7,930.60
170	Furniture & Fixtures	37,670	20%	7,534.00
171	Furniture & Fixtures	498	20%	99.60
172	Computer Equipment	1,801	20%	360.20
173	Computer Equipment	1,363	20%	272.60
174	Computer Equipment	1,352	20%	270.40
175	Computer Equipment	821	20%	164.20
176	Computer Equipment	5,951	20%	1,190.20
177	Computer Equipment	1,634	20%	326.80
178	Computer Equipment	1,790	20%	358.00
179	Computer Equipment	8,987	20%	1,797.40
180	Computer Equipment	2,577	20%	515.40
181	Computer Equipment	908	20%	181.60
182	Computer Equipment	11,141	20%	2,228.20
183	Computer Equipment	5,308	20%	1,061.60
184	Computer Equipment	11,194	20%	2,238.80
185	Computer Equipment	8,470	20%	1,694.00
186	Computer Equipment	3,038	20%	607.60
187	Computer Equipment	3,389	20%	677.80

188	Software	24,800	20%	4,960.00
189	Furniture & Fixtures	3,114	20%	622.80
	Total	**$ 515,956.00**		**$ 103,191.20**

Account Payable

As of 10/31/2021

Payee Name	Current Owed
Gibson Dunn	924,584.37
Partner Engineering and Science	18,000.00
Arnold & Placek, P.C.	519.00
HIRERIGHT, Inc.	205.45
Armanino LLP	2,644.75
AtlasX, Inc.	5,700.00
National Property Consulting Group, LLC	16,214.70
STG Desgin	9,504.50
Civil & Environmental Consultants Inc.	23,452.58
Boundary Boys, LLC	10,150.00
Total	**1,010,975.35**

Notes Payable	
Other Note Payable	250,000.00
Total Notes Payable	**250,000.00**

ACCEPTED
01-21-00284-CV
FIRST COURT OF APPEALS
HOUSTON, TEXAS
11/15/2021 10:22 PM
CHRISTOPHER PRINE
CLERK

EXHIBIT 10

FILED IN
1st COURT OF APPEALS
HOUSTON, TEXAS
11/15/2021 10:22:18 PM
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November 15, 2021

BY EFILING
The Hon. Peter Kelly
First Court of Appeals
301 Fannin Street
Houston, Texas 77002-2066

Re: Case No. 01-21-00284; *Great Value Storage, LLC and World Class Capital Group, LLC v. Princeton Capital Corporation;* In the Fist Court of Appeals.

Dear Justice Kelly:

On October 26, 2021, you signed an order temporarily granting "appellant's motion to stay the trial court's order appointing a receiver." The order abated the appeal and remanded this matter to the trial court for a determination of whether appellee's rights would be adequately protected by supersedeas or another order under Rule 24.

Net Worth Declaration

Today, as required by the order, Great Value Storage, LLC ("GVS") filed the attached Rule 24.2(c)(1) declaration by Barbara Lee (Exhibit 1) regarding its net worth with the attached schedules and documentation. Because GVS has a negative net worth, GVS will file a nominal $100 supersedeas bond tomorrow. *Hunter Buildings & Mfg., L.P. v. MBI Glob., L.L.C.*, 514 S.W.3d 233, 238-239 (Tex. App.—Houston [14th Dist.] 2013, no pet.). Pursuant to Rule 24.2(c)(1), this is prima facie evidence of GVS's net worth for establishing the required bond. The burden is now on Princeton Capital Corporation to contest GVS's claimed net worth. Tex. R. App. P. 24.2(c)(2).

GVS Bankruptcy Proceeding

The Court is aware that the Receiver appeared in the bankruptcy proceeding involving several storage facilities for which GVS is the property manager. *See* No. 21-31121; *In re: GVS Texas Holdings I, LLC, et al.*; In the United States Bankruptcy Court for the Northern District of Texas.

After the bankruptcy court rebuffed the receiver, Princeton on October 19, 2021 moved for a Rule 2004 examination of the debtors. Princeton sought the examination because "Princeton's rights and interests may be drastically affected by the actions taken in these bankruptcy cases." The bankruptcy court denied the motion.

Largely as a result of concerns about the GVS receivership in the underlying lawsuit, Robert Albergotti, the sole director of the debtors in the related bankruptcy, has indicated an intent to terminate GVS' management contracts. Princeton correctly claims that this will deprive the GVS of its source of revenue and is a result of the receivership proceedings. As explained in the Motion to Stay Appointment of Receiver, Princeton is not entitled to a receiver because it did not present any evidence of the trial court of GVS's assets that could be sold to satisfy the judgment.

