NO. 01-23-00618-CV

IN THE COURT OF APPEALS
FOR THE FIRST DISTRICT OF TEXAS,
HOUSTON, TEXAS

Great Value Storage LLC, World Class Capital Group, LLC, WC 4th and Rio Grande, LP, WC 4th and Colorado, LP, World Class Holdings, LLC, World Class Holding Company, LLC, WC 707 Cesar Chavez, LLC, WC Galleria Oaks Center, LLC, WC Parmer 93, LP, WC Paradise Cove Marina, LP, WC MRP Independence Center, LLC and WC Subsidiary Services, LLC

Appellants,

v.

Princeton Capital Corporation and Seth Kretzer, Receiver,

Appellees.

On appeal from the 165th District Court of Harris County, Texas
Trial Court Case No. 2019-18855

APPELLANTS GREAT VALUE STORAGE LLC AND WORLD CLASS CAPITAL GROUP, LLC'S BRIEF

Greg R. Wehrer
Texas State Bar No. 24068592
Greg.Wehrer@squirepb.com
Amanda D. Price
Texas State Bar No. 24060935
Amanda.Price@squirepb.com
Trevor Pirouz Kehrer
Texas State Bar No. 24123297
Trevor.Kehrer@squirepb.com

SQUIRE PATTON BOGGS (US) LLP
600 Travis Street, Suite 6700
Houston, Texas 77002
Telephone: 713-546-5850
Facsimile: 713-546-5830

ATTORNEYS FOR APPELLANTS GREAT VALUE STORAGE LLC AND WORLD CLASS CAPITAL GROUP, LLC

ORAL ARGUMENT REQUESTED

IDENTITY OF PARTIES AND COUNSEL

Pursuant to TEXAS RULE OF APPELLATE PROCEDURE 38.1(a), the following is a list of all parties and the names and addresses of all counsel:

I. APPELLANTS:

APPELLANTS:	**Great Value Storage LLC and World Class Capital Group, LLC**
Counsel for Appellants:	Greg R. Wehrer Squire Patton Boggs (US) LLP 600 Travis Street, Suite 6700 Houston, Texas 77002 Telephone: 713-546-5850 Facsimile: 713-546-5830 Greg.Wehrer@squirepb.com Amanda D. Price Squire Patton Boggs (US) LLP 600 Travis Street, Suite 6700 Houston, Texas 77002 Telephone: 713-546-5850 Facsimile: 713-546-5830 Amanda.Price@squirepb.com Trevor Pirouz Kehrer Squire Patton Boggs (US) LLP 600 Travis Street, Suite 6700 Houston, Texas 77002 Telephone: 713-546-5850 Facsimile: 713-546-5830 Trevor.Kehrer @squirepb.com *Prior Appellate Counsel:*[1] Robert R. Burford rburford@burfordperry.com

[1] Prior appellate counsel represented defendants in the prior appeal of this matter, now pending on petition for review in the Supreme Court of Texas (No. 23-0722).

	Brent C. Perry bperry@burfordperry.com Shawn A. Johnson sjohnson@burfordperry.com Zachary R. Carlson zcarlson@burfordperry.com BURFORD PERRY LLP 909 Fannin, Suite 2630 Houston, Texas 77010 (713) 401-9790 *Prior Trial Counsel:* Manfred Sternberg manfred@msternberg.com MANFRED STERNBERG & ASSOCIATES, P.C. 1700 Post Oak Blvd., Suite 600 Houston, Texas 77056 (713) 622-4300 Brian Elliott[2] belliott@world-class.com Michael J. Merrick (prior trial counsel) mmerrick@world-class.com Maryann Norwood (prior trial counsel) 814 Lavaca Street Austin, Texas 78701 (512) 605-6622
APPELLANTS:	**WC 4th and Rio Grande, LP, WC 4th and Colorado, LP, World Class Holdings, LLC, World Class Holding Company, LLC, WC 707 Cesar Chavez, LLC, WC Galleria Oaks Center, LLC, WC Parmer 93, LP, WC Paradise Cove Marina, LP, WC MRP Independence Center, LLC and WC Subsidiary Services, LLC**
Counsel for Appellants:	Jeremy Gaston HAWASH CICACK & GASTON LLP 711 West Alabama St., Suite 200 Houston, Texas 77006 Telephone: (713) 658-9007 jgaston@hcgllp.com

[2] Mr. Elliott is now affiliated with SCALE LLP, 655 Montgomery Street, Suite 490, San Francisco, CA 94111, email: brian@scalefirm.com, phone: (415) 735-5933.

	Trial Counsel for WC 4th and Rio Grande, LP, WC 4th and Colorado, LP: Brian Elliott brian@scalefirm.com SCALE LLP 655 Montgomery Street, Suite 490 San Francisco, CA 94111 (415) 735-5933 Stephen A. Roberts (former trial counsel for WC 4th and Colorado, LP) sroberts@srobertslawfirm.com STEPHEN A. ROBERTS, PC 1400 Marshall Ln. Austin, Texas 78703 (512) 431-7337 *Trial Counsel for World Class Holdings, LLC, World Class Holding Company, LLC, WC 707 Cesar Chavez, LLC, WC Galleria Oaks Center, LLC, WC Parmer 93, LP, WC Paradise Cove Marina, LP, WC MRP Independence Center, LLC and WC Subsidiary Services, LLC*: Manfred Sternberg MANFRED STERNBERG & ASSOCIATES, P.C. 1700 Post Oak Blvd., Suite 600 Houston, Texas 77056 manfred@msternberg.com

II. APPELLEES:

APPELLEE:	**Seth Kretzer, Receiver**
Counsel for Appellee:	James W. Volberding Kretzer & Volberding P.C. 110 North College Avenue, Suite 1850 Tyler, Texas 75702 Telephone: (903) 597-6622 Facsimile: (903) 913-7130 jamesvolberding@gmail.com
APPELLEE:	**Princeton Capital Corporation**
Counsel for Appellee:	Mark L. D. Wawro mwawro@susmangodfrey.com Abigail C. Noebels anoebels@susmangodfrey.com Moustapha B. El-Hakam (prior trial counsel) melhakam@susmangodfrey.com Susman Godfrey L.L.P. 1000 Louisiana Street, Suite 5100 Houston, Texas 77002 Telephone: (713) 653-7816 Facsimile: (713) 654-6666

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STATEMENT OF THE CASE

Nature of the Case: Suit for breach of contract against Great Value Storage LLC and World Class Capital Group, LLC (collectively, "Defendant Appellants"); post-judgment receivership.

Course of Proceedings: Appellee Princeton Capital Corporation ("Princeton") filed suit against Defendant Appellants in March 2019. CR 13. The trial court granted partial summary judgment to Princeton on January 22, 2021. CR 27. Princeton's other claims were severed into a new action and the trial court entered a final judgment order regarding the breach of contract claim on March 4, 2021. CR 27. The trial court appointed a post-judgment receiver on September 8, 2021. CR 61.

Trial Court's Disposition: On August 2, 2023, the trial court—without a hearing, notice of submission, or other opportunity for Appellants to be heard—entered a Final Order awarding the Receiver fees and denying and dismissing numerous pending pleas in intervention, motions, objections, subpoenas, and discovery requests—many of which had been pending for months and not set for hearing despite multiple requests to do so. CR 13794, CR 13797.

STATEMENT REGARDING ORAL ARGUMENT

Oral argument would aid the Court's decision in this appeal because it would assist the Court in understanding the complex factual history relating to the Receiver's activities upon which Defendant Appellants' arguments are based. Oral argument would likewise assist the Court in resolving the jurisdictional issues related to the complex factual and procedural history in this case.

STATEMENT OF THE ISSUES PRESENTED

1. Did the trial court abuse its discretion by awarding the Receiver a multi-million-dollar fee that far exceeded alleged collections to the receivership estate without any analysis of reasonableness?

2. Did the trial court abuse its discretion by granting the Receiver a fee that did not follow the formula established by the trial court's own Receivership Order, which was previously affirmed by this Court as to Defendant Appellants?

3. Does this Court have jurisdiction to hear this appeal because there is a live dispute and a justiciable case or controversy?

STATEMENT OF THE FACTS

I. The Judgment Against Defendant Appellants

In 2019, Princeton Capital Corporation ("Princeton") filed suit against Great Value Storage LLC and World Class Capital Group, LLC (collectively, "Defendant Appellants"), asserting a breach of contract claim based on an alleged failure to make payments due under a promissory note, along with other claims that are not relevant to this appeal. CR 13. The trial court granted partial summary judgment as to the breach of contract claim on January 22, 2021, CR 27, and entered final judgment on the breach of contract claim on March 4, 2021, awarding Princeton $9.8 million in damages plus attorney's fees, CR 27 (the "Judgment"). The trial court severed all other claims and parties into a separate cause on March 9, 2021. CR 29. Defendant Appellants previously appealed the Judgment as to the breach of contract claim. *Great Value Storage LLC, et al. v. Princeton Capital Corp.*, No. 01-21-00284-CV, 2023 WL 3010773 at *1 (Tex. App.—Houston [1st Dist.] Apr. 20, 2023, pet. filed).

II. The Receivership Order

On June 30, 2021, while Defendant Appellants' prior appeal was pending, Princeton moved under the Texas Turnover Statute to appoint Seth Kretzer as a post-judgment receiver to assist Princeton with collecting on the Judgment. CR 34. Despite Defendant Appellants' objections to the receivership and the form of order proposed by Princeton, CR 38, the trial court appointed Seth Kretzer as the Receiver

in this case on September 8, 2021, CR 61 (the "Receivership Order"). In relevant part, the Receivership Order provided that: "[t]he Receiver's fee is twenty-five percent (25%) of all gross proceeds coming into his possession." CR 69.

Defendant Appellants then appealed from the trial court's Receivership Order, which this Court considered in the prior appeal alongside Defendant Appellants' appeal of the breach of contract Judgment. *Great Value Storage*, 2023 WL 3010773 at *1. A Petition for Review relating to the prior appeal is currently pending before the Supreme Court of Texas and a response has been requested. No. 23-0722.

This Court temporarily stayed the trial court's Receivership Order during part of the pendency of Defendant Appellants' prior appeal, but lifted the stay on November 18, 2021. CR 82.

III. The Receiver's Actions During the Receivership

A. The Receiver Acted Contrary to Princeton's Interest and Tried to Prevent Princeton from Collecting the Money From Which the Fee Award is (Improperly) Calculated

Contrary to the Receiver's representation and the Final Order, the Judgment has not been satisfied or extinguished. Instead, in a bankruptcy proceeding as part of a court-approved settlement with third parties, Princeton Capital sold and assigned its rights in the Judgment to Phoenix Lending, LLC ("Phoenix") in exchange for $11,372,698.89. *See* CR 12581.

The parties to the Bankruptcy Proceeding, after weeks of negotiating, reached a settlement agreement and sought the Bankruptcy Court's approval of their agreement on September 2, 2022. *See* CR 3032-3110.

The Receiver did everything in his power to *block* approval of the settlement and *prevent* Princeton Capital from being paid. On September 7, 2022, the Receiver filed a motion to strike the settling parties' motion for approval. *See* CR 3111-26. The motion was denied. *See* CR 3127-30.

Then, the Receiver again objected to the motion for settlement approval on the basis that the settlement with third parties was unfair to *him*. *See* CR 3134-3413. On September 16, 2022, the Receiver spent hours objecting to the settlement during the contested evidentiary hearing held by the Bankruptcy Court, and all of his objections were overruled. *See* CR 3414-17. Within minutes of the Bankruptcy Court's oral approval of the settlement with third parties, the Receiver filed a notice of appeal. *See* CR 3418-22.

Then, on September 19, 2022, the Receiver filed a declaratory judgment motion in the trial court, asking that court to declare that Princeton Capital's third-party settlement was void under Texas law. *See* CR 3424-93.

After doing so, the Receiver filed an amended notice of appeal and a motion to stay the settlement order once the Bankruptcy Court entered its written order approving the settlement among third parties. *See* CR 3494-98; CR 3499-3517.

On September 20, 2022, the Receiver then sent a misleading letter to the title company responsible for facilitating the third-party settlement, wrongly stating that the title company could not release the funds because the Bankruptcy Court's order approving the settlement had been appealed. *See* CR 3518-40. The Receiver's letter caused the title company's resignation, which resulted in a substantial delay to Princeton Capital receiving the settlement funds from third parties.

Meanwhile, the Receiver continued to prosecute his motion to stay pending appeal, which, after a contested hearing, was denied by the Bankruptcy Court on September 22, 2022. *See* CR 3541-44.

Despite the Receiver's active and aggressive opposition, Princeton Capital ultimately received the full Bankruptcy Court settlement. *See* CR 2811-2906. It is the amount paid to Princeton Capital by a third party in the settlement of those Bankruptcy Proceedings—which the Receiver tried to prevent—upon which the Final Order predicates the Receiver's $2.8 million fee award.

The funds paid to Princeton were not paid by the Defendant Appellants and were not collected by the Receiver. In fact, the Defendant Appellants were not parties to the Bankruptcy Proceedings and were specifically excluded from the third-party bankruptcy settlement agreement. *See* CR 12592.

B. The Receiver Acted Outside of His Limited Authority and Violated Texas Law

Moreover, much of the Receiver's actions were directed not at Defendant Appellants but rather at third party non-judgment debtor entities. Ten such non-parties intervened and filed declaratory judgment claims in the trial court to protect their interests. *See* CR 13045-55; CR 13056-69; CR 13070-86. These Intervenors allege that the Receiver, among other things, improperly managed or operated their organizations, wrongfully appeared as legal counsel and took actions contrary to the entities' best interest in ongoing litigation against their wishes, wrongfully transferred valuable real estate, and wrongfully seized bank accounts in violation of Texas law. *See id*.; *see also* CR 13499-500 (Receiver transferred Rio Grande's real property to a third party (not the judgment creditor)); CR 13507 (Receiver appeared as counsel for Rio Grande); CR 13525, CR 13531 (Receiver dismissed Rio Grande's claims in a lawsuit); CR 13576, CR 13632 (Receiver appeared as counsel for Colorado); CR 13602, CR 13606, CR 13658 (Receiver dismissed Colorado's claims in lawsuits); CR 13073-74 (Receiver seized funds held in bank accounts belonging to eight intervenors collectively referred to as the Bank Account Intervenors).

C. The Receiver's Actions Did Not Benefit Princeton

The Receiver's actions against Princeton's interest caused Princeton to file an emergency motion for a temporary stay of the receivership because the Receiver was:

> [*T*]*aking actions that cause direct harm to Princeton* (the judgment creditor he was appointed to assist) and instead [was] *acting in the exclusive interest of his own recovery of receivership fees and expenses*.

CR 2798-99 (emphasis added). Princeton also confirmed that the Receiver did not distribute any funds to it:

> Receiver indicated in May of 2022 that he had collected over $2.1 million which he still currently holds. *None has been distributed to Princeton*, and it would ostensibly be available to satisfy his fee award and expenses after he makes appropriate application to the state court.

CR 2801 (emphasis added). The Receiver confirmed that none of the money he collected was paid to Princeton. *See* CR 2018. Indeed, the Receiver reports collecting $2,533,700.50, of which all but $212,710.52 went to pay "legal fees," including $762,833.68 paid to the Receiver's own law firm. *Id*. The Receiver reports no money collected by him being paid to Princeton. *Id*.

Princeton further does not support any fee award to the Receiver. *See* CR 3791 (Princeton "has no intention of supporting the Receiver's fee award in the trial court in any event").

IV. Relevant Trial Court Events Leading to Final Judgment

On October 31, 2022, the Receiver filed a Motion for Approval of Fees and his report. CR 2023-48; CR 1921-2022. No evidence—such as affidavits, declarations, or other admissible evidence—was submitted with the Receiver's filings. *See generally id*.

Moreover, the Receiver's purported report did not contain a proper accounting including specific information regarding his actions, collections, and expenses such as: (1) the date of each collection; (2) the amount of each collection; (3) the person/entity collected from; (4) the source of the collection—*e.g.*, bank account, A/R, personal property, real property; (5) the date of each payment made by the Receiver; (6) the amount of each payment; and (7) the person/entity paid—e.g., judgment debtor, receiver, or other person/entity. *See* CR 2018. All the report shows is that the Receiver collected over $2.5 million, apparently exclusively from third party, non-judgment debtor entities, and used the overwhelming majority of those funds to pay himself and his associates. CR 2801, CR 2017-18.

In the Motion for Approval of Fees, the Receiver demanded twenty-five percent of the $11.37 million that Princeton obtained in exchange for the assignment of Princeton's promissory notes and its final Judgment against Defendant Appellants to a third party, Phoenix Lending, LLC, as the result of a September 2022 settlement

with Phoenix and other third parties[3] in separate bankruptcy proceedings. CR 1726, CR 2812, CR 2819. The Receiver represented that he could claim these funds because the trial court's Receivership Order "provides that the Receiver is entitled to recover a 25% fee and his expenses." CR 1935. But the Receiver's fee demand omitted the part of the Receivership Order that authorized his twenty-five percent fee only from "gross proceeds coming into his possession." CR 69. As discussed above, the Receiver did not collect, possess, or pay any of this money to Princeton, but instead tried to prevent Princeton from receiving it at all.

Therefore, on November 1, 2022, Defendant Appellants moved to compel the Receiver to comply with the Court's October 6, 2022 Order requiring the Receiver to file an accounting "describing all actions taken, expenses incurred, and property recovered or transferred as Receiver." CR 2108-18.

On November 7, 2022, the Receiver was served with the subpoena for deposition by written questions seeking documents directly relevant to his fee application. *See* CR 4106. The Receiver filed a motion to quash and Defendant Appellants filed a Motion to Compel. *Id*. Defendant Appellants requested a hearing

[3] As the Receiver himself acknowledges, Princeton's settlement with third parties "exclud[es]" the "judgment debtors—World Class [Capital Group, LLC] and Great Value [Storage LLC]." September 10, 2023 Receiver's Motion to Dismiss Appeal at 15; *id.* at Exhibit 1, p. 23.

from the court on their Motion to Compel at least three times, but no hearing was set by the court. *See* CR 13761-64.

On April 28, 2023, the Receiver filed a proposed order (with no apparent linkage to any motion) that is nearly identical to the Final Order signed by the trial court. *Compare* CR 13091-95 *with* CR 13794-98. On May 1, 2023, Defendant Appellants and Intervenors filed a Joint Notice of Objection to Receiver's Proposed Orders, including 22 objections to the Receiver's proposed order.[4] CR 13133-37.

This Court issued its opinion in the prior appeal on April 20, 2023, and denied Defendant Appellants' motion for rehearing on July 27, 2023. The next day, the Receiver filed a letter with the trial court attaching a proposed order previously filed by the Receiver in April 2023 and asking the Court to enter it. CR 13189. In turn, the trial court issued its Final Order (which was nearly identical to the Receiver's proposed order) on August 2, 2023. CR 13794.

The Final Order awarded the Receiver "fees equal to 25% of $11,372,698.89, which is the amount of $2,843,174.70" (the "Fee Award"). CR 13795. It further disposed of all pending claims, pleas in intervention, motions, objections, subpoenas and discovery requests. CR 13795-97 ("ORDERED that all pending pleas in intervention, motions, objections, subpoenas and discovery requests, are hereby denied and dismissed"). It is therefore an appealable final judgment.

[4] This filing is attached as Appendix B. *See also* CR 13133-37.

Critically, there had been no setting for oral hearing, submission, or otherwise for any motion to dismiss, motion for summary judgment, or the Receiver's fee application before the trial court issued its Final Order. And even though Defendant Appellants sought limited and narrowly tailored discovery relating to the Receiver's actions—and filed a motion to compel such discovery—no hearing was ever set before the trial court's Final Order came down on August 2, 2023. CR 4087, CR 4107.[5]

Defendant Appellants appealed from the trial court's August 2, 2023 Final Order on August 21, 2023, CR 13806, and filed a motion for new trial on August 31, 2023, CR 13743.

[5] The Final Order was sent by the Court's Clerk to some of the parties' counsel on August 4, 2023, but not counsel for the Defendant Appellants. The Final Order was not actually filed until September 20, 2023. CR 13801.

SUMMARY OF THE ARGUMENT

The trial court abused its discretion when it awarded the Receiver fees in the amount of $2,843,174.70 over Defendant Appellants' objections and pending motions without a hearing and without any evidence of reasonableness. CR 13795; *see Klinek v. LuxeYard, Inc.*, 672 S.W.3d 830, 842 (Tex. App.—Houston [14th Dist.] 2023, no pet.) (abuse of discretion to set fee without evidence of reasonableness). The trial court failed to conduct any analysis of the reasonableness of the Receiver's requested fees and never referenced the well-established factors that Texas courts are required to consider. *See Klinek*, 672 S.W.3d at 841, 841 n.11 (listing factors).

Even a cursory reasonableness review would show that the Receiver's purported "services" did not bring legitimate value to the receivership estate, violated Texas law, and went beyond his authority. For example, the Receiver went to great lengths to try to ***prevent*** Princeton from receiving the $11,372,698.89 it received from selling its note to a third party—which sale the trial court then improperly used to calculate the Receiver's fee. The Receiver also exercised control over and wrongfully seized real property and monies from third party non-judgment debtor entities in violation of Texas law. The Receiver's actions caused direct harm to Princeton—so much so that Princeton was forced to file an emergency motion to stay the receivership to stop the Receiver's egregious conduct. Such conduct cannot possibly provide a foundation for an award of reasonable fees, let alone fees that

exceeded the Receiver's $2.5 million in collections. CR 2018. The trial court's unquestioning rubber-stamping of the Receiver's proposed order awarding himself $2,843,174.70 is a textbook abuse of discretion.

The trial court further abused its discretion because its Fee Award does not follow the formula the *trial court itself* set. The Receivership Order set the Receiver's fee at twenty-five percent "of all gross proceeds coming into his possession." CR 69. The undisputed record—the Receiver's own report—established that the Receiver only collected roughly $2.5 million from non-judgment debtor entities, not a single penny of which was paid to Princeton. Twenty-five percent of that would be $633,425.13.[6] But instead, the Fee Award was calculated based on an $11,372,698.89 figure, which was a payment from third parties directly to Princeton in exchange for a sale and assignment of Princeton's causes of action against Defendant Appellants. CR 2819. These funds never came into the Receiver's possession, did not satisfy or extinguish any judgment against Defendant Appellants, and were never distributed to Princeton by the Receiver. Under the plain language of the trial court's earlier order, the Receiver cannot earn a fee out of funds he never touched. But the trial court nonetheless ordered that the Receiver be awarded twenty-five percent of those unrelated funds. That Fee Award was arbitrary

[6] It would also be inappropriate to calculate a receiver's fee award based on funds wrongly seized from non-judgment debtor entities.

and cannot be squared with the trial court's own formula or any other guiding rules and principles. *Beaumont Bank, N.A. v. Buller*, 806 S.W.2d 223, 226 (Tex. 1991) ("abuse of discretion occurs when a trial court acts 'without reference to any guiding rules and principles'" (citation omitted)); *see also Roberts v. Abraham, Watkins, Nichols, Sorrels, Agosto & Friend*, No. 01-19-00622-CV, 2020 WL 7502052, at *5 (Tex. App.—Houston [1st Dist.] Dec. 22, 2020, no pet.) (mem. op.) (implying that when a trial court awards fees that do not align with its prior order, it abuses its discretion).

Finally, the Receiver's desperate attempts to avoid review of his unlawful Fee Award do not and cannot change the fact that this case is a live, justiciable dispute—as this Court implicitly recognized when it issued its April 20, 2023 opinion in the prior appeal rather than dismissing that appeal as moot (as this Court originally intended). *Great Value Storage*, 2023 WL 3010773 at *1; CR 13042. The facts have not changed since that ruling. Furthermore, for more than a century, courts have held that disputes over a receiver's settling of accounts can be taken up on appeal and that a receiver is treated as a party to the lawsuit in such appeals to defend the order and his award. *See, e.g.*, *Moore as Next Friend to Moore v. Tangipahoa Parish Sch. Bd.*, 912 F.3d 247, 250 (5th Cir. 2018); *see also Cordoza v. Pac. States Steel Corp.*, 320 F.3d 989, 995-96 (9th Cir. 2003).

For these reasons, this Court should vacate the Final Order.

ARGUMENT

The trial court awarded the Receiver millions of dollars in fees out of funds the Receiver never possessed or controlled, and the trial court never performed any reasonableness review of the Receiver's requested fees. The trial court's decision to ignore its own formula for the Receiver's fees, along with its approval of the Receiver's requested fees without any analysis of their reasonableness, was an abuse of discretion—to say nothing of its failure to hold a hearing and its blatant disregard of Defendant Appellants' pending motions and objections. This Court should vacate the trial court's August 2, 2023 Order and remand with instructions to award the Receiver nothing. Alternatively, this Court should vacate the Order, remand, and instruct the trial court to undertake the reasonableness review of the Receiver's requested fees that Texas law requires after permitting discovery regarding the same.