Receiver's Continued Actions

After receiving the October 26 order, GVS notified the Receiver of the stay order and demanded that he notify GVS of any actions taken as receiver, particularly regarding bank accounts identified in his pleadings and governmental agencies. Exhibit 3. As of today, the Receiver has not responded. His law office is still listed as the office of GVS. Exhibit 4.

Clarification of the October 26 Order

The October 26 order only mentions appellant GVS. It does not mention appellant World Class Capital Group, LLC ("WCCG"). As explained in our brief, WCCG is not liable on the Note Purchase Agreement on which Princeton sues. Is WCCG similarly required to present evidence regarding a supersedeas bond or other form of security to the trial court? If so, WCCG can comply within 10 days of an order clarifying this duty.

Lastly, the October 26 order states that it abates the appeal. Does this order abate both the appeal of the final judgment and the interlocutory appeal of the order appointing a receiver? It seems obvious that it does, but appellants want to be certain before passing any briefing deadlines or updating the appellate record.

Thank you in advance for clarifying the order to the extent necessary. We again ask the Court to continue the Receiver Order until the disposition of this appeal under Tex. R. App. 29.3.

Very truly yours,

Brent C. Perry

cc: Abby Noebels

EXHIBIT 1

CAUSE NO. 2019-18855

PRINCETON CAPITAL CORPORATION, Plaintiffs,	§ § § §	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

DECLARATION OF BARBARA LEE

My name is Barbara Lee, my date of birth is July 22, 1964, and my business address is 814 Lavaca Street, Austin, Texas 78701.

I declare under penalty of perjury that the following is within in my personal knowledge and is true and correct.

I am a bookkeeper for Great Value Storage, LLC ("GVS") and have personal knowledge of the financial records of the company. At my direction, GVS prepared the Statement of Assets and Liabilities attached as Exhibit 1, which identifies the assets and liabilities of GVS using GAAP principles and subtracting liabilities from assets to establish net worth.

The (negative) net worth of GVS as of October 31, 2021 is ($5,845,797).

The assets of GVS are generally described as cash and accounts receivable.

The liabilities of GVS are generally described as accounts payable and notes payable.

GVS can produce schedules and documents to support this net worth calculation.

Signed on November 15, 2021 in Austin, Travis County, Texas.

Barbara Lee

Barbara Lee

Great Value Storage, LLC

Statement of Assets and Liabilities

For the Period Ended 10/31/2021

	10/31/2021
ASSETS	
Cash and Cash Equivalents	(30)
Accounts Receivable	303,953
TOTAL ASSETS	***303,923***
LIABILITIES	
Accounts Payable	274,720
Notes Payable	5,875,000
TOTAL LIABILITIES	***6,149,720***
NET ASSET/LIABILITY VALUE	**(5,845,797)**

Accounts Receivable:	
Accounts Receivable-GVS Nevada Holdings I, LLC	902
Accounts Receivable-WC Mississippi Storage Portfolio I, LLC	62,235
Accounts Receivable-GVS Ohio Holdings I, LLC	26,487
Accounts Receivable-GVS Missouri Holdings I, LLC	3,403
Accounts Receivable-GVS New York Holdings I, LLC	6,715
Accounts Receivable-GVS Texas Holdings I, LLC	43,334
Accounts Receivable-GVS Indiana Holdings I, LLC	6,474
Accounts Receivable-GVS Tennessee Holdings I, LLC	370
Accounts Receivable-GVS Texas Holdings II, LLC	25,519
Accounts Receivable-GVS Ohio Holdings II, LLC	103,234
Accounts Receivable-GVS Illinois Holdings I, LLC	3,675
Accounts Receivable-GVS Colorado Holdings I, LLC	21,606
Accounts Receivable	**303,953**

Automated Certificate of eService

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Brent Perry on behalf of Brent Perry
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Status as of 11/16/2021 8:06 AM CST

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Burford Perry Service		service@burfordperry.com	11/15/2021 10:22:18 PM	SENT
Michael J.Merrick		mmerrick@world-class.com	11/15/2021 10:22:18 PM	SENT

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Associated Case Party: Princeton Capital Corporation

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Filing Code Description: Motion
Filing Description: RECEIVER'S MOTION TO DISMISS FOR WANT OF JURISDICTION
Status as of 9/11/2023 7:44 AM CST

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