I. Standard of Review

When reviewing receiver fee awards, the question for this Court is whether "the trial court acted in an unreasonable or arbitrary manner, and without reference to any guiding rules or principles." *Bishop v. Smith*, No. 09-08-00185-CV, 2009 WL 5205362, at *3 (Tex. App.—Beaumont Dec. 31, 2009, no pet.) (mem. op.) (citing *Beaumont Bank*, 806 S.W.2d at 226). A trial court abuses its discretion when it awards an unreasonable receiver's fee. *See Congleton v. Shoemaker*, Nos. 09-11-

00453-CV & 09-11-00654-CV, 2012 WL 1249406, at *5 (Tex. App.—Beaumont Apr. 12, 2012, pet. denied) (mem. op.).

II. The Trial Court Abused its Discretion by Not Performing Any Reasonableness Review

> [I]n receivership proceedings, a court should cautiously avoid excessive or improper fee allowances. Sufficient fees should be allowed to induce competent persons to serve as receiver . . . however, receiverships should also be administered as economically as possible, and fees for services performed by these court officers should be moderate rather than generous.

Bergeron v. Sessions, 561 S.W.2d 551, 555 (Tex. App.—Dallas 1977, writ ref'd n.r.e.) (internal citation omitted).

A. The Trial Court's Failure to Consider the *Bergeron* Factors is an Abuse of Discretion

Under Texas law, only "reasonable" fees may be awarded to a Receiver. *See Stanfield v. Stanfield*, No. 09-99-453 CV, 2000 WL 1475853, at *5-6 (Tex. App.—Beaumont Oct. 5, 2000, no pet.) (overturning fee award because trial court had not determined the fees were reasonable). In determining reasonableness, courts must consider: (1) the nature, extent and value of the administered estate; (2) the complexity and difficulty of the work; (3) the time spent; (4) the knowledge, experience, labor and skill required of, or devoted by the receiver; (5) the diligence and thoroughness displayed; and (6) *the results accomplished*. *Bergeron*, 561 S.W.2d at 554-55. It is the Receiver's burden to prove each element of

reasonableness. *See Moyer v. Moyer*, 183 S.W.3d 48, 58 (Tex. App.—Austin 2005, no pet.) ("There must be evidence to establish reasonableness of the fee"). The reasonableness of a receiver's fee is "measured by the value of his services rendered." *B.B.M.M., Ltd. v. Texas Commerce Bank-Chemical*, 777 S.W.2d 193, 197 (Tex. App.—Houston [14th Dist.] 1989, no writ). Despite the trial court's obligation to consider the *Bergeron* factors and to assess the reasonableness of the Receiver's requested fees, the trial court failed to do so; it instead adopted the Receiver's proposed form of order as its Final Order with only two minor, non-substantive changes.

Defendant Appellants objected to the Receiver's proposed form of order on numerous bases.[7] Specifically, as Defendant Appellants pointed out in their May 1, 2023 objections to the proposed form of order that the trial court effectively adopted, there is no evidence or insufficient evidence to support the following findings in the Final Order, CR 13794-98:

- "Receiver's diligent efforts and litigation resulted in full payment to Princeton Capital of $11,372,698.89 and full satisfaction and extinguishment of this Court's March 4, 2021 Judgment (the 'Judgment'), plus Princeton Capital's related post-judgment interest, legal fees, and expenses." *See* CR 13134.
- "Defendants would not have paid this amount to Princeton Capital but for the efforts and litigation of the Receiver." *See* CR 13134-37.

[7] The filing containing Defendant Appellants' 22 objections to the proposed form of order is attached as Appendix B. *See also* CR 13133-37.

- "Mr. Kretzer accepted appointment and filed his oath on the terms as set forth in the Receivership Order." *See* CR 13135.

- "Mr. Kretzer and his law firm accepted considerable risk in accepting and pursuing his duties as Receiver. Mr. Kretzer and his law firm carried out his duties appropriately and within the authority granted to him by this Court and in the Receivership Order." *See* CR 13134-37.

- "Mr. Kretzer's advocacy, effort and representation were proper, reasonable, and effective under the circumstances of this case." *See* CR 13134-37.

- "[P]ayment of a 25% fee constitutes a reasonable and necessary fee for the Receiver." *See* CR 13135-36.

- "[P]ayment of a 25% fee … is consistent with similar awards by other courts for receivers." *See* CR 13135-36.

- "Receiver is entitled to receivership fees equal to 25% of $11,372,698.89, which is the amount of $2,843,174.70." *See* CR 13135-36.

- That "Receiver's expenses through the date of this Order are … reasonable and necessary." *See* CR 13135-36.

No evidence—such as affidavits, declarations, or other admissible evidence—was submitted with the Receiver's October 31, 2022 filings. *See generally* CR 1865-1920; CR 1921-2022; CR 2023-48. The Receiver did not provide a proper accounting of his actions, collections, or expenses, *see* CR 2018, as ordered by the Court on October 6, 2022. *See* CR 1607-08 (requiring the Receiver to file an accounting "describing all actions taken, expenses incurred, and property recovered or transferred as Receiver"). Moreover, no hearing was held. Defendant Appellants objected to all of this. CR 13134-37.

Defendant Appellants were thus not afforded the opportunity to present evidence or challenge any of the Receiver's purported evidence as to the reasonableness of the fees. *See* TEX. CONST. art. 1, § 19 ("No citizen of this State shall be deprived of life, liberty, property, privileges, or immunities, or in any manner disfranchised, except by due course of the law of the land."); U.S. CONST. amend. 14, § 1 ("No State shall . . . deprive any person of life, liberty, or property, without due process of law . . .").

The Final Order further summarily denied Defendant Appellants discovery. CR 13794-800. Defendant Appellants sought limited and narrowly tailored discovery relating to the Receiver's actions. CR 2210-18. The Receiver should have had nothing to lose from such standard disclosures—they could have only furnished proof for his eventual fee demand—but he nonetheless resisted discovery, forcing Defendant Appellants to file a motion to compel. CR 4087-4122. No hearing was ever set on the Motion to Compel, despite multiple requests. CR 4087, CR 4107, CR 13761. Had the trial court heeded Defendant Appellants' objections, held such a hearing, and permitted discovery, Defendant Appellants believe they would have uncovered additional support showing that the Fee Award was not reasonable. CR 13134-36.

In short, the trial court just took the Receiver's word for it. But that is not what trial courts in Texas are permitted to do; rather, to avoid situations exactly like

the one at bar, they *must* kick the tires and vet the Receiver by considering the *Bergeron* factors. *See Allstate Cnty. Mutual Ins. Co. v. Hill*, No. 2-22-00261-CV, 2023 WL 3113951, at *4 (Tex. App.—Fort Worth Apr. 27, 2023, no pet.) (mem. op.) ("we consider six factors in determining" the value of a receiver's services) (citing *Bergeron*, 561 S.W.2d at 554-55); *Klinek*, 672 S.W.3d at 841, 841 n.11 (listing factors). The trial court's complete failure to do so here was an abuse of discretion.

B. Proper Review of the Record Demonstrates That the Receiver is Not Entitled to Fees

Had the trial court performed any reasonableness review of the record, it would have determined that the *Bergeron* factors were not satisfied. *Congleton*, 2012 WL 1249406, at *5 ("There must be evidence to establish reasonableness of the fee").

1. None of the Receiver's Actions Brought Value to the Receivership Estate

The undisputed record reflects that the Receiver brought little to no legitimate value to the receivership estate and his efforts resulted in *zero* dollars being distributed to the Judgment Creditor, Princeton. CR 2801 ("None [of the receivership estate] has been distributed to Princeton"). This was confirmed by the Receiver's own report. *See* CR 2018. And Defendant Appellants objected to the proposed form of order on exactly this ground. CR 13135.

Instead of bringing value to the receivership estate, Princeton—the Judgment Creditor for whose benefit the Receiver was to be acting—was forced to file an emergency motion to stay the receivership because the Receiver was "taking actions that cause direct harm to Princeton" and was acting in his own "exclusive interest." CR 2798-99 (emphasis added). The Receiver acted to *prevent* Princeton from consummating its settlement with third parties and its assignment of the cause of action in this matter at every turn. *See supra* at 4-5 (summarizing the Receiver's attempts to stop the third-party settlement and assignment via legal filings). Princeton does not support the Fee Award. *See* CR 3791.

Moreover, the Receiver reports collecting $2,533,700.50. *See* CR 2018. Of that, all but $212,710.52 (more than ninety percent) went to pay "legal fees," including $762,833.68 paid to Receiver's own law firm. *Id.* There is no evidence that any of the "legal" spend brought any legitimate value to the receivership estate; and presumably some of the "legal" spend related to the action the Receiver took in direct opposition to the receivership estate—action which Princeton was forced to seek emergency relief to forestall.

But after Princeton's third-party settlement and assignment was approved and executed, the Receiver didn't waste a second—he immediately requested fees based on the very third-party settlement and assignment he tried so desperately to obstruct. CR 2023. The Receiver's activities opposed the interests of the Judgment Creditor—

and any fee for such conduct is unreasonable. *In re Estate of Mitchell*, No. 05-21-00030-CV, 2022 WL 4092427, at *6 (Tex. App.—Dallas Sep. 7, 2022, no pet.) (mem. op.) (trial court correctly reduced fee where there was "evidence of inadequacies" in the receiver's performance). Defendant Appellants objected on this basis. CR 13135-36.

2. The Receiver Should Not be Rewarded for Unlawful Conduct

Texas law is clear that a Receiver can only collect non-exempt assets owned by the Judgment Debtor. TEX. CIV. PRAC. & REM. CODE § 31.002(a). "A business entity, such as a partnership, is a distinct legal entity in the eyes of the law, separate and apart from its partners and members." *See* CR 13176; *see also* TEX. BUS. ORGS. CODE § 1.002(69-b). There is no evidence showing that the Fee Award is tied to any legitimate actions of the Receiver that did not violate Texas law. Instead, the Receiver's Report, CR 1921-2022, and the Interventions, CR 13045-55; CR 13056-69; CR 13070-86, establish that much, if not all, of the Receiver's actions, including the "litigations" and collections related to third parties, were in violation of Texas law.[8] Defendant Appellants objected to the proposed form of order on this basis. CR 13135-36.

[8] S*ee* TEX. BUS. ORGS. CODE § 1.002(69-b). The Texas legislature enacted statutes providing that "[a] creditor of a [member or partner] or of any other owner of a [membership or partnership] interest *does not have the right to obtain possession of*, or otherwise exercise legal or equitable remedies with respect to, *the property of the*

Indeed, the Eighth Court of Appeals recently issued two opinions[9] relating to the Receiver's wrongdoing regarding the Receiver's actions towards Intervenor WC 4th and Rio Grande, L.P. *See* CR 13162-80; CR 13181-88. The Eighth Court of Appeals held that the Intervenors are "entitled to challenge the Receivership Order's validity … as it applies to Kretzer's actions" affecting their interests. *See* CR 13172-74. The Eighth Court of Appeals further held that a receiver generally does not have the right to seize a non-judgment debtor LP's assets or causes of action, does not have the right to manage a non-judgment debtor LP, and that there was no record evidence to support any possible limited exceptions as to Rio Grande. CR 13176-78; *see* CR 13185. Further, the Fourteenth Court of Appeals in *Bran v. Spectrum MH, LLC*, found that a functionally identical order involving the same receiver in this case (Seth Kretzer) did not comply with Texas law. *See* No. 14-22-00479-CV, 2023 WL 5487421 (Tex. App.—Houston [14th Dist.] Aug. 24, 2023, no pet.) (mem. op.).

As mentioned above, ten third party non-judgment debtor entities intervened in this case. CR 13045-55; CR 13056-69; CR 13070-86. The record shows that the Receiver improperly acted on behalf of those non-judgment debtor entities,

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[limited liability company or limited partnership]." TEX. BUS. ORGS. CODE §§ 101.112(f); 153.256(f).

[9] May 25, 2023 Opinion, *WC 4th and Rio Grande, LP v. La Zona Rio, LLC*, No. 08-22-00073-CV and May 25, 2023 Memorandum Opinion, *WC 4th and Rio Grande, LP v. La Zona Rio, LLC*, No. 08-22-00225-CV.

transferred a non-judgement debtor's valuable real estate and wrongfully seized non-judgment debtor entities' funds. CR 13499-500; CR 13525, CR 13531; CR 13576, CR 13632; CR 13602, CR 13606, CR 13658; CR 13073-74.[10] In fact, as the Receiver's own report indicates, apparently *all* of the funds that came into the Receiver's possession were wrongly obtained from entities that were not subject to the receivership. CR 2017-18.

But the trial court unquestioningly and retroactively approved that unlawful conduct and awarded the Receiver fees for it. CR 13794-95. As a matter of sound policy and reason, it is inequitable and unreasonable to award fees to a receiver when he has engaged in and profited from unlawful conduct. Therefore, the trial court abused its discretion in awarding fees for any conduct that violated Texas law. *In re Estate of Mitchell*, 2022 WL 4092427, at *6 (trial court correctly reduced fee where there was "evidence of inadequacies" in the receiver's performance).

[10] CR 13499-500 (transferring Rio Grande's real property to a third party (not the judgment creditor)); CR 13507 (appearing as counsel for Rio Grande); CR 13525, CR 13531 (dismissing Rio Grande's claims in a lawsuit); CR 13576, CR 13632 (appearing as counsel for Colorado); CR 13602, CR 13606, CR 13658 (dismissing Colorado's claims in lawsuits); CR 13073-74 (seizing funds held in bank accounts belonging to eight intervenors collectively referred to as the Bank Account Intervenors).

III. The Trial Court Abused its Discretion Because it Did Not Follow the Fee Formula in its Own Order, Which Had Been Upheld by This Court

Texas law is clear that only *reasonable* fees may be awarded to a receiver. *See Roberts*, 2020 WL 7502052 at *5, *see also Bergeron*, 561 S.W.2d at 553. A trial court abuses its discretion when it awards fees that do not follow the fee formula set by the trial court's order appointing a receiver. *See Roberts*, 2020 WL 7502052, at *5 (implying that when a trial court fails to award a receiver's fees in accordance with the terms set out in its earlier order appointing the receiver, it abuses its discretion). Defendant Appellants objected to the proposed form of order on this basis. CR 13135-36.

Here, the trial court abused its discretion when its Fee Award did not align with the terms of its own prior order appointing the Receiver. The Receivership Order set the Receiver's fee as follows:

> The Receiver's fee is twenty-five percent (25%) of all gross proceeds coming into his possession, not to exceed twenty-five percent of the balance due on the judgment, plus any out-of-pocket expenses incurred by the Receiver in his scope as a receiver in this case.

CR 69 (emphasis added).

The Receiver represented to the trial court that the "Collections to Receivership Estate" (*i.e.*, the "gross proceeds coming into his possession")[11] totaled only $2,533,700.50:

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**

CR 2018 (emphasis added). Because the Receiver refused to provide a detailed accounting and the trial court did not rule on Defendant Appellants' motion to compel, the exact source of the $2,533,700.50 the Receiver claims to have collected is unknown. Defendant Appellants believe that the entire sum that the Receiver claims to have collected came from third party entities over whose assets the Receiver had no authority.

But even if the Receiver could establish that the $2,533,700.50 was collected from Defendant Appellants' assets—which he has not and cannot—the maximum total fee he would be entitled to under the Order Appointing Receiver is

[11] The "ordinary meaning" of "gross proceeds" in the context of this case is the amount of money that flowed into the receivership estate before any deductions for the Receiver's expenses. *See Devon Energy Prod. Co., L.P. v. Sheppard*, 668 S.W.3d 332, 338, 338 n.15 (Tex. 2023).

$633,425.13—twenty-five percent of the gross proceeds collected—not the $2,843,174.70 Fee Award in the Final Order.

Instead, the Fee Award in the Final Order was based on the amount that Princeton obtained in an unrelated sale and assignment in which a third party purchased Princeton's rights under the Judgment and underlying note. CR 2811-2906. The Receiver did not collect or otherwise cause this amount to be paid to Princeton. CR 2801 ("None [of the receivership estate] has been distributed to Princeton."). Instead, the Receiver fought tooth and nail to prevent Princeton from receiving this sum by selling its interest in the underlying note and the Judgment to a third party. CR 3134-3517.

A fee award in excess of the formula in the Receivership Order is unreasonable, arbitrary, and it cannot be squared with the trial court's *own* guiding rules and principles as set forth in its prior order—let alone any others. *Bishop v. Smith*, No. 09-08-00185-CV, 2009 WL 5205362, at *3 (Tex. App.—Beaumont Dec. 31, 2009, no pet.) (mem. op.) (a trial court abuses its discretion when it acts "in an unreasonable or an arbitrary manner, and without reference to any guiding rules and principles" (citing *Beaumont Bank*, 806 S.W.2d at 226)). The trial court's ruling was therefore an abuse of discretion. *See Roberts*, 2020 WL 7502052, at *5 (implying that a trial court's failure to award a receiver's fees in accordance with its own prior order would be an abuse of discretion).

IV. This Court Has Jurisdiction to Hear This Appeal

The Receiver filed a Motion to Dismiss Appeal contending that this dispute is moot. September 10, 2023 Receiver's Motion to Dismiss Appeal at 2. The Receiver suggests that the case is moot either because there is no live dispute between parties or because this appeal is an attempt to relitigate Defendant Appellants' prior appeal. *Id.* The Receiver's arguments lack any merit.

A. Standard Of Review

"A case becomes moot when there ceases to be a justiciable controversy between the parties or when the parties cease to have a legally cognizable interest in the outcome." *State ex rel. Best v. Harper*, 562 S.W.3d 1, 6 (Tex. 2018) (citation omitted). "In other words, 'a case is moot when the court's action on the merits cannot affect the parties' rights or interests.'" *Greer v. Janssen*, No. 01-21-00583-CV, 2023 WL 3357697, at *2 (Tex. App.—Houston [1st Dist.] May 11, 2023, no pet.) (mem. op.) (quoting *Heckman v. Williamson Cnty.*, 369 S.W.3d 137, 162 (Tex. 2012)). This Court reviews mootness *de novo*. *Id.*

B. The Receiver is a Party to This Live Dispute

At every stage of this dispute, the Receiver has conducted himself as though he were a party—including by filing briefs in this Court during the pendency of Defendant Appellants' prior appeal. *See, e.g.*, Apr. 18, 2022 Brief of the Receiver in *Great Value Storage*, No. 01-21-00284-CV. But now, when it benefits him to do so,

the Receiver claims to be a stranger to the present appeal—with no caselaw to support his assertion. September 10, 2023 Receiver's Motion to Dismiss Appeal at 29. The Receiver's newly discovered position as a non-party is deeply ironic.

The current appeal by Defendant Appellants relates to the trial court's August 2, 2023 Final Order approving the Receiver's Report, awarding the Receiver over $2.8 million in fees and summarily denying all pending pleas in intervention, motions, objections, subpoenas, and discovery requests, CR 13794—including Defendant Appellants' discovery requests relevant to the Fee Award (CR 2131-2237) and Defendant Appellants' objections to proposed order (CR 13125-54). Such orders are appealable by the parties in the underlying suit, and this is a live dispute between parties—including the Receiver himself. *See Chase Manhattan Bank v. Bowles*, 52 S.W.3d 871, 878 (Tex. App.—Waco 2001, no pet.) ("orders pertaining to a receivership which award fees such as attorney's fees are appealable") (citing *Huston v. Federal Deposit Ins. Corp.*, 800 S.W.2d 845, 847 (Tex. 1990)); *see also Hill v. Hill*, 460 S.W.3d 751, 763-64 (Tex. App.—Dallas 2015, pet. denied) (same).

Longstanding, recently reaffirmed caselaw analyzing receivers and similarly situated "quasi part[ies]" establishes that the Receiver is a party to this appeal of the order authorizing his settlement of accounts and compensation. *Cordoza v. Pac. States Steel Corp.*, 320 F.3d 989, 995-96 (9th Cir. 2003) (quoting *Williams v. Morgan*, 111 U.S. 684, 698-99 (1884)). A receiver is "a party in the limited sense

that he [is] bound by the order setting his compensation." *Id.* at 996. And as the Fifth Circuit recently held, "[i]t is settled that special masters and other agents of the court can raise issues of compensation in the district court and *defend their interests on appeal*." *Moore as Next Friend to Moore v. Tangipahoa Parish Sch. Bd.*, 912 F.3d 247, 250 (5th Cir. 2018) (emphasis added). "*For this purpose* [*a receiver*] *occupies the position of a party to the suit*, although an officer of the court." *Id.* (citing *Hinckley v. Gilman, Clinton, & Springfield R.R. Co.*, 94 U.S. 467, 468–69 (1876) (emphasis added)).[12] There is therefore a live dispute between viable parties.

Having been improperly awarded fees, the Receiver cannot now claim that this Court lacks jurisdiction over this appeal of the order granting him those fees because he is not a party. The United States Supreme Court has recognized for nearly 150 years that a receiver cannot settle his accounts under the authority granted by an

[12] The Receiver may argue that federal caselaw analyzing quasi parties and their standing does not apply because this is a Texas state case. That argument is wrong: "The Texas standing requirements parallel the federal test for Article III standing." *In re Abbott*, 601 S.W.3d 802, 807 (Tex. 2020) (orig. proceeding) (per curiam). Therefore, "Texas courts look to federal courts for guidance" on matters related to subject matter jurisdiction. *See Ramirez v. Bank of America, N.A.*, 627 S.W.3d 486, 491 (Tex. App.—Corpus Christi 2021, no pet.). The Texas Supreme Court has also looked to how "federal courts have extensively explored mootness" when evaluating mootness in Texas. *See Heckman*, 369 S.W.3d at 163. Plus, the only case the Receiver cites for the proposition that he is not a party to this appeal is an inapt Southern District of Florida opinion involving RICO claims filed by Donald Trump against Hillary Clinton. *See* September 10, 2023 Receiver's Motion to Dismiss Appeal at 29 n.104.

order, then attempt to avoid appellate scrutiny of that order by claiming he is not a party. In *Hovey v. McDonald*, a receiver was ordered to hold one half of the money collected on behalf of the receivership estate and was accused by the appellants of improperly distributing those funds without authority. 109 U.S. 150, 153-55 (1883). The U.S. Supreme Court noted that the "first matter to be determined is the motion on the part of the receiver to dismiss the appeal for the reason that he was not a party to the suit." *Id.* at 155. The Court did not mince words: "This motion cannot prevail." *Id.* It reasoned that the receiver had the right to appeal orders concerning his conduct and authority, and "if he would have had a right to appeal, surely the opposite parties have the same right." *Id.* at 156.

If the trial court had properly ruled in this case that the Receiver is entitled to nothing, he surely would have availed himself of his right to appeal to this Court. It is only because the Receiver now seeks to insulate his millions in ill-gotten gains from scrutiny that he argues that this dispute is moot and he isn't a party. But that is exactly the position that the U.S. Supreme Court rejected in *Hovey* when it denied that receiver's similar motion to dismiss an appeal. The equitable principle at work here is simple: The Receiver cannot have his cake and eat it, too.

C. This Court Has Already Concluded This Case is Not Moot—And Nothing Has Changed Since That Decision

Because the Receiver is a proper party to this appeal, the Court's analysis need not go further. However, if the Court is so inclined, this Court has already heard the

Receiver's song and dance regarding the alleged "settlement" of this dispute and his claims that the Judgment in this case was "satisfie[d]," September 10, 2023 Receiver's Motion to Dismiss Appeal at 31—and this Court already implicitly ruled against the Receiver.

In the prior appeal in this case, the Receiver raised the same mootness arguments, summarized by this Court as follows:

> The receiver has informed this Court that the parties have settled on the amount owed under the trial court's judgment. … [T]he receiver stated that the March 4, 2021 judgment in favor of Princton Capital has been fully paid and the proceeds have been distributed to Princeton Capital's public shareholders.

CR 13042, Mar. 30, 2023 Order in *Great Value Storage*, No. 01-21-00284-CV. In that prior appeal, this Court indicated that "[t]he receiver's representations that the parties have settled and that the proceeds have been distributed … suggests that the appeal is moot," that it "intend[ed] to dismiss" the prior appeal "for want of jurisdiction," and ordered to the parties to "file a response … indicating why this Court should not dismiss the appeal." CR 13042.

As Defendant Appellants explained to this Court in their April 10, 2023 Response to the Court's order, the parties to this case have not settled and the Judgment has not been paid. Apr. 10, 2023 Appellants' Response to Mar. 30, 2023 Order in *Great Value Storage*, No. 01-21-00284-CV at 3-4. Instead, Princeton Capital *sold and assigned its rights* in the Judgment to Phoenix for $11,372,698.89

as part of a Settlement, Assignment, and Acceptance Agreement with third parties approved by the Bankruptcy Court for the Northern District of Texas. *See id.*; *see also* CR 12581.

Defendant Appellants were not parties to those bankruptcy proceedings or to the sale and assignment agreement. In fact, to avoid the very confusion the Receiver is attempting to create, Defendant Appellants were *specifically excluded* from that agreement. CR 12592 ("specifically excluding, without limitation, WCCG, GVS, and the Austin Debtors"). This express exclusion came after the Receiver's objection to the same. *See* CR 12686-87.

Despite the Receiver's representations otherwise, the Judgment remains unpaid and enforceable against Defendant Appellants. Therefore, this appeal is not moot. This Court rejected the Receiver's arguments before—rather than dismissing Defendant Appellants' prior appeal as moot, this Court issued an opinion on the merits. *See Great Value Storage*, 2023 WL 3010773 at *1. That necessarily required this Court to first conclude that this case was live and justiciable. Nothing has changed between then and now that would render this case moot. Therefore, this Court should proceed to decide this appeal on the merits as well.

D. This Appeal From a New Order Raises Distinct Issues

The Receiver's alternative ground for dismissing this appeal is that Defendant Appellants are attempting to relitigate their prior appeal through a "disguised second

rehearing motion." September 10, 2023 Receiver's Motion to Dismiss Appeal at 32. That argument can be swiftly dealt with. This appeal stems from the trial court's August 2, 2023 Final Order—which did not exist until more than three months after this Court's April 20, 2023 opinion in the prior appeal.[13] CR 13794.

Lest there be any doubt, even a short comparison of the briefs in Defendant Appellants' prior appeal and the present dispute will show that distinct issues are involved—to say nothing of an entirely different order. The Receiver is plainly making a last-ditch effort to deliberately blur the lines between distinct appeals in the hope that this Court will bless a patently unlawful order awarding him millions of dollars in fees to which he was not entitled. Respectfully, this Court should not do so.

PRAYER

For these reasons, Defendant Appellants Great Value Storage LLC and World Class Capital Group, LLC respectfully request that this Court vacate the trial court's August 2, 2023 Order and remand the case to the trial court with instructions to award the Receiver nothing. Alternatively, Defendant Appellants respectfully request that this Court vacate the trial court's August 2, 2023 Order and remand with

[13] The Receiver falsely asserts that Defendant Appellants appealed "from the same judgment and receivership order, challenging the same issues already rejected by this Court." September 10, 2023 Receiver's Motion to Dismiss Appeal at 31. But Defendant Appellants' August 21, 2023 Notice of Appeal specifically states that the appeal is taken from "the trial court's Order signed on August 2, 2023." CR 13806.

instructions to order appropriate discovery from the Receiver and undertake the reasonableness analysis required by Texas law. Defendant Appellants respectfully request all other relief to which they may be entitled.

DATED and FILED February 7, 2024.

Respectfully submitted,

/s/ Greg R. Wehrer

Greg R. Wehrer
Texas State Bar No. 24068592
Greg.Wehrer@squirepb.com
Amanda D. Price
Texas State Bar No. 24060935
Amanda.Price@squirepb.com
Trevor Pirouz Kehrer
Texas State Bar No. 24123297
Trevor.Kehrer@squirepb.com
SQUIRE PATTON BOGGS (US) LLP
600 Travis Street, Suite 6700
Houston, Texas 77002
Telephone: 713-546-5850
Facsimile: 713-546-5830

ATTORNEYS FOR APPELLANTS GREAT VALUE STORAGE LLC AND WORLD CLASS CAPITAL GROUP, LLC

CERTIFICATE OF COMPLIANCE WITH APPELLATE RULE 9.4(I)

I hereby certify that this document contains 7,833 words, as indicated by the word-count function of Microsoft Word for Microsoft 365 MSO, and excluding the caption, identity of parties and counsel, statement regarding oral argument, table of contents, index of authorities, statement of the case, statement of issues presented, statement of jurisdiction, statement of procedural history, signature, proof of service, certification, certificate of compliance, and appendix, as provided by Appellate Rule 9.4(i).

/s/ Greg R. Wehrer
Greg R. Wehrer

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing instrument was served in accordance with the Texas Rules of Appellate Procedure on the 7th day of February 2024 on each of the following persons listed below by the means indicated:

VIA EFILETEXAS.GOV E-SERVICE:

Abigail C. Noebels
Susman Godfrey L.L.P.
1000 Louisiana St., Suite 5100
Houston, Texas 77002
Attorney for Princeton Capital Corporation

James W. Volberding
Kretzer & Volberding P.C.
110 North College Avenue, Suite 1850
Tyler, Texas 75702
Attorney for Court Appointed Receiver

/s/ Greg R. Wehrer
Greg R. Wehrer

INDEX TO APPENDIX

APPENDIX A

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

XTREX
TJNOX
RCFEX
CPROY

ORDER

After careful consideration of the Receiver's report, motions, supporting exhibits, and responses by the Defendants, the Court concludes the following order should issue. The Court takes judicial notice of its file in this cause. It is, therefore,

ORDERED that *Receiver's Motion for Extension of Time to File Report and Application for Receivership Fees* is GRANTED. The Court extends the period for Receiver to file his report and motion for receivership fees to October 31, **2023** which Receiver satisfied by timely filing. It is, further,

ORDERED that Receiver's Report is approved. The Court concludes that the Receiver's diligent efforts and litigation resulted in full payment to Princeton Capital of $11,372,698.89 and full satisfaction and extinguishment of this Court's March 4, 2021 judgment (the "Judgment"), plus Princeton Capital's related post-judgment interest, legal fees, and expenses. The Court concludes that the Defendants would not have paid this amount to Princeton Capital but for the efforts and litigation of the Receiver. It is, further,

ORDERED that *Receiver's Motion for Award of Receivership Fees* is GRANTED. The Court has reviewed the terms of the order approving the appointment of the Receiver entered by

this Court on September 8, 2021 ("Receivership Order), the various decisions by the First Court of Appeals relating to the Receivership Order and Judgment, most recently affirming the Receivership Order and Judgment in its April 20, 2023 opinion, and its July 27, 2023 denial of rehearing, taken judicial notice of the Court's file in this cause, and reviewed the exhibits filed by Receiver in support of his motion, which are hereby admitted. The Court notes that Mr. Kretzer accepted appointment and filed his oath on the terms as set forth in the Receivership Order. Mr. Kretzer and his law firm accepted considerable risk in accepting and pursuing his duties as Receiver. Mr. Kretzer and his law firm carried out his duties appropriately and within the authority granted to him by this Court and in the Receivership Order. The Court finds Mr. Kretzer's advocacy, effort and representation were proper, reasonable, and effective under the circumstances of this case. Based upon the foregoing, payment of a 25% fee constitutes a reasonable and necessary fee for the Receiver and is consistent with similar awards by other courts for receivers. It is, further,

ORDERED, pursuant to the Receivership Order, the Court finds that Receiver is entitled to receivership fees equal to 25% of $11,372,698.89, which is the amount of $2,843,174.70 ("Fee Award"). Sufficient funds to pay this amount are presently held on reserve under the control of the U.S. Bankruptcy Court, Northern District of Texas, in *In re GVS Texas Holdings I, et al,* Case No. 21-31121 (the "GVS Case"). The Receiver is authorized to submit this Order to the court in the GVS Case to obtain payment of the Fee Award. It is, further,

ORDERED that Receiver's expenses through the date of this Order are approved as reasonable and necessary. It is, further,

ORDERED that Receiver is entitled to recovery and reimbursement of any additional litigation expenses incurred to: (1) effectuate the terms of this Order; (2) submit this Order to

the Court in the GVS Case; (3) take any other steps necessary to obtain payment in full of the Fee Award and related expenses; (4) respond to or dismiss any actions or appeals asserted against him, or his law firm or counsel, in state or federal court in connection with his actions as the Receiver, without further order of this Court; and (5) submit subsequent requests to the Court in the GVS Case for reimbursement of such expenses. It is, further,

ORDERED that Mr. Kretzer shall continue as Receiver until the purposes of this Order are completed, including final conclusion of all litigation against or involving Receiver, payment in full to the Receiver of the Fee Award and expenses related thereto, as well as payment of all other expenses that may become due and owing after the entry of this Order, including, but not limited to the cost of filing notice in all pending cases in which the Receiver has been sued, with a copy of this Order, that the receivership is terminating as set forth herein. Receiver is authorized to respond, dismiss or non-suit lawsuits, claims, or appeals filed against him, or his law firm or counsel, or relating to his actions as Receiver, as he determines appropriate and necessary. After the purposes of this Order are effectuated, and he is paid in full, and all litigation against or involving Receiver is finally concluded, the Receiver will then notify this Court and request closure of the receivership. It is, further,

ORDERED that all pending pleas in intervention,[1] motions, objections, subpoenas, and discovery requests,[2] are hereby denied and dismissed.

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[1] 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, 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 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;" (3) November 1, 2022, "First Amended Plea in Intervention," purportedly on behalf of Nate Paul-controlled entity, World Class Holdings, LLC; and (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."

[2] The subpoenas and discovery requests include: (1) November 3, 2022 *Notice of Intention to Take Deposition with Subpoena Duces Tecum* of Mr. Kretzer, Receiver, purportedly by Defendants and Mr. Paul; (2) November 3, 2022 *Notice of Intention to Take Deposition by Written Questions with Subpoena Duces Tecum of La Zona Rio, LLC*, purportedly by Defendants and Mr. Paul; (3) November 3, 2022 *Notice of Intention to Take Deposition by Written Questions with Subpoena Duces Tecum of Colorado Third Street, LLC*, purportedly by Defendants and Mr. Paul, purportedly by Defendants and Mr. Paul; (4) November 3, 2022 *Notice of Intention to Take Deposition of Timber Culebra, LLC, With Production of Documents*, purportedly by Defendants; (5) November 3, 2022 *Notice of Intention to Take Deposition with Subpoena Duces Tecum of Mr. Bryan Hardeman*, purportedly by Defendants; (6) November 3, 2022 *Notice of Intention to Take Deposition with Subpoena Duces Tecum of Mr. William Hardeman*, purportedly by Defendants; (7) November 3, 2022 *Notice of Intention to Take Deposition with Subpoena Duces Tecum of Mr. Mark Riley*, purportedly by Defendants; (8) November 3, 2022 *Notice of Intention to Take Deposition with Subpoena Duces Tecum of Mr. Justin Bayne*, purportedly by Defendants; (9) November 7, 2022 *Notice of Intention to Take Deposition by Written Questions of Mr. Kretzer, Receiver*, purportedly by Defendants; (10) November 7, 2022 *Subpoena Duces Tecum to Mr. Seth Kretzer, Receiver*, purportedly by Defendants; (11) November 7, 2022 *Notice of Intention to Take Deposition by Written Questions of Colorado Third Street, LLC, Mr. Justin Bayne*, purportedly by Defendants; (12) November 7, 2022 *Subpoena Duces Tecum to Colorado Third Street, LLC, Mr. Justin Bayne*, purportedly by Defendants; (13) November 7, 2022 *Notice of Intention to Take Deposition by Written Questions of La Zona Rio, LLC, Mr. Justin Bayne*, purportedly by Defendants; (14) November 7, 2022 *Subpoena Duces Tecum to La Zona Rio, LLC, Mr. Justin Bayne*, purportedly by Defendants; (15) November 21, 2022 *Notice of Intention to Take Deposition by Written Questions of Colorado Third Street, LLC and Subpoena Duces Tecum, Mr. Justin Bayne*, purportedly by Defendants; (16) November 21, 2022 *Notice of Intention to Take Deposition by Written Questions of La Zona Rio, LLC and Subpoena Duces Tecum, Mr. Justin Bayne*, purportedly by Defendants; (17) *Deposition Subpoena to Mr. Kretzer*, purportedly by WC 4th and Colorado, LP, dated January 26, 2023; (18) *Deposition Subpoena to Kretzer & Volberding, P.C.*, purportedly by WC 4th and Rio Grande, LP, dated January 26, 2023, (19) *Deposition Subpoena to Mr. Kretzer*, purportedly by Defendant Entities, dated January 24, 2023;1 (20) *Deposition Subpoena to Kretzer & Volberding, P.C.*, purportedly by WC 4th and Colorado, LP, dated January 26, 2023; (21) *Deposition Subpoena to Mr. Kretzer*, purportedly by WC 4th and Rio Grande, LP, dated February 1, 2023.

It is, further,

ORDERED that all relief not herein granted is hereby DENIED.

Signed _____.

Signed:
8/2/2023 Ursula Hall

HON. JUDGE URSULA A. HALL
165th District Court
Harris County, Texas

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Dana Lipp on behalf of Dana Lipp
Bar No. 24050935
dlipp@lipplegal.com
Envelope ID: 75112451
Filing Code Description: No Fee Documents
Filing Description: Receivers Letter to Court Regarding First Court of Appeals Decision With Proposed Final Orders
Status as of 4/28/2023 9:47 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Greg R.Wehrer		greg.wehrer@squirepb.com	4/28/2023 8:07:21 AM	SENT
Robert R.Burford		rburford@burfordperry.com	4/28/2023 8:07:21 AM	SENT
Brent C.Perry		bperry@burfordperry.com	4/28/2023 8:07:21 AM	SENT
Matt E.Parks		mparks@burfordperry.com	4/28/2023 8:07:21 AM	SENT
Zachary Carlson		zcarlson@burfordperry.com	4/28/2023 8:07:21 AM	SENT
Burford Perry Service		service@burfordperry.com	4/28/2023 8:07:21 AM	SENT
Erica Fauser		efauser@burfordperry.com	4/28/2023 8:07:21 AM	SENT
Matthew Kevin Powers		kpowers@burfordperry.com	4/28/2023 8:07:21 AM	SENT
Manfred Sternberg	19175775	manfred@msternberg.com	4/28/2023 8:07:21 AM	SENT
Daniel Wilson	24070859	dwilson@susmangodfrey.com	4/28/2023 8:07:21 AM	SENT
Seth Kretzer	24043764	seth@kretzerfirm.com	4/28/2023 8:07:21 AM	SENT
Michael Merrick	24041474	mmerrick77@gmail.com	4/28/2023 8:07:21 AM	SENT
Brian Elliott		belliott@world-class.com	4/28/2023 8:07:21 AM	SENT
Brian Elliott		brian@scalefirm.com	4/28/2023 8:07:21 AM	SENT
Michael J.Merrick		mmerrick@world-class.com	4/28/2023 8:07:21 AM	SENT
Amanda DoddsPrice		amanda.price@squirepb.com	4/28/2023 8:07:21 AM	SENT
Jon Mureen		jon.mureen@squirepb.com	4/28/2023 8:07:21 AM	SENT
Ann Kennon		akennonassistant@gmail.com	4/28/2023 8:07:21 AM	SENT
James Volberding		jamesvolberding@gmail.com	4/28/2023 8:07:21 AM	SENT
Seth Kretzer		seth@kretzerfirm.com	4/28/2023 8:07:21 AM	SENT
Jesseca Wilson		jesseca@kretzerfirm.com	4/28/2023 8:07:21 AM	SENT
Dana Lipp		lipp@lipplegalfirm.com	4/28/2023 8:07:21 AM	SENT

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Dana Lipp on behalf of Dana Lipp
Bar No. 24050935
dlipp@lipplegal.com
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Case Contacts

Manfred Sternberg	19175775	manfred@msternberg.com	4/28/2023 8:07:21 AM	SENT
Michael Merrick	24041474	mmerrick77@gmail.com	4/28/2023 8:07:21 AM	SENT
Brian Elliott		brian@scalefirm.com	4/28/2023 8:07:21 AM	SENT
Amanda Price	24060935	amanda.price@squirepb.com	4/28/2023 8:07:21 AM	SENT
Greg Wehrer	24068592	greg.wehrer@squirepb.com	4/28/2023 8:07:21 AM	SENT
Mark Riley		riley@riley-cpa-law.com	4/28/2023 8:07:21 AM	SENT
Christopher Dodson		chris.dodson@whitecase.com	4/28/2023 8:07:21 AM	SENT
Jeremy Dunbar		jeremy.dunbar@whitecase.com	4/28/2023 8:07:21 AM	SENT
Rachel Solis		rsolis@susmangodfrey.com	4/28/2023 8:07:21 AM	SENT
Brian Elliott		brian@scalefirm.com	4/28/2023 8:07:21 AM	SENT

APPENDIX B

5/1/2023 8:36 PM
Marilyn Burgess - District Clerk Harris County
Envelope No. 75203991
By: Bristalyn Daniels
Filed: 5/1/2023 8:36 PM

CAUSE NO. 2019-18855

PRINCETON CAPITAL CORPORATION,	§	**IN THE DISTRICT COURT OF**
Plaintiff	§	
	§	
v.	§	
	§	**HARRIS COUNTY, TEXAS**
GREAT VALUE STORAGE LLC, AND WORLD CLASS CAPITAL GROUP, LLC	§	
Defendants	§	
	§	
and	§	**165TH JUDICIAL DISTRICT**
	§	
WC 4th AND COLORADO, LP, et al.	§	
Intervenors	§	

JOINT NOTICE OF OBJECTION TO RECEIVER'S PROPOSED ORDERS

Defendants Great Value Storage LLC and World Class Capital Group, LLC and Intervenors WC 4th and Rio Grande, LP, WC 4th and Colorado, LP, World Class Holdings, LLC, World Class Holding Company, LLC, WC 707 Cesar Chavez, LLC, WC Galleria Oaks, LLC, WC Parmer 93, LP, WC Paradise Cove Marina, LP, WC MRP Independence Center, LLC, and WC Subsidiary Services, LLC (collectively, "Objectors") hereby file their Joint Notice of Objection to proposed orders submitted to this Court in connection with a "letter brief" filed by James W. Volberding, Attorney for Seth Kretzer, Receiver, on April 28, 2023. The proposed orders are titled: (1) "Order Granting Receiver's Motion to Dismiss;" and (2) "Order." For avoidance of any doubt, the two orders subject to this objection are attached hereto as Exhibits 1 and 2, respectively.

Objections to Receiver's Proposed "Order Granting Receiver's Motion to Dismiss"

Objectors object to the receiver's proposed "Order Granting Receiver's Motion to Dismiss," and respectfully submit that the Court would err by entering it, for the following reasons:

1. The proposed order was filed in this case, which is Cause No. 2019-18855, but asks the Court to grant a motion filed in another case, Cause No. 2021-77945. This is improper under the Texas Rules of Civil Procedure and Texas law and Objectors object.

2. Not only was the proposed order filed in the wrong case, but it would grant "Receiver's Motion to Dismiss Nate Paul Entities' Petition Pursuant to Texas Rule of Civil Procedure 91a and the Texas Citizens Participation Act" despite that motion never having been heard in this Court.

3. To grant a motion to dismiss without a hearing in this Court and opportunity for the parties subject to the motion (which are among the intervenors in this case) to file responses violates their due process rights under the Texas Constitution and the United States Constitution.

4. Moreover, for a court to grant a motion to dismiss under Texas Rule of Civil Procedure 91a without a hearing and opportunity for the parties subject to the motion (which are among the intervenors in this case) to file responses would violate the plain language of the Texas Rules of Civil Procedure, which state that "[e]ach party is entitled to at least 14 days' notice of the hearing on the motion to dismiss," and to file responses "no later than 7 days before the date of the hearing." TEX. R. CIV. P. 91a.4 and 91a.6. Granting this proposed order in these circumstances would violate the Texas Rules of Civil Procedure.

5. To grant a motion to dismiss Texas Citizens Participation Act ("TCPA") without a hearing in this Court and opportunity for the parties subject to the motion (which are among the intervenors in this case) to file responses would violate the plain language of the TCPA. The statute requires that the moving party "shall provide written notice of the date and time of the hearing under Section 27.004 not later than 21 days before the date of the hearing . . . ." TEX. CIV. PRAC. & REM. CODE § 27.003(d). The parties subject to the motion to dismiss are entitled to file

a response "not later than seven days before the date of the hearing on the motion to dismiss . . . ." TEX. CIV. PRAC. & REM. CODE § 27.003(e). Moreover, the court *must* hold a hearing on such a motion before it can be granted. TEX. CIV. PRAC. & REM. CODE § 27.004(a) ("A hearing on a motion under Section 27.003 must be set not later than the 60th day after the date of service of the motion . . . ."). Granting this proposed order in these circumstances would violate the Texas Civil Practice and Remedies Code.

6. Objectors object to the proposed order because the receiver has acted in bad faith and has unclean hands. Among other things, the receiver violated Texas law and exceeded the scope of the authority granted to him by this Court by exercising dominion and control over the parties subject to the motion, which are not judgment debtors in this case, including disposing of valuable assets of those entities without authority.

7. Objectors object to the proposed order because the receiver has unresolved conflicts of interest. The receiver appeared *as counsel* and acted as an attorney in litigation on behalf of WC 4th and Colorado, LP and/or WC 4th and Rio Grande, LP. The receiver should recuse himself, or the Court should order his removal, from all further proceedings related to those entities.

8. The proposed order not only purports to grant receiver's motion to dismiss but to grant additional and improper affirmative relief that was not sought in the receiver's motion. Objectors object to the Court granting any relief beyond that sought by the receiver in his motion, including but not limited to the provisions of the proposed order that:

a. "Nate Paul and his attorneys are barred from filing any further pleadings in any court on behalf of WC 4th and Colorado, LP or WC 4th and Rio Grande, LP;" and

b. "The legal interests of these entities are solely controlled by the Receiver."

9. Among the improper relief sought in this proposed order is a permanent injunction that: "Nate Paul and his attorneys are barred from filing any further pleadings in any court on behalf of WC 4th and Colorado, LP or WC 4th and Rio Grande, LP." Granting a permanent injunction against these entities ever filing any pleading in any court, regarding any subject matter, forever, would be an abhorrent violation of the due process rights of those entities under the Constitutions of both Texas and the United States. The Court should take notice of the stunning impropriety of the receiver's mere suggestion to the Court of this relief, and it should inform the Court's view of the receiver's actions altogether.

10. Objectors further object to the provision of the proposed order that "Nate Paul and his attorneys are barred from filing any further pleadings in any court on behalf of WC 4th and Colorado, LP or WC 4th and Rio Grande, LP" because such wide-ranging and permanent injunctive relief is not authorized by either Rule 91a or the TCPA.

11. Objectors further object to the provision of the proposed order that "Nate Paul and his attorneys are barred from filing any further pleadings in any court on behalf of WC 4th and Colorado, LP or WC 4th and Rio Grande, LP" because the receiver has not stated any such claim for such injunctive relief.

12. Objectors further object to the provision of the proposed order that "Nate Paul and his attorneys are barred from filing any further pleadings in any court on behalf of WC 4th and Colorado, LP or WC 4th and Rio Grande, LP" because granting such relief in this circumstance would violate the general rule at equity that before injunctive relief can be obtained, it must be proven that there is no adequate remedy at law. No such showing has been made here.

13. Objectors further object to the provision of the proposed order that "Nate Paul and his attorneys are barred from filing any further pleadings in any court on behalf of WC 4th and

Colorado, LP or WC 4th and Rio Grande, LP" because the receiver has not met his burden of proving that he is entitled to *any* injunctive relief, let alone a permanent injunction.

14. Objectors further object to the provision of the proposed order that "Nate Paul and his attorneys are barred from filing any further pleadings in any court on behalf of WC 4th and Colorado, LP or WC 4th and Rio Grande, LP" because it would unduly interfere with the right of those entities to choose their own counsel, to defend themselves in litigation now or in the future, to pursue claims that they have or may have in the future, to file or prosecute appeals, and otherwise to protect, preserve, and assert their legal rights in any court for so long as they may exist as corporate entities – including in matters currently pending in State and Federal courts in Texas.

15. Objectors further object to the provision of the proposed order that "Nate Paul and his attorneys are barred from filing any further pleadings in any court on behalf of WC 4th and Colorado, LP or WC 4th and Rio Grande, LP" because such an order would violate TEX. BUS. ORGS. CODE § 153.256(d) ("The entry of a charging order is the exclusive remedy by which a judgment creditor of a partner or of any other owner of a partnership interest may satisfy a judgment out of the judgment debtor's partnership interest.") and TEX. BUS. ORGS. CODE § 153.256(f) ("A creditor of a partner or of any other owner of a partnership interest does not have the right to obtain possession of, or otherwise exercise legal or equitable remedies with respect to, the property of the limited partnership.").

16. Objectors further object to the provision of the proposed order that "Nate Paul and his attorneys are barred from filing any further pleadings in any court on behalf of WC 4th and Colorado, LP or WC 4th and Rio Grande, LP" because those entities are not judgment debtors in this case (or in Cause No. 2021-77945), are not properly subject to the Receivership Order issued by this Court, and because the receiver has no legitimate power over them.

17. Objectors further object to the provision of the proposed order that "Nate Paul and his attorneys are barred from filing any further pleadings in any court on behalf of WC 4th and Colorado, LP or WC 4th and Rio Grande, LP" because the extension of the receiver's authority over them, when they are not judgment debtors, violates TEX. CIV. PRAC. & REM. CODE § 64.001, *et seq.*

18. Objectors object to the provision of the proposed order that "[t]he legal interests of these entities are solely controlled by the Receiver."

19. The provision of the proposed order that "[t]he legal interests of these entities are solely controlled by the Receiver" would forever remove the ability of WC 4th and Colorado, LP and WC 4th and Rio Grande, LP from selecting their own counsel, negotiate or enter into agreements, prosecute or defend claims in litigation, pursue appeals, petition the government, seek regulatory approvals, or take any other action related to their "legal interests," by permanently vesting control over those entities in the receiver. This is another abhorrent violation of the due process rights of those entities under the Constitutions of both Texas and the United States that the receiver asks this Court to order.

20. The provision of the proposed order that "[t]he legal interests of these entities are solely controlled by the Receiver" constitutes a request for permanent injunctive relief. Objectors hereby incorporate all of their above-stated objections to a grant of permanent injunctive relief in this circumstance as if fully restated in this paragraph, including but not limited to the following:

a. The receiver's motion to dismiss did not seek any such relief;

b. The grant of a permanent injunction would violate the due process guarantees of both the Texas and United States Constitutions;

c. The grant of such a permanent injunction is not authorized by either Rule 91a or the TCPA;

d. The receiver has not stated any such claim for such injunctive relief;

e. Granting such a permanent injunction would violate the general rule at equity that before injunctive relief can be obtained, it must be proven that there is no adequate remedy at law, and no such showing has been made here;

f. The receiver has not met his burden of proving that he is entitled to *any* injunctive relief, let alone a permanent injunction; and

g. The relief requested would unduly interfere with the right of those entities to choose their own counsel, to defend themselves in litigation now or in the future, to pursue claims that they have or may have in the future, to file or prosecute appeals, and otherwise to protect, preserve, and assert their legal rights in any court for so long as they may exist as corporate entities – including in matters currently pending in State and Federal courts in Texas.

21. Objectors further object to the provision of the proposed order that "[t]he legal interests of these entities are solely controlled by the Receiver" because this Court's Order Appointing Receiver did not grant the receiver any authority to operate or control WC 4th and Colorado, LP, or WC 4th and Rio Grande, LP (or any limited partnership). The proposed language grants new and expansive powers to the receiver, on a permanent basis, which are not authorized by the Court's prior grant of authority to the receiver.

22. Objectors further object to the provision of the proposed order that "[t]he legal interests of these entities are solely controlled by the Receiver" because this Court previously has been ordered by the Court of Appeals to "wind down" the receivership. The proposed language

grants new and expansive powers to the receiver, on a permanent basis, and is not consistent with "winding down" the receivership. Instead, it creates a permanent receivership.

23. Objectors further object to the provision of the proposed order that "[t]he legal interests of these entities are solely controlled by the Receiver" because there is no statutory basis to grant such authority to a receiver.

24. Objectors further object to the provision of the proposed order that "[t]he legal interests of these entities are solely controlled by the Receiver" because there is no other basis at law or in equity to grant such authority to a receiver.

25. Objectors further object to the provision of the proposed order that "[t]he legal interests of these entities are solely controlled by the Receiver" because granting the receiver control over the specified entities would violate TEX. BUS. ORGS. CODE § 153.256(d) ("The entry of a charging order is the exclusive remedy by which a judgment creditor of a partner or of any other owner of a partnership interest may satisfy a judgment out of the judgment debtor's partnership interest.") and TEX. BUS. ORGS. CODE § 153.256(f) ("A creditor of a partner or of any other owner of a partnership interest does not have the right to obtain possession of, or otherwise exercise legal or equitable remedies with respect to, the property of the limited partnership.").

26. Objectors further object to the provision of the proposed order that "[t]he legal interests of these entities are solely controlled by the Receiver" because those entities are not judgment debtors in this case (or in Cause No. 2021-77945), are not properly subject to the Receivership Order issued by this Court, and because the receiver has no legitimate power over them.

27. Objectors further object to the provision of the proposed order that "[t]he legal interests of these entities are solely controlled by the Receiver" because the extension of the

receiver's authority over them, when they are not judgment debtors, violates TEX. CIV. PRAC. & REM. CODE § 64.001, *et seq.*

28. Objectors further object to the provision of the proposed order that "[t]he legal interests of these entities are solely controlled by the Receiver" because it would place control over those entities solely in the hands of the receiver, in contravention of TEX. CIV. PRAC. & REM. CODE § 64.031 (a receiver must be "subject to the control of the court ....").

29. Objectors further object to the provision of the proposed order that "[t]he legal interests of these entities are solely controlled by the Receiver" because such provision would grant the receiver effective ownership of the subject entities, without due process or just compensation, in violation of Texas law, the Texas Constitution's due process clause, and the Fifth and Fourteenth Amendments to the Constitution of the United States.

30. Objectors further object to the provision of the proposed order that "[t]he legal interests of these entities are solely controlled by the Receiver" because the receiver has unresolved conflicts of interest. The receiver appeared *as counsel* and acted as an attorney in litigation on behalf of WC 4th and Colorado, LP and/or WC 4th and Rio Grande, LP. At the same time, the receiver sought and did pursue those entities on behalf of the creditor, and opposed those entities in related litigation matters. The receiver should recuse himself from all further proceedings related to those entities and cannot – due to his intractable and fundamental conflict of interest – be granted sole (nor any) control over them or their "legal interests."

Objections to Receiver's Proposed "Order"

Objectors object to the receiver's proposed "Order," and respectfully submit that the Court would err by entering it, for the following reasons:

1. Objectors refer to and incorporate all of their above-stated objections as if fully incorporated and restated herein.

2. Objectors object to the proposed "Order" because it retroactively grants the "Receiver's Motion for Extension of Time to File Report and Application for Receivership Fees" without an opportunity for Objectors to be heard.

3. Objectors object to the proposed "Order" because it retroactively grants the "Receiver's Motion for Extension of Time to File Report and Application for Receivership Fees" and finds that the Receiver "satisfied by timely filing" his Report. The receiver has never filed a true Receiver's Report, nor has he filed a full accounting of his actions.

4. Objectors object to the proposed "Order" because it approves the "Receiver's Report" even though the receiver has never filed a true "Receiver's Report."

5. Objectors object to the proposed "Order" because it finds despite the lack of any competent evidence in the record that "the Receiver's diligent efforts and litigation resulted in full payment to Princeton Capital of $11,372,698.89 and full satisfaction and extinguishment of this Court's March 4, 2021 judgment …." In fact, the judgment has not been paid and remains open.

6. Objectors object to the proposed "Order" because it would award fees to the receiver that are not reasonable and that he did not earn. Objectors incorporate by reference the facts, arguments, and legal authority set forth in "Defendants' Opposition to Receiver Kretzer's Motion for Approval of Fees" filed on December 23, 2022 as if fully restated herein.

7. Objectors object to the proposed "Order" because the Court is required to hold an evidentiary hearing to determine the reasonableness of the receiver's fee request before awarding fees.

8. Objectors object to the proposed "Order" and its award of fees because the receiver has submitted no evidence to support the reasonableness of his claimed fees.

9. Objectors object to the proposed "Order" and its award of fees because the receiver provided no value to creditor Princeton Capital, who accused the receiver in its own legal filings of having "seriously suspect motivations" and of taking "extreme steps" that "far exceeded his authority under Texas law and [this Court's] Order." (*Great Value Storage LLC, et al. v. Princeton Capital Corp.*, Cause No. 01-21-00284-CV, Emergency Motion for a Temporary Stay of the Receivership, Sept. 20, 2022).

10. Objectors object to the proposed "Order" and its award of fees because the receiver failed to distribute a single dollar to the creditor and therefore no fee award can be reasonable.

11. Objectors object to the proposed "Order" and its award of fees because the receiver exceeded his legal authority and violated his oath as a receiver.

12. Objectors object to the proposed "Order" because none of the receiver's activities for which he seeks compensation benefitted the creditor, Princeton Capital. Therefore, no fee award can be reasonable.

13. Objectors object to the proposed "Order" because the receiver should not recover fees for actions taken outside his limited authority. Here, and among other things, the receiver exceeded his authority by exercising it against entities and property other than the judgment debtors and/or the non-exempt property of the judgment debtors, in violation of Texas law and this Court's order.

14. Objectors object to the proposed "Order" and its award of fees because it violates the plain language of the Court's order appointing receiver regarding the calculation of fees. The Court's order states that the Receiver's fee will be "(25%) of all gross proceeds coming into his

possession." The receiver has stated in filings before this Court that $2,533,700.50 represents the total amount of "Collections to Receivership Estate." There is no evidence that the sum of $11,372,698.89 ever came into the receiver's possession, nor did it.

15. Objectors object to the proposed "Order" and its award of fees because they are entitled to discovery from the receiver on the reasonableness of his fee claim, which the receiver has refused to provide.

16. Objectors object to the proposed "Order" and its proposed finding that the Court "reviewed the exhibits filed by Receiver in support of his motion, which are hereby admitted." Objectors object that the "exhibits" are not evidence, were not supported by affidavits or otherwise, and cannot be admitted nor considered by this Court in connection with receiver's fee application.

17. Objectors object to the proposed "Order" and its finding that "Mr. Kretzer and his law firm carried out his duties appropriately and within the authority granted to him by this Court and in the Receivership Order." There is no record evidence to support this finding, and moreover, the evidence in the record is that the receiver grossly violated Texas law, the due process rights guaranteed by the Constitutions of this State and the United States, and the express terms of the Receivership Order.

18. Objectors object to the proposed "Order" and its finding that "Mr. Kretzer and his law firm carried out his duties appropriately and within the authority granted to him by this Court and in the Receivership Order." Objectors have sought and to date been denied discovery from the receiver that would prove the extent of his inappropriate, illegal, and unauthorized actions.

19. Objectors object to the proposed "Order" because it would find that the receiver's expenses "through the date of this Order are approved as reasonable and necessary" despite insufficient evidence in the record to support this finding.

20. Objectors object to the proposed "Order" because rather than winding down the receivership it extends it indefinitely. A receiver must at all times be under the control of the appointing court. The proposed order creates a free-ranging, uncontrolled, and open-ended super-receiver authorized to, among other things, take "any other steps necessary" to collect his fee, to vaguely "effectuate the terms of this Order," to continue making filings in other courts, including to "respond to or dismiss any actions . . . without further order of this Court," "as he determines appropriate and necessary" and to submit even more requests for fees not to this Court but to a bankruptcy court in Dallas. This blatantly violates the Turnover Statute and cannot be granted.

21. Objectors object to the proposed "Order" because it denies without hearing or judicial consideration "all pending pleas in intervention, motions, objections, subpoenas, and discovery requests." Objectors are entitled by law – including and not limited to the due process protections afforded to them by the Constitutions of this State and the United States – to a fair hearing and their day in court.

22. Objectors object to the proposed "Order" because the Intervenors have brought substantive claims before this Court, which remain pending, and which the proposed "Order" seeks to finally dismiss in the absence of any hearing, dispositive motion, or opportunity to be heard. The Texas Rules of Civil Procedure include processes by which a party may move to dismiss or obtain summary judgment on a claim. *See* Rules 91a and 166a. None of those processes or rules have been followed here.

CONCLUSION

WHEREFORE, Objectors respectfully request that the Court sustain their objections to Receiver's Proposed Orders filed on April 28, 2023, and for such other relief as is equitable and just.

DATED and FILED May 1, 2023.

Respectfully submitted,

/s/ Greg R. Wehrer

Greg Wehrer
State Bar No. 24068592
greg.wehrer@squirepb.com
Amanda Price
State Bar No. 24060935
amanda.price@squirepb.com
SQUIRE PATTON BOGGS (US) LLP
600 Travis Street, Suite 6700
Houston, Texas 77002
Telephone: (713) 546-5850
Facsimile: (713) 546-5830

Brent Perry
State Bar No. 15799650
bperry@burfordperry.com
Matt E. Parks
State Bar No. 24083622
mparks@burfordperry.com
Zachary R. Carlson
State Bar No. 24116165
zcarlson@burfordperry.com
BURFORD PERRY, LLP
909 Fannin St., Suite 2630
Houston, Texas 77010
Telephone: (713) 401-9790
Facsimile: (713) 993-7739

COUNSEL FOR DEFENDANTS

/s/ Brian Elliot
Brian Elliott
State Bar No. 24101036
Scale LLP
315 Montgomery St., 10th Floor
San Francisco, California 94104
Telephone: (415) 735-5933
Email: brian@scalefirm.com

COUNSEL FOR INTERVENORS WC4TH AND RIO GRANDE, LP AND WC4TH AND COLORAOD, LP

/s/ Manfred Sternberg
Manfred Sternberg
State Bar No. 19175775
Manfred Sternberg & Associates, P.C.
1700 Post Oak Blvd., Suite 600
Houston, Texas 77056
Telephone: (713) 622-4300
Facsimile: (713) 622-9899
Email: manfred@msternberg.com

COUNSEL FOR BANK ACCOUNT INTERVENORS

CERTIFICATE OF SERVICE

On May 1, 2023, 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.

/s/ Greg R. Wehrer
Greg Wehrer

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Claudia Martinez on behalf of Greg Wehrer
Bar No. 24068592
claudia.martinez@squirepb.com
Envelope ID: 75203991
Filing Code Description: No Fee Documents
Filing Description: Joint Notice of Objection to Receiver's Proposed Orders
Status as of 5/2/2023 8:25 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Daniel Wilson	24070859	dwilson@susmangodfrey.com	5/1/2023 8:36:46 PM	SENT
Greg R.Wehrer		greg.wehrer@squirepb.com	5/1/2023 8:36:46 PM	SENT
Amanda DoddsPrice		amanda.price@squirepb.com	5/1/2023 8:36:46 PM	SENT
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Dana Lipp		lipp@lipplegalfirm.com	5/1/2023 8:36:46 PM	SENT

EXHIBIT 1

4/28/2023 8:07 AM
Marilyn Burgess - District Clerk Harris County
Envelope No. 75112451
By: Bristalyn Daniels
Filed: 4/28/2023 8:07 AM

Cause No. 2021-77945

WC 4TH AND COLORADO, LP and WC 4TH AND RIO GRANDE, LP, *Plaintiffs*,	§	IN THE DISTRICT COURT OF
v.	§	HARRIS COUNTY, TEXAS
SETH KRETZER, RECEIVER, and KRETZER & VOLBERDING, P.C., *Defendants*.	§	165th JUDICIAL DISTRICT

ORDER GRANTING RECEIVER'S MOTION TO DISMISS

On this day came on for consideration *Receiver's Motion to Dismiss Nate Paul Entities' Petition Pursuant to Texas Rule of Civil Procedure 91a and the Texas Citizens Participation Act*. After careful consideration, the Court determines that the motion should be granted. It is, therefore,

ORDERED that *Receiver's Motion to Dismiss Nate Paul Entities' Petition Pursuant to Texas Rule of Civil Procedure 91a and the Texas Citizens Participation Act* is GRANTED. This cause is dismissed with prejudice. Nate Paul and his attorneys are barred from filing any further pleadings in any court on behalf of *WC 4th and Colorado, LP* or *WC 4th and Rio Grande, LP*. The legal interests of these entities are solely controlled by the Receiver. All other relief requested not herein granted is hereby DENIED.

Signed _____.

_____
HON. JUDGE URSULA A. HALL
165th District Court
Harris County, Texas

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Dana Lipp on behalf of Dana Lipp
Bar No. 24050935
dlipp@lipplegal.com
Envelope ID: 75112451
Filing Code Description: No Fee Documents
Filing Description: Receivers Letter to Court Regarding First Court of Appeals Decision With Proposed Final Orders
Status as of 4/28/2023 9:47 AM CST

Case Contacts

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Jesseca Wilson		jesseca@kretzerfirm.com	4/28/2023 8:07:21 AM	SENT
Dana Lipp		lipp@lipplegalfirm.com	4/28/2023 8:07:21 AM	SENT

EXHIBIT 2

4/28/2023 8:07 AM
Marilyn Burgess - District Clerk Harris County
Envelope No. 75112451
By: Bristalyn Daniels
Filed: 4/28/2023 8:07 AM

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

ORDER

After careful consideration of the Receiver's report, motions, supporting exhibits, and responses by the Defendants, the Court concludes the following order should issue. The Court takes judicial notice of its file in this cause. It is, therefore,

ORDERED that *Receiver's Motion for Extension of Time to File Report and Application for Receivership Fees* is GRANTED. The Court extends the period for Receiver to file his report and motion for receivership fees to October 31, 2022, which Receiver satisfied by timely filing. It is, further,

ORDERED that Receiver's Report is approved. The Court concludes that the Receiver's diligent efforts and litigation resulted in full payment to Princeton Capital of $11,372,698.89 and full satisfaction and extinguishment of this Court's March 4, 2021 judgment (the "Judgment"), plus Princeton Capital's related post-judgment interest, legal fees, and expenses. The Court concludes that the Defendants would not have paid this amount to Princeton Capital but for the efforts and litigation of the Receiver. It is, further,

ORDERED that *Receiver's Motion for Award of Receivership Fees* is GRANTED. The Court has reviewed the terms of the order approving the appointment of the Receiver entered by

this Court on September 8, 2021 ("Receivership Order), the various decisions by the First Court of Appeals relating to the Receivership Order and Judgment, most recently affirming the Receivership Order and Judgment in its April 20, 2023 opinion, taken judicial notice of the Court's file in this cause, and reviewed the exhibits filed by Receiver in support of his motion, which are hereby admitted. The Court notes that Mr. Kretzer accepted appointment and filed his oath on the terms as set forth in the Receivership Order. Mr. Kretzer and his law firm accepted considerable risk in accepting and pursuing his duties as Receiver. Mr. Kretzer and his law firm carried out his duties appropriately and within the authority granted to him by this Court and in the Receivership Order. The Court finds Mr. Kretzer's advocacy, effort and representation were proper, reasonable, and effective under the circumstances of this case. Based upon the foregoing, payment of a 25% fee constitutes a reasonable and necessary fee for the Receiver and is consistent with similar awards by other courts for receivers. It is, further,

ORDERED, pursuant to the Receivership Order, the Court finds that Receiver is entitled to receivership fees equal to 25% of $11,372,698.89, which is the amount of $2,843,174.70 ("Fee Award"). Sufficient funds to pay this amount are presently held on reserve under the control of the U.S. Bankruptcy Court, Northern District of Texas, in *In re GVS Texas Holdings I, et al,* Case No. 21-31121 (the "GVS Case"). The Receiver is authorized to submit this Order to the court in the GVS Case to obtain payment of the Fee Award. It is, further,

ORDERED that Receiver's expenses through the date of this Order are approved as reasonable and necessary. It is, further,

ORDERED that Receiver is entitled to recovery and reimbursement of any additional litigation expenses incurred to: (1) effectuate the terms of this Order; (2) submit this Order to

the Court in the GVS Case; (3) take any other steps necessary to obtain payment in full of the Fee Award and related expenses; (4) respond to or dismiss any actions or appeals asserted against him, or his law firm or counsel, in state or federal court in connection with his actions as the Receiver, without further order of this Court; and (5) submit subsequent requests to the Court in the GVS Case for reimbursement of such expenses. It is, further,

ORDERED that Mr. Kretzer shall continue as Receiver until the purposes of this Order are completed, including final conclusion of all litigation against or involving Receiver, payment in full to the Receiver of the Fee Award and expenses related thereto, as well as payment of all other expenses that may become due and owing after the entry of this Order, including, but not limited to the cost of filing notice in all pending cases in which the Receiver has been sued, with a copy of this Order, that the receivership is terminating as set forth herein. Receiver is authorized to respond, dismiss or non-suit lawsuits, claims, or appeals filed against him, or his law firm or counsel, or relating to his actions as Receiver, as he determines appropriate and necessary. After the purposes of this Order are effectuated, and he is paid in full, and all litigation against or involving Receiver is finally concluded, the Receiver will then notify this Court and request closure of the receivership. It is, further,

ORDERED that all pending pleas in intervention,[1] motions, objections, subpoenas, and discovery requests,[2] are hereby denied and dismissed.

---

[1] 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, 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 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;" (3) November 1, 2022, "First Amended Plea in Intervention," purportedly on behalf of Nate Paul-controlled entity, World Class Holdings, LLC; and (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."

[2] The subpoenas and discovery requests include: (1) November 3, 2022 *Notice of Intention to Take Deposition with Subpoena Duces Tecum* of Mr. Kretzer, Receiver, purportedly by Defendants and Mr. Paul; (2) November 3, 2022 *Notice of Intention to Take Deposition by Written Questions with Subpoena Duces Tecum of La Zona Rio, LLC*, purportedly by Defendants and Mr. Paul; (3) November 3, 2022 *Notice of Intention to Take Deposition by Written Questions with Subpoena Duces Tecum of Colorado Third Street, LLC*, purportedly by Defendants and Mr. Paul, purportedly by Defendants and Mr. Paul; (4) November 3, 2022 *Notice of Intention to Take Deposition of Timber Culebra, LLC, With Production of Documents*, purportedly by Defendants; (5) November 3, 2022 *Notice of Intention to Take Deposition with Subpoena Duces Tecum of Mr. Bryan Hardeman*, purportedly by Defendants; (6) November 3, 2022 *Notice of Intention to Take Deposition with Subpoena Duces Tecum of Mr. William Hardeman*, purportedly by Defendants; (7) November 3, 2022 *Notice of Intention to Take Deposition with Subpoena Duces Tecum of Mr. Mark Riley*, purportedly by Defendants; (8) November 3, 2022 *Notice of Intention to Take Deposition with Subpoena Duces Tecum of Mr. Justin Bayne*, purportedly by Defendants; (9) November 7, 2022 *Notice of Intention to Take Deposition by Written Questions of Mr. Kretzer, Receiver*, purportedly by Defendants; (10) November 7, 2022 *Subpoena Duces Tecum to Mr. Seth Kretzer, Receiver*, purportedly by Defendants; (11) November 7, 2022 *Notice of Intention to Take Deposition by Written Questions of Colorado Third Street, LLC, Mr. Justin Bayne*, purportedly by Defendants; (12) November 7, 2022 *Subpoena Duces Tecum to Colorado Third Street, LLC, Mr. Justin Bayne*, purportedly by Defendants; (13) November 7, 2022 *Notice of Intention to Take Deposition by Written Questions of La Zona Rio, LLC, Mr. Justin Bayne*, purportedly by Defendants; (14) November 7, 2022 *Subpoena Duces Tecum to La Zona Rio, LLC, Mr. Justin Bayne*, purportedly by Defendants; (15) November 21, 2022 *Notice of Intention to Take Deposition by Written Questions of Colorado Third Street, LLC and Subpoena Duces Tecum, Mr. Justin Bayne*, purportedly by Defendants; (16) November 21, 2022 *Notice of Intention to Take Deposition by Written Questions of La Zona Rio, LLC and Subpoena Duces Tecum, Mr. Justin Bayne*, purportedly by Defendants; (17) *Deposition Subpoena to Mr. Kretzer*, purportedly by WC 4th and Colorado, LP, dated January 26, 2023; (18) *Deposition Subpoena to Kretzer & Volberding, P.C.*, purportedly by WC 4th and Rio Grande, LP, dated January 26, 2023, (19) *Deposition Subpoena to Mr. Kretzer*, purportedly by Defendant Entities, dated January 24, 2023;1 (20) *Deposition Subpoena to Kretzer & Volberding, P.C.*, purportedly by WC 4th and Colorado, LP, dated January 26, 2023; (21) *Deposition Subpoena to Mr. Kretzer*, purportedly by WC 4th and Rio Grande, LP, dated February 1, 2023.

It is, further,

ORDERED that all relief not herein granted is hereby DENIED.

Signed _____.

HON. JUDGE URSULA A. HALL
165th District Court
Harris County, Texas

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Claudia Martinez on behalf of Greg Wehrer
Bar No. 24068592
claudia.martinez@squirepb.com
Envelope ID: 84272464
Filing Code Description: Brief Requesting Oral Argument
Filing Description: Appellants Great Value Storage LLC and World Class Capital Group, LLC' Brief and Appendix
Status as of 2/8/2024 7:37 AM CST

Associated Case Party: Seth Kretzer, Receiver

Name	BarNumber	Email	TimestampSubmitted	Status
Seth Kretzer		seth@kretzerfirm.com	2/7/2024 6:38:18 PM	SENT
James Volberding		jamesvolberding@gmail.com	2/7/2024 6:38:18 PM	SENT
Ann Kennon		akennonassistant@gmail.com	2/7/2024 6:38:18 PM	SENT

Associated Case Party: World Class Capital Group, LLC

Name	BarNumber	Email	TimestampSubmitted	Status
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Amanda DoddsPrice		amanda.price@squirepb.com	2/7/2024 6:38:18 PM	SENT
Trevor Kehrer		trevor.kehrer@squirepb.com	2/7/2024 6:38:18 PM	SENT

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Abigail Noebels	24083578	anoebels@susmangodfrey.com	2/7/2024 6:38:18 PM	SENT
Greg Wehrer		greg.wehrer@squirepb.com	2/7/2024 6:38:18 PM	SENT
Manfred Sternberg		Manfred@msternberg.com	2/7/2024 6:38:18 PM	SENT
Brian Elliott		brian@scalefirm.com	2/7/2024 6:38:18 PM	SENT
Amanda Prince		amanda.price@squirepb.com	2/7/2024 6:38:18 PM	SENT
Jeremy Gaston		jgaston@hcgllp.com	2/7/2024 6:38:18 PM	SENT